



## Agenda for Cabinet Wednesday, 6th February, 2019, 5.30 pm

### Members of Cabinet

Councillors: I Thomas (Chairman), P Skinner (Vice-Chairman),  
D Barrow, I Chubb, A Dent, P Diviani, J Elson, M Hartnell,  
G Pook and T Wright

**Venue:** Council Chamber, Knowle

**Contact:** Amanda Coombes, Democratic Services Officer;  
01395 517543 or email [acoombes@eastdevon.gov.uk](mailto:acoombes@eastdevon.gov.uk)  
(or group number 01395 517546)  
Monday, 28 January 2019

East Devon District Council  
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[www.eastdevon.gov.uk](http://www.eastdevon.gov.uk)

- 1 Public speaking  
Information on [public speaking](#) is available online
- 2 Minutes of the previous meeting (Pages 5 - 13)  
Minutes of 2 January 2019, to be signed as a true record.
- 3 Apologies
- 4 Declarations of interest  
Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)
- 5 Matters of urgency  
Information on [matters of urgency](#) is available online
- 6 Confidential/exempt item(s)  
To agree any items to be dealt with after the public (including the Press) have been excluded. There are no items which officers recommend should be dealt with in this way.
- 7 Forward Plan (Pages 14 - 15)
- 8 Minutes of the Exmouth Regeneration Board held on 13 December 2018 (Pages 16 - 20)
- 9 Minutes of the STRATA Joint Scrutiny Committee held on 14 January (Pages 21 - 26)

- 10 Recommendations of the Minutes of the Joint Overview and Scrutiny Committees held on 16 January 2019 (Pages 27 - 36)
- 11 Recommendations of the Minutes of the Special Asset Management Forum held on 17 January 2019 (Pages 37 - 41)
- 12 Recommendations of the Minutes of the Housing Review Board held on 24 January (Pages 42 - 51)
- 13 Programme of meetings 2019/20 (Page 52)

To consider the draft programme of meetings for the next civic year. This programme will be referred to the Annual Meeting of the Council. Members are asked to agree to the proposed date of Wednesday 22 May 2019 for the Annual Meeting.

This arrangement is to meet the legal requirement to hold an Annual Meeting and also such other meetings as are necessary for the conduct of the Council's business in accordance with its Constitution.

### **Matters for Decision**

- 14 **Revenue and Capital Estimates 2019/20** (Pages 53 - 56)

Cabinet adopted draft Revenue and Capital Estimates for 2019/20 at its meeting on 2 January 2019. A joint meeting of the Overview and Scrutiny Committees reviewed those budgets on 16 January and the Housing Review Board considered the Housing Revenue Account budgets on 24 January 2019.

- 15 **Capital Strategy 2019/20 - 2022/23** (Pages 57 - 72)

To consider the draft Capital Strategy and if content recommend to Council for adoption, this will now form part of the annual budget setting approval process.

- 16 **Treasury Management including the Strategy 2019/20 - Minimum Revenue Provision Policy Statement and Annual Investment Strategy** (Pages 73 - 75)

This report details the overall position and performance of the Council's Treasury Management Strategy during 2017/18. Details of the overall position and performance of the Council's investment portfolio for the first six months of 2018/19 are also included.

The Chartered Institute of Public Finance and Accountancy (CIPFA) produces a Code of Practice for treasury management for Public Services. One of the main recommendations of this code is the requirement for an annual Treasury Management Strategy to be formally adopted by the Council. There is also a requirement to set prudential indicators relating to all treasury activities that the authority will undertake in the forthcoming financial year.

- 17 **Business Rates - Rate Relief Measures** (Pages 76 - 80)

This report updates Members on business rates measures announced in

the Budget on 29 October 2018:

- Retail Discount scheme for two years
- Extension of the local newspaper business rates discount
- 100% rate relief for public conveniences

**18 Adoption of the East Devon AONB Management Plan** (Pages 81 - 82)

East Devon District Council, together with other local authorities, authorised the East Devon and Blackdown Hills AONB Partnerships to undertake reviews of the Management Plans for both AONBs by April 2019, as required under Section IV of the Countryside and Rights of Way Act 2000.

**19 Coast Protection Act consent for Devon County Council Alma Bridge Advance Works** (Pages 83 - 84)

To consider whether to grant consent to Devon County Council for works under the Coast Protection Act 1949.

**20 Review of the Local Code of Corporate Governance** (Pages 85 - 86)

The Council's Code of Corporate Governance, which sets out our overarching approach to our corporate governance arrangements, was adopted by Cabinet in December 2016 and is now due for review.

**21 Exmouth Neighbourhood Plan Examiner's Report** (Pages 87 - 92)

To provide feedback and set out proposed changes following the examination of the Exmouth Neighbourhood Plan.

**22 Response to Sid Valley Neighbourhood Plan Submission** (Pages 93 - 100)

To agree the response by this Council to the current Regulation 16 submission consultation for the Sid Valley Neighbourhood Plan.

**23 Monthly Performance reports - December 2018** (Pages 101 - 104)

Performance information for the 2018/19 financial year for December 2018 is supplied to allow the Cabinet to monitor progress with selected performance measures and identify any service areas where improvement is necessary.

**24 Commercial Investment Framework** (Pages 105 - 122)

The Council's Transformation Strategy accounts for certain property investment net income. The Commercial Investment Framework attached to this report provides the mechanism to help deliver this income.

**Appendix A - Strategy & Transaction Examples**

**Appendix B – Commercial Investment Framework - Confidential**

**Appendix C – Commercial Investment Governance**

An appendix paper on the founder share offer is provided to Members falls under exempt information and is not for publication. If Members wish to discuss this document in detail at the meeting, the Chairman will move the meeting to a Part B session to exclude the public and press.

## 25 **Supporting the formation of South West Mutual** (Pages 123 - 126)

This report outlines a proposal from South West Mutual to form a regional bank. Initial funding is being sought of £500,000 through the issuing of Founder Shares, local authorities have been approached to be part of this early investment in order to help set up a regional bank.

An appendix paper on the founder share offer is provided to Members falls under exempt information and is not for publication. If Members wish to discuss this document in detail at the meeting, the Chairman will move the meeting to a Part B session to exclude the public and press.

Under the Openness of Local Government Bodies Regulations 2014, any members of the public are now allowed to take photographs, film and audio record the proceedings and report on all public meetings (including on social media). No prior notification is needed but it would be helpful if you could let the democratic services team know you plan to film or record so that any necessary arrangements can be made to provide reasonable facilities for you to report on meetings. This permission does not extend to private meetings or parts of meetings which are not open to the public. You should take all recording and photography equipment with you if a public meeting moves into a session which is not open to the public.

If you are recording the meeting, you are asked to act in a reasonable manner and not disrupt the conduct of meetings for example by using intrusive lighting, flash photography or asking people to repeat statements for the benefit of the recording. You may not make an oral commentary during the meeting. The Chairman has the power to control public recording and/or reporting so it does not disrupt the meeting.

Members of the public exercising their right to speak during Public Question Time will be recorded.

[Decision making and equalities](#)

**For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546**

**EAST DEVON DISTRICT COUNCIL****Minutes of the meeting of Cabinet held at Knowle, Sidmouth  
on 2 January 2019****Attendance list at end of document**

The meeting started at 5.30pm and ended at 7.29pm

**117 Public Speaking**

There were no members of the public wishing to speak.

**118 Minutes**

The minutes of the Cabinet meeting held on 28 November 2018 were confirmed and signed as a true record.

**119 Declarations**

Cllr Phil Skinner, Minute 132; personal interest – Board Member of Exeter Science Park  
Cllr Dean Barrow, Minute 132; personal interest – Shareholder Representative of Exeter Science Park

Cllr Geoff Pook, Minute 129; personal – Member of the construction industry

Cllr Geoff Pook, Minute 133; personal interest – Chairman of Beer Parish Council

Cllr Iain Chubb, Minute 129; personal – is a private landlord

Cllr Roger Giles, Minute 126; personal – Member of Plastic Free Ottery

Cllr Peter Faithfull, Minute 127; personal – Member of Ottery Town Council

**120 Matters of urgency**

None

**121 Matters referred to the Cabinet**

There were no matters referred to the Cabinet by the Overview and Scrutiny Committees.

**122 Exclusion of the public**

There were no items that officers recommended should be dealt with in this way.

**123 Forward Plan**

Members agreed the contents of the forward plan for key decisions for the period 1 February 2019 to 31 May 2019.

**124 Minutes of the Recycling and Waste Partnership Board held on  
7 November 2018**

Members received the Minutes of the Recycling and Waste Partnership Board held on 7 November 2018.

**RESOLVED (1) that the following recommendation be taken into  
account with the related report (Minute 129):****Minute 25 Container charging for new developments**

the following recommendations be made in the Service Lead – StreetScene's report to Cabinet on charging developers for the provision of recycling and waste containers and for the provision of replacement waste containers to residents:

1. that from 1 April 2019 the Council no longer supply waste containers free of charge to new build properties.
2. that a recycling and waste container charging policy based on the criteria in appendix 1 to the report be introduced.
3. that developers are charged for the supply of newly constructed property recycling and waste containers at a rate of £80 (per property for one residual bin, one green box, one green sack, one food caddy, one kitchen caddy) and £300 per communal bin supplied.
4. that if the developer does not make the contribution for the new property's recycling and waste containers, to levy this charge to the resident. Communal bin charges would be levied to landlords/managing agents.
5. that a charge of £30 be made per wheeled bin or residual waste container where a replacement is required. Residents will not be charged where containers are damaged during collection.
6. that charges are reviewed annually as part of the annual portfolio holder charges review process.

125 **Minutes of the Strategic Planning Committee held on 27 November 2018**

Members received the Minutes of the Strategic Planning Committee held on 27 November 2018.

**RESOLVED (1) that the following recommendation be agreed:**

**Minute 27 Update report on progress, resource and staffing matters for the Greater Exeter Strategic Plan and also an update on the work programme for future East Devon Local Plan production**

To include the sum of £30,000 in the draft budget for 2019/20 as the Council's contribution to the joint budget and to include a sum of £74,800 in the draft budgets for 2019/2020 and 2020/21 each year for staffing costs. Of the total budget requested of £179,600 over the two years, £97,000 will be met from reserves leaving a net additional sum requested of £82,600 required in 2020/21.

126 **Minutes of the Scrutiny Committee held on 22 November 2018**

Members received the Scrutiny Committee held on 22 November 2018.

**RESOLVED (1) that the following recommendation be agreed:**

**Minute 34 Resolution by Cabinet of 31 October to refer a recommendation back to Scrutiny Committee for further explanation**

the Council should aim to build a resilient local economy which is as self-sufficient as possible, at the same time as encouraging exports from local businesses and foreign direct investment which benefits the local economy and with particular reference to the Enterprise Zone.

**Minute 36 Update report on Street Trading**

Cabinet endorse the Street Trading Policy of using biodegradable materials wherever possible and not relying on single use plastics as indicated in their report to Scrutiny Committee and support a reduction in plastic waste.

**Minute 38 Review of the Streetscene Service Plan**

1. this committee seeks endorsement for the new approach in developing Nature Recovery Corridors across the District.

2. this committee seeks the continuing support of Cabinet to expanding the Green Waste Service.

127 **Minutes of the Capital Strategy & Allocation Group held on 5 December 2018**

Members received the Minutes of the Capital Strategy & Allocation Group held on 5 December 2018.

**RESOLVED (1) that the following recommendation be agreed:**

**Minute 15 Capital bids proposed for the Capital Programme**

1. The following items to be added to the Capital Programme 2019/20 to 2022/23:
  - a. Brixington play area, Exmouth enhanced site £100k (part funded externally £6,985);
  - b. Budleigh Salterton skate park £150k (part funded £35k);
  - c. Car park improvements (various sites) £90k;
  - d. Cherry Close Honiton play area enhanced site for £75k.
  - e. Exmouth beach study £80k (part funded £60k);
  - f. Exmouth campervan & boat park £150K (phased over 2020 – 2022);
  - g. Exmouth groyne navigational markers £35k.
  - h. Foxhill Axminster play area enhanced site £120k (part funded £14,845);
  - i. Imperial Recreation Ground parking improvements £55k (phased over 2019 – 2021);
  - j. Maer Road car park Exmouth partial resurfacing £47k;
  - k. Membury Sump Trash Screen £30k;
  - l. Millwey Rise Axminster play area. It is estimated that all costs will be met by available section 106 funding of £136,629;
  - m. Parks and play area fencing (various sites) £55k;
  - n. Redgates Exmouth play area enhanced site for £100k (part funded £3,281).
  - o. Rolle Mews Budleigh Salterton car park resurfacing £30k;
  - p. Seafeld Gardens Seaton play area enhanced site £100k;
  - q. Seaton Coast Protection Scheme £450k (part funded £300k subject to EA funding confirmation);
  - r. Seaton Jurassic car park extension £85,600;
  - s. Seaton skate park replacement of equipment £200k;
  - t. Homesafeguard call handling system £44k (part funded £11k);
  - u. Replacement of Big Belly bins with 240 litre standard bins £84,500 (phased across 2019 – 2021);
  - v. Car parks capital maintenance £20k;
  - w. Members IT system (Modern.gov) £48k;
  - x. Automated mower trial £40k.
2. The following project be included in the Capital Programme but deferred from 2019/20 to 2020/21:
  - a. Phear Park Exmouth access road resurfacing and new parking area £99k, deferred due to the scale of the project including lease aspects of the site;
3. The following projects be deferred for review before further consideration by the Capital Strategy and Allocation Group:
  - a. Greenway Lane Budleigh Salterton footbridge repainting, in order to evaluate if it is more cost effective to replace rather than repair the footbridge;
  - b. Seafeld Gardens Seaton outdoor gym, to establish level of use and impact of maintenance due to location.
4. The following projects be rejected from the Capital Programme:

- a. Land of Canaan Ottery St Mary footbridge reinstatement at £55k for reason of previous decision to remove the bridge in 2017 and an alternative being located 80 metres nearby;
- b. Axminster skatepark £266k for reason of the skatepark not being an asset of the Council.

128 **Minutes of the Asset Management Forum held on 29 November 2018**

Members received the Minutes of the Asset Management Forum held on 29 November 2018.

129 **Charging developers for the provision of recycling & waste containers to new build properties**

The Strategic Lead Housing, Health and Environment presented the report which proposed an introduction of a charging scheme for recycling and waste bins and containers for new build properties and newly created dwellings. The intention being that developers pay the charge for their customers. The report also proposed the introduction of charges for replacement wheeled bins if lost or damaged by the customer.

**RESOLVED:**

1. From 1 April 2019 the council no longer supply waste containers free of charge to new properties.
2. That a recycling and waste container charging policy based on the criteria in Appendix 1 be introduced.
3. Developers are charged for the supply of newly created properties' recycling & waste containers at a rate of £80 (per property for 1 residual bin, 1 green box, 1 green sack, 1 food caddy, 1 kitchen caddy) and £300 per communal bin supplied.
4. To make a charge of £30 per residual waste container where a replacement is required e.g. the resident has lost or damaged their existing waste container. Residents won't be charged where containers are damaged during collections.
5. Review charges annually as part of the annual portfolio holder charges review process

**REASON:**

1. To reduce the increasing pressure on our sizeable container supply and renewal budget in order to help set a balanced budget.
2. Transformation strategy saving target.
3. New build housing stock in East Devon is expected to continue to rise. Implementing the proposed policy and charges would allow us to recover costs of waste containers as permitted by the EPA 1990, decreasing this cost pressure by around £40k - £76k per year depending on charging options and numbers of properties created.

130 **Draft Revenue and Capital Budgets 2019/20**

The Strategic Lead Finance presented the draft revenue and capital budgets for 2019/20 for adoption by Cabinet before consideration by a joint meeting of the Overview and Scrutiny Committees and the Housing Review Board. Recommendations from these



meetings will be presented back to the Cabinet on 6 February 2019 when members would finalise budget proposals to be recommended to Council.

**RESOLVED:**

that the draft revenue and capital estimates be adopted before forwarding to a joint meeting of the Overview and Scrutiny Committees and Housing Review Board for consideration.

**REASON:**

There was a requirement to set balanced budgets and to levy a Council Tax for 2019/20.

131 **Council Tax Base 2019/20**

The Strategic Lead Finance explained that the report set out the tax base for 2019/20 and included the breakdown for each parish, expressed in terms of Band D equivalent properties on which the council tax would be based. This was an important component in the Council's budget setting process for 2019/20.

**RESOLVED:**

1. that the tax base for 2019/20 at 59,283 Band D equivalent properties, and
2. the amount for each parish as detailed under section 3 of the report be agreed.

**REASON:**

The calculation of the tax base was prescribed in regulations and was a legal requirement. The council tax base was defined as the number of Band D equivalent properties in a local authority's area. The tax base was necessary to calculate council tax for a given area.

132 **Exeter and East Devon Enterprise Zone**

The report presented by the Enterprise Zone Programme Manager sought approval to borrow against future ring fenced business rate income to invest £1.11m in the Open Innovation Building on Exeter Science Park. During discussion members were reminded that 3 buildings including the Innovation Centre were almost full with more businesses wanting to be based at the Science Park. The investment met Priority Two of the Council Plan; 'Developing an outstanding local economy'.

**RECOMMENDED to Council:**

That £1.11m is invested in the Open Innovation Building on the Exeter Science Park and that delegated authority is given to the Chief Executive to make payments in respect of the project, subject to the completion of appropriate legal documentation in consultation with the Strategic Lead (Governance and Licensing).

**REASON:**

Cabinet last received a paper on the Enterprise Zone in April 2018. This sought approval for the principle of borrowing up to £8m against ring-fenced business rate income, with detailed approval for investing up to £3.4m for four specific projects. During the intervening period work has focused on the delivery of the approved projects, along with supporting the development of other opportunities, including the delivery of floor space at Exeter Science Park.

133 **Beer Neighbourhood Plan to be formally 'made'**

The Beer Neighbourhood Plan had now passed referendum and must be formally made by East Devon District Council in order to form part of the development plan.

**RESOLVED:**

1. that the Plan was made so it forms part of the development plan, and
2. that the Neighbourhood Plan Steering Group be congratulated them on their hard work and advised that once made the Plan would carry full weight in the planning decision making process.

**REASON:**

The Plan received a majority 'yes' vote in the referendum as required by the regulations and there was no substantive reason not to make the Plan

134 **Clyst St George Neighbourhood Plan to be formally 'made'**

The Clyde St George Neighbourhood Plan had now passed referendum and must be formally made by East Devon District Council in order to form part of the development plan.

**RESOLVED:**

1. that the Plan was made so it forms part of the development plan, and
2. that the Neighbourhood Plan Steering Group be congratulated them on their hard work and advised that once made the Plan would carry full weight in the planning decision making process.

**REASON:**

The Plan received a majority 'yes' vote in the referendum as required by the regulations and there was no substantive reason not to make the Plan

135 **East Devon Public Health Strategic Plan 2019-23**

The Strategic Lead Housing, Health and Environment, the Service Lead Environmental Health and Car Parks and the Public Health Project Officer presented the Public Health Strategic Plan. The Plan set out how the Council would encourage and assist services across the Council each to support and improve health and wellbeing across the District.

The strategic aims of the Plan were to help more people to be healthy and stay healthy, to enhance self-care and support community resilience and to integrate and improve support for people in their homes. The Public Health Project Officer in her presentation explained that although people were living longer many were often in poorer health. Public Health included physical as well as mental health.

Discussions included the following:

- Rural areas needed to be a priority; for not having access to facilities available in larger towns
- Involve people in the community to prevent loneliness which was becoming a big health issue not just locally
- Our outstanding natural environment was a unique selling point which should be used to improve the health and wellbeing of all who live in and or visit the area
- There were more social prescriptions given out by GPs e.g. cooking classes, walking group or volunteering to decrease the use of anti-depressants
- The need to publicise what was offered by the Council to promote Public Health

- Exercise in all shape and form was essential to improve and maintain people's health and wellbeing and the Council supported and encourages such initiatives e.g. park runs and community hubs
- Information about the evidence used to support the Strategic Plan to be provided to Scrutiny

**RECOMMENDED to Council:**

That the Public Health Strategic Plan be approved.

**REASON:**

The Public Health Strategic Plan was recommended so that services were encouraged to help support and improve health and wellbeing across the District.

136 **Monthly Performance reports – November 2018**

The report set out performance information for the 2018/19 financial year for November 2018 was supplied to allow Cabinet to monitor progress with selected performance measures and identify any service areas where improvement was necessary.

Councillor Rob Longhurst wished to thank the officers from the Housing department who dealt with his telephone call concerning a homeless man. He said they were very quick and compassionate to help the man and found him accommodation that same day.

There was one indicator showing excellent performance:

- Percentage of planning appeal decisions allowed against the authority's decision to refuse

There were two performance indicators showing as concern for the month of November:

- **Days taken to process new Housing Benefit claims** – Officers were currently working through a transition period to Universal Credit which was impacting on performance.
- **Working days lost due to sickness absence** - As previously reported, there had been a significant increase this year in employees who have been absent for two months or more as a result of surgery and serious health issues for 2 or months. These cases were all proactively managed through HR and reference to Occupational Health advice to facilitate a return to work as soon as possible. The Council continued to train its managers in this difficult area and work closely with them to facilitate reduced levels of absence.

**RESOLVED:**

that the progress and proposed improvement action for performance measures for the 2018/19 financial year for November 2018 be noted.

**REASON:**

the performance reports highlighted progress using a monthly snapshot report; SPAR report on monthly performance indicators and system thinking measures in key service areas including Development Management, Housing and Revenues and Benefits

137 **Honiton Dowell Street car park**

The Service Lead Environmental Health and Car Parks presented the report to request authority to enter into an agreement with Honiton Town Council to manage the Dowell

Street car park as a public car park for the town and to include it in the East Devon (off street) Parking Places Order.

**RESOLVED:**

1. To include Honiton Dowell Street Car Park in East Devon District Council's Off-street Parking Places Order (subject to there being in place a lease in favour of East Devon District Council),
2. that EDDC enters into a ten year full repairing and insuring lease of 'Dowell Street' car park, and
3. To delegate to the Chief Executive in consultation with the Portfolio Holder for Environment, the authority to enter into a detailed agreement with Honiton Town Council to provide car park management services on terms to be agreed.

**REASON:**

There is demand for additional public car parking in the town and at present the use of the car park is unrestricted.

**Attendance list**

**Present:**

**Portfolio Holders:**

|                 |                                                       |
|-----------------|-------------------------------------------------------|
| Phil Skinner    | Deputy Leader / Economy (in the Chair)                |
| Dean Barrow     | Finance                                               |
| Iain Chubb      | Transformation                                        |
| Alan Dent       | Corporate Services                                    |
| Jill Elson      | Sustainable Homes and Communities (Acting Vice-Chair) |
| Marcus Hartnell | Deputy Portfolio Holder Environment                   |
| Geoff Pook      | Asset Management                                      |
| Tom Wright      | Environment                                           |

**Apologies:**

|              |                       |
|--------------|-----------------------|
| Ian Thomas   | Leader                |
| Paul Diviani | Strategic Development |

**Non-Cabinet apologies:**

Mark Williamson  
Ian Hall  
Tim Dumper  
Eleanor Rylance  
Brenda Taylor  
Peter Burrows  
Douglas Hull

**Also present (for some or all of the meeting)**

**Councillors:**

Bruce de Saram  
Pauline Stott  
Eileen Wragg  
Paul Carter  
Graham Godbeer  
Cherry Nicholas  
Maddy Chapman  
Peter Faithfull

Rob Longhurst  
Megan Armstrong  
Steve Gazzard  
Geoff Jung  
Brian Bailey

**Also present:**

**Officers:**

Simon Davey, Strategic Lead Finance  
John Golding, Strategic Lead Housing, Health and Environment  
Henry Gordon Lennox, Strategic Lead Governance and Licensing  
Andrew Ennis, Service Lead Environmental Health and Car Parks  
Naomi Harnett, Enterprise Zone Programme Manager  
Helen Wharam, Public Health Project Officer  
Amanda Coombes, Democratic Services Officer

**Officer apologies:**

Mark Williams, Chief Executive  
Richard Cohen, Deputy Chief Executive

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

## EAST DEVON DISTRICT COUNCIL

### Forward Plan - For the 4 month period: 1 March 2019 to 30 June 2019

This plan contains all the **(i) important decisions that the Council and (ii) Key Decisions that the Council's Cabinet** expects to make during the 4-month period referred to above. The plan is rolled forward every month.

Key Decisions are defined by law as “**an executive decision** which is likely:–

- (a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Council's area

In accordance with section 9Q of the Local Government Act 2000, in determining the meaning of “significant” in (a) and (b) above regard shall be had to any guidance for the time being issued by the Secretary of State.

**A public notice period of 28 clear days is required when a Key Decision is to be taken by the Council's Cabinet even if the meeting is wholly or partly to be in private. Key Decisions are shown with a Y in the Key Decisions column.**

The Cabinet may only take Key Decisions in accordance with the requirements of the Executive Procedure Rules set out in Part 4 of the Constitution and the Local Authorities (Executive Arrangements)(Meetings and Access to information)(England) Regulations 2012. A minute of each key decision is published within 2 days of it having been made. This is available for public inspection on the Council's website <http://www.eastdevon.gov.uk>, and at the Council Offices, Knowle, Sidmouth, Devon. The law and the Council's constitution provide for urgent key decisions to be made without 28 clear days' notice of the proposed decisions having been published. A decision notice will be published for these in exactly the same way.

This plan also identifies Key Decisions which are to be considered in the private part of the meeting (Part B) and the reason why. Any written representations that a particular decision should be moved to the public part of the meeting (Part A) should be sent to the Democratic Services Team (address as above) as soon as possible. **Members of the public have the opportunity to speak on the relevant decision at meetings in accordance with public speaking rules.**

#### **Obtaining documents**

Committee reports made available on the Council's website, including those in respect of Key Decisions, include links to the relevant background documents. If a printed copy of all or part of any report or document included with the report or background document is required please contact Democratic Services (address as above) or by calling 01395 517546.

| <b>Decision</b>                               | <b>Relevant Officer</b> | <b>Other meetings where the matter is to be debated / considered</b> | <b>Cabinet meeting date</b> | <b>Council Meeting date (where decision is required by Council)</b> | <b>Key decision (Y/N)</b> | <b>Part A = Public meeting<br/>Part B = private meeting<br/>[and reasons]</b> |
|-----------------------------------------------|-------------------------|----------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------|---------------------------|-------------------------------------------------------------------------------|
| Commercial Property Investment Framework      | Deputy Chief Executive  | Special Asset Management Forum 17 January 2019                       | Cabinet 6 February 2019     | Council 27 February 2019                                            | N                         | Part A                                                                        |
| Beer Pilot                                    | Deputy Chief Executive  | Asset Management Forum                                               | Cabinet 6 March 2019        | Council 24 April 2019                                               | N                         | Part A                                                                        |
| Delivery of Cranbrook Town Centre             | Deputy Chief Executive  |                                                                      | Cabinet 6 March 2019        | Council 24 April 2019                                               | N                         | Part A                                                                        |
| Drill Hall update                             | Deputy Chief Executive  |                                                                      | Cabinet 3 April 2019        | Council 24 April 2019                                               | N                         | Part A                                                                        |
| Heart of the South West Productivity Strategy | HotSW Joint Committee   |                                                                      | TBC                         |                                                                     |                           |                                                                               |
| Seaton Seafront                               | Deputy Chief Executive  | Asset Management Forum 29 November 2018                              | TBC                         |                                                                     | N                         | Part A                                                                        |

February 2019

**EXMOUTH REGENERATION BOARD  
ACTION POINTS FROM A MEETING  
HELD AT EXMOUTH TOWN HALL ON THURSDAY 13 DECEMBER 2018**

Present:

|                      |    |                                                      |
|----------------------|----|------------------------------------------------------|
|                      |    |                                                      |
| Cllr Phillip Skinner | PS | EDDC                                                 |
| Cllr Pauline Stott   | PS | Exmouth Town Council                                 |
| Cllr Tim Dumper      | TD | Exmouth Town Council                                 |
| Richard Cohen        | RC | EDDC                                                 |
| Tim Wood             | TW | Honorary Alderman                                    |
| Richard Jacobs       | RJ | EIC Group                                            |
| Peter Gilpin         | PG | LED                                                  |
| Roy Pryke            | RP | Chairman – Exmouth Neighbourhood Plan Steering Group |
| Chris Lane           | AT | East Devon District Council                          |
| Dave Turner          | DT | East Devon District Council                          |
| Linda Perry          | LP | East Devon District Council                          |
| Julian Tagg          | JT | Exeter City Football Club                            |
| Jim Hill             | JH | Propeller Exmouth                                    |
| Dave Turner          | DT | East Devon District Council                          |
| Lisa Bowman          | LB | Exmouth Town Council                                 |
| Alison Hayward       | AH | EDDC                                                 |
| Steve Morton         | SM | Deaf Academy                                         |

Apologies:

|                    |     |                                     |
|--------------------|-----|-------------------------------------|
| Leigh Rix          | LR  | Clinton Devon Estates               |
| Cllr Richard Scott | RS  | Devon County Council                |
| Cllr Jeff Trail    | JT  | Devon County Council                |
| Paul Diviani       | PD  | EDDC                                |
| Ian McQueen        | IM  | Exmouth Chamber of Trade & Commerce |
| Cllr Jill Elson    | JME | EDDC                                |



The meeting started at 9.30am and finished at 11.35am.

| Item                                                  | Notes/Decisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Action       |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>1. Introduction</b>                                | Those present were welcomed to the meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Noted        |
| <b>2. Report of meeting held on 20 September 2018</b> | The report of the meeting held on 20 September 2018, was confirmed as a true record.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Noted</b> |
| <b>3. Declarations of interest</b>                    | Cllr Pauline Stott – Personal interest: she was on the board of the water sports centre.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Noted</b> |
| <b>4. Coastal Communities team - update</b>           | <p>AH reported on the Stage 2 application for coastal communities funding that the Economic Development and Regeneration Team was working on it with colleagues in Strata, Countryside, Environmental Health &amp; Car Parks, Planning, Communications &amp; Street Scene teams. There was £40M of funding available nationally with bids totalling £90M.</p> <p>AH explained that the EDDC bid for funding had been to enhance connectivity and physical access along the coast. The main themes are</p> <ul style="list-style-type: none"> <li>) Free Wi-Fi along the seafront of all our main coastal towns</li> <li>) An East Devon mobile app to publicise places and events and facilitate engagement with local businesses.</li> <li>) HD Webcams for all our main seafronts and beaches.</li> <li>) Electric bike hire (Co-Bikes) and tramper off road disability vehicles at Exmouth and Seaton.</li> <li>) New campervan facilities – Exmouth pilot with potential to roll out at other East Devon sites.</li> </ul> <p>Members discussed how there was synergy between CCTV systems in Exmouth and how they could be connected to ‘show off’ Exmouth. This would be the subject of further discussion (however there was some caution noted about the need to keep security and crime prevention tools separate and secure). This would be the subject of further discussion.</p> <p><b>RESOLVED</b> that the issue of CCF funding be an item for the next agenda of the Board.</p> | <b>Noted</b> |
| <b>5. Flood defence and sea wall repairs</b>          | DT reported that an application for the Flood defence and sea wall repairs would be going to DMC for decision in January. If this was approved then work could start in March and the main compound would be based at the Estuary Car Park. But there would be work going on in other parts of the town.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Noted</b> |

|                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                     |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
|                                                                                             | <p>JT reported on progress at Warren View and that the Exeter City Community Trust were looking at drawing down funding of £1M from the FA to pursue the project.</p> <p>DT reported that following the Cabinet decision there was found to be the need for a Geo Technical Survey which would start on 9 February 2019 and would take 3 weeks to complete and a further 6 weeks to obtain the results. The work would involve drilling small bore holes.</p> <p>PS commented that there was sheltered housing around Warren View and it was agreed that the local members should have the responsibility of notifying those householders regarding the work.</p> <p>JT reported that in order for the funding to be available, here was the need for certainty regarding the following issues:</p> <ol style="list-style-type: none"> <li>1. A minimum of a 21-25 year lease</li> <li>2. Grant of planning permission</li> <li>3. Filling the 40% gap of missing funding.</li> </ol> <p>Although the scheme would drawdown Premier League/Football funding it would provide health &amp; wellbeing benefits for Exmouth and include opportunities for other sports. There was however, a £400K funding shortfall at present and also the need for the Business Plan to show breakeven. JT emphasised that Exeter City Community Trust was a charity and did not operate to make a profit, but as a charity was generally risk adverse.</p> <p><b>ACTION</b> JT and DT to liaise further on the way forward for the Warren View project.</p> <p>SM reported that the Deaf Academy should be in residence in Exmouth in 18 months and could make use of the facilities which would be provided at Warren View. The social inclusion of young people who might not otherwise be engaged was an important part of the project.</p> | <p><b>DT/JT</b></p> |
| <p><b>6a. Queens Drive update – temporary uses review and 2019 planning application</b></p> | <p>AH reported that work on the car park site had just started and was due for completion in early May. Communication with the public regarding progress on the work continued.</p> <p>A planning application for the temporary uses on the Queen’s Drive Space had been submitted as the original approval was only for one year. Members discussed the length of time which the temporary uses planning permissions should be applied for.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p><b>Noted</b></p> |

|                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                       |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
|                                                                                                                   | <p>Members, without dissent, agreed that a 3 year planning application should be made for the temporary uses of spaces at Queens Drive.</p> <p>AH reported on the extensive positive feedback that had been obtained from users of Queen’s Drive Space.</p> <p><b>RECOMMENDED</b> that a planning application be made to extend the temporary uses on Queen’s Drive Space for a 36 month period.</p> <p>It was noted that steps were being taken to procure event management support to deliver on Queens Drive Space and a member of staff was expected to start in January. PG asked efforts be made to avoid events competing with LED events at Exmouth Pavilion or Ocean. AH confirmed that she had met Anthony Chapman of LED and advised him that as soon as the new Event Manager is in place that they will arrange to meet again.</p>                                                                                                                                                                                                                                       | <p><b>AH/RC</b></p>                                   |
| <p><b>6b. Queens Drive update – Hemingway design, initial survey information and milestones going forward</b></p> | <p>RC reported on Hemingway design’s initial survey information and milestones going forward. A meeting had been held with the Stakeholder Group and Hemmingway had gone back to consider this input and to undertake a design plan to deliver on Phase 3 of the sites.</p> <p>It was noted that the stakeholder engagement had gone well with many positive comments.</p> <p><b>RESOLVED</b> that the design ideas presented to the Stakeholder Group be circulated to the Regeneration Board ‘In Confidence’.</p> <p>SM reported that in March/April the Deaf Academy would be launching a major communications campaign and would like to talk to Hemingway Design about Deaf Friendly Design concepts.</p> <p><b>ACTION</b> AH to put the Deaf Academy in touch with Peter Quincey at Grenadier Estates and also to include them in discussions on temporary uses for Queens Drive.</p> <p>Roy Pryke updated the Board on progress with the Exmouth Neighbourhood Plan and it was hoped to be able to present it to the public of Exmouth for a formal vote in February 2019.</p> | <p><b>Noted</b></p> <p><b>LP</b></p> <p><b>AH</b></p> |
| <p><b>7. Communication update</b></p>                                                                             | <p>A press release would be agreed with the communications team to announce the commencement of the road and car park work (Phase 1 of the Queen’s Drive redevelopment).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p><b>Noted</b></p> <p><b>RC/AH</b></p>               |

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                       |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| <p><b>8. Any other business</b></p>       | <p>RJ raised the issue of the importance of regeneration of Exmouth town centre and other sites that had been part of the original Exmouth Master Plan. RC reported that EDDC were awaiting for a New Year announcement from the Government on a multimillion pound funding scheme for town centres (Future High Streets).</p> <p>RC confirmed that it was important to concentrate on getting the Queens Drive scheme completed before concentrating on other development opportunities.</p> | <p><b>Noted</b></p>                   |
| <p><b>9. Dates of future meetings</b></p> | <p>The next meetings, to be held at the Town Hall, Exmouth, were:<br/>29 March, 20 June, 19 September and 12 December 2019 all at 9.30am.</p>                                                                                                                                                                                                                                                                                                                                                 | <p><b>Noted</b><br/><b>CL/All</b></p> |

**STRATA JOINT SCRUTINY COMMITTEE**

Monday 14 January 2019

Present:-

Councillors Clarence, Dewhirst, Haines, Lyons, Dent, Jung and Pierce

Also Present

Strata IT Director, Compliance and Security Manager, the Director with responsibility for Finance, Strategic Lead Finance (East Devon District Council) Document Centre Manager, Business Systems Manager, Infrastructure and Support Manager and Democratic Services Officer

1 **APOLOGIES**

These were received from Councillors Nicolas and Prowse.

Councillor Clarence was substituting for Councillor Prowse.

2 **INVESTORS IN PEOPLE**

The Chairman welcomed Tina Hall attending as an observer on behalf of Investors in People for the Part I items only.

3 **MINUTES**

The minutes of the meeting held on 24 September 2018 were approved and signed by the Chair as correct.

4 **DECLARATIONS OF INTEREST**

No declarations of interest were made.

5 **QUESTIONS FROM THE PUBLIC UNDER PROCEDURAL RULES**

None.

6 **QUESTION FROM MEMBERS OF THE COUNCILS UNDER PROCEDURE RULES**

The following question was put by Councillor Lyons:-

"Who decides in Strata what is junk mail and what checks are made on this to ensure this is correct. My question is the result of the discovery that the LGiU (Local Government information Unit) to which the council subscribes was not going into my inbox, when I asked Strata staff I was told it was because they are blanket emails going to all councillors and was probably junk".

A copy of the question and reply is appended to the minutes.

7 **STRATA IT DIRECTORS REPORT - OVERVIEW OF STRATA PERFORMANCE - COVERING PERIOD OCTOBER UNTIL DECEMBER 2018**

The Strata IT Director presented the report on the last five months of activity the aim being to provide background to the core areas of specialisation within Strata

and identifying key activities, successes and areas for improvement. The report covered Financial Management, Business Change Requests (BCR's) and Projects, Service Desk, Global Desktop Environment and main ongoing corporate projects. Key performance indicators were also provided covering incidents, service requirements, security, problems, maintenance and business change requests.

2018 had been a year of consolidation and stabilisation of the core services, a review of key processes and a restructuring of the management of the Strata organisation. The core objectives of Reduced Cost, Reduced Risk and Delivering the Capability and Capacity for Change had been delivered against the business needs of the three authorities and the savings delivered back to each authority

He highlighted the following key areas:-

- the original 2018 budget figure had been exceeded and savings in excess of £382,000 would be delivered, overachieving against the target by approximately £110,000;
- Strata had nearly completed the City Council's Global Communications roll out, the East Devon roll out had been completed and the project team would be moving onto Teignbridge in March 2019 to commence the roll out there;
- East Devon new office fit out was on-target with the official opening set for 11 February 2019. The primary challenge faced during the build up to handover had been the delivery of the required connectivity by VirginMedia and Openreach but this had now been addressed;
- OneTeignbridge project was progressing well with Teignbridge delivering a single sign-on solution making it easier for the public to engage online with the authority;
- protecting the three authorities from the dangers from cyberattacks was a high priority;
- the Public Services Network accreditation had been achieved for the next 12 months across all three authorities;
- Keith Watson, the new Data Analyst, had started focusing initially on working with the three authorities to deliver corporate dashboards;
- Strata had applied for Investors in People accreditation and staff interviews were currently being held;
- Strata was supporting the EX1 project through Environmental Health at Exeter;
- ModernGov was being rolled out to East Devon and Teignbridge Councillors and discussions were underway as to how best the application was delivered and accessed via Councillors whether via iPads or via existing Councillor owned devices; and
- Annual Strata Conference had been held at the RAMM on 7 December 2018.

The Strata IT Director and Business Systems Team Lead updated Members on progress with real time reporting on BCR, project status and reporting of incidents and problems. The decline in BCRs had continued into December and the three IT Requirements Boards were working well prioritising and scheduling BCR's. The transformation projects across all three authorities were predominantly delivering large projects such as OneTeignbridge which was delivering efficiencies and benefits to customers.

It was noted that there was a divergence of views at Teignbridge regarding the preferred way forward for rolling out new IT equipment for Members which reflected the different level of support required. Teignbridge was also the first of the three Councils to move off GCSx and the Strata Outlook secure email 'plugin' had been released to support secure email sending.

Strata Joint Scrutiny Committee noted the report.

8

#### **URL TO STRATA4@UPDATE**

“Members were encouraged to study Strata@4, to be found at :  
[http://strata.solutions/strata@4/.](http://strata.solutions/strata@4/)”

9

#### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act.

10

#### **STRATA BUDGET MONITORING QUARTER III : 2018/19**

The Director responsible for Finance reported that Strata had been given a total of £6,504,000 to run the IT Services in 2018/19 along with funding for various capital projects. The Company also maintained an account for additional purchases throughout the year.

The Strata budget was on track to deliver around £505,000 of revenue savings for the three Councils in 2018/19. After five months, the Board was projecting savings of £504,736 against the total original target of £381,960.

The report also set out variations in the capital budget.

The capital project to deliver the data centre and other implementation projects was progressing with some additional expenditure on the data centre incurred, funded from the annual capital payment. The Councils had requested additional equipment for which they were subsequently invoiced. At present there were outstanding payments of £206,344 to be invoiced.

Strata Joint Scrutiny Committee noted and supported the report.

11

#### **STRATA BUSINESS PLAN OVERVIEW AND DISCUSSION**

The Strata IT Director presented a new Business Plan currently being considered by client leads and Chief Executives/Managing Directors of each authority for review/comment. Follow up meetings would receive feedback on the plan for specific authority IT service requirements to be incorporated. The new Business Plan was linked to Strata’s overall aim of becoming more customer focussed in 2019 enabling the partner authorities to define their Business and IT strategies with the confidence that Strata had developed the infrastructure and resources to support these strategies.

It was a six year plan with an annual review cycle and laid out the predicted spend, costs and savings of the Strata service for this period. Each of the four business discipline teams within Strata had defined both the staff and product costs over the proposed period.

The Strata IT Director detailed the business plan cycle covering a review and revision of the plan and implementation of changes setting out the main fundamentals of each. The key driver would be transitioning to transformational value from business as usual and the plan set out a suggested governance model and proposed adoption of a funding model and a revised savings profile.

He responded to Members' queries on savings profile, staff culture and numbers and a proposal to recruit a non-Executive Director. He also detailed proposed capital requirements going forward.

Strata Joint Scrutiny Committee noted and supported the draft Business Plan including the capital requirements set out in the report and recommended that the Strata Joint Executive Committee approve the Plan for consideration by the three Councils.

(The meeting commenced at 5.30 pm and closed at 7.20 pm)

Chair



## STRATA JOINT SCRUTINY COMMITTEE

14 JANUARY 2019

### QUESTION FROM COUNCILLOR LYONS

Who decides in Strata what is junk mail and what checks are made on this to ensure this is correct. My question is the result of the discovery that the LGiU (Local Government information Unit) to which the council subscribes was not going into my inbox, when I asked Strata staff I was told it was because they are blanket emails going to all councillors and was probably junk".

Answer

The identification of spam (unsolicited emails) and malicious emails uses a combination of automated and manually configured filtering. The automated element uses a global spam specialist 'MailShell' along with various internet block lists and continually updates its automatic rules as email arrives. On top of this the Strata Security and Compliance team builds up rules that target cyber threats and the worst types of spam 'sextortion' being a current example. Spam is held as some of this is not appropriate for a work environment and also spam is very time wasting for those receiving it, and therefore like most organisations Strata limits this where possible.

Given the number of emails received, with approximately 1000 per day stopped as Spam and about 300 for security reasons, there will occasionally be incorrect decisions made for spam. To overcome this, the team add exceptions that override the automatic systems and the Strata Service Desk and the Security and Compliance team review emails that are blocked.

In the case of the LGiU emails they were both sent in bulk and are sent via a company called MailChimp that are known to send spam emails, and have various help pages on their support area like this <https://mailchimp.com/help/my-campaigns-are-going-to-spam-folders/> that show that others also treat emails sent via them as potential spam.

Therefore in summary for Cllr Lyons, there are no wholesale decisions made by Strata staff about a particular email sender or that blanket emails to a wide variety of senders should be blocked. A mass send of emails will however increase the likelihood that these will be treated as spam along with being sent via certain email delivery companies, in this case MailChimp. Where blocking is notified we can release these and if an ongoing newsletter can create rules to let them through.

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**Recommendations for Cabinet that will resolve in an action being taken:****Joint Overview and Scrutiny Committees on 16 January 2019****Minute 3 Draft Revenue and Capital Budgets 2019/20****RECOMMENDED to Cabinet:****SCRUTINY COMMITTEE RECOMMENDED to Cabinet:**

1. To recommend to Council that the Council Tax for 2019/20 be increased by £5 a year;
2. To recommend to Council that the Draft Service Plans for 2019/20 be adopted with addition of:
  - a. The Planning Service Plan includes overage monitoring;
  - b. The Regeneration and Economic Service Plan ensures that business development opportunities are based on clear evidence of need; and includes developing a strategy for commercial unit delivery;
  - c. The Growth Point Team Service Plan includes more detail on the delivery of Cranbrook key facilities with timescales; and plans for inward investment;
  - d. The Environmental Health and Car Parks Service Plan includes a business case to consider extra resource to increase community engagement;
  - e. The Governance and Licensing Service Plan to specify what the local democracy activities currently are and what further activities could be undertaken;
  - f. The Finance Service Plan to make it clear that the Transformation Strategy to be completed by September 2019;
  - g. The Countryside Service Plan to revise the wording around 'inactive' in the second objective;
  - h. Any amendments to make objectives more SMART following a review by Strategic Lead – Organisational Development and Transformation together with the Chairs of the Overview and Scrutiny Committees
  - i. Review all service plans to include reference to Brexit as required.
3. To recommend to Council that the Draft Revenue Budget for 2019/20 be adopted; and
4. To recommend to Council that the Draft Capital Budget for 2019/20 be adopted.

**OVERVIEW COMMITTEE RECOMMENDED to Cabinet:**

1. To recommend to Council that the Council Tax for 2019/20 be increased by £5 a year;
2. To recommend to Council that the Draft Service Plans for 2019/20 be adopted with addition of:
  - a. The Planning Service Plan includes overage monitoring;
  - b. The Regeneration and Economic Service Plan ensures that business development opportunities are based on clear evidence of need; and includes developing a strategy for commercial unit delivery;
  - c. The Growth Point Team Service Plan includes more detail on the delivery of Cranbrook key facilities with timescales; and plans for inward investment;



## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a Joint Meeting of the Overview and Scrutiny Committees held at Knowle, Sidmouth on 16 January 2019**

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

The meeting started at 9.00am and ended at 1.09pm.

#### **1 Public speaking**

There were no public speakers at the meeting.

#### **2 Declarations of interest**

Cllr Ian Hall; minute 3; Personal interest: Chairman of Cloakham Lawn Sports Centre and Devon County Councillor

Cllr Stuart Hughes; minute 3; Personal interest: Member of South West Regional Flood Defence Committee and Devon County Councillor

Cllr Graham Godbeer; minute 3; Personal interest: Member of East Devon AONB

Cllr Jill Elson; minute 3; Personal interest: Exmouth Community Transport Group

Cllr Roger Giles; minute 3; Personal interest: Member of Plastic Free Ottery

#### **3 Draft Revenue and Capital Budgets 2019/20**

The Chairman welcomed the Strategic Lead Finance to open the meeting with an overview of the budget position in the context of the Medium Term Financial Plan (MTFP) and the main factors influencing this and future budgets.

The draft budget assumed an increase in Council Tax of £5 per year, and the implications of reducing that were explained in terms of an increasing deficit. The draft budget had an overall position of a £156k funding gap, which was acceptable at this stage but Members were reminded to be aware of it in considering any recommendations on the budget to Cabinet.

No cuts in service were proposed in this budgets, but there was a clear increase in demand for some services. Members were reminded that there was regular monitoring by the Cabinet to keep track through the year of any variances in planned budget or service delivery.

Discussion on the covering report from Members included:

- The Transformation Strategy was already agreed by Council and continued to be updated as projects progressed. Work continued in exploring efficiencies and income generation;
- A request had been submitted from Cranbrook Town Council for funding a Deputy Town Clerk but had not been included in the draft budget. In response, the local Ward Member made her objection to any impact on frontline services, which she felt would happen if that request was not supported. The committees did not make any specific recommendation about the request;
- The draft capital budget surplus shown would be offset by the underfunded position in the current year.

#### **Planning service plan**

The Scrutiny Committee had made some recommendations to the Service Lead for Planning in relation to the existing service plan, at their meeting in November. The Service Lead confirmed that he had amended the draft service plan accordingly, with more

emphasis on Section 106 work and adding a performance measure on tree preservation related work.

Clarification and debate covered:

- Reference to regard to neighbourhood plans welcomed;
- The council cannot insist that house builders must use its building control service to check on quality. Recommendations have been made about building control standards and required qualifications for working in that field, but a change in legislation to ensure this is required;
- Lack of overage monitoring in the plan; in response Members were informed that the Strategic Planning Committee were due to review the charging schedule, and a policy review to drive down the number of cases with overage;
- Lack of liaison with Economic Development and SMART objectives; in response, Members were told that there were measures for delivery both through the service plan and the Local Plan.

### **Regeneration and Economy service plan**

The Portfolio Holder for Economy spoke about the forward thinking service plan, commenting that it took some resource to deliver, but that delivery outcomes were being achieved from the existing plan, and this would continue.

Clarification and debate covered:

- Boosting resilience of the local economy was already in place, with a range of business support from East Devon in concert with its EHOD partners, joint working with the Property and Estates team, and in the number of businesses supported through funded advice services;
- Queens Drive redevelopment had already received some national attention, and it was hoped that, in response to a question, that international prominence could come in due course as other elements are completed, such as the watersports centre and the Michelin star chef restaurant;
- Establish clear evidence of need before developing case for workspace for local micro and SME businesses. Members were informed that this was undertaken as part of the project development process, often through surveying local businesses of their need, but could be clearly stated in the service plan;
- Lack of SMART targets in the service plan or reference to Brexit implications, and no objectives for inward investment. In response, the Chairman and Vice Chairman agreed to address the SMART objective issue with the Strategic Lead Organisational Development and Transformation outside of the meeting, to feed into future service plans;
- Lack of numerical data about how many workspace units are planned for delivery, so difficult to monitor if delivery on track;
- No mention of rural proofing in current plan.

### **Property and Estates service plan**

The Portfolio Holder for Asset Management informed Members of his involvement in the service plan, explaining that it covered not only the day to day work of the service in managing the current assets, but also commercial investment, and building accurate data on assets to enable efficient corporate management. The plan was proactive in working to generate money from the council's assets, as well as how those assets can be increased.

Clarification and debate covered:

- Any projects in the plan that required work for a long period, such as a year of work, should be broken down with milestones, in order for more effective monitoring to be undertaken;
- Building condition including such matter as damp and mould as well as health and safety and repair issues are picked up through the survey of each asset and addressed as necessary.

### **Growth Point Team service plan**

Clarification and debate covered:

- Key facilities in Cranbrook objective required, where possible, a more detailed breakdown of those facilities and the timeline for delivery. In response, Members were informed that those facilities being brought forward were determined by the Cranbrook DPD, but agreed that some cross-referencing could be done to provide more detail;
- Further clarity was required on the targets with regard to the Delivery and Investment Team proposal and when additional inward investment resource would be in place.
- The objective on raising the profile of the area did not contain a measureable target. In response, Members were informed that there was a degree of measurability in the number of communications and award applications.

### **Streetscene service plan**

The Portfolio Holder and Deputy Portfolio Holder for Environment advised Members of their close involvement with officers throughout the year, which helped form the service plan. The continued to work on efficiencies whilst still maintaining frontline services.

Clarification and debate covered:

- “Principles of provision” for public toilets was explained as the principles of what the council should provide. The public toilet review was due to re-start this financial year and consultation and reports on this process would come forward, including these principles as part of the review process;
- Recycled plastics go to Cheshire for processing into a product that is sold onto the manufacturing industry;
- Performance is tracked by the service, which viewed alongside the Viewpoint Survey show good levels of satisfaction, but there is an increase in demand which the service are struggling to keep up with. Members were reminded that controlling weeds on highways was the responsibility of the County Council;
- Income from the Strand big screen was based on calculations of the business case to give a realistic figure;
- There was no potential, in response to a question, in offering recycling of waste oil to domestic properties because of the impurities level being higher than for commercial waste; however residents could still put waste oil in their food recycling waste

### **Environmental Health and Car Parks service plan**

Clarification and debate covered:

- Need to increase staffing levels of community engagement officers in order to help alleviate other related issues that fell to both the Council and others. Work under the Community Safety banner was proving successful, but a request was made to explore if the number of such staff could be increased. This issue would be flagged to the Overview Committee and there was agreement to prepare a business case on

need for future years, bearing in mind the impact on the other partners involved in community safety;

- No reference to Brexit in the plan, in particular relating to animal welfare and food. In response, Members were informed that leaving the European Union had been identified as a corporate risk. This issue would be flagged to the Overview Committee;
- Increases in car park charges would adversely impact on local businesses who were already struggling with footfall levels. In response, Members were informed that it was a difficult balance to both increase income to pay for providing council services, against what customers were willing to pay to park. The service plan had set out that this was a review, including consultation, not a decision. The Portfolio Holder for Asset Management echoed this approach of balancing between maximising the asset with what the community require;
- Remove the working “to ensure fairness and” in the same objective as it was not needed or relevant to the objective;
- The issue of loneliness as a challenge to public health was raised; Members were informed that the Scrutiny Committee had this issue on their work plan.

### **Governance and Licensing service plan**

Clarification and debate covered:

- The Council was required to have a Sex Establishment Venue Policy in case any such application is made;
- Work with local schools for promote local democracy will continue, with an aspiration to increase it subject to school involvement.

### **Organisational Development and Transformation service plan**

Clarification and debate covered:

- Changes to the Investor in People standards meant that a new standard of “platinum” had been added, of which only two councils had successfully obtained to date;
- 2019 had been launched as a “green year” by the Government, and the Strategic Management Team had decided to widen this out to consider for all aspects of the Council, not just the new Council Plan;
- Regular reporting is made in performance monitoring reports on short and medium term absence of staff, and is handled well by management.

### **Finance service plan**

Clarification and debate covered:

- A report on a Retail Relief Scheme would be presented to Cabinet in February on the adoption of a local scheme in order to release specific measure to assist struggling high streets;
- Public Toilet Rate Relief requires primary legislation to permit billing authorities to award themselves rate relief, which would be an advantage to this authority because of the number of public toilets it maintains; however this legislation was not expected until 2020 at the earliest. Work on this would be linked to the ongoing public toilet review being undertaken by Streetscene;
- Request for an amendment to the timescale for the delivery of actions to deliver savings under the Transformation Strategy, such as completed by September 2019;



### **Countryside and Arts service plan**

Clarification and debate covered:

- The two AONB business plans had been through extensive consultation and expected to go before Cabinet in February;
- There was ongoing work between the Countryside and Planning teams in regard to works to trees in improving efficiencies, as had been previously discussed extensively by the Scrutiny Committee; any change to delegated procedures would have to be agreed by Council through amendments to the constitution;
- A “sports strategy” was explained as being covered by the Playing Pitches Strategy. This was limited in delivery by the need for land in some areas. An update of the strategy would be considered by the Chairman of the Overview Committee following advice on remit and in consultation with the Strategic Planning Committee;

### **Housing service plan**

The Chairman reminded the committees that the Housing Review Board would be examining this service plan, but welcomed any comments from Members on the general fund aspects of the plan.

Clarification and debate covered:

- Recent motion to Council (on findings on extreme poverty) had been taken into account in the preparation of the service plan. The Strategic Lead Housing Health and Environment explained to Members that the biggest threat in the risk register was the ability of tenants to access universal credit. A report on this issue had been drafted, and may well involve a wider Devon group to assist with the considerable analysis that would be required;
- Comments from Members in appreciation of Housing and Council Tax staff in assisting the public with completing universal credit applications;
- No reference to climate change work in the service plan. In response, Members were advised that there is a corporate approach to this issue and there were some references in some of the service plans; actions the Council could take on this issue would also form a thread through the new Council Plan.

### **Draft Revenue Budget 2019/20**

Members looked at the draft Revenue budget detail within the estimates. Clarification was sought on some elements set out within the estimates, including:

- Estimate for transport costs under the Corporate Services had a significant variance to reflect the reimbursement agreement for relocation to new offices;
- Employment costs reduction for Economic Development due to the removal of a previously required post was challenged as a poor decision in light of the increasing workload for that service. A proposal was put to add this back into the budget at a minimum to bring back this post to the service, although the Committees were told that this post covered administration and mainly related to the Business Centre and not the direct Economic Development function;
- Variance in supplies and services under Corporate Buildings was explained as a transfer of costs relating to staff rather than an increase;
- Increase in premise costs for Streetscene was to cover necessary work under health and safety requirements;
- About a £100k increase on both Cleansing and Parks & Gardens budgets were queried. In both cases 50% of the increase was due to the governments pay award with the other 50% due to an increase in the corporate services recharge. This was explained in full as **Parks & Pleasure Grounds** employment costs have risen by £112,000. This is due to a rise of £57,000 in employment costs, ie salary rises but

also an internal corporate recharge of £55,000. This £55,000 is made up of £33,000 office accommodation recharge and £20,000 Strata PC Support; **Cleansing** employment costs are similar in that there is a rise of £52,000 in salary rises and £48,000 office accommodation / strata recharge

- The increase in burial income forecast was due to some increase in charges and the Council undertaking physical burials in house rather than contracting out;
- Customer receipts forecast for parks and pleasure grounds had been revised to a more conservative level following levels in the current year;
- Increase in depreciation level under the Housing Revenue Account would be referred to the Housing Review Board to consider under their remit.

### **Draft Capital Budget 2019/20**

Members looked at the Capital Programme detail within the estimates. The programme was formulated by the Capital Strategy and Allocation Group, who had assessed each project through a scoring matrix before deciding to add to the programme.

Clarification was sought on some elements of the programme, including

- Projects highlighted in yellow were projects agreed in principle, but required further decision from Cabinet or Council once detailed costings and timescale were confirmed;
- The description for refurbishment of toilets at the Magnolia Centre covered two locations – the bus station and at the London Inn car park;
- Section 106 schemes, This income was “net off” but would be set out in the final budget book published once the budget was agreed.

The Chairman thanked the officers involved in preparing the service plans presented to the Committees.

### **SCRUTINY COMMITTEE RECOMMENDED to Cabinet:**

1. To recommend to Council that the Council Tax for 2019/20 be increased by £5 a year;
2. To recommend to Council that the Draft Service Plans for 2019/20 be adopted with addition of:
  - a. The Planning Service Plan includes overage monitoring;
  - b. The Regeneration and Economic Service Plan ensures that business development opportunities are based on clear evidence of need; and includes developing a strategy for commercial unit delivery;
  - c. The Growth Point Team Service Plan includes more detail on the delivery of Cranbrook key facilities with timescales; and plans for inward investment;
  - d. The Environmental Health and Car Parks Service Plan includes a business case to consider extra resource to increase community engagement;
  - e. The Governance and Licensing Service Plan to specify what the local democracy activities currently are and what further activities could be undertaken;
  - f. The Finance Service Plan to make it clear that the Transformation Strategy to be completed by September 2019;
  - g. The Countryside Service Plan to revise the wording around ‘inactive’ in the second objective;
  - h. Any amendments to make objectives more SMART following a review by Strategic Lead – Organisational Development and Transformation together with the Chairs of the Overview and Scrutiny Committees
  - i. Review all service plans to include reference to Brexit as required.

3. To recommend to Council that the Draft Revenue Budget for 2019/20 be adopted;  
and
4. To recommend to Council that the Draft Capital Budget for 2019/20 be adopted.

**OVERVIEW COMMITTEE RECOMMENDED to Cabinet:**

1. To recommend to Council that the Council Tax for 2019/20 be increased by £5 a year;
2. To recommend to Council that the Draft Service Plans for 2019/20 be adopted with addition of:
  - a. The Planning Service Plan includes overage monitoring;
  - b. The Regeneration and Economic Service Plan ensures that business development opportunities are based on clear evidence of need; and includes developing a strategy for commercial unit delivery;
  - c. The Growth Point Team Service Plan includes more detail on the delivery of Cranbrook key facilities with timescales; and plans for inward investment;
  - d. The Environmental Health and Car Parks Service Plan includes a business case to consider extra resource to increase community engagement;
  - e. The Governance and Licensing Service Plan to specify what the local democracy activities currently are and what further activities could be undertaken;
  - f. The Finance Service Plan to make it clear that the Transformation Strategy to be completed by September 2019;
  - g. The Countryside Service Plan to revise the wording around 'inactive' in the second objective;
  - h. Any amendments to make objectives more SMART following a review by Strategic Lead – Organisational Development and Transformation together with the Chairs of the Overview and Scrutiny Committees;
  - i. Review all service plans to include reference to Brexit as required.
3. To recommend to Council that the Draft Revenue Budget for 2019/20 be adopted and include an additional £25k for staffing for Economic Development;
4. To recommend to Council that the Draft Capital Budget for 2019/20 be adopted.

**Attendance list**

**Councillors Present:**

Roger Giles (Chairman)  
Graham Godbeer (Vice Chairman)  
Rob Longhurst  
Peter Faithfull  
Geoff Pratt  
Cherry Nicholas  
Ian Hall  
Brian Bailey  
Bruce de Saram  
Stuart Hughes  
Marianne Rixson  
Cathy Gardner  
Eileen Wragg  
Mike Allen  
Eleanor Rylance

**Councillors Also Present:**

Dean Barrow  
Ben Ingham  
Susie Bond  
Ian Thomas  
Andrew Moulding  
Geoff Pook  
Tom Wright  
John Dyson  
Marcus Hartnell  
Phil Skinner  
Geoff Jung  
Jill Elson

**Officers**

Richard Cohen, Deputy Chief Executive  
Karen Jenkins, Strategic Lead Transformation and Organisational Development  
Simon Davey, Strategic Lead Finance  
John Golding, Strategic Lead Housing, Health and Environment  
Henry Gordon Lennox, Strategic Lead Governance and Licensing  
Andrew Ennis, Service Lead Environmental Health and Car Parks  
Andrew Hancock, Service Lead Streetscene  
Libby Jarrett, Service Lead Revenues and Benefits  
Tim Child, Senior Manager Property and Estates  
Amy Gilbert-Jeans, Service Lead Housing  
Charlie Plowden, Service Lead Countryside and Leisure  
Andy Wood, East of Exeter Projects Director  
Ed Freeman, Service Lead Planning Strategy and Development Management  
Debbie Meakin, Democratic Services Officer

**Councillor Apologies:**

Steve Hall  
Douglas Hull  
Tim Dumper  
Simon Grundy  
Val Ranger  
John Humphreys  
Alan Dent  
Phil Twiss  
Steve Gazzard  
Brenda Taylor  
Darryl Nicholas  
Maddy Chapman  
Pauline Stott

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

**Recommendations for Cabinet that will resolve in an action being taken:**

**Asset Management Forum on 17 January 2019**

|                                                  |
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| <b>Minute 37 Commercial Investment Framework</b> |
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|                                                   |
|---------------------------------------------------|
| <b>RECOMMENDED</b> by the Asset Management Forum: |
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|                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>that Cabinet approve the commercial investment framework and appendices a-c attached, subject to:</b></p> <ul style="list-style-type: none"><li><b>a) Reference to market sector and priorities</b></li><li><b>b) Reflection of cost involved and output return (officer costs and consultant costs will be included in the £20 million).</b></li></ul> |
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## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a special meeting of the Asset Management Forum held at Knowle, Sidmouth on 17 January 2019**

Attendance list at end of document

The meeting started at 9.30am and ended at 11.25am.

#### **35 Public speaking**

There were no public speakers at the meeting.

#### **36 Exclusion of the public**

To agree any items to be dealt with after the public (including press) have been excluded. There was one appendix that officers recommended should be dealt with in Part B.

#### **37 Commercial Investment Framework**

Tim Child, Senior Manager - Property and Estates outlined the background behind the Commercial Investment Framework. Following advice given by property consultants at Overview Committee on 13 March 2018 it was agreed that the Council should explore opportunities for investing in commercial property. A draft Commercial Investment Framework (CIF) was confidentially presented to a special Asset Management Forum (AMF) meeting in September 2018 – confidential due to being in draft form - and recommendations for amendments were made and now incorporated. Relevant Strategic Leads had been involved. External legal advice was commissioned to advise on the Council's powers to invest commercially, along with the mechanism by which this should be done. The final draft had been considered by the Strategic Management Team and would be taken to Cabinet on 6 February 2019, with a request for £20million funding being made to Council on 27 February 2019.

The AMF reviewed the framework and three appendices and discussion included the following:

- Clarity around whether the borrowing costs included the repayment of the loan. It was confirmed by Officers that the borrowing costs included for repayment of the principal sum over the loan period.
- The CIF allowed flexibility beyond traditional developments. It was a high-level framework that covered a broad range of assets to include e.g. investment in energy provision.
- There were potentially five different forms of investment the Council could consider under the framework:
  - Management of existing assets
  - Acquisition for commercial investment
  - Acquisition for district wide benefits
  - Direct developments – both housing and commercial
  - Strategic partnerships and joint ventures.
- Appendix B was confidential as it included commercially sensitive information about how the Council would consider opportunities using weighted scoring matrices.
- There was a different scoring matrix for each of the different investment types/ scenarios.
- Concern was expressed that a strategic view of the priority sector targets appeared to be missing. Officers reassured the AMF that it was reflected in the scores. Notwithstanding this, it should be acknowledged that different sectors carried different risks, which may change over time. It was important not to rule anything out. It was suggested that wording be added to the CIF setting out what the Council's current priorities were, but stressing that this may change in the future.

- The scoring itself would be an officer driven process.
- It was noted that the matrix scoring process was the very first stage in assessing an investment opportunity. This would then inform an initial outline business case, before going to a more detailed risk assessment and full business case.
- Appendix C outlined the corporate investment governance, setting out how an investment decision would be made.
- Investment decisions would be delegated to the Deputy Chief Executive in consultation with the Leader and Portfolio Holders for Asset Management, Finance and Economy. There would be six-monthly performance reports to Council on how investment was progressing.
- There would be an Investment Assessment Group (IAG) which would make formal recommendations for investment within the parameters of the adopted framework. Updates would be provided at each AMF meeting and to SMT every three months and at key milestones.
- Investment opportunities exceeding £5 million would be subject to the Council's normal decision-making procedure.
- A consideration needed was how to factor in the costs of the process, as not every investment opportunity would be successful, but there would still be a cost element up until the point where it was decided to no longer proceed. It was acknowledged that it was easy to capture external costs, but harder to assess officer time. It was important to understand all of the costs involved to ensure that the costs of the process were factored into calculating the return.

**RECOMMENDED: that Cabinet approve the commercial investment framework and appendices a-c attached, subject to:**

- a) Reference to market sector and priorities**
- b) Reflection of cost involved and output return (officer costs and consultant costs will be included in the £20 million).**

### **38 Corporate ownership of assets**

The Forum noted that a report had been taken to SMT on 22 August 2018 setting out a direction from AMF and the Asset Management Portfolio Holder to centralise asset intelligence and strategic ownership of the General Fund and non-dwelling HRA portfolios and bolstering the Strategy and Policy function. Property & Estates Officers were asked by SMT to take forward a corporate discussion on the best way forward to deliver this and to then present a business case back to SMT. This was further discussed by SMT in January 2019, in particular the benefits of centralising asset data and using this to inform decision making through developing a more comprehensive understanding of asset performance. SMT agreed to support this new way of working.

It was acknowledged that there was some concern from Services around the decision making arising from more corporate ownership of the non-housing asset portfolio. It would be key to work with Service Leads and other Officers throughout the adoption of the process to ensure co-operation and an accurate understanding of what this involved, the corporate and wider public benefits and how new arrangements would operate. The detailed format of the performance assessment, including consistent cost and non-financial related considerations still needed to be resolved. Individual Services would be included in recommendations and decisions made and would lead on the non-financial performance of an asset.

The need for a corporate approach to the ownership of assets was borne through a need to be more commercial in terms of how the Council managed its assets. EDDC needed one list of all the assets for which it was responsible for, and over the next five, ten, twenty and

thirty years understand how much investment was required in those assets versus the estimated income. This is needed by asset and by category of asset.

The asset strategy and indeed the review of performance and utilisation of data to inform strategic decision making was about supporting the Council to achieve its objectives. The proposal was not about the day-to-day management of assets, or the staffing and resources involved in that day-to-day management. The proposal was about data and use of that data to inform strategic decision-making and in a consistent manner around assets and groups of assets. A Corporate Landlord Model (light) whereby 'ownership' was centralised, but with individual Services managing and operating, but with improved links with Property and Estates, where asset data and guidance would sit. The approach was about:

1. Making sure that incomes and costs are captured centrally
2. Additional asset intelligence is captured
3. Performance of all assets is monitored and reported on in a consistent manner
4. That this performance data drives decision making
5. That standard policies and procedures operate across the Council

It was important to understand performance and costs, both now and in the future, rather than just income, and use this to inform decision-making. Non-financial considerations should not be ignored when assessing an asset's value. Local knowledge/performance and the health and well-being of the community were vital considerations.

The process would be a phased implementation, starting with income generating assets. Systems Thinking was key to any new arrangements, recognising the customer/service user in the process. It was important to ensure corporate 'buy-in' through further workshops, developing a formal cross-service working group and developing a detailed schedule of activities needed. Progress would be reported regularly at AMF meetings.

Those present expressed the importance of understanding the overall value of an asset, not just the financial value, and it was felt that the report did not emphasise this enough. Assets often had great social value which was hard to monetarise. There was concern over mandatory and discretionary services. It was acknowledged that a local authority existed for a wider community purpose, and was not just about financial assets.

**RESOLVED: that the Asset Management Forum notes and endorses the SMT decisions regarding the corporate ownership of assets, as follows:**

- 1. Property and Estates to adopt a Corporate Landlord Model (light), whereby intelligence and ownership responsibility was centralised, with individual service areas continuing to manage and operate assets. This applied to non-housing assets.**
- 2. A single data point for all non-housing assets of the Council be created.**
- 3. A corporate oversight by Property and Estates managing a consistent and systematic assessment of asset value informed by financial and non-financial considerations for purpose of professional guidance on investment, transfer or disposal, to service area, SMT, AMF, cabinet and Council.**



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

**Councillors:**

Dean Barrow  
Paul Diviani  
Andrew Moulding  
Geoff Pook (Chairman)  
Philip Skinner  
Ian Thomas

**Also Present:**

Megan Armstrong  
John Dyson  
Geoff Pratt  
Marianne Rixson

**Apologies:**

Cllr Mike Allen

**Officers present:**

Richard Cohen, Deputy Chief Executive  
Tim Child, Senior Manager - Property and Estates  
Simon Davey, Strategic Lead – Finance  
John Golding, Strategic Lead – Housing, Health and Environment  
Andrew Hancock, Service Lead - StreetScene  
Alethea Thompson, Democratic Services Officer

**Recommendations for Cabinet that will resolve in an action being taken:**

**Housing Review Board on 24 January 2019**

|                                                 |
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| <b>Minute 57 Housing Service Plan 2019-2020</b> |
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| <b>RECOMMENDED</b> by the Housing Review Board: |
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|                                                            |
|------------------------------------------------------------|
| that Cabinet approve the Housing Service Plan for 2019/20. |
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|                                                                              |
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| <b>Minute 58 Draft Housing Revenue Account and Capital Budgets 2019-2020</b> |
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| <b>RECOMMENDED</b> by the Housing Review Board: |
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|                                                                                 |
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| that Cabinet approve the Housing Revenue Account revenue and capital estimates. |
|---------------------------------------------------------------------------------|

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a Meeting of the Housing Review Board held at Exmouth Town Hall, Exmouth on 24 January 2019**

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

The meeting started at 2.30pm and ended at 4.50pm.

#### **52 Public speaking**

There were no questions raised by members of the public

#### **53 Chairman's announcements**

The Chairman welcomed those present to the meeting and gave particular welcome to two newly co-opted tenant/leaseholder representatives, Pat Gore and Cat Summers. She then invited those around the table to introduce themselves.

The Housing Needs and Strategy Manager drew the Board's attention to a mailing error that took place in December 2019. He apologised for the error and reassured the Board that it had been taken very seriously. He explained how the error had occurred, and that despite checks being made, they failed and the error was not picked up. Once the error was identified immediate investigations began and it was identified that the records affected were wrongly transferred when the computer system changed in 2015. This error had since been checked against recent records and the Housing Needs and Strategy Manager confirmed that the processes in the new system could not allow this to happen again and that he was confident that the matter was now resolved. All large-scale letter communications would be appropriately checked and signed off by senior management, prior to the letters being sent.

All affected tenants had received a written apology and extra staff were immediately available to talk to tenants over the phone. An article would also be placed in the next Housing Matters magazine to extend apologies.

Tenants and members present thanked the Housing Needs and Strategy Manager for his apology and were satisfied with the measures and systems now in place.

The Acting Housing Service Lead reported that on Monday 14 January she was alerted by the Council's communications team to the local media running a story in relation to one of EDDC's properties; a two-bedroom ground floor flat in Ottery St Mary. The tenants were a family with two children.

The pictures and the video footage highlighted that the property was suffering from damp problems, with the family having growing concerns at the living conditions and the health effects this could be having on their household. The Council's immediate response was to resolve the problems urgently. Officers would be looking closely to understand how these issues had been managed and if there were any learning points.

In order to resolve the problems urgently the household had been moved into temporary accommodation and contractors instructed accordingly. The Senior Technical Officer for responsive repairs was overseeing the case and keeping the family informed of progress. It was envisaged that the family would be back home within a few days and investigations so far had not found any fundamental issues that could not be resolved.

The Acting Housing Service Lead confirmed that officers were aware of the issues in the property prior to the press interest. It appeared that the Council's contractors had made attempts to get into the property but contact had failed on a number of occasions. She was undertaking an internal investigation to understand exactly how the situation had occurred and assured the Board that if the Council had not undertaken its duties as expected, in line with processes and procedures, officers would be held accountable.

It was noted that a team of maintenance surveyors dealt with issues surrounding damp and mould in Council properties. Commonly these were often caused through lifestyle issues such as not heating or ventilating the property correctly. Surveyors spent a large amount of their time giving advice and helping tenants. Various articles were run through both social media and the tenant's magazine to highlight the issues. This negative publicity was disappointing and damaging and once the property was rectified the press would be invited back to the property to demonstrate the immediate actions the Council had taken and the support offered to the family.

#### **54 Minutes**

The minutes of the Housing Review Board meeting held on 22 November 2018 were confirmed and signed as a true record.

Councillor Armstrong reiterated her concerns that leaflets were not available for tenants in the town hall reception area. The Strategic Lead – Housing, Health and Environment that information was now held online and on the Council's website, and explained the digital by default policy. Information was still available and would be printed on request. There were also self-service desks in the reception area, as well as receptionists who were on hand to offer advice and assistance.

#### **55 Declarations of Interest**

Mike Berridge: Personal interest – housing tenant

Pat Gore: Personal interest - housing tenant.

Peter Sullivan: Personal interest – housing tenant.

Cat Summers: Personal interest – housing tenant.

Alek Williams: Personal interest – housing tenant.

Cllr Steve Gazzard (non Board member): Personal interest – housing tenant.

#### **56 Forward plan**

The Acting Housing Service Lead presented the forward plan and advised Members that the forward plan acted as a reminder of agenda items to come forward to future meetings. Members were reminded that they could add further issues to the next forward plan by informing either herself or the Democratic Services Officer.

The following items were added to the forward plan:

- Presentation on modular homes from a specialist.
- Homelessness strategy.
- Adaptations policy.
- Ian Williams Ltd representative to meet the Board
- Review of the garages task and finish forum.
- Consideration of converting shipping containers into accommodation.

**RESOLVED:** that the forward plan be noted and updated.

**57 Housing Service Plan 2019-2020**

The Acting Housing Service Lead presented the draft Service Plan for the Housing Service covering the period 2019-2020, for consideration by the Board.

The Service Plan was a document produced annually by all EDDC services and set out the key achievements over the past year and the forthcoming issues to be faced by the service. It linked closely with the Council Plan and the aim of the process was to produce a work plan for the coming year with a realistic view of the challenges and risks ahead. Producing a service plan presented a good opportunity to look back and reflect and also the ability to forward plan. A range of service improvements were identified through a number of SMART objectives (specific, measurable, achievable, relevant, time bound), performance data reported, consultation proposals outlined, budget information, and so forth. Performance should be monitored constantly against the 'live' document. The service plan coordinated annually with budget planning.

Key elements of the service plan included:

- A brief introduction of the service, what we do and how we compare our services.
- Key achievements from 2018/19.
- A series of SMART objectives.
- Looking forward- challenges to be faced over the next 3 years.
- Options for doing things differently.
- Performance Indicators- how we will measure our performance.
- Training and development of our teams.
- Risk register.
- Links with corporate objectives, systems thinking and equalities framework.

Headlines from the Housing Service Plan were:

- Revision of Housing Revenue Account Business Plan
- A strategic focus- Housing Strategy/Homelessness Strategy
- Integrated Asset Management contract
- Development opportunities
- Your Home, Your wellbeing project
- A focus on mental health
- A focus on VFM, considering the real costs of services
- Home Safeguard expansion- income generation

The draft Service Plan had also been presented to the Tenant Involvement Forum on 22 January 2019. Their feedback was positive overall and included the following:

- A pro-active and forward thinking plan, capturing issues they would expect to see.
- Supportive of the strategic theme, particularly around the role Home Safeguard played for income generation.
- Supportive of the mention of safeguarding and community development.
- Good focus on compliance issues, in particular fire safety.
- Lots of questions around the digital agenda and what this would look like.
- Discussion and interest around the role of the private sector.
- Some concern over the mention of service charges.
- Does contain some jargon

The Acting Housing Service Lead asked the Board what it felt was missing from the service plan, and whether the objectives met the Board's aspirations. It was noted that performance indicators for repairs had been omitted. End to end time for repairs and tenant

satisfaction for repairs would be included in the service plan. Tenants reported that they had not always been receiving repairs response forms from contractors and the Acting Housing Service Lead reported that she would investigate this and ensure that they were being issued on every job.

The Acting Housing Service Lead and housing teams were thanked for producing a thorough service plan.

**RECOMMENDED:** that Cabinet approve the Housing Service Plan for 2019/20.

**58 Draft Housing Revenue Account and Capital Budgets 2019-2020**

The Strategic Lead – Finance’s report presented the draft Housing Revenue Account (HRA) revenue and capital budgets for 2019/20 to the Housing Review Board.

The report provided the Board with details of the year end forecast of the draft Housing Revenue Account (HRA) for 2018/19 and proposed budget for 2019/20. This account showed the main areas of anticipated income and expenditure on landlord activities for the year ahead. Producing a Housing Revenue Account had been a statutory requirement for Councils who manage and own their housing stock for some time, and therefore was a key document for the Board to influence.

The Council had a prescribed timetable for the production of its budgets which involved the development of draft estimates and scrutiny by various member and officer groups. The report presented an opportunity for the Housing Review Board to input into this process.

The budget had been prepared to maintain Council homes to a high standard, with a comprehensive planned programme of expenditure, adaptations and routine repairs. This included £4.4million for major repairs, and day to day repairs, programme maintenance and one-off works totalling £4.5million. The Portfolio Holder – Sustainable Homes and Communities highlighted that the Council put £8million back into the local economy through its spending.

Rents had decreased by 1% in line with legislation giving an estimated rental income from dwellings of £17.1million, and other income, including garage rents adding a further £1million in income.

The draft budget proposed to generate a surplus of £1.154million in 2019/20. This would be used to help finance the purchase of properties. The HRA balance was maintained within the adopted range of £2.1million and £3.1million. There was an additional £1.6million being held in the HRA Volatility Fund which would remain unchanged.

The Board’s attention was drawn to the properties purchased over the past 12 months, as contained in the report.

The Strategic Lead – Housing, Health and Environment presented to the Board the HRA budget and Business Plan. He explained that the HRA Business Plan provided a long-term vision for the housing stock with detailed income and expenditure projections. It needed to be regularly refreshed and updated and sat alongside the Housing Strategy. The HRA Business Plan was a dynamic, core policy document for the Council, with the current version covering the period 2017-2020. The Business Plan needed to be refreshed to consider:

- The implication of a new maintenance contractor.

- To reflect additional work on asset management planning and to further develop management information from the Housing IT system.
- The end of rent reductions.
- The implication of Universal Credit.
- To reconsider the debt level and use of Right to Buy receipts linked to future development ambitions.

The aim of the Business Plan was to set a framework for investment/expenditure decisions in relation to tenants' homes and housing services. The mission was to achieve and maintain good (outstanding) quality homes and housing services for tenants and leaseholders. The purpose of a Business Plan was:

- Define housing business objectives.
- Identify resources available and costs.
- Provide a financial framework for service delivery.
- Highlight key variables and pressures.
- Identify the main income and expenditure items over a 30-year period.
- Represent good practice to plan long term.

The key variables in budgeting were:

- Housing Stock - Portfolio acquisitions/ RTB losses.
- Income - Rent Policy increase/decrease.
- Management - Staff structure to provide services.
- Major Repairs - Improvement programmes.
- Responsive - Demand-led repairs.
- Planned - Timescale for cyclical maintenance.
- Loan interest - Loans at fixed interest rates.
- Inflation - Factor outside our control.
- Prices - Cost/availability of labour & materials.

The anticipated income for 2019/20 was £18,075,360. The main sources of income were from rents, garage rents and support charges. A 3% increase on garage rents had been assumed. It was the final year of the Government's four-year rent reduction policy. Rent collection performance was critical and must be closely monitored. The rent policy in the HRA Business Plan was based upon social rents for the majority of the housing stock, with affordable rents for newer acquisitions. The greatest risk to income was the transfer of tenants to Universal Credit.

Areas of expenditure highlighted included:

- Responsive maintenance.
- Annual maintenance programmes – cyclical and servicing.
- Supervision and management.
- Debt charges.
- Major repairs.
- Major improvements/extensions.
- Remodelling sheltered scheme.
- Social Services adaptations.

Budget challenges included:

- Future rent policy
- Welfare Reforms – Universal Credit
- Right to Buy sales

- Cost of Integrated Asset Management contract
- Increasing cost of compliance measures
- An updated stock condition survey
- Future borrowing plans (now no debt cap)
- New build/acquisition ambitions
- Sensitivity testing

The Board thanked the Strategic Lead – Housing, Health and Environment for his presentation and requested that it be circulated to the HRB members.

**RECOMMENDED:** that Cabinet approve the Housing Revenue Account revenue and capital estimates.

#### **59 Integrated asset management contract update**

The Housing Review Board noted the report of the Acting Housing Service Lead which updated members on progress made on the procurement of the integrated asset management contract and provided some detail on the mobilisation plan for the new service.

The contract had formally been awarded to Ian Williams Ltd. Initially it had been expected to commence the new service on 1 February 2019, however, both of the current contractors had approached the Council to dispute the legality of the length of the extension awarded to them (previously agreed as six months, to terminate at the end of January 2019). Having reviewed the existing contract the Council now agreed to extend the existing contract with the incumbent providers and offered a full year extension to both incumbents. The result of this was that the new contract would not now commence until 1 July 2019.

There were a number of benefits of having a longer period to prepare for the new contract, including a traditionally lower period of demand in the summer, allowing the new service to 'bed in' and greater staff training and familiarity with the area. It also allowed for more time to set up IT integration, which had been highlighted as one of the main risks associated with mobilisation. Performance of the incumbent providers would be strictly monitored to ensure that the standard of delivery remained high.

It was noted that tenants were represented on the Mobilisation Steering Group, as well as on two of the sub groups, focusing on communications and social value. It was important that tenants worked with officers on the roll out of the new contract. Any interested tenants were invited to put their names forward to the Tenant Participation team.

A representative from Ian Williams Ltd would attend the next Board meeting to meet the HRB and hear their aspirations.

**RESOLVED:** that the Housing Review Board note the award of the integrated asset management contract to Ian Williams Ltd and the start of the mobilisation process.

#### **60 Universal Credit update**

The report of the Landlord Services Manager set out the latest information on the roll out of Universal Credit (UC) and the impact so far on the housing service.

UC was introduced into the East Devon area in July 2018. The first rollout was for the eastern area of the district, followed by the west of the district in September 2018. UC had



been set up to provide one-monthly payment for people who were looking for work or on a low income and had replaced:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credits
- Working Tax Credits
- Housing Benefit

EDDC currently had 191 tenants claiming UC with a combined rent debt of £52,621.37. Officers had managed to establish that prior to the commencement of UC in July 2018 that the combined debt outstanding on the same tenancies was £16,819.65. This was a £35,801.72 increase of debt on those tenancies. Of the 191 tenants currently claiming UC, 58 were in credit with their rent or had a zero balance, 19 had rent arrears of less than 2 weeks, 34 had rent arrears of between 2-4 weeks, 45 had rent arrears of between 4-8 weeks and 35 had rent arrears of more than 8 weeks. Officers were working with Housing Benefits to see if any of these arrears could be offset with Discretionary Housing Payment.

Looking at the average debt of tenants currently receiving UC it was forecast that another £316,642, on average, could be owed by the time all working age tenants on housing benefit had transitioned onto UC.

The standard process was that UC was paid directly to the tenants with an expectation that they would then pay the proportion that covered their rent directly to EDDC (as landlord). Positively, due to EDDC's trusted landlord status it was possible to request for the rental element of a tenant's UC claim to be paid directly to the Council. This was a fairly straightforward process and to date it had been done for a proportion of the tenants effected. It was done through an assessment of an individual's personal circumstances that takes into account the vulnerability of the tenant and their ability to pay their rent.

There were many concerns over UC. These included:

- People not prioritising their bills or managing their budget effectively, getting into debt and then a greater reliance on food banks, charities, utility subsidies. Strain was also put on the resources within the rental team, with increases in arrears becoming harder to recover.
- Pre Court Protocol meant that as a landlord EDDC must not commence actions it would usually have undertaken before service of possession proceedings whilst the tenant was in the process of transitioning to UC. This meant that arrears would be at a higher rate before they could begin to be recouped through the Court process.
- The necessity to apply for and manage UC claims through an online account, and this not being done correctly often held up, or even stopped claims.
- Where a joint tenant had left the property but never removed their name from the tenancy, only half the UC claim could be paid. As a landlord EDDC could not remove a person from the tenancy without that person being involved in the process. These people had often moved on with their lives and did not wish to make contact.

Officers were looking at setting up a workshop within each area of the district to help tenants with budgeting and dealing with non-priority debts, so that the UC transition was smoother and easier for tenants. Staff would help with digital skills and training if required. The rental team would continue to refer tenants with multiple debts to Homemaker Southwest to receive expert independent advice. It was noted that seasonal employment (and therefore income) in the district would constantly affect individuals' UC claims.

A request was made for details about the workshops and help available to tenants to be circulated to the Board and also included in Housing Matters magazine.

The Department of Work and Pensions (DWP) had launched some initiatives and made some changes to their services relating to UC. These were outlined in the report and included DWP funding Citizens Advice Bureaux (CAB) to provide UC support from April 2019. Over the past 12 months EDDC staff had been present at the Job Centres to help people with their claims and it was not yet clear whether the CAB would continue with this role. Losing an impartial independent source of advice (from EDDC's Benefits team) was likely to be missed by tenants.

The Board noted that UC represented one of the biggest risks in the Business Plan and thanked the Landlord Services Manager for her report. The Portfolio Holder – Sustainable Homes and Communities congratulated all the teams on the work they had been doing. Quarterly UC reports would be brought to the Board so that they could monitor what was happening.

**RESOLVED:** that the Board note the contents of the report informing them of the latest information on Universal Credit and the impact on East Devon District Council.

**61 Local Government Association bid January 2019**

The Board considered a report informing them of a bid to the Local Government Association (LGA) for additional capacity funding (£50,000) from the Building Council Homes Programme. This would provide some immediate support to some councils wanting to access skills to help increase the delivery of homes via the HRA. The programme would issue a minimum of six grants up to the value of £50,000. The Council's bid set out modest ambitions to explore conventional constructed homes as well as modular forms of housing development. If the bid was successful, a further report would be presented to the HRB, to seek additional funding support due to the level of grant available.

**RESOLVED:** that the Board note the information contained in the report.

**62 Dates of the forthcoming Housing Review Board meetings**

The Board noted the dates of the HRB meetings for the forthcoming civic year:  
Thursday 24 January 2019 – 2:30pm, Council Chamber, Exmouth Town Hall  
Thursday 28 March 2019 – 2:30pm, Council Chamber, Exmouth Town Hall

**Attendance list**

**Present:**

Cllr Pauline Stott (Chairman)  
Cllr Megan Armstrong  
Cllr Helen Parr  
Cllr Brenda Taylor

**Co-opted tenant members:**

Mike Berridge  
Pat Gore  
Cat Summers  
Peter Sullivan  
Alek Williams

Independent community representatives:

Julie Bingham  
Christine Drew

Officers:

Graham Baker, Senior Technical Officer, Property and Asset Management  
Sue Bewes, Landlord Services Manager  
Simon Davey, Strategic Lead - Finance  
Amy Gilbert-Jeans, Acting Housing Service Lead  
John Golding, Strategic Lead - Housing, Health and Environment  
Rebecca Heal, Solicitor  
Andi Loosemore, Rental Manager  
Paul Lowe, Housing Enabling and Allocations Manager  
Andrew Mitchell, Housing Needs Manager  
Alethea Thompson, Democratic Services Officer

**Also present:**

Cllr Jill Elson, Portfolio Holder – Sustainable Homes and Communities  
Cllr David Barratt  
Cllr Steve Gazzard  
Josie Ireland, tenant

**Apologies:**

Cllr John O’Leary  
Giles Salter, Solicitor

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

# DRAFT List of meetings 2019/2020

Unless otherwise indicated meetings will normally be held at Blackdown House, Honiton. Not all meetings are open to the public and the public can be asked to leave other meetings on specified grounds.

| Meeting                                                    | Day | Time    | 2019 |      |      |     |      | 2020    |     |     |     |     |     |     |     |
|------------------------------------------------------------|-----|---------|------|------|------|-----|------|---------|-----|-----|-----|-----|-----|-----|-----|
|                                                            |     |         | May  | June | July | Aug | Sept | Oct     | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Annual Council                                             | Wed | 6.00pm  | 22   |      |      |     |      |         |     |     |     |     |     |     | 13  |
| Council                                                    | Wed | 6.00pm  |      |      | 24   |     |      | 23      |     | 11  |     | 26  |     | 22  |     |
| Cabinet                                                    | Wed | 5.30pm  |      | 5    | 10   |     | 4    | 2<br>30 | 27  |     | 8   | 5   | 4   | 1   | 6   |
| Housing Company Sub Committee                              | Wed | 2.30pm  |      |      |      |     |      | 2       |     |     |     |     | 4   |     |     |
| Scrutiny Committee                                         | Thu | 6.00pm  |      | 6    | 4    |     | 6    | 3       | 21  |     |     | 6   | 5   | 2   |     |
| Overview & Scrutiny Committees joint Budget Meeting        | Wed | 9.00am  |      |      |      |     |      |         |     |     | 15  |     |     |     |     |
| Overview Committee                                         | Thu | 6.00pm  |      | 27   | 25   | 29  | 26   |         | 14  |     | 30  | 27  | 26  |     |     |
| Strategic Planning Committee                               | Tue | 10.00am |      | 10   |      | 20  |      | 22      |     | 17  |     | 25  |     | 28  |     |
| Development Management Committee *                         | Tue | 10.00am |      | 11   | 2    | 6   | 3    | 1<br>29 |     | 3   | 7   | 4   | 3   | 7   | 5   |
| Audit & Governance Committee                               | Thu | 2.30pm  |      |      | 25   |     | 26   |         | 28  |     | 30  |     | 19  |     |     |
| Housing Review Board ~                                     | Thu | 2.30pm  |      | 20   |      |     | 19   |         | 21  |     | 23  |     | 26  |     |     |
| Licensing & Enforcement Committee                          | Wed | 9.30am  |      |      | 3    |     |      | 16      |     |     |     | 12  |     | 15  |     |
| Standards Committee                                        | Tue | 10.00am |      |      |      | 13  |      | 15      |     |     | 21  |     |     | 14  |     |
| Asset Management Forum                                     | Thu | 9.30am  |      | 13   |      |     | 5    |         |     | 5   |     |     | 5   |     |     |
| STRATA Joint Executive Committee                           | Wed | 5.30pm  |      | 18   |      |     | 24   |         |     |     |     |     |     |     |     |
| STRATA Joint Scrutiny Committee                            | Thu | 5.30pm  | 30   |      |      |     | 4    |         |     |     |     |     |     |     |     |
| South East Devon Habitat Regulations Executive Committee ~ |     | 2.00pm  |      |      | 18   |     |      | 30      |     |     | 30  |     |     | 17  |     |
| Recycling and Waste Partnership Board                      | Wed | 10.00am |      | 5    | 17   |     |      | 23      |     |     | 29  |     |     | 29  |     |
| Capital Strategy and Allocation Group                      | Wed | 2.30pm  |      |      | 10   |     |      | 16      |     | 4   |     |     |     |     |     |
| Budget Working Party                                       | Wed | 2.30pm  |      | 26   |      |     | 25   |         |     |     |     |     | 18  |     |     |

Sub-Committees of the Licensing and Enforcement Committee are timetabled for Wednesdays on an 'if required' basis. **Cancelled meetings are shown crossed through in red. Extraordinary Council meetings are shown in blue.** ~ Held at Exmouth Town Hall, # Held at Civic Centre, Exeter; ~ Held at Teignbridge District Council, Forde House, Newton Abbot; \* Formal site visits as required will be held on the morning of the meeting date. ^ Starts at 2pm. ♠ Starts at 11.30am. ▣ Starts 4pm. + Starts at 4.30pm.



**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release:** None

**Agenda item:** **14**

**Subject:** **Revenue and Capital Budgets 2019/20**

**Purpose of report:**

Cabinet adopted draft Revenue and Capital Estimates for 2019/20 at its meeting on 2 January 2019. A joint meeting of the Overview and Scrutiny Committees reviewed those budgets on 16 January and the Housing Review Board considered the Housing Revenue Account budgets on 24 January.

Recommendations from those meetings are detailed in this report and the minutes are contained on the agenda. It is now for Cabinet to consider those comments and recommendations and to make their recommendations to Council.

As part of the Prudential Code for Capital Finance in Local Authorities the Council is required to set prudential indicators as part of its budget setting process, these indicators are detailed in the Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy and are included on the Cabinet agenda. They reflect the proposals and details in this report.

Alongside the Treasury Management Strategy sits a new requirement for the Council to adopt a Capital Strategy this is also contained on this agenda.

**Recommendation:**

It is recommended:

1. To propose the Net Revenue General Fund Budget as considered in 2.8 of the report.
2. A Council Tax increase is approved of £5 a year giving a Band D council tax of £141.78 a year for 2019/20.
3. That the Housing Revenue Account Estimates with a net surplus of £1.154m is approved.
4. That the Net Capital Budget totalling £9.819m for 2019/20 is approved.

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Reason for recommendation:</b>       | There is a requirement for the Council to set a balanced budget for both the General Fund and Housing Revenue Account and to levy a Council Tax for 2019/20.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Officer:</b>                         | Simon Davey<br>Strategic Lead – Finance; <a href="mailto:sdavey@eastdevon.gov.uk">sdavey@eastdevon.gov.uk</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Financial implications:</b>          | Details contained in the report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Legal implications:</b>              | The requirements for budget setting and council tax are set out in statute and regulations which the finance team take account of in the preparation of the report. The duties of the Council's Section 151 Officer include the requirement to make recommendations to ensure that the Council maintains an adequate level of reserves, when considered alongside the risks the Council faces and the general economic outlook                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Equalities impact:</b>               | Low Impact<br><br>Equality impact was considered by budget managers with finance officers during the budget preparation stage with consideration given to any budget variation which could result in any service changes being assessed as high, medium, or low in terms of equality impact. Due to the fact that no high or medium impacts were identified it is deemed that a full impact assessment is not necessary for implications in the budget proposals.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Risk:</b>                            | Low Risk<br><br>Risks have been considered in preparing the budgets and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates; estimates on the level and timing of capital receipts; the treatment of demand led pressures; the treatment of planned efficiency savings/productivity gains; levels of income; financial risks inherent in any new arrangements; capital developments; the availability of funds to deal with major contingencies and the need for any provisions. In each of these areas the Council's financial standing, management and track record has been considered in order to prepare robust budget proposals.<br><br>The risks associated with Brexit were highlighted and considered in the Financial Plan 2019-2029. There is a Strategic Risk included in the Council risk register and services have considered impacts on their own service areas. The risks have been assessed under the operational parameters of this Council.<br><br>The overall assessment of low risk has been made on the basis of the 2019/20 budget proposal and the mitigation of financial uncertainties as detailed in the report. Future budget considerations and risks from 2020/21 onwards are considered in the Council's Financial Plan. |
| <b>Links to background information:</b> | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Link to Council Plan:</b>            | Funding allocation to meet the Council Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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## 1. Introduction.

1.1 The Cabinet adopted draft revenue and capital budgets on the 2 January 2019.

1.2 The budgets, associated service implications and Service Plans were then considered by:

- A joint meeting of the Overview and Scrutiny Committees on 16 January.
- The Housing Review Board considered the Housing Revenue Account (HRA) budgets at its meeting on 24 January.
- Comment were also invited from the business community to the Council's draft budget proposals.

1.3 This report follows on from the draft Revenue and Capital Budgets 2019/20 report presented to Cabinet on the 2 January; this gave significant narrative on the budget proposals including the details presented in the budget book and service plans. For reference:

- The budget report can be found here [Budget Report 2019/20](#) ,
- the draft budget book here, [Draft budget book 2019/20](#) and
- the Service Plans here [Draft Service Plans 2019/20](#)

## 2. Update and Summary of recommendations to Cabinet.

2.1 The minutes of the joint meeting of the Overview and Scrutiny Committees on 16 January and the Housing Review Board meeting of 24 January are contained on this agenda.

### **General Fund Budget**

2.2 The draft General Fund budget adopted by Cabinet proposed a budget with a net General Fund Revenue spend of £15.168m, with a requirement to use £0.236m from the General Fund Balance (£0.080m for the one off costs associated with the District election).

2.3 **No amendments have been recommended by the Scrutiny Committee** to draft budget adopted by Cabinet.

2.4 **One amendment was recommended by the Overview Committee to reinstate a vacant post within the Economy Portfolio at a cost of £25,000.** The deletion of this vacant post in the draft budget was agreed by the Strategic Management Team as a saving in line with Transformation Strategy "Fit for Purpose" imperative. The responsible officer for this area believed the saving could be made through efficiencies and would not impact the service.

2.5 Members of **both Committees recommended to Cabinet a Council Tax increase of £5 a year (3.7%)** raising the charge from £136.78 to £141.78 a year for a band D property as included in draft budget.

- 2.6 Neither Committee recommended including in the 2019/20 budget the funding request from Cranbrook Parish Council as detailed in the 2 January budget report.
- 2.7 No budget amendments have been proposed by the business community.
- 2.8 To conclude only one amendment has been proposed to the draft budget adopted by Cabinet and that is by the Overview Committee as given 2.4 above. If accepted by Cabinet this will increase the draft budget by £25,000 raising the net budget from £15.168m to £15.193m which in turn will increase the sum needed from the General Fund Balance by £25,000 to balance the budget. **A final recommendation is required by Cabinet to Council.**

### **Housing Revenue Account Budget**

- 2.9 The draft Housing Revenue Account (HRA) budget adopted by Cabinet proposed a surplus of £1.154m. No amendments were proposed to the draft budget originally adopted by Cabinet by either the Overview and Scrutiny Committees or the Housing Review Board.

### **Capital Budget**

- 2.10 No amendments have been proposed to the draft capital budget with Net Expenditure of £9.819m as adopted by Cabinet.

## **3. Council's Balances and Reserves**

- 3.1 Details are contained in the draft Revenue and Capital Budgets 2019/20 report presented to Cabinet on the 2 January.

## **4. The Prudential Code for Capital Finance in Local Authorities**

- 4.1 The Prudential Code for Capital Finance in Local Authorities gives the requirement to report on a series of prudential indicators, which are designed to support and record local decision making. These indicators are required to be part of the Council's budget setting process and show the overall effect on various financing and borrowing strategies that the Council plans to adopt over the next three financial years. These indicators will be monitored and reported and when necessary updated to reflect any changes in policy.
- 4.2 This Council's prudential indicators are contained in the Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy included on the agenda and reflect the proposals and details in this report.
- 4.3 Alongside the Treasury Management Strategy sits a new requirement under the Prudential Code for the Council to adopt a Capital Strategy, this is also contained on this agenda for Members consideration.





**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release:** None

**Agenda item:** **15**

**Subject:** **Capital Strategy 2019/20 – 2022/23**

**Purpose of report:** Appended is a draft Capital Strategy for Cabinet to consider and if content recommend to Council for adoption, this will now form part of the annual budget setting approval process.

The document draws together various adopted strategies and agreed process of the Council that govern how the Council manages capital expenditure and investment decisions. The Capital Strategy brings these areas together in one overarching document.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code has introduced a new requirement for local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability. This Council's practices meet these outcomes and it's useful to set these out in one place to demonstrate this.

The Capital Strategy is a key document, it provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

**Recommendation:** **That Cabinet recommend to Council the adoption of the Capital Strategy 2019/20 – 2022/23**

**Reason for recommendation:** In order to comply with good practice there is a new requirement for the Council to have in place an adopted Capital Strategy.

**Officer:** Simon Davey – Strategic Lead Finance

**Financial implications:** No direct financial implications from the recommendations of the report.

**Legal implications:** Other than to note that it is a requirement for the Council to adopt a Capital Strategy there are no specific legal implications arising

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:** .

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



# **Capital Strategy**

## **2019/20 – 2022/23**

January 2019

Simon Davey (CFO/S151)

Strategic Lead Finance

[sdavey@eastdevon.gov.uk](mailto:sdavey@eastdevon.gov.uk)

## Contents

1. Purpose
2. Capital Expenditure
3. Treasury Management Investments
4. Links to other corporate strategies, plans & financial governance documents
5. Capital Programme Setting Process
6. Monitoring of the Capital Programme
7. Property/Commercial Investment
8. Funding Strategy and Capital Policies
  - 8.1 External Funding
  - 8.2 Capital Receipts
  - 8.3 Revenue Funding
  - 8.4 Prudential/Unsupported Borrowing
  - 8.5 Leasing
9. Procurement and Value for Money
10. Partnerships and Relationships with other Organisations
11. Management Framework
12. Performance Management
13. Risk Management
  - 13.1 Credit Risk
  - 13.2 Liquidity Risk
  - 13.3 Interest Rate Risk
  - 13.4 Exchange Rate Risk
  - 13.5 Inflation Risk
  - 13.6 Legal and Regulatory Risk
  - 13.7 Fraud, Error and Corruption
14. Other Consideration

## **1 Purpose**

- 1.1 This document draws together various adopted strategies and agreed process of the Council that govern how the Council manages capital expenditure and investment decisions. The Capital Strategy brings these areas together in one overarching document.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code has introduced a new requirement for local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability. This Council's practices meet these outcomes and its useful to set these out in one place to demonstrate this.
- 1.3 The Capital Strategy is a key document, it provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

## **2 Capital Expenditure**

- 2.1 Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one *year*, e.g. land, buildings, vehicles. This is in contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs, premise running costs and supplies and services.
- 2.2 The capital programme is the authority's plan of capital works for future years, including details on the funding of the schemes. Included are the projects such as the purchase of land and buildings, the construction of new buildings, major maintenance that enhance assets, design and project management fees related to projects and the acquisition of vehicles and other items of equipment. Also included could be service and commercial investments if they relate to a purchase of an asset. The Council has an adopted de minimis level of £20,000 for expenditure to be classified as capital.

## **3 Treasury Management Investments**

- 3.1 Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity and

ultimately represent balances which need to be invested until the cash is required for use in the course of business.

- 3.2 Treasury Management investments need to ensure that the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Council's Treasury Management Strategy.
- 3.3 The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside of normal treasury management activity. These may include service and commercial investments. The management of associated risk for these investments is set out in the Council's Commercial Investment Framework.

#### **4 Links to other corporate strategies, plans and financial governance documents**

- 4.1 The Council Plan sets out the Council's ambitions and priorities with agreed outcomes which guide its work. These aims, priorities and objectives are in turn reflected in Service Plans.
- 4.2 To support the delivery of the Council Plan and Service Plans a number of key strategies/policies are in place; Financial Plan, Transformation Strategy, Capital Strategy, Digital Strategy and Asset Management Plan.
- 4.3 There are adopted documents which govern and put in place financial controls to ensure proper financial management, these are linked to this Capital Strategy, namely:
  - Treasury Management Strategy – This Strategy is approved annually and follows the Treasury Management Code published by CIPFA to govern treasury activities defined as: *The management of the organisations borrowing, investments and cash flows, its banking, money market and capital market transactions.*
  - The Prudential Code – The adoption of the Code is approved annually and follows the latest best practice as published by CIPFA to help ensure that the capital expenditure plans of the Council are affordable, prudent and sustainable.
  - Commercial Investment Framework – The adoption of this links to the Treasury Management Strategy but specially governs the element of invest that covers the purchase of commercial assets as an investment rather than investments related to cash flow decisions.
  - Project Management Guidelines – These govern the way the Council will appraise and monitor the delivery of key projects which in the main are those within the capital programme.

- 4.3 The Council also has adopted Financial Regulations and Contract Standing Orders which govern the financial management of the Council.

## **5 Capital Programme Setting Process**

5.1 The preparation of the draft Capital Budget is directed by the Capital Strategy & Allocation Group (CSAG) who meet specifically in December each year to consider scheme proposals. The Group considers funding resources available, the capital appraisal process and each scheme proposal. Recommendations are made from this Group to Cabinet who consider all aspects of the annual Revenue and Capital Budget to make recommendations to Council. Draft proposals are also presented to both Overview and Scrutiny Committees for their consideration and recommendations.

5.2 The capital appraisal process is used to build a capital programme aimed at delivering the Council's stated priorities and ensuring schemes meet set gateways:

- Gateway 1 fully financed – external grants pay fully for the project, or revenue savings pay back capital investment inside 5 years.
- Gateway 2 statutory obligation – we have to do it by law
- Gateway 3 contractual obligation – we have to abide by our contractual agreements
- Gateway 4 critical business interruption – a major part of the Council's services would not be able to function.

Each scheme is given a score against a set criteria such as how the project meets the Council Plan, the risk involved, any part funding, invest to save and service provision. If gateways are passed then the project is approved subject to there being sufficient funds, scoring is considered to give priority against limited resources.

For each scheme proposed an Initial Project Proposal Form is completed as governed in the adopted Council's "Guide to Project Management".

5.3 This process governs for the formation of the Council's Capital Programme and how capital expenditure is approved. Two area of capital expenditure differ to this process:

- ICT Projects proposed by Strata (Jointly owned IT company who provided ICT support to the Council) this falls to the Strata Scrutiny and Cabinet Committees to consider and make recommendations to Cabinet.
- Community Infrastructure Levy supported schemes are considered and governed and recommended to Council by the Strategic Planning Committee.

It should also be stated in this document for completeness that the Council has formed a company “East Devon Homes” with the purpose of provide housing in the District outside of the Housing Revenue Account renting to private tenants. The Council has agreed the governance and financial controls of how this Company operates. A £2m lending facility to East Devon Homes has been approved, drawn down of this facility will be deemed as capital expenditure, the principle borrowed with interest will be recovered from the Company. The impact of this expenditure for the Council will be reflected in the Council’s Prudential Indicators calculations.

5.4 An extract for the Council’s Project Management Guidelines is reproduced below which clarifies roles and responsibilities.

| <b>Who</b>                                     | <b>What</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Council</b>                                 | <ul style="list-style-type: none"> <li>• Approves the Council’s spending plans including service plans – Annual</li> <li>• Adopts Council Plan.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Cabinet</b>                                 | <ul style="list-style-type: none"> <li>• Recommends Council spending plans and service plans – Annually</li> <li>• Considers and makes recommendations on business cases for large scale projects. Ad hoc reports to Cabinet with cut off September for inclusion in forthcoming budget considerations.</li> <li>• Considers minutes of Strata JEC (ICT Projects).</li> <li>• Considers minutes of Strategic Planning for CIL (Infrastructure/123 schedule list)</li> <li>• Considers minutes of CSAG (All other Capital Projects and overall financing implications).</li> </ul> |
| <b>Capital Strategy &amp; Allocation Group</b> | <ul style="list-style-type: none"> <li>• Recommendations to Cabinet projects to be included in the Annual Capital programme. Overview of Programme and funding. Receives Capital Appraisal Forms and Initial Project Proposal Document.</li> <li>• Monitors delivery of large projects and report to Cabinet through minutes any critical issues such as changes (realised or anticipated) to the business case, project plan, level of risk, or variation against the project budget.</li> <li>• Receive Post Project Evaluation reports for large projects.</li> </ul>          |
| <b>Strata JEC</b>                              | <ul style="list-style-type: none"> <li>• Recommend to Cabinet IT projects for budget inclusion.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 | <ul style="list-style-type: none"> <li>• Monitor delivery of IT projects and report to Cabinet through minutes any critical issues such as changes (realised or anticipated) to the business case, project plan, level of risk, or variation against the project budget.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Strategic Planning - CIL</b> | <ul style="list-style-type: none"> <li>• Minutes to Cabinet identifying projects and any implications on the Council's Capital programme.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>SMT</b>                      | <ul style="list-style-type: none"> <li>• Acts a Project Management Board.</li> <li>• Receives all project documentation and agrees next steps.</li> <li>• Monitors progress of projects, mainly by exception.</li> <li>• Receives requests for changes (realised or anticipated) to the business case, project plan, level of risk, or variation against the project budget and will refer as appropriate.</li> <li>• Supports Cabinet in the review of the Council Plan and Service Plans</li> <li>• The Strategic Lead for Finance has overall responsibility for the Project Management process including training.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Senior Responsible Owner</b> | <ul style="list-style-type: none"> <li>• Will normally be a Service or Strategic Lead but could be a senior manager for small projects.</li> <li>• Champions the project and has overall responsibility for its delivery.</li> <li>• Ensures that the business case is sound and manages the approval of the project.</li> <li>• Responsible for ensuring that an initial kick off meeting takes place with all the anticipated key players to discuss the vision of the project and likely issues (e.g. financial, legal, ICT) to allow for an early understanding of the level of support required internally.</li> <li>• Identifies the core Project Team at the kick off meeting including the Project Manager.</li> <li>• Provides support to the Project Manager.</li> <li>• Ensures the Project Manager has all the resources necessary to deliver the project at their disposal.</li> <li>• Resolves any issues at a level outside the scope of the Project Manager, for example resources/priorities.</li> <li>• Refers issues by exception to SMT.</li> <li>• Reports to the relevant Portfolio Holder, Cabinet, Overview, Scrutiny, or Audit &amp; Governance Committees or Capital Strategy &amp; Allocation Group.</li> </ul> |
| <b>Project Manager</b>          | <ul style="list-style-type: none"> <li>• Will normally be a senior manager or an appropriately qualified/experienced officer.</li> <li>• The role should not be shared and is the single focus for day-to-day management of the project.</li> <li>• Responsible for producing project documentation including the PID and PPE.</li> <li>• Manages the project delivery including management of the project budget and Project Team (where appropriate).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | <ul style="list-style-type: none"> <li>• Responsible for ensuring effective completion of the project as specified in the PID.</li> <li>• Keeps the Senior Responsible Owner regularly informed of progress and of any significant deviation from the project plan (realised and anticipated).</li> <li>• Responsible for producing monthly progress updates for relevant officer/team/group.</li> <li>• Ensures project team meetings are arranged as appropriate.</li> <li>• Provides reports as required by the Senior Responsible Owner.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Project Team</b> | <p>Not all projects will require a team for delivery. For some it will mean a cross service officer team, whilst others will also have member representation. A Project Team:</p> <ul style="list-style-type: none"> <li>• Should be made up of officers who have the required skills, experience and knowledge to deliver the project.</li> <li>• Project Team members must be identified in the PID and their participation must be agreed by SMT to ensure there is enough capacity to support the project.</li> <li>• Project Team members must fully understand their roles and responsibilities.</li> <li>• Is responsible for carrying out tasks allocated by the Project Manager in accordance with the PID and is collectively responsible for the delivery of the project.</li> <li>• Provides progress updates to the Project Manager (frequency to be defined by Project Manager) and raise issues as they occur.</li> <li>• The size of the Project Team can vary depending on the type and scope of project.</li> <li>• All large projects must also include a representative of Finance and Legal on the Project Team.</li> </ul> |

## 6 Monitoring of the Capital Programme

6.1 Once the detailed capital programmes has been approved by Members, the financial spend is monitored on a monthly basis. Monitoring is reported through to Cabinet in the Budget Monitoring Reports.

6.2 Additional governance is place for key project and these are monitored through the CSAG with minutes presented to Cabinet:

| Requirement                                                                   | Project Type                                 |                                              |                                                             |
|-------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|-------------------------------------------------------------|
|                                                                               | Small                                        | Medium                                       | Large                                                       |
| Monthly Monitoring Reports covering; budget, time, milestones, risk register. | Optional – presented Service/ Strategic Lead | Yes – presented to SMT Project Board (mthly) | Yes – presented to SMT project board (mthly) & CSAG (qtrly) |
| Post Project Evaluation Document.                                             | No                                           | Yes – presented to SMT Project Board         | Yes – Presented to SMT Project Board & CSAG                 |

## 7 Commercial Asset Investments

- 7.1 Capital expenditure on the purchase of assets for the purpose of investment are determined and governed under the Council’s Commercial Investment Framework. This determines criteria for assessment and purchase and defines the governance and monitoring arrangements.
- 7.2 The Commercial Investment Framework determines the Council’s risk appetite and controls on this type of capital expenditure and is consistent with the principles determined in this Capital Strategy.
- 7.3 The implications on Council borrowing linked to these investments has been factored into the Council’s Prudential Indicator calculations.

## 8 Funding Strategy and Capital Policies

- 8.1 This section sets out the policies of the Council in relation to funding capital expenditure and investment.

### External Funding

- 8.2 Services must seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government. The capital appraisal processes significantly favours projects that attract external funding.
- 8.3 Prior to submitting bids for grant funding, an assessment of the risk of a contract price increase, associated with market conditions or abnormal building plan demands attached to some grants, must be completed to estimate the likelihood of additional funding being needed.
- 8.4 In respect of match funding bids then the relevant service must fully identify the necessary match funding resources from either within existing budgets or

schemes need to be submitted as part of the normal capital appraisal process if additional funding is being sought.

### **Capital Receipts**

- 8.5 A capital receipt is an amount of money exceeding £10,000 which is received from the sale of an asset. They cannot be spent on revenue items.
- 8.6 Capital receipts are pooled and used to finance future capital expenditure and investment according to priorities, although they may be used to repay outstanding debt on assets financed from loans, as permitted by the regulations. The Council has deemed that Housing Revenue Account (HRA) generated capital receipts are used to support HRA capital expenditure only.

### **Revenue Funding**

- 8.7 Services may use their revenue budgets to fund capital expenditure, this may be via earmarked reserves. The Council will consider any corporate funding of capital from revenue as outlined in the annual budget report, currently a significant proportion of the Council's New Homes Bonus Grant is used to finance capital and this is decided annually by Council.
- 8.8 The Strategic Lead for the Service and the Strategic Lead Finance will take an overview and decide the most appropriate way of funding the service areas. In doing that the Strategic Lead Finance will take account of the strategy regarding the levels of general and earmarked reserves.

### **Prudential/Unsupported Borrowing**

- 8.9 Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so the Council needs to ensure it can fund the repayment costs. This borrowing may also be referred to as Prudential Borrowing. The Council's Minimum Revenue Provision Policy sets out a prudent approach to the amount set aside for the repayment of debt.
- 8.10 Capital projects that cannot be funded from any other source can be funded from Prudential Borrowing. The Council must be able to afford the borrowing repayment and interest charges on the loan from existing revenue budgets or the Council must see this as their key priority for the budget process and to be factored into the Financial Plan and medium term financial plan calculations accordingly.
- 8.11 The Strategic Lead Finance will make an assessment of the overall prudence, affordability and sustainability of the total borrowing requested. The impact of

this borrowing will be reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.

- 8.12 The view of the Strategic Lead Finance will be fed into the corporate bidding process and inform the CSAG so that, should the borrowing levels be unaffordable or not prudent, then the schemes will be prioritised against the available funding from borrowing using the corporate prioritisation system.
- 8.13 The Strategic Lead Finance will also determine whether the borrowing should be from internal resources or whether to enter into external borrowing.

### **Leasing**

- 8.14 Strategic Leads may enter into finance leasing agreements to fund capital expenditure however, a full option appraisal and comparison of other funding sources must be made and the Strategic Lead Finance is required to be consulted to ensure that leasing provides the best value for money method of funding the scheme.
- 8.15 Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

## **9 Procurement and Value for Money**

- 9.1 The Council uses Devon Procurement Services, processes have been defined and guidance and training is available to officers through this Procurement Team which ensures officers can evidence they are seeking achieve value for money in procurement.
- 9.2 It is essential that all procurement activities comply with prevailing regulations and best practice. Guidance on this can be sought from the Procurement Team. Procurement activities must comply with the Council's Contract Standing Orders and Financial Regulations.

## **10 Partnerships and Relationships with other Organisations**

- 10.1 Capital planning will be undertaken within the context of the Council Plan and wherever possible and subject to the usual risk assessments services should look to expand the number of capital schemes which are completed on a partnership basis and continually look for areas where joint projects can be implemented. This principle is taken into account in the capital appraisal process with higher priority given to such schemes.

## **11 Management Framework**

- 11.1 The governance structure of the Council has the Strategic Management Team that takes a strategic and group view on the capital programme and investments. This Strategy does outline the key roles and responsibilities of member groups and committees in this process.

## **12 Performance Management**

- 12.1 Clear measurable outcomes are developed for each capital scheme in the Project Initiation Document (PID). After the scheme has been completed, services should check if outcomes have been achieved. For medium and large projects these are required to be specially reported and reviewed under the Project Management Guidelines.

## **13 Risk Management**

- 13.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its desired outcomes and to execute its strategies successfully.
- 13.2 Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.
- 13.3 The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties. Project Managers for medium and large capital projects are required to maintain and report on their individual project risk register, highlighting any risks which are deemed after mitigation to be medium to high.<sup>2</sup>
- 13.4 It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle applies of control of risk and optimising returns consistent with the level of risk.
- 13.5 The Council accepts there will be a certain amount of risk inherent in delivering the desired outcomes of the Council Plan. The Council seeks to keep the risk of capital projects to a low level whilst making the most of

opportunities for improvement. Where greater risks are identified as necessary to achieve desired outcomes, the Council seeks to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register and all medium and large projects are identified in the Council Performance Management System (Spar) with a rag rating against current risk assessment.

### **Credit Risk**

- 13.6 This is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot pay us our investment returns or complete the agreed contract. Accordingly, the Council will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

### **Liquidity Risk**

- 13.7 This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes. Where possible appropriate interventions will occur as early as possible.

### **Interest Rate Risk**

- 13.8 This is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

### **Exchange Rate Risk**

- 13.9 This is the risk that exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Where relevant, exchange rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

## **Inflation Risk**

- 13.10 This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

## **Legal and Regulatory Risk**

- 13.11 This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Council will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.

## **Fraud, Error and Corruption**

- 13.12 This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the Council's policies and procedures. This is supported by the Employee Code of Conduct and detailed policies such as Anti-Fraud, Theft and Corruption, Anti Money Laundering, Whistle Blowing, Anti-bribery and Declaration of Interests.

## **14 Other Considerations**

- 14.1 Capital Schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.



**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 16

**Subject:** **Treasury Management including the Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy**

**Purpose of reports:**

1. **Annual Treasury Management Review 2017/18 – 1 April 2017 to 31 March 2018** - This report details the overall position and performance of the Council's Treasury Management Strategy during 2017/18.
2. **Treasury Management Mid-Year Review 2018/19 – 1 April 2018 to 30 September 2018** - This report details the overall position and performance of the Council's investment portfolio for the first six months of 2018/19.
3. **Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy** - The Chartered Institute of Public Finance and Accountancy (CIPFA) produces a Code of Practice for treasury management for Public Services. One of the main recommendations of this code is the requirement for an annual Treasury Management Strategy to be formally adopted by the Council. There is also a requirement to set prudential indicators relating to all treasury activities that the authority will undertake in the forthcoming financial year.

**Recommendation:**

1. **Annual Treasury Management Review 2017/18 – 1 April 2017 to 31 March 2018** - Cabinet is requested to review and note the investment values and performance for the year to 31 March 2018.
2. **Treasury Management Mid-Year Review 2018/19 – 1 April 2018 to 30 September 2018** - Cabinet is requested to review and note the investment values and performance for the period to 30 September 2018.
3. **Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy** - Cabinet is requested to recommend that:
  - a. Council adopts this Treasury Management Strategy including the Prudential Indicators for 2019/20;
  - b. Council approves the Minimum Revenue Provision Policy Statement;
  - c. Council approves the creditworthiness criteria and updated list of counterparties.

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**Reason for recommendation:**

The Council is required:

1. to produce an annual review of its treasury management activities and performance.
2. to produce a half yearly review of its treasury management activities and performance.
3. to formally adopt a Treasury Management Strategy and set prudential indicators before the beginning of the financial year.

**Officer:**

Janet Reeves – Accountant

[Janet.Reeves@eastdevon.gov.uk](mailto:Janet.Reeves@eastdevon.gov.uk)

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**Financial implications:**

Contained within the report

**Legal implications:**

As indicated in the accompanying report, the Treasury Management Strategy must be prepared in line with the statutory framework and related guidance and the finance team has confirmed that this has been done.

**Equalities impact:**

Low impact

**Risk:**

Low risk

The Council would fail to comply with CIPFA recommended “best practice” for treasury management.

**Links to background information:**

- [Treasury Management Strategy Statement 2019/20](#)
- [Mid-Year Treasury Management Review 2018/19](#)
- [Annual Treasury Management Review 2017/18](#)

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



**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release:** None

**Agenda item:** 17

**Subject:** **Business Rates – Rate Relief Measures**

**Purpose of report:** This report updates Members on business rates measures announced in the Budget on 29 October 2018:

- Retail Discount scheme for two years
- Extension of the local newspaper business rates discount
- 100% rate relief for public conveniences

The first two measures need to be adopted by the Council in order to ensure that Government funding is passed onto eligible businesses. The third measure relating to public conveniences is for information only as it requires the Government to amend legislation in order for this to be implemented.

**Recommendation:**

- 1. To implement the ‘Retail Discount Scheme’ for 2019/20 & 2020/21 in line with the Government’s scheme guidance including delegated authority to the Service Lead and the S151 to determine eligibility.**
- 2. To continue awarding the local newspaper discount in line with Government policy.**
- 3. To note the Government’s intention to implement 100% rate relief for public conveniences. Should this measure require the Council to adopt a local discount/relief scheme then this is delegated to the Council’s S151 Officer in conjunction with the Finance Portfolio to implement.**

**Reason for recommendation:** Members need to approve these rate reliefs to ensure that ratepayers can benefit from the extra funding announced in the Autumn 2018 Budget.

**Officer:** Libby Jarrett, Service Lead – Revenues & Benefits,  
[ljarrett@eastdevon.gov.uk](mailto:ljarrett@eastdevon.gov.uk). 01395 517450

**Financial implications:** As stated in the report the costs involved of granting reliefs will be covered by Government.

**Legal implications:** The legal position is detailed in the report and no further comment is required.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:**

- [Retail Discount Guidance](#)

**Link to Council Plan:**

Developing an outstanding economy

## **1.0 Background**

1.1 In the 2018 Autumn Budget the Government announced a package of business rates measures:

- A one third discount scheme for occupied retail property with a rateable value below £51,000 for two years (2019/20 & 2020/21);
- An extension of the £1500 business rates discount for local newspapers' office space in 2019/20.
- An intention to legislate to grant a 100% relief from business rates for all standalone public toilets;

## **2.0 Retail Discount Scheme**

2.1 The Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve.

2.2 The Government announced in the Budget on 29 October 2018 that it will provide a Business Rates Retail Discount Scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21. The value of relief should be one third of the bill and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.

2.3 Where the Council grants a locally funded relief it must be applied after the Retail Relief.

2.4 This measure is for 2019/20 and 2020/21 only, so the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. It will be for individual local billing authorities to decide to adopt the scheme and to determine entitlement against the Government guidance. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government therefore expects local government to grant relief to qualifying ratepayers.

2.5 The Government have issued scheme guidance which is available [here](#). In essence properties that will benefit from the relief will be occupied premises that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

2.5.1 Shops, restaurants, cafes and drinking establishments mean:

- i. Premises that are being used for the sale of goods to visiting members of the public:
  - Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, charity shops)
  - Opticians
  - Post offices

- Furnishing shops / display rooms (such as: carpet shops, double glazing, garage doors)
- Car / caravan show rooms / Second hand car lots
- Markets
- Petrol filling stations
- Garden centres
- Art galleries (where art is for sale / hire)

ii. Premises that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners / Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire / Car hire

iii. Premises that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs / Bars

2.5.2 The types of uses that the Government does not consider to be retail for the purpose of this relief are:

i. Premises that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

ii. Premises that are not reasonably accessible to visiting members of the public

2.5.3 The Government considers cinemas, theatres, museums or properties used for sport or physical recreation (e.g. gyms) are outside the scope of this relief.

2.6 The total amount of government-funded relief available for each property for 2019/20 and 2020/21 under this scheme is one third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. There is no relief available under this scheme for properties with a rateable value of £51,000 or more.

2.7 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis so if a ratepayer vacates part way through a year then the discount will be apportioned pro rata.

2.8 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid De Minimis limits.

## **2.9 State Aid**

2.9.1 State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations.

2.9.2 The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).

2.9.3 Ratepayers will be required to complete an online application for the relief which will include a declaration relating to State Aid.

2.9.4 The Government are advising that although we are scheduled to leave the EU on 29 March 2019 we will still need to apply state aid rules post this date as done currently.

## **2.10 Qualifying Businesses**

2.10.1 In East Devon we have 6,426 rating assessments. Initial predictions indicate approximately 500 businesses could benefit from this scheme. We will be able to obtain more accurate figures over the coming weeks.

## **2.11 Administering and promoting the Scheme**

2.11.1 The Government are expecting local authorities to apply and grant relief to qualifying ratepayers from the start of the 2019/20 billing cycle.

2.11.2 It is our intention that we will identify qualifying businesses and automatically award the amount of relief to the annual bills for both financial years. Alongside the bill we will enclose a covering letter and will ask businesses to confirm entitlement (including meeting state aid rules) by completing an on-line declaration.

2.11.3 Details of the scheme will be included with the bills and published on our website. We will work closely with the Communications and Economic team to ensure that the scheme is effectively promoted.

## **2.12 Members approval**

2.12.1 The recommendation is to adopt the Government's scheme as set out in the guidance as this funding provides financial support to our local retailers which clearly links to our key priority in developing an outstanding economy.

2.12.2 Delegated authority is sought for the Service Lead for Revenues & Benefits in conjunction with the Council's S151 to resolve any dispute regarding eligibility for the relief.

## **3.0 Local Newspaper Discount**

3.1 The Government introduced funding to local authorities so that they could provide a discount worth up to £1,500 a year for two years from 1 April 2017, to office space occupied by local newspapers. This is up to a maximum of one discount per local newspaper title, per hereditament up to state aid limits.

- 3.2 As this was due to expire on 31 March 2019, the Government have announced that they are extending this for 2019/20.
- 3.3 We currently have one local newspaper that is benefitting from this discount.
- 3.4 The recommendation is that Members continue with this discount in line with Government policy.

#### **4.0 Public Conveniences**

- 4.1 The Chancellor of the Exchequer also announced that they would introduce 100% rate relief to all standalone public conveniences whether publicly or privately owned. The Government have suggested that this will be introduced through a new mandatory relief. As this measure requires primary legislation it is unclear when this will be come into force. Feedback from our professional body is that it is unlikely that this will be implemented for this coming financial year.
- 4.2 Within East Devon we have 28 rating assessments for standalone public conveniences. East Devon is responsible for the rates on 21 of these with an annual cost of approximately £45K.
- 4.3 As we don't have detail on this then it is unclear of how this will be funded as the cost of mandatory reliefs are not normally reimbursed through S31 grants therefore this may mean that we will pick up a proportion of the cost through the Business Rate Retention Scheme.





**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release:** None

**Agenda item:** **18**

**Subject:** **Adoption of the East Devon AONB Management Plan**

**Purpose of report:** East Devon District Council, together with other local authorities, authorised the East Devon and Blackdown Hills AONB Partnerships to undertake reviews of the Management Plans for both AONBs by April 2019, as required under Section IV of the Countryside and Rights of Way Act 2000.

Public consultation on the reviews took place across the summer and autumn 2018, followed by endorsement by the AONB Partnership's respectively and final approval from the statutory consultee, Natural England. Adoption of the AONB Management Plans by East Devon District Council and the other local authorities for each AONB is required before lodging the Plans with Defra.

**Recommendation:** **Formal Adoption of the East Devon AONB Management Plan**

**Reason for recommendation:** Under Part IV of the Countryside and Rights of Way (CROW) Act 2000 the relevant local authorities are required to review the AONB Management Plans for the East Devon and Blackdown Hills AONBs at intervals of not more than 5 years. The review for the 2014 - 19 Plans needs to be completed by April 2019.

East Devon District with other local authorities has authorised East Devon and the Blackdown Hills AONB Partnerships to review the AONB Management Plans on their behalf.

**Officer:** Chris Woodruff // [chris.woodruff@eastdevonaonb.org.uk](mailto:chris.woodruff@eastdevonaonb.org.uk) 01404 46663

**Financial implications:** Any financial implications are included within the AONB budget, with is subject to securing the necessary funding agreements (see note 1.8 of the report)

**Legal implications:** The legal position is detailed in the report and no further comment is required.

**Equalities impact:** Low Impact

**Risk:** Low Risk

There are no risks associated with this decision

**Links to background information:**

- [East Devon AONB Management Strategy 2014-19](#)
- [East Devon AONB Partnership Plan 2019-24](#)

- [Adoption Report - East Devon AONB Partnership Plan 2019-24](#)

**Link to Council Plan:** Key priority: Delivering and promoting our Outstanding Environment

## Report in full

1.1 Under Part IV of the Countryside and Rights of Way (CROW) Act 2000, East Devon District, together with other local authorities is required to produce Management Plans for the East Devon and Blackdown Hills AONBs by 1 April 2004 and review them at intervals of not more than five years. Along with all other relevant local authorities, East Devon District has authorised the East Devon and Blackdown Hills AONB Partnerships to carry out this duty on its behalf; this work has been co-ordinated by the AONB teams.

1.2 The CROW Act 2000 and guidance from Natural England /Defra provides advice on the scale, nature and content of Management Plans. A Management Plan should serve to highlight a vision for the AONB and contain objectives, policies and targets for the delivery of the Plan. The Plan should be reviewed every five years. The delivery of the Plan is subject to availability of funding from the Local Authorities, Defra and other parties.

1.3 The review of both the East Devon and Blackdown Hills AONB Management Plan followed former guidance to ensure a broadly consistent approach both nationally and locally. Both Partnerships agreed that the reviews should be conducted with as light a touch as possible given the current status of the UKs relationship with the EU and potential changes over the next five-year period, particularly in environmental policy and programmes, including the current Government review of National Parks and AONBs (the Glover review).

1.4 To identify key matters and considerations, an initial review with key partners and Partnership members was undertaken by both AONB teams, in advance of a wider public consultation on the draft/review.

1.5 In addition, Strategic Environmental Assessment and Habitats Regulations Assessments ran in parallel to the review for Plans and serve to ensure policies in the Plans meet these assessment requirements.

1.6 Public consultation was carried out between July-September (East Devon) and September-November (Blackdown Hills) 2018 for the Draft Plans. Accordingly, the Draft Plans have been revised. The final version of the plans and assessments are required to undergo formal consultation with the statutory consultee, Natural England before local authority adoption.

1.7 Formal confirmation of the Management Plan has now been received from Natural England for the East Devon plan (**renamed Partnership Plan**), confirming that it meets the legislative requirements of the Countryside and Rights of Way Act 2000. The East Devon AONB Partnership Plan is recommended by the AONB Partnership for adoption by East Devon District Council as delivery plan for the AONB for the period 2019-2024. The AONB Partnership Plan will be formally confirmed to Defra following local authority adoption.

1.8 Delivery of the Plan will be coordinated through the AONB Partnership/Team and subject to securing funding through the Defra/local authority funding agreement.



**Report to:** Cabinet  
**Date of Meeting:** 6 February 2019  
**Public Document:** Yes  
**Exemption:** None

**Review date for release:** None

**Agenda item:** 19

**Subject:** **Coast Protection Act Consent for Devon County Council Alma Bridge Advance Works**

**Purpose of report:** To consider whether to grant consent to Devon County Council for works under the Coast Protection Act 1949

**Recommendation:** **That Cabinet agree the request for coastal protection work consent and that delegated authority be given to the Strategic Lead – Housing, Health and Environment to grant the consent subject to completion of consultation with out two neighbouring Coast Protection Authorities.**

**Reason for recommendation:** So that Devon County Council can proceed with advance works for the replacement of the Alma Bridge at a site upstream of the present structure.

**Officer:** Dave Turner, Engineering Projects Manager  
[dturner@eastdevon.gov.uk](mailto:dturner@eastdevon.gov.uk)

**Financial implications:** There are no direct financial implication to comment on

**Legal implications:** Legal Services have provided advice in respect of the use of the Coastal Protection Act and the granting of consent and also that currently we do not consider that there is an existing delegation within the Constitution that covers this point, hence the referral to Cabinet.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:** .

**Link to Council Plan:** Delivering and promoting our outstanding environment

## 1 **Background**

- 1.1 East Devon are the Coast Protection Authority under the Coast Protection Act 1949 (CPA1949).
- 1.2 Under Section 16 of CPA1949 any person who carries out coast protection work without consent from East Devon is guilty of an offence under the Act, and could be served notice to remedy those works.
- 1.3 East Devon also have powers to grant consent under Section 16 of the CPA1949 in consultation with other relevant authorities such as the Environment Agency and neighbouring authorities.
- 1.4 Devon County Council (DCC) are preparing to deliver a new footbridge to replace the old 'Alma Bridge'. In preparation some improvement works are required to a section of the river training wall. These improvements consist of:
  - 1.4.1 Removal of vegetation growing out of the wall.
  - 1.4.2 Filling of large voids in the wall.
  - 1.4.3 Sealing of cracks in the wall.
  - 1.4.4 The construction of a new concrete toe at the base of the wall to reinstate some areas of scour and to provide future protection against scour.
- 1.5 DCC have therefore approached East Devon for consent under Section 16 of CPA1949 for these works.
- 1.6 By consenting these advance works to take place in the spring 2019 EDDC will enable DCC to keep on program to replace the old failing bridge with the main works starting in the Autumn of 2019.
- 1.7 The works are within Policy Unit 6136 of the South Devon and Dorset Shoreline Management Plan 2, the policy for which is to Hold the Line across all 3 epoch.

## 2 **Recommendation**

- 2.1 It is proposed that East Devon consent these works, subject to completing consultation with our neighbouring Coast Protection Authorities.



**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release** None

**Agenda item:** **20**

**Subject:** **Review of the Local Code of Corporate Governance**

**Purpose of report:** The Council's Code of Corporate Governance, which sets out our overarching approach to our corporate governance arrangements, was adopted by Cabinet in December 2016 and is now due for review. It is a requirement of the Constitution that Cabinet consult with Audit & Governance in relation to the approval, implementation and monitoring of the Code of Corporate Governance and a report is being presented to Audit & Governance at its meeting on 31<sup>st</sup> January and their view will be reported to Cabinet at the meeting. Having reviewed the Code, it is recommended to Cabinet to continue to use the current Code unchanged with a further review in two years' time.

**Recommendation:** **That Cabinet agree, following a review, that the Local Code of Corporate Governance should continue without amendment and be reviewed again in two years' time, unless circumstances require an earlier review.**

**Reason for recommendation:** The Council regularly reviews the policies, codes and procedures that govern the way we operate. The Code of Corporate Governance (see background link) provides the overarching framework for the Council's Corporate Governance. It was updated in December 2016 following revised guidance from CIPFA/SOLACE. It is not a standalone document but rather identifies the key principles that the Council agrees to follow in establishing our governance framework. It is supported by a number of other documents, being our key policies, which in combination seek to ensure that the Council has systems, processes, culture and values that we engage with and act by and are accountable in respect of. Ultimately the Code is about ensuring that the Council does the right things, in the right way for the right people in a timely, inclusive, open, honest and accountable manner.

The effectiveness of the Code of Corporate Governance is effectively monitored through a number of routes, including the production of the Annual Governance Assurance Statement which is presented to Audit and Governance for approval. Section 11 details other mechanism which contribute on an ongoing basis to monitoring the overall effectiveness. In that regard the role of both our internal and external auditors plays an important part and it should be noted that in the Healthy Organisation audit (reported to the June 2017 Audit & Governance meeting) the Council received 'high assurance' in relation to both the Corporate Governance and Financial Management themes.

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There have been no concerns raised regarding the suitability or effectiveness of the Code of Corporate Governance and there has been no legislative or guidance changes that would necessitate any revisions being made. KPMG, as part of the formally auditing of the Council's accounts for 2017/18, considered the Annual Governance Statement and they found that it was '*consistent with their understanding and did not raise any issues*'.

It is therefore considered that the adopted Code of Corporate Governance continues to reflect the current standard as to what constitutes good governance and that the Council's approach remains relevant and effective. The monitoring processes identified in the Code will continue including the continued publication of the Annual Governance Assurance Statement.

For the above reasons it is recommended that the adopted Code continues to be of effect without amendment with a further review to be carried out by the Monitoring Officer in two years' time.

**Officer:** Henry Gordon Lennox, Strategic Lead Governance & Licensing & Monitoring Officer [hgordonlennox@eastdevon.gov.uk](mailto:hgordonlennox@eastdevon.gov.uk) 01395 517401

**Financial implications:** There are no direct financial implications.

**Legal implications:** The Code accords with the CIPFA/SOLACE guidance. The Corporate Governance framework is a fundamental control element to the Council's activities. This document is the overarching document which sets out our overall approach to governance. It is supported and expanded upon by our key policies and the other monitoring activities set out therein. It is important that the Council has an up to date Code of Corporate Governance, not least because it helps inform the production of the statutory Annual Governance Assurance Statement but also because it helps demonstrate to the public that there are appropriate internal controls and accountability for actions. The review confirms that there are no amendments required to the Code and that it should continue to apply as adopted. The Council must have regard to it when formulating related policies or when considering governance related matters. Otherwise there are no legal implications arising.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:**

- [Current Code of Corporate Governance](#)

**Link to Council Plan:** Encouraging communities to be outstanding and Continuously improving to be an outstanding council



**Report to:** Cabinet  
**Date of Meeting:** 6 February 2019  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release** None

**Agenda item:** 21

**Subject:** Exmouth Neighbourhood Plan Examiner's Report

**Purpose of report:** To provide feedback and set out proposed changes following the examination of the Exmouth Neighbourhood Plan

**Recommendation:**

1. That Members endorse the Examiner's recommendations on the Exmouth Neighbourhood Plan.
2. That Members agree that a 'referendum version' of the Neighbourhood Plan (incorporating the Examiner's modifications) should proceed to referendum and a decision notice to this effect be published.
3. That Members congratulate the Neighbourhood Plan Steering Group on their hard work.

**Reason for recommendation:** The legislation requires a decision notice to be produced at this stage in the process. The Plan is the product of extensive local consultation and has been recommended to proceed to referendum by the Examiner subject to modifications which are accepted by the Town Council.

**Officer:** Phil Twamley, Neighbourhood Planning Officer  
[ptwamley@eastdevon.gov.uk](mailto:ptwamley@eastdevon.gov.uk) 01395 571736

**Financial implications:** No specific financial implications at this stage.

**Legal implications:** As the report identifies, it is a formal requirement for the Council to consider the Examiner's recommendations and satisfy itself that the proposed plan meets the prescribed 'Basic Conditions'. The purpose of the report is to satisfy this formal requirement. Assuming Members agree then the Council is obliged to publish notice to this effect, pursuant to the applicable Regulations, and Recommendation 2 covers this aspect. The report also identifies that the District Council is responsible for organising the referendum and requires a resolution to

progress this. At this stage there are no other legal observations arising.

**Equalities impact:**

Low Impact

The Neighbourhood Plan has gone through wide consultation with the community and has been advertised in a variety of formats to increase accessibility. Neighbourhood planning is designed to be inclusive and extensive consultation is a fundamental requirement. All electors are invited to vote in the referendum.

**Risk:**

Medium Risk

There is a risk that the Neighbourhood Plan could fail the referendum if a majority of the community vote against it.

**Links to background information:**

- [Localism Act 2011](#)
- [Neighbourhood Planning Regulations 2012](#)
- [Neighbourhood Planning Roadmap Guide](#)
- [Exmouth Neighbourhood Plan and Examiner's Report](#)
- [EDDC Local Plan 2013-2031](#)

**Link to Council Plan:**

Neighbourhood planning helps to deliver the priorities identified in the Council plan by:

Encouraging communities to be outstanding

Developing an outstanding local economy

Delivering and promoting our outstanding environment

## 1.0 The Examination

1.1 The Exmouth Neighbourhood Plan has now been examined and, subject to modifications, it has been recommended that it proceed to referendum. The Examiner, Jill Kingaby, was chosen by EDDC in consultation with Exmouth Parish Council.

1.2 The examination was undertaken on the basis of considering the written material which forms the Plan, its appendices and accompanying statements as well as any representations received in response to the formal consultations. The Examiner did not consider it necessary to hold a public meeting. The Plan and Examiner's report are available to download on our website (you may need to copy and paste the link into your browser search):

<http://eastdevon.gov.uk/planning/neighbourhood-and-community-plans/neighbourhood-plans/neighbourhood-plans-being-produced-in-east-devon/exmouth/#article-content>



1.3 The legislation, reflected in the Council’s neighbourhood planning protocol (excerpt below), requires the Policy Team to notify members of the findings and recommendations of the Examiner and how the Council proposes to respond to the recommendations. This response will then be published as a decision notice.

| <b>Task in Neighbourhood Plan Production, Commentary and Formal Processes</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Role of the Policy Team at the Council</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Role of Other Services at the Council</b>                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>12b – Consideration of and response to the Examiner’s Report</b><br/><i>(Paragraph 12 of Schedule 4B of TCPA 90)</i></p> <p>The legislation requires the Council to consider and respond to the Examiner’s recommendations.</p> <p>In addition, and before moving on to the next stage, the Council must be satisfied that the draft plan;</p> <p>(1) meets the ‘basic conditions’ being,</p> <ul style="list-style-type: none"> <li>-Complies with national policy and guidance from SoS</li> <li>-Contributes to sustainable development</li> <li>-General Conformity with the strategic policy of the Development Plan for the area or any part of that area</li> <li>-Doesn’t breach or is otherwise compatible with EU obligations – this includes the Strategic Environmental Assessment Directive of 2001/42/EC</li> <li>-The making of the NP is not likely to have a significant effect on a European site (as defined in the Habitats Regulations or a European offshore marine site (as defined in the Offshore Marine Conservation (Natural Habitats &amp;c) regulations 2007 9(e) (either alone or in combination with other plans or projects)”</li> </ul> <p>(2)is compatible with the Convention rights, and<br/>(3)complies with the other legal requirements set out in Sections 38A &amp; 38B of the TCPA 90</p> <p><b>12c - Produce and publish a Decision Statement</b><br/><i>(Regulation 18)</i></p> | <p>Consider each of the Examiner’s recommendations and decide what action to take in response.</p> <p>This could be to accept the Examiner’s recommendations to progress to a referendum or to refuse the proposal. It could be to accept recommendations to make modifications or make our own modifications, so as to make the NP meet the ‘basic conditions’, Convention rights or other legal requirements. It could also be to extend the area for the referendum. We could also decide we are not satisfied that the plan meets the minimum requirements notwithstanding the Examiner’s view.</p> <p>We will need to consider if our proposed decision differs from the Examiner’s recommendations and whether this is as a result of new evidence or new fact. If so, and prior to making the decision, we will notify the plan producers and those making representations on the NP and invite further representations. This may entail referring this matter back to the Examiner.</p> <p>A report will be taken to the Determining Committee notifying members of the findings and recommendations of the Examiner and how the Council proposes to respond to the recommendations. In the event of the Officers recommending refusal of the proposal it will not be necessary for the matter to be considered by the Determining Committee unless a Ward Member requests the committee consider the matter.</p> | <p>The Policy Team &amp; Legal Services will assess each of the Examiner’s recommendations and decide what action to take in response.</p> <p>Legal Services will advise whether they are satisfied that the draft plan meets the basic conditions, is compatible with the Convention rights and complies with the other legal requirements</p> |

1.4 Essentially the Examiner has recommended a number of textual and related mapping modifications to the Plan. The Examiner’s recommendations are as follows:

| <b>Proposed modification number (PM)</b> | <b>Page no./ other reference</b> | <b>Modification</b>                                                                                |
|------------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------|
| PM1                                      | Plan cover and                   | Text revision to clearly state the plan period:<br>Exmouth Neighbourhood Plan <b>(2018 – 2031)</b> |

|      |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | Page 11         | 3. The Plan will provide the community's vision for the future, <b>from 2018 to 2031.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                |
| PM2  | Pages 12 & 13   | To improve clarity through mapping and identification of areas, text revisions and reference to the Exmouth Masterplan.                                                                                                                                                                                                                                                                                                                                                                                                  |
| PM3  | Page 20         | Removal of a reference to Environmental Impact Assessment that was considered misleading.                                                                                                                                                                                                                                                                                                                                                                                                                                |
| PM4  | Page 24         | Text revision to add source of supporting evidence: Add a reference to the sentence ending "... Barbastelle Bat of which fewer than 5,000 are known to exist" in paragraph 9. The reference document is <b><i>The Ecological Appraisal by The Environmental Dimension Partnership (EDP) (2014).</i></b>                                                                                                                                                                                                                  |
| PM5  | Pages 23 and 26 | Text improvements to indicate support for development within the BUAB and ensure that Policy EN1 has regard for the positive approach to planning as set out in the NPPF.                                                                                                                                                                                                                                                                                                                                                |
| PM6  | Pages 27 to 31  | Addition of a new figure, Exmouth Green Spaces, to illustrate the text on Page 27 and provide a revised map and supporting text to restrict the proposed Valley Park to areas outside of the BUAB.                                                                                                                                                                                                                                                                                                                       |
| PM7  | Page 32 & 34    | Text revisions to improve legibility and remove unreasonably onerous requirements relating to solar panels and outdoor lights.                                                                                                                                                                                                                                                                                                                                                                                           |
| PM8  | Page 35         | Text revision to Policy EN4: Development proposals .... character and appearance of the area, <b>to protect the amenity of residents or occupiers of holiday accommodation</b> , and mitigate against .....                                                                                                                                                                                                                                                                                                              |
| PM9  | Pages 44 - 47   | Text revisions to add in chapter headings and improve legibility.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| PM10 | Page 47-50      | Text revisions to add robust detail with regard to conservation areas and designated heritage assets.<br><br>Figure 10 – Conservation Area Map<br><br>Amendment to the map so that it names each conservation area, and shows the location of clusters of listed buildings. Addition of a footnote to the map to refer to the website for British listed buildings in Exmouth.<br><br>Addition- Appendix 1 – to include Tables 1 and 2, as set out in letter of 13 <sup>th</sup> Dec 2018, to IPE from the Town Council. |
| PM11 | Page 51         | Text revision to introduce link to forthcoming document:<br><br>Policy EB1- modify second bullet as follows:<br><br>- be in compliance ...(2010) <b>and the "Exmouth Register of Historic and Architectural Features", once established.</b>                                                                                                                                                                                                                                                                             |
| PM12 | Page 56         | Bourne Leisure Limited suggested that a tourism policy should be added to the Neighbourhood Plan as tourism is acknowledged within the Neighbourhood Plan to be a major element in Exmouth's economy.                                                                                                                                                                                                                                                                                                                    |

|      |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |               | <p>Paragraph 10.6 of the Local Plan aims to promote the town as a high quality tourist destination, capitalising on the seafront assets. The addition of such a policy should contribute to the promotion of sustainable development and be in general conformity with the Local Plan. A new policy encouraging tourism to be added after paragraph 12 on Page 56 as set out below:</p> <p><b><i>Policy EEx : Tourism<br/>Proposals for tourist facilities and holiday accommodation in the Exmouth Neighbourhood Plan area will be supported in order to boost the local economy and enhance the promotion and development of the area as a suitable holiday destination. Proposals must consider and not adversely affect the character and functioning of the local area.</i></b></p> |
| PM13 | Page 58       | Text revision to improve Policy EE1 and remove overly restrictive content.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| PM14 | Page 59       | Text revision to identify the Magnolia Centre as privately owned.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| PM15 | Page 62       | Text revision to provide detail relating to existing planning permission for the Queen's Drive Development                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| PM16 | Page 66       | Text revision to improve positivity of planning content and new action plan to address monitoring of housing delivery.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| PM17 | Page 66 & 67  | Text revisions to improve legibility and supporting text to remove impression that there would be a cap on care/extra care homes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| PM18 | Page 67       | Text revision to improve local connection criteria and have regard to the data on local need for social housing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| PM19 | Page 74       | <p>Change from 'Action' to 'Policy':</p> <p>Action GAA4 to be re-written as</p> <p><b><i>Policy GAx: Development proposals which include public electric charging points at the following types of facility will be supported:</i></b></p> <ul style="list-style-type: none"> <li>- supermarkets</li> <li>.....</li> <li>- Large Business premises.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                           |
| PM20 | Pages 84 & 85 | Text revisions to enhance text relating to education, pupil numbers and funding.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| PM21 | Page 88       | Text revision to provide improved clarity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

- 1.5 Under para 12 of the Town and Country Planning Act it is for the Local Planning Authority (EDDC) to consider the recommendations made in the report and the reasons for them and decide what action to take in response to each recommendation.
- 1.6 The District Council must be satisfied that the Neighbourhood Plan meets the 'Basic Conditions', compatible with the convention rights and complies with the provisions under s 38A and 38B or that the draft Neighbourhood Plan would meet those conditions be compatible with those rights and comply with those provisions if modifications were made to the draft Neighbourhood Plan (whether or not recommended by the Examiner) before a referendum is held.
- 1.7 The regulations go on to state that if-
- a) the Local Planning Authority propose to make a decision which differs from that recommended by the Examiner, and
  - b) the reason for the difference is (wholly or partly) as a result of new evidence or a new fact or a different view taken by the authority as to a particular fact, the authority must notify prescribed persons of their proposed decision (and reason for it) and invite representations.
- 1.8 The legislation, which is reflected in our protocol, requires the Council to consider and respond to this report. The amendments suggested by the Examiner, mean that the Council can be satisfied that the Plan:
- has regard to national policies and advice contained in guidance issued by the Secretary of State;
  - contributes to the achievement of sustainable development;
  - is in general conformity with the strategic policies of the Development Plan for the area;
  - does not breach, and is compatible with European Union obligations and the European Convention of Human Rights and therefore meets the 'Basic Conditions'.

Given that this is the case and the 'Basic Conditions' are met, there are not considered to be any grounds to reject the findings of the report. Members are asked to agree to accept the recommendations of the Examiner's report and agree that a notice to this effect be published.

- 1.9 A revised version of the Plan (known as the 'Referendum Version'), incorporating the recommended changes, will be available to view on the EDDC website before the Cabinet meeting. The District Council will be responsible for arranging a referendum where all electors within the Parish of Exmouth will be invited to vote on whether the Neighbourhood Plan should be used to make planning decisions in the Parish. If more than 50% of those who vote say 'yes' the Neighbourhood Plan will be made and will form part of the Development Plan for East Devon.



**Report to:** Cabinet  
**Date of Meeting:** 6 February 2019  
**Public Document:** Yes  
**Exemption:** None

**Review date for release** None

**Agenda item:** 22

**Subject:** Response to Sid Valley Neighbourhood Plan Submission

**Purpose of report:** To agree the response by this Council to the current Regulation 16 submission consultation for the Sid Valley Neighbourhood Plan.

**Recommendation:**

1. That Members note the formal submission of the Sid Valley Neighbourhood Plan (the Plan) and congratulate the producers of the Plan on the dedicated hard work and commitment in producing the document.
2. That this council make the proposed representation set out at paragraph 5.2 in this report in response to the consultation.

**Reason for recommendation:** To ensure that the view of the District Council is recorded and informs the consideration of the Plan by the independent examiner.

**Officer:** Phil Twamley, Neighbourhood Planning Officer,  
[ptwamley@eastdevon.gov.uk](mailto:ptwamley@eastdevon.gov.uk) (01395 571736)

**Financial implications:** No specific financial implications at this stage.

**Legal implications:** The legal position is well covered in the report. It is important for EDDC to comment on the content of the Neighbourhood Plan (given that it will form part of the Development Plan once made and therefore help guide decision making on planning applications) to ensure it sits with the strategic requirements of the Council's local Plan. Otherwise there are no legal implications arising from the report.

**Equalities impact:** Low Impact  
 The Plan has gone through wide consultation with the community and has been advertised in a variety of formats to increase accessibility.

Neighbourhood planning is designed to be inclusive and extensive consultation is a fundamental requirement. All electors are invited to vote in the referendum.

**Risk:**

Low Risk

There is a risk that the Plan could fail the examination if it is considered to conflict with the Basic Conditions.

**Links to background information:**

- [The Localism Act](#)
- [Plain English Guide to the Localism Act.](#)
- [National Planning Policy Framework: \(2012 applied for the examination of this plan based on submission date\).](#)
- [Neighbourhood Planning Regulations.](#)
- [East Devon Neighbourhood Planning.](#)

**Link to Council Plan:** Neighbourhood planning helps to deliver the priorities identified in the council plan by:

Encouraging communities to be outstanding

Developing an outstanding local economy

Delivering and promoting our outstanding environment

## 1.0 Report Summary

- 1.1 Sidmouth Town Council submitted the Sid Valley Neighbourhood Plan to the District Council and publication of the submission commenced on the 21 December 2018. The District Council is required to formally consult on the Plan for 6 weeks before appointing an independent examiner to inspect the plan against a series of conditions that the plan must meet in order for it to proceed to a referendum.
- 1.2 During this consultation the District Council has the opportunity to comment on the Plan and this report is brought before members with a request that they endorse the officers' observations as the formal representation on the plan, which is set out at the end of this report.
- 1.3 Members should note 'Policy 14 – Principal Residency' that specifies ***'Any new open market housing, excluding replacement dwellings, will only be supported when it is restricted to being used as a Principal Residence and not as a 'second home', in that the occupier uses it as their main residence, regardless of who owns the Freehold.'*** This would be the first principal residency policy in any East Devon neighbourhood plan. Comment 20, included in the table at the end of this report, relates to policy 14.

## **2.0 Background to the Sidmouth Neighbourhood Plan**

- 2.1 Sidmouth Town Council commenced work on their Plan following their Neighbourhood Area being designated on the 31<sup>st</sup> March 2016. The Neighbourhood Area covers the same area as Sidmouth Parish.
- 2.2 Since then, the Town Council and volunteers from the local community have spent considerable time and effort consulting with residents of the parish and producing a plan which reflects the aspirations of the community with regards to the use of land until 2031.
- 2.3 The Plan contains 26 policies (split over 6 topics) designed to protect and enhance the special qualities of the parish of Sidmouth. The Plan aims to secure a sustainable future for the area in environmental, economic, and social terms.
- 2.4 Prior to submitting the Plan to East Devon District Council, Sidmouth Town Council have held their own 6 week public consultation on a draft version of the plan; a step which is also required by the neighbourhood planning regulations (Regulation 14). The group took into account comments made during this stage and made various amendments to the version that has now been submitted to East Devon District Council.

## **3.0 Submission of the Sid Valley Neighbourhood Plan**

- 3.1 The District Council has received the Sid Valley Neighbourhood Plan from Sidmouth Town Council. [The Plan and its supporting documents are available to view.](#)
- 3.2 This is the seventeenth neighbourhood plan to reach submission stage in the district. The Town Council has received regular support from the District Council and additional financial support from MHCLG.
- 3.3 The statutory regulations require that the District Council organise and undertake a consultation on a plan when it reaches this stage. This is commonly referred to as the submission or 'formal' 6 week consultation. The consultation period commenced on 21 December and is due to finish on 15 February 2019 (extended eight week period due to Christmas). The Plan proposal has been publicised through notices on the EDDC and Town Council websites and an email sent to all the bodies mentioned in the consultation statement, including adjoining authorities and the statutory consultees of Devon County Council, Natural England, Historic England and the Environment Agency.
- 3.4 One of the statutory roles of the District Council is to consider whether the Plan meets, in production process terms, the legislative requirements. Cabinet has previously endorsed a protocol for District Council involvement into neighbourhood plans and in accordance with this protocol an officer review has been completed. Officer assessment is that legislative requirements are met.
- 3.5 Anyone may comment on a neighbourhood plan. It is particularly important that the District Council comments, given that the Plan (if adopted) will form part of the Development Plan, and should conform to the strategic policies of the Local Plan. This report provides the recommended representations on the Plan, made by officers of this authority, to be submitted to the examiner undertaking the Plan examination.

## 4.0 Neighbourhood Plan Examination and Referendum

- 4.1 Following the consultation the District Council must appoint an 'appropriately qualified and independent examiner' agreed with Sidmouth Town Council. All responses from the six week consultation (including any made by this council) will be forwarded to the examiner who will consider them, either by written representations or at an oral hearing (if s/he decides one is necessary). The District Council is responsible for paying the costs of the examination although the District Council can recoup these expenses by claiming funding from Central Government of £20,000 once a date has been set up for referendum following a successful examination.
- 4.2 We have requested proposals for the examination, including examiner profiles, and will hold discussions with the Town Council once quotes are available.
- 4.3 Neighbourhood plan examination is different to Local Plan examination. The examiner is only testing whether the plan meets the Basic Conditions and other relevant legal requirements – they are not testing the soundness of the plan or looking at other material considerations. The examiner will be considering whether the plan:
- has appropriate regard to national policy and advice contained in guidance issued by the Secretary of State
  - contributes to the achievement of sustainable development.
  - is in general conformity with the strategic policies in the development plan for the local area.
  - is compatible with human rights requirements.
  - is compatible with EU obligations.
- 4.4 As part of the Development Plan, made neighbourhood plans are used in future planning decisions. It is in the interests of the District, Town and Parish Councils to produce a high quality neighbourhood development plan.
- 4.5 Following the examination, the examiner's Final Report will set out the extent to which the draft plan proposal meets the Basic Conditions and what modifications (if any) are needed to ensure it meets the Basic Conditions. The examiner has 3 options for recommendation:
- A. That the Plan proceeds to referendum as submitted.
  - B. The Plan is modified by the District Council to meet Basic Conditions and then the modified version proceeds to referendum.
  - C. That the Plan/ does not proceed to referendum.

If the examiner chooses A or B above they must also consider whether the referendum area should be extended beyond the boundaries of the Plan area (this could be applicable if plan proposals could impact on a larger area). The report must give reasons for each recommendation and contain a summary of its findings. It is the responsibility of the District Council to decide what action to take in response to the recommendations of the examiner.



4.6 Once the Plan has been modified it will be subject to a referendum where everyone on the electoral roll (for the defined area) will have a right to vote for or against it. If at least half of votes cast support the Plan then it can be brought into legal force.

## 5.0 The Sid Valley Neighbourhood Plan Response

5.1 During the current 6 weeks consultation the District Council can comment on the Plan. In terms of meeting the Basic Conditions, the Town Council has produced a statement setting out how the Plan complies with the conditions which the examiner will assess.

5.2 **After reviewing the Plan contents, it is recommended that the following representation of East Devon District Council be submitted to the Plan consultation. It should be noted that comments we make at this stage are primarily restricted to land use planning policy matters rather than background text/reasoned justification or the community policies and are made on the basis of:**

- **Does Sid Valley Neighbourhood Plan policy comply with strategic policies in our adopted Local Plan and have appropriate regard to National Planning Policy?**
- **Do we have concerns about policy given wider objectives of the council?**
- **Are the policies workable and enforceable - could they be reasonably applied through the Development Management process? and**
- **Are they otherwise appropriate or desirable?**

| EDDC Cmmt No | Issue / Policy In Plan | Comment                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.           | Page 2                 | Contents page needs correcting – for example Policy 5 is on page 20, not 19; policy 6 is on page 27, not 22; etc....                                                                                                                                                                                                                                                                                     |
| 2.           | Page 4 and others      | Map 1 (and subsequent maps) – All need updating to include copyright information (legal requirement for use of OS maps).                                                                                                                                                                                                                                                                                 |
| 3.           | Page 5                 | <i>'The SVNPP expects any housing development to achieve 12 Greens in Building for Life 12'</i> – Although this represents an ideal it seems excessive to require all housing development to guarantee 12 greens. Developments may be acceptable that have addressed BFL criteria and achieved a number of greens and ambers, BFL no longer has accredited assessors so who will manage the requirement? |
| 4.           | Page 11                | Policy 1 – Suggest 'Built-up Area' references are updated to 'Built-up Area Boundary' (BUAB), or clearly stated as defined by those areas within the BUAB, to improve clarity and clear link to BUAB map on page 12.                                                                                                                                                                                     |
| 5.           | Policy 2               | <i>'building heights should not normally be higher than neighbouring properties'</i> – Difficult in Sidmouth where developments are often on sloping sites. Suggest revision to 'building heights should be in keeping with the context of neighbouring properties'.                                                                                                                                     |
| 6.           | Page 14                | Suggest that map 9 is presented in the same style as map 8 for clarity.                                                                                                                                                                                                                                                                                                                                  |
| 7.           | Page 15                | Image 10 typo – extra comma '10.,'                                                                                                                                                                                                                                                                                                                                                                       |

|     |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8.  | Policy 3   | <p><i>'There will be a presumption against any built development within the 'Green Wedges' shown in the Map 10' – This goes beyond Strategy 8 of the East Devon Local Plan where development is limited that would 'add to existing sporadic or isolated development or damage the individual identity of a settlement or could lead to or encourage settlement coalescence'.</i></p> <p>The policy as written would seem to exclude development of a footpath/cycleway in this area, which is identified in Community Action AC03</p> <p>This policy should be associated with the proposed 'Sidford Sidbury Coalescence area' (map 10) and the policy could be specific to that proposed area, possibly based on the logic of strategy 8, rather than confused with existing green wedges identified by the Local Plan.</p> |
| 9.  | Policy 4   | <p>Policy needs to be revised as current format appears to be an oversight. Currently bullet points 2, 3 and 4 follow on from the top line 'other than...'. We suggest the opening line is framed positively rather than negatively. Bullet point 1 should then form part of the opening line. Bullet point 2 should be a new non-bulleted line followed by current bullet points 3 and 4.</p> <p>The areas also include existing housing – will this policy apply to smaller developments such as extensions?</p>                                                                                                                                                                                                                                                                                                            |
| 10. | Policy 5   | <p>Policy is overly restrictive. We suggest supporting development that is linked to the core purpose of the Local Green Space such as club houses, storage etc.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 11. | Policy 8   | <p><i>'Development proposals will be expected to have regard to [the] character of...'</i><br/> <i>'The' is currently missing.</i></p> <p><i>'Building heights should not normally be higher than neighbouring properties.'</i> See comment 3 above</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 12. | Policy 9   | <p>Suggest settlement areas are defined. Also need to understand what represents an overwhelming operational requirement – Is this a legal concern related to safety or simply a business function need for lighting?</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 13. | Page 34    | <p>'Rati' at top of page needs deleting</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 14. | P35        | <p><i>'However, the neighbourhood plan is proposing to extend the principles of "exception sites" to Sidmouth. The existing provisions under Strategy 35 do not apply as the policy limits their use to settlement with a population under 3,000.'</i></p> <p>This approach is recognised in the copy as not being in conformity with strategy 35. The justification for going beyond strategy 35 is not made explicit.</p>                                                                                                                                                                                                                                                                                                                                                                                                   |
| 15. | Policy 10b | <p>This does not conform to Strategy 35 and lacks comprehensive justification for rural exception sites policy to be introduced adjacent to the Sidmouth BUAB. The suggested imposition of a local connection criteria for all development under policy 10b, including affordable and open market, would reduce the viability and likelihood of such sites coming forward. This is further exacerbated by Policy 14 principal residency criteria applying to exception sites, further reducing final development value. Policy 10b does not include any limitations on quantity of properties or area of exception site. We suggest deletion of the policy. Strategy 35 will still allow exception sites for relevant rural settlements in the parish area.</p>                                                               |

| EDDC Cmmt No | Issue / Policy In Plan | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16.          | Page 37                | <b><i>'East Devon Local Plan Policies 2013 -31 Strategy 26: Development at Sidmouth'</i></b><br>Duplicated information needs deleting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 17.          | Policy 11              | This appears to be an abbreviated version of Strategy 34 rather than adding any local distinction.<br>If policy 11 is considered to be applicable to the neighbourhood plan we suggest the following revision:<br><i>'On sites in the AONB schemes of between 6 and 10 units a financial contribution equivalent to a 50% site affordable housing provision will be expected'.</i><br>Suggest this is updated to <b>'6 and 9'</b> in accordance with the EDDC approach to seeking affordable housing contributions:<br><a href="http://eastdevon.gov.uk/planning/planning-services/planning-development-management/unilateral-undertakings-section-106-agreements-habitat-mitigation-and-affordable-housing-contributions/what-are-planning-obligations-and-how-much-will-it-cost/">http://eastdevon.gov.uk/planning/planning-services/planning-development-management/unilateral-undertakings-section-106-agreements-habitat-mitigation-and-affordable-housing-contributions/what-are-planning-obligations-and-how-much-will-it-cost/</a> |
| 18.          | Policy 12              | Suggest this is too prescriptive as it is written. Could avoid the use of 'must' and allow flexibility whilst requesting that proposals account for the identified housing mix.<br><br>Policy 12 would give rise to schemes where there are more large market houses than affordable. The affordable housing mix should reflect the market housing mix unless specific evidence has arisen.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 19.          | Policy 13              | <i>'Apart from sites promoted under SVNP Housing Policy 10 B, the eligibility for affordable housing will be administered by EDDC as the Housing Authority.'</i><br><br>We need clarification on this point. EDDC would administer the eligibility for affordable housing in all cases.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 20.          | Policy 14              | Policy 14 is likely to reduce the viability and supply of new homes. Principal Residency Policy would also be difficult to manage and enforce. With only 8% of the homes in the plan area being second homes or holiday lets, we do not consider this approach to be justified or in conformity with the Local Plan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 21.          | Policy 22              | <i>'All new developments should conform to the 'Secured by Design' principles...'</i><br><br>This seems onerous for the developer, suggest editing to 'should illustrate how they have considered and, where possible, implemented 'Secured by Design' principles'.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 22.          | Policy 24              | Missing policy detail in blue box – check formatting.<br><i>'Any development of Eastern Town will be expected to demonstrate via an access strategy how the scheme will improve the cycle pathway linkages with the town centre and the wider area'</i> – Seems onerous on a private developer of an already well connected space.<br><br><i>'Vehicular access to and from the Esplanade turning circle should be restricted to service vehicles, coaches and boat trailers.'</i> This seems to be a highway consideration and should be deleted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|     |           |                                                                                                                                                                                                                                                             |
|-----|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23. | Policy 26 | Policy seems over prescriptive in terms of final outcome from redevelopment. Eastern Town contains multiple buildings and spaces serving a variety of functions. Replacement of existing assets should be proportionate to the proposed development impact. |
|-----|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release:** None

**Agenda item:** **23**

**Subject:** **Monthly Performance Report December 2018**

**Purpose of report:** Performance information for the 2018/19 financial year for December 2018 is supplied to allow the Cabinet to monitor progress with selected performance measures and identify any service areas where improvement is necessary.

**Recommendation:** **That the Cabinet considers the progress and proposed improvement action for performance measures for the 2018/19 financial year for December 2018.**

**Reason for recommendation:** This performance report highlights progress using a monthly snapshot report; SPAR report on monthly performance indicators and system thinking measures in key service areas including Development Management, Housing and Revenues and Benefits.

**Officer:** Karen Jenkins, Strategic Lead – Organisational Development and Transformation  
[kjenkins@eastdevon.gov.uk](mailto:kjenkins@eastdevon.gov.uk)  
 ext 2762

**Financial implications:** There are no direct financial implications

**Legal implications:** There are none arising from the recommendations in this report

**Equalities impact:** Low Impact

**Risk:** Low Risk

A failure to monitor performance may result in customer complaints, poor service delivery and may compromise the Council's reputation.

**Links to background information:**

- [Appendix A – Monthly Performance Snapshot for December 2018](#)
- [Appendix B - The Performance Indicator Monitoring Report for the 2017/18 financial year up to December 2018](#)
- [Appendix C – System Thinking Reports for Revenues and Benefits, Development Management for December 2018](#)

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

### **Report in full**

1. Performance information is provided on a monthly basis. In summary most of the measures are showing acceptable performance.
2. There is one indicator showing excellent performance:
  - Percentage of planning appeal decisions allowed against the authority's decision to refuse
3. There are two performance indicator showing as concern for the month of December  
**Days taken to process new Housing Benefit claims** - We are currently working through a transition period to Universal Credit which is impacting on our performance. More detail can be found in Appendix C.  
**Working days lost due to sickness absence** - It is anticipated that we will be above our target for absence for 18/19. As previously reported, there has been a significant increase this year in employees who have been absent for two months or more as a result of surgery and serious health issues for 2 or months. These cases are all proactively managed and we started to see levels reduce towards the end of 2018.
4. Monthly Performance Snapshot for December is attached for information in [Appendix A](#).
5. A full report showing more detail for all the performance indicators mentioned above appears in [Appendix B](#).
6. Rolling reports/charts for Revenues and Benefits and Development Management report appear in [Appendix C](#).

# Monthly Performance Snapshot – December 2018



This monthly performance snapshot shows our performance over the last month:

- An estimated **60%** of all waste collected was recycled in December
- **95%** of invoices received by us are paid within 10 days
- There were 17 Food Hygiene Rating Scheme Inspections. Of which 1 dropped rating (down 2 places), 9 stayed on the same score and 7 increased (4 by 1 place, 2 by 2 places and 1 by 4 places).
- We welcomed 286 visitors to the East Devon Business Centre in December (compared to 184 last year) – an increase of 55%.

Latest headlines:

- **Economic intelligence report commissioned** - In partnership with our Exeter and Heart of Devon (EHOD) colleagues, the Economic Development team has commissioned an intelligence report from economic modelling experts EMSI. The four councils (East Devon, Exeter City, Teignbridge and Mid Devon) are keen to develop our understanding of the challenges facing the local economy to inform action and priority-setting. The report will detail EHOD's cluster economy - groupings of industries connected by location, skills and supply chain. It will set out a detailed understanding of what drives the economy at a local level and how it compares elsewhere. The report is due in March 2019.
- **Project to transform Exmouth's seafront begins in earnest** - Contractors are now on site to deliver the first phase of the Queen's Drive redevelopment project; the rerouting of Queen's Drive behind the Queen's Drive car park and the building of a new car park on the site of the former golf course. The new road will provide access to a brand new water sports centre, café and restaurant, new public space and beach access. One of the first elements of the work is the planned removal of No's 1-37 Maer beach huts, clearing the site in readiness for the new section of road and the development of the water sports centre. In addition, the council's application to run multiple temporary attractions next year has been submitted for planning consideration and Grenadier, the water sports centre developer, has announced that the food offer at the centre will be run by Michael Caines, our local Michelin starred chef.
- **'The Lighthouse' - New shared workspace venture in Sidmouth** - A regular attendee of East Devon Business Centre 'Jelly' co-working sessions is soon to launch their own shared workspace venture. 'The Lighthouse' in Sidmouth will bring together self-employed people, homeworkers and entrepreneurs. After being informed and encouraged to apply for Devon Work hubs funding by Economic Development, Cathy Debenham was successful in securing support. More than a year of hard work followed, transforming the old garage on Mill Street which will be officially opened on 10th January 2019. It will provide contemporary workspace where people who have been isolated working from home can come together to

collaborate, support each other, improve their productivity and grow their businesses. Along with Exmouth Propeller – that's 2 brand new collaborative workspace ventures established in the last few months!





**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** Para 3 Schedule 12A Information relating to the finance or business affairs of any particular person

**Review date for release** **APPENDIX B** of this report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

**Agenda item:** **24**

**Subject:** **Commercial Investment Framework**

**Purpose of report:** The Council's Transformation Strategy accounts for the following net income.

|                     |     |         |       |
|---------------------|-----|---------|-------|
| Property investment | SMT | 2019/20 | £50k  |
|                     |     | 2020/21 | £300k |
|                     |     | 2021/22 | £50k  |
|                     |     | 2022/23 | £50k  |

The Commercial Investment Framework attached to this report provides the mechanism to help deliver this income.

**Recommendation:**

- 1) That the Council adopt the Commercial Investment Framework including scoring matrices and new governance arrangements.**
- 2) That Cabinet recommends to Council the availability of up to £20,000,000 through existing resources or Public Works Loan Board funding. Monies will be drawn down as and when required.**

**Reason for recommendation:** To support the Council's Property Investment objective within the Transformation Strategy.

**Officer:** Tim Child, Senior Manager – Property & Estates  
[tchild@eastdevon.gov.uk](mailto:tchild@eastdevon.gov.uk)  
 01395 571692

**Financial implications:** Financial implications and legal powers are contained in the Commercial Investment Framework. The framework has clear governance arrangements and the financial criteria to be used for investment assessment, this aligns to the Council's low risk appetite. The Council's Capital Strategy, Treasury Management Strategy and Prudential Indicators (contained on this agenda) reflect the position as if the Commercial Investment Framework is adopted in order to demonstrate the effect on the Council's overall financial position. The financial and legal positions of each investment proposal will be

documented and commented on by both the Strategic Leads for Finance and for Governance & Licencing.

**Legal implications:** The legal position is detailed in the Framework itself, which in turn reflects the advice received from our external legal advisers. No further legal comment is required.

**Equalities impact:** Low Impact

**Risk:** Medium Risk

Property investment brings with it the potential for significant risk if things go wrong. Risks can be mitigated but ultimately some risks are externally driven.

Typical risks are listed within the Investment Framework.

The Council must take a prudent approach to the management of its financial affairs and therefore when assessing investments will need to consider such factors as the security against loss, the liquidity of the investment, the yield and risk of change of interest rates, property values and voids.

Assessing the risk of individual investment opportunities will be a key element of both the Outline Business Case and Full Business Case outlined within the Framework.

**Links to background information:** .

**Link to Council Plan:** Continuously improving to be an outstanding Council  
Developing an outstanding local economy

## Report in full

### Background

- 1.1 The proposal to invest in commercial property has been considered by different committees previously.
- 1.2 Overview Committee of 30 January 2018 received an update of the Council's Transformation Strategy of which one of the five themes relates to:

Maximise the value of our assets through commercial thinking with a focus on income generation, sustainability and developing local economies
- 1.3 Overview then welcomed Adam Burleton of Link Asset Services who presented to the Committee on the financial limitations that Councils had to operate within and outlined examples of local authority commercial activity including opportunities around investing in commercial property to generate an income to help support wider functions and aspirations of a local authority.

- 1.4 Overview Committee of 13 March 2018 then heard from Jones Lang LaSalle property consultants about opportunities and live examples of commercial property investments by local authorities. The Committee were of the view that taking an approach to investing in commercial property was the right step for the Council to take, and specific opportunities to do so should be explored. Officers agreed to progress this.
- 1.5 A draft Commercial Investment Framework was confidentially presented to a Special Asset Management Forum (AMF) on 6 September 2018. AMF Members were supportive whilst providing a steer towards tweaking of the scoring matrices, widening of the Investment Decision Making Group to include Cllr Skinner and involving SWAP to review once adopted.
- 1.6 External legal advice was commissioned through Bevan Brittan to advise on the Council's powers to invest commercially along with the mechanism by which this should be done. Comments are reflected within paras 2 of Framework.
- 1.7 AMF on 17 January 2019 considered and subject to two small additions, resolved to recommend to Cabinet the adoption of the attached Commercial Investment Framework and appendices a-c. These additions have now been made.
- 1.8 The Framework incorporates a general introduction and background to commercial investment, legal and regulatory powers, objectives, types of investment considered, weighted scoring matrices for assessment of opportunities and a new arrangement to ensure agile but safe decision making.
- 1.9 The availability of up to £20,000,000 investment fund is being taken to Council on 27<sup>th</sup> February 2019.

## Commercial Investment Framework

- 2.1 The following for adoption are attached:
  - 1 Commercial Investment Framework
  - 2 Appendix A – Strategy and Transaction Examples
  - 3 Appendix B – **Commercially Confidential** – Weighted Scoring Matrices
  - 4 Appendix C – Commercial Investment Governance
- 2.2 The Commercial Investment Framework addresses the opportunity that by investing circa £20,000,000 between 2019/2020 and 2020/2021, £10,000,000 within the Income Only Fund (IOF) and £10,000,000 within the Income Plus Fund (IPF), the Council could expect to receive a net return of circa £450,000 per annum.
- 2.3 Whilst the Framework focusses on property investment, this same Framework can be utilised for investing in other types of income generating asset e.g. energy provision or peer to peer lending.
- 2.4 There are potentially 5 different forms of property investment the Council can consider under this Framework, as follows:
  1. Management of Existing Assets
  2. Acquisition for Commercial Income (IOF)
  3. Acquisition for District wide benefits (IPF)
  4. Direct Development – both housing and commercial (IPF)
  5. Strategic Partnerships and Joint Ventures (IPF)

- 2.5 To ensure investment opportunities can be considered in a structured and objective manner, all such opportunities will be considered using one of the four weighted scoring matrices included in the attached Commercially Confidential appendix B.
- 2.6 A new Commercial Investment Governance model is proposed which will enable safe, accountable and democratic decisions to be taken in a more agile manner. Investment opportunities are considered against the relevant scoring matrix and if the necessary score and indicative return is achieved at this stage, the opportunity will be progressed by a dedicated Investment Assessment Team, before Outline Business Case to SMT and Portfolio Holders for Asset Management, Finance and Economy. If supported there will then be a Full Business Case with a decision made to invest by Deputy Chief Executive in consultation with Leader and Portfolio Holders for Asset Management, Finance and Economy, jointly referred to as the Investment Decision Making Group. This is explained in appendix C.

# East Devon District Council

## Commercial Investment Framework

## **Contents**

- 1.0 Introduction
- 2.0 Legal & Regulatory Powers
- 3.0 Key Objectives of Commercial Investment Framework
- 4.0 Different Types of Commercial Property Investment
- 5.0 Informing Investment Criteria
- 6.0 Risks
- 7.0 Required Skillsets
- 8.0 Management of Existing Assets
- 9.0 Assessment of Investment Opportunities – Weighted Scoring Matrices
- 10.0 Assessment of Investment Opportunities – Process & Governance

## **Appendices**

- Appendix A – Strategy and Transaction Examples
- Appendix B – Commercially Confidential – Weighted Scoring Matrices
- Appendix C – Commercial Investment Governance

## 1.0 Introduction

1.1 This Framework addresses the opportunity that by investing circa £20,000,000 in commercial property between 2019/2020 and 2020/2021, £10,000,000 within the income only fund and £10,000,000 within the income plus fund, the Council could expect to receive a net return of circa £450,000 per annum, broken down broadly as follows:

- £10,000,000 for investment in commercial property (**income only fund - IOF**). The objective of this investment is solely to derive a direct commercial return (income) and therefore the objectives and selection criteria will be firmly based on balancing income versus risk. There may be other District benefits as an outcome but these are not a key driver. A minimum of a 3% net return should be achievable therefore generating at least £300,000 net income per annum.
- A separate fund of £10,000,000 (**income plus fund - IPF**) for investment in a different portfolio of assets with the objective of providing a net income but also providing other District benefits e.g. micro and small business growth with local and rural economy benefit, regeneration, New Homes Bonus and Business Rates. In this instance there are different objectives and therefore assessment criteria comprising factors wider than just income versus risk. A net return of 1.5% as a minimum should be achievable generating at least £150,000 net income per annum.

Note: Ultimately these return forecasts depend on the level of risk and ambition the Council is prepared to consider.

1.2 Local Authorities are on a pathway to financial self-sufficiency. A quarter of the Council's funding comes from Council Tax and that sum is, to all intents and purposes largely spent on our waste and recycling services. All our other services in the main will be funded from fees and charges or other income sources and as Rate Support Grant diminishes there will be an increasing reliance on realising the dividend from growth by securing revenue streams such as New Homes Bonus, Business Rates, increased rental returns and fees and charges. Increased rental returns will be generated through proactive and commercial management of the existing portfolio but predominately through direct commercial investment in new assets to provide a net return over and above the holding costs. There are different types of commercial investment which will be explored within this Framework to ensure a more balanced risk profile.

1.3 Whilst this Framework focusses on property investment, this same Framework can be utilised for investing in other types of income generating asset e.g. energy provision or Peer To Peer loans.

1.4 The benefits of commercial property investment by the Council are as follows:

- Positive net rental return / loan return
- Regeneration benefits to District (if in District)
- Additional Business Rates income (if in District)
- New Homes Business (if in District)
- Employment and prosperity (if in District)

- Unlocking of sites and opportunities that others might not invest in\*
- Accelerating delivery of sites\*

1.5 East Devon has numerous sites approved within the Local Plan that can deliver significant revenues to the council from New Homes Bonus and Business Rates but are complex, slow to come forward or stalled. The Commercial Investment Framework can over time contribute towards unlocking of those opportunities but in short / medium term the focus needs to be on investment to achieve a financial return in-year. These 2 benefits (with \* above) are unlikely to materialise from early investment.

1.6 This Framework contributes to the Council's Transformation Strategy.

Key Theme 4 - Maximise the value of our assets through commercial thinking with a focus on income generation, sustainability and developing local economies

1.7 The Council has an anticipated budget shortfall as per the table below:

| General Fund     | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                  | £000    | £000    | £000    | £000    | £000    | £000    | £000    | £000    | £000    | £000    |
| Budget Shortfall | 665     | 1,952   | 279     | 159     | 112     | 125     | 632     | 137     | 309     | 276     |

1.8 This budget shortfall is to be addressed through a number of different means through the Council's Transformation Strategy themes 1-5.

1.9 There is a clear preference, irrespective of whether using the IOF or IPF to invest at this stage within District unless:

- The level of return required necessitates investment in a wider geographical area – possibly to include the wider Greater Exeter area.
- The availability of investment opportunities within East Devon limit the availability to invest.
- A wider geographical spread is needed to ensure acceptable balance of property investment portfolio risk.

Note: A recent survey by The Local Government Chronicle found that of those authorities investing in commercial property, 37% invested outside of area.

**What is fundamental to this approach is that a net return of £450,000 is recognised as a key element of the Transformation Strategy by 2020/2021 and decisions will need to be made with this in mind.**

1.10 It is anticipated that direct investment intervention by the Council can also unlock and / or accelerate development by third parties at the same time as:



- Generating a good level of rental return
- Enabling the Council to benefit from marriage value where perhaps the Council already has an interest in land.
- Enable increases in NHB and Business Rates income to the Council.

This is a key benefit of direct commercial investment but is a medium term objective due to longer lead-in time but demonstrates how targeted investment can not only deliver an annual return but also an uplift in capital values on other assets.

- 1.11 This aligns with the Council's objectives in Regeneration, Enterprise Zone delivery and the employment and productivity priorities of HOSW LEP, GESP and Local Plans. IOF and IPF are a practical means by which the Council will have a direct role in delivery of wider strategic and policy ambitions.
- 1.12 The shorter term objective of £450,000 by 2020/21 needs to be realised by investment in assets which can generate a return in-year whilst at the same time developing an ambitious pipeline of future investment which supports not only income generation but other Council objectives around growth in productivity, place making, sustainable communities, economic development and regeneration. This future pipeline is envisaged would require further financial commitment.
- 1.13 Investments can be financed through Public Works Loan Board (PWLB), capital receipts or internal borrowing. The Council's current favoured route is generally through PWLB.
- 1.14 Since 2015, an estimated £2.7 billion (recorded and as at Summer 2018) has been invested by Local Authorities in commercial property transactions across the country. See attached Appendix A – Strategy and Transactions Examples.
- 1.15 Commercial property investment opportunities often arise unexpectedly and it is important to be agile in terms of allocation of resource (internal and external) but also decision making to take advantage of opportunities when they arise. The Council therefore needs to be in a position to assess investment opportunities in a systematic manner but should also be able to move quickly when a compelling opportunity arises and to do this through a dedicated Investment Assessment Team of Officers and Councillors with the necessary delegated authority in place to progress acquisitions which meet the objectives agreed by the Council.

## **2.0 Legal & Regulatory Powers**

- 2.1 The Council has a range of legal powers that can be relied on to invest in commercial and other types of property, and to borrow in order to do so. Whilst it is clear that the Council has such powers, their application should be considered as part of the decision-making process when specific investment opportunities arise.
- 2.2 The Council has the power to acquire through s.120 of the Local Government Act 1972 and to invest through s.12 of the Local Government Act 2003.
- 2.3 The Council has statutory powers to invest for:

- a) any purpose relevant to its functions; or
  - b) the purposes of the prudent management of its financial affairs.
- 2.4 This power does not place a geographic limit on where the investment activity can take place; together with the associated power to acquire property under section 120, Local Government Act 1972, there is clear authority for purchasing land within and outside of the Council's area.
- 2.5 Potential investments would need to be considered in light of:
- a) The Statutory Guidance on Local Government Investments (3<sup>rd</sup> Edition), which came into force from 1<sup>st</sup> April 2018
  - b) The Prudential Code
  - c) The Treasury Management Code
- 2.6 The use of the above powers should be considered in conjunction with the framework for borrowing as the Council may borrow from the Public Works Loan Board to fund acquisitions. As a local authority, it has a clear power to borrow for "any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs".

### **3.0 Key Objectives of Commercial Investment Framework**

- 3.1 In summary, the key objectives of this Commercial Investment Framework are:
- Income generation to contribute to reducing future funding shortfall
  - Investing in and optimising the effectiveness of the existing council asset and new acquisitions
  - Promoting new opportunities for local economic growth, wealth creation and productivity improvement
  - Applying a clear, costed, risk managed and structured programme of investment using rigorous criteria and with appropriate decision making capabilities to respond to market opportunities in an agile but safe manner.
- 3.2 The shorter term objective is to generate a net return of £450,000 per annum by 2020/21 to be realised by investment in assets which can generate a return in-year whilst at the same time developing an ambitious pipeline of future investment which supports not only income generation but other Council objectives around growth in productivity, place making, sustainable communities, economic development and regeneration.

### **4.0 Different Types of Commercial Property Investment**

- 4.1 There are potentially 5 different forms of investment the Council can consider under this Framework, as follows:
1. Management of Existing Assets
  2. Acquisition for Commercial Income (IOF)
  3. Acquisition for District wide benefits (IPF)

4. Direct Development – both Housing & Commercial (IPF)
5. Strategic Partnerships and Joint Ventures (IPF)

- 4.2 This Framework should not be viewed in isolation from the management of the existing portfolio. Whilst opportunities might be more limited, income can be increased either through greater commercialism in respect of ensuring market rents are generated for a greater number of assets (and kept current), assets are void for shorter times, but also through managing costs more robustly, including through more proactive capital planning, and recovering costs from tenants via service charges. There is also potential through developing out opportunities within the existing portfolio e.g. Colyford Road and Fosseyway Park (both Seaton) although the driver for these will not be purely income generation.
- 4.3 The investment criteria and risk / reward profiles are different for each category; particularly where local social / economic benefits can be reflected alongside commercial considerations. As such, there is a different scoring matrix prepared for each of the above, excluding the 1<sup>st</sup>.

## **5.0 Informing Investment Criteria**

- 5.1 Reflecting the different aims and objectives for each type of investment, a matrix approach has been adopted to determine what is / what is not generally acceptable in terms of anticipated risk/ reward. Also, in shaping the Commercial Investment Framework, consideration must also be given to achieving a balanced portfolio of different investments, reflecting the Treasury Management Code which prioritises, in order of importance:
- Security – protecting the capital sums invested from loss
  - Liquidity – ensuring the funds invested are available when needed i.e. asset could be disposed
  - Yield – an acceptable rate of return from investment
- 5.2 The portfolio will take time to grow and ensure the longer term ideal split of asset types is achieved.
- 5.3 The Council is to be very mindful of which market sectors it chooses to invest in. Different market sectors carry different risk profiles, discussed in section 6 of this Framework, but also different wider benefits and levels of return. In considering different market sectors, for the IOF, this will predominantly be about return versus risk, along with capital growth but for the IPF this will include the socio-economic benefits and level of added value and catalytic effect. Priority market sectors are likely to change over time with general trends in the market but for the IOF at this stage are likely to include large distribution, smaller workshop and office / innovation whilst for the IPF likely to be geared more towards innovation and high technology, smaller workshop space, leisure, food and beverage or tourism. What is key is that few market sectors will be disregarded completely and opportunities will be considered on their merit. That said, the very nature of the market sector the opportunity relates to, will impact on the scoring within the appropriate scoring matrix – particularly in respect of market failure, lease potential and socio-economic benefits. It will be the scoring matrix that takes precedent as the first step of considering investment opportunities.

- 5.4 The Council could potentially borrow funds from PWLB at a rate of around 3%, use internal borrowing or capital receipts.
- 5.5 One-off and on-going costs would be incurred in order to deliver the Framework, including, where acquiring assets, estimated average costs as follows:
- Finders Fees (0.5-1% if appoint consultants)
  - Legal Fees (0.5%-0.75% if external)
  - Stamp Duty (0% up to £150,000, 2% for the amount between £150,001 and £250,000, and 5% for the amount over £250,000)
  - Finance Costs (circa 3% PWLB) on borrowed funding
  - Business Rates (should be covered by tenant as long as not void)
  - Repairs and maintenance (should be covered by tenant through service charge as long as not void)
  - Running costs of building, including building management (depending on lease type, again probably covered by service charge)
  - Additional staff costs or consultant fees if acquisition is externalised
  - Ongoing management costs – staff costs or consultant costs
- 5.6 The Council will also need to consider the level of reserves that should be maintained, the effect of borrowing on its credit score and its overall borrowing limits. In short the Council must get the right balance between risk and reward in a prudent manner to ensure the costs from commercial investment does not fall on the tax payer.
- 5.7 Ongoing management of acquired assets. The scale of this task and importance depends on the nature of assets and importance of service charge regimes for recovery of costs. Based on the nature of assets a decision needs to be made on whether this would be dealt with in-house or by consultants who would be experienced at maximising value and have the skillsets and systems to do so.
- 5.8 Exit strategy. Assets should have good and marketable title although along with this, success in disposing of the asset will depend on market conditions at the time. It should be acknowledged that disposal of assets can be a protracted and uncertain process.

## **6.0 Risks**

- 6.1 Property investment brings with it the potential for significant risk if things go wrong. Risks can be mitigated but ultimately some risks are externally driven.

Listed below are typical risks:

- Voids – these will reduce average yield. In addition to lost rental income, the Council could find itself liable for on-going costs which would otherwise be the tenant's responsibility and including maintenance liabilities.
- Disputes with tenants – particularly in respect of service charge type issues.
- External factors such as failure of tenants, micro and macro market downturns and increased borrowing costs.

- Where the Council is seeking to develop or change a use, it needs to be mindful of the planning process, inevitable delays and public perception. With planning, there is rarely absolute certainty.
- Government support for local authorities investing in commercial assets to derive an income to support essential services being withdrawn.
- The opportunity cost of investing these funds here rather than elsewhere on other income generating opportunities
- The impact on the Council's borrowing limit.

6.2 The Council must take a prudent approach to the management of its financial affairs and therefore when assessing investments will need to consider such factors as the security against loss, the liquidity of the investment, the yield and risk of change of interest rates, property values and voids.

6.3 Assessing the risk of individual investment opportunities will be a key element of both the Outline Business Case and Full Business Case detailed within section 10 of this Framework.

## **7.0 Required Skillsets**

7.1 Whilst an initial assessment of potential opportunities will be managed in-house, additional specialist investment agency, valuation and building surveying services might need to be procured through external consultants. As for specialist finance and legal advice, again external consultants might be needed.

7.2 Once the investment fund is established and investment criteria confirmed, external property investment agents can be appointed to assist in sourcing, evaluating and completing the acquisition process. Furthermore, the Council should consider retaining an external property management company to pro-actively manage future commercial assets going forward. In return for a fee of typically 5-10% of the rental income, the management company would deal with all landlord & tenant matters, lease events, rent collection and service charge arrangements in addition to dilapidation claims.

7.3 Notwithstanding the need to engage with specialist advisors, it will remain vitally important that the Council retains commercial property expertise in-house and can operate as an effective "informed client" in all negotiations with appointed advisors and to understand the implications of the advice provided. This role will be undertaken by the Council's Senior Manager – Property & Estates along with other colleagues as necessary but will impact on staff resourcing.

7.4 The Council will track internal resource required when considering investment opportunities and whilst potentially abortive, will ensure this is factored alongside ongoing management costs when assessing the performance of an investment opportunity. Furthermore, these costs will be included in the £20,000,000 investment fund to truly understand the level of return.

## **8.0 Management of Existing Assets**

8.1 Opportunities need to be identified to:

- Increase revenue income
- Reduce costs – smaller but better performing asset base in terms of both financial and non-financial return
- Invest wisely – component replacement or wider investment by being proactive and by identifying where both financial and non-financial returns can be improved. By being proactive there will be better management of future capital returns.
- Identify poor performing assets and dispose.

## **9.0 Assessment of Investment Opportunities – Weighted Scoring Matrices**

- 9.1 To ensure investment opportunities can be considered in a structured and objective manner, all such opportunities will be considered using one of the four weighted scoring matrices included in the attached Commercially Confidential appendix B.

## **10.0 Assessment of Investment Opportunities – Process & Governance**

- 10.1 Commercial property investment opportunities often arise unexpectedly and it is important to be agile in terms of allocation of resource (internal and external) but also in decision making to take advantage of opportunities when they arise but doing so in a safe, accountable and democratic way. Other Local Authorities with investment portfolios have taken this exact same approach and the proposal set out below is a proven model.

- 10.2 The process is as follows:

1. Relationships with external agents be developed to ensure that this Council is understood by the market to be an investor.
2. Officers led by Senior Manager – Property & Estates working with external agents, colleagues and Councillors identify investment opportunities. All commercial property investment opportunities will be channelled through the Council's Senior Manager – Property & Estates.
3. Any investment opportunity if considered feasible is considered alongside the criteria of this Framework, and if consistent is then scored against the relevant Scoring Matrix.
4. If the investment opportunity fails to deliver the necessary score and / or indicative return then it is dismissed.
5. If the investment opportunity achieves the necessary score and indicative return then it progresses to a dedicated Investment Assessment Team of Officers (with support of consultants if necessary), these being existing staff with the right skillset and aptitude to think commercially. This Investment Assessment Team is to comprise of:
  - Deputy Chief Executive
  - Strategic Lead – Governance and Licensing
  - Strategic Lead – Finance
  - Senior Manager – Property & Estates
    - ..... Other Officers on a case-by-case basis
6. Outline Business Case is prepared and presented to SMT along with Portfolio Holders for Asset Management, Finance and Economy.

7. If the Outline Business Case is to proceed then a Full Business Case is prepared to enable a final decision to be made on whether to invest is made following consideration by the Commercial Property Investment Decision Making Group. The decision to invest is delegated to Deputy Chief Executive (up to £5,000,000 per transaction) in consultation with Leader, Portfolio Holder for Asset Management, Portfolio Holder for Finance and Portfolio Holder for Economy (Investment Decision Making Group). If an investment opportunity exceeds this £5,000,000 limit then the Council's normal decision making route will apply.
- 10.3 This approach will ensure that resources are focussed on delivering realistic investment opportunities rather than being diverted onto others that don't meet the agreed investment criteria. The approach will also ensure investments can be delivered in line with market expectations and in accordance with commercial confidentiality.
- 10.4 For avoidance of doubt, any investment that does not satisfy the objectives and scoring requirements of the Framework can only progress subject to standard decision making arrangements within the constitution.
- 10.5 Wider reporting on investment decisions and performance of investment assets will be through 6 monthly reports to Council, updates to Asset Management Forum and to Senior Management Team.
- 10.6 The decision making and reporting arrangements are shown in appendix C – Commercial Investment Governance.
- 10.7 The key drivers to successful delivery of this Framework are as follows:
- Relationships with key players in the investment market
  - Officer expertise to identify and progress opportunities
  - Of greatest importance – Robust but swift decision making

## Appendix A - Strategy & Transaction Examples

### Strategy Examples

| Local Authority                 | Strategy                                                                                                                       | Investment Fund                                                                            |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| South Somerset District Council | Broad – commercialism of existing assets, regeneration projects, housing development, commercial property and land acquisition | £75,000,000 for commercial property investment                                             |
| Sedgemoor District Council      | Significant emphasis towards town centre regeneration.                                                                         | £20,000,000 for town centre regeneration<br>£50,000,000 for commercial property investment |
| Mendip District Council         | Both inside and outside of District                                                                                            | £95,000,000 for commercial property investment                                             |
| Aylesbury Vale District Council | Emphasis towards town centre development and multi-let industrial estates. Delivered through an Asset Management Company.      | £200,000,000                                                                               |
| Eastleigh Borough Council       | Emphasis on blue-chip tenants.                                                                                                 | £200,000,000                                                                               |

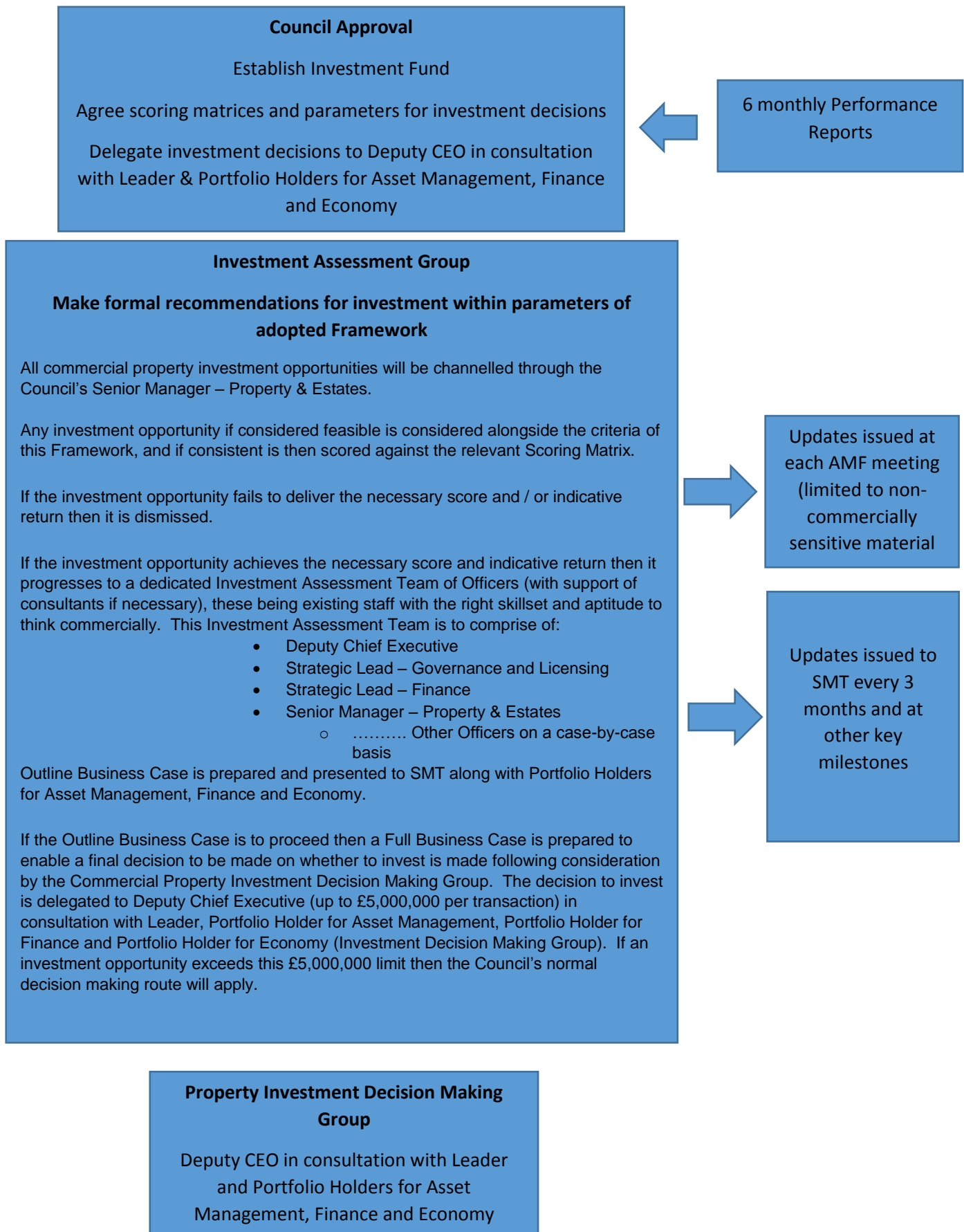
### Transaction Examples

| Local Authority              | Transaction                                                                  |
|------------------------------|------------------------------------------------------------------------------|
| Torbay Council               | EDF, Gadeon House, Exeter Business Park<br>£16.1m<br>7.58% return<br>Q3 2017 |
| Teignbridge District Council | Market Walk, Newton Abbot<br>£13,050,000<br>8% return                        |



|                                 |                                                                                       |
|---------------------------------|---------------------------------------------------------------------------------------|
|                                 | Q1 2016                                                                               |
| Plymouth City Council           | Cobourg House, Mayflower Street,<br>Plymouth<br>£3,200,000<br>9.78% return<br>Q2 2017 |
| Plymouth City Council           | Royal Mail Regional Mail Centre<br>£19,250,000<br>5.86% return<br>Q2 2017             |
| South Somerset District Council | Wilkinsons, 88-92 Middle Street, Yeovil<br>£4,100,000<br>9.95%<br>Q4 2017             |
| Swindon Borough Council         | Lysander House, Bristol<br>£7,450,000<br>7.5% return<br>Q4 2017                       |
| Bath & North East Somerset      | 930 Aztec West, Bristol<br>£8,500,000<br>6.86% return<br>Q2 2017                      |

## Appendix C – Commercial Investment Governance





**Report to:** **Cabinet**

**Date of Meeting:** 6 February 2019

**Public Document:** Yes

**Exemption:** Para 3 Schedule 12A Information relating to the finance or business affairs of any particular person

**Review date for release** **Appendix B** of this report contain exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

**Agenda item:** **25**

**Subject:** **Supporting the formation of South West Mutual**

**Purpose of report:** This report outlines a proposal from South West Mutual to form a regional bank.

Initial funding is being sought of £500,000 through the issuing of Founder Shares, local authorities have been approached to be part of this early investment in order to help set up a regional bank.

This report asks members to consider an investment of £49,995 which purchases 3,333 shares. These shares will receive a dividend of 7.5% once the new bank becomes profitable and this dividend will rise over time if South West Mutual is successful.

Founder Shareholders will also receive an additional 2 shares for every share held. The combination of these two returns generates an estimated internal rate of return of approximately 20% per annum as presented in the proposition.

It needs to be understood that there is a risk that there will be **no financial return and the entire initial investment could be lost** if the plan to launch the mutual is unsuccessful or a banking licence is not granted. Accordingly the report does not recommend investing in the Mutual with the purpose of deriving a financial return as the proposal is deemed too much of a financial risk. Members are asked to consider other benefits to be obtained from supporting a regional bank and if supported it is proposed that the Council sets aside £49,995 from the business rate pilot monies in 2018/19 in a reserve that if necessary this investment can be written off against.

**Recommendation:**

1. To approve an investment of £49,995 to support the formation of South West Mutual with the equivalent sum to be set aside in a reserve from the 2018/19 business 100% rate pilot gain in order to back the investment risk.
2. *(If 1 approved)* Give delegated authority to the Strategic Lead for Finance to conclude the ordinary share acquisition.

**Reason for recommendation:** The reasons and purpose of setting up a South West Mutual Bank meets a number of priorities in the Council’s Plan included within

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Encouraging communities to be outstanding and developing an outstanding local economy.

**Officer:** Simon Davey, Strategic Lead Finance

**Financial implications:** These are contained within the report, namely the risk of losing the investment sum of £49,995.

This proposal is consistent with the Council's powers to invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the general power of competence).

Investments made by local authorities can be classified into one of two main categories:

- i) Investments held for treasury management purposes; and
- ii) Other investments

Local Authorities should disclose the contribution that all **other investments** make towards the service delivery objectives and/or place making role of that local authority. Officers are confident that the proposed investment meets this requirement and the formation of such an institution, as described in this report and within Appendix A and B is consistent with the Council Plan priorities and objectives.

There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer, owe a fiduciary duty in relation to given transactions hence the setting up of reserve to back the investment on the worse case that this investment is required to be written off.

The financial liability as shareholders is limited to the value of the share-holding – The Council stands to lose 100% if the venture has debts equal to or greater than its investment. There should be some proportionality if the debts were less than the venture's total share capital.

**Legal implications:** As identified in the Financial implications section, the Council can rely on S.12 of the Local Government Act 2003 and / or S.1 of the Localism Act 2011 to invest monies. These powers can be utilised to invest in the South West Mutual scheme as the objectives of the scheme are consistent with the Council's priorities and objectives.

**Equalities impact:** Low Impact

**Risk:** Medium Risk

The risk relates to the £49,995 investment which is dealt with in the report.

**Links to background information:**

- [Appendix A - Presentation by Tony Greenham from South West Mutual](#)

**Link to Council Plan:** Encouraging communities to be outstanding and developing an outstanding local economy

## 1. Supporting the formation of South West Mutual Bank

- 1.1 In December Tony Greenham of the South West Mutual presented to the Strategic Management Team and members of Cabinet on the formation of a regional bank. A copy of the presentation has been linked to this report. Also attached is a copy of the Founder Share Offer Document which contains significant background information, members should note that this document is classified as Exempt Information.
- 1.2 The Mutual is seeking an initial investment of £500,000 in order to progress its banking licence application. It will then need to find an estimated £2.5m in 2019 to set up operations and complete the banking authorisation process and finally secure a further investment of £17.5m in 2020 to capitalise the bank and enable it to commence trading.
- 1.3 It is envisaged that local authorities within the South West, who believe in the ethos behind the Mutual and the benefits this will bring to the local economy, may wish to participate in all stages of investment including capitalising the bank once a provisional banking licence has been granted and the investment carries a much lower risk.
- 1.4 South West Mutual launched its initial fundraising in November 2018 seeking investment from private and institutional investors within the region to meet the initial investment required of £500,000, the offer closes the end of March (not 18<sup>th</sup> January as stated in the offer document). It is considered that the commitment of local authorities to invest in the initial Founder Share Offer will reinforce the confidence of private sector investors, make a significant statement of support for the social and economic mission of South West Mutual and potentially shorten the timetable to opening branches and commencing trading within the South West region. These shares will receive a dividend of 7.5% once the new bank becomes profitable and this dividend will rise over time if South West Mutual is successful. A sum of £49,995 would purchase 3,333 shares and represents 10% of the initial sum required. To date West Devon Borough Council and South Hams District Council have both committed to £49,995 each.
- 1.5 In view of the higher risk of investment at this early stage, if a banking licence is obtained and the bank starts trading, Founder Shareholders will also receive an additional 2 shares for every share held. The combination of these two returns generates an estimated 'internal rate of return' of approximately 20% per annum.
- 1.6 It must be understood that there is a risk that there will be no financial return and the entire initial investment could be lost if the plan to launch the mutual is unsuccessful or a banking licence is not granted. It is therefore not recommend investing in the mutual with the purpose of deriving a financial return as it is deemed too much of a financial risk and this would not meet the Council's investment criteria.
- 1.7 Instead it is proposed that members should consider such an investment on the grounds of Economic and Social & Environment benefits, highlighted in the presentation as:
- **Economic** – Supporting local enterprises, business rates and employment. Boosting economic resilience during recessions, protecting jobs and incomes. Inclusive growth: spreading opportunities for locally driven business and employment. Recycling more spending and savings back into the Devon economy.

- **Social & Environmental** – Tackling financial exclusion and problem debt, improving financial capability and wellbeing, restoring trust and building civic participation, improved environmental and social performance.

1.8 A further extract from the presentation emphasis this by outlining the purpose of the bank which will form its legal constitution:

**Mission-led business promoting sustainable and equitable prosperity**  
for the South West

- First **customer-owned** full service bank
- **Financial inclusion** in the rules
- **SME and social enterprise** focus
- Multi-channel, committed to **branches** and **relationship banking**
- **Scale and efficiency** – part of the CSBA network
- **Financial strength**: Profits £15m pa / loan book £380m by year 9

1.9 The presentation and Offer Document explain how the new mutual would help support the local economy and promote inclusive growth. In particular, it will help make banking more local, provide branch facilities in rural locations, recycle the savings of local people and businesses back into the regional economy, promote financial inclusion and improve access to credit for small and medium sized business. The ethos behind the new mutual is consistent with many aspects of the Council Plan including an important promise that any individual in the District can have an account, currently some individuals are excluded by the high street banks for differing factors which can make life extremely difficult for those individuals.

1.10 As stated there is a risk that there will be no financial return and the entire initial investment could be lost if the plan to launch the mutual is unsuccessful or a banking licence is not granted. Accordingly it is not recommend investing in the mutual with the primary purpose of deriving a financial return as that is deemed too much of a financial risk. Instead, it is proposed that the Council sets aside £49,995 from the business rate pilot monies from 2018/19 in a reserve that if necessary this investment can be written off against. This money has been deemed by the Council to be used on the promotion of financial sustainability across the economic area and for the investment in encouraging further growth. The Council still has an uncommitted sum available of £0.5m to £0.6m (depending on final year calculation).