

## Agenda for Cabinet

Wednesday, 10 February 2016; 5.30pm

### [Members of Cabinet](#)

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

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

- 1 [Public speaking](#)
- 2 Minutes of 6 January 2016 (pages 5-15), to be signed as a true record
- 3 Apologies
- 4 [Declarations of interest](#)
- 5 [Matters of urgency](#)
- 6 Confidential/exempt items – there is one item which officers recommend should be dealt with in this way.

- 7 Forward Plan for key decisions for the period 1 March 2016 to 30 June 2016 (pages 16-19)
- 8 Notes of the Seaton Regeneration Programme Board held on 3 December 2015 (pages 20-24)
- 9 Notes of the Community Fund Panel held on 12 January 2016 (pages 25-26)
- 10 Minutes of the Joint Overview and Scrutiny held on 13 January 2016 (pages 27-33)
- 11 Minutes of the Housing Review Board held on 14 January 2016 (pages 34-40)
- 12 Minutes of the Recycling and Refuse Partnership Board held on 20 January 2016 (pages 41-46)

### **Part A matters for key decision**

- 13 **Recycling and Refuse Collection Contract** (pages 47-57)  
The report outlines the final stages of the procurement process in respect of the contract for recycling, waste collection and associated services, and requests Cabinet to select a contractor and a service delivery option (Lot) for the next 7+ years.  
**Appendix 1 - Tender report** (pages 58-62)  
**Appendix 2 - Tender report exempt information** (in Part B of agenda)
- 14 **Revenue and Capital Estimates 2016/17** (pages 63-69)  
Cabinet adopted draft Revenue and Capital Estimates for 2016/17 at its meeting on 6 January 2016. A meeting of the Overview and Scrutiny Committees reviewed those budgets on 13 January and the Housing Review Board considered the Housing Revenue Account budgets on 14 January. Cabinet now is to consider these comments and proposals and make final recommendations to Council.
- 15 **Treasury Management Strategy 2016/17 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy** (pages 70-116)  
The Chartered Institute of Public Finance and Accountancy (CIPFA) produce 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.
- 16 **West Hill Boundary Review** (pages 117-120)  
In July 2015, Cabinet agreed that a Community Governance Review be undertaken following a request from the 'West Hill Parish Council Campaign'. Following publication of the Terms of Reference and the first phase of consultation a decision is now required on whether to proceed to the second stage of the Community Governance Review. This report appends a summary of the various views that were received and recommends the formal publication of draft proposals.  
**Appendix A - summary of household responses** (pages 121-155)  
**Appendix B - response of Ottery St Mary Town Council** (pages 156-157)  
**Appendix C - response of West Hill Parish Council Campaign** (pages 158-161)  
**Appendix D - West Hill Governance Review map** (page 162)

- 17 **ESCo Energy Services** (pages 163-170)  
The report recommends the formation of an Energy Service Company (ESCo) in partnership with the RD&E NHS Trust, University of Exeter, Devon County Council, Teignbridge DC and East Devon DC for procuring private sector partner(s) and funding to deliver District Heating Networks in Exeter (city centre to Wonford) and at SW Exeter (connecting EfW to SW Exeter).
- 18 **Seaton Town Hall – Asset Transfer update** (pages 171-172)  
In July 2015 Cabinet considered and agreed a report to transfer Seaton Town Hall to Seaton Town Council. Some of the details of that transfer contained in the report have now changed and although this does not alter the resolution of Cabinet, it is considered appropriate to update members on these amendments and the transfer progress.
- 19 **East Devon Broadband** (pages 173-198)  
This report is to update members on a bid that has been made to Broadband Delivery UK (BDUK), part of the Department for Culture, Media and Sport.  
**Appendix 1 – BDUK Broadband Delivery Project Bid**
- 20 **Thelma Hulbert Gallery update** (pages 199-211)  
This update informs Cabinet of the progress made by the THG since January 2015. The report details progress made in securing grants and income and successes made in its outreach work which provides a significant social value to the local community and EDDC.  
**Appendix 1 – Budget submission**
- 21 **Financial Monitoring Report 2015/16 - Month 9 December 2015**  
(pages 212-218)  
This report gives a summary of the Council's overall financial position for 2015/16 at the end of month nine (31 December 2015).

#### **Part A matters for decision**

- 22 **Honiton and Exmouth Pitches project – Stage 1** (pages 219-225)  
This report is to update Cabinet on progress in relation to the identification of sites to deliver sports pitches in Honiton and Exmouth. It highlights the process ahead and resource implications, and requests clarity on implementation of any future recommendations being delivered.
- 23 **Enforce sales of properties** (pages 226-228)  
The report seeks resolutions to enforce the sale of 5 properties in the same ownership which are empty and in poor condition.
- 24 **Seaton Jurassic update** (pages 229-235)  
The report is to update members on the progress with Seaton Jurassic. The information provided is on the additional funding that has been identified over the last 12 months.  
**Appendix 1 – Photographs of Seaton Jurassic**  
**Appendix 2 – Floor layout plan of Seaton Jurassic**

- 25 **Exemption to standing orders – SJ Kitchen and Cafe** (pages 236-241)  
The report explains the reasoning and process of appointment of Fruition and Bartlett for the cafe and kitchen fit outs respectively at Seaton Jurassic with an exemption to the contract standing order process.

**Appendix 1 – signed exemption request**

- 26 **Monthly Performance reports – December 2015** (pages 242-245)  
Performance information for the 2015/6 financial year for December 2015 is supplied to allow the Cabinet to monitor progress with selected performance measures and identify any service areas where improvement is necessary.

**Appendix 1 - December Snapshot**

- 27 **The Vice Chairman to move the following:**  
“that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)”.

**Part B matters for key decisions**

- 28 **Recycling and Refuse Collection Contract** (page 246)  
Appendix 2 of the which report outlined the final stages of the procurement process in respect of the contract for recycling, waste collection and associated services, and requests Cabinet to select a contractor and a service delivery option (Lot) for the next 7+ years.

**Reasons for consideration in Part B:**

- 1) Para 3 Schedule 12A Information relating to the finance or business affairs of any particular person
- 2) The report includes details of contractual negotiations

**Appendix 2 - Tender report exempt information**

**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 6 January 2016**

**Attendance list at end of document**

The meeting started at 5.30pm and ended at 7.21pm

**\*142 Public Speaking**

Peter Fox spoke on agenda item 20 – PSPO Consultation Results, Shelly Beach and Belshers Slipway. He spoke of the lack of bylaws and speed limits for Personal Water Crafts and speed boats and stressed he was not seeking a ban of these. He said the consultation failed to address anti-social behaviour and that community assets were protected elsewhere so why not here.

Roy Pickering spoke on agenda item 20 – PSPO Consultation Results, Shelly Beach and Belshers Slipway. He said he was disappointed with the methodology of the consultation with it losing sight of what the issues were. These issues being the extreme anti-social behaviour by an identifiable group of users, to a point where serious injury could occur to other beach users. The Public Space Protection Order dealt with problems with particular issues and did not ban everything. He said bylaws were needed so they could be enforced through the court.

Jo Frith spoke on agenda item 18 – Draft Revenue and Capital Budgets. She spoke of the Beach Management Plan (BMP) officer funding being stopped as of April 2016. Officer time was required to work on the Plan to its completion in 2016. The outcome of the Beach Management Plan for Sidmouth was a proposed Coastal Defence Plan. This would require preparing an application to the Environment Agency (EA) for funding. If this was not done following the completion of the project, it was possible the BMP would need updating therefore incurring consultancy fees before an application was made. She also noted the removal of the River Sid training wall and the implications to other coastal defences; she suggested the BMP budget be reviewed.

In response to this the Deputy Leader stated the BMP project was coming to an end and future funds if required would be funded from existing budgets. The budget did allow for officer time, which included the new Engineering Project Officer. EDDC were committed to seeing the project through in order to submit the application to the EA to achieve a successful outcome.

Jeff Turner spoke on agenda item 17 – Sidmouth, Eastern Town Scoping Study. He asked for support for the project, as Sidmouth needed the improvements and wanted to move on from the Council's relocation from the Knowle. He confirmed the town council's decision to engage in the development of a Neighbourhood Plan for Sidmouth with the priority area being the regeneration of eastern town. He eagerly awaited the outcome of the BMP. He confirmed the town council was fully committed to support the scoping study as this was essential and the only option to move the town forward.

**\*143 Minutes**

The minutes of the Cabinet meeting held on 2 December 2015 were confirmed and signed as a true record subject to the inclusion of a correction made by the Service Lead for Environmental Health and Car Parks at Minute 137 – Sidmouth Mill Street Car Park. The Service Lead had apologised to Richard Eley (who had left the meeting at that

point), for incorrectly attributing comments within the Car Park report to the Chamber of Commerce when they had been made by Mr Eley as an individual.

**\*144 Declarations**

Councillor Iain Chubb – Minute 20  
Interest: Personal  
Reason: He owns a speed boat

**\*145 Exclusion of the public**

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

**\*146 Matters referred to the Cabinet**

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

The Leader read the following statement with regard to the Local Plan examination:

‘The Council has just received what is known as the Fact Check Reports from the Local Plan Inspector in relation to both the Local Plan and the Community Infrastructure Levy (CIL) charging schedule. These documents provide us with what the Planning Inspectorate’s guidance describes as “tentative final report”. The guidance is clear that it is not for us to question the Inspector’s conclusions and that the report is not for publication. We can simply respond within 2 weeks for clarification or to address any factual issues. I can however say that the report concludes that both the Local Plan and CIL charging schedule are sound and can move to adoption subject to main modifications. Unfortunately I am unable to give any further details at this time but can assure you that when we receive the Inspector’s final report it will be published as soon as possible following receipt.’

The Leader also confirmed that the supermarket Lidl was set to buy Sainsbury’s land holding at Clyst Honiton near Exeter as a distribution centre, with the potential to create 450 jobs for local people.

**\*147 Forward Plan**

Members noted the contents of the forward plan for key decisions for the period 1 February 2016 to 31 May 2016.

**\*148 Exmouth Regeneration Programme Board held on 24 November 2015**

Members received the action notes of the Exmouth Regeneration Programme Board held on 24 November 2015.

**149 Minutes of the STRATA Joint Executive Committee held on 24 November 2015**

Members received and noted the minutes of the STRATA Joint Executive Committee held on 24 November 2015. In addition to the reports for note and resolutions made by the Committee, the Cabinet considered the Committee’s recommendations and proposed the following:

**RECOMMENDED (1) that the following be referred to Council for determination**

**Minute 23 – adoption of Idox Uniform in Exeter**

that East Devon District Council, Exeter City Council and Teignbridge District Council approve a budget for the implementation of Uniform within Exeter City Council. The budget requirement is:

		% contribution		15/16 (£000s)	16/17 (£000s)	17/18 (£000s)
<b>Uniform implementation</b>	<b>EDDC</b>	<b>36.7</b>	<b>Capital</b>	<b>£34.9</b>	<b>£19</b>	<b>£19</b>
	<b>ECC</b>	<b>35.9</b>	<b>Capital</b>	<b>£34.4</b>	<b>£19</b>	<b>£19</b>
	<b>TDC</b>	<b>27.4</b>	<b>Capital</b>	<b>£30.2</b>	<b>£14</b>	<b>£14</b>
	<b>Total</b>	<b>100</b>		<b>£99.5</b>	<b>£52</b>	<b>£52</b>
<b>Data improvements</b>	<b>ECC</b>	<b>100</b>	<b>Capital</b>	<b>£100</b>	<b>£0</b>	<b>£0</b>

**Minute 26 - Business case update**

that the three Councils (EDDC, ECC and TDC) approve the following additions to their capital programmes subject to a 10% contingency to allow the 2016/17 convergence plan to be delivered.

	% contribution	16/17 (000s)	Inclusive of 10% contingency
<b>EDDC</b>	<b>36.7</b>	<b>£132.85</b>	<b>146.14</b>
<b>ECC</b>	<b>35.9</b>	<b>£129.96</b>	<b>142.96</b>
<b>TDC</b>	<b>27.4</b>	<b>£99.19</b>	<b>109.11</b>
<b>Total</b>	<b>100</b>	<b>£362.00</b>	<b>398.21</b>

**\*150 Member Development Working Party held on 25 November 2015**

Members received and noted the report of the Member Development Working Party held on 25 November 2015. The Working Party had considered the Councillor feedback following the roll out of the initial 3-month welcome/induction programme – May, June, July 2015. Detailed consideration included learning points, what worked well, what could be done differently next time and what learning/training/refreshers were still required. The recommendations in respect of the 2019 welcome/induction programme would be taken into account at the relevant time. The following recommendations of the Working Party with immediate relevance were supported by Cabinet:

**RESOLVED**

1. that ways of providing councillors with staff contact details, by service, together with up-dates when staff leave and their replacement, be explored;
2. that the Chief Executive be asked to give 6-monthly briefings to councillors on Council business initiatives, challenges and future plans – it was suggested that these could be held before meetings of the full Council;
3. that the 2016 Member Development programme reflect the suggested areas proposed by the Working Party which included more on social media, IT skills, standards and planning processes.

\*151 **New Homes Bonus Panel held on Thursday 26 November 2015**

Members received the notes of the New Homes Bonus Panel held on Thursday 26 November 2015.

**RESOLVED**

that the recommendations of the Panel in respect of applications received under the scheme be agreed.

\*152 **Meeting of the Leisure East Devon Joint Working Party held on 26 November 2015**

Members received the notes of a Meeting of the Leisure East Devon Joint Working Party held on 26 November 2015.

**RESOLVED**

that an annual service fee requirement of £898,710 for 2016-2021 be agreed for the Service Level Agreement with LED.

153 **Minutes of the Capital Strategy and Allocation Group held on 1 December 2015**

Members received and noted the minutes of the Capital Strategy and Allocation Group held on 1 December 2015.

**RECOMMENDED that the following be referred to Council to be considered during the annual budget process:**

1. that the Housing Revenue Account Capital Programme be agreed,
2. that following the repayment of a £1.4 m loan during the year, a loan application be made to the PWLB for a 30 year fixed rate loan for £700,000 to address the deficit within the Housing Revenue Account as a result of the Government initiative to cut housing rent by 1%.
3. that the Housing Revenue Account, Capital Programme and PWLB loan be kept under review by the Housing Review Board and Cabinet.
4. that the Capital Programme process and evaluation/scoring forms be reviewed to improve the phasing of the programme and to help decision making in respect of new bids, giving proper weight to key issues such as health and safety considerations.
5. that the capital scheme bid recommendations be agreed.

\*154 **Minutes of the Joint Overview and Scrutiny held on 10 December 2015**

Members received and noted the minutes of the Joint Overview and Scrutiny held on 10 December 2015 to consider the recycling trial. The Committees had voted separately on recommendations which recognised the positive feedback from the trials, the successful project planning and communications and the importance of monitoring and evaluation.

**RESOLVED (1) that the following recommendations be noted:**

the improved recycling trial in The Colony, Exmouth and new Feniton

**RESOLVED (2) that the following recommendations be taken into account when Cabinet consider agenda item 16 – 'I'm on Board' – Improved recycling trial in The Colony Exmouth and New Feniton:**



1. that the officers and communities involved be congratulated on the success of the trial;
2. that the anticipated increase in recycling be welcomed;
3. that consideration be given to the trial service method when evaluating the final bids for the new waste and recycling contract;
4. that the assistance of town and parish councils be sought both in early involvement prior to implementation of a new contract, and during implementation of a new contract to help educate and inform their communities of the new service adopted;
5. that the successful project planning and communication approach be replicated for any further rollout of the service change;
6. that the trials continue and the monitoring and evaluation process be maintained;
7. that detailed cost implications of any proposed change in service, including the impact on the recycling credit income to the Council, be sought.

**\*155 Minutes of the Scrutiny Committee held on 10 December 2015**

Members received and noted minutes of the Scrutiny Committee held on 10 December 2015.

A question was asked to why in Minute 44, the Principal Solicitor stated the letter in question was sub judice and therefore could not be discussed concerning the Queens Drive proposals in Exmouth. The Strategic Lead - Legal, Licensing and Democratic Services responded that the Council was a party to the proceedings and hence sub judice applied. Other people and social media could still make comments but as a party involved and one making decisions going forward, it was inappropriate to discuss the content of the case in open forum until after the judgment.

**RESOLVED (1) that the following decisions be noted:**

**Minute 43 - Mill Street Press Release of 17 September 2015**

1. the Committee's reaffirmation of its endorsement of the existing media protocol;
2. the continued use of a press template for officers in preparing a press release for forwarding to the communications team.

**Minute 44 - Scrutiny Forward Plan**

that a review of public consultation related policy be scoped and reported back to the Committee.

**\*156 Review of the Refuse and Recycling Trial**

The Strategic Lead Housing, Health and Environment updated members on the results from the trial, which had been running since mid September 2015 in The Colony Exmouth and New Feniton. The trial was being run to test the improved recycling scheme ahead of the appointment of a new recycling and waste collection contractor in June 2016. The findings had been very successful with a 19% reduction in residual waste disposal. Food recycling disposal had increased considerably with some residents using this service for the first time. An Absorbent Hygiene Products service had been available but the demand was not forthcoming. The 'I'm On Board' branding made for excellent communication. The Council was at the stage of evaluating best and final offers for the new recycling and waste collection contract and the results of the trial would inform the ongoing contract.

The Portfolio Holder Environment thanked the Waste Team and the residents participating in the trial, for their hard efforts in making the trial so successful. He wished to thank the ward members for their support in this matter.

The Deputy Leader reported that at a recent meeting at Devon County Council, East Devon came third out of 200 local authorities with minimum waste arising going to landfill. He hoped that with the new systems in place to improve recycling and reduce residual waste this position could place the council on top.

**RESOLVED:**

1. that the joint committee recognition of the positive results of the trial in both The Colony & New Feniton (Increase in recycling from 37 to 55% and 41 to 58%, and respective reduction in residual waste, with only 10 service issues raised by residents.) be noted;
2. that given the success of the improved recycling rate (from 39% before the trial to 56% during) Officers use the trial results to influence the evaluation of tenders for the new recycling and waste collection contract;
3. that the successful project planning and communications effort be noted and the approach replicated for any further rollout of the service change;
4. the trials and the monitoring and evaluation process be continued and maintained.

**REASON:**

The trial had been a great success; it had increased the average kerbside recycling rate from 39% to 56%. It resulted in a 19% reduction in residual waste being sent for disposal from 7.9 tonnes per week (before the trial) to 6.4 tonnes per week presently. There had been concern from some residents and the media prior to the trial about how families would cope with the reduced residual collection frequency. However due to extensive communications and strong planning, there were only ten reported issues concerning bin space, smells or ability to cope that have been dealt with.

**\*157 Sidmouth – Eastern Town Scoping Study**

The Deputy Chief Executive thanked Councillor Jeff Turner from Sidmouth Town Council (STC) for his commitment to working in partnership with EDDC as an important step forward for the two councils. As principal landowner EDDC proposed to undertake a scoping exercise in respect of the Port Royal vicinity at the eastern end of Sidmouth seafront. This was to investigate ways to bring about investment and development to renew the area and create a high quality mix of uses.

Discussions included whether the Sidmouth Vision Group survey data would be used as well as any new data gathered. The Deputy Chief Executive confirmed that previous data history would not be disregarded. EDDC and STC would appoint an appropriate professional consultancy to undertake the study and presently had no one in mind.

**RESOLVED:**

1. EDDC would work with Sidmouth Town Council to prepare a brief and commission appropriate professional consultancy. This was to scope out the detailed work required and options to fully plan the tasks and process, to achieve the regeneration of Port Royal
2. to add to the offer of £2,000 from Sidmouth Town Council a sum of up to £8,000 from EDDC's existing towns regeneration fund

3. to delegate responsibility to take this project forward to the Deputy Chief Executive, in consultation with the Portfolio Holder for Strategic Development and Partnerships

**REASON:**

To respond to the request from Sidmouth Town Council to work in partnership on the renewal of a key location on, and behind the town's seafront.

**\*158 Draft Revenue and Capital Budgets 2016/17**

The Strategic Lead Finance presented the report of the draft revenue and capital budgets for 2016/17 for adoption by the members, before it was considered by a joint meeting of the Overview and Scrutiny Committees, the Housing Review Board and the business community.

One of the most significant impacts on the Council's finances had been government funding cuts to local authorities as part of its deficit reduction policy. In the first three years of reductions from 2011/12 to 2013/14, the Council had a third of its overall government funding cut by £2.3m. 2014/15 saw a further 14% reduction in funding of £0.794m and 2015/16 a further 15% reduction of £0.781m. This had resulted in the Council adopting a proactive Transformation Strategy to sit alongside the Council Plan and Financial Strategy.

The Portfolio Holder Finance thanked Simon Davey and his team for all their hard work.

**RESOLVED:**

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

**REASON:**

There was a requirement for 2016/17 to set balanced budgets, to levy a Council Tax and to set Council House Rents.

**\*159 Council Tax Base 2016/2017**

The report set out the tax base for 2016/17 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 2016/17.

**RESOLVED:**

1. that the tax base for 2016/17 at 56,404 Band D equivalent properties, and
2. the amount for each parish as the amount shown against the name of that parish as detailed under section 3 of the report, be confirmed.

**REASON:**

The calculation of the tax base was prescribed under the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012. This was made under powers of the Local Government Finance Act 1992. The Council Tax Base is defined as the number of Band D equivalent properties in a local authority's area. The tax base is necessary to calculate Council Tax for a given area.

**\*160 PSPO Consultation Results: Shelly Beach and Belshers Slipway**

The Strategic Lead – Legal, Licensing and Democratic Services updated members on the public consultation returns from 1 to 31 August 2015 on issues of nuisance and annoyance at Shelly Beach and Belshers Slipway. He apologised to residents if they felt the consultation was not what they had hoped for. He reiterated that bylaws always came down to enforcement and this was very resource intensive and hard to enforce. The patrol boat option was more appropriate and the reopening of the Mamhead Slipway would also help alleviate the situation.

Feedback had been sought from residents in the vicinity, users of the beach and slipway and those with local interest including user groups, the police, and town and district councillors, and Devon County Council. The feedback was used to consider the potential for introducing a Public Space Protection Order to address any anti-social behaviour issues linked to localised use of Personal Water Craft. Members were advised that the feedback had indicated that this was not required.

Discussions included:

- beach bylaws were already in place to silence noisy boats
- ward members to be informed of future consultations
- residents' views to be considered
- Exmouth beach problematic as vehicles could be driven on the beach
- local PWC users group wished to work with officers to draw up a code of conduct to help residents and users.
- the Council would do everything it could to make life better for local residents

**RESOLVED:**

1. that there was currently no requirement for a Public Space Protection Order (PSPO) at Belshers Slipway or over Shelly Beach.
2. that the Council seeks to pursue an alternative strategy which may include part-funding a Harbour Patrol Boat.
3. that the Service Lead, Environmental Health and Car Parks meet with the local PWC users group and residents for a roundtable discussion with the aim of identifying solutions to resolve concerns.

**REASON:**

The results of the public consultation suggested there was little or no requirement for a PSPO as it would limit access to the water, and there were already issues with limited safe access to the water in the estuary and on the seafront.

**161 East Devon Public Health Implementation Plan 2015/16**

The Public Health Project Officer presented the report for Members to consider the Public Health Implementation Plan which stated the Council's ambitions for thirty-five activities, grouped in four priority areas, aiming to make a positive difference to people's physical health and mental wellbeing across East Devon. It was highlighted that dementia awareness was new to the plan this year. Council teams were keen to work in Cranbrook and had been shortlisted in NHS England's 'Healthy New Towns' initiative.

**RECOMMENDED:**

that the East Devon Public Health Implementation Plan be agreed.

**REASON:**

To help ensure that staff across the Council make the best possible use of resources to enable activities that support health and wellbeing across East Devon.

**\*162 Exemption to standing orders – Homemaker contract**

Members were asked to note the reasons for the approval of an exemption to Contract Standing Orders in order to continue the provision of a financial advice and support service by Homemaker.

**RESOLVED:**

that the exemption to standing orders to facilitate this continued provision of a financial advice and support service by Homemaker, be agreed.

**REASON:**

Welfare reforms introduced by the Government were having a financial impact on a number of households both in the private and social sectors. These reforms were causing financial hardship, emotional, and social problems for households, which in turn affected the Council's income collection in respect of Rent, Council Tax and overpaid Housing Benefit. The reforms also had an impact on the number of households becoming homeless. Universal Credit for working age single person households commenced in East Devon on 9 November 2015 and there was yet to be an announcement for the roll out of other categories of households to qualify or switch to this benefit.

Providing a financial advice and support service was vital in trying to prevent and offset the impact of these reforms, helping tenants to remain in their homes and sustain their household finances.

**\*163 Monthly Performance reports – November 2015**

The Deputy Chief Executive presented the report setting out performance information for November 2015. This allowed Cabinet to monitor progress with selected performance measures and identify any service areas where improvement was necessary.

There were three indicators that showed excellent performance:

1. Percentage of planning appeal decisions where the planning inspector has disagreed with the Council's decision
2. Days taken to process Housing Benefit/Council Tax Benefit new claims and change events
3. Creditor Days - % of invoices paid in 10 working days.

There was no performance indicator showing as concern.

**RESOLVED:**

that the progress and proposed improvement action for performance measures for November 2015 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 Control, Housing and Revenues and Benefits.

**Attendance list**

**Present:**

Paul Diviani            Leader  
Andrew Moulding    Deputy Leader/Strategic Development and Partnership

**Portfolio Holders:**

Tom Wright            Corporate Business  
Iain Chubb            Environment  
Jill Elson             Sustainable Homes and Communities  
Philip Skinner        Portfolio Holder Economy  
Phil Twiss             Corporate Services  
Ian Thomas            Portfolio Holder Finance

**Cabinet Members without Portfolio**

Eileen Wragg

**Cabinet apologies:**

Geoff Pook

**Non-Cabinet apologies:**

Mike Allen  
Pat Graham  
Simon Grundy  
Ian Hall  
Steve Hall  
Marcus Hartnell  
Brenda Taylor  
Mark Williamson

**Also present:**

**Councillors:**

Megan Armstrong  
Brian Bailey  
David Barratt  
Matt Booth  
Colin Brown  
Paul Carter  
David Chapman  
Maddy Chapman  
Alan Dent  
John Dyson  
Peter Faithfull  
Cathy Gardner  
Steve Gazzard  
Roger Giles  
Graham Godbeer  
Alison Greenhalgh  
John Humphreys  
Ben Ingham  
Geoff Jung  
Dawn Manley  
Bill Nash

Cherry Nicholas  
John O’Leary  
Helen Parr  
Marianne Rixson  
Pauline Stott

**Also present:**

**Officers:**

Richard Cohen, Deputy Chief Executive  
Simon Davey, Strategic Lead – Finance  
John Golding, Strategic Lead Housing, Health and Environment  
Henry Gordon Lennox, Strategic Lead – Legal, Licensing and Democratic Services  
Karen Jenkins, Strategic Lead – Organisational Development and Transformation  
Andrew Ennis, Service Lead - Environmental Health and Car Parks  
Amy Gilbert, Property and Asset Manager  
Helen Wharam, Public Health Project Officer  
Amanda Coombes, Democratic Services Officer

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

**EAST DEVON DISTRICT COUNCIL**  
**Forward Plan of Key Decisions - For the 4 month period 1 March 2016 to 30 June 2016**

This plan contains all the (i) important decisions that the Council intends to take 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 and the relevant Cabinet meeting are shown in bold.**

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 document includes notice of any matter the Council considers to be Key Decisions which, at this stage, should be considered in the private part of the meeting and the reason why. Any written representations that a particular decision should be moved to the public part of the meeting 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) unless shown in *italics*.**

**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).



Decision		List of documents.	Lead/reporting Officer	Decision maker and proposed date for decision	Other meeting dates where the matter is to be debated / considered	Operative Date for decision (assuming, where applicable, no call-in)	Part A = Public meeting  Part B = private meeting [and reasons]
1	Relocation update report		Deputy Chief Executive	Cabinet 9 March 2016		16 March 2016	Part A
2	Devolution update		Chief Executive	Cabinet 9 March 2016		16 March 2016	Part A
3	West Hill Boundary Review		Chief Executive	Council June/July 2016	Cabinet June 2016	June 2016	Part A
4	CIL Charging Schedule		Service Lead - Planning Strategy and Development Management	Extraordinary Council meeting in March		Day following extraordinary council meeting	Part A

Decision		List of documents.	Lead/reporting Officer	Decision maker and proposed date for decision	Other meeting dates where the matter is to be debated / considered	Operative Date for decision (assuming, where applicable, no call-in)	Part A = Public meeting  Part B = private meeting [and reasons]
5	Cranbrook Masterplan DPD - issues & options		Service Lead - Planning Strategy and Development Management	Extraordinary Council meeting in March	Development Management Committee 8 March 2016		Part A

Table showing potential future key decisions which are yet to be included in the current Forward Plan

Future Decisions		Lead / reporting Officer	Consultation and meeting dates (Committees, principal groups and organisations) To be confirmed	Operative Date for decision  To be confirmed
1	Specific CIL Governance Issues	Deputy Chief Executive (RC)		
2	Business Support – options for the future	Deputy Chief Executive (RC)		

Future Decisions		Lead / reporting Officer	Consultation and meeting dates (Committees, principal groups and organisations) To be confirmed	Operative Date for decision  To be confirmed
3	Thelma Hulbert Gallery - progress	Strategic Lead (Housing, Health and Environment) / Service Lead (Countryside)		

The members of the Cabinet are as follows: Cllr Paul Diviani (Leader of the Council and Chairman of the Cabinet), Cllr Andrew Moulding (Strategic Development and Partnerships Portfolio Holder), Tom Wright (Corporate Business Portfolio Holder) Cllr Phil Twiss (Corporate Services Portfolio Holder) Cllr Philip Skinner (Economy Portfolio Holder), Cllr Iain Chubb (Environment Portfolio Holder) Cllr Ian Thomas (Finance Portfolio Holder), Cllr Jill Elson (Sustainable Homes and Communities Portfolio Holder), and Cabinet Members without Portfolio - Geoff Pook and Eileen Wragg. Members of the public who wish to make any representations or comments concerning any of the key decisions referred to in this Forward Plan may do so by writing to the identified Lead Member of the Cabinet (Leader of the Council ) c/o the Democratic Services Team, Council Offices, Knowle, Sidmouth, Devon, EX10 8HL. Telephone 01395 517546.

February 2016

**SEATON REGENERATION PROGRAMME BOARD  
ACTION POINTS FROM A MEETING  
HELD AT SEATON TOWN HALL, SEATON ON THURSDAY 3 DECEMBER 2015**

Present:

Councillor Iain Chubb	IC	EDDC
Councillor Heather Sanham	HS	Seaton Town Council
Councillor Peter Burrows	PB	EDDC
Richard Cohen	RC	Deputy Chief Executive, EDDC
Jenny Nunn	JN	Seaton Tramway
Lesley Garlick	LG	DCC
Chris Lane	CL	EDDC
Edward Willis Fleming	EWF	The Sidmouth Design Company
Mike Ruiter	MR	Seaton Jurassic
Charlie Plowden	CP	Countryside Manager
Karin Frewin	KF	Marketing & Events Coordinator
Doug Smith	DS	Seaton Visitors Centre
Sulina Tallack	ST	Section 106 Officer

Apologies:

Councillor Marcus Hartnell	MH	EDDC
Alison Hayward	AH	Regeneration & Economy Manager, EDDC
Councillor Ian Thomas	IT	EDDC
Councillor Philip Skinner	PS	EDDC
Councillor Andrew Moulding	ATM	DCC
Chris Drake	CD	Seaton Town Clerk
Ian Carvell	IC	Tesco
Gavin Spiller	GS	Principal Planning Officer
Councillor Tony Woodman	TW	Seaton Town Council

The meeting started at 9.20am and finished at 11.45am.

Item	Notes/Decisions	Action
<b>1.Introduction</b>	Welcome and introductions. In the absence of the Chairman Councillor Philip Skinner Councillor Iain Chubb took the chair.	
<b>2.Notes of meeting held on 15 September 2015</b>	The notes of the meeting held on 15 September 2015 were agreed as a true record.	Noted
<b>3. Seaton Jurassic Update</b>	<p>MR reported that they were still on track for opening in Spring 2016. There had been a couple of building defect which had been identified, but dealt with. The kitchen contractor had started installation and the interactive signs were also being installed. The wildlife gardens had a number of volunteers to plant and look after.</p> <p>The event opening programme was being finalised and an open day is planned on 26 March 2016.</p>	Noted
<b>4. Progress on delivery of Stop Line Way</b>	<p>LG reported that work had been completed on the section of the Stop Line Way between Marsh Lane and Colyford. However, there were still delays to finishing this part of the scheme due to ongoing landowner negotiations.</p> <p><b>ACTION</b> that LG take the importance of purchasing this section of land back to her colleagues at DCC.</p>	<p><b>Noted</b></p> <p><b>LG</b></p>
<b>5. Jurassic Coast Bus Services</b>	<p>Members noted that since the alteration of the timetable of the Jurassic Coaster X53 in September 2015, there had been a number of changes that had impacted on the service, particularly affecting Devon and journeys to Seaton and Beer. These changes were particularly concerning for East Devon users and communities especially with the opening of the Seaton Jurassic in March 2016.</p> <p>Both Seaton and Beer Parish Councils had written to the bus companies on this issue. KF reported that she felt that the reduction in the bus service had reduced trade for shops in the town. It was important to emphasis to the bus companies that the opening of the Jurassic Centre could increase visitor numbers to the town and demand for bus journeys. DCC should also be informed of the issue and requested to provide subsidy for the X53.</p> <p><b>ACTION</b> LG to ask a representative from the Transport Coordination Service to attend the next meeting of the Board to discuss the issue of Seaton's bus service.</p>	<p><b>LG</b></p>

	Members discussed the possibility of providing sponsorship for a minibus from Axminster Station to Seaton. It was noted that there was funding available from the Parishes Together fund.	
<b>6. Data Sharing</b>	<p>RC raised the issue of data sharing for various tourist attractions in Seaton and in East Devon as a whole. It was noted that the tourist attractions did share data on visitor numbers and profiles. This was an opportunity to expand visitor numbers to encourage them to visit other attractions in the area. JN reported that Seaton Tramway were working with the Donkey Sanctuary, Wetlands and Pecorama on non confidential data sharing of visitor information. Beer Quarry caves were also considering improving their visitor offer. A joint ticket to visit all attractions could be a good marketing opportunity.</p> <p>JN reported on the Lyme Bay passport which was a cooperative venture between the Tramway, Donkey Sanctuary and Pecorama.</p> <p>The possibility of inviting Jamie Buckley, EDDC Communities and Information Officer to a future meeting to discuss data sharing and distribution was discussed.</p>	
<b>7. Fosseyway Court, Seaton - update</b>	<p>RC reported that he had met with the owner of Fosseyway Court and his representatives. HS asked whether it was possible to use S106 money to help improve the seafront in Seaton. ST replied that the idea of S106 funding was to help mitigate the effects of development and needed to be evidence based and adopted into policy. The evidence base at the moment covered Open space, A/H, Education, highways but not Seaton seafront at present.</p> <p>HS confirmed that the needs of Seaton were for the regeneration and improvement of the town rather than affordable housing. This included improvements to the seafront. ST reported that a Neighbourhood Plan could clarify the expectations of a community and what projects local people would like S106 and CIL money spent on. ST confirmed that it was worth exploring the Open Space element of S106 funding to see if any of it could be applied to elements of the seafront enhancement project.</p> <p><b>ACTION.</b> That Seaton Moridunum be included as an item on the next agenda.</p>	<p><b>Noted</b></p> <p><b>CL</b></p>
<b>8. Seaton Wetlands</b>	CP reported on recent progress on Seaton Wetlands. There was currently a period of	

	<p>consolidation at the Wetlands; development with the Stop Line Way and Seaton Jurassic being a big step forward. There was work was progressing on improving the interpretation side of the site as well as the event programme and income generation.</p> <p>CP reported that he was working on improving links with River Cottage. The Countryside Team would be undertaking enhancement works at Park Farm.</p>	
<b>9. Seaton Tramway Update</b>	<p>JN gave an update on Seaton Tramway. The construction of a new terminus was moving forward. This year had been another very successful one for the Tramway and there had been a successful marketing campaign held for this month's Polar Express trams.</p> <p>RC confirmed that a meeting would be happening in December for the Council and Tramway to discuss the new terminus plans.</p>	
<b>10. Work of Town Development Team</b>	<p>In KF's absence, due to her having to leave the meeting early to attend another meeting, the Marketing &amp; Events Report for Autumn 2015 was noted. PB reported that the Christmas lights would be officially switched on at 4.00pm on Thursday.</p>	<b>Noted</b>
<b>11. Town Signage</b>	<p>HS reported that there had been a meeting with DCC regarding brown signs in the town and this issue was progressing. The intention was to set up a meeting involving a smaller number of people to discuss signage in the town itself.</p> <p>Board members again discussed the issue of a sign at Axminster Station for Seaton. It was considered that this was an issue that should be pursued by Seaton Town Council. Sally King at Seaton Jurassic had recently been in contact with South West Trains</p> <p><b>ACTION</b> CP agreed to lead on setting up a meeting to discuss this issue.</p>	<p><b>Noted</b></p> <p><b>CP</b></p>
<b>12. Seaton Seafront Enhancement and Consultation</b>	<p>HS reported that public consultation had been held on the seafront enhancement in the library. The public as a whole found to be in support of the scheme and of pedestrianisation in particular. This would be discussed again at a future Seaton Town Council meeting. The next stage of the scheme would be to get costings and submit go for a planning application. Once planning permission had been obtained then the Town Council could proceed with funding applications.</p>	<b>Noted</b>

<p><b>13. Communications</b></p>	<p>The launch of Seaton Jurassic was the big event that needed publicising. <b>ACTION</b> RC speak to the Comms team about advertising Seaton Jurassic opening on the Council's website when the current communication on the changes to Recycling in East Devon had been completed.</p>	<p><b>Noted</b> <b>RC</b></p>
<p><b>14. Any other business</b></p>	<p><u>Seaton Heights</u> DS asked whether there was any further activity from Lyme Bay Leisure regarding development at the Seaton Heights. <b>ACTION</b> RC agreed to check with Ed Freeman and the planning team on this matter.</p> <p><u>Seaton Quay</u> EWF reported that the variation of conditions application had been approved and planning application for reserved matters would be made. He hoped that a funding stream for development had been secured and that a presentation could be made at the next meeting on the development.</p> <p>EWF requested that Seaton Town Council pursue an event at the Town Hall with various partners advertising the recent successes of Seaton Regeneration.</p> <p><u>Marshlands</u> HS reported that Seaton Town Council was purchasing Marshlands and were actively working with the police, Wetlands and the EDDC Economic Development Manager on this project.</p> <p><u>Playing Pitches</u> ST and CP reported that the District Council was actively investigating the provision of additional sports pitches within the town.</p>	<p><b>Noted</b> <b>RC</b></p>
<p><b>15. Date and time of next meetings</b></p>	<p>It was noted that the next meeting would be held on, Thursday. 24 March 2016, 23 June 2016, 22 September 2016, 8 December 2016 at 9.15am in the Enterprise Suite at Seaton Town Hall.</p>	<p><b>All</b></p>



# EAST DEVON DISTRICT COUNCIL

## Report of a Meeting of the Community Fund Panel held at Knowle, Sidmouth on 12 January 2016

**Present:** Councillors:  
Matthew Booth  
Paul Carter  
Matthew Coppel  
David Key  
Ian Thomas  
Douglas Hull

**Also present:** Jamie Buckley, Engagement and Funding Officer  
Chris Brain, CIPFA  
Donna Best, Principal Estates Surveyor  
Chris Lane, Democratic Services Officer

The meeting started at 9.30am and ended at 11.05am.

### 6 **Notes of Meeting held on 1 September 2015**

The notes of the meeting held on 1 September 2015 were accepted as a true record.

### 7 **Background papers**

The Community Building Funding Guidance Notes and application form had been included with the agenda papers. Each year EDDC allocated a sum of money to be given in grants for community buildings in villages. The scheme used to be administered by the Community Council of Devon but was now administered by EDDC.

### 8 **Consideration of applications received.**

The Engagement and Funding Officer had applied the Community Council of Devon scoring system for guidance and to help summarise the background details of the applications.

The Panel was asked to consider:

- The importance of the project
- Whether match funding arrangements were in place
- What the works would mean for the hall/community shop and its users
- The current stage of the project
- Whether three quotations had been submitted as part of the application and, if not, the reasons given.

Members of the Panel were advised that there was sufficient funds available to cover both of the requests for funding made at the meeting. If this amount was not spent on suitable projects then it would be subsumed into the Council's General Fund.

### 8 **Consideration of applications received**

a) Applications recommended for approval	EDDC recommended contribution
--	-------------------------------

Awliscombe Parish Hall – Refurbishment of village hall kitchen.	<b>£5,000</b>
Kilmington Village Hall - replace posts carrying the roof in the upper Committee Room and replacement windows.	<b>£5,000</b> The Panel were concerned about the level of maintenance for the building as, given the age of the building, they would not have expected the roof supports to have rotted in such a short time. They wished to have any repairs regularly checked to ensure that further damage did not occur.

Members sought clarification on the guidelines and boundaries for the inclusion in the Community buildings Scheme of some rural halls within Town Council boundaries, such as West Hill and Tipton St John and the exclusion of other public halls in Town Council boundaries, such as Millwey Rise.

Members asked that Jamie Buckley find out if the Community buildings Fund would be running again in the next financial year. If it was to run again then Members requested a meeting he set up to clarify and discuss the criteria of the fund.

Members also asked that relevant Ward Members be asked to send in their comments on all future community buildings Fund applications so this could be part of the Panel's consideration of the applications.

## 9 **Sports and Activity Club Grants Scheme**

Members of the Panel received a presentation from Chris Brain from CIPFA Property regarding details of the Community Fund Panel dealing with applications for Rent Support Grant, following the staggered removal of all rent subsidies for tenants of EDDC facilities when their lease came up for renewal. It was hoped to be able to ask those clubs whose leases were up for renewal to apply for the funding by 28 February 2016.

During discussions the following points were raised:

- importance of notifying Ward Members of clubs affected by removal of rent subsidies of these proposals;
- that the Panel be sent a list of clubs that would be affected;
- the Panel should not have to spend a lot of time before meetings evaluating applications below a certain financial threshold

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a joint meeting of the Overview and Scrutiny Committees held at Knowle, Sidmouth on 13 January 2016**

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

The meeting started at 9am and ended at 12.33pm.

**\*15 Election of Chairman**

Councillor Peter Bowden was elected Chairman of the joint meeting.

**\*16 Appointment of Vice Chairman**

Councillor Roger Giles was appointed Vice Chairman of the joint Committee.

**\*17 Public speaking**

There were no public speakers.

**\*18 Declarations of Interest**

Cllr Jill Elson – Min no. 20

Personal interest

Reason: Member of Exmouth and District Community Transport

Cllr Graham Godbeer - Min no. 20

Personal interest

Reason: Chairman of AONB; Member of Axminster Town Council.

Cllr Alan Dent – Minute no. 20

Personal interest

Reason: Member of Exmouth and District Community Transport

Cllr Cherry Nicholas – Min no.20

Personal interest

Reason: Member of Exmouth and District Community Transport

Cllr Peter Bowden – Min no. 20

Personal interest

Reason: Dispensation obtained to discuss flooding issues

Cllr Matt Booth – Min no. 20

Personal interest

Reason: Director Sidmouth Drill Hall Hub Community Interest Company

**\*19 Exclusion of the public**

**RESOLVED:**

that the classification given to the documents to be submitted to the Cabinet be confirmed; there were no items which officers recommended should be dealt with in Part B.

## **20 Draft Revenue and Capital Budgets 2016/17**

The Chief Executive and the Strategic Lead for Finance set the scene for the committees, illustrating the presented balanced budget which included a council tax increase of 1.99%. The committees were asked to bear in mind the impact that the future Recycling and Refuse contract would have on the council's finances, in terms of actual savings delivered. With this in mind, the committees were asked to consider alongside the draft budgets, special item bids.

The Housing Revenue Account was also in a good position and would be considered by the Housing Review Board for recommendation to Council.

The following special item bids were presented to the committee, debated and recommended:

### **1. Exmouth Beach Management Plan at £50k**

The plan was already in place and endorsed by the Overview Committee; the bid was clarified as covering improved monitoring of the site and works to help maintain coastal defence assets as a one-off cost for that financial year. There was a mixed response from Members as to the merits of the plan and what work should take priority for the site; overall the bid was recommended by the committees to be included in the budget for 2016/17.

### **2. Seaton Beach Management Plan at £50k**

This bid was to work towards and create a beach management plan, which, when in place, enabled the council to bid for money from DEFRA for works to the beach. The bid would cover the cost of technical advice and research that the council does not have in-house. The Vice Chairman commented on the need to invest in this now in order to bring more funding to the project in the future. The committees agreed to recommend inclusion in the budget.

### **3. Seaton East of West Walk gabions at £5k**

Original gabion baskets had been destroyed in the storms of 2014, and needed replacement to maintain coastal defence and before on starting on the production of the beach management plan. The committees agreed to recommend inclusion in the budget.

### **4. Trimble GEO 7X asset surveying tool at £8k**

The committees agreed to recommend inclusion in the budget.

### **5. Exmouth Orcombe Point steps at £5k**

The committees agreed to recommend inclusion in the budget.

### **6. Annis's Knob Beer Cliff works at £15k**

An outline of the issues at this location was given to the committee. The bid included improved monitoring and installation of arrest fencing part-way up the cliff to help mitigate impact should the cliff collapse. The committees agreed to recommend inclusion in the budget.

## **7. Sidford Rugby Club rabbit fencing works at £4k**

Funding had already been committed against the works required by the rugby club on council owned land. The installation of rabbit proof fencing was considered the most expedient way of dealing with the problem following the success of installation at other grounds. The committees agreed to recommend inclusion in the budget.

## **8. Recycling and Refuse assuming new scheme roll out to mirror success of trial experience at £172k**

This bid would only apply if the new Recycling and Waste Collection contract option chosen matches the trial method recently tested. The committee were reminded of the success of the recent trial at Feniton and the Colony Exmouth, due to a combination of communications, branding, staff in the area of the trials and contribution from the current contractor. The committees agreed to recommend inclusion in the budget.

## **9. On site building manager at Younghayes Centre at £10k**

The site at Cranbrook required an on-site presence outside of normal office hours, both for security of the site and to manage the cleanliness of the building and its facilities. It was hoped that in the future this resource would be funded by the Town Council if they agreed to take that on. The committees agreed to recommend inclusion in the budget.

## **10. Regeneration & Economic Development – request for 3 additional staff (Development Surveyor, Research & Funding Officer and Senior Economic Development Officer. In addition extension to temporary contracts and additional hours. Also a request for initial budget of £150,000 to buy in additional skills (Total bid £288K).**

Whilst there was a strong support for the bid to help progress the economic status of the District, some councillors argued that the total bid figure was high and would impact greatly on the draft budget. The committees were also advised to bear in mind the impact of the new recycling and refuse contract in terms of what may be delivered in savings from that contract, currently only predicted. Advice was given that the committees may wish for further debate on the requirements of the service after that contract was in place and other key financial risks and uncertainties listed in the budget report were more certain.

The committees discussed what other factors influenced the economic status of the district and individual settlements, other than the input from the economic development service. How planning applications for industrial sites were handled was another factor that the Council could examine in order to help facilitate the growth of business. Members discussed phased options to start to bring in additional resource to the service to allow some service improvements to take place, such as the preparation of bids for external funding. Additional discussion could then take place on further enhancing the service once other outcomes, such as the recycling and refuse contract, and the enterprise zone status, were known.

With differing opinions, the committees undertook separate recommendations on this special item bid.

### **11. Gov Delivery - multi media messaging system at £9k**

Following a suggestion by the Vice Chairman of Overview, the committees agreed to recommend the project be funded from the transformation budget.

### **12. Implications of National Living Wage – implementation of grade differentials and implications with apprentices at £18k**

The proposal was explained to cover some savings at the national minimum wage level but to increase the level at the scale 2 point of the pay scale by one increment to help the differential between that and the lower level. The committees agreed to recommend inclusion in the budget.

### **13. Additional one FTE recourse in the tree service at £27k**

Previous work both in a systems thinking review of the service, and an extensive Task and Finish Forum on the evaluation and protection of trees, had produced a number of policy aspects that now needed implementation. The aspirations of the TaFF, supported by the Cabinet and Council, could not be achieved without additional resource. The committees agreed to recommend inclusion in the budget.

### **Capital Budget**

The Capital budget was outlined to the committees as in a healthy position, with the caveat that the position may shift depending on any change in decision nationally on the new homes bonus.

### **Service Plans**

Questions were put by the committee on some aspects of the draft service plans presented. In respect of the Finance service plans, some performance monitoring indicators were now deemed no longer necessary to report to the Scrutiny Committee because service changes had now been put in place and established over a long period that they were no longer required. The Scrutiny committee retained the right to call to committee any service aspect that they felt needed investigation if required.

An amendment to the period of reporting relating to performance management indicators for the Growth Point service plan was requested, as it was felt that reporting “as required” left the option vulnerable to infrequent reporting. The committees were advised that the work of that team was on a project basis, so specified frequency for reporting was not always relevant, and the team regularly report progress on projects to the Growth Board.

### **Council Tax level**

The committees also discussed the options on increasing the level of Council Tax, anywhere between 0% and the £5 (equivalent to a rise of 4.1%) limit imposed. Concern was expressed on recommending the maximum increase in light of no increase in council tax over the past five years. Any increase in council tax level would not provide “reserves” but enable a smaller draw on the funding from the new homes bonus. Members would be in a position to debate the level further at full Council in February, when the position over a preferred contractor for the recycling and refuse contract would be known.

**RECOMMENDED by both the Overview Committee and Scrutiny Committee**

1. That the Council increases the Council Tax for 2016/17 by £5 per year (equivalent to 4.1%);
2. That the draft revenue budget be recommended to Council with the following inclusion of special item bids:
  - a. Exmouth Beach Management Plan at £50k
  - b. Seaton Beach Management Plan at £50k
  - c. Seaton East of West Walk gabions at £5k
  - d. Trimble GEO 7X asset surveying tool at £8k
  - e. Exmouth Orcombe Point steps at £5k
  - f. Annis's Knob Beer Cliff works at £15k
  - g. Sidford Rugby Club rabbit fencing works at £4k
  - h. Recycling and Refuse assuming new scheme roll out to mirror success of trial experience at £172k
  - i. On site building manager at Younghayes Centre at £10k
  - j. Implications of National Living Wage – implementation of grade differentials and implications with apprentices at £18k
  - k. Additional one FTE recourse in the tree service at £27k
3. That the special item bid for the Gov Delivery - multi media messaging system at £9k e funded from the transformation budget.
4. That the service plans be recommended to Council with the following amendment with a minor amendment to reporting of two performance indicators within the Growth Point Team service plan;
5. That the draft Capital budget be recommended to Council

**RECOMMENDED by the Overview Committee**

That the additional post of Research and Funding Officer, at £29,588 per annum plus 25% on cost, be made to the Regeneration and Economic Development service, and the remaining elements of the bid with additional staff and purchase of additional skills for the service be further debated by Cabinet

**RECOMMENDED by the Scrutiny Committee**

That the proposal of three additional staff and purchase of additional skills for the Regeneration and Economic Development service be debated further by Cabinet

**Attendance list**

**Overview Committee members present:**

Peter Bowden  
Graham Godbeer  
Ian Hall  
Rob Longhurst  
Peter Faithfull  
Matt Booth  
John Humphreys

**Scrutiny Committee members present:**

Roger Giles  
Alan Dent

David Chapman  
Simon Grundy  
Maddy Chapman  
Cherry Nicholas  
Dean Barrow

**Other Members present:**

Jill Elson  
Tom Wright  
John Dyson  
Geoff Jung  
Ben Ingham  
Megan Armstrong  
Ian Thomas  
Andrew Moulding  
Phil Twiss  
Paul Diviani  
Mike Howe  
Pauline Stott  
Phil Skinner  
Brian Bailey  
Helen Parr

**Officers present:**

Henry Gordon Lennox, Strategic Lead Legal Licensing & Democratic Services and Monitoring Officer  
Simon Davey, Strategic Lead Finance  
John Golding, Strategic Lead Housing and Environment  
Andrew Hancock, Service Lead Streetscene  
Karen Jenkins, Strategic Lead Organisational Development and Transformation  
Laurelie Gifford, Financial Services Manager  
Charlie Plowden, Service Lead Countryside and Leisure  
Mark Williams, Chief Executive  
Debbie Meakin, Democratic Services Officer

**Committee Members apologies:**

**Overview**

Maria Hale  
Mike Allen  
Christopher Pepper

**Scrutiny**

Marcus Hartnell  
Brenda Taylor  
Marianne Rixson  
Cathy Gardner



Alison Greenhalgh  
Bill Nash  
Val Ranger

**Other Member apologies:**

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

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a Meeting of the Housing Review Board held at Knowle, Sidmouth on 14 January 2016**

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

The meeting started at 2.30pm and ended at 4.52pm.

#### **\*49 Public Speaking**

Councillor Pauline Stott, Chairman of the Board welcomed all those present and invited everyone to introduce themselves. Councillor Douglas Hull asked whether there would be any effect on East Devon District Council resulting from the Government's recent announcement that they would be demolishing some council estates and rebuilding them. The Strategic Lead – Housing, Health and Environment replied that he thought it was unlikely that EDDC would have any involvement in this.

#### **\*50 Minutes**

The minutes of the Housing Review Board meeting held on 5 November 2015 were confirmed and signed as a true record.

#### **\*51 Declarations of Interest**

Mike Berridge: Personal interest - family member lives in a Council owned property; housing tenant.

Julie Bingham: Personal interest – employee of Devon and Cornwall Housing.

Joyce Ebborn: Personal interest - housing tenant

Cllr Steve Gazzard: Personal interest – housing tenant

Cllr Ian Hall: Personal interest – family member lives in a Council owned property and uses Home Safeguard

Sylvia Martin: Personal interest – housing tenant.

Harry Roberts: Personal interest – housing tenant.

Pat Rous: Personal interest - housing tenant.

#### **\*52 Matters of urgency**

There were no matters of urgency identified.

#### **53 Energy South West initiative**

The Board received a presentation from Neil Biddicombe and Thomas Storey from Advantage South West (ASW) on the Energy South West scheme, how the project had been developed and what the advantages would be for tenants and the organisation.

ASW have recognised that fuel poverty is a major issue for social housing tenants and have been keen to work with members to look at this and wider issues. As a result ASW teamed up with the energy supplier OVO and have formed the initiative Energy South West. The presentation outlined the benefits to tenants of switching to Energy South West as their main supplier. The main benefits of the scheme included:

- A 'local' tariff that would be consistently low and available to non internet users,
- Excellent customer service,
- No tie-ins,
- Access to Warm Homes Discount
- Smart Meters as an option

The Board were asked to support the project so that the Council could promote the benefits of the scheme to tenants.

The project also included the switching of energy supplies in void properties to OVO (this was currently undertaken by British Gas). The Property and Asset Manager reported that this would be considered at a future point following the initial launch of the void service, reflecting on the experiences of other housing providers. The current arrangement with British Gas worked well, but it was important to consider reputational factors of setting tenants up on a tariff that showed lower levels of customer service and having a more expensive option than rival energy suppliers.

**RECOMMENDED:**

1. that the project be supported and encouraged and the benefits of the scheme be advertised to tenants.
2. that consideration of the transfer of the management of void properties to Energy South West be deferred until after the pilot has taken place and the results are available for the Board.

**54 Start time of Housing Review Board meetings**

The start time of HRB meetings was changed from 6pm to 2:30pm in May 2015 for a trial period. Board members were asked to decide whether they wished the meetings to commence at 2:30pm, 4pm, or 6pm. A ballot of Board members was undertaken to determine the most popular option.

**RECOMMENDED:** that the Housing Review Board meetings start at 2:30pm for the 2016/17 civic year.

**\*55 Forward Plan**

The Strategic Lead, Housing, Health and Environment presented the forward plan and advised Members that the forward plan would act 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 himself or the Democratic Services Officer.

**RESOLVED:**

1. that the forward plan be noted
2. that a Task and Finish Forum be established to consider the 30 year Housing Revenue Account Business Plan. Membership of the TaFF would include Councillor Stott, Pat Rous, Christine Drew, Councillor Douglas Hull, Harry Roberts and Mike Berridge.

**56 Draft Housing Revenue Account budget 2016/17**

The Strategic Lead – Housing, Health and Environment's report provided the Housing Review Board with details of the draft Housing Revenue Account for 2016/17. This account showed the main areas of anticipated income and expenditure on landlord activities for the year ahead. Producing a Housing Revenue Account was a statutory requirement for Councils who managed and owned their housing stock, and therefore a key document for the Board to influence.

2012/13 saw the major reform to social housing finance and a move to self-financing, which involved the Council taking on debt rather than paying a subsidy to government from tenants' rents. As a result, a healthy HRA balance was showing going into the new financial year. The budget had been produced in accordance with Housing Revenue Account Business Plan assumptions.

The Council had a timetable for the production of its budgets for 2016/17, which involved the development of draft estimates and scrutiny by various member and officer groups. This report presented an opportunity for the Housing Review Board to input into this process.

Members raised various issues including:

- the door replacement programme,
- estate inspections and tenant involvement,
- garage rents,
- retention of Right to Buy receipts and the struggle to match fund receipts,
- tenant participation grant,
- potential housing development at Axminster,
- legionella testing,
- road repairs and off street parking,
- damp proofing and damp penetration to properties.

**RECOMMENDED:** that the 2016/17 Housing Revenue Account be approved.

**57 Draft Housing Service Plan 2016/17**

The Strategic Lead – Housing, Health & Environment’s report presented the draft Service Plan for the Housing Service covering the period 2016-2017. The Service Plan was produced annually and sets out the key achievements over the past year and the forthcoming issues to be faced by the Service. A range of Service improvements were identified, performance data reported, consultation proposals outlined, budget information provided, and so on.

The Service Plan was presented in draft form for the Board’s consideration.

**RECOMMENDED:** that the Housing Service Plan for 2016-17 be approved.

**58 Asbestos policy update**

The Property and Asset Manager’s report outlined the progress that had been made in relation to the management of asbestos within the housing stock.

In November 2014 members agreed the revised asbestos policy and procedures. This document would be reviewed on an annual basis in order to reflect good practice and consider any changes in legislation. In November 2015 members agreed to a 2 year programme to capture all remaining management surveys across the Council’s housing stock. This information would then update the Asbestos Register, which the Council was required to hold to ensure it had up to date information in relation to where asbestos was present across the housing stock.

**RECOMMENDED:** that the revised Asbestos Management Plan and procedures applicable to Council homes be approved.

**59 Repair timescales**

The Property and Asset Manager’s report asked the Board to consider the success of a pilot project which introduced changes to the housing repairs priority timescales and appointment system. The changes were made in line with the Systems Thinking approach to service delivery with the following purpose ‘to do the right repair at the right time, get it right first time, and stay fixed’.

Previously, when a tenant reported a repair, a works order was issued with a timescale for completion and then the contractor contacted the tenant to arrange an appointment within that deadline. Five timescales were used.

Following approval to trial a new way of operating (doing what matters for the customers) the timescales had been changed to offer just two repair timescale options;

a. Emergency priority (E) – contractor on site within 2 hours and work complete or made safe within 4 hours.

b. Routine priority – all repairs other than (E) priority. The day/time to be agreed between the tenant and the contractor. The repair should be completed within 30 days. This offered tenants more flexibility and control around appointment times, simplified the process and reduced costs.

The Property and Asset Manager reported that although satisfaction levels were high there were a couple of areas to improve upon. Further efficiencies could be found, but overall tenants and contractors were happy with the arrangements.

Councillor Hall thanked the Property and Asset Manager for her report and gave an example of excellent repairs service, which had been received on Boxing Day.

**RECOMMENDED:** that following the completion of the pilot project changes be implemented to priority repairs timescales to improve the system further.

#### **60 Extension to handy person scheme**

The Board received a report from the Property and Asset Manager in November 2015 on the success of the first two months of the trial handy person scheme and agreed to extend the trial across the whole district. The trial scheme was currently open to all tenants in sheltered accommodation, all tenants over 70 years of age or with a disability, and all tenants on the individual garden maintenance scheme.

The pilot scheme was being carefully monitored with tenant feedback and how it was helping people to stay in their homes, as well as being evaluated for financial viability. A further £50,000 was requested for a six month extension to the scheme, which would allow the housing service to fully assess the uptake of the scheme by tenants.

A further report would be brought to the Board with proposals on how to progress the handy person scheme, following a careful review of the trial.

**RECOMMENDED:** that the handy person scheme be extended for a further six months until the end of August 2016.

#### **61 Garage review**

The Housing Project Officer's report provided the Board with an update on progress on the agreed actions following the Garage Task and Finish Forum, and recommendations for further action to be taken.

Progress, albeit slowly, had been made on the sites identified with development potential following the last report to the Board in September 2013. Officers would continue to work up schemes on sites with development potential. However, there was a need to be mindful following the announcement of rent reductions of the cost of doing this, where funding would come from to build these schemes, and the level of housing need in the areas concerned.

The report recommended that a number of rural garage sites be sold. In areas where little or no income was being generated by the garages and repairs were not being carried out, if they continued to be left the garages would deteriorate further and lose value. The Council would be taking a more pro-active approach to trying to let some of the vacant garages. However, in some cases the poor state of repair to the garages prevented the garages being let at the current rent levels.

Councillor Douglas Hull made a specific request for the garage site at Prestor, Axminster to be evaluated and suggested alternative uses for the land.

**RECOMMENDED:** that the disposal of three rural garage sites at Bakers Mead, Shute, Plymtree and Luppitt be agreed.

**RESOLVED:** that the progress made to date be noted.

## 62 Pets policy and leaflet

The report of the Tenant and Communities Manager sought approval for the new pet policy and pet leaflet, which was in accordance with the Council's new tenancy agreement. The policy:

- defined the meaning of a 'pet',
- set out what was expected from tenants,
- gave details about running a pet related business from a council property,
- covered the burying of pets,
- explained how the Council would deal with complaints about pets,
- explained that there were a few properties that were deemed unsuitable for pets,
- gave the addresses of other helpful agencies.

**RECOMMENDED:** that the pet policy and draft pet leaflet be agreed.

## 63 Budget monitoring report

The Board was presented with a summary of the overall financial position on the Housing Revenue Account, HRA Capital Programme and the Business Plan for 2015/16 at the end of month eight (November 2015).

Regular monitoring was intended to highlight any areas of concern or unforeseen expenditure in the HRA and associated capital programme, enabling corrective action to be taken as required. Any variances would be reflected in the Business Plan.

Current monitoring indicated that:

- The Housing Revenue Account Balance would be maintained at or above the adopted level.
- The position on the HRA Business Plan remained healthy.

The Housing Accountant reported that a few over and under spends had been identified but it was looking likely that the HRA would come in on budget. She warned that although previously the Council had been ahead of schedule spending Right to Buy receipts, time was now getting tighter and members needed to be aware of this. The Housing Enabling Officer explained that the Council had to more than match fund Right to Buy receipts by 70%. He would be reporting to Senior Management (SMT) on options to avoid handing back the 30% Right to Buy receipts (with interest) to Government.

The Strategic Lead – Housing, Health and Environment added that it was the Council's ambition to provide more housing but highlighted the issue of its ability to fund the 70% required. He added that it was important to build properties in areas where they would then be easily rented out. Any future developments must be self-financing and must not add to the HRA financing problem.

It was suggested that Overview Committee should review these strategic planning issues.

**RECOMMENDED:** that Overview Committee consider the strategic planning issues relating to how and where the Council should build future affordable housing.

**RESOLVED:** that the variances identified as part of the HRA revenue and capital monitoring process up to month eight be noted.

### **Attendance list**

#### **Present:**

Cllr Pauline Stott (Chairman)  
Cllr Megan Armstrong  
Cllr Ian Hall  
Cllr Douglas Hull

#### Co-opted tenant members:

Pat Rous (Vice Chairman)  
Mike Berridge  
Joyce Ebborn  
Harry Roberts

#### Independent community representatives:

Julie Bingham  
Christine Drew

#### Officers:

Sue Bewes, Landlord Services Manager  
Emma Charlton, Housing Projects Officer  
Mark Dale, Senior Technical Officer - Day to Day Repairs  
Amy Gilbert, Property and Asset Manager  
Mike Glendenning, Asbestos Surveyor  
John Golding, Strategic Lead - Housing, Health and Environment  
Paul Lowe, Housing Enabling Officer  
Andrew Mitchell, Housing Needs & Strategy Manager  
Giles Salter - Solicitor  
Alethea Thompson, Democratic Services Officer  
Melissa Wall, Housing Projects Officer  
Mandy White, Accountant

#### Also present:

Cllr Jill Elson, Portfolio Holder – Sustainable Homes and Communities  
Cllr David Barratt  
Cllr Steve Gazzard  
Sylvia Martin - Tenant Scrutiny Panel

Neil Biddiscombe – Procurement Manager, Advantage South West  
Thomas Storey – Resident Cost Manager, Advantage South West

**Apologies:**

Angela Bea - tenant  
Cllr Tom Wright

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



## **EAST DEVON DISTRICT COUNCIL**

# **Minutes of a meeting of the East Devon Recycling and Refuse Partnership Board, Committee Room, Knowle, on 20 January 2016**

### **Present**

#### **Councillors:**

Ian Chubb – Portfolio Holder, Environment  
Simon Grundy  
Geoff Jung  
Geoff Pook  
John Dyson

#### **Officers:**

Lorna Christo – Waste Management Officer, EDDC  
David Feltham - Senior Waste Management Officer, EDDC  
Cherise Foster – Customer Services Manager EDDC  
John Golding – Strategic Lead, Housing, Health and Environment, EDDC  
Andrew Hancock - Service Lead – StreetScene EDDC  
Steve Joyce – Waste Management Officer EDDC  
Paul McHenry – Recycling and Waste Contract Manager, EDDC  
Alison Stoneham – Acting Communications and Public Affairs Manager, EDDC  
Alethea Thompson – Democratic Services Officer, EDDC

#### **SITA:**

Dave Swire – Regional Manager SITA  
Andy Williams – Senior Contract Manager SITA

#### **Apologies:**

Councillor Steve Gazzard  
Nick Browning - General Manager Municipal SITA

The meeting started at 10.00am and ended at 12:42pm

#### **\*37 Minutes**

The minutes of the Recycling and Refuse Partnership Board meeting held on 23 October 2015 were confirmed and signed as a true record.

#### **\*38 Declarations of interest**

None

#### **\*39 Matters arising**

None

#### **\*40 Statistical information**

The Recycling and Waste Contract Manager reported that the statistical information indicated a reduction in missed refuse and recycling collections during December 2015. Overall there was a decline in the number of missed refuse collections, with an extremely low rate of 0.005% for missed collections.

It was reported that all the refuse and recycling vehicles now had tablets installed and all the information on these had been validated. The SITA Contract Manager explained that

the tablet system was bedding in and that the trend seemed to be for reporting data on the initially increase.

Following a query about properties with extra bins, the Waste Management Officer explained how these were checked through SITA. Stickers were placed on the bins of properties that were authorised to have additional receptacles, notifying the crews. Checks were also made on requests for larger 240 bins, and when the need may cease.

It was noted that a report on charging for replacement containers would be included on the next Board meeting agenda.

**RESOLVED:** that the report be noted.

**\*41 Review of Christmas and New Year collection arrangements**

The SITA Contract Manager presented the Board with a summary of the 2015 Christmas and New Year collections 'pull back and catch up' period. The presentation included:

- Planning
- Communication
- Supervision
- Actions
- Haulage/disposal
- New Feniton trial area
- The Colony trial area
- What worked/what didn't
- Experience and relationships
- Lessons learnt for next year

The main issues raised were that although the increase in collection tonnages were as anticipated in the Colony trial area, new Feniton produced an unexpectedly large increase in the tonnage of food waste collected. There had also been an incident which closed the M5 resulting in haulage contractor issues for transportation of paper for recycling. It was discussed that catch up days may need to be changed for future Christmas periods to cope with the increase in material collected.

Overall the SITA Contract Manager reported that it had been the best Christmas catch up period that he had experienced. The Customer Services Manager informed the Board that the arrangements had worked very well, allowing customer service staff a smooth return to work in the new year. Councillor Pook remarked how impressed he was and thanked the teams involved.

**\*42 SITA Senior Contract Manager update**

The SITA Contract Manager updated the Board on the action plan:

- Bring bank rationalisation was still being considered, but there would be no change until the new contract.
- Unfortunately a long term driver had passed away. Therefore one new driver was required to bring staffing to full allocation.
- Cloud 9 – 100% of the recycling and refuse rounds had been validated and were using the On Board computing/reporting system, with no issues to report.

The SITA Contract Manager reported that at the annual SUEZ conference the EDDC contract had received a Health and Safety award as the contract had reported no significant accidents or incidents the previous year.

The Chairman thanked the SITA Contract Manager for his report.

**RESOLVED:** that the performance report be noted.

**\*43 Sustainable waste service trial (Feniton & Exmouth) – update**

The Waste Management Officer reported that the trial had continued to go well over the Christmas holiday period. Overall the amount of recycling increased by 69% in the Colony and by 149% in new Feniton (113% increase in food). There had been a noticeable increase in every single material collected for recycling. SITA had worked extremely hard, with extended working hours, to collect all the recycling in the trial areas. There had been no noticeable increase in complaints in the trial areas regarding collections. However, it was noted that the areas had more litter than would normally be expected, which appeared to be from recyclable material. This was possibly caused by a lack of recycling capacity and the windy weather. There had been no reported incidents of fly tipping in the trial areas over the Christmas period.

Social media was used very effectively during the Christmas holidays. This was frequently updated and the Facebook and Twitter accounts were linked. Use of the East Devon App was also encouraged.

The Strategic Lead – Housing, Health and Environment expressed his appreciation for all the teams' hard work, especially over the Christmas catch up period. Excellent partnership working and customer service had been demonstrated.

On behalf of the Board the Chairman thanked the Waste Management Officer for his report and for all the teams involved in the Christmas catch up period and recycling trials.

**RESOLVED:**

1. that the sustainable waste service trial update be noted.
2. that thanks be given to all the various teams involved in the success of the trial so far.

**\*44 Devon County Council textile contract update**

The Senior Waste Management Officer gave the Board a verbal update on the Devon County Council (DCC) textile contract. Due to significant reductions in the textile market nationally the current contractor had struggled with its payments. DCC had issued a termination notice to the contractor and were currently dealing with a £50,000 performance bond. As a result EDDC had no textile contractor. SITA were storing 14 tonnes of textiles. There had been no collection since 2 December 2015. Textiles collection was a problem countrywide as there was very little value in the materials.

DCC were undertaking a new procurement exercise for the contract, with tenders due to be returned 22 January 2016, contract evaluation in February and an anticipated commencement date of 1 April 2016. They had indicated a 60/40 price/quality split for tender evaluation. DCC would centralise the payment and manage the contractor.

**RESOLVED:** that the report be noted.

**45 Otter Rotters update**

The Senior Waste Management Officer's report updated members on problems with poor communication and a lack of data being provided by Otter Rotters. The report also raised concerns regarding their safe working practices and asked the Board to consider how the Council's partnership with the organisation should proceed.

The Council had no legal obligation to provide a garden waste collection service. However, it had been working in partnership with Otter Rotters since 2009 and contributed £8/tonne to Otter Rotter's running costs. Working in partnership with Otter Rotters meant the Council had a duty of care regarding the safe working practices of the operation. It was unclear if the relevant safe systems of work and risk assessments were in place, particularly as volunteers were used and staff from vulnerable sectors of the community were employed, who may require individual assessments.

Having worked in partnership for some years and due to changes to how DCC issued recycling credits in 2010, Otter Rotters became a contractor of EDDC to ensure they could still apply for and receive this funding. EDDC's legal team was currently checking Council records to see if a contract or a partnership arrangement was still in place.

Despite numerous attempts at making contact, Otter Rotters was currently 9 months in arrears regarding reporting tonnages of waste being collected. EDDC and DCC both had a legal responsibility to accurately report all waste tonnages collected by or on their behalf to Government and attribute these to the correct period in which they were collected. The reporting process operated through the waste data flow system and was reported on a quarterly basis. Any claim by Otter Rotters would need to be agreed by the date shown in the schedule in order to feed into the reporting process.

SITA highlighted that Otter Rotters did not have a health and safety management system and that the use of appropriate personal protective equipment was not enforced. Otter Rotters had a duty of care towards its staff and volunteers and as a partner, so did EDDC. The Board were concerned about this and wished to seek assurance that the correct health and safety procedures were being followed.

It was suggested that Otter Rotters be written to and given a deadline of April 2016 in which to provide EDDC with the necessary figures or any future partnership would be ceased. In addition, it was felt that EDDC should consider alternative ways of providing a garden waste service. Although the Board supported the community organisation and would work with them where possible, there was a huge amount of administration going into chasing Otter Rotters. There was also a risk of inadequate health and safety practices being followed.

**RECOMMENDED:**

1. that an examination of Otter Rotters' health and safety working practices take place as a matter of urgency,
2. that further investigation of the legal status of the partnership with Otter Rotters is undertaken,
3. that officers meet again with Otter Rotters to explain the Council's concerns on the lack of auditable data provided by them,
4. that if Otter Rotters fail to provide the information required then consideration be given to the Council ceasing its support.

**\*46 Avoided disposal costs**

The Recycling and Waste Contract Manager updated the Board on avoided disposal costs. EDDC had been working with Exeter, Mid Devon and Teignbridge District Councils and had met with DCC on 9 December 2015 to encourage DCC to share any savings made through the reduction in costs due to a reduced amount of waste going to landfill. All the waste collection authorities in Devon attended the meeting and backed the proposal. The Councils had a body of evidence to show that through their recycling work waste had been diverted from incineration/landfill. A report would be presented to DCC's Cabinet in March 2016 by DCC's waste management team proposing a 50/50 split of savings between DCC and the local authorities. It was estimated that this could be worth approximately £70,000 per year to EDDC. It was acknowledged that there was no great incentive for DCC to share the savings and the Chairman suggested that he raise this at a DAWRRC (Devon Authorities Waste Reduction and Recycling Committee) meeting.

**RESOLVED:** that officers pursue avoided disposal costs with Devon County Council and report back to the Board following DCC's March Cabinet meeting.

**\*47 Communications plan**

Communications had been covered throughout the meeting. The Street Scene Service Lead requested that this remain an agenda item as the Board would need to consider and report on a communications plan for the new recycling and refuse collection contract.

On behalf of the Board the Chairman thanked the communications team for all their hard work.

**\*48 Exclusion of contractual partners due to the nature of the items which will include business plans and future contract arrangements**

The Council's contractual partners were asked to leave the meeting at this point as the Board wanted to discuss various commercially sensitive issues including business plans and future contract arrangements.

**\*49 Procurement of new recycling, waste collection and associated services contract**

The Recycling and Waste Contract Manager circulated a progress report at the meeting. He updated the Board on progress since the last meeting.

Best and Final Offers had been received from the companies. An evaluation of these would be presented in a report to Cabinet on 10 February 2016. The report would ask for Cabinet's approval on which of the four bidding lots to pursue, as well as a recommendation to award the contract. The Cabinet report would also request an extension of the current contract from two to three months due to the May bank holidays and subsequent catch up periods. Provided there were no legal challenge to the contract award, the new contract would begin on 1 July 2016.

On behalf of the Board the Chairman congratulated and thanked all the officers involved with the procurement of the new recycling, waste collection and associated services contract.

**RESOLVED:** that the progress report be noted.

**\*50 Date of next meeting**

**RESOLVED:** that future meetings of the Recycling and Refuse Partnership Board on the following dates:

- Wednesday 23 March 2016 – 10am
- Wednesday 27 April 2016 – 10am
- Wednesday 25 May 2016 – 10am
- Wednesday 22 June 2016 – 10am
- Wednesday 20 July 2016 – 10am
- Wednesday 7 September 2016 - 10am
- Wednesday 5 October 2016 – 10am
- Wednesday 9 November 2016 – 10am
- Wednesday 7 December 2016 – 10am

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

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release** None



**Agenda item:** 13

**Subject:** Recycling, waste collection and Associated Services contract.

**Purpose of report:** This report outlines the final stages of the procurement process in respect of our contract for recycling, waste collection and associated services, and invites Cabinet to select a contractor and a service delivery option (Lot) for the next 7+ years.

The report sets out the evaluation of Best and Final Offers, including the evaluation criteria used to score the submissions under a quality/price framework.

The report explains how the trials in Feniton and Exmouth (the Colony) have influenced the recommendations and demonstrated that an enhanced weekly kerbside recycling collection service combined with a three-weekly residual waste collection arrangement is viable for most households.

In conclusion the report makes a recommendation for an award of contract based on the Tender Evaluation Panel's scoring as set out in the report.

**Recommendation:**

- (1) Based on the evaluation of tenders for the Recycling, Waste Collection and Associated Services contract the Tender Evaluation Panel recommend the appointment of Bidder A to deliver and operate the services specified in the contract and tender documents, and**
- (2) The Tender Evaluation Panel are also recommending that we award the tender on the basis of Lot 3 (enhanced weekly kerbside recycling and a three-weekly residual collection service) for the reasons stated in the report, and**
- (3) Cabinet agree a three month extension to the current contract to enable the contract to commence in July 2016, giving an appropriate mobilisation timeframe, with a corresponding extension of the depot lease, and**
- (4) Delegated authority be given to the Strategic Lead (Housing Health and Environment) and Strategic Lead (Legal, Licensing and Democratic Services) to negotiate and complete the contract and depot lease extensions and also the new waste contract.**

**Reason for recommendation:** To select a suitable contractor for the collection of recycling, waste and associated services for the period 2016 – 2023, with the possibility of a further three years extension of contract.

**Officer:** John Golding Strategic Lead – Housing, Health & Environment.  
[jgolding@eastdevon.gov.uk](mailto:jgolding@eastdevon.gov.uk) ext: 2364

**Financial implications:**

Finance has been involved throughout the process of this tender and evaluation. External expertise (Capita) was used to determine the most appropriate way of financing the capital needed to deliver the asset requirements of the bids, this being for the Council to finance the capital requirements direct. These capital costs have been included in the evaluation and figures presented in the report. The recommended Lot being proposed in the report does give a saving to the Council in the order of £0.265m along with providing an enhanced recycling service. The draft budget however assumed a saving of £0.400m in line with our Transformation Strategy thereby giving us a shortfall of £0.135m in our budget proposals should members wish to adopt the recommended option. This issue is dealt with the Revenue and Capital Estimates Report 2016/17 contained on this agenda on the assumption that members adopt the recommendation.

**Legal implications:**

This procurement exercise has been rigorously carried out to ensure compliance with EU procurement requirements. While the Council has made it clear that it is not obliged to accept the lowest tender (i.e. the cheapest) or any tender, we have stated that the contract will be awarded to the bidder who has the best overall score (calculated in accordance with the published evaluation criteria) and so we must adhere to this requirement. Essentially this means that whichever Lot is awarded it must be to the best scoring bidder for that Lot. Ultimately it is for Cabinet to determine which Lot to award but if a particular Lot is chosen then, on the basis of the confirmed scoring outcomes, this must be to Bidder A. The alternative is to decide not to award the contract and tender the contract again. However, given the amount of time, cost and effort that has gone in to the process this is not recommended. More importantly such action would require a significant extension to the existing contract which is highly likely to fall foul of EU procurement requirements and leave us susceptible to challenge. The draft contract is fairly well advanced but further work will be required on this and the Legal department, together with our external lawyers, will ensure that a robust contract is completed if the decision is to award one of the Lots. The legal implications in respect of a three month (as opposed to two month) contract extension are the same as previously advised in 9<sup>th</sup> September 2015 report.

**Equalities impact:**

Low Impact

The new contract provides for enhanced kerbside recycling of cardboard and mixed plastics recycling, providing an improved service to all households across the District if one of these Lots is selected. The continuation of the existing contract for a brief period of extension will not impact on householders negatively. The contract maintains a comprehensive assisted collection and bulky waste process for households requiring the service.

**Risk:**

Medium Risk

The intention to introduce additional recycling services for cardboard and mixed plastics is included within Council service pledges to coincide with a new recycling and waste collection contract in 2016, therefore there may be reputational risk to the authority if an improved service is not introduced. Equally roll out of any new service needs to be carefully mobilised to deliver it effectively to residents.



The form of service must be suitable for all service users, to encourage community participation and high tonnage yields.  
We have assumed a level of avoided disposal cost sharing and introduced an arrangement where we capital fund the vehicle fleet, which introduces some new risks to be managed.

## **Links to background information:**

**Link to Council Plan:** Living in this outstanding place.

### **1. Background**

- 1.1 I have reported to Cabinet at several stages of our commissioning and procurement journey towards appointing a contractor for the delivery of our recycling and waste collection and associated services contract. The new contract was originally intended to commence in April 2016, but this date was deferred by Cabinet's decision in September and was put back to June 2016 to allow sufficient time to accurately analyse bidders submissions and opportunities for the capital financing of vehicle fleet whilst maintaining the appropriate mobilisation timeframe for the new contract. The new contract will be for a seven year period, plus an opportunity to extend the contract in annual increments for up to three additional years. Associated services in this context includes bulky refuse collections; container delivery and collection; emptying of dog bins and specified litter bins; emptying of Bring Banks; clinical waste collections; and the option for Absorbent Hygiene Products (AHP) collections of nappies and incontinence products.
- 1.2 My report to the 9th September Cabinet meeting updated Members on the procurement timetable and progress with the enhanced recycling trials.
- 1.3 We reported in detail on the evaluation of the recycling trials in Feniton and The Colony, Exmouth on 10<sup>th</sup> December 2015 to a joint Overview and Scrutiny Committee and on to Cabinet on 6<sup>th</sup> January 2016, and concluded that the trials had been a complete success, demonstrating that with an enhanced weekly kerbside recycling collection most households can manage with a three-weekly residual waste collection service.
- 1.4 Since my September report to Cabinet we have completed the Invitation to Submit Detailed Solutions (ISDS) stage of the procurement, thereby completing the competitive dialogue with Bidders, and finalised our service requirements just prior to the Best and Final Offer (BAFO) stage.
- 1.5 At the BAFO stage we issued a detailed service specification, including a performance framework and partnership charter; Bills of Quantities; draft Conditions of Contract; draft depot lease; and outlined our intended arrangements for capital financing the fleet of vehicles required for collection services.
- 1.6 At an early stage in the process we published our Tender Evaluation Criteria, which was refined at BAFO stage. As agreed with the Recycling and Refuse Partnership Board as part of the commissioning discussion we set the criteria weighted as 60% Price/40% Quality. The evaluation criteria explains to Bidders exactly how we will assess their tender submissions.
- 1.7 We had initially asked Bidders to price 8 Lots (service delivery options) at ISOS and ISDS. To enable us to get a more accurate solution and better pricing information we reduced this to 4 Lots at BAFO stage concentrating on a service that is:

- The current service or 'as is' (**Lot 1**);

- The current service 'as is' with the inclusion of weekly kerbside recycling of cardboard and mixed plastics (**Lot 2**);
- The current recycling offer plus kerbside recycling of cardboard and mixed plastics with three-weekly residual collections mainly from 180 litre bins, and a separate Absorbent Hygiene Products (AHP) collection from some households (**Lot 3**);
- The current recycling offer plus kerbside recycling of cardboard and mixed plastics with four-weekly residual collections mainly from 240 litre wheeled bins and a separate AHP collection from some households (**Lot 4**).

1.8 We appointed Bevan Brittan lawyers to draft the service contract, which was sent out to Bidders at BAFO stage to provide an indication of how we expect to see contract conditions framed. There are a number of areas open for conclusion following the award of contract, but the inclusion of the draft contract allowed Bidders to price with some certainty.

1.9 We invited the three Bidders to submit 33 Method Statements describing how they would deliver the services set out in our service specification and draft contract. The Method Statements for the successful Bidder will form part of the contract and a Service Delivery Plan following contract award. The Method Statements cover the following topics:

- Management/organisational structure
- Client/contractor partnership working
- On-going efficiency savings and sharing of revenues
- Environmental and quality management performance
- Equality and diversity
- Client care, authority complaints and rectification
- Corporate health, safety and welfare
- Human Resources
- Collection methodology [including non-standard properties]
- Scheduling and route planning
- Container delivery and returns
- Avoiding/rectifying missed collections
- Litter avoidance
- Dealing with restricted access
- Handling of materials during sorting, bulking and transfer
- Dealing with contamination
- Assisted collections
- Depot operations
- Maintenance of fleet, including collection vehicles and depot equipment
- Marketing of materials, security of outlets and end use
- Mobilisation of resources on contract commencement
- Roll-out of services including during periods of service change
- Service delivery; customer health and safety
- Self monitoring
- Communication
- Data handling and transfer
- Seasonal collection adjustments [for holiday periods such as Christmas]
- Suggested KPI's to measure contract performance
- Business continuity and contingency
- Added value
- Community partnership working
- Information – intention to sub contract work contained within the contract
- Systems thinking flow maps/analysis of main demand processes.

1.10 We have been using the Due North ProContract procurement portal for this EU compliant exercise and posted the BAFO documents on the system on 16th November 2015 for

completion and an initial return dated of 30 November 2015. Tenders were returned on 17th December 2015 after the Council allowed some additional time from the published timetable following an extension request from Bidders. All three submissions were received from the shortlisted Bidders within the deadline. A period of clarification followed where the Evaluation Panel were able to question Bidders on aspects of their bid that were unclear. Since then the officer Tender Evaluation Panel have had a period for clarification, reading and scoring the detailed submissions.

- 1.11 It is worth a reminder that this contract is the Council's highest value contract that is worth circa. £30 million over seven years, and finances a service that touches all residents every week. For this reason and to comply with Contract Standing Orders and EU procurement rules, we have put considerable effort into tender evaluation using strict evaluation criteria, operational experience, and Procurement, Legal and Finance support throughout the process.

## 2 Tender Evaluation

### *Bidder analysis*

- 2.1 The process of tender evaluation was based on the published evaluation criteria. As previously stated the criteria allowed for an evaluation model based on 60% price and 40% quality. The evaluation criteria published in the Best and Final Offer document has been reproduced in **annex 1** and the Tender Evaluation Panel followed these strictly in order to recommend a preferred Bidder to you. Final quality and price evaluations were overseen by the Council's Monitoring Officer to ensure equity and consistency in the process.
- 2.2 For information, the Bills of Quantities are the pricing template that we required all Bidders to complete. These are complex spreadsheets with pricing of the different Lots split down to show revenue costs, capital costs, one off costs, etc. An annualised cost of service is then used in the final scoring matrix.
- 2.3 At the time of publication of this report the Bidder's price submissions remain confidential, although they will be presented at the Cabinet meeting. So Table 1 (Bidder Analysis) in **annex 2** (provided as Part B papers) shows the annualised price for each Bidder, anonymised following the tender evaluation exercise.
- 2.4 Throughout the evaluation process we had regard to our Systems Thinking purpose – Collect when you say you will, and leave my environment clean, and help me recycle more. Bidders carefully incorporated this high level purpose into their submissions and focused on the things that matter to our customers.
- 2.5 Table 2 below shows the annualised price and quality scores calculated in accordance with the evaluation criteria for each Bidder, and how those combine to give a final score for each Lot.

Table 2

Scoring Analysis			
Scoring marked out of 100% split 40% Method Statements and 60% Financial Submission	Bidder A	Bidder B	Bidder C
<b>LOT 1</b>	%	%	%
Method Statement Scoring	40.00	38.31	35.22
Financial Submission Scoring	60.00	52.26	55.52
<b>Total Score LOT 1</b>	<b>100.00</b>	<b>90.57</b>	<b>90.74</b>
<b>LOT 2</b>	%	%	%
Method Statement Scoring	40.00	38.31	35.22
Financial Submission Scoring	59.82	53.30	60.00
<b>Total Score LOT 2</b>	<b>99.82</b>	<b>91.61</b>	<b>95.22</b>
<b>LOT 3</b>	%	%	%
Method Statement Scoring	40.00	38.31	35.22
Financial Submission Scoring	59.54	48.28	60.00
<b>Total Score LOT 3</b>	<b>99.54</b>	<b>86.59</b>	<b>95.22</b>
<b>LOT 4</b>	%	%	%
Method Statement Scoring	40.00	38.31	35.22
Financial Submission Scoring	60.00	45.70	58.57
<b>Total Score LOT 4</b>	<b>100.00</b>	<b>84.01</b>	<b>93.79</b>

- 2.6 It is clear from Table 2 (Scoring Analysis) that Bidder A has submitted what was judged to be the best quality Method Statements and are the lowest priced Bidder for two of the four Lots, and therefore scored the highest combined quality and price scores. Accordingly Bidder A had the best score for all four Lots, and so if Cabinet is minded to award any of the Lots then it will need to be to Bidder A.
- 2.7 In terms of quality, we received three excellent bids from experienced companies that are market leaders in the sector. All three could provide the service we are seeking, and there were small margins between the scoring as can be seen from the table above. I am grateful for the huge amount of time, effort and professionalism put into written submissions and interviews throughout the procurement process.
- 2.8 The full set of evaluation scores have been saved as part of the evaluation exercise. These show a score against each of the evaluation criteria with the relevant weighting applied to each theme scored. We have a full audit trail of documents showing how we tendered the service and how we evaluated the Bidders submissions at each stage of the process. It should be noted that maximum scores for quality and price are awarded to the

highest scoring tender submission under each heading in accordance with the evaluation criteria.

*Lot analysis for Bidder A*

Table 3 below gives further analysis on Bidder A’s tender for all four Lots. This information is commercially sensitive and confidential. The tables are replicated in full in **annex 2** and will be presented at Cabinet.

Table 3 – Lot prices for Bidder A averaged over 7 years including allowance for capital financing of fleet over 7 years for Refuse Collection vehicles, and 10 years for Recycling vehicles.

Table 3 Bidder A Tender Analysis						
LOT	Preferred Bidder	Annualised Cost £	Affordable Price £	Savings to be found on reduction in Collection Costs £	Estimate on Reduction of Disposal Costs £	Risk of transformation Saving (£400k) not being made
1	Bidder A			183,665		- 183,665
2	Bidder A			284,156		- 284,156
3	Bidder A			205,482	70,000	- 135,482
4	Bidder A			303,640	70,000	- 233,640

- 2.9 The column headed ‘Affordable Price’ is the 2016/17 estimated cost of service less the £400,000 savings target contained in the Transformation Strategy. Therefore the price of the current service with SITA is £4,438,430. It can be seen that every Lot priced as part of the procurement exercise shows a saving on the 2016/17 estimated price of service, but when the £400,000 savings target is deducted it can be seen in the last column of Table 3 that Lot 3 comes closest to delivering the full savings target.
- 2.10 In Table 3 we have factored into Lots 3 & 4 an assumption on avoided disposal cost sharing/savings, which is explained in section 5 of this report.
- 2.11 Table 3 also shows the revenue costs of each of Bidder A’s Lots with the allowance for capital financing of the vehicles and equipment split across 10 years where this is appropriate to the asset life (the recycling fleet) and seven years (the refuse/residual waste fleet).
- 2.12 I would suggest that Lots 1 does not drive the service forward as the other options do, would not fulfil our council promise ‘to expand the recyclable materials we collect including cardboard and mixed plastics’ (which was put in place because of consistent Viewpoint feedback requesting this) and does not deliver enhanced recycling. Lot 2 retaining the two-weekly residual collection arrangement is the most expensive, and does not incentivise enhanced recycling. So whilst more recycling options will be delivered participation rates are unlikely to be as high as Lots 3 and 4. Lot 4 is radical and requires the provision of a larger residual bin, making it a relatively expensive option.
- 2.13 We have completed the final due diligence work on the pricing and the quality evaluation did include a detailed assessment of the associated services elements of the contract that were covered in several of the Method Statements.

### **3 Using evidence from the enhanced recycling trials to inform Lot selection**

- 3.1 Since September 2015 we have been running trials of an enhanced recycling kerbside collection service combined with a three-weekly residual waste collection service. We undertook a detailed evaluation in December and reported the results to a joint Overview and Scrutiny Committee and Cabinet in January.
- 3.2 The analysis demonstrated that residents in the trial areas of Feniton and the Colony, Exmouth dramatically increased the waste going for recycling and reduced waste going to incineration. Recycling rates rose to 56% overall and residual waste reduced by 19% from 7.9 tonnes per week prior to the trial to 6.4 tonnes per week during the trial.
- 3.3 Given the success of the trials there is a compelling case to consider Lot 3 as a viable alternative to the current system of recycling and refuse collections.
- 3.4 Unsurprisingly the pricing/scoring of this service delivery option (Lot 3) is financially attractive. It is the cheapest option (with avoided disposal cost assumptions factored in), but we know that our residents desire the ability to recycle cardboard and mixed plastics from the kerbside together with the existing range of recyclate collected. Lot 3 allows us to deliver this and will enable us to achieve the EU target of 50% recycling by 2020. If this Lot is selected as the preferred service delivery model it will achieve an estimated £264,518 towards the savings target as well as an improved service to residents.
- 3.5 There are a series of risks in rolling out this service option across the district, from a reputational and operational perspective. It is still an innovative approach, but we have mitigated some of the risks by extensive trials. Careful service transition and phasing will be required if this method of collection is preferred. We have found that excellent communications, IT support, additional staffing 'on the ground', an experienced contractor partner, community champions, a 'one council' effort, all contribute towards an effective new service roll out. We have built a provisional budget into the 2016/17 revenue budgets of £172,000 to finance a new service roll out programme, if Lot 3 or 4 is selected.
- 3.6 In relation to income from sales of recycling, as members are aware, recycling markets have been volatile for the past few years as part of the world-wide recession and are lower currently than the peak prices of the past. Expected income levels from recycling sales via the new contract reflect the current trend.

### **4. Financing the vehicle fleet**

- 4.1 We have taken advice on providing the capital financing of the contractor's vehicle fleet requirements and advised Bidders that this is our preferred approach, with leasing of vehicles to the contractor who will be responsible for their operation and maintenance.
- 4.2 There are savings to be achieved through the Council financing the vehicle fleet through reserves or favourable borrowing rates over the bidders purchasing the fleet and recovering its financing costs through the contract.
- 4.3 The contract allows Bidders to specify their vehicle requirements, which differ according to the different Lots and routing arrangements.
- 4.4 There will be a significant lead in time for the ordering and delivery of specialised refuse collection and recycling vehicles, which will allow us time to carefully plan the service roll out across the district.
- 4.5 All Bidders were required to provide vehicle maintenance facilities.

## **5. Avoided Disposal Costs.**

- 5.1 Avoided Disposal Cost is a phrase used to describe the value (savings) achieved through the diversion of waste for disposal (incineration or landfill) to reprocessing (recycling, composting etc). It is a tool to show the comparison of the costs of disposal against the costs of diversion, which is typically a cheaper option, and with the potential of an income stream for the recycling material.
- 5.2 The principle we are trying to agree with DCC is changes made to the collection service by the Waste Collection Authority (WCA)(EDDC and Devon districts), typically requiring investment in the service (fleet, receptacles, promotion etc) will lead to less residual waste for the Waste Disposal Authority (WDA)(DCC) to pay for disposal costs via incineration or landfill. Therefore, the saving should be shared between the WCA and WDA.
- 5.3 The principle of sharing avoided disposal costs is recognised and the issue now is to agree a sharing mechanism that all Devon districts can support. Other Devon collection authorities have already made less radical changes to their collection arrangements than we are proposing and are seeking a share of the avoided disposal costs. Having run trials in Feniton and the Colony, Exmouth we are on the verge of putting considerable effort into enhancing recycling and reducing residual collections, and the associated risks that brings (reputation and financial), which will result in less waste going to disposal. This will have the effect of reducing disposal costs for the County, and we feel that we should share those savings.
- 5.4 DCC want to establish a baseline figure for the tonnage of residual waste going to the Energy from Waste plant (incinerator) or landfill, which attracts an additional tax per tonne of waste, in order to accurately determine the amount of waste diverted. We do not know the amount DCC pay as a cost per tonne for disposal (they have been unwilling to divulge this information), but in our view the amount saved will represent the amount to be shared. We do know that Landfill Tax in 2015/16 was £82.60 per tonne and will rise to £84.40 per tonne in April 2016.
- 5.5 DCC initially suggested a sharing formula of 50% for three years, or a 50% sharing in year one with reducing amounts over the subsequent two years.
- 5.6 The districts want a sharing mechanism over a longer period and ten years has been suggested. There is an argument for sharing in perpetuity to incentivise further innovation and investment in recycling and reuse.
- 5.7 If we know the price paid by DCC for disposal we can then determine the amount of waste being diverted through our enhanced recycling plans, and then apply the cost sharing mechanism to estimate the savings potential. DCC have not progressed negotiations at a pace matching our procurement so of necessity we have assumed an annual saving of £70,000 per annum, which officers feel is a reasonable estimate based on the tonnages diverted from disposal during the trials in The Colony, Exmouth and in Feniton and an extrapolation of the difference between DCC's likely disposal (landfill or incineration) and recycling/diversion costs. There is a risk that this figure could be smaller as it is still subject to a DCC decision, and is based on speculative estimates of likely tonnages diverted from disposal in selecting Lot 3 compared to disposal costs (we don't have firm figures for either of these variables).

## **6. Ancillary matters**

- 6.1 At the Cabinet meeting on 9<sup>th</sup> September 2015 you approved a two month extension to the existing Refuse and Recycling contract. This extension was to allow for the completion of the E.U. compliant procurement exercise, where our timetable had slipped due to the complexity of the competitive dialogue process, the size of the submissions received at the Invitation to Submit Outline/Detailed Solutions (ISOS/ISDS) stages, the need to accurately analyse the potential of providing capital finance for assets and to provide Bidders with adequate time to complete the Best and Final Offer (BAFO) stage; whilst maintaining the appropriate time for mobilisation with the successful bidder.
- 6.2 Our existing contractor SITA has agreed to a short contract extension on existing terms, but during negotiations we considered the disadvantages of introducing and mobilising a new contract at the beginning of June so close to the May Spring bank holiday. Mobilisation of a new contract of this nature can be very disruptive to our residents and any additional complication like taking over following a bank holiday where collections are one day later than normal should be avoided.
- 6.3 A contract extension agreement has been drafted by our lawyers Bevan Brittan (who were appointed to draft the new contract terms and conditions), and agreed with our current contractor to include a three month extension.
- 6.4 Given the need for the extension to ensure continuity of service and to avoid any potential risk of hiatus in service and reputational issues, securing the three month extension (rather than two) is seen as important.
- 6.5 There is also a need to agree a lease extension for use of the Greendale Depot site to coincide with the period of contract extension. For clarity, any related property matters for the new contract will be dealt with under officer and Portfolio Holder delegated powers, unless it is necessary to report to Cabinet.

## **7. Conclusions**

- 7.1 The procurement exercise has provided a clear winner for all four Lots in terms of the combined price and quality criteria we set at the beginning of the exercise, being Bidder A and as such they are the preferred bidder.
- 7.2 Bidder A's prices are approximately 7% below the current contract price for an improved service.
- 7.3 Following the successful recycling trials I am recommending this service delivery option (Lot 3), it is cheaper, environmentally preferable, meets resident's aspirations for better recycling, and will enable us to achieve higher recycling targets. Accordingly it is recommended that Lot 3 is the basis for the contract award.
- 7.4 Aside from the enhanced recycling the preferred Bidder also offers a range of service improvements from more sophisticated in-cab technology and integration with our Customer Service Centre and customers, through to route optimisation, on-board 360 degree cameras. The new technology side of a modern collection service includes in-cab tablets with full collection round information, including assisted collections that make it harder to 'miss collections'.
- 7.5 The preferred Bidder also allowed for a Recycling Officer to be appointed by them, assistance to community groups, recycling of Tetrapacks, and income from trade refuse



collections, together with an offer to provide office space for council Recycling and Waste staff within the depot at Greendale. The contractor staff will be inducted and trained to signal to all concerned that this is the start of a new contract. Our own Recycling and Waste team, together with officers from the Customer Service Centre and STRATA will also have training provided to ensure that all fully understand the new contract. Further details of the benefits can be provided at the Cabinet meeting ,if requested.

- 7.6 Assuming Lot 3 is chosen a careful mobilisation and service roll out will need to be planned. We will work with the successful Bidder to develop their Mobilisation Plan, including ordering of the new vehicles with increased recycling capacity.
- 7.7 The next steps will be the award of contract stage, a statutory standstill period, agreement over the final contract terms and conditions, and an intense period of contract mobilisation.

### **Evaluation Criteria and Scoring.**

Please see below for the evaluation criteria to be used for the procurement of this contract.

#### **Assessment of submissions**

Submissions will be adjudged on the following basis:

**60% - Price; 40% - Quality**

The Competitive Dialogue process will consist of 4 stages, as follows:

**Stage 1- Invitation to Submit Outline Solution [ISOS] – completed.**

**Stage 2 – ISOS Dialogue – completed.**

**Stage 3 – Invitation to Submit Detailed Solution [ISDS] and dialogue - completed**

**Stage 4 – Best and Final Offer [BAFO] – current stage**

Organisations are invited to submit a Best and Final Offer (BAFO) consisting of the ISDS proposals together with further amendments required as a consequence of matters raised by the council during or after Stage 3. It should be noted that no further dialogue will be entered into once the BAFO has been submitted. The BAFO is to be submitted with a final detailed pricing document based on the Bill of Quantities provided with the BAFO documents.

#### **Evaluation**

The Council will evaluate the BAFO and allocate a score ranging from 0 to 10, for each criterion. Please see the criteria and weightings listed below.

## Criteria & Weightings

<b>A] Quality criteria</b>	<b>% available</b>
1. Service requirements	30%
2. Mobilisation, contingency & expiry plans	15%
3. Health Safety and Welfare	20%
4. Service management	20%
5. Added value	15%
<b>TOTAL</b>	<b>100%</b>

An Evaluation Panel consisting of officers of the Council, each having relevant expertise, will carry out the evaluation. Scores will subsequently be collated to establish the scores of the Bidders.

While the Evaluation Panel has assessed the information provided in submissions at each stage of the competitive dialogue and awarded marks for each of the criteria, **the scores from BAFO submissions alone are used to adjudge the contract award.**

The bid marking Evaluation Panel will award marks against each criterion in the BAFO submissions as follows:

<b>Marking Scheme for Quality Criteria to be used by the Evaluation Panel</b>	<b>Marking range</b>
<i>Excellent response that adds extensive additional value to the stated requirement and / or provides an innovative and very attractive offering</i>	9 to 10
<i>High Standard response that fully meets the stated requirement with good added value</i>	7 to 8
<i>Good standard that meets the stated requirement</i>	5 to 6
<i>Acceptable, with some reservations about the bid submission against the requirement</i>	3 to 4
<i>Partially meets the requirement, but with major reservations about the response</i>	1 to 2
<i>Does not address or meet the requirement</i>	0

The process used for the **Quality** evaluation will be:

- The Evaluation Panel's scores are collated.
- The highest [best] Bidders score is established.
- Remaining Bidders scores are calculated as a percentage of the highest score.

- The total score will then have the quality ratio applied [40%] which will establish the overall quality score.

The process for the **price** evaluation will be similar to that of the quality:

- The lowest [least expensive] Bidders price is recorded.
- The remaining Bidders scores are calculated as a percentage of the lowest price, in accordance with the CIPFA model.
- This score will then have the price ratio applied [60%] which will establish the overall price score.
- The lowest [least expensive] Bidders price for the total 7 year Net expenditure (contract price) is recorded.

**The overall price and quality scores are combined to provide the final price score upon which the award of contract will be made.** The Contract will be awarded on the basis of the highest points scoring tender. Please note that the Council is not obliged to accept the lowest price or any tender.

*Bidders should be aware that the above information is provided to give a better understanding of the evaluation process.*

## **Further information on the Quality Criteria**

### **1. Service requirements [30%]**

Assessment of the service to be provided which will best meet the Council's requirements overall, including but not limited to:

- The quality and delivery of proposals for recycling, food waste and residual waste kerbside collection service: associated services including clinical waste collections, bulky waste collections, servicing of recycling banks, servicing of litter bins and dog waste bins.
- The use of technology to make the service efficient, including in-cab and collection round routing and reporting of performance.
- Increased recycling performance and reduction to levels of residual waste and how this will be achieved together with anticipated levels of performance following introduction of the new contract and how this will be promoted.
- Method of operation of the service, including collection frequency, routing and working arrangements, recycling container proposals and details of the type of fleet to be used to carry out the operation plus details of the proposed nappy waste/AHP collection service.
- The extent to which the Contractor will meet the Council's service purpose for recycling and waste, taking account of what matters to the customer and Systems Thinking principles.
- Quality and coverage of Method Statements ensuring that they provide a comprehensive and coherent Service Delivery Plan, and meet our Service Specification.
- The management and promotion of the service , including all kerbside collections, clinical waste collections, bulky waste collections and servicing of recycling banks, litter bins and dog waste bins.
- The management and control of the depot, including vehicle movements of external contractors.
- The arrangements for 'pull-back' of services following bank holidays (especially Christmas and New Year) to minimise impact on the customer.
- Procedures for management of and minimising contaminated wastes.

- Procedures for regularly reviewing the above and reporting updates to the Council. The strength of the communication strategy with the Council and customers, as well as complaint handling procedures.

## **2. Mobilisation, contingency and expiry plans [15%]**

Scores will be awarded having regard to service resilience and being able to maintain service delivery and on the quality of:

- A Mobilisation Plan (including commencement of any new service delivery methods – be that phased or ‘big bang’).
- A Contingency Plan.
- A Business Continuity Plan.
- An Expiry Plan.
- Details for regular review of the above and reporting of updates to the Council.
- Approach to growth in the number of properties (particularly Cranbrook) and the routing of vehicles to achieve minimal disruption for existing customers.

## **3. Health Safety and Welfare [20%]**

Scores will be awarded having regard to the Bidders Health and Safety record and whether there is a genuine organisational commitment to health and safety, how health and safety and welfare risks are assessed and managed and taking into account:

- How the contractor intends to meet health and safety requirements of the contract
- The Health, Safety and Welfare Plan (which should include for the safe use of our depot and vehicle fleet).
- The proposed management systems (including how robust those systems appear and how they support a desire for continuous improvement).
- Monitoring and reporting systems.
- Whether there will be regular reviews of the above and reporting updates to the Council.

## **4. Service management [20%]**

Scores will be awarded having regard to the extent to which:

- A Bidder’s supervision and management proposals support delivery of the service specification, direct continuous improvement and protect reputations, and
- There is a robust arrangement for performance monitoring and working in partnership with the Council to achieve the service purpose.

The above shall take into account:

- A Service Delivery Plan, including use of Quality Management systems.
- Monitoring and reporting systems for the performance of the service.
- The Bidder’s commitment to ‘Systems Thinking’ principles and embedding of those principles in their organisation.
- How Bidders ensure that they are addressing what matters to our customers and achieving ‘right first time’ principles.

- Effective proposals for the integration of frontline service delivery with the 'back office' and transfer of real-time data.
- How Bidders propose to minimise their environmental impacts.
- How Bidders will regularly review the above and report updates to the Council.

## **5. Added value [15%]**

Scores will be awarded having regard to any:

- Additional value the Bidder could bring to the service, including (for example) introduction of a reward scheme, involvement of the Third Sector, additional income streams (from services outside the core service specification) together with any other initiatives the Bidder wishes to suggest following dialogue.
- Innovative ideas demonstrating what the Bidder can do over and above the core service specification and that contributes towards our outstanding Council ambition.
- Commitment to education and promotion of recycling and reuse schemes.
- Support for the voluntary and community groups' contribution towards waste minimization. and reuse, including strengthening and expanding green waste collection systems.

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 14

**Subject:** **Revenue and Capital Estimates 2016/17**

**Purpose of report:** The Cabinet adopted draft Revenue and Capital Estimates for 2016/17 at its meeting on 6 January 2016. A meeting of the Overview and Scrutiny Committees reviewed those budgets on 13 January and the Housing Review Board considered the Housing Revenue Account budgets on 14 January.

Proposals from those meetings are detailed in this report and the minutes of those meetings are contained on this agenda. It is now for Cabinet to consider those comments and proposals and to make final 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 2016/17 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy included on the Cabinet agenda and reflect the proposals and details in this report.

**Recommendation:** It is recommended that:

1. Net Revenue General Fund Estimate of £14.265m is approved.
2. Special Item Bids – One off Costs totalling £0.309m (identified in 2.3.1 of the report) are added to the Net Revenue General Fund Estimates (recommendation 1 above) in line with the Overview and Scrutiny Committees recommendation.
3. Special Item Bids – Ongoing Costs (identified in 2.3.2 of the report) are added to the Net Revenue General Fund Estimates (recommendation 1 above) in line with either a) or b) below or a different option:
  - a) Overview Committee recommendation to include £0.101m into the 2016/17 budget, which includes £0.037m for the Research and Funding Officer in the Regeneration and Economic Development area, and a future debate to be held on the total bid submitted from this area.
  - b) Scrutiny Committee recommendation to include £0.064m, which excludes £0.037m for Research and Funding Officer in

the Regeneration and Economic Development area, but a future debate to be held on the total bid submitted from this area.

4. A Council Tax level and requirement is determined for 2016/17.
5. That the Housing Revenue Account Estimates with a net surplus of £0.213m is approved and that assuming sheltered accommodation rents are excluded from the 1% reduction the a standard increase of September CPI plus 1% is applied to these properties.
6. That the Net Capital Budget totalling £18.541m is approved.

**Reason for recommendation:**

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 2016/17.

**Officer:**

Simon Davey, Strategic Lead – Finance; [sdavey@eastdevon.gov.uk](mailto:sdavey@eastdevon.gov.uk)  
Tel: 01395 517490

**Financial implications:**

Details contained in the report

**Legal implications:**

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

**Equalities impact:**

Low Impact

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.

**Risk:**

Low Risk

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.

The assessment of low risk has been made on the basis of the 2016/17 budget proposal and the mitigation of financial uncertainties as detailed in the report. Future budget considerations and risks from 2017/18



onwards will be considered in the Council's Medium Term Financial Plan.

**Links to background information:** -

**Link to Council Plan:** Funding allocation to meet the Council Plan

**Report in full**

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**1. Introduction.**

1.1 The Cabinet adopted draft revenue and capital estimates on the 6 January 2016.

1.2 The estimates and associated service implications were then considered by:

- A joint meeting of the Overview and Scrutiny Committees on 13 January.
- The Housing Review Board considered the Housing Revenue Account (HRA) estimates at its meeting on 14 January.
- We also invited comment from the business community to the Council's draft budget proposals.

1.3 This report leads on from the draft Revenue and Capital Budgets 2016/17 report presented to Cabinet on the 6 January; this gave significant narrative on the budget proposals including the detailed estimate proposals presented in the budget book and service plans. A link to this report is provide here for reference  
<http://eastdevon.gov.uk/media/1422910/combined-final-cabinet-agenda-060116.pdf>

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

2.1 The minutes of the joint meeting of the Overview and Scrutiny Committees on 13 January and the Housing Review Board meeting of 14 January are contained on this agenda.

**General Fund Budget**

2.2 The draft General Fund budget adopted by Cabinet proposed a balanced budget with a net General Fund Revenue Estimate of £14.265m. No amendments were proposed to change the estimates building to this figure. Key areas considered by the Joint Overview and Scrutiny Committee were:

**2.2.1 Special Item bids – One off costs**

Special Item bid proposals were outlined in the report consisting of one off costs totalling £0.309m which had not been included in the draft estimates. Funds had been made available in the draft budget should members consider these items appropriate to include in the 2016/17 budget. All of these items were recommended for budget inclusion by the Overview and Scrutiny Committees as detailed below.

Item	Special Item Bids 2016/17	£000	Recommended for inclusion in 2016/17 budget	
	One off Cost Items		Overview Committee	Scrutiny Committee
1.	Exmouth Beach Management Plan	50	Yes	Yes
2.	Seaton Beach Management Plan	50	Yes	Yes
3.	Seaton East of West Walk Gabions	5	Yes	Yes
4.	Trimble GEO 7X – accurate asset surveying tool for asset recording	8	Yes	Yes
5.	Exmouth Orcombe Point Steps	5	Yes	Yes
6.	Annis's Knob – Beer Cliff works	15	Yes	Yes
7.	Sidford Rugby Pitch – Rabbit Fencing works	4	Yes	Yes
8.	Recycling & Refuse assume new scheme roll out; costs to mirror success of trial experience	172	Yes	Yes
	<b>Total of all One Off Items</b>	<b>£309</b>	<b>Total recommended £0.309m</b>	<b>Total recommended £0.309m</b>

## 2.2.2 Special Item bids – Ongoing costs

Special Item bid proposals were also outlined in the report consisting of bids with ongoing cost implications totalling £0.352m; again these had not been included in the draft estimates. Funds had **not** been made available in the draft budget for these bids and if members' proposed their inclusion in the 2016/17 budget then they would have to be met from the General Fund balance and factored into future year budgets. There was one difference in the recommendation from the two Committees relating to Item 10 in the list of bids identified below.

Item	Special Item Bids 2016/17	£000	Recommended for inclusion in 2016/17 budget	
	One off Cost Items		Overview Committee	Scrutiny Committee
9.	Younghayes Centre – On site building manager/caretaker	10	Yes	Yes
10.	Regeneration & Economic Development – request for 3 additional staff (Development Surveyor, Research & Funding Officer and Senior Economic Development Officer. In addition extension to temporary contracts and additional hours. Also a request for initial budget of £150,000 to buy in additional skills. New posts will be subject to job evaluation.	288	In part £37k for Research & Funding Officer to be included in 2016/17. Remainder of bid on hold as suggested in 6 Jan Cabinet Report	Bid on hold as suggested in 6 Jan Cabinet Report
11.	Gov Delivery – multi media messaging system	9	Yes – Funded from Transformation Reserve	Yes – Funded from Transformation Reserve
12.	Implications of National Living Wage – implementation of grade differentials and implications with apprentices	18	Yes	Yes
13.	An additional 1 FTE resources in the tree service	27	Yes	Yes
	<b>Total of all One Off Items</b>	<b>£352</b>	<b>Total recommended £0.101m</b>	<b>Total recommended £0.064m</b>

- a) The Overview Committee recommended an inclusion of bids totalling £0.101m; £0.92m to be met from the General Fund Balance and £0.009m to be met from the Transformation Reserve.

This included £0.037m for a Research and Funding Officer in the Regeneration and Economic Development Team and a further review of the Economic and Regeneration bid to take place early in the new financial year.

- b) The Scrutiny Committee recommended an inclusion of bids totalling £0.064m, £0.055m to be met from the General Fund Balance and £0.009m to be met from the Transformation Reserve.

This excluded any part of the bid from the Regeneration and Economic Development Team but also agreed to a further review of the Economic and Regeneration bid to take place early in the new financial year.

### 2.2.3 Council Tax Level

Members debated the proposed Council Tax level for 2016/17. The draft budget included a provisional increase of 1.99% (£2.42) raising the charge from £121.78 to £124.20 a year for a band D property. Facts that were debated in the discussion were:

- East Devon District Council's council tax was last increased in 2010/11 to its current level of £121.78. The Council's council tax is currently the 14<sup>th</sup> lowest in the country out of 202 like authorities.
- There is no council tax freeze grant on offer from government for 2016/17 as has been the case each year since 2011/12.
- The government's assessment of revenue income available to local authorities in 2016/17 has assumed councils will increase their council tax to the maximum allowed before triggering a referendum.
- The increase of 1.99% produces additional income of £0.136m currently included in the draft budget compared with a 0% increase.
- The Council could raise its council tax by £5 (4.1%) in 2016/17 before it would trigger a referendum under rules relating to council tax increases as set out by government. This exception has been given to shire district councils where their council tax level is in the lowest quartile of their group. This applies to 51 out of 202 authorities.

As stated East Devon District Council is currently the 14<sup>th</sup> lowest in this group of 202 authorities. As an illustration, a £5 increase in the current year would have still given us the 21<sup>st</sup> lowest council tax in the group.

The table below is provided for information.

<b>Council Tax</b>	<b>Percentage increase a year</b>	<b>Amount increase a year</b>	<b>Effect on draft budget</b>
£121.78 (current level)	0%	£0	Loss of income £0.136m
£123.00	1%	£1.22	Loss of income £0.068m
£124.20 (draft budget)	1.99%	£2.42	No effect – assumed increase
£125.43	3%	£3.65	Additional income £0.069m
£126.78	4.1%	£5.00	Additional Income £0.146m

After considerable debate both Committees recommended a council tax rise of £5 (4.1%).

2.3 No budget amendments have been proposed by the business community.

#### 2.4 **Recycling and Refuse Collection Contract**

2.4.1 Members have debated on the agenda prior to this report the procurement and letting of the Recycling and Refuse Collection Contract. The main recommendation being to appoint a particular bidder and Lot 3 (enhanced weekly kerbside recycling and a three-weekly residual collection service).

2.4.2 The draft budget assumed a £0.400m saving on the procurement of this contract in line with the Council's Transformation Strategy. If Members follow the recommendation in the contract report to adopt Lot 3 then this gives a saving of £0.265m, this being £0.135m short of the assumed savings.

2.4.3 If Members adopt the recommendation on the Recycling and Refuse then consideration will have to be given as to how to balance the 2016/17 budget with £0.135m to be found. This could be met from the General Fund balance but additional savings will have to be found in future years to meet this shortfall along with the deficit already predicted by the Medium Term Financial Plan for 2017/18 onwards. Alternatively members may consider meeting this deficit by increasing the Council Tax over the amount included in the draft budget. As stated should Members decide to increase the council tax level by £5 a year this would increase income to the draft budget by £0.146m thereby covering the £0.135 shortfall. This would leave £0.011m to offset the ongoing costs of the special item bids proposed to be adopted and again help the position for future year budgets.

2.5 It should be noted that the draft budget is based on the provisional government funding settlement; the final settlement is yet to be announced at the point of issuing this report. In previous years there has been little difference between the provisional and final settlements, Members will be updated at Cabinet on the latest position.

#### **Housing Revenue Account Budget**

2.6 The draft Housing Revenue Account (HRA) budget adopted by Cabinet proposed a surplus of £0.103m. Since then we have received a letter from the Minister of Welfare Reform

stating that the 1% reduction on rents assumed in the draft budget will not apply to supported housing for older and disabled people. This has been given as a one year exemption. Assuming this covers the Council's sheltered accommodation it is proposed that the standard rent increase is applied to this category of housing, that being September CPI plus 1%, giving a percentage rise of 0.9% from 1 April 2016. This approximates to additional income of £0.110m for 2016/17, although detailed calculation will have to be undertaken on a property by property basis.

- 2.7 This therefore changes the HRA budget to a surplus of £0.213m. No other amendments were proposed to the draft budget originally adopted by Cabinet.

### **Capital Budget**

- 2.8 No amendments have been proposed to the draft budget.

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

- 3.1 Details are contained in the draft Revenue and Capital Budgets 2016/17 report presented to Cabinet on the 6 January. The only amendment to draw to Members' attention is the possibility of using the General Fund Balance to fund special item bids in 2016/17; Overview Committee recommendation of £0.092m, or Scrutiny Committee recommendation of £0.55m. The General Fund Balance is estimated to be at the top end of the adopted range at the beginning of 2016/17. The adopted range being between £2.8m and £3.6m. The implications of the Recycling and Refuse Tender recommendations will also need to be considered.

### **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 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 2016/17 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy included on the agenda and reflect the proposals and details in this report.

**Report to:** Cabinet  
**Date:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None



**Review date for release** None

**Agenda item:** 15

**Subject:** Treasury Management Strategy 2016/17 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy

**Purpose of report:** The Chartered Institute of Public Finance and Accountancy (CIPFA) produce 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:** **Cabinet recommends that:**

- 1. Council adopts this Treasury Management Strategy including the Prudential Indicators for 2016/17;**
- 2. Council approves the Minimum Revenue Provision Policy Statement;**
- 3. Council approves the approach to borrowing in advance of need; and,**
- 4. Council approves the updated list of counterparties.**

**Reason for recommendation:** The Council is required to formally adopt a Treasury Management Strategy and set prudential indicators before the beginning of the financial year.

**Officer:** Claire Mitchell – Accountant Ext 2033  
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**Financial implications:** These are included within the report.

**Legal implications:** As indicated in the 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  
No impact identified.

**Risk:** Low Risk  
The Council would fail to comply with CIPFA recommended 'best practice' for treasury management.

**Links to background information:**

- None. The relevant background information is included within the appendices.

**East Devon District Council Treasury  
Management Strategy 2016/17**

Minimum Revenue Provision Policy Statement and  
Annual Investment Strategy



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## 1. Introduction

### 1.1 Background

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

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

The Council operates its treasury management function with reference to the Chartered Institute of Public Finance & Accounting Guidance laid out in the Code of Practice for Treasury Management in Public Services (CIPFA Code) and the Department for Communities & Local Government (CLG) Guidance on Local Government Investments.

CIPFA defines treasury management as:

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

The Council adopts the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. All treasury management matters are undertaken in accordance with the code, which recommends best practice in treasury management, including setting a strategy and reporting requirements.

### 1.2 Reporting Requirements

Under the CIPFA Code and CLG Guidance the Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and Treasury Indicators and Treasury Strategy

This, the first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);

- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

#### A mid year treasury management report

This will update members with the progress of the capital position, amending prudential indicators as necessary, and noting whether any policies require revision.

#### An annual treasury report

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

In addition to the above reports, Cabinet will be provided with an overview of treasury return against budget and prediction of likely outturn and year end variance as part of the financial monitoring reports presented to Members throughout the year.

Cabinet is required to scrutinise the above reports before they are recommended to Council.

### **1.3 Treasury Management Strategy for 2016/17**

The strategy for 2016/17 covers two main areas:

#### Capital issues

- the capital plans and the prudential indicators; and,
- the minimum revenue provision (MRP) policy.

#### Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and,
- policy on use of external providers.

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

## **1.4 Training and Review**

CIPFA's revised code requires the Strategic Lead Finance (Section 151 Officer) to ensure that all Members tasked with treasury management responsibilities, particularly those responsible for scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. During October 2015 Capita Asset Services provided a training session tailored towards Members in relation to treasury management, and a follow up session is due to be provided later this year.

The training needs of treasury management officers are periodically reviewed. There is a post with specific responsibility for treasury management within the accountancy team and the Council is committed to ensuring the holder has the relevant qualifications and has access to the training and support required to undertake this role.

In addition, the Council's treasury management team is a member of the South West Treasury Management Benchmarking Group hosted by Capita Asset Services. This group has members from approximately 14 authorities and provides a forum for interpreting Treasury Management data across the area and sharing best practice. The group also allows the opportunity to consider any potential forthcoming treasury management risks, the early identification of which can aid proactive investment management.

The Council maintains an internal audit function through the South West Audit Partnership (SWAP). SWAP undertakes a periodic internal audit review of the treasury management function. In the latest audit by SWAP, which covered the 2015/16 financial year, the treasury management function was given a Substantial Opinion, which is the highest level of assurance available.

Further review is also provided by the external audit team, currently KPMG, who consider the reporting of treasury management data within the financial statements as part of their external audit opinion work.

## **1.5 Treasury Management Consultants**

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

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

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

## 2 The Capital and Prudential Indicators 2014/15 – 2018/19

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

These indicators help show the effect of the financing and borrowing strategy that the Council plans to adopt over the next three financial years.

The Prudential Code and the indicators set, support the system of capital investment in the authority. They are set with regard to:

- Service objectives – strategic planning for the authority
- Stewardship of assets – asset management planning
- Value for money – option appraisal
- Prudence and sustainability – external borrowing implications
- Affordability – implications for council tax and housing rents
- Practicality – achievability of the forward plan

The indicators also act as an early warning system, to flag up if the Council decides to set capital programmes without the necessary finances to fund them.

### 2.1 Capital Expenditure

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

Table 1 shows both actual capital expenditure incurred in 2014/15 and estimates for the years 2015/16 to 2018/19.

<b>Table 1. Total Capital Expenditure to be incurred (Actual and Estimated)</b>					
	<b>Actual</b>	<b>Per 16/17 Estimates</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund	13,046	6,594	*18,766	4,230	690
HRA	891	1,504	625	625	625
<b>Sub Total</b>	<b>13,937</b>	<b>8,098</b>	<b>19,391</b>	<b>4,855</b>	<b>1,315</b>
Major Repairs	4,849	4,946	5,150	5,150	5,150
<b>Total</b>	<b>18,786</b>	<b>13,044</b>	<b>24,541</b>	<b>10,005</b>	<b>6,465</b>

\*This includes the estimated £6m loan for the refuse contract fleet, see 3.1 for further detail.

These figures show the Council's capital programme net of any grants or contributions received from third parties. The total capital expenditure also includes

that related to major repairs, which for accounting purposes is shown within the HRA. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments.

The Council's Capital Programme is funded from various sources:

- Use of capital receipts (sale proceeds from assets)
- Contributions from revenue budgets
- Capital grants e.g. Environment Agency Grants, Disabled Facility Grant
- Contributions from other parties e.g. Devon County Council

Table 2 below summarises the above capital expenditure plans per the budget and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

<b>Table 2. Financing of Capital Expenditure</b>					
	<b>Actual</b>	<b>Per 2016/17 Estimates</b>			
<b>Capital expenditure</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Non-HRA	13,046	6,594	18,766	4,230	690
HRA	5,740	6,450	5,775	5,775	5,775
<b>Total</b>	<b>18,786</b>	<b>13,044</b>	<b>24,541</b>	<b>10,005</b>	<b>6,465</b>
<b>Financed by:</b>					
Capital receipts	(1,147)	(1,953)	(2,545)	(8,352)	(443)
Grants	(8,940)	(1,465)	(2,403)	(3,346)	(3,878)
Reserves	(2,259)	(3,535)	(1,103)	1,052	3,185
Revenue contributions to capital funding	(5,192)	(4,996)	(5,477)	(5,475)	(5,475)
Repayment of loans linked to a specific capital receipt	0	755	443	8,882	146
<b>Net financing need for the year</b>	<b>1,248</b>	<b>1,850</b>	<b>13,456</b>	<b>2,766</b>	<b>0</b>

Any planned expenditure in excess of the above funding streams is known as an unfunded balance which can be met from reserves or borrowing. The Capital Reserve at the 2014/15 year end stood at £2.038m.

## 2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a

measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility within the lease payment and so the Council is not required to separately borrow for these schemes. As at the end of 2015/16 the Council will have no such schemes within the CFR.

In summary the CFR represents the Council's underlying need to borrow for capital purposes less any principal already repaid.

Table 3 shows both the actual CFR for 2014/15 and the estimates for 2015/16 to 2018/19. The Council is asked to approve these projections.

<b>Table 3. Capital Financing Requirement (CFR)</b>					
	<b>Actual</b>	<b>Per 16/17 Estimates</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund	1,445	2,437	14,467	8,230	7,480
Housing Revenue Account	84,426	83,398	82,608	81,298	79,710
<b>Totals</b>	<b>85,871</b>	<b>85,835</b>	<b>97,075</b>	<b>89,528</b>	<b>87,190</b>
<b>Movement in CFR</b>	<b>118</b>	<b>(36)</b>	<b>11,240</b>	<b>(7,547)</b>	<b>(2,338)</b>
<b>Movement in CFR Represented by</b>					
Net Financing need for the year	1,248	1,850	13,456**	2,766	0
Less MRP* and other financing movements	(1,130)	(1,886)	***	****	(2,338)
	<b>118</b>	<b>(36)</b>	<b>11,240</b>	<b>(7,547)</b>	<b>(2,338)</b>

\* MRP – Minimum Revenue Provision

\*\* This includes the estimated £6m loan for the refuse contract, and the loan drawdown for the short-term element of the office relocation.

\*\*\* This includes the £0.7m rescheduling of the HRA loan repayments

\*\*\*\* This includes the repayment of the short-term element of the office relocation.

These figures include an expectation to use internal borrowing of £1.2m between 2014/15 and 2018/19.



### 2.3 Current Portfolio Position of Gross Debt

Table 4 shows the Council's gross debt for 2014/15 and the estimated debt balance at each year end from 2015/16 to 2018/19. This includes the potential short-term cash flow borrowing.

<b>Table 4. Total Borrowing Outstanding</b>					
	<b>Actual</b>	<b>Per 16/17 Estimates</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Borrowing</b>					
General Fund	1,445	4,787	16,827	10,590	9,850
Housing Revenue Account	84,426	83,398	82,608	81,298	79,710
<b>Total Borrowing</b>	<b>85,871</b>	<b>88,185</b>	<b>99,435</b>	<b>91,888</b>	<b>89,560</b>

### 2.4 Gross Debt v Capital Financing Requirement (CFR)

A comparison of the Council's Gross Debt to CFR is required by the Prudential Code, with explanations of any variances, to ensure that over the medium term the council only borrows to fund its capital programme. This is shown in Table 5.

<b>Table 5. Gross Debt v Capital Financing Requirement</b>					
	<b>Actual</b>	<b>Per 16/17 Estimates</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross Debt	85,871	88,185	99,435	91,888	89,560
Total CFR	85,871	85,835	97,075	89,528	87,190
<b>Sub total</b>	<b>0</b>	<b>2,350</b>	<b>2,360</b>	<b>2,360</b>	<b>2,370</b>
Cash Flow Borrowing	0	2,350	2,360	2,360	2,370
<b>Variance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The cash flow borrowing above represents the maximum bank overdraft plus an estimate of potential short term funding to cover year end requirements. The strategy is managed to avoid such short term, and it is unlikely that this borrowing will need to be called upon but it has been included here to reflect a potential 'worse case' scenario. This table clearly demonstrates that the borrowing undertaken is only to fund the Council's capital programme.

## **2.5 Minimum Revenue Provision (MRP) Policy Statement**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For all unsupported borrowing (including finance leases) the MRP policy will be:

- Asset life (Annuity) Method; – MRP is the principal element for the year of the annuity, required to repay over the asset life, the amount of capital expenditure financed by borrowing (option 3).

This option provides for a reduction in the borrowing need over approximately the asset's life. The use of this option by EDDC is consistent with the prior year, and is recognised by CIPFA as being the most popular option in practice.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. In practice a loan repayment scheme has been defined based on the business plan, with a balance being struck between repaying as soon as possible and allowing the HRA to generate sufficient surpluses as a cushion against uncertainties and to carry out improvements to stock.

Repayments included for finance leases are applied as MRP.

## **2.6 Affordability Prudential Indicators**

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

The Council is asked to approve the following indicators:

### **2.6.1 Ratio of Financing Costs to Net Revenue Stream**

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table 6 shows how this indicator is calculated. A positive figure indicates external debt.

<b>Table 6. Basis of Calculation for Ratio of Financing Costs to Net Revenue Stream</b>			
<b>General Fund (GF):</b>			
<b>Financing costs</b>  Minimum Revenue Provision (see 9.0)  Plus  Interest charged on loans and Finance Leases  Less  Interest earned on investments	÷	<b>Budget requirement</b>  Revenue Support Grant  + Council Tax	<b>=</b> <b>The ratio of financing costs to net revenue stream (General Fund)</b>  as a %
<b>Housing Revenue Account (HRA):</b>			
<b>Financing costs</b>  Voluntary Revenue Provision (see 9.0)  Plus  Interest charged on loans and Finance Leases  Less  Interest earned on investments	÷	<b>Budget requirement</b>  Council house tenants income  +/- Contribution to or from HRA reserves	<b>=</b> <b>The ratio of financing costs to net revenue stream (HRA)</b>  as a %

Table 7 shows both the actual ratio of financing costs to net revenue stream for 2014/15 and the estimates for 2015/16 to 2018/19.

<b>Table 7. Ratio of Financing Costs to Net Revenue Stream</b>					
	<b>Actual</b>	<b>Per 16/17 Estimates</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
General Fund	(0.65)	(0.74)	0.37	3.77	2.67
HRA	16.32	20.19	23.18	22.33	24.80

The estimates of financing costs include current commitments, the proposals in the budget report, and the funding of the fleet required to deliver the new refuse contract.

The General Fund ratio reflects the estimation that a higher level of investment income is received compared to that paid out in borrowing until 2016/17. From 2016/17 the financing costs start to increase as loan finance is used to support the refuse contract in terms of fleet purchase, and the longer term element of the office relocation project. This is countered to some extent by the prediction that interest rate returns will also increase over the period. These ratios do not include the impact of the principal associated with the short term cash flow financing for Queen's Drive and the office relocation, nor do they include the impact of financing 'political' investments such as associated with Beer CLT, as the latter are cost neutral to the Council and therefore do not impact tax payers.

The HRA ratio changes are as a result of the principal associated with the HRA self financing loans becoming due.

### **2.6.2 Incremental Impact of Capital Investment Decisions on Council Tax and Average Weekly Housing Rents**

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Table 8 shows the incremental impact of capital investment decisions proposed in the budget report. Only the financing costs associated with the General Fund capital loans are included within the calculation of impact on annual council tax, and only the financing costs associated with HRA capital loans are included within the calculation of the impact on average weekly housing rent. These figures have been adjusted in the same way as those in Table 7, as explained above.

**Table 8. Incremental Impact of New Capital Investment Decisions on Council Tax and Weekly Housing Rents**

	Actual	Per 16/17 Estimates			
	2014/15	2015/16	2016/17	2017/18	2018/19
	£	£	£	£	£
Band D Annual Council Tax	1.33	2.10	8.43	16.01	14.51
Average Weekly Housing Rent	14.24	16.32	18.44	17.72	18.98

The indicator takes into account the Council Tax base of 56,404 (2015: 55,289) and housing stock of 4,211 (2015: 4,228) for 2016/17.

The increase from 2016/17 onwards reflects the potential increase in capital financing due to the purchase of the refuse fleet.

### **3 Borrowing**

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This includes both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury and prudential indicators, the current and projected debt positions and the annual investment strategy.

Currently all project borrowing is undertaken via the Public Works Loan Board (PWLB), however officers review alternative sources of borrowing and select those offering the lowest cost to the Council at the time the funding is required.

#### **3.1 General Fund**

The Council's General Fund (GF) currently has one annuity loan associated with the delivery of services. This is in relation to recycling and refuse and it will have a remaining capital balance of £0.326m as at the end of 2015/16. The annual debt repayment for this loan is £0.072m (including interest of £0.014m for 2015/16). This loan is at a fixed rate of interest and includes an annual repayment of both principal and interest, which due to its nature vary each year depending on the loan balance.

During 2015/16 the Council borrowed £1.45m from PWLB to finance a loan issued to Leisure East Devon (LED) to fund the leisure centre enhancement programme. A further facility of £0.4m is available to be drawn down by LED, and it has been assumed that this will be done before the end of 2015/16 for the purposes of this report. When this amount is called upon EDDC will take out a loan from PWLB to cover the cash flow. In effect this loan should not cost EDDC anything as LED is responsible for covering the principal and interest repayments.

The GF also has one maturity loan with a remaining capital balance totalling £0.305m as at the end of 2015/16. The Council has loaned the same amount onto Beer Community Land Trust Limited at the same rates as those charged to EDDC by PWLB. For 2015/16 the annual interest payable on this loan is £0.005m. In effect this loan has a nil cost in cash terms to EDDC. This loan was provided to facilitate the building of affordable housing in Beer for the local community.

The 2016/17 capital estimates indicate that between 2016 and 2017 a total of £7.99m will be required in the short term to fund the office relocation in advance of capital receipts. A further £1.2m has been identified as a longer term requirement in relation to this project. The latter has been included in this strategy as an annuity loan over 20 years required from 2017/18, which based on current rates, would result in an £0.083m combined charge for capital and interest per annum.

The 2016/17 capital estimates also require £0.75m to fund the Queen's Drive project in advance of capital receipts between 2016 and 2017. Based on current rates the estimated impact of borrowing this amount for one year is an interest charge of £0.011m.

In addition to those items already within the capital estimates, this strategy also includes an estimated level of borrowing to fund the capital costs associated with the fleet required to deliver the new refuse contract. At the time of writing, the actual costs of the fleet are unknown (separate paper to Cabinet), so a borrowing requirement of £6m has been included within the strategy. This is a prudent

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estimate and is based on the information received to date from potential refuse contract providers. This strategy accounts for the financing of the fleet through a PWLB annuity loan over a period of 10 years with an estimated start date midway through 2016/17. The financing period has been selected at this stage based on the potential length of the contract and the life of the assets being used to deliver the current contract. Once the final fleet combination has been confirmed the financing period may change as relevant to each asset.

The Council currently finances the refuse fleet as part of the contract itself, however as this type of financing can be expensive, the Council commissioned Capita Asset Services to work with officers to identify a financing option that offered the best value for money for the residents of East Devon. Capita undertook a piece of work which compared the net present value of leasing the assets from the various interested parties or obtaining a separate finance lease, to the Council financing the assets directly. In every service provision scenario it was cheaper for the Council to finance the assets directly. When compared to financing the assets through the contract a saving of between £0.392 and £1.097m was identified dependent on the lot and contractor, and compared to borrowing through a separate finance lease the saving was between £0.221m and £0.362m. These savings were calculated over a seven year financing period, but still demonstrate the impact of the particularly low rates at which local authorities are able to borrow.

The inclusion of this item within the strategy based on an estimate prior to contract award allows Members to approve the necessary level of borrowing required for the full year without the need to bring a further paper later in 2016/17. This should ensure that the delivery of the contract is not delayed due to financing considerations.

In practice the borrowing strategy is dependent on the amount and timing of expenditure, given the market conditions at the time, and the capital financing requirement is likely to be funded via a combination of external fund disinvestment, and/or loans from PWLB.

### **3.2 Housing Revenue Account (HRA)**

As at 31 December 2015 the HRA had 24 PWLB Loans totalling just over £84m. Of these, 23 are maturity loans (principal repayable at the end of the loan) varying in remaining duration from 1 - 23 years taken out under the Government's self financing regime. The 24<sup>th</sup> loan is an annuity loan (repaying principal each year) which was taken out in March 2011 for 17 new build properties. It is expected that the 2015/16 year-end position on these loans will be £83.4m.

The remaining capital balance on the 23 maturity PWLB loans will total £82.779m at the end of this financial year. The interest payments associated with these loans is £2.5m during this financial year.

The loan repayments have been profiled in line with the business plan, whereby the HRA generates resources to be able to repay the principal, with a balance being struck between repaying as soon as possible and allowing the HRA to generate sufficient surpluses as a cushion against uncertainties and enabling it to carry out improvements to stock.

On January 6<sup>th</sup> 2016 Cabinet was presented with a paper on the draft revenue and capital budgets. This paper outlined the impact of the summer budget announcement that authorities would be required to reduce HRA rental charges by 1% per annum for the next 4 years. The impact this has on the HRA business plan has led to a reconsideration of the current HRA self financing repayment schedule for 2016/17. During 2016/17 a repayment of principal of £1.5m is due. The proposal that of this £0.7m is refinanced has been reflected in this strategy as the repayment of the old loan and the drawdown of a new loan.

The HRA annuity loan will have an outstanding capital balance of £0.619m at the end of this financial year. During 2015/16 £0.039m was paid out against this loan which included interest of £0.006m. This loan is at a fixed rate of interest and includes an annual repayment of both principal and interest, which due to its nature vary each year depending on the loan balance.

The estimated effect of these Capital loans is an increase of £6.33 in the proportion of the Council's Band D tax level used for capital financing costs. This increases from £2.10 in 2015/16 to £8.43 in 2016/17, (Table 8).

The actual effect of financing these loans on average weekly rents was £14.24 in 2014/15, (£11.15 in 2013/14), (Table 8).

### **3.3 Cash Flow or Temporary Borrowing**

In addition to borrowing for capital purposes, the Council also borrows in the short-term to meet day to day shortages in its call account. This borrowing requirement is inherent within the operation of this account and is normally covered overnight via the call account overdraft and cleared the next day.

In some instances, particularly around the year end, the overdraft may not provide a sufficient short-term buffer, and in these instances the Council can borrow via the market at fixed rates for a fixed term of less than 3 months.

At the end of 2014/15 there was no requirement for short-term borrowing over the year end, and currently there is no indication that such borrowing will be required at the end of 2015/16.



### 3.4 Treasury Indicators: Limits to Borrowing activity

As part of the CIPFA code for Treasury Management it is recommended that the Council is informed of the anticipated borrowing limits required for the forthcoming financial year.

In addition to loans mentioned earlier, the Council will still need to make use of short term borrowing to meet day to day cash flow shortfalls.

The limits on the level of borrowings are stated below at 3.5 and 3.6.

### 3.5 The Operational Boundary for External Debt

This is the limit which external debt is not normally expected to exceed. This is the prudent level of external debt that the Council estimates will be required during any one year in terms of its capital financing and cash flow requirements. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt. The Council is asked to approve these limits and to delegate authority to the Section 151 Officer to be allowed to exceed these agreed limits if necessary, and report back to Cabinet, immediately after the event.

Table 9 shows both the actual operational boundary for external debt for 2014/15 and the estimates for 2015/16 to 2018/19. The operational boundary for any particular year has to be the higher of the opening and closing positions during that year.

	<b>Actual</b>	<b>Per 16/17 Estimates</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing - General Fund	1,445	4,787	16,827	16,827	10,590
Other LTL's* - General Fund	361	361	0	0	0
<b>General Fund Total</b>	<b>1,806</b>	<b>5,148</b>	<b>16,827</b>	<b>16,827</b>	<b>10,590</b>
Borrowing - HRA	84,426	83,398	82,608	82,608	81,298
Other LTL's* - HRA	0	0	0	0	0
<b>HRA Total</b>	<b>84,426</b>	<b>83,398</b>	<b>82,608</b>	<b>82,608</b>	<b>81,298</b>
<b>Overall Total</b>	<b>86,232</b>	<b>88,546</b>	<b>99,435</b>	<b>99,435</b>	<b>91,888</b>

\*LTL's – Long Term Liabilities, e.g. Finance lease costs.

### **3.6 The Authorised Limit for External Debt**

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

There is also a statutory limit determined under section 3 (1) of the Local Government Act 2003. In this case the Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The authorised limit is based on the Council's estimate of the most likely and prudent requirement for external debt (borrowing) during the year (the operational boundary) plus additional headroom for unanticipated cash movements, including those due to slippage.

For the General Fund the headroom is set at £3.0m.

For the HRA a debt cap of £87.844m set by the Government as the authorised limit has been used.

External debt is the sum of both debt to fund capital items, and short term borrowings to meet day to day cash flow variations.

In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt and to delegate authority to the Section 151 Officer (Strategic Lead Finance), to operate within the total limit for any individual year.

It is the duty of the Section 151 Officer to ensure that the authorised limits are consistent with the Council's current and future capital requirements. These limits should take account of risk management strategies, with regard to capital schemes and all future cash flow predictions, including the headroom referred to above for unexpected cash movements.

Table 10 shows the actual external debt for 2014/15 and the Authorised Limit for external debt for 2015/16 to 2018/19, based on estimates for capital expenditure and financing. The Council is asked to approve the following authorised limits:

<b>Table 10. Authorised Limit for External debt (Estimated)</b>					
	<b>Actual</b>	<b>Per 16/17 Estimates</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing - General Fund	1,445	7,787	19,827	19,827	13,590
Other LTL's* - General Fund	361	361	0	0	0
<b>General Fund Total</b>	<b>1,806</b>	<b>8,148</b>	<b>19,827</b>	<b>19,827</b>	<b>13,590</b>
Borrowing - HRA	84,426	87,844	87,844	87,844	87,844
Other LTL's* - HRA	0	0	0	0	0
<b>HRA Total</b>	<b>84,426</b>	<b>87,844</b>	<b>87,844</b>	<b>87,844</b>	<b>87,844</b>
<b>Overall Total</b>	<b>86,232</b>	<b>95,992</b>	<b>107,671</b>	<b>107,671</b>	<b>101,434</b>

\*LTL's – Long Term Liabilities, e.g. Finance lease costs.

The Council's actual external debt at 31 March 2015 was £86.23m (General Fund £1.80m and HRA £84.43m).

### 3.7 Prospects for Interest Rates

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

Appendix 1 provides the full detail of Capita's interest rate forecast and central view.

The key point to note being that the bank rate is currently forecast to increase from 0.5% to 0.75% during the quarter to June 2016 and then again to 1% during the quarter to December 2016.

### 3.8 Treasury Management Limits on Activity

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

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and,
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing within the same period, and the Council is required to agree upper and lower limits.

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

### 3.9 Interest Rate Exposure

Based on the projected investment and borrowing requirements of the Council over the next three years the upper limit on fixed and variable interest rate exposure is outlined in Table 11. These rates are consistent with those in the 2015/16 strategy.

	General Fund		HRA	
	Fixed	Variable	Fixed	Variable
2015/16 Limits				
Borrowing	100 %	20%	100%	20%
Investments	60%	100%	60%	100%
2016/17 Limits				
Borrowing	100%	20%	100%	20%
Investments	60%	100%	60%	100%
2017/18 Limits				
Borrowing	100%	20%	100%	20%
Investments	60%	100%	60%	100%

With the exception of the bank overdraft, all borrowing the Council undertakes is at a fixed rate of interest.

Investments have a 100% variable upper limit, as currently the majority of returns are variable including the external investment funds, 'savings' account, and money market fund investments. The fixed element of investments reflect fixed deposits,

and non-treasury management, policy based investment decisions. All investments of this nature are on a fixed term basis, whereby any interest chargeable on a project is then recharged on to the project itself, the idea being that in cost terms there is a nil impact on the Council. The loan to LED as referred to elsewhere within this report is one such example of a policy based investment decision.

The upper limit on variable borrowing at 20% ensures a level of certainty for Council borrowing, and thus cash outflows. The upper limit on fixed investments helps to protect the council from interest rate risk. For example it is not in the best interests of the Council to have too much cash tied up in a fixed return investment in the event of an interest rate rise, which would mean better returns may be had elsewhere. Variable rate investments often track the base rate, thus removing the risk associated with upward interest rate changes.

### 3.10 Maturity Structure of Borrowing

This is the amount of projected long term capital borrowing that is due for repayment in each period expressed as a percentage of total borrowing. A limit is set to reduce the Council’s exposure to large sums falling due in any one period.

At any point the actual percentages of debt projected to mature in each year will add up to 100%, but the proposed indicator is for a range of approved percentages. This gives discretion within an approved range to the treasury team. It does mean that each ‘set’ of figures will sum to more than 100%.

The council is asked to approve the following limits as outlined in Table 12:

<b>Table 12. Limits on Maturity Structure of Fixed Rate Borrowing as % of Total Borrowing</b>					
		<b>General Fund</b>		<b>HRA</b>	
		<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Current Year	2015/16	20%	0%	20%	0%
Next yr	2016/17	20%	0%	20%	0%
Yr 2-5	2017/18 - 2020/21	65%	0%	20%	0%
Y6 -10	2021/22 - 2025/26	25%	0%	25%	0%
Y11+	2026/27 – 2055/56	20%	0%	75%	0%

The upper limit in the General Fund for year’s two to five is due to the impact of cash flow timings associated with the repayment of the potential Queen’s Drive and relocation loans. These loans are funded from capital receipts associated with the projects and therefore do not represent a significant maturity risk to the Council.

Within the HRA the majority of the loans are over the longer term, as aligned to the HRA business plan, resulting in the upper limit being higher from 2026 onwards.

The upper limits on the maturity structure of borrowing will shift slightly each year as the maturity dates draw closer. However the limits shown are in line with expectations based on the funding plans.

The actual amounts maturing in each period are shown in Table 13 and reflect both the actual and potential loan commitments as referred to elsewhere within this strategy.

Based on capital borrowing plans included in the budget the current projected maturity structure of borrowing is shown in Table 13:

<b>Table 13. Estimated Maturity Structure of Fixed Rate Borrowing as % of Total Borrowing</b>					
		<b>General Fund</b>		<b>HRA</b>	
		<b>Projected Borrowing Amount Maturing £000</b>	<b>Total</b>	<b>Projected Borrowing Amount Maturing £000</b>	<b>Total</b>
Current Year	2015/16	858	<b>4.45%</b>	1,029	<b>1.21%</b>
Next yr	2016/17	710	<b>3.68%</b>	1,490	<b>1.75%</b>
Yr 2-5	2017/18 - 2020/21	11,783	<b>61.16%</b>	7,074	<b>8.31%</b>
Y6 -10	2021/22 - 2025/26	3,878	<b>20.12%</b>	16,694	<b>19.61%</b>
Y11-20	2026/27 - 2035/36	1,960	<b>10.17%</b>	48,640	<b>57.14%</b>
Y21-30	2036/37 - 2045/46	81	<b>0.42%</b>	9,330	<b>10.96%</b>
Yr31-40	2046/47 - 2055/56	0	<b>0.00%</b>	870	<b>1.02%</b>
		<b>19,270</b>	<b>100.00%</b>	<b>85,127</b>	<b>100.00%</b>

In addition to the above, the Council has an overdraft limit of £0.35m and can, if required, borrow for periods less than 3 months at fixed rates, in order to meet daily cash flow requirements. The strategy is managed so as to avoid short term fixed borrowing where possible.

### **3.11 Upper Limit for Total Principal Sums Invested over 364 days**

Only the Council's external funds can be invested for over 364 days and these total £30.92m. In practice the Council can access this money with 3 days notice.

### **3.12 Policy on Borrowing in Advance of Need**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. For example the Council cannot borrow in advance of need purely to profit from the investment of extra sums borrowed.

The Strategic Lead Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Borrowing in advance will be made within the constraints that it will:

- be limited to no more than the expected increase in borrowing need;
- occur not more than 12 months (3 months 2015/16) in advance of need; and,
- be agreed with the Section 151 Officer and Portfolio Holder for Finance in advance.

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

The Council has not in the recent past borrowed in advance of need, however officers are considering this option in relation to the renewal of the refuse contract. The refuse contract requires the Council to purchase a significant amount of fleet, which has a variable lead time for delivery. This can be as much as 10 months. Once a fleet order has been placed there is a level of certainty associated with its purchase cost, but the actual cash is not usually paid out in full until delivery. Considering the potential fleet lead times against the forecast interest rate movements (Appendix One) officers have identified, that as interest rates are forecast to increase within the next year there would be some merit in assessing the benefits of borrowing sooner rather than later. Officers are in discussion with Capita Asset Services to this end, and once the final fleet details are known a sensitivity exercise will be carried out to identify if this is a worthwhile consideration.

It is therefore recommended that the borrowing in advance constraints are increased from 3 months to one year in order to facilitate the purchase of the refuse fleet, if this can be demonstrated to offer a sufficient saving commensurate to risk.

### **3.13 Debt Rescheduling**

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be

considered in the light of the current treasury position and the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

As referred to in 3.2 above the only rescheduling currently being considered is in relation to one HRA self-financing loan which is due for repayment in 2016/17. This is not a complex transaction and is likely to involve the repayment of the debt when it becomes due followed by the partial draw down of the capital repaid in a new loan. This is distinct from rescheduling partway through the loan term.

All rescheduling will be reported to Cabinet at the earliest meeting following its implementation.



## **4 Annual Investment Strategy**

### **4.1 Investment Policy**

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The Council's overriding investment policy objective is to prudently manage the Council's funds, ensuring that risks are minimised whilst maximising returns. The Council's investment priorities in order of importance are:

- Security of the invested capital
- Liquidity of the invested capital
- Yield (return on investment)

In accordance with the above objective and in order to minimise risk to the principal sums invested, the Council sets parameters which are assessed when considering the credit risk of potential counterparties to include on the lending list. These parameters include the minimum acceptable credit quality of counterparties, i.e. their creditworthiness, and their net asset value as applicable. The counterparty list also enables diversification and thus avoidance of concentration risk.

The creditworthiness methodology used to create the counterparty list takes account of the ratings, watches and outlooks published by three ratings agencies, as advised by CIPFA. The agency data used is that published by Fitch, Moody's, and Standard & Poors.

The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and therefore other sources of information are used as relevant including:

- Financial press articles (macro-economic, banking, and individual institutions)
- Share price
- Other information pertaining to the banking sector
- Annual accounts of Building Societies

## 4.2 Creditworthiness Policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and criteria for choosing investment counterparties with adequate security, as well as monitoring that security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Strategic Lead Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified and this list provides an overall pool of counterparties considered high quality which the Council may use, rather than defining the types of investment instruments that are to be used (i.e. cash, floating rate notes, and certificates of deposit).

Counterparty ratings are monitored on a real time basis via notifications received from Capita Asset Services as the agencies publish modifications. In addition a full review of the counterparty list is carried out on a regular basis.

The security of the Council's financial assets is paramount, and whilst the strategy needs to be clear in this area it also needs to be sufficiently comprehensive and iterative in order to provide operational flexibility within, what at times, is a volatile macroeconomic environment. As the financial backdrop changes it is essential that the strategy is set to enable an efficient response to those changes.

The 2016/17 strategy allows for investments of up to £2.0m to be deposited with UK incorporated banks, or those banks entitled to receive UK deposits. However the reality is that the banks have not been willing to accept cash investments for the amounts and periods the Council has been able to offer. Market sentiment indicates that this will continue into the foreseeable future with the added risk that call account returns are likely to reduce. This demonstrates that whilst it is important to include a range of parameters within a comprehensive strategy it is also important to recognise the practicality of such parameters.

The Council manages the majority of its internal investments via money market funds and a range of building societies in line with the creditworthiness criteria referred to below.

In order to address the need for flexibility, and to ensure the spread of risk, access to an investment portal has been arranged which allows officers to review and potentially transact with a small range of money market funds directly. All money market funds considered suitable with reference to the creditworthiness criteria will be approved for use by the Section 151 Officer before an account is opened. The Council currently has access to two money market funds, but officers are intending to open at least one more in the near future.

This strategy proposes to include corporate bonds within its creditworthiness criteria for the first time in 2016/17. The reason behind this is to provide further investment opportunities given the particularly low returns currently being offered by several of the building societies commonly used by EDDC. It is proposed that investments in corporate bonds would be limited to a duration of less than 1 year, be AAA rated, and have a maximum value of £2m per investee. The Council will not trade corporate bonds directly, but will trade via a specialist investment intermediary, whose fee is linked to the return. Given the short duration proposed it is anticipated the majority of trades will be via the secondary market.

A very difficult investment environment remains. Whilst counterparty risk appears to have eased, it remains at elevated levels and economic forecasts are abound with uncertainty. However, the UK also has a very accommodating monetary policy - reflected currently in a 0.5% bank rate.

EDDC's Treasury Management Strategy therefore needs to be sufficiently flexible to allow it to adapt to changing economic circumstance whilst ensuring the security of funds invested.

The Council's proposed creditworthiness criteria are included in the Table14 below.

<b>Table 14. Creditworthiness Criteria</b>		
<b>Organisation</b>	<b>Criteria</b>	<b>Max Amount</b>
<b>External (Long Term) Investment Fund</b>		
Collective investment schemes (e.g. bond funds)	AAA long-term rating backed up with lowest volatility rating (V1/S1)	60% of External Fund total
<b>Cash Flow/Internal Investments</b>		
Deposit Building Societies	With over £5 Billion in total assets	£3m
Deposit Building Societies	With over £1 Billion in total assets	£2m
Deposit with UK incorporated Banks	Minimum F1, A1 or P1 short term backed up by A long term credit rating	£2m
Deposit with Banks Incorporated outside the UK but entitled to accept deposits in UK	Minimum F1+, A1+ or P1+ short term backed up by AA-long term credit rating	£2m
Money Market Funds	AAA long-term rating	£3m

UK Local, Police & Fire Authorities		£3m
UK Government Treasury Bills/Gilts		No limit
Corporate Bonds	AAA and less than one year duration	£2m

The 'deposits' referred to in Table 14 refer to either cash, floating rate notes or certificates of deposit.

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed.

As a consequence of these new methodologies the key ratings used to monitor counterparties are the short term and long term ratings only. Viability, Financial Strength and Support Ratings previously applied are effectively redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes. EDDC refers only to the short and long term ratings when assessing counterparties, as such its review of counterparty creditworthiness will not be affected by this regulatory change which has been referred to here for information only.

The Council will not invest in subsidiaries that do not have a credit rating in their own right and a separate FSA licence from the parent company.

In the event of a downgrade resulting in a counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

Any changes in counterparty ratings or other criteria that put the counterparty below the minimum criteria whilst the Council holds a deposit will be brought to the attention of the Strategic Lead Finance and the Portfolio Holder for Finance immediately, with an appropriate response decided on a case-by-case basis.

The Council's current counterparty list is included at Appendix 3.

It is recommended that Cabinet approves the creditworthiness criteria above which have been updated in the current year to include the addition of corporate bonds.

### 4.3 Specified and Non-Specified Investments

Specified Investments are required to be in Sterling and have a maximum maturity of 1 year and be of 'high credit quality'.

The definition of 'high credit quality' is set out below:

- Investments in Banks Incorporated in the UK with a credit rating of at least A/F1, A1 or P1 with a limit of £2m on the amount invested.
- Investments in Banks Incorporated outside of the UK but entitled to accept deposits in the UK, per the Bank of England Prudential Regulation Authority list of banks, with a credit rating of at least AA-/F1+/A1+/P1 with a limit of £2m on the amount invested.
- Investments in collective investment schemes, including money market funds, structured as Open Ended Investment Companies (OEIC's) with a long term rating of AAA for Constant Net Asset Value (CNAV) funds and AAA V1/S1 for Variable Net Asset Values (VNAV).
- Internal Investments less than 6 months, up to agreed limits, in UK Building Society's with an asset basis of over £1 billion.

All investments over 1 year in duration and/or not meeting the definition of high credit quality listed above are classified as non-specified investments. Corporate bonds for example would be classified as non-specified investments.

#### 4.4 Current Investment and Borrowing Position

The current position on debt and investment principal as at 31 December 2015 is show in Table 15.

<b>Table 15. Current Investment and Borrowing Position</b>		
	<b>£M</b>	
<b>Short Term Internal Investments</b>		
Bank of Scotland call account	2.00	
Public Sector Deposit Fund (Money Market Fund)	0.05	
Goldman Sachs Sterling Liquidity (Money Market Fund)	0.15	
Fixed Term Cash Deposits < 1 Month	0.00	
Fixed Term Cash Deposits < 2 Month	9.00	
Fixed Term Cash Deposits < 3 Month	0.00	
Fixed Term Cash Deposits < 4 Month	0.00	
Fixed Term Cash Deposits < 5 Month	7.00	
Fixed Term Cash Deposits < 6 Month	1.00	
	<b>19.2</b>	<b>38.30%</b>
<b>External Investments</b>		
Royal London Asset Management - Cash Plus Fund	15.46	<b>30.85%</b>
Payden & Rygel - Sterling Reserve Fund	15.46	<b>30.85%</b>
	<b>30.92</b>	
<b>Total Investments</b>	<b>50.12</b>	
<b>Borrowing</b>		
Short Term Cash Flow Borrowing	0.00	
PWLB Loan (General Fund) < 10 years	2.07	
PWLB Loan (HRA) < 40 years	84.42	
	<b>86.49</b>	

#### 4.5 Externally Managed Funds

The Council currently has over £30m invested, split equally between the following pooled investment vehicles, OEIC's:

- Cash Plus Fund – Royal London Asset Management (RLAM)
- Sterling Liquidity Fund – Payden & Rygel

#### 4.6 Other investments

In addition to the aforementioned investments work is currently being undertaken to assess a range of potential project investments which as well as offering financial returns to the Council will also offer social benefits to the population of East Devon. Examples include investments in a district heating scheme, and in superfast broadband projects for hard to reach areas. Detailed reports will be presented to Cabinet in relation to such projects as they progress. At the same time the associated detailed treasury management implications will also be reported.

#### 4.7 End of year investment report

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

### 5. Other Items

#### 5.1 Use of Reserves

The draft 2016/17 budget has been compiled on the basis that the Council will make the following withdrawals from reserves:

	<b>£000</b>
General Fund Reserves	0
Capital Reserves	1,078
	<u>1,078</u>

The final amount to be withdrawn from reserves is subject to the final decision of Full Council on 24th February 2016.

The need to withdraw any further funds from the investment portfolio will be kept under review and assessed on a case by case basis with reference to the economic climate at the time.

## **6. Appendices**

1. Interest rate forecasts
2. Economic background
3. Current counterparty list
4. The treasury management role of the Section 151 Officer



### Appendix 1: Interest Rate Forecasts 2015 - 2018 (provided by Capita Asset Services as at 13 January 2016)

This information has been provided by Capita Asset Services. The following table and commentary gives their central view.

Capita Asset Services Interest Rate View													
	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
<b>Bank Rate View</b>	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
<b>3 Month LIBID</b>	0.70%	0.80%	0.90%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	1.90%	2.00%	2.00%	2.10%
<b>6 Month LIBID</b>	0.90%	1.00%	1.10%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.10%	2.20%	2.20%	2.30%
<b>12 Month LIBID</b>	1.20%	1.30%	1.40%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.40%	2.50%	2.50%	2.70%
<b>5yr PWLB Rate</b>	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
<b>10yr PWLB Rate</b>	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
<b>25yr PWLB Rate</b>	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
<b>50yr PWLB Rate</b>	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%
<b>Bank Rate</b>													
<b>Capita Asset Services</b>	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
<b>Capital Economics</b>	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	-	-	-	-	-
<b>5yr PWLB Rate</b>													
<b>Capita Asset Services</b>	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
<b>Capital Economics</b>	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	-
<b>10yr PWLB Rate</b>													
<b>Capita Asset Services</b>	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
<b>Capital Economics</b>	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
<b>25yr PWLB Rate</b>													
<b>Capita Asset Services</b>	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
<b>Capital Economics</b>	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
<b>50yr PWLB Rate</b>													
<b>Capita Asset Services</b>	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%
<b>Capital Economics</b>	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	-

**UK.** UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, probably being second to the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y) before weakening again to +0.5% (2.3% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and the November Inflation Report flagged up particular concerns for the potential impact on the UK.

The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel prices will now delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% in the second half of 2016 and not get to near 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase. There is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

**USA.** The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.1% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 has prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

**EZ.** In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4%

(+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this lacklustre progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.

*Greece.* During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

*Portugal and Spain.* The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

- *Investment returns are likely to remain relatively low during 2016/17 and beyond;*
- *Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;*
- *There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.*

## **Appendix 2: Economic Background (provided by Capita Asset Services as at 13 January 2016)**

**UK.** UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again.

However, quarter 1 of 2015 was weak at +0.4%, although there was a short lived rebound in quarter 2 to +0.7% before it subsided again to +0.5% (+2.3% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.2%.

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, more recent, round of falls in fuel prices which will now delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015 to Q2 2016. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008.

*The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.*

**USA.** *GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.1% in Q3.*

*Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while November was also reasonably strong; this, therefore, opened up the way for the Fed. to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.*

**EZ.** *In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this more recent lacklustre progress, combined with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2%. The ECB will also aim to help boost the rate of growth in the EZ.*

**Greece.** *During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.*

*Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.*

**China and Japan.** *Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Abe government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its 'arrows' of reform but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.*

*As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market during the summer. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, concerns about whether the Chinese economy could be heading for a hard landing, and the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September, remain a concern.*

**Emerging countries.** *There are also considerable concerns about the vulnerability of some emerging countries and their corporates which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries) there is now a strong flow back to those western economies with strong growth and an imminent rise in interest rates and bond yields.*

*This change in investors' strategy, and the massive reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US, has helped to cause the dollar to appreciate significantly. In turn, this has made it much more costly for emerging*

*countries to service their dollar denominated debt at a time when their earnings from commodities are depressed. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.*

*Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.*

### **CAPITA ASSET SERVICES FORWARD VIEW**

*Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. Capita Asset Services undertook its last review of interest rate forecasts on 9 November 2015 shortly after the publication of the quarterly Bank of England Inflation Report. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.*

*The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.*

*The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.*

*However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in November, (based on short sterling), for the first Bank Rate increase are currently around mid-year 2016.*

*Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:*

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.*
- UK economic growth turns significantly weaker than we currently anticipate.*

- *Weak growth or recession in the UK's main trading partners - the EU, US and China.*
- *A resurgence of the Eurozone sovereign debt crisis.*
- *Recapitalisation of European banks requiring more government financial support.*
- *Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens*

*The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -*

- *Uncertainty around the risk of a UK exit from the EU.*
- *The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.*
- *UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.*



## Appendix 3:

## Internal Counterparty List 2015-16 as at 31 December 2015

<b>Building Societies</b>				
		<b>Total Assets £'000</b>	<b>Assets &gt; £1 Billion</b>	<b>Max Investment £</b>
1	Nationwide	194,821,000	YES	3,000,000
2	Yorkshire	41,779,000	YES	3,000,000
3	Coventry	30,890,000	YES	3,000,000
4	Skipton	15,336,000	YES	3,000,000
5	Leeds	12,220,000	YES	3,000,000
6	Principality	7,108,000	YES	3,000,000
7	West Bromwich	5,570,000	YES	3,000,000
8	Newcastle	3,741,000	YES	2,000,000
9	Nottingham	3,267,000	YES	2,000,000
10	Cumberland	1,903,000	YES	2,000,000
11	Progressive	1,688,000	YES	2,000,000
12	National Counties	1,302,000	YES	2,000,000
13	Saffron	1,169,000	YES	2,000,000
14	Cambridge	1,154,000	YES	2,000,000
15	Monmouthshire	1,044,000	YES	2,000,000
<b>Money Market Funds</b>				
	CCLA - Public Sector Deposit Fund		AAA	3,000,000
	Goldman Sachs Sterling Liquidity Fund		AAA	3,000,000

<b>Banks</b>	UK or Irish bank with presence in UK and a short term Fitch rating of F1 or higher.			
<b>UK High Street Banks</b>		<b>Short Term Fitch Rating</b>		<b>Max Investment £</b>
	<b>Lloyds Banking Group</b>			
	Lloyds TSB	F1		2,000,000
	Bank of Scotland	F1		2,000,000
	<b>Others</b>			
	Santander UK PLC	F1		2,000,000
	Barclays	F1		2,000,000
	HSBC Bank plc	F1+		2,000,000
	Clydsdale Bank	F1		2,000,000

<b>Non-UK Banks</b>		<b>Short Term Fitch Rating</b>	<b>Long Term Fitch Rating</b>	<b>Max Investment £</b>
	<b>Abu Dhabi (U.A.E)</b>			
	National Bank of Abu Dhabi	F1+	AA-	2,000,000
	<b>Australia</b>			
	Australia and New Zealand Banking Group Ltd	F1+	AA-	2,000,000
	Commonwealth Bank of Australia	F1+	AA-	2,000,000
	National Australia Bank Ltd	F1+	AA-	2,000,000
	Westpac Banking Corporation	F1+	AA-	2,000,000
	<b>Canada</b>			
	Bank of Montreal	F1+	AA-	2,000,000
	Bank of Nova Scotia	F1+	AA-	2,000,000
	Canadian Imperial Bank of Commerce	F1+	AA-	2,000,000
	Royal Bank of Canada	F1+	AA	2,000,000
	Toronto Dominion Bank	F1+	AA-	2,000,000
	<b>Finland</b>			
	Nordea Bank Finland plc	F1+	AA-	2,000,000
	<b>Netherlands</b>			
	Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)	F1+	AA-	2,000,000
	<b>Singapore</b>			
	DBS Bank Ltd	F1+	AA-	2,000,000
	United Overseas Bank Ltd	F1+	AA-	2,000,000
	<b>Sweden</b>			
	Svenska Handelsbanken AB	F1+	AA-	2,000,000
	<b>U.S.A</b>			
	Bank of New York Mellon, The	F1+	AA-	2,000,000
	Wells Fargo Bank NA	F1+	AA-	2,000,000
	<b>UK Local, Police and Fire Authorities</b>			3,000,000

## **Appendix 4: The treasury management role of the Section 151 Officer**

### **The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 16

**Subject:** West Hill – Community Governance Review

**Purpose of report:** At its meeting in July 2015, Cabinet agreed that a Community Governance Review be undertaken following a request from the 'West Hill Parish Council Campaign'. Following publication of the Terms of Reference and the first phase of consultation a decision is now required on whether to proceed to the second stage of the Community Governance Review. This report appends a summary of the various views that were received and recommends the formal publication of draft proposals

**Recommendation:**

- 1. Having regard to the relevant statutory criteria and the results of the first phase of consultation that a new Parish Council be established for the area known as 'West Hill' and that this proposal be formally published with a 3 month period for representations.**
- 2. That the proposed boundary be as set out in Appendix D (reflecting comments made by local residents in the consultation).**
- 3. That the new Parish Council be known as 'West Hill Parish Council' with a membership of 7 councillors and that no warding provisions are incorporated.**

**Reason for recommendation:** In accordance with the provisions of Part 4 of the Local Government and Public Involvement in Health Act 2007; the principal legal framework within which councils must undertake these reviews.

Members will recall that the rationale for undertaking this review arose from a 379 signature petition which claimed that: 'West Hill is a separate, thriving community with its own sense of identity and strong desire to manage its own affairs. West Hill requires its own parish council comprising residents entirely from West Hill who are best placed to make decisions affecting the village.'

We also highlight...a key consideration highlighted by the Guidance when considering community governance - the size of the settlement concerned. West Hill is by far the largest settlement in East Devon without its own representation'

**Officer:** Mark Williams, Chief Executive [mwilliams@eastdevon.gov.uk](mailto:mwilliams@eastdevon.gov.uk)

**Financial implications:** There is a financial implication in setting up a new parish from a council tax perspective; our software supplier will charge us in the order of £5k.

**Legal implications:** Section 81 of the Local Government and Public Involvement in Health Act

2007 provides that it is for the Council to decide the terms of reference of any community governance review.

The legal requirements for recommendations arising out of the community governance review are set out in Part 4 Chapter 3 of the 2007 Act. This includes recommendations as to what new parish or parishes (if any) should be constituted in the area under review, and its electoral arrangements. There must be recommendations as to the name of any new parish, and as to whether or not the new parish should have a parish council, and if so, its style [parish/town/community/neighbourhood/village].

The Council must have regard to guidance issued by the Secretary of State under s100 of the 2007 Act about carrying out community governance reviews and giving effect to any recommendations arising out of the review. The Council must also have regard to guidance from the Electoral Commission on electoral recommendations arising out of the review.

**Equalities impact:** Low Impact

**Risk:** Low Risk

That objections are raised both to the principle of a new Parish and the proposed boundary.

**Links to background information:**

- [Local Government and Public Involvement in Health Act 2007](#)
- [The Electoral Commission Guidance on Community Governance Reviews, April 2008](#)

**Link to Council Plan:** Living in this Outstanding Place

## Report in full

### 1 Introduction to Community Governance Reviews

1.1 A Community Governance Review is a review of the whole or part of a district to consider one or more of the following:

- creating, merging, altering or abolishing parishes;
- the naming of parishes and the style (i.e. whether to call it a town council or village council etc) of new parishes;
- the electoral arrangements for parishes – the ordinary year of election, the size of the council, the number of councillors to be elected and parish warding;
- grouping parishes under a common parish council, or de-grouping parishes.

1.2 Under the legislation the District Council must aim to ensure that community governance in the area under review:-

- reflects the identities and interests of the community in that area
- is effective and convenient
- takes into account any other arrangements for the purpose of community representation or community engagement.

1.3 When considering this, the Council should take into account a number of factors, including:

- the impact of community governance arrangements on community cohesion; and
- the size, population and boundaries of any new local community or parish.

A review involves the following stages:

- (1) Setting terms of reference of the review;
- (2) Publicising the terms of reference (for the purposes of the Act, the review formally commences when the terms of reference are published);
- (3) Undertaking consultations with the local government electors for the area and any other person or body (including relevant Parish Councils) who appear to have an interest in the review;
- (4) Considering representations;
- (5) Preparing and publishing draft proposals;
- (6) Undertaking consultation on the draft proposals;
- (7) Considering representations;
- (8) Publishing recommendations;
- (9) Making an order to bring into effect any decisions arising from the review;
- (10) A review must be concluded within 12 months of the publication of the terms of reference.

1.4 When undertaking a CGR a principal council must have regard to guidance issued by the Secretary of State and the Electoral Commission. However, subject to this, it is for the Council to decide how to undertake the review.

## **2 Details of the Stage One Initial Submissions**

2.1 Following the approval of Council and for a period of 3 months views were sought from the public, residents of Ottery St Mary and others on whether it was appropriate to establish a new parish council for the area commonly known as West Hill. A total of 3495 households were sent forms and we have received 801 valid replies. This represents a 22.9% return. The summary results are:

In favour 482

Not in favour 307

Don't know 12

A summary of the responses received is set out in Appendix A. The response of the Ottery St Mary Town Council is set out in Appendix B and that of the West Hill Parish Council Campaign in Appendix C.

- 2.2 It can be seen that majority of views were in favour of West Hill having its own Parish Council. Although there were some strong views expressed as to why West Hill should not have its own Parish Council it does appear that the proposal reflects the identities and interests of the community in the area of West Hill. The 2 main noteworthy concerns against the creation of a new Parish Council are the impact on the precept for the remainder of Ottery St Mary and the residual composition of the Town Council. These can be considered to fall within the 'effective and convenient' statutory criteria.
- 2.3 In terms of the possible increased precept for the remaining residents of Ottery St Mary, this will be a matter for the Town Council to assess. The Town Council does have reserves which it will retain, and arguably there is scope for the precept to increase to a comparable level with other towns. It maybe that some of its ambitions will have to be reassessed without the precept income from West Hill but this is not considered to be a strong enough consideration to outweigh the community identity criteria.
- 2.4 The residual composition of the Town Council will see the rural areas of Tipton St John and Alfington as potentially disadvantaged in voting terms. At present the urban/rural split on the Town Council is 7:8. Without West Hill it will be 7:4. Although this is a relevant consideration, it is not considered to outweigh the strong evidence of community identity.
- 2.5 It is noteworthy however, that strong views have been expressed regarding the proposed boundary of the new Parish Council. The 'West Hill Parish Council Campaign' group considers that the boundary should follow the existing ward boundary (shown by a thick black line on Appendix D). Whilst the logic of this suggestion is understood, a number of views have been expressed by affected residents close to the existing ward boundary that they do not wish to be included in the new parish council area. On this basis it is appropriate to consult on a revised boundary and the areas it is suggested should be excluded from the new Parish Council are shown hatched black in Appendix D. I am sure there will be some refinements to these suggested areas as a result of the recommended second stage consultation but I have tried to incorporate the concerns expressed by affected residents.
- 2.6 On this basis and for further consultation purposes, the proposed boundary of West Hill is as set out in Appendix D. This hopefully reflects the concerns expressed by affected residents and addresses the statutory criteria of reflecting the identities and interests of the community in that area and of being effective and convenient.



## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	No	0	N/a	I think West Hill should remain part of Ottery Council
No	No	0	N/a	
No	Yes	0	Did not answer	
Yes	Yes	8	Yes	
Yes	Yes	6	Yes	If it is the will of West Hill residents.....so be it!
Yes	Yes	5	Yes	
Yes	Yes	10	Yes	
Yes	Yes	4	Yes	Just switch the 4 existing West Hill reps to the new parish council
Yes	Yes	Up to the local residents	Yes	No reason to change parish or increase costs
Don't know	Did not answer	Should not increase numbers		
No	No	0	Yes	An additional town council or parish council simply adds to bureaucracy and cost
Yes	Yes	Minimum 5	Did not answer	
Yes	Yes	8	Yes	
No	No		No	This will incur extra costs for an already stretched council
Yes	Yes	5	Yes	There should be no financial impact on the remaining households of OSM Town Council. In view of the large expansion in Ottery is 12 Councillors sufficient?
No	Yes	0	No	Current situation does not need to change. West Hill should remain as is.
Yes	Yes	4	Yes	
Yes	Yes	4	Yes	Another parasite waste of money by unproductive EDDC jobsworths
No	No	0	No	
No	No	0	No	Why is West Hill so special that it warrants it's own PC? Whose pocket will the increased salary output be coming from? How will this proposal benefit OSM residents? Is this proposal to stop future housing inclining on West Hill?
No	No	0	No	Don't need another council
Yes	Yes	5	No	
Yes	Yes	7	Yes	
Yes	Yes	5	No	
No	No	0		What a complete waste of money. This would be best spent on things that are needed
Yes	Yes	8	Yes	
Yes	Yes	4 or 5	Did not answer	
Yes	Yes	3	No	
No	No	0	No	Best to keep it as one controlled entity
No	Did not answer		No	
Yes	Yes	4	Yes	
Yes	Yes	4	Yes	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	No		No	The parish currently works well as an integrated and mixed community. West Hill by itself is a mono culture of large affluent houses. It should not be allowed to become a 'rich persons' enclave. Rather it should remain a part of a fully mixed integrated community. The current parish provides a balanced community and should remain so.
Yes	Yes		2 No	
No	No		0 No	
No	No		0 No	
No	No		Yes	
Yes	Yes		8 Yes	
No	Did not answer		0 No	More bureaucracy is not needed in this area as West Hill is already represented on OSM Town Council. More Councils = more costs. Better to make all local councils better and more efficient
Yes	Yes		6 Yes	
Yes	Yes	Did not answer	Yes	Local Knowledge is helpful and necessary
No	No		No	Would dilute the power / influence of existing council to detriment of both areas
No	Did not answer			
No	Did not answer			
No	No		No	Complete waste of East Devon money
Yes	Yes	8 - 10	Yes	
Yes	Yes		6 Yes	
Yes	Yes		15 Yes	
Yes	Yes		15 Yes	
No	No		Yes	
No	Yes		0 Did not answer	I believe it would be better to stay together
Yes	Yes		4 No	Why would OSM need to increase its Councillors with less work to do?
Yes	Yes		4 Yes	
No	Yes		0 Yes	
No	No		0 No	
Yes	Yes		5 No	
No	No		0 No	This proposal should not proceed. West Hill is bound to look towards Ottery as a local centre and the people of West Hill will always use the facilities of Ottery. The two settlements while each retaining an individual character are mutually integrated and their lives are inextricable
No	Yes		3 Yes	There is more benefit to residents if West Hill remains part of the town council
No	Did not answer		No	
Yes	Don't know		4 No	
No	Don't know		0 No	
No	Did not answer		3 No	OSM as a town needs all its constituent parts

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	7	Yes	This should be an open and fair parish council - fully accountable for their decisions made for and on behalf of the people they represent. All self interests to be declared.
No	No	0	No	Creation of a discrete West Hill Parish Council would effectively be an anti-democratic development in the OSM TC. Decreasing democratic space and encouraging an elitist approach to local governance. The demographic of the proposed area is distinct to that of OSM as a whole and careful consideration should be given to impacts of changed governance over the wider area.
Yes	Yes	As many as are allowed / needed	Yes	Council should ask public opinion on things before major money is spent
No	Yes	0	Yes	
Yes	Yes	5	Yes	
Yes	Yes	5	Yes	
Yes	Yes	Don't know	Yes	
Yes	Yes	5	Yes	
Yes	Yes	4	No	
Yes	Yes	3	Yes	
Yes	Yes	5	No	
Yes	Yes	At least 4	Yes	This is long overdue. People who live in West Hill representing West Hill
Yes	No	6	No	West Hill Parish should not include land in North East corner. Houses south of road to Daisymount remain in OSM TC
Yes	Yes	5	Yes	
Yes	Yes	7	Did not answer	Ottery is expanding rapidly so West Hill will become a smaller part of the larger whole. The two are very different so it is vital to run our own affairs.
Yes	Yes	7	Did not answer	
Yes	Yes	4 or 5	Yes	
Yes	Yes	Don't know	Yes	
Yes	Yes	Don't know	Don't know	I think it is important to have our own parish council
Yes	Yes	8	Did not answer	
Yes	Yes	5	Yes	This is a very good idea, makes sense
Yes	Yes	3	Did not answer	
Yes	Yes	4	Yes	The parish councillors should be local people
Yes	Yes	4	No	Surely 7 OSM Councillors will be enough?
Yes	Yes	4	No	
Yes	Yes	5	Yes	
Yes	Yes	9 minimum	Did not answer	
Yes	Yes	8 or 10	Yes	Young votes needed on any council body <35

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	8 or 10	Yes	
Yes	yes		6 Yes	
No	Did not answer	Don't know	Yes	West Hill is an annex of Ottery, using all the facilities and services, shops, leisure sports etc and should contribute to the running of the whole area
No	Yes		0 No	What a complete waste of tax payers money so a few rich retired people at West Hill can feel important
No	No		0 Yes	Feel strongly it should remain as a ward and not as a parish council
No	No		0 Yes	
Don't know	Did not answer		3 No	Reduce number of councillors
No	Did not answer		0 No	Proposal is an example of empire building
No	Did not answer		0 No	
No	No		0 No	It's a rubbish and a waste of resources / expense. A crazy idea
No	No		0	I think West Hill should stay as part of OSM
Don't know	Did not answer			What would the extra cost be?
Yes	Yes		4 No	Only if it makes financial sense. No increase to number of Councillors
No	Did not answer			
No	No		0 No	The change will disadvantage the remaining wards
No	Yes		0 No	It would cost us all more in salaries and expenses
No	No		0 No	If agreed the cost of OSM would mean increase in rate charges
No	No		0	Yet another tier of governance
No	Yes		0 No	In my opinion we should have fewer levels of local government
No	Did not answer		0 Yes	My belief is there is power in numbers therefore the area should stick together for voting power. Any break away affects everybody.
No	Yes		0 Did not answer	A separate Parish would lead to a ridiculous duplication of services and admin
No	No		No	Enough representation at present
Yes	Yes		5 Yes	
Yes	Yes	Did not answer	Yes	
No	Yes		4 No	Why change? It seems to be a waste of money.
Yes	Yes	7 or 8	Yes	
Yes	Yes		6 No	
No	No		8 No	The proposals if implemented with the number of councillors proposed for OSM Town Council would effectively mean the town ward could outvote the other 2 wards given that the chair who will have the casting vote is likely to come from the town ward
Yes	Yes		6 Yes	Definitely think a village the size of West Hill should have its own parish council
Yes	Yes		6 No	This proposal will benefit the new West Hill and OSMTC allowing focus and better local issue prioritisation

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	6	Yes	I have lived in this area since 1974 both in Talaton and West Hill and have seen the population growth in Ottery and also West Hill in that time
Yes	Yes	Did not answer	No	
No	Yes	0	Yes	West Hill doesn't have its own identity. It's a hop, skip and jump away from OSM!
Yes	Yes	4	Yes	
Yes	Yes	4	Yes	
Yes	Yes	6	Yes	This change is long overdue when compared to Aylesbeare Village size and population. West Hill is much the larger. This is also in line with national government aims for devolved empowerment
No	No		No	The population hardly warrants a separate Council
Yes	Yes	5	Yes	
Yes	Yes	5	Yes	
No	Yes	0	No	West Hill has always been part of OSM. It would cost money to change things and rates would increase
No	Yes	0	No	No change is necessary as West Hill residents are dependant on OSM town facilities for health, schooling, retail and banking and pubs
No	Yes	4	Yes	West Hill is part of neighbourhood plan so what is the impact?
No	Did not answer			Money could be more wisely spent
Yes	Yes	4	Yes	
No	No		No	It adds more costs and bureaucracy in a time of austerity and doesn't engender a same community
No	No		No	
Yes	Yes	4	No	
No	No		No	Each parish council represents an increase in costs which should be justified when making a decision to create an extra council. West Hill area probably has different needs and issues to Ottery Town and these would be better represented / delivered by a West Hill Parish Council; however the same is true of all of the villages and hamlets surrounding Ottery Town. A much more satisfactory change would be to separate Ottery Town from all of the surrounding area. There would be two councils, Ottery Town and Ottery Rural. This way, the needs of all of the rural areas would be better served.
No	Did not answer			It will cost more. We would be better off staying as we are
Yes	Yes	3	Yes	
No	Yes	0	Yes	I think West Hill should be part of Ottery St Mary
Yes	Yes	6	Yes	
Yes	Yes	5	No	
Yes	yes	5	No	
Yes	Yes	5	No	
Yes	Yes	3 or 4	No	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	Yes	8	Yes	
Yes	Yes	6	Did not answer	Great benefit for West Hill
Yes	Yes	4	Yes	
No	No			The style of these questions suggest that the proposal is already a done deal. This proposal would serve to make an elitist parish council capitalising on the inherent wealth of West Hill
No	Yes	0	Yes	Why do West Hill need a council?
Don't know	Yes	Did not answer	Did not answer	Without more information how do we know what is preferable? I have lived in both areas over recent years
Yes	Yes	5	Yes	
No	No	0		West Hill is adequately represented
Yes	Yes	7 or 8	Yes	West Hill needs its own voice. It is often overridden by OSM Town Council out voting West Hill Councillors on matters relating solely to West Hill
Yes	Yes	7 or 8	Yes	
No	Did not answer	0	No	Any split will dilute the town council income. It currently struggles to undertake routine maintenance tasks and this will become even more difficult if split. West Hill appears to receive its fair share of expenditure so far as I am aware
No	Did not answer	0	No	
Yes	Yes	2	Yes	
Yes	Yes	5	Yes	
No	Yes	0	Did not answer	Think we've been served very adequately by own Parish Councillors at Ottery St Mary and this will just add a small extra layer
Yes	Yes	8	Yes	Process too long winded. Need to make the process shorter
Yes	Yes	8	Yes	
Yes	Yes	4	No	
Yes	Yes	5	No	The quicker we have our Parish Council the better!
Yes	Yes	5	No	
No	No	0	No	
Yes	Yes	6	No	
No	No	0		Ottery will expand to merge with West Hill eventually
No	Yes	5	No	if the number of councillors for Town is increased to 8 that would totally dominate the council and the rural communities would suffer. Losing West Hill will shift balance to town instead of equal rural / town
Yes	Yes	4	Yes	
Yes	Yes	10	No	
Yes	Yes	8	Yes	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	5	Yes	
Yes	Yes	7	Yes	
Yes	Yes	4	Did not answer	
Yes	Yes	Minimum 5	Yes	
Yes	Yes	Minimum 5	Yes	
Don't know	Don't know			
No	No	3	No	
No	Did not answer		Yes	No need for a further tier of bureaucracy especially as very few business in area
Yes	Yes	6	Yes	
Yes	Yes	5	Yes	
No	No	0	Yes	This will have a detrimental effect on Ottery St Mary pulling resources
Yes	Yes	4	No	We need to control our own destiny for the sake of West Hill
Yes	Yes	4	Did not answer	
No	Yes	0	No	Too small - this will create a potentially elitist clique of the wealthy to avoid contributing to the greater good.
Yes	Yes	5	Did not answer	
No	Yes	0	Yes	The cohesion of Ottery as an entity will be devalued. West Hill is already overrepresented
Yes	Yes	6	No	
No	Yes	0	Yes	
No	Yes	0	Yes	No more bureaucracy please, I am quite happy as it is
No	yes	0	Yes	If it works don't fix it. All seems ok at present
Yes	Yes	3 or 4	Yes	
Yes	Yes	4	No	
Yes	Yes	7	Yes	
No	No	0	No	Waste of money and time - not needed. Stronger together
No	Yes	6	No	
No	Yes	6	No	
Yes	Yes	4 or 5	Yes	All issues must be decided by those living within the parish
Yes	Yes	5	No	This seems an entirely logical proposal for a discrete community such as West Hill
No	No	0	No	I am very against the proposal. West Hill is a small area and a Parish Council would introduce a new bureaucracy level which means money going on administration. It is totally unnecessary. I disapprove of the money being spent on this process
Yes	Yes	8	Yes	
Yes	Yes	8	Yes	
Yes	Yes	10 + Chair	Yes	Hope that the roles / responsibilities of the Parish Council will be sent to all households and that explanation of costs and precept will be given
Yes	Yes	Did not answer	Did not answer	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	5	Yes	
Yes	Yes	2	Yes	
Yes	Yes	5	No	
Yes	Yes	6	Did not answer	
No	Yes	0	No	
No	Did not answer			This is just creating more bureaucracy. There are better ways to spend our money.
No	Did not answer			
No	Did not answer			I don't believe this would be beneficial to all concerned
Yes	Yes	5	Yes	
Yes	Yes	5 or 6	Yes	
Yes	Yes	4	No	
No	Yes	0	No	Costs are high enough without extra expenses
No	No	0	No	You should be saving and cutting costs not jobs for your friend and family
No	No	0	No	Why is this proposition required? West Hill is more than adequately catered for - more money - more change?
No	No	0	No	
Yes	Yes	5	Yes	
No	No	0	No	Unnecessary - additional expense not required!
No	No	0	No	
No	Yes	0	No	
Yes	Yes	5	Yes	
Yes	No	5	Yes	
Yes	Yes	2	No	I absolutely support the need for proper representation at West Hill
No	No	0	Yes	West Hill share many of the facilities in the Town. Who will pay for them?
Yes	Yes	4	Yes	
No	Yes	0	Yes	
Yes	Yes	4	Yes	
No	Yes	0	No	I do not see why West Hill should have its own Parish Council. It should be treated the same as the other wards
No	No	0	No	West Hill is no different than any other village
Yes	Yes	6	No	
No	Yes	15	Yes	Would entail extra cost
Yes	Yes	0	Did not answer	
Yes	Yes	5	No	
Yes	Yes	5	No	There should be odd numbers on the council in order to ensure votes are conclusive
Yes	Yes	5	No	
Yes	Yes	5	No	Representatives should be from all areas of the parish
Yes	Yes	4	Yes	



## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	Yes	0	No	I don't agree with this break up of the existing Town Council. West Hill is the richest area and it would be detrimental to what is left
Yes	Yes	5	No	
Yes	Yes	5	No	
No	Yes	0	No	An increase in the number of councillors would increase the overall cost at a time when drastic cuts are being made to services. Leave the status quo.
No	Did not answer	0		West Hill is already a powerful and wealthy presence in the council. A separate parish council would reinforce the political divide to the detriment of the holistic well being of the town
Yes	Yes	5	No	
Yes	Yes	4	Yes	OSM is due for vast expansion therefore the town must have extra councillors to cope, giving us an opportunity to release West Hill to its own future
Yes	Yes	5 or 7	Did not answer	Separate health clinics . Doctors / nurses etc
No	Yes	0	Did not answer	
No	No	0	No	
No	No	0	Yes	I do not agree that West Hill should have its own parish council
No	Did not answer			West Hill is park of Ottery and dependent for almost all services
Yes	Yes	5	Yes	
Yes	Yes	7	Yes	
Yes	Don't know	Don't know		
No	Yes	0	Did not answer	
Yes	Yes	8	Yes	
Yes	Yes	Did not answer	Yes	
Yes	Yes	5 or 6	Yes	It would be such a good idea. For my part for the safety of the increasing number of children moving into West Hill
No	No	0		Change is not always a good thing
Yes	Yes	5	No	A good idea for West Hill
Yes	Yes	5	No	
No	No	0	Yes	Possible lack of revenue if West Hill separated. Should remain as part of Ottery Community
No	Yes	0	Yes	Why isolate West Hill? Already an important part of Ottery St Mary
No	Yes	0	Did not answer	
No	Yes	4	No	Devon County Council, East Devon District Council, Ottery St Mary Town Council - how many can it take to spend rate payers money?!!
Yes	Yes	5	Yes	An odd number of Councillors needed
Yes	Yes	6 or 8	No	Expansion of Ottery St Mary is not in the Town Ward. The extra councillors should be in North and Tipton Ward. Town Ward has undue influence
Yes	Yes	4	Yes	
No	Did not answer			Bureaucracy - less councillors rather than more

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	No	0	No	It appears unnecessary bureaucracy to establish a new parish council in West Hill
No	Did not answer	5		Another tier of government? A talking shop only? Additional cost? Make the existing arrangement work democratically and with an authority
No	Did not answer	5		
No	No		Yes	
No	No		No	
Yes	Yes	3	No	
Yes	Yes	4	No	
Yes	Yes	5	Yes	
No	No	0	No	Completely unnecessary. Just another waste of money
Yes	Yes	5	Yes	
Yes	Yes	4	Yes	
No	No	0	No	
Yes	Yes	5	Yes	
Yes	Yes	5	Yes	
Yes	Yes	3 or 4	Yes	
Yes	Yes	8	Yes	
Yes	Yes	0	Yes	
No	No	0		
Yes	Yes	5	Yes	
Yes	Don't know	5	Yes	
Yes	Yes	6	Yes	
Yes	yes	5	Yes	
Yes	Yes	5	Yes	
No	No	0		
Yes	Yes	5	Yes	
Yes	Yes	4	Yes	
No	Yes	0	Yes	
Yes	Yes	3	Yes	
Yes	Yes	6	Yes	
Yes	Yes	4	No	
No	Yes	0	Did not answer	
No	No	0	No	
Yes	Yes	4	Yes	
Yes	Yes	6	Did not answer	
Yes	Yes	7	Yes	it is criminal that West Hill Council has direct access to EDDC and not have its views and decision filtered by OSM Council
No	No	0	Yes	Why split into 3 or 1? Not 2 and 2? Seems like West Hill trying to separate themselves from planning decisions

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	No	0	Yes	I farm next to West Hill. I have never had any support from West Hill, I am not convinced the people of West Hill are capable of running a parish council. I see from the map that I would be the major landowner in the proposal. I would ask to stay with Ottery St Mary who have a good working relationship with me
No	No	0	No	I have lived in West Hill for 40 years and this is the third attempt to go it alone. Both the Village Hall Committee and West Hill Residents Association cannot get sufficient people for their committees; how then will they get people willing to serve as Parish Councillors. It would also be to the detriment of Ottery St Mary
No	No	0	No	
Yes	Yes	4	Yes	OSM Town Ward should increase from 7 to 9 councillors
No	Don't know	0		Feel that West Hill should stay within Ottery St Mary Town Council. West Hill after all uses Ottery's facilities
Yes	Yes	An odd number	No	
Yes	Yes	6	No	Why would OSM need more councillors when the area covered is reduced?
Yes	Yes	5	No	Primary objectives: better governance, less bureaucracy, less cost
No	No	8	Yes	The removal of West Hill would have financial problems for remaining 3 Parishes
No	Don't know	0		
No	No	0	No	Dividing power and increasing costs to tax payers. No more councillors required.
No	No	0	No	West Hill residents use Ottery St Mary facilities so should be included in OSM. Overall administration should be reduced not fragmented and expanded
No	No	0	No	
No	No	0	No	I feel that it is a ridiculous suggestion as they do not have enough financial support for this and it would cause a lot of ill feeling in the area (them and us)
No	Yes	0	No	There is no need and additional expenses
No	Yes	0	No	No reason to change parish or increase costs
Yes	Yes	5	No	Ottery St Mary should reduce its number of Councillors to 6 to keep number of councillors in Ottery Parish in proportion
Yes	Yes	7	Yes	We want to have a parish council of our own to take control of our own affairs
Yes	Yes	7	Yes	
No	Yes	0	Yes	In the past West Hill Councillors have been so biased they are unable or fit to run their own council. They need to remain a part of OSM to give a balanced view
No	No	0	Yes	It seems OSM would have less money in proportion to its area as it contains North Ward and Tipton St John wards - essentially both lower populated areas. What are the implications of this?
Yes	Yes	5	No	Problems within West Hill should be dealt with more efficiently
Yes	Yes	5 to 8	Yes	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	No	7	Yes	As a matter of convenience the proposed boundary follows the boundary of the existing West Hill Ward but it is illogical for the small number of properties fronting the west side of Salston Road to be included within West Hill Parish Council. They relate much more closely to OSM (in the case of properties near the north end of the road) or Tipton St John (in the case of properties near the south end). The boundaries of the Town Ward and Tipton Ward should be re-drawn to include these properties
Yes	No	7	Yes	
Yes	Yes	7	Yes	
No	Yes	0	No	Unnecessary change. Increases costs and effort with minimal gain.
Yes	Yes	5	Yes	
Yes	Yes	8	No	
Yes	Yes	6	Yes	
No	Don't know	0	No	Fairer if Tipton and OSM North had 3 Councillors each
No	No	0	No	Why should a housing estate have a council?
Yes	Yes	5	Yes	As a parish council it should have an odd number
Yes	Yes	5	Yes	
Yes	Yes	4	No	
Yes	Yes	Minimum 5	Yes	
Yes	Yes	Minimum 5	Yes	
Yes	Yes	5	Yes	
No	No	5	No	
No	No	5	No	
Yes	Yes	4	Yes	
No	Don't know	0	No	In time of austerity, you don't need another self important office
No	Don't know	0	Yes	
No	Don't know	0	Yes	
No	Yes	0	No	
No	No	0	No	Surely additional cost? Money could be spent on other areas
Yes	Yes	6	Yes	Tipton should be included in the new parish council. It is odd that it would stay with Ottery.
Yes	Yes	7	Did not answer	
Yes	Yes	4	Yes	We call this democracy for West Hill
Yes	Yes	2	No	
No	No	0	No	
Yes	Yes	5	No	
No	Yes	0	No	If West Hill has its own parish council, why not Tipton St John and Alfrington? It's a ridiculous vain glorious idea

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	Yes	0	No	I do not foresee any benefits to creating another council. A small council will have less accountability and be more likely to be influenced by vested interests
No	No	0	No	At a time of cuts in essential services surely the present situation seems overloaded and to increase this is ridiculous
No	No	0	Yes	Ridiculous
No	Yes	0	Did not answer	Build more homes in West Hill - plenty of room
Yes	Yes	5	No	Prefer an odd number of Councillors
No	Yes	0	No	West Hill would increase its councillors and so would Ottery, therefore more expensive
Yes	Yes	7	Did not answer	
No	Don't know	0	Did not answer	West Hill stay part of OSM Parish
Yes	Yes	2	Yes	
No	Yes	11	No	Financial cost of split council
No	Yes	11	No	
Yes	Yes	6	Did not answer	
No	No	1	Yes	This proposal is not in the best interests of all residents of West Hill or Ottery St Mary
No	Yes	Don't know	Yes	I believe a larger council, as it is now, is more economical to run
No	Yes	4 or 6	No	
No	No	0	No	We are stronger together!
Don't know	Yes	Don't know	No	What a waste of public money
Yes	Yes	5	No	
Yes	Yes	7 or 8	Yes	
Yes	Yes	7 or 8	Yes	
No	Yes	5	Yes	
No	Yes	0	No	It will add further expenditure. Keep Ottery St Mary and West Hill together. There are a handful of people out of 6,810 people (approx 250 signed the petition for West Hill to have its own Parish Council) who want this change. If they were all asked, that this proposal would add to the Parish precept, many would think again. This question should be included. Do not split Ottery and West Hill, Keep them together. Why add to the bureaucracy! Unlike some of the newcomers 'pushing' for this change, we have lived in the village since November 1988 and are content with the status quo - probably like the silent majority of the 6,810 electors
No	Yes	0	No	It will add further expenditure. Keep Ottery St Mary and West Hill together
No	Don't know	0	No	The area would be less, so why would another councillor be needed? More Councillors, more expense.
No	Yes	15	No	We have sufficient representation at this present time

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	Yes	Minimum 5	No	If West Hill has its own parish council, Tipton St John could go the same way. More bureaucracy. North Ward should have one extra councillor given its size on the map
Yes	Yes		5 Yes	
Yes	Yes		5 Yes	
Yes	Yes		5 No	
No	No	Don't know	No	This proposal is not supported as it will radically change the balance of town and rural ward councillors on the Town Council. This dilution of the rural representation creates an unacceptable risk of bias of town over rural matters and potential neglect of the rural environment and communities
Yes	Yes		6 Did not answer	
Yes	Yes		3 Yes	
Yes	No	Don't know	No	What is the effect on Tipton St John? Would Tipton St John be part of West Hill?
Yes	yes		5 No	
Yes	Yes		5 No	
Yes	Yes		5 No	
No	No	Don't know	Yes	
Yes	Yes		6 No	
No	Don't know		0 No	This is a waste of financial resources in a time of austerity
Yes	Yes		9 Yes	
No	Don't know		0 No	
No	Yes		0 Did not answer	No added value - in fact, extra cost of at least 2 more councillors and associated admin
Yes	Yes		5 Yes	
Yes	Yes		5 Yes	
No	Yes		0 Yes	West Hill is too small to be independent
Yes	Yes	Don't know	Yes	
Yes	No		4 Yes	
No	No		2 No	West Hill should stay in Ottery Town Council
No	No		2 No	
No	Yes		0 No	We do not need more politicians and layers of government
Yes	Yes		7 No	
Yes	Yes		8 Yes	
Yes	Yes		5 Yes	
Yes	Yes		6 Yes	
No	Yes		7 Yes	I don't understand why this proposal is being made. I don't think West Hill has a particular strong sense of community to say Tipton St John. It would be better to stay part of Ottery St Mary
Yes	Yes		6 Yes	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	Don't know	Did not answer	
No	Yes	0	No	Personally I do not see the need for West Hill to stand alone. Of course if they wish to obtain and pay for their own GP surgery then that would be different! At present they use Ottery.
No	No	0	Yes	West Hill should remain part of a recognisable geographical area of East Devon. A new town council would mean an additional 2 town councillors i.e. more costs for residents
Yes	Yes	Up to the local residents	No	The future of West Hill is for the people of West Hill not Ottery or East Devon District Council
Yes	Yes	5	Yes	
Yes	Yes	5	Did not answer	
Yes	Yes	5	Did not answer	
No	Don't know	0	Did not answer	Whilst West Hill does have a separate identity I am sure that some of the facilities of Ottery also serve that community. And the type of development West Hill is I am sure of greater value than much of Ottery their contribution to the Councils finances must be significant so their opting out would have an effect on the finances available to the Council and the financial needs of Ottery must exceed those of West Hill.
Yes	Yes	2	No	
No	Yes	0	No	
Yes	Yes	6	Yes	
Yes	Yes	8	Yes	
Yes	Yes	5	No view	There may be a problem getting volunteer councillors
Yes	Yes	5	Yes	
Yes	Don't know	6	No	
Yes	Don't know	6	No	
Yes	Yes	4	Yes	This should have happened years ago
No	No	5	No	West Hill is too small to have its own parish council. It is no different then Tipton St John. The local communities in and around Ottery need to work together on collaboration not divide into micro communities exclusive from each other
No	Yes	0	Yes	West Hill relies on Ottery for schools, shopping, leisure etc and is not a separate and distinctive area with a real community
No	Don't know	0	Yes	No more expense. We are having too many cuts without creating more expense
No	No	0	No	How much will it cost should it go ahead?
No	No	0	No	
Yes	Yes	8	Yes	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	7	No	There is no close connection between Ottery St Mary and Tipton St John. We believe that Tipton St John should have its own Parish Council
Yes	Yes	7	No	
No	Yes	4+	Yes	West Hill has a high import and export of people. I think it would bring an inconsistency of commitment. West Hill would have to pay extra money for council offices, staff etc and couldn't afford it
No	Did not answer	0	No	There is no need for additional administration
Yes	Yes	6	Yes	I really feel West Hill needs its own parish council
Yes	Yes	6	Yes	
No	No	0	No	
Yes	Yes	4	Yes	It is about time West Hill made its own decisions
Yes	Yes	7	No	West Hill is ready for its own parish
Yes	Yes	6	Yes	No we have recently moved into town (7 months)
Yes	Yes	6	Yes	
Yes	Yes	5	No	
No	Don't know	0	Did not answer	
Yes	Yes	6	Yes	I think it is a good idea as there are a lot of people in West Hill
Yes	Don't know	7	Yes	
No	No	0	No	We are quite happy with what we have. Don't need more retired people with too much money and time on their hands. We need low cost housing
No	Did not answer	0	No	West Hill appear to be well represented already. Present balance appears satisfactory. What is the point of another layer of administration?
No	No	0	Yes	West Hill residents will still use facilities
Yes	Yes	6	Yes	
No	Did not answer	0	Did not answer	
No	No	0	No	Another layer of local government is completely unnecessary
No	No	0	No	
Yes	Did not answer	2	Did not answer	
Yes	Yes	8 to 10	Yes	
Yes	Yes	5	Yes	
Yes	Yes	5	Yes	
No	No	0	No	
Don't know	No	Did not answer	Did not answer	Fluxton (including EX11 1RN) to remain in Ottery St Mary parish
No	No	0	No	Ottery St Mary council doesn't seem to have enough money for projects. To lose West Hill's income would be catastrophic
Yes	Yes	As per statutory need	No	
Yes	Yes	4	No	No need to increase Ottery St Mary council as the size of the ward has decreased!!
Yes	Did not answer	5	Yes	



## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	No		0 Did not answer	In this time of cutbacks can you seriously justify this additional cost????
Don't know	Did not answer	Did not answer		I am unable to comment as there is no information about the rationale for the proposal. The only information supplied is about boundaries etc. What makes West Hill want their own parish council? Will there not be an increase in admin costs?
Yes	Yes		5 Yes	With development in both Ottery and West Hill now is the time to set up a separate parish council to reflect the requirements of each
No	No		0 No	
Yes	Yes	5 or 7	Did not answer	
Yes	Yes	5 or 7	Did not answer	
No	No		0 No	
No	No		0 Yes	I am not in favour of West Hill forming its own parish council
No	No		0 No	Plan not feasible. Implication will be diminishing funds for the remaining wards. Cannot sustain any further increase in expense claims
No	Yes		2 Yes	West Hill is currently well represented on the Ottery St Mary Town Council. I see no need for change.
No	Yes		2 Yes	
Yes	Yes		7 No	The time has come for West Hill to achieve its own identity so that it can benefit more from the money it subscribes and the better knowledge it has of West Hill's requirements.
No	Yes	Did not answer	No	
Yes	Yes		5 Yes	I ask the question as to whether this change will mean extra costs on residents in the Ottery St Mary wards
No	No		0 No	Too many overpaid non-productive staff on East Devon District Council which would serve the population at large by merger with Exeter City Council and other Devon local authorities to form a Unitary Council. What works in Berkshire would work in Devon!!
No	Did not answer		0 Did not answer	Another level of bureaucracy is totally unnecessary
Yes	Yes		5 No	
No	No		0 Yes	Not necessary to break up existing system
No	No		0 No	I think it should remain under OSM
Yes	Yes		5 Yes	
No	Did not answer		0 Yes	The proposal would result in a dilution of resources both fiscal and councillors available to us all. Perhaps a West Hill sub committee would meet the needs?
Yes	Yes		4 Yes	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	yes	Not sure	Yes	
Yes	yes	Not sure	Yes	
Yes	Yes		5 Yes	
Yes	Yes		5 Yes	
No	Yes		8 Yes	If they have their independence it will lessen our income per head, but they will still use our facilities
Yes	Yes		4 No	
Yes	Yes		4 Yes	
Yes	Yes		7 Did not answer	Ottery St Mary Council will have more time to deal with the other wards. West Hill is growing rapidly and needs its own parish council
Yes	Yes		9 Yes	
Yes	Yes		5 Yes	
Yes	Yes		5 Yes	
Yes	Yes		5 Yes	
No	Yes	Minimum 5	No	Ottery St Mary Town Council has to my knowledge never rejected a request from West Hill members of the council. This proposal is just another tier of local government - it is unnecessary!
No	No		0 No	This has the potential to introduce unnecessary bureaucracy
No	No		0 Yes	West Hill is too small an area and present system works
Yes	Yes		4 Yes	
Yes	Yes		5 No	
No	Did not answer		0 No	
Yes	Yes		4 No	
Yes	Yes	6+	Yes	
Yes	Yes	6+	Yes	
Yes	Yes		7 Yes	The boundary should include the properties on the west side of the B3180 Exmouth Road
No	No		0 No	
Don't know	Did not answer	Did not answer	Did not answer	It seems to make sense for West Hill to have its own parish council to reflect its own needs and character however it does seem important to consider whether this will cause any financial imbalance in the remaining wards and how to best address this in order to keep the situation stable
No	No		0 No	My family has lived in Ottery area for generations. How many Devonians actually want this change?
No	Yes		5 Yes	
Yes	Yes		5 No	
Yes	Yes		6 Yes	

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No	No		0 Yes	This consultation form has not provided any financial information on the likely increase in council tax in Ottery as a result of the proposed change. Why is this information being withheld?
Yes	Yes		5 Yes	The old town council structure does not represent the changed demographic
No	No		0 Did not answer	
Yes	Yes		4 No	
Yes	Yes		5 No	
Yes	Yes	5 or 6	No	To allocate a councillor for the more westerly area of Ottery St Mary
No	Did not answer		0 No	Please no more fingers in the 'expenses pot' When will I get to vote on who becomes a town councillor
No	Yes	5 or 7	Yes	I am concerned that the division from Ottery St Mary Town Council will result in 2 parish councils which are smaller than they are at present and therefore easily ignored when important decisions are made. Clearly economically West Hill will benefit from this proposed change. Equally Ottery St Mary will lose out financially. If the only criteria is money then ok do it but in terms of recognition of a carefully considered politically decision then the bigger the council the bigger the political influence.
No	No		0 No	
No	No		0 No	
Yes	Yes		5 Yes	
Yes	Yes		7 Did not answer	
Yes	Yes		6 Yes	
Yes	Yes		5 Yes	
Yes	Yes		5 Yes	Firmly believe that West Hill should be governed by own parish council
Yes	Yes		4 No	
Yes	Yes		5 Yes	
Yes	Yes	As many as needed	No	
Yes	Yes		7 No	
Yes	Yes		3 No	
Yes	Yes	3 or 4	No	
No	No		0 Yes	Why waste more time and energy on setting this up. Let's focus on what we have got?
Yes	Yes		4 Yes	
No	No		0 No	
Yes	Yes		5 No	
No	Yes		0 No	I feel another parish council would increase bureaucracy and would result in a narrow view of affairs

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
Yes	Yes	4	No	I think there have been some woeful planning decisions made on our behalf but in all honesty the blame for that falls firmly on EDDC not the parish council
Yes	Yes	4 or 5	Yes	
No	Don't know	0	Did not answer	Yet another layer of bureaucracy
Yes	Yes	7	Yes	it would enable West Hill to determine its own affairs and develop as a community
No	No	2	No	Do we need to increase the number of councillors? We have more than enough
No	Don't know	0	No	Stop this - save money!
Yes	Yes	3	Yes	
No	Don't know	0	No	
Yes	Yes	5	No	Ottery Town might need more councillors when all the new houses are built but this is nothing to do with West Hill independence
Yes	Yes	5	Did not answer	An odd number of Councillors means that there will always be a majority
Yes	Yes	6 or more	Yes	I would prefer parish councillors to be non political. We need people who will put the needs of the parish first
Yes	Yes	4	Yes	Unsure what financial implications will fall on Ottery St Mary Parish Council
No	Yes	5	No	There has been absolutely no information on the costs of having our own parish council. We are voting in a vacuum
No	Yes	5	Yes	Strength in numbers
No	Don't know	0	No	There could (and probably would) be a danger of a small pro-active pressure group taking over governing West Hill
Yes	Yes	4	Yes	
Yes	Yes	5	Yes	
No	Yes	4	No	I am not a fan of increased layers of bureaucracy but for the present system to work depends on the councillors presenting their case with conviction and the other councillors listening to the argument
Yes	Yes	4	No	8 councillors could lead to hung decisions in council meetings
Yes	Yes	4	No	
Yes	Don't know		No	
No	No	0	No	Friends from West Hill are happy with thing as they are. Personally I feel enough there is enough bureaucracy without creating another tier
Yes	Yes	6	Yes	
No	Don't know	0	No	Cross border consultations good for the wards. Do not fracture by creating new ward
Yes	Yes	4	Yes	
No	Don't know	0	Yes	It would cost ratepayers money in a time when EDDC are making cutbacks. This is a crazy questionnaire giving no information for residents to make a responsible response
No	Don't know	0	Yes	
Yes	Yes	6	No	
No	Yes	0	No	Do all adults in each residing house have a right to say?

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	No	0	No	No information provided on the electorate figures for the four wards - this might have been helpful. Totally misguided proposal, the trend should be for larger more efficient units
Yes	Yes	6	No	
Yes	Yes	4	Yes	
No	Yes	0	No	West Hill would be too small to have a council
Yes	Did not answer			I have just been reviewing the Terms of Reference for the West Hill CGR. I see that you were planning to write to "Tenants and Residents Associations" to invite them to submit their views. As Chairman of West Hill Residents' Association I have not received any such invitation, but I assume that as I have obviously also been one of the leaders of the campaign to achieve parish council status, you will have presumed that WHRA is supportive of the bid. I am writing to confirm that this is indeed the case, and that the overwhelming majority of our members (at a public meeting) have expressed their support for parish council status. I have one other query about the "Stage three" - the second consultation phase. Will you be writing to every household in the existing Ottery parish again, as for the current consultation, or will you rely on advertising it on the EDDC website, newspapers etc.?
Yes	Yes	7	Yes	As an independent parish we can give the direction to issues affecting the village and help to define its character and development
Yes	Yes	7	Yes	
No	Yes	0	Yes	
Yes	Yes	5	No	
Yes	Yes	5	No	
Yes	Yes	5 or 6	Yes	
No	Don't know	4	No	In times of austerity and council cutting costs this is a total waste of money, which will not benefit the whole community, but possibly increase council tax costs. It will create elitism with the chosen few councillors pushing forward their idealistic plans for West Hill, which probably don't benefit all of us
Yes	Yes	8	Yes	I feel that West Hill has enough homes and an individual character to warrant its own parish council
Yes	Yes	8	Yes	
Yes	Yes	4	Did not answer	

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No	Don't know	0	Yes	Two smaller councils would take away the strength we have now, (as a large parish council); plus diversity as a 'community' would be lessened. On top of this the extra cost of running a separate parish council i.e. election costs, parish clerk, audit and hiring of hall is unnecessary. The money could be better used providing facilities for West Hill. We really do need a cafe / restaurant here. I prefer to be part of a more 'wide ranging' and comprehensive community
Yes	Yes	5	No	
No	Yes	0	No	West Hill is a glorified housing estate with no particular aspects which make it a village in the traditional sense. We already have the West Hill Residents Association which is quite adequate (a resident for 42 years)
Yes	Yes	4	No	
No	No	0	No	This could be a very expensive exercise
No	No	0	Yes	Both West Hill and Ottery's Council will be weakened if allowed to split - both are too small for that
Yes	Yes	7	Yes	I do not understand why when Ottery St Mary Town Council will have reduced commitment why it requires an additional councillor.
No	Yes	0	No	
Yes	Yes	6	Yes	
Yes	Yes	10	Yes	A growing village, well established residents association
Yes	No	4	No	It would seem sensible for all the houses in Fluxton to be in the same parish
Yes	No	5	Yes	Fluxton should be kept together
No	Yes	0	No	I and my wife are strongly opposed to the idea that West Hill has its own council separate from Ottery St Mary. West Hill has operated quite satisfactorily under Ottery St Mary for many years and we see no reason whatsoever to change it. What we would like to change and be rid of are those wretched people who move into West Hill and assume they have some god-given right to change things. Be off with you!
Yes	Yes	6	No	
No	Yes	0	No	West Hill residents use Ottery Facilities
No	Yes	0	Yes	Why change?
No	No	0	Yes	If West Hill has its own Parish Council they will have to employ a parish clerk - which is a burden on their rates - also they would not have access to Ottery St Mary combined precepts reliant on their own modest precept. A West Hill PC would be too small to be effective
No	No	4	No	
Yes	Yes	4	No	I would hope that West Hill Parish Council would not have a say in matters concerning OSM and vice versa

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Yes	Yes	7	Yes	
No	Don't know	0	No	
Yes	Yes	4	Yes	Too much new building going on
Yes	Yes	4	Yes	
No	Yes	8	Yes	
Yes	Yes	4	Yes	
Yes	Yes	6	Yes	
Yes	Yes	4	Yes	
No	Don't know	4	Yes	I guess we would be financially worse off if West Hill had its own council and we would lose councillors. Keep things as they are please.
Yes	Yes	8	Yes	Cost will always rear its ugly head, how much extra to both if implemented? I assume that West Hill will be excluded from any facilities within the Ottery Town Council jurisdiction. It will all end in tears!!
No	No	As few as possible	Yes	The set up needs to be as economical as possible in the current climate
Yes	No	8	No	If Higher Metcombe is included in Tipton St John Ward the extra Councillor should be from Tipton
Yes	Yes	8	Yes	
Don't know	Did not answer	Did not answer	Did not answer	It's up to the residents of West Hill
Yes	Yes	6	No	
Yes	Yes	6+	Yes	
Yes	Yes	4	Yes	
Yes	Yes	4	Yes	
Yes	Yes	5	No	The new West Hill Parish must work with Ottery St Mary Town Council to retain their support. Also due cognisance should be given to old dangerous woodland by the new West Hill Parish Council and speak up to EDDC when homes are threatened by old dying trees
Yes	Yes	5	No	
No	No	0	No	Not needed or properly formulated much smaller if really needed.
Yes	Yes	8	Yes	I strongly support proposal
Yes	Yes	7	Yes	This is an excellent proposal
Yes	Yes	5	Yes	
Yes	Yes	5	No	

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Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?	
No	No	0	No	1) Trying to find enough West Councillors to sit on OSMTC has been an ongoing problem. For West Hill to become a separate entity I question they can find and keep 5 councillors. 2) One issue from West Hill Councillors concerns influence on planning applications. On OSMTC West Hill councillors are regularly absent from planning meetings at OSM so how do they feel that the new parish has more influence. 3) Very little effort is put in by existing West Hill councillors for any additional spending or grants at West Hill. Does this mean there is no demand, if so what is the need for the West Hill Parish. No proposals have been put forward to explain where any extra spending is required. 4) If West Hill leave OSMTC this would unduly unbalance the existing organisation at OSM. It would leave the North Ward and Tipton Ward with significant reduced rural influence. 5) I see no benefit to West Hill becoming a separate Parish and have never heard of any good logical arguments for such an organisation. 6) Should West Hill be granted parish status how will they fund the services they use at OSM and who will calculate that value.	
Don't know	No		5	Yes	What would be the implications to the rest of the parish?
Yes	Yes		4	No	
Yes	Yes	Up to the local resident	No		What a shame that the exercise is spoilt by lack of information upon which to make a decision. I eventually found a West Hill info page which persuaded me - hardly a 'fair' exercise
Yes	Don't know		4	No	We need to have a council that actually hears and cares about the families it represents
No	No		7	Yes	It is has worked for so many years why change it.
No	No		0	Yes	With all the houses being built in Ottery the populate will increase by 25%. Council representation should reflect this.
Yes	Yes	Don't know	No		
Yes	Yes		3	No	
Yes	Yes	7 or 8	Yes		I was surprised when I moved to West Hill that there was no parish council. I think East Devon has been tardy in not implementing this earlier. Town and village have very different problems / needs
Yes	Yes	7 or 8	Did not answer		Amazed to find no parish council when I moved here 2 years ago. Long overdue!
Don't know	No		7	Yes	
Yes	Yes		7	Yes	Want new Parish Council as quickly as possible
Yes	Yes		5	No	
No	No		0	No	
No	Don't know		0	Yes	As West Hill has no 'town centre' facilities the area is dependant on Ottery Town Council but if it becomes a separate parish it would contribute nothing to the cost at parish level towards the financial cost of maintaining . As one parish , as is, Ottery is more complete community of mixed social structure.
No	No		0	Did not answer	



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No	No	0	Did not answer	Your questionnaire is totally inappropriate as it assumes a yes to Q1. Your process is not democratic.
No	No	0	No	
No	Yes	0	No	Cannot accept any proposal which would not reduce Council Tax
Yes	Yes	5	No	This is a natural way forward in view of the expansion of housing in West Hill and particularly in Ottery St Mary
Yes	Yes	Don't know	Did not answer	State of roads are a disgrace e.g. roads from hospital into Ottery St Mary
Yes	Yes		4 Yes	The sooner the better
Yes	Yes		6 No	
Yes	Yes		6 Yes	
Yes	Yes		6 Yes	
No	No		0 Yes	I believe this consultation is not providing any information which a meaningful decision can be made to complete this form
No	No		4 Yes	Keep things as they are as to be part of the bigger picture rather than West Hill becoming a richer council with no thought for the poorer people of the existing parish. Hopefully the powerful pressure groups in West Hill won't be able to railroad those who won't / are unable to stand up for the status quo
Yes	Yes		7 Yes	
Yes	Yes		7 Yes	
Yes	Yes		8 Yes	
No	No		0 No	The current established Ottery St Mary Town Council is perfectly all right as it is
No	No		0 No	
No	No		0 No	West Hill should remain as part of the existing Town Council. To do otherwise dilutes the diverse nature of the existing electorate resulting in elitist faction
No	Yes		0 Did not answer	I do not think that West Hill should have its own Parish Council
No	No		0 No	West Hill is a small portion within Ottery boundary. The object should be on efficiency and saving costs not spending money on futile self indulgent schemes. West Hill residents will still wish to use Ottery facilities without financial contribution putting a further strain on the remainder of Ottery.
No	No		0 No	
No	No		0 No	Leave as it is
No	Yes		4 No	
Yes	Yes	3 or 4	No	
Yes	Yes		8 Yes	
Yes	Yes		8 Yes	
Yes	Yes		7 Yes	West Hill needs its own Councillors for planning issues
Yes	Yes		7 Yes	
Yes	Yes		5 Yes	

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Yes	Yes	7	Yes	
No	Yes	0	Yes	I believe that West Hill as part of OSM TC serves the current parish as a whole more effectively and fairly
No	Yes	0	Yes	Current system shares out the precept equitably
Yes	Yes	Not sure	Don't know	I want a Parish Council for West Hill
Yes	Yes	Not sure	Don't know	I want West Hill to have its own parish council. The details to be left to the politicians!
Yes	Yes	5	No	
Yes	Yes	5	No	
No	Yes	2	Yes	The proposal would be too costly. Leave as at present
No	No	0	Yes	Various views
No	No	0	No	
Yes	Yes	5	No	
Yes	Yes	5	Yes	
Yes	Yes	5	Yes	
Yes	Yes	4	Did not answer	As a West Hill resident I feel I should not be making a decision regarding the proposed councillors for OSM, this is for residents of the proposed new parish of OSM to determine
Yes	Did not answer	Did not answer	Did not answer	We would like a parish council for West Hill and to be separate from Ottery St Mary
Yes	Yes	5	No	New council must not be led / persuaded by local party / council politics and must concentrate in particular on reducing the overdevelopment of West Hill. All planning applications must be fully scrutinised by this council with a full impact analysis carried out to ensure West Hill is protected
Yes	Yes	5	No	
Yes	Did not answer	Did not answer	Did not answer	I strongly support the formation of a parish council for West Hill, enabling local residents to have greater input to local issues and decisions
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Yes	9	Yes	West Hill should be a separate parish as it is a large community with different requirements to Ottery St Mary
Yes	Yes	At least 4	No	We would like to see the West Hill address registered in its own right rather than as part of Ottery
Yes	Yes	5	Did not answer	
Yes	Yes	9	Yes	
No	No	0	No	

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Yes	Yes	7	No	
Yes	Yes	7	No	
No	Did not answer	As few as possible	Yes	This was tried many years ago but failed
No	Did not answer	As few as possible	Yes	
Yes	Yes	4	No	
No	Did not answer	0	Did not answer	I think its much better to be part of an historic town rather than a sleepy dormitory.
Yes	Yes	5	Yes	
Yes	Yes	As few as possible	No	Financial implications are not indicated
Yes	Yes	8	Did not answer	
Yes	Yes		Did not answer	Given the size of West Hill we should have greater control of local issues
No	Yes	0	Yes	We object to West Hill having its own parish council for the following reasons. 1) Ottery St Mary has premises with the infrastructure to carry out the governance of the area as it exists i.e. a building with a meeting room, a council chamber and an office. Administration is by a town clerk and two assistants. 2) The town council also own The Old Station, The Old Town Hall and have recently purchased the NatWest Bank property for a new library and toilets. The Petanque Court, land at The Bowling Club and the Skate park. The Town Council also pay for the Tourist Information Centre. 3) All of the above are available for use by ALL the residents at the moment covered by Ottery Town Council but if West Hill had its own parish council the proportion of their Council Tax would not go towards the upkeep of these facilities.
No	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	I do think it would be a good idea for West Hill to have its own parish council. I do not have to look very far from my window at the moment to see more development taking place in West Hill.
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Yes	6,7 or 8	No	We suggest that the wards of North and Tipton ST John increase the number of councillors from two to three each
Yes	Yes	6,7 or 8	No	
Yes	Did not answer	Did not answer	Did not answer	I support the proposal that West Hill Village should have its own parish council. West Hill has grown to the point where it is considerably larger than some villages that do have their own parish council. It is time that West Hill residents have more control over decisions that affect West Hill Village.
Yes	Did not answer	Did not answer	Did not answer	I would like a separate parish council for West Hill, as I believe it would benefit the local community.

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No	Yes	5	Yes	My justification for objecting to the creation of a separate parish council for West Hill are as follows; a) Its small size will affect its ability to influence. b) the cost of providing office backup and public liaison will be comparatively high.c) Opportunity to input and affect decisions made by its larger neighbouring council will inevitably diminish d) At a time when OSM has to plan the additional infrastructure required for the additional houses that will be built under revised local plans the loss of the community charge contribution made by West Hill will be sorely missed. e) During the 20 plus years that I have lived in West Hill I have not found local residents to be all that enthusiastic when it comes to committee work unless it involves an area in which they have a particular interest such as gardening. Thus, I worry as to whether any public response to filling even 5 councillor vacancies will be sustained in the longer term.
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	A positive development for our village
Yes	Did not answer	Did not answer	Did not answer	

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No	Did not answer	Did not answer	Did not answer	<p>I feel the village is well represented by the Ottery St Mary Town Council and a considerable amount of money would be wasted holding elections, providing an additional clerk, premises, etc. In these times of austerity it would be terrible to double up on administrative costs unnecessarily. West Hill is a residential area with very few of its own services or amenities. The campaign group argues that money collected in West Hill is spent on services in Ottery. West Hill residents are reliant on the services offered in Ottery St Mary and enjoy its community groups and events therefore it is only fair that we make a contribution. We are a family of four with two children and over the years have made use of the shops, library, enjoyed the tar barrels, lights and carnival. We have been members of the Ottery Hockey Club, Sports Centre and Brass Band and regard ourselves as part of this wider local community. Children from West Hill Primary School feed into The Kings School in Ottery and many children who live in Ottery St Mary and other wards attend our primary here in West Hill. West Hill Primary has also joined forces with Ottery St Mary Primary to become a Cooperative School Trust, working together to the benefit of students and staff in both settings. This overlap of catchments and cooperative working practises highlights the commonalities that exist between our wards. Potential West Hill parish councillors have stated that they are keen to have greater influence over planning matters in the village. I do not believe this is necessary and feel that sometimes people can be 'too close' to an application to be able to make objective comment. We are well represented with four councillors on the OSM Town Council and surely having councillors from the other wards helps to bring balance and objectivity to planning discussions. Every individual also has the right to comment or object to a planning application. I feel that the West Hill Residents Association, almost by virtue of its name, purports to express the views of the residents of the village. I am not a member of their Association and, whilst I am sure they do many things for our benefit, their membership is relatively small and I would like to stress that an opinion offered from the majority of their members does not represent the majority of the population of the village.</p>
Yes	Did not answer	Did not answer	Did not answer	West Hill is larger than many villages that already have a dedicated Parish Council and we believe residents' interests would be better served with such an arrangement
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	<p>I would like to register my support for West Hill to have its own parish council. It is a large, sprawling woodland village which is unique in character. I believe if it has its own parish council it is more likely that the village will grow in keeping with its character rather than being overshadowed by the town of Ottery St Mary and the views of the town council, which currently is unrepresentative of the people who live in West Hill</p>
Yes	Did not answer	Did not answer	Did not answer	As a resident of the village I think this is an important development.
Yes	Did not answer	Did not answer	Did not answer	

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Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	We have lived in West Hill for some time and our children go to the local school. We recognise that West Hill would benefit considerably from its own Parish Council. It is clear that West Hill and Ottery are proceeding in different directions and that should be reflected in the management of it.
Yes	Did not answer	Did not answer	Did not answer	
No	Did not answer	Did not answer	Did not answer	I think West Hill is better served by being under Ottery St Mary Parish Council with more rounded views representing a wider section of the village population rather than the louder voice who attend all the meetings and make more noise. I think the planning process is fairer under Ottery rather than the NIMBY views held by a lot of the residents of West Hill.
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	I fully support the campaign for a West Hill Parish Council for the following reasons. 1) West Hill residents deciding West Hill matters 2) Improved support for community organisations 3) Better community engagement 4) Local services decided by West Hill residents
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	I support the call for a separate parish council for West Hill because it will provide better and fairer representation of opinion for West Hill residents
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	We are writing to strongly support the Campaign for a West Hill Parish Council. It is high time the residents of West Hill have a say with matters which affect us

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Yes	Did not answer	Did not answer	Did not answer	<p>As the representatives of the West Hill Ward at Ottery St Mary Town Council ("OSMTC") we would like the following comments taken into consideration in the consultation process. 1. We unanimously support the formation of a parish council for West Hill and feel that this would enable us to represent our constituents more effectively, provide better services and greater accountability to residents of West Hill and enable us to forge closer links with the community organisations. Three of us - Cllrs Bailey, Talbot and Hall are part of the West Hill Parish Campaign Group. 2. We are extremely disappointed to note the decision by Ottery St Mary Town Council ("OSMTC") to oppose the establishment of a parish council in West Hill at the meeting of OSMTC on 7th January 2016 ("the Meeting"), particularly in view of the fact that all four representatives of West Hill support the formation of a new parish council and OSMTC is aware of this fact. 3. Cllrs Bailey Talbot and Hall abstained from the voting which took place at the Meeting because they felt that this was appropriate in view of their role as campaigners and wished to allow OSMTC to express its own view, rather than the view of the campaigners. Cllr Mitchell was unable to attend the meeting. We note that 8 members of OSMTC voted against supporting the formation of a new parish council for West Hill. No members voted in favour. The 5 remaining members (including Cllrs Bailey Talbot and Hall) abstained. We regret the decision by OSMTC to oppose the formation of a parish council for West Hill and hope that OSMTC will recognize the quite proper aspirations of West Hill to determine its own affairs. 4. We hope that OSMTC will consider that convenient local government does not stay unchanged. Communities change and develop - West Hill has matured over recent decades into a fully fledged community in its own right with its own identity and needs. Local government arrangements need to change to reflect this change - by the formation of a parish council for West Hill.</p>
Yes	Did not answer	Did not answer	Did not answer	<p>As a resident of West Hill I care very much about the village that I live in with my husband and three young children. I believe that people who live in West Hill have the closest affinity to the village and are ultimately best placed to make the decisions which affect it. It is the residents who will be aware of what services need to be provided and what issues need to be addressed and are most closely tuned in to what matters and what is important for the village. I strongly feel that the time has come for West Hill to represent itself - as residents we need to take responsibility for our own village just as so many other villages do. There are capable and dynamic residents who can enhance and protect the village that we live in and these are not being fully utilized at the moment. I believe it is a big disincentive for people to represent West Hill in the current arrangement - with West Hill just being a ward of OSMTC - when the vast majority of time is spent focusing on Ottery town related issues and very few meetings are held in West Hill.</p>

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Yes	Did not answer	Did not answer	Did not answer	<p>Whilst we have enjoyed the benefit of being part of coming under the authority of Ottery St Mary Town Council, West Hill has now grown to the extent that we are the largest village in East Devon and therefore feel we should have a greater contribution to self determination. Due to the wealth of experience held within West Hill, we are confident that we have the ability to manage our own affairs. I attended the Ottery St Mary Town Council Special Meeting on Thursday, 7<sup>th</sup> January, and the predominant argument from most Town Councillors was based on the fact that if West Hill were to withdraw from the control of Ottery St Mary Town Council, there would be a significant increase to the precept to the rest of Ottery St Mary Residents to support the council. This clearly means that Ottery Town Council recognises that the income they receive from the West Hill precept significantly exceeds their expenditure in supporting the needs of West Hill. In my own opinion, this is not a reason to reject West Hill's application to form their own Parish Council. It was apparent that from the opening of the meeting, Councillors had already made up their minds and that no justifiable argument made by anyone on behalf of West Hill would be taken into consideration. Ottery St Mary Town Council give very little back to West Hill from our contribution. I wish to put on record that I personally want to have our own Parish Council and would look to you to justify why West Hill's application should be refused.</p>



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No	No	No view	No view	West Hill is increasingly a middle class ghetto, this proposal will increase this. (I speak as a middle class reasonably high earner.) We should be pursuing community cohesion. Community cohesion means several groups living and working alongside each other in harmony. The action group proposal says it promotes it – does the opposite. It reduces cohesion between different social groups because it will have the effect of ignoring and eliminating all but a couple. Democracy which starts out being dominated by one or two groups represents oppression of the small minorities. We should be retaining and strengthening the elements of West Hill's mixed community. West Hill earlier in its life had a mix of income and social groups, witness the former social housing in Bendarroch Road (my near neighbours). The Village design statement singularly does not mention this history, or the desirability of retaining a mixed community. West Hill Residents Association is a group with narrow self-interests, which rejects new proposals out of hand, as a policy, rather than consider them on their merits. They do not speak for the cross-section of the community. West Hill does not have the facilities which an independent community needs. It has no commercial centre, only one shop and one garage, one church denomination, no pubs, no leisure facilities, no playing fields (beyond the small primary school field). Domination by self-interest groups will worsen this. Schools should be places where children's horizons are broadened by encountering other groups of society - we do not want the primary school and the church to become even further dominated by single social groups. Ottery St Mary (including West Hill) is an excellent mixed community, and as a West Hill resident I am pleased to be part of that mix. We should not promote isolation. Ottery St Mary contains the shops, school, multiple church denominations, leisure facilities and sports facilities which are predominantly used by West Hill residents. West Hill residents are very much
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	I support the campaign for a number of reasons including West Hill residents having greater input into the village's services, community organisations and other local matters
Yes	Did not answer	Did not answer	Did not answer	I feel that the village should be able to make its own decisions given its size
Yes	Did not answer	Did not answer	Did not answer	

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	No	0	Did not answer	I fervently hope that West Hill does not get its own Parish Council. West Hill is an affluent area and wants for little. One of the stated "benefits" of West Hill having its own Parish Council is that it would remove £50,000 of income from Ottery St Mary Town Council which would cover the costs of running this new Parish Council; what an abject and unpleasant waste of money which, I suspect, could be far better used within the broader remit of the Ottery Council rather than providing for the interests of a few self-serving individuals with too little to do creating another enclave of government spending (rather than removing a layer of government as they claim). Those services that Ottery Town Council currently provide within the area of West Hill can at best be as costly and, more probably, will be more costly if procured by a smaller body with less buying power. How will Ottery manage with their funding stream reduced by £50,000? What services in Ottery will be lost/reduced as a result of this cut. Would it not be better for those with a desire for political service in local government to offer their undoubted skills to the existing Town Council?
Yes	Did not answer	Did not answer	Did not answer	West Hill is a sizeable community, and with our own Parish Council I believe we would have more influence over village affairs
Yes	Did not answer	Did not answer	Did not answer	
Yes	Yes	7	Yes	
Yes	Yes	7	Yes	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	We can then make our decision regarding our village
Yes	Yes	4 or 5	No	Residents should be able to make decisions that affect the village
Yes	Yes	6	Did not answer	
No	Yes	Don't know	No	
Yes	Yes	8	Yes	Stop allowing anymore housing to be built. You are clogging Ottery St Mary
No	No	0	No	There isn't sufficient information to make a proper decision
Yes	Did not answer	Did not answer	Did not answer	
Yes	Yes	5	No	
Yes	Yes	6	Yes	
No	No	Don't know	Don't know	I do not think that West Hill should have its own Parish Council separate from Ottery St Mary. I believe this is an unnecessary change which will simply increase administrative costs and involve greater bureaucracy. It will also inevitably increase the precept for residents of Ottery St Mary and probably also those of West Hill. I believe that the proposal is unfair and will lead to a lack of balance in the locality. The proposed boundary between Ottery St Mary and West Hill in neither natural nor practical
No	No	0	Yes	Various views

## New Parish Council for West Hill?

Should West Hill have its own parish council?	Do you agree with the boundary as shown on the enclosed map?	How many town councillors should sit on the proposed new parish council?	If approved - Increase Councillors from 7 - 8 for Ottery St Mary Town Council?	Any other comments?
No	Did not answer	Did not answer	Did not answer	Various views
No	Yes	0	No	There are too many bored people in West Hill. Don't give them power
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Yes	7	Undecided	
Yes	Yes	5	No	We want West Hill to make it's own decisions and know what is best for our village. I have lived in West Hill for 12 years and unfortunately have found some members of Ottery St Mary - including the Town Council very resentful towards us as a village which is sad and it certainly is not improving. The argument for us not having our own parish council seems to be totally financial which is unfair and unjust
Yes	Yes	7 or 8	No view	
No	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Did not answer	Did not answer	Did not answer	
Yes	Yes	5	Yes	I attended the extraordinary meeting on 07 Jan 16 to discuss this proposal and was utterly appalled by the actions of the Ottery St Mary parish councillors who claimed that matters concerning West Hill have always been supported and that it was a fair and democratic set-up, yet having exclaimed that "they didn't give a damn if West Hill had its own Parish Council" they promptly ALL voted against the notion demonstrating exactly why West Hill should have its own Parish Council
No	Did not answer	Did not answer	Did not answer	

## **OTTERY ST MARY SUBMISSION TO EAST DEVON DISTRICT COUNCIL RE PROPOSAL FOR WEST HILL TO FORM ITS OWN INDEPENDENT PARISH COUNCIL**

**At an Extraordinary meeting of Ottery St Mary Town Council on 7<sup>th</sup> January 2016, the following Motion was carried**

***‘WE ARE BETTER TOGETHER AND THEREFORE AGAINST THE APPLICATION SUBMITTED BY THE WH CAMPAIGN GROUP ‘YES TO BETTER TOGETHER AND NO TO AN INDEPENDENT PARISH FOR WH’***

**The following reasons support the Motion**

### **FINANCIAL IMPLICATIONS**

The total tax base for OSM being 3,545. This being the case this equates to £51,844 out of OSM’s total precept for the current year of £162,651 (Band D tax current year OSM £45.88 x 1,130 = £51,844). Thus in order for OSM to make good their income, assuming their tax base drops to 2,324 (3,545-1,130) then they would have to precept £69.99 per Band D property to get the same level of income (£162,651); a 53% increase. If there is new development then this would provide a boost to OSM’s income but **only if any development was completed.**

If a precept increase has to be implemented then this will have to be absorbed by the remainder of the Parish which would be unfair to the residents in the remainder of the parish.

The Town Council would have to determine the services that it may no longer be able to provide, if the precept could not be increased. The Station, Library, Tourist Information, Strawberry Lane and a proposed museum are amongst projects which may be at risk or either disappearing or being postponed if the precept is not increased

### **IDENTITIES AND INTERESTS OF THE COMMUNITY**

If the proposed WH Parish Council was formed then the WH parishioners would be using the existing facilities in the remainder of the Parish and at the same time take away 25% of the precept needed to maintain those facilities. There would be a knock on effect in places such as Tipton, Alphington etc taking into consideration the strong community identity of the Parish and the fact the parish is a blend of town, villages hamlets etc which makes it quite unique and something to be preserved

### **EFFECTIVE AND CONVENIENT LOCAL GOVERNMENT**

It has been suggested that WH will be able to make decisions on matters relating solely to WH eg planning applications. In all the years the Council has existed, the fairness of the members of the Council when voting on decisions relating to WH has never been questioned as they have acted reasonably, impartially and with professionalism at all times and will continue to do so if WH was to remain as part of the parish. There are other wards with an even lower representation which are happy to remain this way.

### **NEIGHBOURHOOD PLAN**

At the moment there is a Neighbourhood Plan (‘NP’) being developed which is a community led planning aid that will influence development across our parish for the next 15 years. So far we have the boundary defined which incorporates the entire Parish including the villages and settlements of Tipton St John, West Hill, Alfington, Wiggaton, Metcombe, Gosford, Taleford, Coombelake and Fenny Bridges. As a Plan (which

## Appendix B

incorporates the entire Parish), the whole of the recommendations made in NP will be affected and the Plan will require substantial amendment likely to incur further costs and man hours in rectifying the proposed Plan

### **BOUNDARIES**

The proposed boundaries may give cause for concern to Tipton, North and Town Wards. The boundaries should be moved in the event of an independent WH. The current ward boundary would not be suitable as a Parish boundary. It would divide some smaller settlements down the middle and would deprive the town of its rural surroundings. It could potentially split communities

### **ASSETS**

If the WH proposal was to go ahead there may be a possibility that the new council may wish to make a bid for the transfer of Town Council assets to it (which were acquired whilst WH was part of the parish) which is likely to cause resentment and is likely to be opposed

### **TOGETHER WE ARE STRONGER**

As a whole parish we can help protect our environment and protect and enhance the communal facilities we all use. They may be provided by the Town Council but they serve the surrounding settlements including WH. For WH to withdraw from the parish and yet continue to use the facilities (as will surely happen) is to step away from its responsibilities for the wider community. In addition for WH to have its own Parish Council is likely to result in a duplication of services, the new Parish Council will require the services of a Clerk, provision of office accommodation etc when all of these services/facilities are already being ably provided by the Town Council

[www.westhillparishcouncilcampaign.org](http://www.westhillparishcouncilcampaign.org)

## West Hill Parish Council Campaign

Mark Williams 12 January 2016  
Chief Executive  
East Devon District Council  
Council Offices  
Knowle  
Sidmouth EX10 8HL

Dear Mr Williams

### **Consultation on the Community Governance Review for West Hill**

Ottery St Mary Town Council ("OSMTC") held an Extraordinary Meeting on 7 January 2016 to decide their response to the consultation on the Community Governance Review for West Hill. The proposal not to support the formation of a West Hill Parish Council was carried by 8-0 votes, with 5 abstentions. The 2 District Councillors and 3 West Hill Ward Councillors present abstained, the latter because they have a conflict of interest, being also active members of the West Hill Parish Council Campaign.

The Mayor and Town Clerk were delegated the responsibility for writing the response to EDDC, but obtained no directions on what was to be included, other than the decision not to support the formation of a West Hill Parish Council. Before the motion was tabled and a vote taken, no attempt was made to summarise the issues and the different views expressed.

During the discussion, it was apparent that many of the councillors acknowledged that West Hill has changed over the years and is now a large community, with a separate identity. It was also acknowledged that residents of West Hill have sufficient skills, knowledge and competence to run a parish council.

The main criteria outlined in the 2007 Act are that community governance within the area under review:

- ☐ reflects the identities and interests of the communities in that area; and
- ☐ is effective and convenient

It seems to the Campaign group, therefore, that the councillors agreed that the main criteria outlined in the 2007 Act are fulfilled, but nevertheless proceeded to vote against supporting the formation of a Parish Council.

[www.westhillparishcouncilcampaign.org](http://www.westhillparishcouncilcampaign.org)

While it was difficult to identify the exact concerns of those opposed to a West Hill Parish Council, the following appeared the most prevalent:

- 1) concerns over the financial impacts on the rest of Ottery St Mary parish;
- 2) a feeling that residents of Ottery St Mary had not been properly informed about the effects of a West Hill Parish Council being formed;
- 3) that West Hill residents use facilities in Ottery St Mary that are provided by the Town Council, but would not contribute to the financial support of them once a Parish Council was formed.

### **1) Finance**

West Hill contributes around £52,000pa to OSMTC income, out of a total precept of £162,651. (2015/16 figures)

OSMTC has not yet produced a financial statement analysing the financial impact of any change, nor any mitigating factors. However it is worth noting the following:

- a) reserves held by OSMTC are in the region of £210,000
- b) planning permissions have been granted for 530 houses (25% growth) many of which have already been implemented (Butts Road Redrow site, Barrack Road Bovis site and work has commenced on the Mill site).
- c) The Band D parish element of council tax at £45.88 is one of the lowest in East Devon for towns (for comparison, Seaton £68.03, Sidmouth £60.30, Axminster £56.58, Honiton £55.53, Exmouth £30.43)

The Campaign group consider that savings to be made from West Hill leaving, additional income from new housing, a review of the management of the property portfolio and fixed assets, and judicious use of the existing reserves should enable OSMTC to mitigate the lost income from West Hill.

It is Central Government policy to devolve fiscal and population growth power to the lowest common denominator, i.e. those with the ability to take control of their own affairs. Financial decisions in regard to the level of the precept and the associated expenditure is best in the hands of the residents most directly concerned. Therefore such a transfer of financial accountability from OSMTC to a newly established West Hill Parish Council is sound and is in line with Central government and local council objectives at both District and County level.

In due course, if the formation of a West Hill Parish Council goes ahead, both Ottery and West Hill will need sound business plans. An Independent Auditor will be needed to oversee the division of assets and reserves.

The Campaign group's assessment is that Ottery St Mary Town Council can remain an effective and convenient council, without financial input from West Hill.

[www.westhillparishcouncilcampaign.org](http://www.westhillparishcouncilcampaign.org)

## **2) Informing the Public.**

The West Hill Parish Council Campaign group have focussed their publicity on the residents of West Hill, as they were the only ones eligible to sign the petition. Our efforts in this are detailed in the Statement of Community Involvement submitted together with the petition. Since then we have had further Press articles, and circulated a further leaflet to all households in West Hill.

The EDDC consultation questionnaire was mailed to all households in Ottery St Mary parish, with some information and links to further information online. OSMTC considered that there was insufficient information provided to the public, and resolved at a Council meeting on 2 November that they would set up a working party with the aims of informing the public about the implications for the parish if the split went ahead. It seems that there were no clear terms of reference for the working group.

The working group produced a draft press release before Christmas. The contents of this were not agreed by a majority of OSMTC councillors, therefore it was not released. No other information has been presented to the public of Ottery St Mary by OSMTC.

## **3) Use of facilities in Ottery St Mary**

Some of the OSMTC councillors expressed the view that it was unfair for West Hill to withdraw from OSMTC, but for its residents to continue to use facilities provided by OSMTC without any financial contribution. These facilities include the Station Centre (Youth Club), skatepark, toilets, Strawberry Lane pavilion, and in the future possibly library facilities in the former Nat West bank building.

We totally reject the validity of this argument. Residents of other surrounding parishes, e.g. Feniton, Talaton, Whimble, Rockbeare, Aylesbeare, Newton Poppleford, also use Ottery St Mary facilities, but do not contribute financially. Similarly for Honiton, all the residents of the surrounding villages, which all have their own parish councils, access Honiton for its facilities but do not contribute financially. Conversely, West Hill residents are equally likely to visit other town centres such as Honiton, Sidmouth or Exeter to access facilities, rather than Ottery. In addition, residents of Ottery St Mary may also visit other town centres without contributing financially.

### **Parish boundaries**

This was not debated in any detail at the 7 January OSMTC meeting, but we understand that OSMTC wish to see changes to the proposed parish boundary for West Hill.

The boundary of the present West Hill ward was reviewed as recently as 2007, when it was determined to include Higher Metcombe within the West Hill ward. Prior to 2007 the boundary was unchanged from the 1970's when the current District Council was formed. We consider there is no justification for re-appraisal of the parish boundary at the present time.



[www.westhillparishcouncilcampaign.org](http://www.westhillparishcouncilcampaign.org)

**The decision-making process**

The Campaign group would like clarification of the decision-making process by EDDC. By circulating consultation questionnaires to the whole Ottery St Mary parish, it is clear that if counting a simple Yes/No response, the electors of West Hill could be readily outnumbered. Especially in view of the comments in 2) above, it is likely that residents in the rest of Ottery St Mary parish are much less well informed about the reasons why West Hill wishes to have its own parish council, and also of the implications of such a move.

We consider that the decision as to whether to form a West Hill Parish Council must be taken in the light of the requirements of the 2007 Act, as to whether the criteria are fulfilled. The views of statutory and other consultees are also important and can help develop transition arrangements and mitigation strategies.

Since previous attempts to create a West Hill Parish Council, the legislation concerning the creation of parish councils has changed, government policy has changed, and most importantly, West Hill has changed beyond recognition.

The Campaign group would like to meet with you soon to provide further information and to clarify the many questions of procedure we have raised.

Yours sincerely  
Margaret Hall (Chairman)

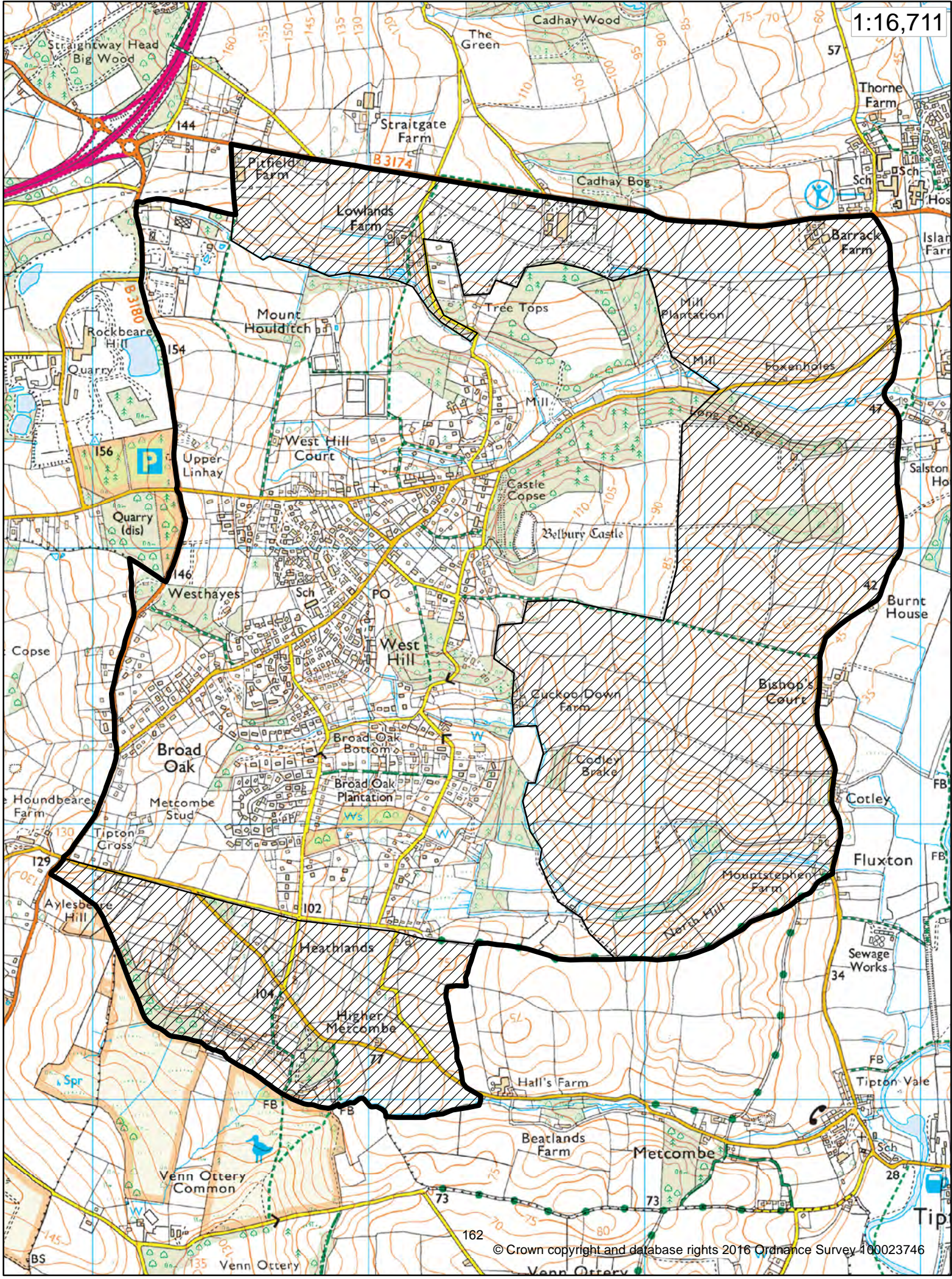
and the following members of the West Hill Parish Council Campaign Group:

Cllr Jo Talbot  
Cllr Jessica Bailey  
Cllr Christopher Hall  
Hon Alderman David Cox  
Tony Howard  
Ian Heard  
Alan Cook  
Robert George  
Alan Ingle  
Colin Veale  
Allister Bibey  
Michael Potter  
Matt Fripp

# Appendix D: West Hill Governance Review

 West Hill Parish Ward Boundary

1:16,711



**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 17

**Subject:** Establishment of an Energy Services Company to Invest in the Roll Out of Further District Heating Networks

**Purpose of report:** This report recommends the formation of an Energy Service Company (ESCo) in partnership with the RD&E NHS Trust, University of Exeter, Devon County Council, Exeter City Council and Teignbridge District Council. The purpose of this is to procure a private sector partner(s) to enable investment in further District Heating Networks to connect the city centre of Exeter with the Royal Devon and Exeter hospital sites and to utilise heat from the Energy from Waste plant at Marsh Barton to serve new development at South West Exeter.

**Recommendation:** It is recommended by Cabinet that Council;

- **Agree to become a shareholder of the public sector Energy Services Company (ESCo) subject to the Chief Executive, Strategic Lead (Finance) and Strategic Lead (Legal, Licensing and Democratic Services) being satisfied that the legal and financial governance arrangements of the ESCo are appropriate and protect the Councils' interests**
- **Agrees a contribution of up to £100,000 to support the establishment of the ESCo and the procurement by the ESCo of a private sector partner**
- **Delegates authority to the Chief Executive for the Council to join the ESCo and to appoint a Director thereto (or such other appointments as are necessary to satisfy the agreed arrangements) and, subject to successful procurement and confirmation of investment from all other partners, to invest £176,400 into the Joint Venture company**
- **Receives further update papers on the establishment of the ESCo and as the procurement process progresses**

**Reason for recommendation:** The proposed Energy Services Company and two district heating networks will:

- deliver a financial return to EDDC,
- provide low carbon energy at a reduced cost to public sector partners, and
- support a rate of financial return and reduced project risks such that it will, with the benefit of investment from the public sector partners, be attractive to a private sector partner

<b>Officer:</b>	Naomi Harnett, Principal Projects Manager Tel: 07580 297059 / <a href="mailto:nharnett@eastdevon.gov.uk">nharnett@eastdevon.gov.uk</a>
<b>Financial implications:</b>	The financial details are contained in the report. Based on information provided to date the project is considered to make a good return with additional benefits for the Council. There are more details and procurement activities to progress in order to determine certainty on the actual level of return compared with that modelled, however extensive work has been carried out to date to give a certain level of reassurance and by having those organisation on board who will be significant purchasers of energy does give a level of reassurance. The procurement cost being requested upfront is to a maximum of £100,000, which if agreed will be a supplementary estimate for 2015/16 and would have to be met from the General Fund Balance. This is not part of the investment and therefore has to be separate. The likely investment being suggested is £176,400 and this could be treated as a long term investment with potential returns as highlighted in the report.
<b>Legal implications:</b>	Independent legal advice on the arrangements for the setting up of the ESCo and the onward procurement exercise for the JV company has been obtained by, it is understood, the Exeter and East Devon Growth Point Team. However this has not been seen (nor therefore reviewed) by the Council's own legal department. Accordingly, while the proposed structure would appear to be legally permissible (in terms of forming a public sector owned company and entering into a JV with the private sector) it is expected that joining the ESCo will not occur until this Council (through the Chief Executive and Strategic Leads for Finance and Legal) is satisfied that both the legal and financial governance arrangements are appropriate and do protect the Council's interests. It is anticipated that the advice sought so far will have also considered issues of State Aid and the intended EU procurement exercise and this will also need to be considered as part of the overall governance arrangements review to ensure legal duties are appropriately satisfied from EDDC's perspective. Alternative delivery vehicles will not have been appraised from EDDC's position (if at all) and therefore the relative benefits / impacts of different approaches will not have been weighed and considered. However provided the arrangements protect EDDC's interest (although acknowledging the risk element in terms of initial investment) this should not be a bar to entering into the ESCo, but obviously this is a matter for Members to determine as to whether they are comfortable with the proposed route on the basis of the information before them.
<b>Equalities impact:</b>	Low Impact
<b>Risk:</b>	High Risk  The proposed ESCo is a long term investment proposition that will last for a minimum of 25 years. Upfront investment into the Joint Venture will provide opportunity for financial return, with additional benefits of developing other large scale low carbon schemes. The risks identified in the paper will need to be carefully managed at each stage. The upfront investment in procurement costs would not be recoverable if the scheme were not to proceed.
<b>Links to background information:</b>	.

## **1. Background**

- 1.1 Heat networks (also called district heating or DH) and combined heat and power (CHP) enable heat generated at a central point to be distributed to a number of buildings through insulated pipes. Co-generation uses the heat produced as a by-product of electricity generation; this heat is usually lost to the atmosphere at large power stations.
- 1.2 The Exeter District Heating Project Group brings together four Local Authorities (Devon County Council, East Devon District Council, Exeter City Council and Teignbridge District Council) along with the University of Exeter and Royal Devon and Exeter Foundation NHS Trust, facilitated by the Exeter and East Devon Growth Point team. The Group was formed in January 2013 following the completion of three feasibility studies which investigated the potential to do the following:
  - To retrofit a heat network to serve key heat loads in the central Exeter area including the main hospital and the Civic Centre;
  - To link this network to an Energy from Waste plant that has been operational since it was commissioned in July
  - To serve a major urban extension to the South West of Exeter of 2,500 homes and 0.5m sq ft of commercial space.
- 1.3 The studies illustrated that it was technically feasible and economically viable to serve a large part of the existing and expanded Exeter area. This is alongside the existing roll out of networks to serve the Cranbrook and Skypark Development ( 8,000 homes, 1.4m sq ft of commercial space) and the Monkerton/Pinhoe area of Exeter, Tithebarn Green/Mosshayne and Exeter Science Park(2,900 homes and 0.8m sq ft commercial space).
- 1.4 The partners signed a Memorandum of Understanding in 2013 to demonstrate their commitment towards moving forward the outcomes of the studies. To date heat networks in the area have been secured through business to business arrangements and commercial ESCo structures. The feasibility studies conclude that whilst the networks listed above are viable, they are unlikely to generate the level of returns that would be attractive to a commercial organisation acting alone and hence public sector support is required.
- 1.4 The Exeter and East Devon area is a leading area nationally for the roll out of decentralised energy networks. The district heating network serving both Cranbrook and Skypark highlights that large scale carbon savings can be secured in a cost effective manner which is attractive to private investors if approached at a strategic scale. A further heat network serving the Monkerton area of Exeter and extending to West Clyst and across the M5 to serve the Science Park has recently also been secured and is now being installed. Both of these networks are being rolled out by energy company E.On.
- 1.5 Through a combination of a commitment by public sector partners to realising ambitions policies and large scale private investment, the wider area is undergoing a major shift away from complete reliance on the national grid to one where increasingly heat and power is both generated and consumed locally. This is utilising a range of energy sources from gas and biomass through to energy from waste and solar thermal.
- 1.7 Extensive further works has been undertaken over the course of the last two years. A consultancy team, appointed with the benefit of funding support from DECC's Heat Network Development Unit and other project partners, has brought together the following areas of expertise;
  - Technical studies – Parsons Brinkerhoff

- Financial Modelling – Deloitte
- Legal advice – Bevan Brittan

This work has significantly de-risked the project. The project group involves the commitment of the RD&E hospital which has the highest heat demand in the city, along with the identification of land for the siting of the Energy Centre. The result of these actions is to significantly derisk the project to create a strong proposition to market to the private sector for investment as a JV partner.

- 1.8 This consultant team have been paid for by a combination of grant funding and contributions from the project partners. To date HNDU has provided £257,950 of grant funding.
- 1.9 The city centre to Wonford retrofit DH scheme envisages a large new gas CHP at the RD&E Hospital site which will provide electricity and heat for the hospital and export low carbon heat to Exeter City Council buildings in the city centre (specifically the Civic Centre and new pool complex), St Lukes Campus and other private sector DH ready buildings along the route.
- 1.10 Circumstances have changed over the course of the last two years regarding the propose South West Exeter development. The development scheme has moved ahead more quickly than originally envisaged, with planning applications across the allocation currently being considered by Teignbridge District Council and Exeter City Council. These applications are likely to be determined in late Spring 2016.
- 1.11 It is anticipated that the private sector will now be developing the DHN for the development so as to meet the build programmes of the relevant house builders. However the ultimate objective is to utilise heat from the Energy from Waste plan which would otherwise be released to the atmosphere. This raises a different opportunity and requirement for public sector involvement. This is to buy heat from the Energy from Waste plant at Marsh Barton and sell it on to the private sector provider to serve the new development area and other potential users. This would be on a wholesale basis through a transmission charge. Hence the waste heat can be effectively harnessed, significantly increasing the overall efficiency of the plant.

## **2. Proposed Energy Services Company**

- 2.1 The further technical, legal and financial assessment work has led to the position where there is now a clear investment proposition. In order for the schemes to move forward an Energy Services Company (ESCO) needs to be formed. This is a formal legal structure which will bring together the project partners. This paper seeks agreement for the Council to join this ESCO and for authority to be delegated to the Chief Executive to appoint a Director thereto.
- 2.2 East Devon's investment in the ESCO will enable the Council to achieve a return and influence the development of the networks and potential future energy projects across the locality. It should be emphasised that these are not necessarily limited to energy generation and could include energy efficiency measures across the public sector building stock for example. It will also help towards delivery of strategic carbon reduction as guided by East Devon Local Plan.
- 2.3 The immediate aim of the ESCO is to procure a private sector partner with whom to form a Joint Venture Company (JVCo) to deliver the scheme. Following procurement the ESCO provides a vehicle for partners to influence JVCo's development.
- 2.4 The proposed legal structure (see below) envisages a public sector joint ESCO being established with all the potential partners having an interest. This entity will procure a private sector partner (PSP) which will fund up to 50% of the equity of a JV company (JVCo). It is proposed that each public sector stakeholder therefore has a 1/12<sup>th</sup> (8.3%) net interest in the JVCo, but EDDC could invest a high level of equity and gain a higher return.

- 2.5 There are currently two schemes being considered for investment with shareholders able to take an interest in the city centre to Wonford scheme special purpose vehicle (SPV), the South West Exeter scheme SPV or both.
- 2.6 It is envisaged that the £16m investment by the city wide SPV would be largely project financed by financial institutions (typically 10% equity and 90% debt).
- 2.7 The RD&E, as host of the energy centre, is critical to the city centre scheme and has therefore been the first partner to seek internal approvals. The RD&E executive approved the Trust's participation on 1<sup>st</sup> December 2015.
- 2.8 Subject to Teignbridge and other partner approvals the next stage is to procure a private sector partner through a competitive dialogue process. Extensive technical feasibility assessment and financial evaluation has shown that the scheme is likely to be an attractive proposition for private sector investors.

### **3. Procurement of a Private Sector Partner**

- 3.1 The immediate aim of the ESCo is to procure a private sector partner with whom to form a Joint Venture Company (JVCo) to deliver the schemes. Due to the scale of the required investment this procurement process needs to comply with Official Journal of the European Union (OJEU) requirements. Key stages in the procurement process will be:
  - The project partners signing a Shareholder Agreement to create the basis of a public sector ESCo.
  - Preparing draft documents for the procurement process, including joint venture agreement, heat purchase agreements, etc.
  - Iterative tendering process which will last between 12 and 18 months.
- 3.2 It is anticipated that the procurement process will cost up to £500k. The costs will be divided equally between the project partners, with partner contribution likely to reduce if all 6 partners invest. This revenue funding is required at risk but expenditure on the process will be managed by a Project Manager, to ensure positive progress is made. The revenue funding does not have to be paid in a single payment, but staged payments based upon progress milestones. In order to keep costs to a minimum it is anticipated that Devon County Council will lead the procurement process as they have extensive experience in working on multi partner complex infrastructure procurement exercises.

### **4. Position of Partners**

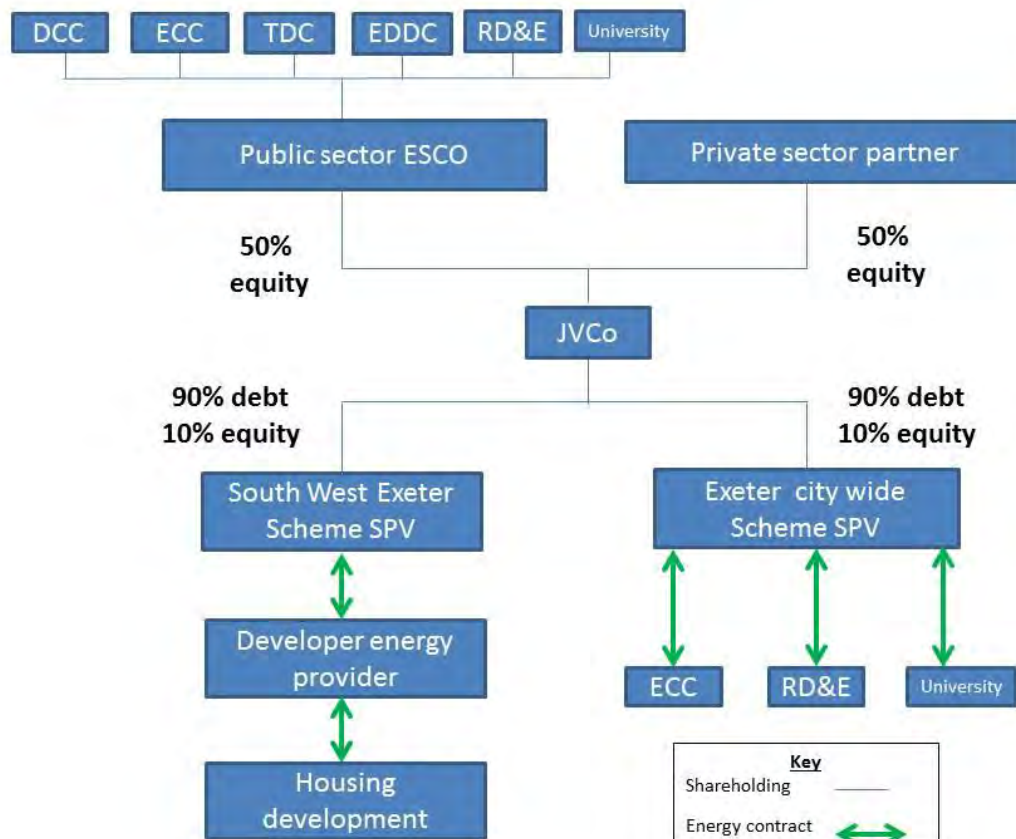
- 4.1 The underlying motivation for engaging in the ESCo varies between the the different partners. For East Devon, Teignbridge District and Devon County Councils this is a straight investment decision. Exeter City Council, University of Exeter and Royal Devon and Exeter NHS Trust will also be heat customers the latter also has a site for a new energy centre.
- 4.2 An equivalent paper to this one is being reported to the Cabinet of Devon County Council, the Executives of Exeter City Council and Teignbridge District Council, the Board of the Royal Devon and Exeter Foundation NHS Trust and the Council of the University of Exeter.
- 4.3 East Devon's investment in the ESCo will enable the Council to achieve a return and influence the development of the networks and potential future energy projects across the locality. It should be emphasised that these are not necessarily limited to energy generation and could include energy efficiency measures across the public sector building stock for example. It will also help towards delivery of strategic carbon reduction as guided by East Devon Local Plan.
- 4.4 At this stage the Royal Devon and Exeter NHS Trust has received approval from its board to participate in the scheme. Exeter City Council have also endorsed the scheme through its Resources Committee, with further approvals required from the Executive Committee and Full Council (meetings on 9 February and 23 February respectively). Teignbridge District

Council and Devon County Council have drafted reports that will be considered by committee in March. University of Exeter are considering the proposal, a report is being prepared that will be considered by the University Council in March.

## 5. Main benefits

5.1 A detailed business case has been developed by Deloitte as part of the feasibility work. This demonstrates that participation in the ESCo provides a number of potential benefits to the Council:

- Investment in low carbon heat supports East Devon's commitment to a low carbon future and to achieving sustainability objectives
- Detailed modelling has demonstrated that such investment will deliver an attractive rate of return
- Along with other public sector partners it reinforces local relationships with neighbouring authorities
- Regionally the scheme builds on the momentum achieved at Cranbrook and Monkerton/Science Park
- Different technology and the potential for future ventures supports the innovation agenda and the ability to overcome short term grid constraints
- Government remains committed to supporting renewable heat and the roll out of heat networks and grant funding may be available for the project or future expansion of the network
- Networks proposed are initial phase and once established can be extended on commercial terms to third party consumers.





## 6. Financial Implications

- 6.1 An Investment Appraisal undertaken by the scheme consultants (Deloitte) for each of the partner bodies provides an assessment of the potential return on investment by East Devon District Council (not a heat user) over a 25 year period from 2017/18.
- 6.2 If the ESCo takes a 50% share in the city centre heat network, the net 8% share has a net present value (NPV) to East Devon District Council of £603,406. The equity investment required is £147,000<sup>1</sup>. It is envisaged that the £16m investment by the city centre to Wonford SPV would be largely project financed by financial institutions (typically 10% equity and 90% debt). Participation in the ESCo gives the Council and its partners influence as shareholders and is an important part of mitigating the risks of the project and provides the potential to invest in further projects in the region. The project Internal Rate of Return (IRR) is 9.7% (excluding procurement costs). Including procurement costs this falls to 9.3%.
- 6.3 The East Devon share of external procurement costs is estimated at £100,000. The only other costs are “in kind” of providing staff time for the procurement and, to a lesser extent, operational phases. Opportunity exists for the Council to borrow and lend to the JVCo’s and make a financial return on that lending.

## 7. Timetable

- 7.1 The focus of the competitive dialogue procurement process will be the compilation of a detailed business plans for JVCo and the SPVs (including heat sales agreements) and the accompanying joint venture agreement and the articles of association. These documents will contain the final details of the scheme.

Activity	Date
Partner decisions	Jan / March 2016
Public sector ESCO formed	May 2016
PSP procurement by competitive dialogue	Summer 2016
PSP appointment (subject to successful procurement)	Late 2017
City wide scheme delivery	2018/19

## 8. Risk Management

- 8.1 The risk sharing partnership and financing structure is designed to minimise risk to the public sector, however risks remain. The table below summarises key risks and mitigation measures.

Risk	Mitigation
Failure to procure a suitable PSP.	Financial evaluation shows that there is value in the project for the PSP. However, market conditions in 2016 will be important.
Overall savings are “full life” and therefore include both capital and revenue savings costs. Revenue costs may be higher at times.	Budget holder and management awareness.
Poor design commissioning or installation.	Transfer risk to contractor. Effective monitoring and quality control. Rigorous commissioning and testing to be specified in contracts.

<sup>1</sup> Based upon 6 public sector organisations investing in the ESCo. The recommendation of this report includes a range of values if there is a lower number of public sector investors.

	Appropriate insurance and liquidated damages.
Lack of competitiveness in dialogue.	Ensure competitive tension through robust procurement strategy including good marketing material, PIN soft market testing.
Future energy prices.	JVCo in a better position to manage energy price risk than partners individually.
Regulation of the heat market	Likely to have positive impact on market penetration.

## 9. Conclusion

9.1 Investment in the Energy Services Company has the potential to ensure East Devon and the other local authorities in the area remain at the forefront of developing and delivering district heating, along with other low carbon initiatives. East Devon's investment in the ESCo will enable the Council to achieve a return on investment and influence the development of the network and potential future energy projects across the locality.

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 18

**Subject:** Seaton Town Hall – Asset Transfer update

**Purpose of report:** In July 2015 Cabinet considered and agreed a report to transfer Seaton Town Hall to Seaton Town Council.

Some of the details of that transfer contained in the report have now changed and although this does not alter the resolution of Cabinet it is considered appropriate to update members on these amendments and the transfer progress.

**Recommendation:** To acknowledge the current position with the transfer of Seaton Town Hall to the Town Council.

**Reason for recommendation:** To provide an update position for members relating to the transfer of an asset to a Town Council.

**Officer:** Simon Davey, Strategic Lead Finance (CFO/S151) ext: 2690

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

**Financial implications:** Financial provision has been made for the commitments made by this Council in relation to the transfer of the Town Hall. No ongoing revenue provision is included in this Council's 2016/17 budget for the ownership of the Hall.

**Legal implications:** The report does not raise any direct legal implications. It should be noted that the legal team will be acting for EDDC in the transfer of the Town Hall to the Town Council. If assistance is required in terms of supporting the parties after the transfer this will be provided, although it is expected that each party will instruct their own legal representatives in respect of lease negotiations. Therefore it is expected that any assistance will be in the form of facilitation role rather than formal legal assistance

**Equalities impact:** Low Impact

The transfer of the Hall is to ensure its continued use as a key community asset

**Risk:** Low Risk

**Links to background information:** The report considered by members on the transfer of the Town Hall in July 2015 can be found here:  
<http://eastdevon.gov.uk/media/1208363/150715-combined-agenda.pdf>

**Link to Council Plan:** Working in this Outstanding Place

## **1. Background**

- 1.1 At its meeting on 15 July 2015 Cabinet resolved to transfer Seaton Town Hall to Seaton Town Council on the following basis:
- The transfer to be made at nil consideration.
  - A phased withdrawal over a two year period, with financial support provided in year one and professional property support remaining in place for year two.
  - For this Council to undertake essential repairs and install replacement windows.
  - Seaton's Voice and the Museum to become tenants of the Town Council.
- 1.2 It was also envisaged that the Seaton Town Council would consult on securing Public Works Loan Board financing for £400,000 for significant improvements to the facilities. Seaton's Voice were also to contribute funding of £200,000 for improvements to the Hall to be obtained through grants.

## **2. Update position**

- 2.1 Members may be aware through local press coverage that the proposed transfer has been slow with some difficulties. However, through the hard work and positive approach by all concerned the transfer is now back on track with a completion expected by the end of March 2016. This culminating in a resolution of an extraordinary meeting of Seaton Council on 11 January 2016 to acquire the Town Hall as a free asset transfer.
- 2.2 There are amendments to the original initiative outlined to Cabinet in July but these are not seen as fundamental requiring Cabinet to revisit its resolution. The variations do not directly affect this Council as the asset transfer is still to the Town Council, the variation is around the relationship between the Town Council and Seaton's Voice and improvements to the Hall:
- The Town Council is now to vacate the Town Hall and to use Marshlands, another property within Seaton, as its offices.
  - The Town Council will grant Seaton's Voice a long lease to occupy the Town Hall and to continue to operate the Hall as a community facility. A lease also to be granted by the Town Council to the Seaton Museum for its element of the building.
  - Seaton Town Council will contribute to the running of the Hall in relation to landlord costs but Seaton's Voice will determine and finance improvements to the facilities thereby not requiring the Town Council to seek consultation on obtaining a Public Works Loan.
- 2.3 In addition, we have agreed for this Council to support the organisations involved over the coming months leading to the transfer and where necessary and appropriate to provide professional support to facilitate the transfer. From this Council the Finance Portfolio Holder and the Chairman of the Asset Management Forum have played a vital role in facilitating the asset transfer and Councillor Marcus Hartnell has been a key contact for the Town Council. On reflection and considering future such proposals for asset transfers we will need to ensure we give sufficient and timely support to keep projects on track.

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 19

**Subject:** East Devon Broadband

**Purpose of report:** This report is to update members on a bid that has been made to Broadband Delivery UK (BDUK), part of the Department for Culture, Media and Sport.

**Recommendation:** **Members are informed of the details contained in a bid made to BDUK for a scheme to improve superfast broadband coverage within the District**

**Reason for recommendation:** To keep members informed.

**Officer:** Simon Davey, Strategic Lead – Finance; [sdavey@eastdevon.gov.uk](mailto:sdavey@eastdevon.gov.uk) , 01395 517490

**Financial implications:** Details included in the report

**Legal implications:** Paragraph 1.3 of the report identifies that the bid is simply a request for funding and does not commit the Council to any course of action. Clearly depending on how the bid and any subsequent negotiations go, there will invariably be legal implications arising further down the line. However in respect of the specific content of the report, there are no legal implications arising.

**Equalities impact:** Low Impact

**Risk:** Medium Risk

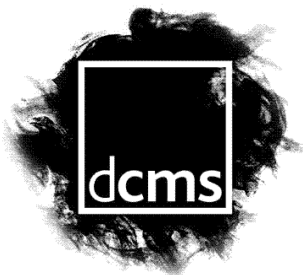
**Links to background information:**

**Link to Council Plan:** Developing an outstanding local economy - Lobbying for better and more comprehensive broadband coverage to support the rural community and business.

## 1. South West Broadband Fund

1.1 To support connectivity in the South West, the government has allocated £10 million to the broadband programme from April 2016. The fund will be available for local projects to bid into. Applications for funding are to be made to Broadband Delivery UK (BDUK), part of the Department for Culture, Media and Sport. BDUK will work with local projects to determine the most effective way of delivering this support.

- 1.2 Applications were to be received by BDUK by close of business on 15 January 2016. East Devon's bid is attached for information and has been compiled in calibration with Broadway Partners.
- 1.3 At this stage the bid does not commit the Council, a request has been made for funding to see if this scheme will be supported by BDUK either through grant or possible investment. It is believed the case put forward has strong merits and if accepted this will be the start of further preparatory work and a more detailed business case to be prepared for members' approval and work to satisfy BDUK further requirements.
- 1.4 The outline case is for joint-venture between the Council and Broadway Partners, co-investors in East Devon Broadband to provide superfast broadband capability to as many of the 'final 10%, or 5%' of residents and businesses of East Devon who will not be covered by the Connecting Devon & Somerset (CD&S) roll-out of superfast broadband. The 'final 10%, or 5%' of properties is an unknown quantum but it is envisaged working with BDUK and hopefully CD&S this will become clearer. In fact both BDUK and CD&S are mentioned as potential partners in our bid but this will have to be confirmed during the bid appraisal process and working with BDUK to bring our proposals forward.
- 1.5 It is anticipated a capital spend will be required in the order of £6.1m to deliver a solution based on a mix of Fibre to the Home (FTTH) and Fixed Wireless technologies. The intention is East Devon Broadband to own the physical fibre network infrastructure – the ducts and the fibre being 70 – 80% of the total capital cost. This infrastructure will then be open to be used by internet providers to actually provide the internet service, East Devon Broadband providing and charging for the utility infrastructure.
- 1.6 To meet the £6.1m capital cost funding of £2m is being requested from BDUK with match funding from EDDC and £1.8m from Broadway Partners and other external investors. The bid envisages the monies from BDUK and EDDC to either be in the form of an investment or grant. The preferred approach is for this to be an investment but details will need to be considered further with BDUK. The balance of capital, £0.300m, is to be met from customer receipts. Further refinement and demand analysis is required but initial forecasts show that the scheme can be self funding with a return on investment but further work is required as outlined in the bid.
- 1.7 Members will be aware, and the bid includes details, of the outcome of the Task and Finish Forum on the provision of High Speed Broadband in Devon and Somerset in which members expressed concern and frustration with the roll-out of superfast broadband in the District. This bid is seeking to bring forward a solution in a transparent and open way. In looking to provide its own solution this has led the Council to accept in principle a proposal put forward by Broadway Partners for a co-investment partnership. Broadway's role has principally been the design of the overall approach and their involvement with a similar scheme adopted by West Oxfordshire District Council where the infrastructure works are about to start. As stated this is the first step and further work and due diligence is required but for now we await the views of BDUK. We are also keen to learn and discuss with BDUK and in turn CD&S what other options/schemes are being proposed to extend broadband into the District which will be of interest to the Council.
- 1.8 If approved there will be some initial costs in preparing a more detailed business case with assurance, demand capture and mapping works required before a final scheme could be approved. These costs have been estimated in the order of £47,000 and it is proposed these are equally shared between EDDC and Broadway Partners. EDDC estimated costs of £23,500 it is suggested are met from the LABGI reserve.



department for  
**culture, media  
and sport**

# BDUK Broadband Delivery Project

Local Broadband Plan template

(Application for South West Fund funding)

**Guidance on the Application Process is available at: [www.dcms.gov.uk](http://www.dcms.gov.uk)**

**Bids should be no more than 30 pages long. In addition you may append mapping information and project plans.**

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.





**APPLICANT INFORMATION**

**Project Name:**

East Devon Broadband

**Lead organisation - include address with and postcode and type of organisation (eg Local Authority, LEP):**

East Devon District Council  
Knowle,  
Sidmouth,  
Devon  
EX10 8HL

Local Authority

**Lead Contact Details (Name) and position held:**

Mark Williams, Chief Executive

**Contact telephone number:** 01404 891327

**Email address:** mwilliams@eastdevon.gov.uk

**Postal address:** East Devon District Council, Knowle, Sidmouth, Devon EX10 8HL

**If the bid is a joint proposal, please enter the names of all participating bodies and specify the co-ordinating authority**

Broadway Partners Ltd

**Start Date of Project:** 15/01/16

**End Date of Project:** 22/12/17 ff

## **SECTION A – PROJECT OVERVIEW**

### **A1. Vision and strategic context**

*The strategic need for broadband infrastructure improvement should be set out and should look at: transformation of public services, economic development, links to corporate plans, social inclusion and existing broadband initiatives. This should include a brief description of the economic and social issues in the geographical area and the role of broadband in addressing those issues.*

*Please describe the outcomes you want to achieve from your local broadband plan between now and 2015 and the rationale for your approach.*

*In addition, please outline any further aspirations you may have for the period beyond 2015 to 2020. Please note: all local bodies should aim to achieve 100% broadband coverage in their area by 2017 at the latest, using a mix of technologies.*

The EU's Digital Agenda for Europe (DAE), launched in 2010, underlined the strategic importance of broadband 'for European growth and innovation in all sectors of the economy and for social and for territorial cohesion'. The DGA further argued that 'a good-quality and affordable broadband infrastructure is a crucial factor for Europe to increase its competitiveness and innovation, provide job opportunities for young people, prevent relocation of economic activity and attract inward investments'.

The aspirational character of the EU's Digital Agenda was echoed in a speech by David Cameron to the Institute of Civil Engineering in 2012.

"Infrastructure matters because it is the magic ingredient in so much of modern life. It is not secondary to other, more high profile elements of economic strategy. It affects the competitiveness of every business in the country; it is the invisible thread that ties our prosperity together. It enables factories, offices, warehouses, workshops to function, to trade, to grow.

But infrastructure isn't just about business. It is an all-pervasive force in society too. It's the network that powers smart phones, allows us to log on to Facebook, to travel, to live the lives we choose. It is the platform for active citizenship. And its value lies in its ability to make things possible tomorrow that we cannot even begin to imagine today. If our infrastructure is second-rate, then our country will be too."

**Our prime purpose is to help ensure that this corner of the UK's broadband infrastructure is fit-for-21<sup>st</sup>-century-purpose – so that it can truly become a "magic ingredient in modern life".**

The project's sponsors recognise the need for a communications infrastructure that is fit-for-purpose for the economic and societal needs of the 21<sup>st</sup> century. By bringing together communities, Local and Central Government and the private sector in a new form of public/private partnership, we aim to transform the nation's communications infrastructure, by triggering a step-change in the way broadband investment is undertaken, and thereby delivering the maximum economic, social and environmental benefit for the least amount of public intervention.

The project's private sector sponsor, Broadway Partners, is a member of the Social Stock Exchange and is firmly committed to deliver positive social outcomes through its activities. In particular, it anticipates that the creation of an ubiquitous broadband network serving the 'final 10%' of the East Devon population, will contribute significantly to the important policy priorities of increasing digital inclusion, enabling Local and Central Government to deliver public services more efficiently, encouraging inward investment to the area, improving access to employment opportunities, and improving general welfare.

## **A2. Background**

*Please describe the current broadband position including covering, speeds, usage, residential/business split and roll out to date.*

Current Broadband provision across East Devon is a patchwork of delivery largely by copper wire, small scale wireless, 3G, limited 4G and satellite, with FTTC in some more densely populated or urban areas.

Rural, sparsely populated are disadvantaged by being in the final 10% where delivery has been expensive and the FTTC cabinet model ineffective over relatively short distances where line lengths to premises are often significant, to the extent that Superfast signalling cannot be received.

Premises in the final 10% (envisaged to be final 5% after Phase 2) are a mixture of mainly residential, agricultural, educational and small scale SME type business which to develop and survive are increasingly dependent on Superfast Broadband (or in some cases any broadband at all, particularly in the agricultural and educational sectors). Current delivery speeds can often be under 1Mbps and generally under 5Mbps across large areas of East Devon, and Superfast rollout in Phase 1 and 2 will still leave many premises at risk of suffering further economic and social deprivation.

This describes a situation in East Devon that can in all likelihood be echoed in numerous other rural Districts and Counties across the UK. What makes the East Devon situation somewhat particular, is the process that has brought East Devon to this place: please reference the attached copy of the TAFF (Task and Finish Forum) on the provision of High Speed Broadband in Devon and Somerset, described by its author as “the most disappointing TaFF in which I have been involved while in Local Government”.

East Devon District Council’s principled objection to the constraints imposed by BT’s commercial NDA requirement, and its subsequent frustrated efforts to achieve an open and transparent dialogue with Connecting Devon & Somerset, have encouraged the Council to pursue its own independent course of action to address the needs of residents and businesses in the final 10%, and to develop its own Local Broadband Plan. The project team looks forward to working with both CD&S and BDUK to ensuring full coordination of superfast broadband plans across the area, in the interests of achieving best value for the public purse, and the best outcomes for all stakeholders.

## **A3. Local Broadband Context Evidence of Need/ Gap Analysis**

*The need for broadband investment should be set out supported by evidence. In order to support the evidence the following information would be beneficial:*

- *area map showing topography, rurality- **using baseline coverage and infrastructure data provided by BDUK;***
- *population density information;*
- *current telecoms infrastructure including community networks;*
- *regional assets (motorways, canals etc);*
- *public sector assets – Public sector networks and contractual status.*

*Please note local bodies should identify where it may be possible to re-use existing public sector networks as part of the solution including identifying existing assets and contracts that are suitable for re-use.*

*You may append any of the above information to your plan.*

As a consequence of its refusal to sign BT’s NDA agreement, EDDC has effectively been excluded from ongoing discussions with CD&S, and has not been able to share the county-wide analysis of market needs and demands that CD&S has sponsored.

The project’s sponsors will conduct various market assessment and demand registration and stimulation exercises in the early stages of the project’s implementation – see Sections B1 and B2.

Be that as it may, and in the meantime, useful reference can be made to two items of supportive evidence of demand.

**First**, the Rural Business County League Table, produced in August 2015 by the CLA (attached, together with ranking methodology), that shows Devon as a whole to be second-last ranked out of 39 English counties.

**Second**, the experience of one Parish in the east of the District, that of Combyne-Rousdon near Lyme Regis, as reported by Rod Boyce of the Trinity Broadband Group:

**Background**

*Rousdon is served by Seaton and Lyme Regis exchanges. The Lyme Regis cabinet 11 is in the centre of the village within 1.5 kms of virtually all the premises in the parish. The majority of properties are connected to this cabinet which is included in Phase 1 of the CDS programme though it is behind schedule. The remainder are connected to cabinet 11 on Harbour Road Seaton, about 6.5 km away.*

*CDS refused to provide information about properties served by this cabinet but a FOI request reported that of 122 properties only 80 can receive superfast broadband. The remaining 42 cannot and the vast majority can receive no upgrade whatsoever.*

*Ironically this includes the great majority of businesses in Rousdon, all a vital part of the tourist industry and all reporting that their business is suffering from almost non-existent broadband.*

*CDS report the area as "Green" on their map, defined as "live and accepting orders".*

*Westhayes Residential Caravan Park where there are more than 100 homes all occupier owned. Attempts to install wi fi around the park have failed owing to dreadful speeds.*

*Pinewood Chalet Park. A Collection of superior chalets, mostly owner occupied.*

*Sovereign Coaches. The HQ of a local coach company that has to rely on mobile phone connections to submit data to Department of Transport.*

*This area also has four houses.*

*The Dower House Hotel. Recently changed hands and was subject to a considerable upgrade resulting in high spending guests visiting the area. The owner reports constant problems with inadequate speeds.*

*Vasting Meadow and Newhayes are both farms.*

*Within 500 metres of cabinet 11 on the Lyme Regis exchange there are 4 detached properties.*

*About 1.2 km south of the A3052 there is the hamlet of Dowlands which consists of about eight properties. At least two of these are occupied by people running businesses from home, a graphic designer and a music producer.*

*On the Rousdon Estate there are a number of properties connected to the Seaton exchange, probably about 8.*

*At my last count there were 27 properties, in Rousdon, connected to the Seaton exchange. As far as I know all would agree to have their lines switched to cabinet 11 on the A3052 when it is shortly upgraded.*

*Combyne is served by the Lyme Regis cabinet but a number of the premises at the western end of Combyne will probably be too far away to benefit from the upgrade.*

**Report presented to Combyne-Rousdon Parish Council in November 2015**

*Nearly six years ago I organised a public meeting in Rousdon with the support of the parish council. Sovereign Coaches and Rousdon Car Sales, together with a grant arranged by Cllr Knight, supplied the funds for a survey and quotation from Rutland Telecom to provide superfast broadband for all of Combyne Rousdon. They quoted a figure of approximately £250,000 to provide superfast broadband through a fixed line and wireless system.*

*I applied for a DEFRA grant.*

*DEFRA required us to say if we were to be included in the CDS programme and that DCC would provide the answer.*

*DCC/CDS refused to answer claiming BT insisted on commercial confidentiality.*

*Sean Williams of BT gave evidence to the PAC of the House of Commons that BT had no objection to informing taxpayers when and how they were to be included in the scheme.*

*We applied for the DEFRA grant pointing out that CDS/DCC refused to supply the information they required.*

*DEFRA rejected our application on the grounds that we were to be included.*

*The CDS map changed our area from “out of programme” to “coming soon”.*

*Cllr Leadbetter gave a public assurance at the meeting in Upottery in August, 2015 that BT had agreed to cabinet realignment. He also emailed me that we were to have two cabinets.*

*CDS published a new map to show us as green, defined as “live and accepting orders” but that owing to distance we would receive no benefit.*

*BT included us in their statistics as “passed” by superfast broadband as our cabinet had been upgraded yet they knew this would provide us with no benefit.*

*Cllr Thomas and I met Paul Coles, SW Regional Manager of BT Openreach. He requested that I undertook a survey of the area, providing addresses, phone numbers and distribution points when BT must have had that information. I did this and gave the results to Paul Coles. As far as I know no other area in Devon has been required to carry out their own survey.*

*A resident of Rousdon, who has some knowledge of broadband infrastructure advised me that for the whole parish to receive a satisfactory broadband service new cabinets would be needed, one in Combpyne and the other somewhere on the western side of the parish. The latter could replace the existing cabinet 11 on the Lyme Regis exchange. It was expected that this was what the taxpayers’ contribution would provide.*

#### **A4. Scope of Project (describe your project).**

*Please outline the scope of your project. This is to include:*

- *the objectives of the project and any constraints;*
- *the geographical area(s) it will cover and number of properties/postcodes;*
- *the number of partners single Tier 1 authority, LEP, several authorities;*
- *phasing of the project/roll out;*
- *prioritisation of areas and match to anticipated service level (including any trade-offs you expect to make between speed and coverage);*
- *identified need for community broadband hubs, and potential public-sector locations.*

#### **The objectives of the project and any constraints**

The objectives of the project are two-fold:

**First**, to provide superfast broadband capability to as many of the ‘final 10%’ of residents and businesses of East Devon District as is consistent with Value For Money considerations and is sustainable; and

**Second**, to provide a minimum 10Mbps capability to all remaining premises in the ‘final 10%’ in the district, consistent with the Prime Minister’s November statement regarding a new Universal Service commitment of a minimum of 10Mbps.

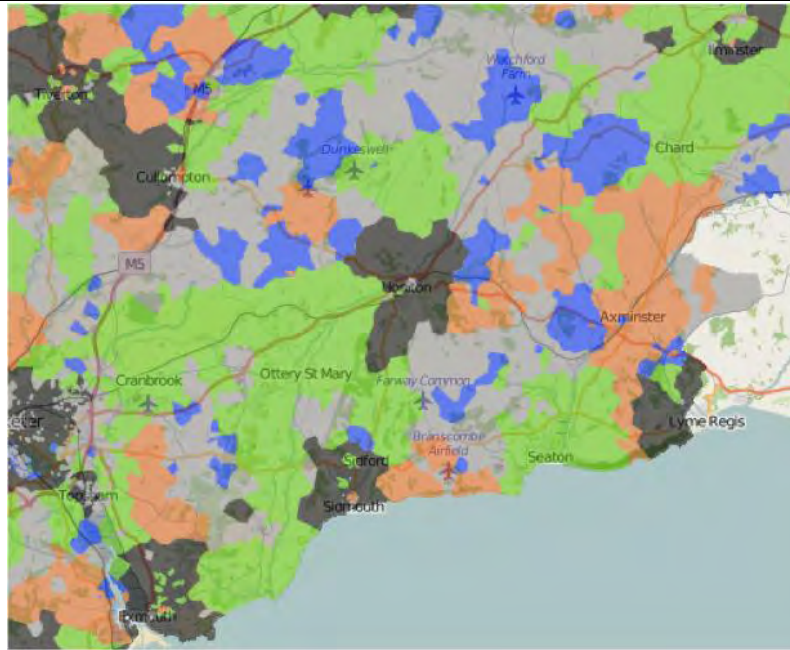
#### **The geographical area(s) it will cover and number of properties/postcodes**

EDDC has made formal requests to Connecting Devon & Somerset (CD&S) to provide the necessary postcode data to allow a detailed assessment of the proposed intervention area – the most recent communication, between CD&S and EDDC Strategic Lead Finance, on 17<sup>th</sup> December 2015, indicated that “data could not be available until at least June 2016 once phase 2 contract details are known”.

The reluctance of CD&S to provide the relevant postcode data has prevented the project team from being able to develop a detailed analysis of the relevant intervention area.

Publicly available mapping from the CD&S website however indicates three main areas of non-coverage – to the West, North and Central-East of the District (the grey areas in the map below).

#### **East Devon Phase 1 Rollout**



These include well known ‘not spot’ areas such as the Blackdown Hills, including villages such as Upton and Smeatharpe, as well as less obviously poorly served areas such as the Sowton Industrial Estates on the east side of Exeter, and the site of the Devon County Showground.

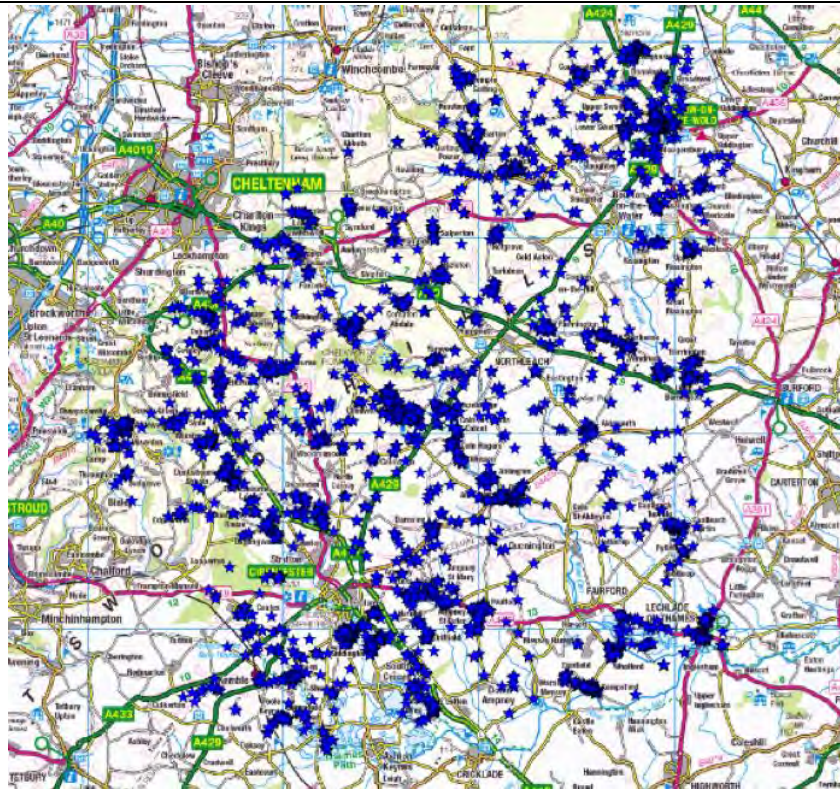
Unhelpfully, very large physical areas of the district remain ‘Under Evaluation’ – the blue-shaded area. These include villages such as Plymtree, Payhembury, Kentisbeare, Churchinford, sited within or alongside ‘out of programme’ grey areas, and potentially very important contributors to the requirement for ‘minimum sufficient scale’.

Moreover, as is well known, postcodes and areas that are in theory being served by a ‘fibre-enabled’ cabinet do not uniformly benefit from superfast speeds, depending on the distance of individual premises from the upgraded cabinet – introducing another uncertainty into the potential coverage map. According to Ofcom data, nationally around 12% of supposed ‘FTTC-enabled’ premises will not receive material benefit from the upgrade programme by virtue of their distance from the relevant cabinet.

Survey evidence from the District, as well as a growing body of evidence from other areas around the UK, as well as from Ofcom’s own market analyses, indicate that premises that end up being left out of the BDUK Phase 1 programme by June 2016, or will not benefit materially from it, will very likely be widely dispersed throughout the East Devon District. By way of illustration, the following map from Fastershire’s (Herefordshire and Gloucestershire) recent Phase 2 supplier engagement presentation clearly shows the wide dispersion of ‘non benefitting’ postcodes throughout the South Gloucestershire area. The project sponsors would expect the situation in East Devon to be comparable.

The uncertainty surrounding the legitimate (for State aid purposes) area for public intervention is obviously very unhelpful for any project sponsors – and is an important driver of the decision to consider also a pure co-investment approach based on the Market Investment Operator principle, which would not involve market-distorting grant intervention and would not require postcode demarcation (see D1 Commercial Case below). It is hoped that the two options – loan or grant – will be explored in tandem during the application evaluation and assurance process.

### South Gloucestershire – Intervention Area Postcodes



Assuming EDDC's application for support to the South West Fund is given an initial 'green light' to proceed and to begin the BDUK Assurance Board assessment process, the Council will commission outside providers to begin outline network design work. If the relevant postcode data is not ultimately forthcoming from CD&S, the Council is prepared to begin a 'reverse engineering' process, whereby it deduces the list of intervention postcodes from the CD&S coverage map –although it would clearly be in the interests of all concerned to avoid this unnecessarily duplicate work.

### **The number of partners**

The proposed formal joint-venture will be between East Devon District Council and Broadway Partners, co-investors in East Devon Broadband, which two bodies will co-own the initial project entity. However, implicitly and explicitly, the project team regards CD&S also as partners in the project, given its shared economic interest at a regional level. And, whether the BDUK South West Funds comes in the form of a loan or a grant, the project team also views BDUK as an important co-investment partner, with a clear strategic and also economic interest in the success of the venture.

Operationally, the project team expects to form partnerships with relevant stakeholders, including existing Wireless ISPs in the area, as well as landowners and others that can assist on site-sharing and wayleave permissioning. In addition, Broadway intends to form strategic partnership agreements with the NFU and the Church Commissioners, and/or the Diocese of Exeter, for access rights.

### **Phasing of the project/roll out**

On the expectation of State aid clearance being received by June 2016, the project team expects detailed survey work to be carried out over the summer, with construction beginning in September, and being completed by December 2017.

### **Prioritisation of areas and match to anticipated service level (including any trade-offs you expect to make between speed and coverage)**

The high level of pent-up demand across the un-served parts of East Devon (see 'B1 Demand Stimulation' below) suggest a somewhat different approach to investment prioritisation than might have been the case a few years ago.

The project team expects to employ a twin-track approach. In the first instance, a Demand Capture Portal will be established within the ViaEuropa framework, allowing residents and businesses to



register their interest in broadband, and even their degree or urgency of interest. In parallel, a network of wireless masts - TV WhiteSpace and conventional 5GHz – will be established to provide rapid blanket coverage of the District, enabling quick and effective access to high-speed broadband for those for whom timing is a more critical issue than absolute download/upload speeds. With immediately pressing demand satisfied by wireless technology – a valuable ‘quick win’ for the venture – the more prolonged process of fibre construction can be managed in an optimal way according to the strength of demand and the need to manage cashflows.

**Community broadband hubs, and potential public-sector locations**

The project team plans to launch the Demand Capture Portal during the Spring, in order to develop the first indication of particular demand ‘hot spots’. This will allow the project team to prioritise the two or three physical points of presence (PoPs) that are envisaged across the District – to be located in community halls or other public buildings with secure access.

**SECTION B – CUSTOMER AND COMMUNITY ENGAGEMENT**

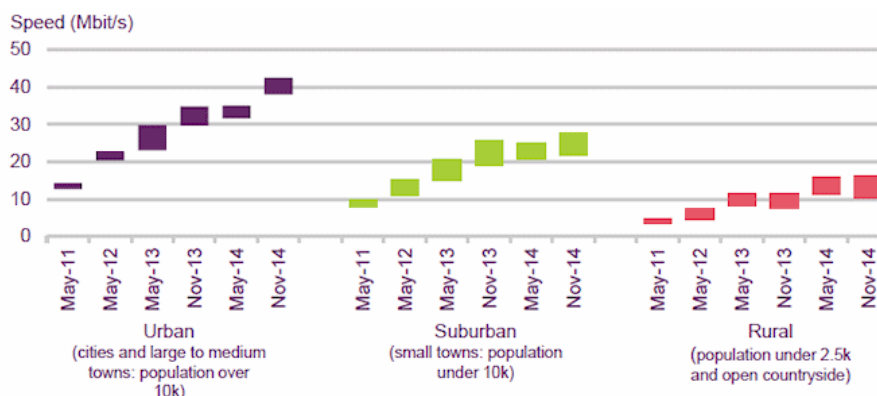
**B1. Demand stimulation**

*This section should describe the proposed approach to demand stimulation and any funding allocated to undertake this activity.*

*The potential customer base, the actual/potential take up of broadband and the annual spend per household are the important components in understanding demand stimulation. Outline your proposals to stimulate broadband demand for: businesses, users of public services and citizens (public).*

Reflecting the complexity of the engineering task that BT and CD&S have performed together, the timescale for the implementation of the BDUK Phase 1 programme has been necessarily somewhat protracted. The result of this is that local residents and businesses have had some time to consider the potential benefits of having access to superfast broadband – to have their expectations raised, and also often disappointed as the CD&S coverage map has evolved.

And since the Phase 1 programme kicked off, average broadband speeds across the country have risen five-fold, from 5.2Mbps in 2010 to 27Mbps in 2015 – and with wide divergence between urban and rural areas, as evident in the following graphic. In fact, the picture for residents within the expected ‘final 10%’ target group is even worse, as few would begin to recognise download speeds of 10-15Mbps, and would be more likely to be in the ‘sub-2Mbps’ category.



Inevitably, the richness of internet content has grown in parallel with the capacities of the majority user – meaning that those rural communities that previously considered themselves in the slow lane of the information superhighway, now regard themselves as being in the ‘superslow’ lane.

The bottom line is that, while four years ago there was an educational and awareness-raising task to be performed in relation to the benefits of superfast broadband, in 2016, a very broad spectrum of the

population now knows that access to decent affordable broadband is increasingly a necessity, rather than a luxury, of modern life.

That all said, there will still be a requirement for proactive demand stimulation, and the project team will seek to harness all available resources, off-line and on-line, to ensure wide campaign effectiveness.

## **B2. Demand registration**

*Do you have evidence of demand from the following groups?*

- consumers;
- small to medium enterprises (SMEs);
- communities;
- public sector organisations.

By virtue of the extended geography of the area, the project team has not conducted any systematic surveys of potential demand. See Section A3 above.

Anecdotal evidence from various parish and village hall meetings – notably in Upottery – suggest that not only demand but also passions run high. This further substantiates the project team’s belief that, as argued in B1 above, the need for proactive demand stimulation *per se* will be less than was the case three or four years ago at the outset of the BDUK Phase 1 programme.

As mentioned in ‘A4 Prioritisation’ above, the project team will be using the Demand Capture Portal of the ViaEuropa platform – or such other web-based demand registration software as EDDC and/or CD&S propose – to ensure that residents and businesses have an effective and easy channel through which to communicate their interest in superfast broadband.

## **B3. Stakeholders**

*Please note, the broadband investment must deliver services to those users who currently do not have access to broadband. The wider public sector (hospitals, schools) and the needs of the business community and individual communities need to be considered. Please outline your approach to date and future plans for stakeholder consultation, communication and engagement. This section should include a list of partners who support the bid including, tier 2 authorities, businesses and community organisations.*

*Please state the steps you plan to take with the successful bidder to work with stakeholders in identifying opportunities to reduce any streetworks related disruption, eg through co-coordinating rollout with other planned works.*

*Please also describe what steps have been taken to inform elected Members of the proposal, including any corporate impact it may have, and the level of commitment to this bid and the project gained to date.*

The project team has a clear commitment to providing superfast broadband to 100% of the target ‘final 10%’ of East Devon – residents, businesses, public service entities and all. However, by virtue of the ‘final 10%’ target intervention area, it will principally be residents and businesses that stand to benefit from the intervention, at least initially. East Devon Broadband would hope to use the resources of EDDC and of its delivery partners to ensure as wide a degree of consultation with the various stakeholders as is possible – whether through online and offline information campaigns, specific village hall meetings, etc. The project team will work closely with the following bodies:

The Economic Development Officer of EDDC

Parish Councils

Local Members of Parliament

The LEP

The Chamber of Commerce and other business organisations

Federation of Small Businesses

The CLA

National Farmers' Union

The Blackdown Hills Business Association

Schools, and the South West Grid For Learning

Clinical Commissioning Groups and other health bodies

to identify areas of particular need and potential benefit from wider availability of superfast broadband, as well as with:

CD&S

DCC Highways Department

on coordination issues.

### **Minimising streetwork disruption**

East Devon Broadband will work closely with both EDDC and the Highways Department of Devon County Council to ensure the most effective coordination of streetworks during the period of network construction.

### **Informing Council Members**

EDDC Council members have been kept fully informed of the progress and status of the East Devon Broadband project, most recently at the 2/12/15 meeting of Cabinet. The next formal progress report will be submitted to the Cabinet meeting scheduled for 10/2/16.

## **SECTION C – FINANCIAL INFORMATION**

### **C1. Funding Requirements**

*Please provide an indication of the total funding required to deliver the Local Broadband Plan (LBP) and a breakdown of how you expect this funding will be phased from 2015-2016 to 2017-2018 (in the funding table below). Where a Plan is being delivered through a phased project, or one or more projects, then Local Bodies should separately state the firm amount funding that is being requested for the initial phase and the indicative funding required for future phases. The degree of interdependency of the phases should be described.*

*Please describe this in relation to the total funding set out in the funding table below. Local Bodies should allow sufficient time to develop projects and award contracts to suppliers before draw down of funds related to implementation. BDUK will want to understand what match funding (ERDF/Private Sector/Local Authorities) has been identified and the status of the funding.*

*BDUK acknowledges the challenges that local bodies have in developing a robust funding profile at this stage. Please outline any areas of uncertainty around funding and key factors which may influence both the level and timing of funding required.*

*Please also note that BDUK expect that capital contributions from Local Bodies will be reflected in corporate capital programme planning processes.*

On the basis of a broad estimate of the number of premises to be served as part of the rollout (6,000), assuming an approximate 70/30 split between FTTH and Wireless, and assuming a target cost/home passed of £1,200, the project team anticipates a total capital spend of around £6.1 million, and an external funding requirement of £5.8 million – the balance being funded through customer receipts.

Capital spending will extend beyond calendar 2017, but only in the form of incremental customer connections – the core backbone network will have been completed by the end of calendar 2017. The project team's intention is to draw down on the BDUK contribution within the 2016/17 fiscal year.

## Funding Table

<i>Total funding required (GBP)</i>	<i>2015-2016</i>	<i>2016-2017</i>	<i>2017-2018</i>
£	millions	millions	millions
Private sector investment	0	1.8	0
<b>Sub Total</b>	0	1.8	0
BDUK funding	0	2.0	0
EDDC funding	0	2.0	0
<b>Sub Total</b>	0	4.0	0
<b>TOTAL</b>	0	5.8	0
Number of postcodes covered by the funding	Nav	Nav	Nav
Number of premises (residential and non-residential) covered by the funding	0	6,000	6,000

## C2. Funding Structure

*Please provide any further details regarding the proposed technical solution, why it is expected to be appropriate for meeting the project objectives and any justification for the costs proposed above.*

*Please describe how the capital funding above is to be spent and who would own the infrastructure. For example, do you propose to lease equipment from the private sector contractor (cabinets) or own the capital investment (laying cable, installing wireless)?*

As indicated, the proposed technical solution is based on a mix of Fibre-to-the-Home and Fixed Wireless technologies.

The intention is for East Devon Broadband to own the physical fibre network infrastructure – the ducts and the fibre, representing the dominant part of any FTTH network, typically 70-80% of the total capital cost. This will be where public investment will be channeled – in short, it represents a core utility infrastructure that is in the proper domain of the local authority, with a 25+ year commercial life, and representing a core asset.

It is anticipated that, operating on an Open Access model, both to comply with European guidelines and for good commercial reasons, the ‘active’ portion of the service will be provided separately by Broadway/ViaEuropa. The Fixed Wireless ‘infill’ element will be provided by another Broadway entity, White Space Technology Ltd, a joint-venture undertaking between Broadway, the University of Strathclyde and Microsoft. East Devon Broadband and Broadway will coordinate with other local Wireless ISPs to ensure comprehensive coverage – local WISPs benefiting from the greater availability of affordable fibre backhaul that East Devon Broadband will enable.

## **SECTION D – COMMERCIAL INFORMATION**

### **D1. Commercial Case**

*Please describe the commercial models which are being considered in order to deliver this project. BDUK anticipates a gap fund model will be preferred by most local bodies, but recognises other models may provide better value for money to achieve a local body's objectives. If other models are under consideration, please explain the rationale for adopting this approach.*

The BDUK Guidelines for the South West Fund stipulate it as being in the form of a grant, fully subject to State aid rules – presumed to be under the General Block Exemption principle being negotiated between BDUK and Brussels.

The difficulty is that, in order to comply with 'double public funding' rules, a clear postcode de-scoping exercise has to be undertaken – and CD&S has made it very clear to EDDC that the relevant data would not be available until the end of the Phase 1 procurement, in June 2016 – which is when the SWF final approvals is expected.

As a way to get through this seeming Gordian knot of an issue, and while the grant/gap-funding approach is BDUK's preferred form of intervention, the East Devon project's sponsors' preference would be to operate on an essentially State aid-free basis (notification only), employing public funds on a Market Economy Operator Principle (formerly MEIP), with the South West Fund contribution being invested in the project on commercial terms. According to this approach, East Devon Broadband would operate on something closer to the concession model.

The advantage of this approach is the greater flexibility afforded to the project, allowing it to pursue a network design that is driven by demand and by design logic rather than by the requirement 'merely' to fill the gap left over by BT's legacy network upgrade. The MEO approach also requires less procedural complexity, as there is no requirement for formal postcode de-scoping, there being no risk of 'double public subsidy'.

From a policy perspective, the advantage of the co-investment approach is that it promises a subsidy-free approach to the challenge of infrastructure renewal, and provides the basis for a sustainable investment process whose benefits will ultimately extend far beyond the original 'final 10%' area.

The project sponsor's expectation is therefore that BDUK will provide a coordination role between East Devon's proposal and CD&S's broader plans, and that the East Devon plans for co-investment between public and private sectors, and commitment to 100% superfast broadband coverage and 100Mbps availability to at least half of the East Devon population, will provide a valuable template for other districts and counties looking to address their own 'final 5%' and 'final 10%' challenges.

## **D2. Market engagement**

*Please note: Local bodies are reminded that while early market engagement is considered good practice, under European procurement law it must be undertaken on an open and transparent basis, with suppliers treated with fairness, equality and in a non-discriminatory way. It is therefore important to develop a strategy and plan to control, ensure consistency and record what is being communicated to the market before commencement of a formal procurement process.*

*The level of 'market testing' that is appropriate at this stage would depend on the uniqueness of any requirement that is being investigated by the local body. BDUK maintains relationships with major UK suppliers to inform them about the programme pipeline and to understand their UK plans. However, consultation by a local body with local suppliers about their plans will be necessary to justify intervention in 'white' State aid areas.*

*Please describe any research already undertaken to understand who the potential local providers are, what their existing footprint is and what their three-year plans are for the area. Please also describe how you plan to engage with the market if you are successful in securing funding for your project.*

EDDC has endeavoured to maintain continuous dialogue with CD&S as to the rollout and implementation of the BT upgrade programme, and has been in numerous discussions with CD&S regarding the progress of the Phase 2 programme.

Reflecting its wish to pursue an independent approach to the 'final 10%' challenge, EDDC has been conducting discussions with potential suppliers and partners over the last two years, and this process has led the Council to accept in principle the proposal put forward by Broadway Partners for a co-investment partnership between EDDC and Broadway.

Broadway's role has principally been in the design or architecting of the overall approach, namely the design of the co-investment model that has been implemented so successfully in West Oxfordshire.

As such, the decision to opt for a mixed fibre-and-wireless solution has evolved naturally out of these discussions, drawing on precedent experience in other counties and districts across the UK.

It is the project team's intention that the procurement of the civils component of the fibre network will involve significant use of local contractors, and the team expects to draw on the resources and data of both EDDC and DCC for identifying potential suppliers.

If the grant/subsidy approach to project funding is pursued, then the project team will, as part of the BDUK Assurance Board process, comply with EU Guidelines with regard to public consultation and OJEU-compliant procurement.

If the co-investment approach is adopted, with BDUK south West Fund monies being contributed as investment on the MEO principle, the project team will take guidance from BDUK with regards to the requirement for public consultation.

### **D3. Procurement Strategy**

*It is expected that the Local Authority will procure a private sector broadband partner. Outline your procurement and delivery options:*

- *outline the approach to procuring a broadband partner, how will you go about procurement and what methodology will you follow (eg competitive dialogue?)*
- *are you procuring more than one delivery partner?*
- *will you enter into a contract or some form Public Private Partnership (such as a joint venture company)?*
- *how will you ensure delivery at a local level?*
- *what would be the procurement evaluation criteria?*
- *how will you assess value for money?*

#### **Approach to procuring a broadband partner**

EDDC has been considering options for the last two years with regard to pursuing an alternative broadband plan, independent of the CD&S process. As a result of some of these discussions, Broadway Partners proposed to EDDC a co-investment approach, based on Broadway's own experience in West Oxfordshire. As a private sector-led initiative, but receiving public funding, the East Devon Broadband Company will conduct its own procurement for the passive, civils component of the network infrastructure to be owned by the EDBC, following EU and BDUK Guidelines and, if necessary, following a full OJEU-compliant procurement process.

#### **Public Private Partnership (such as a joint venture company)?**

The project approach is that of a Public/Private Partnership, with co-investment between Broadway Partners and EDDC. On formation, the East Devon Broadband Company will be jointly and equally owned by both parties. Additional equity capital will be provided by Broadway and other external investors.

Subject to the form of participation by BDUK, the East Devon Broadband Company will be set up as either a Limited Liability Company (Ltd), or a Community Interest Company (CIC).

#### **Ensure delivery at a local level**

The prime function of the East Devon Broadband Company will be to own the core fibre network, both duct and cable, with other functions – the ownership and operation of 'active' service elements and the Wireless element – the responsibility of Broadway's associate companies and other, independent providers, following Open Access principles.

The procurement of the core physical network will seek to involve local civils contractors as far as possible.

#### **Procurement evaluation criteria**

The project team will follow best practice for the evaluation of public sector infrastructure and civil works programmes. In particular, it will follow the principles and practices set out in the following benchmark documents:

BDUK Programme Delivery Model, Section 13.4 'Procurement Terms' and Section 13.5 'Procurement Options';

BDUK National Broadband Scheme for the UK

#### **Assessing value for money**

BDUK has recently re-issued its guidance for the evaluation of Value For Money in the context of the Superfast Broadband programme. The project team anticipates following this guidance closely, by:

1. Developing a standalone Project Financial Model for the planned investment (as a requirement for BDUK assurance);
2. Providing justification for the chosen intervention area; and
3. Providing justification that the chosen delivery route will achieve value for money, evidenced by a competitive procurement process, and by comparison with previous or other contract costs which shows that the costs per premises passed remain comparable;

## SECTION E – DELIVERABILITY

### **E1. Project management, resourcing and funding**

Please describe how this Project will be managed and the budget you will set aside for advisors, project team costs and demand stimulation work in the table below.

Delivering a broadband investment programme is complex and time consuming. You will need to set out:

- your proposed resource(s) and structure(s) to deliver the programme;
- governance arrangements you propose to put in place. This should include project board, project sponsor, steering group, decision making protocol; performance management, quality assurance and monitoring and evaluation approach;
- a project management structure diagram and supporting detail (named full time project manager, internal resources, skills, capacity);
- any external support needed (eg will advisors be engaged?);
- any additional needs identified that the local body is expecting BDUK to provide;
- the project/programme management methodology you propose to use (eg PRINCE2/MSP);
- confirmation that sufficient resources and a quantifiable budget will be in place to procure the proposed broadband investment.

#### **Proposed resource(s) and structure(s) to deliver the programme**

Broadway and EDDC will work closely together on the management of the East Devon Broadband company project, committing resources as required. Ultimately, however it will be down to individuals with responsibility for programme delivery, and the anticipated resource will include the following named individuals:

**Michael Armitage** and **Jonas Birgersson** – Senior Programme Directors

**Mark Melluish** – Programme lead

**B\*\*\*\* W\*\*\*\*\*** – Project Management lead [identity kept confidential for now, as he is in the process of resigning from another company in order to join Broadway].

Jonas Birgersson will play an important role in providing rigorous project management discipline to the implementation, drawing on his two decades of experience in fibre rollout and, in particular, implementing a national fibre infrastructure plan in Israel.



**B\*\*\*\* W\*\*\*\*\***, Prince2 qualified, brings extensive experience of project delivery, both fibre and wireless. He has been known to the project team for some years, and is widely regarded as one of



the most experienced and capable project managers in the fibre-and-wireless arena. His CV is available on request.

**Governance arrangements**

The principles of openness, transparency and accountability runs through both EDDC and Broadway – as evidenced by EDDC’s earlier refusal to sign a restrictive NDA that it judged acted against the interest of ratepayers; and as evidenced by Broadway’s membership of the Social Stock Exchange ([www.socialstockexchange.com](http://www.socialstockexchange.com)), and the commitment that membership brings to produce an annual Impact Report, detailing the societal effects of the company’s activities during the year.

These principles will be carried over to the East Devon Broadband Company. If required by the terms of the BDUK contribution, the company will form itself into a Community Interest Company (CIC) and appoint Community Directors to ensure compliance with the CIC objectives. In the project team’s view, these measures will be not necessary, as the company’s articles will contain specific safeguards of local interests, but the project team will take guidance on this from BDUK in the course of the assurance process.

**Resources Required**

The project team can confirm that appropriate resources will be available to commit to the execution of the project, as required. EDDC has agreed in principle to commit sufficient funding to match the contribution from BDUK’s South West Fund. Broadway has also committed to provide significant match funding. No additional resource is anticipated to be required, beyond the already mentioned assistance from BDUK to secure effective coordination with CDS.

**External support**

Broadway expects to draw on the expertise of its various partners, including ViaEuropa, Microsoft, Fibre Options and others.

**Additional needs identified that the local body is expecting BDUK to provide**

As indicated, there exists a potential conflict or overlap between CD&S’s application for support from the South West Fund and the project’s own application, as well as between the CD&S Phase 2 procurement and the project’s ambitions for East Devon’s ‘final 10%’. The project team trusts that BDUK will be able to perform a mediating role, coordinating the respective applications and ambitions, consistent with achieving the greatest benefit for rate-payers.

**Project/programme management methodology**

Broadway has significant project management expertise, in the form of its own dedicated project management staff, operating to Prince2 principles, and the skills, systems and experience of ViaEuropa (responsible for dozens of FTTH network builds across Scandinavia, and currently constructing Israel’s first national fibre network in co-investment with the Israeli Government).

**Confirmation that sufficient resources and a quantifiable budget will be in place**

Yes – further details of these will be made available during the course of the assurance process.

Project Team and Programme Resource funds (Revenue)	2015-2016	2016-2017	2017-2018	
£	000	000	000	
Budget				
Advisors	12	10	0	Mapping work to support assurance
Demand Stimulation	0	5	0	Demand Capture work
Project Team	10	10	0	Project management until assurance
TOTAL	22	25	0	Costs shared between EDDC & Broadway

## E2. Timetable

*The Local Broadband Plan should set out the approach for improving broadband infrastructure within the whole of the local body's area. This is likely to involve a multi-phased project to be implemented between now and 2017. It should include both upgrades to superfast access and ensuring that everyone can get a basic level of service.*

*A timetable (see table below for completion) needs to be outlined for the initial phase of the programme. Please also identify any critical path (dependencies, external factors, EU Funding etc) which might affect the timetable. An indicative plan should be developed for the later phases of the project. It is critical that this planning is aligned with the indication of likely funding requirements.*

An indicative timetable is set out below.

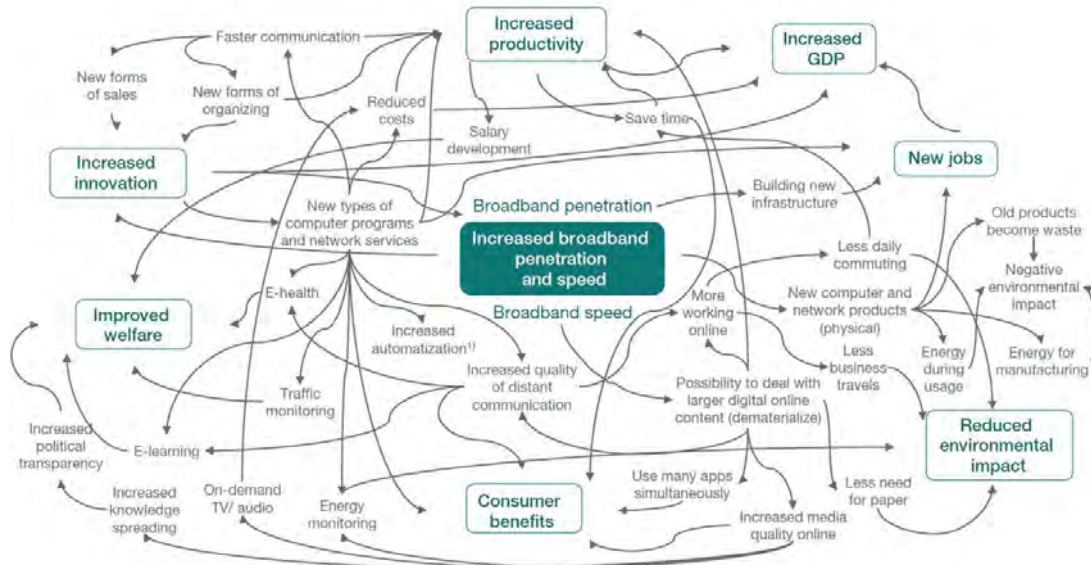
Key milestone*	Expected date
Local Broadband Plan submitted to BDUK	15/01/16
Initial feedback from BDUK	? 22/01/16 ?
Request to CD&S for postcode data	25/01/16
Begin detailed desk survey work	25/01/16
Complete desk survey and design work	05/02/16
Finalise costings	12/02/16
EDDC approval to begin Market Consultation	19/02/16
End of Market Consultation	18/03/16
EDDC approval to issue OJEU notice	25/03/16
Issue OJEU Notice	28/03/16
Close tender	22/04/16
Evaluate tender responses	25/04/16
Select supplier	29/04/16
State Aid approval confirmed	23/06/16
Contract award	30/06/16
Commencement of implementation	04/06/16
Implementation complete	22/12/17

### E3. Expected Strategic Benefits

Broadband investment will lead to quantifiable and non-quantifiable benefits which should be described. Bidders should outline how they propose to measure and monitor the delivery of those benefits which can be quantified.

Some of the many links between broadband and both social and economic developments are illustrated graphically below.

**Broadband at the Centre of a Rich Web**



Source: Arthur D Little

Considerable academic and business literature has been produced to analyse the various economic and societal benefits that result from efficient broadband, and in 2013 econometric consultancy SQW was commissioned by BDUK to produce a review of this literature<sup>1</sup>. This analysed the potential beneficiaries according to three sub-groups: **economic** (short-term construction effects and longer term productivity gains through increased innovation, enhanced international trade and more efficient organisational practices, such as teleworking etc.); **social** (e-health, e-learning and other forms of public service delivery, as well as pure ‘personal welfare’ benefits such as video communications (Skype), entertainment, gaming etc.); and **environmental** (Although ICT is inherently energy consumptive, not all ICT is equal – the incumbent’s upgrade to fibre-to-the-cabinet (FTTC) ‘superfast’ broadband has been estimated to require the additional energy output of a medium-sized power station. Moreover, most studies conclude that high-speed broadband usage triggers a strongly positive displacement effect. For example, teleworking replaces commuting and low maintenance fibre networks replace unreliable copper networks).

Broadway’s own analysis focuses more on the specific different constituencies that will benefit from high-quality broadband infrastructure, reflecting the range of stakeholder interests. From this it is clear that fit-for-purpose broadband is a modern day necessity, delivering multiple benefits, measurable and not.

1

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/85961/UK\\_Broadband\\_Impact\\_Study\\_-\\_Literature\\_Review\\_-\\_Final\\_-\\_February\\_2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85961/UK_Broadband_Impact_Study_-_Literature_Review_-_Final_-_February_2013.pdf)

As part of its continuing obligations as a member of the Social Stock Exchange, Broadway is committed to producing an annual Impact Report, detailing and quantifying the various social, environmental and other non-financial benefits that its activities have generated, or are expected to generate. The work on the second edition is currently underway, with assistance being provided to Broadway by Trucost ([www.trucost.com](http://www.trucost.com)), an organisation dedicated to the business of non-financial metric evaluation.

	'Hard' benefit	'Soft' benefit
<b>Local residents</b>	<ul style="list-style-type: none"> <li>Supports house values</li> <li>Enables home-working</li> <li>Price savings with on-line shopping</li> </ul>	<ul style="list-style-type: none"> <li>Entertainment – Internet TV, gaming</li> <li>Enhanced communications (Skype etc.)</li> <li>Convenience</li> <li>Greater social inclusion</li> <li>Improved access to employment opportunities and to public services</li> </ul>
<b>Local businesses</b>	<ul style="list-style-type: none"> <li>100Mbps for &lt;£100/month (not £1,000/month)</li> <li>Basic business viability</li> </ul>	<ul style="list-style-type: none"> <li>'Clustering' effects</li> <li>Enhanced employment</li> <li>Productivity gains</li> <li>Increased innovation</li> </ul>
<b>Mobile operators</b>	Ubiquitous affordable fibre backhaul for 3G and 4G services	Helps deliver coverage obligations
<b>Central Government</b>	<ul style="list-style-type: none"> <li>Increased business rate income</li> <li>Increased tax income</li> </ul>	Increased use of e-Gov services, supporting the 'Digital by Default' agenda
<b>Local Government</b>	Increased business rate income, indirectly and via the Fibre Tax	<ul style="list-style-type: none"> <li>Inward investment</li> <li>Job creation</li> <li>Greater social inclusion</li> <li>Supports the 'rewiring of Public Services' agenda</li> </ul>

Source: Broadway Partners

#### E4. Risk management/log

*A high level risk log limited to 20 risks should be developed and submitted, setting out the key risks to your broadband programme, how you have assessed them and how they will be mitigated. An example is provided below*

The project team and its advisers are acutely conscious of the need to manage risk on a proactive basis, given that the risks in infrastructure projects typically manifest themselves in the early stages of construction and rollout, whereas the returns are typically spread over decades.

The project team has established a risk Log (see below), which will be developed and refined through the course of the BDUK Assurance Board process, and into the life of the project's implementation.



## Risk Log

Risk		Risk Assessment (Low, Medium, High)		Threat to Project/ Mitigation (L, M, H)
No.	Description	Likelihood	Severity	
1	Non-availability of affordable backhaul	L	M	M BT leased line or P2P 5GHz as backstops
2	CD&S unable to produce postcode data	M	L	L Reverse engineer our own dataset
3	Non-availability of private investor funding	L	H	M Continue multiple investor conversations
4	Cost overruns	M	M	M 'Flex' the network plan with more wireless
5	Low take-up of services	L	M	M Pre-registration, minimum levels
6	BDOUK refuses funding	L/M	M	M Reorientate technology mix towards wireless
7	Failure to secure ISPs	L	M	M ViaEuropa's 'off the shelf' ISPs
8	Failure to secure ED Council support	L	H	H Maintain active dialogue through project team
9	BT frustrates Consultation process	H	M	M BT required to fall in, or project goes 'commercial'
10	Unexpected competitor emerges - Gigaclear?	L	M	H Maintain friendly dialogue through INCA and elsewhere
11	DC Highways fails to cooperate	L	M	M Default to wireless
12	Antagonistic public response	L	M	M Seek to 'neutralise' known local dangerous parties

**CEO sign off/Section 151 officer/Executive Member (portfolio holder)**

a) Submission:	
<b>In submitting Local Broadband Plan, I verify that the proposal fits with corporate policy</b>	
Signed:	
Name:	
<b>Job Title</b>	<b>Date:</b>

Full applications should be sent to BDUK by **5pm on 15 January 2016** and should consist of a completed Local Broadband Plan, covering all the topics as set out in this template. Proposals should not exceed 30 pages in length. Please do not include supplementary material other than mapping information and a project plan.

Three hard copies of bids and supporting material should be submitted to:

Jill Patrick  
Broadband Delivery UK  
Department for Culture, Media and Sport (DCMS)  
100 Parliament Street  
London  
SW1A 2BQ

Envelopes should be marked '**Submission for BDUK South West Fund**'.

An electronic copy should also be submitted to [andrew.field@culture.gov.uk](mailto:andrew.field@culture.gov.uk)

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 20

**Subject:** **Thelma Hulbert Gallery progress report**

**Purpose of report:** To inform Cabinet of the progress made by the THG since its January 2015 Cabinet meeting. The report will detail progress made in securing grants and income, also the successes made in its outreach work which provides a significant social value to the local community and East Devon DC.

**Recommendation:** **That Cabinet agrees the proposed budget set for 2016/17 to enable the Thelma Hulbert Gallery to continue to achieve an improved financial performance.**

**Reason for recommendation:** The recent budget setting process for 2016/17 has scrutinised the recent grant awards for the THG and considered the potential for driving up its income potential. The process has also noted and incorporated the potential for income growth for 2016/17 based upon the financial performance of its shop sales, donations and sponsorship year to date. The budget is therefore set to continue to challenge the excellent progress the THG has made in reducing its overall cost to the Council by a further reduction of costs of £4,680 for 2016/17. The proposed budget for 2016/17 is £110,420 (above the recharges line it is £73,080). This equates to a further 6.02% saving on the 2015/16 budget and will achieve a total of £20,600 operational savings to the Council since agreeing the THG Business Survival Strategy in 2014/15. This performance if achieved is a clear demonstration of the improving financial performance of the THG and the continued success of its new team in securing grants and new income streams that help reduce the annual contribution made to its running costs.

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**Financial implications:** **Revenue**

Financial information is included within the report

We are anticipating receiving Grant & Sponsorship to the value of £23,050 to date we have received £16,750 and we will be pursuing the collection of the remaining balance £6,300

The maintenance budget for 2015/16 is £4,200 with a current year to date spend of £17,345 (Basement improvements & Replacement boiler)

The proposed maintenance budget for 2016/17 is in at £3,950

## **Capital**

There is no current Capital budget

**Legal implications:** The THG is owned and run by the Council. Its financing is a matter of discretion for Cabinet. No further legal observations are required.

**Equalities impact:** High Impact. If the THG closed it would significantly impact upon those hard to reach groups across East Devon that their team engages with as part of their outreach work.

Previous reports and a presentation to EDDC Equality Partners meeting in Nov 2015 have highlighted the importance of the community work of the Gallery especially the educational work which engages with a wide range of the community. 3222 members of the community year to date.

**Risk:** High

The financial risk is outlined in the report as there is pressure for the THG to deliver growth in income in 2016/17 based on the budget expectations and also the projections made for securing further Arts Council funding.

**Links to background information:**

- Draft THG budget 2016/17

**Link to Council Plan:** The THG helps achieve the priorities under Delivering and Promoting our Outstanding Environment as well as supporting economic objectives of the Council.

## **1. Cabinet recommendations progress report**

1.1 Cabinet considered the report of the Service Lead – Countryside & Leisure in January 2015 that proposed a budget to achieve significant savings based upon the THG Business Survival Strategy (approved by Cabinet in the March 2014). Cabinet were made aware of the excellent progress made by the new Gallery team in unlocking substantial new grants from the Arts Council to help support the Gallery's exhibition and outreach programme, the improvement in shop sales and the successes in reputation management for East Devon DC culminating in the awarding of the 'Winner of Winners Award' at the Devon Tourism Awards 2014.

1.2 Since the report to Cabinet in January 2015, the Arts & Culture Forum, Environment Think Tank Members and Strategic Management Team have all had a presentation from the THG team on further refinements to the business model of the Gallery. This has considered and delivered improvements to opening hours, shop income performance, improving the external areas of the THG to make it more visible and visitor friendly. These proposals were set against the agreed THG Business Survival Strategy targets outlined in this report.

## **2. Social & economic value to EDDC**

2.1 The Gallery's work is set in the context of the Council's priority work under 'Delivering & promoting our outstanding environment' section of the Council Plan. Its purpose is 'A community gallery offering great art that's welcoming, accessible, engaging and inspiring'. A major aspect of the THG Team's work has been engaging with community groups and hard to reach groups to improve their quality of life through art education, workshops and projects. This important contribution to our Council Plan priority and equalities agenda is generally a cost to the Council rather than an income generator. This public service element, delivered so effectively by the Gallery, needs to be recognised alongside its priority work to increase footfall and income.



- 2.2 The THG has been extremely active since January 2015 working with a wide range of organisations, community groups and schools to enhance its growing outreach work programme. The breadth and diversity of this area of the Gallery's work is often overlooked when reviewing its business performance. However it is this area of work which gives East Devon DC its greatest return in terms of its social value for the local community and in turn enhances the Council's reputation management. This is again exemplified by the Gallery's success in securing the Museums at Night competition for the South West and the continued success in the recent Devon Tourism Awards 2015 as a Bronze Award winner under the small visitor attraction category which is a remarkable achievement
- 2.3 The THG is now a core part of delivering **EDDC's health and wellbeing agenda** and our commitment to social inclusion as it has been firmly embedded in the work of the Gallery and the key achievements 2015/16. The Gallery is playing a lead role in engaging with organisations such as Mind, Switch, Early Help Forum, Memory Cafes and Children Centres across East Devon to deliver activities that will help individuals to deal with emotional health and wellbeing, for example setting up dementia workshops in the THG and with Honiton and Sidmouth memory cafes. **In section 2.6 under 'Key Achievements' further examples are given of the value of this outreach work delivered by the THG.**
- 2.4 There may well be an impact on external services elsewhere if the THG didn't host and lead work delivering the health & wellbeing agenda e.g. the collaboration with the Memory Cafe as District Council's are being expected to take on more prevention rather than cure activities such as this. Looking to the future it may have an adverse impact on primary health care services if the THG didn't provide support to these areas of healthcare. The role the Gallery is now playing as a delivery body in the Council's Public Health Plan is fully recognised in the East Devon DC Public Health Implementation Plan 2016.
- 2.5 The THG also plays an important role in being an important part of the visitor economy to Honiton. The THG is a destination that was been recognised by the Tourism industry itself in the Devon Tourism Awards 2014 as a Gold Award and the 'Winner of Winners' category. Again in 2015 the Gallery was a Bronze award winner in the 'Best Small Visitor Attraction' category. These industry awards recognise the value of the Gallery to helping generate income for the local economy by being an integral part of the 'offer' for visitors to Honiton.
- 2.6 The tourism industry also has recognised the quality of the visitor experience to the Gallery with its Visit England Quality Assured Visitor Attraction Award 2014 which is the highest level that can be given to an attraction. It is these awards and the high level of service for visitors that has helped to attract higher levels of footfall for 2014/15 and 2015/16. This in turn helps to raise the profile of Honiton as a destination for visitors who wish to explore the town for its 'cultural offer' be it for antiques or for modern contemporary art.
- 2.7 The outstanding work of the THG team these last 12 months is captured in the table below which showcases the success of the new Gallery team and the impact it is having on a wide range of new audiences

### Key outputs/achievements 2015/16 (YTD)

1	THG were once again finalists in Devon Tourism awards in Best Small Visitor Attraction category, receiving the Bronze Award. Once again THG has been awarded the Visit England Quality Assured Visitor Attraction award. All enhancing the reputation of EDDC and the quality of the services they offer. <b>(Economic value)</b>
2	THG have secured and curated exhibitions of a very high calibre in 2015/16 which have provided a year round diverse and engaging programme. The exhibitions engage local, national and international visitors.  Exhibitions in the 2015/16 programme ranged from an installation of 1,000 clocks by

	international contemporary artist Luke Jerram to a selling exhibition of work by members of the South West Academy including local professional artists Prof. Alan Cotton and Peter Randall-Page RWA. <b>(Economic &amp; social value)</b>
3	<p>Through the duration of 'Drop Me a Line' an Arts Council funded community exhibition, the gallery engaged with 944 participants in 37 activities including activities with schools, disabled and disadvantaged groups. This was the highest amount of participants for THG's learning programme for one exhibition. <b>(Social value)</b></p> <p>The learning programme is based around the exhibitions which engage with a wide audience of different ages and abilities. Both within the gallery and in the community. 3222 people have engaged with the gallery via Learning or Outreach to date in this financial year. <b>(Social value)</b></p>
4	THG was commended by Honiton Memory Cafe at Honiton's Dementia awareness day for the activities and partnership working with their members both at the gallery and in the community. <b>(Health &amp; wellbeing value)</b>
5	Extensive media coverage and increased PR, highlights have included features on BBC Spotlight and ITV news for Luke Jerram's installation of clocks and extensive press coverage in key publication including The Independent newspaper. Editorial features in key lifestyle magazines Devon Life and Exeter Life. <b>(Economic value)</b>
6	Busiest day in THG history with 330 visitors during Museums At Night Halloween event which saw the gallery open from 10am – 10pm. <b>(Economic value)</b>
7	<p>New website –easier to navigate, more images, more functionality, more accessibility (high contrast button etc.) responsive to tablet/mobile (Tablet/mobile users up from 27% to 51% of web traffic)</p> <p>Extensive increase in social media. Including 1841 Twitter followers (+31% on last year). Newsletter subscribers (+90%)</p>
8	New clearly visible THG signage in grounds and car parks. A significant number of first time visitors coming because of this (figures currently being monitored) <b>(Economic value)</b>
9	Grants/funding already secured in 2015/16 Museums At Night £3k, Gibbons Family Trust £2k, AONB £2.8K, Ernest Cook Trust £4.5K, Elmgrant Trust £500, Battishorne Trust £500, Mullins Trust £500, Northbrook Trust £5k, DCC £2.5K <b>(Social value)</b>
10	THG has built links with local artists/businesses/groups to hire gallery space on regular basis providing new income streams and expanded audience. Room hire revenue increased from £1,940 to £3,472 (+79%) <b>(Economic value)</b>
11	Sponsors – targeted new contacts. Developed strategic partnership with Bearnese, Hampton & Littlewood who sponsored 2 exhibitions (£1,000). New sponsors Beviss & Beckingsale introduced for Present Makers 2015. Sponsorship revenue increased from £1,250 to £1,750 (+40%) <b>(Economic value)</b>
12	<p>Developed key partner with national company Audience Agency for increased knowledge of the profile of THG visitors which provides us with essential data for planning exhibitions, activities and stocking the shop.</p> <p>Key findings of those surveyed: 37 % new visitors, 95% enjoyed the exhibition, 32% particularly planned trip to Honiton to visit THG, 68% also visited restaurant/cafe in Honiton and 65% shopped in Honiton, supporting the local economy. <b>(Economic value)</b></p>
13	Began extensive research and consultation on the regeneration of THG garden to create community wildlife garden and creative space enabling a range of activities and learning programme outside. Forging links with local partners and other EDDC services. <b>(Social &amp; environmental value)</b>

14	Significant rise in both exhibition and shop sales, increase of 14% compared to this time last year.  The Present Makers 2015 has been our most successful to date. This annual selling exhibition of work by local makers generated a gross income of £8636. Up 28% on last year's £6190, an increase of £2446. Visitor numbers were also up 17% with 1218 visitors compared to last years 1017. <b>(Economic value)</b>
15	Friend's memberships are up 14% on last year's total income with 3 months still to go.
16	Donations are also up 6% compared to this time last year at a total of £1769.
17	Developed new relationship with Honiton Childrens Centre due to grant funding to support a sequence of workshops, for preschool children and their carers. <b>(Health &amp; wellbeing value)</b>
18	Now working more closely with EDDC's SWITCH team. Part of Summer Family Days providing artist-led workshops at both Axminster and Exmouth with more planned to include Heathpark, Honiton. <b>(Health &amp; wellbeing value)</b>

2.8 The THG has since its last report to Cabinet achieved an impressive level of community outreach work that has not only added value to the work of the THG but added to the positive reputation management of EDDC.

#### **Grants awarded 2015/16:**

Museums At Night: £3,000  
Gibbons Family Trust: £2,000  
AONB East Devon: £2,800  
Ernest Cook Trust: £4,500  
Elmgrant Trust: £500  
Battishorne Trust: £500  
Mullins Trust: £500  
Northbrook Trust: £5,000  
DCC Locality Budget: £2,500  
**Total grants awarded: £21,300**

#### **Total grants pending 2015/16:**

Grow Wild: £4,000  
Pocket Parks: £12,620

#### **Sponsorship & income 15/16**

Total income & sponsorship YTD: £1,750

#### **Sponsorship awaiting 2015/16:**

- £500 for Soil Culture exhibition 'Young Shoots' TBC Feb 2016 TBC
- Secured £750 sponsorship for 2016 prize for THG Open 2016

### 3. Business performance

3.1 The THGs financial performance since the beginning of the 2015/16 financial year has been very encouraging and is following a consistent trend of improvement in both income and visitor footfall since 2012/13.

<b>THG Income</b>					
<b>Month</b>	<b>2015</b>	<b>2014</b>	<b>Variation</b>	<b>Percentage</b>	<b>2013</b>
January	£3,779.55	£955.04	up	295.75%	£1,076.65
February	£5,310.01	£2,756.96	up	92.60%	£660.22
March	£2,183.19	-£55.47	up	4035.80%	£969.52
April	£1,228.63	£2,195.90	down	-44.05%	£1,450.94
May	£1,104.11	£2,318.97	down	-52.39%	£2,780.06
June	£2,498.35	£4,524.79	down	-44.79%	£418.87
July	£4,927.87	£2,530.45	up	94.74%	£1,848.06
August	£1,224.67	£2,372.21	down	-48.37%	£2,183.62
September	£5,699.45	£3,319.65	up	71.69%	£5,204.90
October*	£9,315.65	£1,363.69	up	583.12%	£1,191.77
November*	-£839.97	£2,765.03	down	-130.38%	£2,342.98
December**	£5,110.90	£3,242.42	up	57.63%	£2,032.77
<b>TOTALS</b>	<b>£41,542.41</b>	<b>£28,289.64</b>	<b>up</b>	<b>46.85</b>	<b>£22,160.36</b>

\*2015 figures contain funding for Grant Cost centre coding which were paid in the month of October but not transferred to the correct coding until Nov

\*\* some adjustments have yet to be processed.

<b>Visitor Figures (12 months)</b>					
<b>Month</b>	<b>2015</b>	<b>2014</b>	<b>Variation</b>	<b>Percentage</b>	<b>2013</b>
January	1793	339	Up	428.91%	269
February	1461	604	Up	141.89%	497
March	782	457	Up	71.12%	485
April	718	822	Down	-12.65%	556
May	581	556	Up	4.50%	462
June	430	624	Down	-31.09%	424
July	701	776	Down	-9.66%	810
August	815	712	Up	14.47%	686
September	551	629	Down	-12.40%	691
October	1621	547	Up	196.34%	769
November	743	709	Up	4.80%	496
December	475	308	Up	54.22%	533
<b>TOTALS</b>	<b>10671</b>	<b>7083</b>	<b>Up</b>	<b>50.66%</b>	<b>6678</b>

3.2 The performance trend of shop and exhibition sales is continued growth on previous years which is very encouraging and the strong sales just shown for Present Makers illustrates the

impact of a new buying regime by the team that offers a real alternative to Honiton High Street. The sales figures for the Flock Together exhibition in September (£4258) and again for Luke Jerram's one week exhibition in October (£687) reflect the financial success of these two exhibitions, especially Luke Jerram's high profile as an internationally renowned artist.

3.3 The growth in visitor footfall on 2015 is much more promising with the average visitor figures per month up at 718 compared to the monthly average of 631 last year. This based on our data now reflects a consistent trend in that overall numbers are growing and the impact of a much better retail offer along with the positive impact of the Matisse and Luke Jerram exhibitions this calendar year. The challenge still remains to continue to increase and hold these figures to the levels outlined in the Business Survival Strategy of 10-12,500 visitors p.a however total visitor figures **from January 2015 to January 2016 are now over 10,671**. Therefore the THG is on the right track.

#### 4. Draft budget 2016/17

4.1 Cabinet have indicated that they wish to see a reduction in the overall support provided to the THG and the Business Survival Strategy presented to Members in March 2014 outlined a budget scenario over three years based on a number of factors. These were that the THG was established as a Trust and that under this new governance arrangement grants such as the Esmée Fairbairn were eligible for new income and new arrangements such as charging for admission were put in place.

4.2 The lack of movement on setting up as Trust has meant a rethink towards the budget setting process and a recognition that certain income streams have now been closed down as a result. However the message to reduce the bottom line contribution from EDDC has been taken on board and the proposed budget for next year is attached as Appendix A.

4.3 Therefore it is anticipated that the **THG will reduce its budget by £4,680 in 2016/17 (a further 6.02% reduction on 2015/16)** from this year which is a combination of increased levels of income and controlling other areas of expenditure. The cost of recharges remains significant for the THG and these amount to £37,340 for 2016/17 a further increase of £6,770 or 22.15% increase in charges from 2015/16.

4.4 **The revenue cost of the THG to EDDC above the line of the recharges 2016/17 is £73,080** which is a figure that Cabinet might agree is continuing the trend in reducing its overall level of support and showing better value for money. The total amount saved from both 2015/16 and 2016/17 will be £20,600 on the 2014/15 budget.

#### 5. Summary

5.1 The Gallery has continued to make significant strides since the last report to Cabinet 12 months ago both in terms of its income generation and positive contribution to the Council's reputation management with the industry awards it continues to receive for recognition of excellence.

5.2 The team continues to bring in new grants as outlined in the report despite the fierce competition from other venues due to the severe cuts made in 2015/16 to the Arts Council's grant schemes which has meant more venues are chasing their competitive grants schemes.

5.3 The total grants of £21,300 help support the diverse and important outreach work of the THG which has meant that many socially disadvantaged groups have benefitted from the work of the Gallery that is hard to place a monetary value on. This work is at the core of everything the THG aspires to do and using the artists and exhibitions it puts on provides many different community groups, schools and groups of people with learning difficulties, physical disabilities and impairments an opportunity to engage in a positive way with art.

2016/17 Budget Submission

Countryside & Culture

Service: Thelma Hulbert Gallery

39321 Thelma Hulbert Gallery

A/C Code	Account Name	2014/15 Budget	2014/15 Actual	2015/16 Budget	2015/16 Actual Period 1-6	Draft 2016/17 Budget	Amended 2016/17 Budget	Draft 15/16 to 16/17 Increase/(Decrease)	Notes	Budget 6 Required Adjustment	
0010	Wages	2,600	7,010	5,500	1,797	0	5,500	0	Casual staff - costing required	5,500	
0100	Salaries	58,380	58,245	61,260	30,630	63,850	63,850	2,590		0	
0199	Employee Benefits Accrual	0	(671)	0	0	0	0	0		0	
0260	Ni Ers Rev Exp	3,670	2,143	2,370	1,016	3,290	3,290	920		0	
0280	Superannuation Ers	10,800	9,575	11,640	4,915	10,240	10,240	(1,400)		0	
0500	Recruitment Advertising	0	450	0	0	0	0	0		0	
0671	Casualty Insurance	780	1,050	1,070	946	1,070	1,070	0	Budget Fixed Corporately	0	
0830	Pensions Paid Actual Contribs	0	(9,575)	0	0	0	0	0		0	
0860	Pension Current Service Cost	0	12,444	0	0	0	0	0		0	
3302	Criminal Record Check Fees	160	66	160	52	160	160	0	Volunteers etc	0	
<b>Total Employment Costs</b>		<b>76,390</b>	<b>80,737</b>	<b>82,000</b>	<b>39,356</b>	<b>78,610</b>	<b>84,110</b>	<b>2,110</b>		<b>0</b>	<b>5,500</b>
1012	Property Cleansing Service	3,000	2,827	3,000	1,763	3,000	3,000	0	increase due to Living wage - TBC (increase to £3.72)	0	
1016	Property Maintenance Contract	0	0	0	539	0	0	0		0	
1211	Electricity Bulk Billing	1,700	1,365	1,700	1,474	1,730	2,000	300	2% inflation included	270	
1220	Energy Costs Gas	1,600	998	1,500	343	1,530	800	(700)	2% inflation included	(730)	
1250	Rates	6,050	6,123	6,240	6,240	6,360	6,290	50	2% inflation included	(70)	
1260	Water Charges	650	371	550	169	560	400	(150)	2% inflation included	(160)	
1450	Property Insurance	980	1,093	1,110	1,370	1,110	1,110	0	Budget Fixed Corporately	0	
<b>Total Premises Costs</b>		<b>13,980</b>	<b>12,777</b>	<b>14,100</b>	<b>11,898</b>	<b>14,290</b>	<b>13,600</b>	<b>(500)</b>		<b>0</b>	<b>(690)</b>
2270	Idt Exp Car Park Permits 6188	360	396	1,080	811	1,080	1,080	0		0	
2700	Travelling	900	301	500	(38)	510	510	10		0	
2702	Train Fares	0	15	0	7	0	0	0		0	

2704	Irrecoverable Vat On Travel	0	5	0	(5)	0	0	0		0
3796	Volunteer Mileage	0	600	410	204	410	410	0		0
<b>Total Transport Costs</b>		<b>1,260</b>	<b>1,317</b>	<b>1,990</b>	<b>979</b>	<b>2,000</b>	<b>2,000</b>	<b>10</b>	<b>0</b>	<b>0</b>
3010	Equipment & Plant Purchase	500	145	360	208	360	360	0		0
3060	Commission	4,500	8,972	6,500	1,932	6,500	6,500	0		0
3079	Consumables	0	25	0	0	0	0	0		0
3080	Catering	210	296	210	107	210	210	0		0
3084	Strata Consumables Jobs Toner	0	25	70	0	70	0	(70)		(70)
3085	Strata Consumables Jobs Paper	0	0	50	0	50	0	(50)		(50)
3111	Official Signage	0	0	5,200	5,166	0	0	(5,200)	reserves 2015/16 - remove for 2016/17	0
3140	Stock Purchase	3,000	3,845	3,000	2,982	3,000	3,000	0		0
3150	Materials	140	332	200	0	200	200	0		0
3251	External Printing	1,400	765	1,400	0	1,400	1,400	0		0
3254	Strata Internal Print Jobs	2,610	522	360	41	360	570	210	Budget Fixed Corporately	210
3255	Strata External Print Jobs	0	2	0	199	0	0	0		0
3300	Non Property Contractors	150	0	150	0	150	150	0		0
3331	Artist Fees	2,500	2,662	2,500	0	2,500	2,500	0	current yr covered by grant but 16/17 not covered, so budget will be necessary	0
3464	Technical Support	0	0	0	120	0	0	0		0
3501	Educational Fees	2,000	730	1,300	0	1,300	1,300	0	current yr covered by grant but 16/17 not covered, so budget will be necessary	0
3590	Bank Charges	500	510	510	213	510	510	0	increase in sales will create an increase in charges	0
3620	Special Promotions/Events	500	836	500	76	500	500	0		0
3650	Strata Postage Jobs	40	17	30	7	30	380	350	Budget Fixed Corporately	350
3653	External Postage	150	274	220	58	220	220	0		0
3655	Strata Businessmail Jobs	1,920	587	910	0	910	850	(60)	Budget Fixed Corporately	(60)
3661	Phone Mobiles Strata Int Rechg	60	5	10	0	10	10	0	Budget Fixed Corporately	0
3662	Phone Lines Strata Int Rechg	490	489	540	173	540	530	(10)	Budget Fixed Corporately	(10)
3663	Broadband Strata Int Recharge	660	551	670	89	740	490	(180)	Budget Fixed Corporately	(250)
3666	Lines/Circts Corp Ext Invoices	0	174	0	0	0	0	0		0
3668	Broadband Corp Extl Invoices	0	161	240	67	240	170	(70)		(70)
3702	It Software Annual Costs	30	0	30	0	0	0	(30)		0
3704	Website Domain Names	0	20	0	0	0	0	0		0

3707	Wan Costs	1,100	1,096	1,120	0	0	0	(1,120)		0	
3880	Subscriptions Not Publications	100	328	330	79	330	330	0	essential to gaining grants & exhibitions	0	
3900	Plant Equip Insurance	900	898	910	620	910	910	0		0	
3930	Advertising General	3,250	3,697	3,300	1,965	3,300	3,300	0		0	
3991	It Hardware Purchase	0	679	0	328	0	0	0		0	
<b>Total Supplies &amp; Services</b>		<b>26,710</b>	<b>28,643</b>	<b>30,620</b>	<b>14,430</b>	<b>24,340</b>	<b>24,390</b>	<b>(6,230)</b>		<b>0</b>	<b>50</b>
6006	Agreed Contribution	(1,000)	0	(10,000)	(1,750)	(200)	(10,000)	0	possible Luke Jerram & grant surplus - will not achieve £10K	(9,800)	
6039	Income - Recovery Of Costs	0	(500)	0	0	0	0	0		0	
6224	Donations	0	(3,429)	(3,500)	0	(2,000)	(2,000)	1,500	success of Matisse in 2014/15 - reduce for 2016/17	0	
<b>Total Non Gvt Grants &amp; Contributions</b>		<b>(1,000)</b>	<b>(3,929)</b>	<b>(13,500)</b>	<b>(1,750)</b>	<b>(2,200)</b>	<b>(12,000)</b>	<b>1,500</b>		<b>0</b>	<b>(9,800)</b>
6017	Commission	(2,800)	(9,323)	(9,000)	(1,723)	(7,000)	(9,500)	(500)	2014/15 large commssions Matisse - reduce 2016/17	(2,500)	
6058	Room Hire Exempt	(500)	(2,557)	(3,000)	(1,811)	(3,060)	(3,060)	(60)	2% inflation	0	
6082	Advertising Income	0	0	0	(150)	0	0	0		0	
6090	Catering Income	(500)	(954)	(550)	(240)	(560)	(560)	(10)	2% inflation	0	
6117	Refund	0	180	0	0	0	0	0		0	
6145	Membership Fees	(800)	(730)	(700)	(340)	(710)	(700)	0		10	
6190	Events	0	(650)	0	(115)	0	(200)	(200)		(200)	
6196	Thg Shop Income	(19,060)	(17,943)	(19,000)	(10,555)	(19,000)	(25,000)	(6,000)		(6,000)	
<b>Total Customer Receipts</b>		<b>(23,660)</b>	<b>(31,977)</b>	<b>(32,250)</b>	<b>(14,934)</b>	<b>(30,330)</b>	<b>(39,020)</b>	<b>(6,770)</b>		<b>0</b>	<b>(8,690)</b>
5031	Hr Rechg	3,860	3,860	2,620	2,620	2,740	2,340	(280)	Budget Fixed Corporately	(400)	
5060	Strata Service Post Fixed	1,390	1,390	510	510	0	0	(510)	Budget Fixed Corporately	0	
5061	Strata Service Print Fixed	1,560	1,560	590	590	0	0	(590)	Budget Fixed Corporately	0	
5101	Thelma Hulbert Rechg	0	0	0	(420)	0	0	0	Budget Fixed Corporately	0	
5121	Accountancy Rechg	2,680	2,680	3,050	3,050	4,110	5,280	2,230	Budget Fixed Corporately	1,170	
5123	Income & Payments recharge	0	0	0	0	0	2,370	2,370	Budget Fixed Corporately	2,370	
5151	Internal Audit recharge	0	0	0	0	0	420	420	Budget Fixed Corporately	420	
5161	Payroll Rechg	2,480	2,480	1,570	1,570	1,260	1,490	(80)	Budget Fixed Corporately	230	
5461	Strata Pc Support Recharge	5,710	5,710	11,250	11,250	17,820	13,540	2,290	Budget Fixed Corporately	(4,280)	
<b>Total Internal Corporate Recharg Exp</b>		<b>17,680</b>	<b>17,680</b>	<b>19,590</b>	<b>19,170</b>	<b>25,930</b>	<b>25,440</b>	<b>5,850</b>		<b>0</b>	<b>(490)</b>
1061	Grounds Maintenance Recharge	3,500	3,500	4,500	4,500	4,500	4,500	0		0	



5261	Prop Serv Rechg	9,900	9,900	5,010	5,010	5,510	5,320	310		(190)
<b>Total Internal Frontline Recharg Exp</b>		<b>13,400</b>	<b>13,400</b>	<b>9,510</b>	<b>9,510</b>	<b>10,010</b>	<b>9,820</b>	<b>310</b>	<b>0</b>	<b>(190)</b>
7500	Depreciation Revenue	0	1,447	1,470	1,470	1,450	1,450	(20)	Budget Fixed Corporately	0
7503	Impairment I & E	0	4,980	0	0	0	0	0	Budget Fixed Corporately	0
<b>Total Capital Chg</b>		<b>0</b>	<b>6,427</b>	<b>1,470</b>	<b>1,470</b>	<b>1,450</b>	<b>1,450</b>	<b>(20)</b>	<b>0</b>	<b>0</b>
RNI	Rni	0	0	0	0	0	0	0		0
<b>Total Rni</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Thelma Hulbert Gallery</b>		<b>124,760</b>	<b>125,075</b>	<b>113,530</b>	<b>80,129</b>	<b>124,100</b>	<b>109,790</b>	<b>(3,740)</b>	<b>0</b>	<b>(14,310)</b>

77,760

73,080

special item in 2014/15 £5200 paid for out of reserves 60 code removed 2016/17

### 2016/17 Budget Submission

#### Countryside & Culture

Service: Thelma Hulbert Gallery

39322 Thg Self Funded Projects

To be paid from Reserves held £19658 with a current year spend of £14867 leaving £4791 to date. £20,000 is expected but nothing concrete as yet. - see grants/reserve tab

A/C Code	Account Name	2014/15 Budget	2014/15 Actual	2015/16 Budget	2015/16 Actual Period 1-6	Draft 2016/17 Budget	Amended 2016/17 Budget	Draft 15/16 to 16/17 Increase/(Decrease)	Notes	Budget 6 Required Adjustment
0010	Wages	0	332	0	669	0	0	0		0
0100	Salaries	0	0	0	5,031	10,420	10,420	10,420	Funded from reserves	0
0260	Ni Ers Rev Exp	0	0	0	144	300	300	300	Funded from reserves	0
0280	Superannuation Ers	0	0	0	956	1,980	1,980	1,980	Funded from reserves	0
0450	Officer Training	0	285	0	0	0	0	0		0
3302	Criminal Record Check Fees	0	0	0	52	0	0	0		0
<b>Total Employment Costs</b>		<b>0</b>	<b>617</b>	<b>0</b>	<b>6,852</b>	<b>12,700</b>	<b>12,700</b>	<b>12,700</b>	<b>0</b>	<b>0</b>
3010	Equipment & Plant Purchase	0	14	0	128	0	0	0		0
3080	Catering	0	0	0	24	0	0	0		0
3140	Stock Purchase	0	0	0	2,000	0	0	0		0

3150	Materials	0	49	0	20	0	0	0	0	0
3251	External Printing	0	671	0	788	0	0	0	0	0
3331	Artist Fees	0	750	0	0	0	0	0	0	0
3464	Technical Support	0	0	0	1,675	0	0	0	0	0
3501	Educational Fees	0	1,352	0	4,360	0	0	0	0	0
3620	Special Promotions/Events	0	60	0	0	0	0	0	0	0
3621	Prize Money Awarded	0	600	0	0	0	0	0	0	0
3930	Advertising General	0	4,553	0	0	0	0	0	0	0
<b>Total Supplies &amp; Services</b>		<b>0</b>	<b>8,049</b>	<b>0</b>	<b>8,995</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
6006	Agreed Contribution	0	(28,324)	0	(3,500)	0	0	0	0	0
6224	Donations	0	0	0	(755)	0	0	0	0	0
<b>Total Non Gvt Grants &amp; Contributions</b>		<b>0</b>	<b>(28,324)</b>	<b>0</b>	<b>(4,255)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
6058	Room Hire Exempt	0	0	0	(114)	0	0	0	0	0
6190	Events	0	0	0	(30)	0	0	0	0	0
<b>Total Customer Receipts</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(144)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5031	Hr Rechg	0	0	0	0	550	460	460	Budget Fixed Corporately	(90)
5161	Payroll Rechg	0	0	0	0	250	300	300	Budget Fixed Corporately	50
5461	Strata Pc Support Recharge	0	0	0	0	1,780	2,260	2,260	Budget Fixed Corporately	480
<b>Total Internal Corporate Recharg Exp</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,580</b>	<b>3,020</b>	<b>3,020</b>	<b>0</b>	<b>440</b>
<b>Thg Self Funded Projects</b>		<b>0</b>	<b>(19,658)</b>	<b>0</b>	<b>11,448</b>	<b>15,280</b>	<b>15,720</b>	<b>15,720</b>	<b>0</b>	<b>440</b>

-15280

Funded by reserves - 93061

2016/17 Budget Submission

Countryside & Culture

Service: Thelma Hulbert Gallery

39332 Grants For Arts

held in reserves at 01/11/2015 = £1491

A/C Code	Account Name	2014/15 Budget	2014/15 Actual	2015/16 Budget	2015/16 Actual Period 1-6	Draft 2016/17 Budget	Amended 2016/17 Budget	Draft 15/16 to 16/17 Increase/(Decrease)	Notes	Budget 6 Required Adjustment
3150	Materials	0	70	0	231	0	0	0		0
3251	External Printing	0	0	0	132	0	0	0		0
3254	Strata Internal Print Jobs	0	0	0	27	0	0	0	Budget Fixed Corporately	0
3331	Artist Fees	0	500	0	0	0	0	0		0
3501	Educational Fees	5,530	1,375	0	750	0	0	0		0
3655	Strata Businessmail Jobs	0	0	0	202	0	0	0	Budget Fixed Corporately	0
3930	Advertising General	0	0	0	752	0	0	0		0
<b>Total Supplies &amp; Services</b>		<b>5,530</b>	<b>1,945</b>	<b>0</b>	<b>2,094</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>
<b>Grants For Arts</b>		<b>5,530</b>	<b>1,945</b>	<b>0</b>	<b>2,094</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>

**2016/17 Budget Submission**

**Countryside & Culture**

**Service: Thelma Hulbert Gallery**

**39333 Hif Arts Grant**

**held in reserves at 01/11/2015 = £8449**

A/C Code	Account Name	2014/15 Budget	2014/15 Actual	2015/16 Budget	2015/16 Actual Period 1-6	Draft 2016/17 Budget	Amended 2016/17 Budget	Draft 15/16 to 16/17 Increase/(Decrease)	Notes	Budget 6 Required Adjustment
0010	Wages	0	226	0	119	0	0	0		0
0260	Ni Ers Rev Exp	0	0	0	7	0	0	0		0
<b>Total Employment Costs</b>		<b>0</b>	<b>226</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>
3331	Artist Fees	0	0	0	150	0	0	0		0
3620	Special Promotions/Events	0	0	0	500	0	0	0		0
<b>Total Supplies &amp; Services</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>650</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>
6006	Agreed Contribution	0	(9,450)	0	0	0	0	0		0
<b>Total Non Gvt Grants &amp; Contributions</b>		<b>0</b>	<b>(9,450)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>
<b>Hif Arts Grant</b>		<b>0</b>	<b>(9,224)</b>	<b>0</b>	<b>776</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None



**Agenda item:** 21

**Subject:** **Financial Monitoring Report 2015/16 - Month 9 December 2015**

**Purpose of report:** This report gives a summary of the Council's overall financial position for 2015/16 at the end of month nine (31 December 2015).

Current monitoring indicates that:

- The General Fund Balance is being maintained at or above the adopted level.
- The Housing Revenue Account Balance will be maintained at or above the adopted level.
- There is a sufficient Capital Reserve to balance this year's capital programme.

**Recommendation:** **The variances identified as part of the Revenue and Capital Monitoring process up to Month Nine be acknowledged.**

**Reason for recommendation:** The report updates Members on the overall financial position of the Authority following the end of each month and includes recommendations where corrective action is required for the remainder of the financial year.

**Officer:** Laurelie Gifford, Financial Services Manager  
[lgifford@eastdevon.gov.uk](mailto:lgifford@eastdevon.gov.uk) ext: 2613  
Mandy White, Accountant [awhite@eastdevon.gov.uk](mailto:awhite@eastdevon.gov.uk)

**Financial implications:** Contained within the report

**Legal implications:** No legal observations are required

**Equalities impact:** Low Impact

**Risk:** Low Risk

In compiling this report we have looked at all large, high risk and volatile budget areas. Predicted spending patterns have been linked to operational activity and all material budgets have been subject to thorough risk assessments by operational managers and finance staff. Any continuing variances in spending patterns will then be considered as part of the medium term financial strategy

**Links to background information:**

**Link to Council Plan:** Funding this outstanding place

## 1. Report in full Introduction

- 1.1 The purpose of this monitoring report is to update members of the Cabinet on the overall financial position of the Authority following the end of month nine.

## 2. Investment Income

The latest information from Capita Asset Services, EDDC's treasury management advisors, is that they do not expect the base rate to increase until quarter four of 2016, at which point they are predicting the rate to be 0.75%.

They still note that there is volatility in the longer term rates on the back of the move in gilt markets, but shorter dated rates are relatively unchanged, which reflects the expectation that the Bank Rate will not be altered for some time. There does remain some value with longer term investments with suitable counterparties.

EDDC's average forecast net annual return (i.e. after deducting fees) on external investments at 0.82% and internal investments of 0.42% is better than the December 2015 average LIBID rates of 0.36% for 7 Days.

	<b>Annual Budget £000</b>	<b>Variation as at Month 9 £000</b>	<b>Predicted Outturn Variation £000</b>
<b>Investments</b>			
External investments	(266)	(24)	(31)
Internal investments	(59)	(1)	(21)
<b>Total</b>	<b>(325)</b>	<b>(25)</b>	<b>(52)</b>

The variation to date and predicted outturn variation on external investments reflects the fact that the budget was reduced this year compared to last based on expectations of a continued depression in the market. This does not reflect solely actual improved performance year on year. Internal funds are generally being deposited for longer fixed terms which offer better returns. Many of these internal investments are due to mature between now and the year end.

## 3. General Fund Position as at Month Nine

- 3.1 The following table shows the original budget set for the year and a total of the supplementary estimates approved to date. In year variances identified which are likely to affect the outturn for the year are detailed below:

	<b>£000</b>
<b>Original Budget Requirement (set 25/02/15)</b>	<b>10,833</b>
Supplementary estimates previously reported funded from reserves	944
Supplementary estimates previously reported funded from General fund balance	59
Sidmouth Town Council Eastern Town Scoping study CAB 6/1/16	8
Back scanning from Building Control reserve	31
Local Plan inspection fees savings on 2015/16 spend c/f to 2016/17 for Development Plan examinations (reserve funded)	(60)
Slippage to 2016/17 of Town regeneration spend due to project priorities	(30)
Month 9 predicted over / (under) spend at year end detailed below	(221)
<b>Predicted Budget Outturn</b>	<b>11,564</b>

A summary of the predicted over and under spends to the Year End are shown below:

<b>Predicted over / (under) spends</b>	<b>Variation as at Month 9 £000</b>	<b>Predicted Outturn Variation £000</b>
<b>Corporate Business Portfolio</b>		
Organisational development unbudgeted staffing costs including maternity costs	11	40
<b>Economy Portfolio</b>		
Property services staff net savings due to vacancies	(15)	0
<b>Environment Services</b>		
Car parks savings on seasonal staff £23k not required and premises including £20k on rates relating to Seaton Jurassic	(49)	(49)
Thelma Hulbert Gallery urgent boiler replacement	15	15
<b>Finance Portfolio</b>		
Revenue and Benefits team staff savings mainly due to the removal of two posts	(35)	(55)
Increased demand for Discretionary Housing Payments	4	20
<p>Land charges - During November £94,595 was received as a new burdens payment towards the property searches litigation costs. The actual costs related to the previous financial year and were covered in advance of this receipt by a combination of a first tranche of new burden's funding, a land charge surplus generated during 2014/15 and use of an earmarked reserve. So far approximately £45,000 of the 2015/16 new burdens payment has been allocated to support the scanning of historic planning application files to enable their upload into the Camino DMS system. A further £13,000 has also been used to support the Uniform Implementation Project within Estates.</p> <p>It should also be noted that HMR&amp;C has clarified the legislation in relation to charging VAT on land charge income. The result is that from early in 2016, the Council is required to charge standard rated VAT, currently 20%, on income associated with Con29 charges. This will be added to charges as appropriate.</p>		
<b>Finance Portfolio Contd:</b>		
Land charge income reduction	19	25
Land charges legal costs under spend	(40)	(30)
Financial services staff redundancy	27	27
<b>Strategic Development &amp; Partnerships Portfolio</b>		
Planning application fees shortfall	93	110
Staff savings due to vacancies	(37)	(40)
Additional consultancy for Local Plan	3	23
Outturn variations reported as at Month 6	(3)	(255)
Investment Income variations as above	(25)	(52)
<b>Predicted Outturn Total Variations GF</b>	<b>(32)</b>	<b>(221)</b>

3.2 These variations will have the following overall effect on the Council's General Fund Balance:

	<b>£000</b>
General Fund Balance 01/04/15	<b>(4,646)</b>
Less: Planned use/contribution to General Fund balance	105
Transfer to Capital Reserve CAB 17/6/2015	941
<b>Available General Fund balance 2015/16</b>	<b>(3,600)</b>
Supplementary estimates previously reported	59
No additional Supplementary estimates Month 9	0
Predicted net over / (under) spend to year end net of Year end transfers to Earmarked Reserves (from above)	(221)
<b>Predicted General Fund Balance 31/03/16</b>	<b>(3,762)</b>

The Council has an accepted adopted range for the General Fund Balance to be within the range of £2,800k to £3,600k. The predicted balance of £3,722k is just outside this range. The final position will be considered at outturn reported in June 2016.

3.3 An analysis of the main income streams is shown below:

	<b>Annual Budget £000</b>	<b>Variation at Month 9 £000</b>	<b>Predicted Outturn Variation £000</b>
Car Park income	(3,129)	(44)	(20)
Planning fees Income	(1,511)	93	110
Building Control fees	(537)	46	40
Recycling income	(1,746)	300	256
Local Land Charges income	(302)	19	25

3.4 Summary of Other Reserves:

	<b>Balance B/f 2015/16 £000</b>	<b>Spend to date £000</b>	<b>Estimated additional Spend/ (Income) £000</b>	<b>Predicted Balance C/f to 2016/17 £000</b>
Asset Management Plan Reserve	<b>(55)</b>	18	11	<b>(26)</b>
Asset Maintenance Reserve	<b>(1,103)</b>	23	136	<b>(944)</b>
Business Rates Volatility Reserve	<b>(1,069)</b>	0	449	<b>(620)</b>
LABGI	<b>(201)</b>	28	173	<b>0</b>
New Homes Bonus Volatility Reserve	<b>(1,167)</b>	0	0	<b>(1,167)</b>
Transformation Reserve	<b>(350)</b>	0	80	<b>(270)</b>

#### 4. Housing Revenue Account Position up to Month 9.

4.1 A summary of the predicted over and under spends identified so far to the year end is shown below:

	<b>Variation at Month 9 £000</b>	<b>Predicted Outturn Variation £000</b>
Vacancies	(62)	(50)
Fuel Efficiency Measures	(98)	(100)
Asbestos Works – additional works as a result of inspections	66	100
Electrical Inspections – programme not yet in place	(67)	(100)
Major Repairs – Change of Tenancy expenditure – more COTs and more works required for each	268	300
Additional capital receipts available to fund capital expenditure	(45)	(45)
Revenue contribution to capital – Normandy Close Exmouth redevelopment delayed	(282)	(280)
Revenue contribution to capital – purchase of property in George St Honiton – likely to slip to April 2016	(136)	(136)
Potential insurance excess for storm damaged properties	0	47
Variations reported as at month 6		210
<b>Predicted Outturn Total Variations HRA</b>		<b>(54)</b>

The following table shows the original budget surplus for the year and the total variations as identified above, which are likely to affect the budget to give a revised budget surplus/deficit for the year.

	<b>£000</b>
<b>Original Budget surplus</b>	<b>(151)</b>
Month 9 predicted net (under)/overspend to year end	(54)
<b>Predicted Budget (Surplus)/Deficit HRA</b>	<b>(205)</b>

4.2 The variations identified above will have the following effect on the Housing Revenue Account Balance:

	<b>£000</b>
<b>Housing Revenue Account Balance (01/04/15)</b>	<b>(4,966)</b>
Predicted budget requirement as above	(205)
<b>Predicted HRA Balance (31/03/16)</b>	<b>(5,171)</b>



The recommended level for the HRA balance has been agreed at £2.1m (£500 per property). The current balance is well above the recommended level and in addition £3.4m is held in a volatility reserve. These balances will be required to mitigate the effect of the 1% rent reduction over the next 4 years.

## 5. **Capital Programme Position up to Month 9**

5.1 The following tables currently estimate the total required from the Capital Reserve is £1,850k leaving £1,129k remaining in the reserves at year end.

<b>Capital Reserve</b>	<b>£000</b>	<b>£000</b>
<b>Brought forward balance 1 April 2015</b>		<b>(2,038)</b>
Transfer from 2014/15 General Fund balance	(941)	
Funds available for 2015/16		(2,979)
Funding for 2015/16		1,850
<b>Balance carried forward to 2016/17</b>		<b>(1,129)</b>

5.2 Capital Programme and financing:

	<b>£000</b>	<b>£000</b>
<b>Net Capital Programme Budget (Council 25/02/15)</b>		<b>9,835</b>
2014/15 scheme costs slipped into 2015/16 (CAB 17/6/15)	6,688	
<b>Revised 2015/16 budget</b>		16,523
Budget revisions previously reported		(1,094)
Axe wetlands Development slipped to 2016/17	(136)	
<b>Capital Programme variations Contd.:</b>		
Cranbrook Community Play Area reduction due to 2014/15 funding	(49)	
Exmouth Tidal Defences removed from programme	(120)	
Grounds Maintenance Plant and Equipment	5	
Growth Point projects slipped to 2016/17	(137)	
Gypsy Traveller Site slipped to 2016/17	(500)	
Knowle Relocation reprofiled	100	
Mamhead Slipway reprofiled due to environmental factors	102	
Manstone workshops removed pending Work shop strategy	(109)	
Manor Pavilion Flat Roof & Windows Upgrade	3	
New Feniton Flood Alleviation Scheme rephasing - Report to CAB to follow on update and implications of the cost increases	(8)	
Ottery St Mary Artificial Pitch slipped to 2016/17	(177)	

Overspill Car park Seaton Jurassic slipped to 2016/17	(280)	
Phear Park play project savings	(1)	
Queen's Drive Leisure Area Infrastructure reprofiled	(1,256)	
Replacement boiler Seaton Town Hall slipped to 2016/17	(81)	
Replacement boiler Exmouth Town Hall savings	(7)	
Revenues and Benefits software reprofiled to 2016/17	(5)	
Seaton Jurassic Consultancy and delivery contractors reprofiled	254	
Seaton Youth facilities project extended and funded from Seaton Town Council	(17)	
The Strand Exmouth – additional External funding from DCC	(7)	
HRA - Purchase of property George St Honiton slipped to 2016/17	(136)	
HRA - Redevelopment at Normandy Close Exmouth slipped to 2016/17	(280)	
HRA Major Repairs Change of Tenancy increase in number & work required	300	
		<b>(2,542)</b>
<b>Predicted Capital Budget Requirement Month 9</b>		<b>12,887</b>

<b>Capital Programme financed by</b>	<b>£000</b>	<b>£000</b>
Use of Capital Receipts	(1,362)	
New Homes Bonus	(1,031)	
S.106 funding	(416)	
External Loans/Internal borrowing	(1,850)	
General fund revenue contribution	(39)	
HRA Contribution	(5,296)	
Capital IT projects reserve	(6)	
Other grants and contribution	(1,037)	
Predicted Capital Reserve (Requirement) / Contribution	(1,850)	
<b>Total Funding</b>		<b>(12,887)</b>

**Report to:** **Cabinet**  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release** None



**Agenda item:** **22**

**Subject:** **Honiton and Exmouth pitches project – Stage 1**

**Purpose of report:** This report is intended to update Cabinet on progress in relation to the identification of sites to deliver sports pitches in Honiton and Exmouth (following on from adoption of the Playing Pitch Strategy (PPS) and related resolution by Cabinet in June 2015), highlight the process ahead and resource implications, and request clarity on how Cabinet see implementation of any future recommendations being delivered.

**Recommendation:**

- 1. Cabinet note progress to date in identifying and discounting certain sites on feasibility grounds**
- 2. Cabinet agree to the work programme moving forwards**
- 3. Cabinet recognise the resource implications of continuing with this work**
- 4. Cabinet agree that the Council may be open to the idea of compulsory purchasing land for the delivery of sports pitches if no other suitable alternative exists**

**Reason for recommendation:** To ensure that Cabinet are up to date on the progress of this work, understand and agree the process in place and the resource implications of this work, and to ensure that if in the future it is determined that compulsory purchase is necessary, that there has been an in principle agreement to this approach at an early stage.

**Officer:** Graeme Thompson, Planning Policy Officer,  
[gthompson@eastdevon.gov.uk](mailto:gthompson@eastdevon.gov.uk), 01395 571736.

**Financial implications:** A £20,000 supplementary estimate was agreed by Cabinet in June 2015 which covers the consultancy expenditure. The report suggests there may be future costs as a result of the consultancy recommendations but these would be the subject of further reports to Cabinet before expenditure is committed.

**Legal implications:** There are no direct legal implications arising out of the report, although obviously there could be quite significant issues to address going forward, including the possibility of the use of compulsory purchase powers. Before any such action is initiated clearly officers will report to the Council and recommendations as to how to progress sports pitch delivery. Any specific legal implications associated with securing delivery (including the use of compulsory purchase powers) will be addressed at that time.

**Equalities impact:** Low Impact

This work is looking to address potential inequalities in access to suitable and sufficient sports pitch space in Honiton and Exmouth.

**Risk:** Low Risk

The risks associated with agreeing to the recommendations of this report are in themselves low. However, there are potentially legal and financial risks associated with the process of compulsory purchase should that option be taken by the Council in the future. There are potential resourcing implications of continuing with this work, which the report highlights. Failure for the Council to address pitch issues in Exmouth and Honiton may have reputational risks associated.

- Links to background information:**
- [STRI Stage 1 Report](#)
  - [Honiton sites map](#)
  - [Exmouth sites map](#)

**Link to Council Plan:** Living in, Enjoying and Funding this Outstanding Place

## 1.0 Introduction

1.1 The playing Pitch Strategy (PPS) was adopted by Cabinet in June 2015. Key priority one action plans outlined in the PPS for Honiton and Exmouth are as follows:

### Honiton

Action Ref.	Sport	Action
HO.1	R	Explore possibilities for the rugby club to move to a new site capable of providing a total of 3x senior pitches, 5x mini/midi pitches, floodlit grass training areas and appropriate ancillary facilities preferably all on the same site. Definite plan of action to be agreed through the ongoing PPS Steering group by December 2015. If no alternative options are found to be deliverable then Tower Hill proposals should be explored more fully. Should the rugby club stay at All Hallows, efficient drainage must be installed.
HO.2	O	Ensure that All Hallows remains available for Honiton Community College to use.
HO.5	F C	Explore the possibility of moving the senior football club to a new site capable of providing 2 stand-alone, well-drained football pitches with suitable ancillary facilities. Cricket and mini football pitches could remain at Mountbatten. Definite plan of action to be agreed through the ongoing PPS Steering group by December 2015. If no alternative options are found to be deliverable then Tower Hill proposals should be explored more fully.
HO.13	F	Explore options for delivering additional youth football pitches at St Rita's and levelling and draining existing pitches. If this is not possible then consider alternative options. Definite plan of action to be agreed through the ongoing PPS Steering group by December 2015.
HO.18	F C R H O	Explore the possibility of addressing all Honiton pitch issues on alternative sites better related to the existing town and outside of the AONB first but if there are no realistic alternatives then some pitches may need to be delivered on Tower Hill.
HO.20	H O	Encourage and support the provision of a full size, floodlit, <u>sand-based</u> AGP at Honiton Community College available for community use outside of school times, along with suitably accessible changing facilities for such community use (accessible without the main school building being open). Pitch must be suitable for local football and rugby teams to conduct non-contact all weather floodlit training.

- In summary, the main issues for Honiton are poor quality rugby and football pitches mainly due to significant over use, ongoing issues with the sharing of Mountbatten Park between football and cricket clubs, the hockey club do not have anywhere to play in the town so have to seek provision elsewhere.

## Exmouth

Action Ref.	Sport	Action
EX.6	F	Encourage the provision of additional football pitches with adequate changing facilities and car parking alongside housing development in Lympstone parish.
EX.13	F	A suitable action plan for all parties should be drawn up by a steering group. If the youth pitches at the Former Rolle College Playing Pitches are lost (to any kind of development including alternative sports uses) then they should be adequately replaced elsewhere.
EX.15	R	A working party should be set up to assess possible options for a new site for [Exmouth RFC]. Best use should be made of the relocation of Exmouth RFC and other sites in Exmouth as necessary to support the club's current number of teams and potential future increases. The club require 4x adult rugby pitches and 2x mini/midi pitches. The club would prefer (as supported by the RFU) to have all of these required pitches delivered on the same site. In terms of making adequate replacement provision to mitigate the loss of the Imperial Ground, only two adult and one mini/midi would need to be provided, however, the new pitches would then be just as overused as the current pitches. That being the case any movement of the rugby club should consider how and where the additional two adult and one mini/midi pitch will be delivered. Replacement pitches should be suitably drained, floodlit, and include training areas. Ancillary facilities should be sufficient for the number of teams playing at the pitches including separate changing facilities for adults and juniors and men and women, sufficient car parking, and appropriate social facilities. The loss of the disused athletics track at the Imperial Ground should be explored further to assess whether demand exists for this facility. It is important to note that even if the rugby club do not relocate to new pitches, additional grass rugby pitches will be necessary to meet current demands.
EX.17	R	Encourage and explore potential for providing additional grass rugby pitches in the Exmouth area for Withycombe RFC to use.
EX.18	F R O	Support the development of a full size, floodlit, World Rugby 22 compliant 3G AGP in the Exmouth area. The facility must be available for community use for all rugby and football clubs in the area as well as schools and have adequate and sufficient car parking and changing facilities available. A working party should be set up to consider the appropriate location of this provision including potentially at Raleigh Park and to explore potential running and maintenance partners.
EX.19	F	Encourage ground sharing of [Warren View] with Exmouth United FC or another youth club to help share maintenance costs, improve facilities and make it more viable to lay out youth and mini football pitches on the site in addition to existing adult pitches. Recommend that [Exmouth Amateurs FC] arrange an FA Pitch Improvement Programme (PIP) visit.
EX.20	F	Consider remarking one adult pitch [at the Withycombe Common pitches site] as multiple youth/mini football pitches or providing movable youth/mini appropriate sized goals to enable junior teams to play on appropriate sized pitches. Recommend that club arrange an FA Pitch Improvement Programme (PIP) visit.
EX.21	F	Explore the possibility of developing multiple additional new youth/mini football pitches on a greenfield site in/near Exmouth. A working party should be set up to consider potential for this.
EX.28	F	Support the use of Council owned playing fields at St John's Road and Knapp Cross as formal pitches on a temporary, interim basis whilst alternative potential pitch sites are assessed.

- In summary, the main issues for Exmouth are a lack of youth football pitches, Withycombe RFC have just a single grass pitch which is significantly over used, Exmouth RFC require additional grass pitches as their current ones are significantly over used, the Council has aspirations to develop Exmouth RFC's current home ground and a suitable site for the club's relocation needs to be found. Also of importance is the fact that Lympstone FC need new/additional pitches, and Exmouth Cricket Club potentially will need a second cricket ground in the future.

1.2 In June 2015 Cabinet resolved to approve a cross department budget of £20,000 to facilitate additional work to consider ways to resolve the above issues and try to deliver against the above action plans. Members agreed to a programme which due to staffing resources would see Honiton work progressed first (by December 2015) and Exmouth work progressed within the next few years.

## 2.0 Update on progress and resourcing implications to date

2.1 Since June, an officer working group has met regularly to progress this project. Due to the cross department nature of this work (which includes planning policy, estates/property services, streetscene, countryside, development management and S106 and regeneration) and the fact that the Council no longer has a sport/leisure department, this has meant a lot of officer time has had to be spent discussing various options and processes. The majority of work to date has fallen on planning policy as the originators of the PPS and the best placed department to consider the wide range of issues surrounding where new sports pitches could/should be provided. Having said that, the work has drawn significant officer time from all of the above departments to ensure that the work is robust and the result of joined-up thinking from the Council.

2.2 A number of potential new sites were identified for Honiton and visited by officers in June 2015, however it was not possible to progress further than this until October. The fact that planning policy were leading on this work meant that due to commitments regarding the Local Plan Examination, work did not progress as quickly as had been planned at first. However, SMT were updated on progress in October and STRI were appointed as specialist sports turf and agronomy consultants in November to help with the next technical stages of work. In the process of hiring the consultants it became clear that it would be more cost effective to assess sites in both Honiton and Exmouth simultaneously. This has led to a delay of a few months in completing the Honiton work, but will result in completing the Exmouth work ahead of schedule. A number of potential new sites for Exmouth were identified and visited in November. The maps attached show the full extent of sites considered in both Honiton and Exmouth. It is important to note that these sites were considered based on an initial desktop exercise looking at maps and aerial photos to identify land which *might* be flat enough and large enough to accommodate pitches and from comments made in consultations on the PPS and in conversations with the relevant town councils and regardless of ownership or land owner interest. This ensured that from the outset it was an objective assessment. It should be noted that in identifying these sites as potential options an assessment was undertaken of all open space areas within and surrounding the towns but large areas of land 'failed' the initial sifting exercise on account of topographical or other clear constraints.

2.3 The consultant work is essentially split into two stages:  
**Stage 1** - A basic site visit assessment as to the capability/feasibility of sites to take pitch development / improvement; and  
**Stage 2** - A more detailed CAD survey and plan production for sites that actually have potential.

2.4 Stage 1 enabled officers to rule out certain sites at an early stage where the consultants could advise that pitch development would not be possible due to technical reasons or where works required to make the site suitable (re-profiling land etc) would be so significant and costly that it would make a site unfeasible so it was not worth pursuing. Stage 1 was completed in December, with a number of sites therefore falling out of the process. The consultant's Stage 1 report (main body excluding technical site assessment forms) has been attached to this report for information. The table on page 5 sets out the site assessments. Sites that were given a priority ranking of 1, 2 or 3 have been retained in the process, but sites with a priority ranking of 4 or 5 have dropped out.

- 2.5 That being the case, in terms of potential new sites, the following remain in the process for Stage 2. As stated above, this assessment is objective and regardless of land ownership or interest in allowing their land to be used for sports pitches. Inclusion of land in the list below does not mean that landowners have agreed to sell or lease their land for such a purpose or that they have even indicated whether this would potentially be acceptable or not. An assessment of land owner interest will be included in the final report.

### Honiton

Site number	Site name
H.1	St Rita's extension
H.2	Tower Hill
H.4	Former showground
H.5	Former Manor House School
H.7	Kings Arms Farm
H.9	Land between Mountbatten Park and the A30

### Exmouth

Site number	Site name
E.1	St Johns Road
E.3	King George's Field
E.4	Littleham Primary School
E.7	Brixington Primary School
E.9 and E.16	Land south of Salterton Rd opposite Liverton Business Park
E.11	Land north-west of Courtlands Cross
E.12	Land north of Hulham Road
E.19	Land opposite the Archery Club

- 2.6 A number of existing pitch sites will also be surveyed as part of Stage 2 to understand how they could be improved to help deliver against the action plans.

### **3.0 Next steps**

- 3.1 Stage 2 of the consultant work is to conduct full CAD (Computer Aided Design) surveys of relevant sites that are left in the process, and draw up plans to show what and how many pitches and ancillary facilities (clubhouse, parking etc) might be possible to accommodate on each site, and give ballpark figures for how much it may cost to deliver. This work is currently timetabled for late February 2016.
- 3.2 It is important to note that the consultant work is only technical and designed to help officers to understand how the required pitches could potentially be delivered on different sites. The consultant's work will feed into a wider piece of work that will be compiled in-house by the planning policy team. This wider work will consider the wider sustainability and suitability of the different sites taking account of comments from officers inside and outside of this Council in respect of interests in highways, archaeology, landscape, environmental health and countryside. It will weigh up and report on the various pros and cons, including potential

costs and land owner interest and subsequently recommend the best way forwards to deliver against the action plans highlighted above.

#### **4.0 Timescale for delivery of final recommendations**

- 4.1 Consultants are due to carry out their Stage 2 surveys in late February and report back to officers with recommendations and site drawings by mid March. The consultant reports will then feed into the overarching report being compiled in-house (detailed above), a first draft of which should be completed by early/mid April.
- 4.2 At this point it will be important to engage with relevant stakeholders including relevant sports clubs, Honiton and Exmouth town councils, National Governing Bodies (NGBs – the FA, RFU, ECB and England Hockey), Sport England and Active Devon. It is important that Members are aware of comments and views of these groups ahead of agreeing a way forwards to deliver against the needs set out in the PPS. If for instance clubs are not interested or NGBs raise technical concerns with sites then it is important that these issues are considered in the work ahead of making final recommendations to Cabinet. Consultation should take place in April/May.
- 4.3 Following consultation, the report will be revisited to take account of comments that have been made and then subsequently considered by Cabinet in July. Officers will recommend the best way to resolve the key issues in Honiton and Exmouth and ask Members to adopt the favoured approach.

#### **5.0 Intentions of the Council regarding implementation**

##### Funding implementation

- 5.1 This work does not commit the Council to funding the implementation and delivery of the final report's recommendations, however it is important that officers and the public understand the Council's intentions once this work is completed. The Council does not have a statutory requirement to provide sports pitches, however, it does have statutory functions relating to health and wellbeing, of which the ability to access suitable and sufficient sports pitches is obviously heavily linked. Therefore, it is important that the Council operate a facilitating role at the very least in the implementation and delivery of any recommendations coming out of the final report.
- 5.2 Further to this, there have been concerns raised regarding a view that there has been an historical lag in the delivery of sports pitches in line with new housing stretching back some 30-40 years. Some local clubs and communities see it as the Council having failed in respect of a role or duty in providing new pitches.
- 5.3 Most clubs themselves, typically on account of having limited funds, are unlikely to be in a position to pay for new pitches alone and it may be that the Council in partnership with clubs and other stakeholders need to purchase land and lay out pitches as a joint venture or partnership approach.
- 5.4 Any possible historical undersupply will be made worse by new housing, and so contributions towards new pitches can be sought through S106 / CIL, however it is unlikely that these contributions could provide for all of the costs associated with delivering against the PPS requirements. The expectation is that they would meet the needs of new residents rather than addressing any existing shortfall. There may also be grant funding available through Sport England and NGBs, however this will only cover net new pitch development or improvement of existing facilities (i.e. not replacement of existing pitches) and would require match funding.



- 5.5 At this stage it is requested that Members agree that the Council will play a facilitating role and contribute towards the delivery of new pitches in Exmouth and Honiton, with detail as to how much, where and when this would occur left to future decisions.

#### Compulsory Purchase Orders (CPO)

- 5.6 With the landscape protection and generally sloping nature of land surrounding both Honiton and Exmouth, suitable sites are obviously at a premium and this may well cause issues with deliverability. Indeed, past conversations and more recent ones with landowners would suggest that they are unlikely to want to sell their land for sports pitches. In this situation, and to ensure appropriate sites could be brought forward, the Council may be left with little option but to pursue a compulsory purchase order on the basis of the benefit such action would bring to the community. The final report will make objective recommendations about how sites could be brought forward, but it remains a distinct possibility that the best, most suitable or even the only suitable location to deliver pitches may require CPO. Members are at this time recommended to agree that the Council may be open to CPO if such a situation occurred.

#### Ongoing staffing resources

- 5.7 Planning policy already have a full work programme ahead, including adoption of the Local Plan and production of other policy documents included within the Local Development Scheme (LDS). This means that continuing with this work (which can take up most of one person's job on a full-time basis) could result in an overly stretched team. It is important that Members recognise this and staffing implications associated with the pitch project work.
- 5.8 Beyond the delivery of the final report, the Council will need to play a facilitating role at the very least and this is expected to mean increased demand on estates/property services and streetscene. Members should consider whether a specific new officer role needs to be created to implement and deliver the recommendations of the final report.

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 23

**Subject:** **Enforced Sale of Private Properties in the same ownership**

**Purpose of report:** To seek resolutions from Cabinet to enforce the sale of 5 properties in the same ownership which are empty and in poor condition.

**Recommendation:** **That Cabinet approve five resolutions to enforce the sale of 5 properties in the same ownership which are empty and in poor condition.**

**Reason for recommendation:** To confirm the resolutions for the 5 properties identified to enable the council to recover the outstanding debts.

**Officer:** Meryl Spencer, Environmental Health Manager  
[mspencer@eastdevon.gov.uk](mailto:mspencer@eastdevon.gov.uk) tel: 01395 517454 Ext 2654

**Financial implications:** The enforced sale of these five properties will have a positive financial effect. The properties have outstanding debts for council tax which can be recovered from the sale price. As well as this, the costs incurred by the council around managing and assessing these properties would come to an end, reducing further impact on the budget going forward.

**Legal implications:** The legal requirements and context are set out in the Notices to be found in the Appendix.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:**

- [Resolution documents](#)

**Link to Council Plan:** Living in this outstanding place

## 1. Context

- 1.1 The Empty Homes Plan 2015 - 2019 identifies this Council's policy and procedures for dealing with long term empty properties including the types of enforcement.
- 1.2 At the beginning of 2015 the Private Sector Housing team initiated an empty homes project to carry out enforcement under the Housing Act 2004 and the Prevention of Damage by Pests Act 1949 regarding 7 properties in the same ownership.

- 1.3 The owner is incapable of carrying out the works required under statutory notices and has not engaged with officers for a considerable period of time. Indeed the owner has large Council Tax debts on each of these properties which can be cleared once the properties have been sold.
- 1.4 The council engaged through a Service Level Agreement the services of a specialist Empty Homes Enforcement Service called Grafton's. The specialist services included inspections and service of statutory notices under the Housing Act 2004, Public Health Act 1936 and Prevention of Damage by Pest Act 1949 as well as the legal services to enforce the sale of 5 of these properties.
- 1.5 These 5 properties have been empty for many years and have caused neighbours and neighbourhoods significant environmental issues.
- 1.6 The Council has incurred significant costs and officers a considerable amount of time in managing, assessing and visiting these properties.
- 1.7 All of the properties are in poor condition and inspections under the Housing Act 2004 were carried out and Category 1 and 2 hazards were identified and improvement notices were served.
- 1.8 All of the properties also have significant rodent infestations and harbourage and statutory notices were served.
- 1.9 No works were carried out by the owner within the time periods given in the statutory notices to remediate the hazards or the infestations and harbourage.
- 1.10 The council carried out works in default and the costs were registered on the Local Land Register and these charges are accruing appropriate interest.
- 1.11 No payment has been forthcoming from the owner and therefore the debts are outstanding.
- 1.12 The next step is for the council to recover the debts by enforcing the sale of these properties.
- 1.13 Attached to this report are the resolutions applying to each of the following properties for which the Empty Homes Service seeks approval:
- Powers under Housing Act 2004  
21 Seaton Down Road Seaton EX12 2RZ-
- Powers under Prevention of Damage by Pests Act 1949  
Thornhayes Honiton EX14 9TS-  
Finchingfield Axminster EX13 7PU  
Meadowside Cottage Buckerell EX14 3EN  
Pound Cottage Uplyme DT7 3TH
- 1.14 The remaining 2 properties in the same ownership are substantial listed buildings which are in similar condition to the 5 properties identified above. A feasibility study is being undertaken to consider what options the council could consider to bring these back into use. A report with these options will be submitted at a later date.

## **2. Summary**

- 2.1 Formal actions have been taken by the council in order to attempt to renovate and bring these properties back into use but engagement with the owner both informal and formal have failed.
- 2.2 Actions in default have been carried out and costs accrued.
- 2.3 Debts are outstanding and the council has the formal powers to recover the debts by enforcing the sale of these properties.
- 2.4 Enforced sale has been identified as the most appropriate action to take regarding the 5 properties identified above.
- 2.5 A report will be submitted to Cabinet at a later date outlining what options the council could consider to bring the outstanding 2 properties back into use.

## **3. Conclusion**

- 3.1 It is requested that Cabinet confirm the resolutions for the 5 properties identified to enable the council to recover the outstanding debts.

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release:** None



**Agenda item:** 24

**Subject:** Seaton Jurassic Update

**Purpose of report:** The purpose of the report is to update members on the progress with Seaton Jurassic. Information is provided on the additional funding that has been identified over the last 12 months.

**Recommendation:** That the report be noted

**Reason for recommendation:** To acknowledge the current position with Seaton Jurassic

**Officer:** Alison Hayward, Senior Manager Regeneration & Economic Development Tel: 01395 571738 [ahayward@eastdevon.gov.uk](mailto:ahayward@eastdevon.gov.uk)

**Financial implications:** The financial details are contained in the report

**Legal implications:** There are no direct legal implications arising out of the content of the report.

**Equalities impact:** Low Impact

**Risk:** Low Risk

#### **Links to background information:**

**Link to Council Plan:** Working in, Enjoying and Funding this outstanding place

### **Report in full**

#### **1. Background**

- 1.1 Seaton Jurassic is the Council's first major construction project for a number of years and is a result of over 15 years of work initially by the local community of Seaton, but later on, the Jurassic Coast World Heritage Trust, the Council, Devon Wildlife Trust, County Council, Town Council and various other organisations and funders.
- 1.2 Following the designation of the East Devon and Dorset coastline as a World Heritage site in 2001, the Natural History museum produced its Scoping Report which recommended that there should be a "string of pearls" leading visitors along the coast and introducing them to the historic and geological features of the Jurassic coast. Seaton is unique in that it is the only place where the three geological eras (Triassic, Jurassic and Cretaceous) can be relatively easily accessed.

- 1.3 The Seaton Development Trust produced a report soon after outlining its case for a Visitor Centre to be sited in Seaton and the Seaton Visitor Centre Trust was established in 2005. Over the following 10 years, the various partners worked together to identify the current site, appoint the necessary specialists and raise the funds to complete the new visitor centre. Devon Wildlife Trust were an excellent addition to the team in 2012 when they joined as centre operator. DWT were instrumental in attracting over £1m of new funding for the delivery of the centre with grants coming in from the Heritage Lottery Fund and Coastal Communities Fund and other private sources.
- 1.4 Seaton Jurassic is the only Discovery Centre for the Jurassic coast and the only facility that explores the whole story of the “walk through 185 million years of Earth’s history”. The exhibits and activities in relation to the Jurassic coast are the most innovative and thought provoking, and “hands-on” of any of the coastal facilities, and it will feel like a real time travelling experience. It will complement other centres beautifully, some of which focus on fossils, such as the Charmouth Heritage Coast centre, and others which focus on landforms and biodiversity, such as the Chesil Beach centre.
- 1.5 For the World Heritage Jurassic Coast Trust, Seaton Jurassic is a fantastic new addition to the existing “string of pearls” along the coast. The World Heritage Team will be promoting the benefits of these centres working together to ensure that they all thrive and attract thousands more visitors to the area each year.
- 1.6 The centre comprises 2 exhibition halls, a cafe and shop, meeting room, external exhibition and play spaces and a public realm area that can be used for events. The exhibition halls focus on the
- 1.7 Seaton Jurassic will employ 12 staff directly and is estimated to create 34 indirect jobs throughout the town as a result of the increased economic activity that results from the additional 60,000 visitors that are estimated to arrive each year. It is expected that these new visitors will generate an additional GVA of £4m per annum.
- 1.8 Images of Seaton Jurassic are provided at appendix 1. A floor layout of the centre is provided at appendix 2. The centre comprises 2 exhibition halls, as well as a cafe, shop and welcome area. The first hall takes the visitor on a journey through time to experience the story of life told through the exploration of the wildlife and geology of Seaton and the Jurassic Coast. The second hall takes the visitor underwater and introduces them to the marine wildlife that inhabits Lyme Bay. The exhibition continues outside with more geological and marine features. The visitor experience will be fully immersive, interactive, fun and exciting, with knowledgeable guides and a wealth of information available to suit different audiences.
- 1.9 The website can be viewed here: <http://seatonjurassic.org/>
- 1.10 Seaton Jurassic will be complemented by four discovery points located at different points along the coast and inland. These discovery points each comprise a sculpture and an information pillar. The intention is that we ensure people visiting Seaton Jurassic, will, on leaving visit these discovery points and thereby walk through the rest of the town and visit other nearby attractions, such as Seaton Wetlands. We will do this through the ticketing (passport style) where visitors can tick off each discovery point and their visit to the centre.

## **2. Delivery on Site**

- 2.1 Work commenced on the construction of Seaton Jurassic in autumn 2014 and the final internal fit out works along with the external landscaping exhibits are currently being completed ready for the centre to open in late March this year.
- 2.2 The initial building work was undertaken by Kier and was completed in September 2015. Kier were delayed on the completion of the project from the end of June to September due to the delivery timescales being extended for key construction components. Since that time, the Interpretation contractor, Lloyd Turner Ltd, has been on site building out the internal exhibition materials.

- 2.3 Other internal fit out work to the cafe and kitchen is also on site currently and will be completed shortly. The project team is preparing for an opening event towards the end of March/early April and more details will be provided on that in due course.
- 2.4 The construction of Seaton Jurassic has used local labour and trainees where possible. Kier appointed 5 local people on the project with a total number of 535 days on site, and Lloyd Turner has appointed 5. The number of apprentices on site has been 3.
- 2.5 During 2015, the new Centre Manager, Mike Ruiter was appointed and he has been making excellent progress with the appointment of the new centre staff. There has been a positive response to the recruitment process with a queue of applicants at the recruitment event held late last year. Around 60% of applicants were from within a 15 mile radius.
- 2.6 DWT have commented on increasing interest in Seaton Jurassic with newsletter subscribers rising from 1 or 2 per week to 4 – 9 per week in recent months. Increase in followers on Twitter to 631.
- 2.7 The opening campaign which commences soon will attract new interest in the wider Seaton area, with printed, internet and radio campaign to make the most of the 'new' factor. Editorials in most tourism magazines as well as national newspapers, will lead in renewed interest in the coast.
- 2.8 One of the four Discovery Points has already been installed at the Seaton Wetlands and provides a seated stargazing circle.

### 3. Project Costs

3.1 The Council previously agreed to underwrite the additional funding that was required for the project. The total amount of underwriting required was £571,923.

3.2 The Project Team has been seeking to reduce this amount of underwriting by submitting additional bids for funding.

3.3 The Project Team has been successful in securing additional funding during 2015:



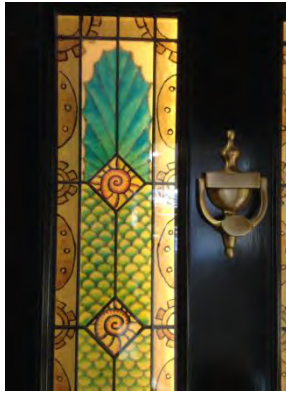




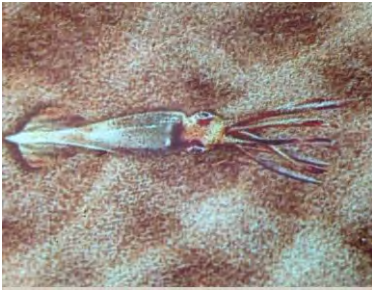

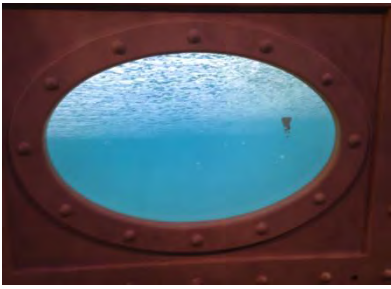


Coastal Community Fund	£200,000
Private funding	£20,000
Jurassic Coast World Heritage Trust	£16,000
Seaton Visitor Centre Trust	£16,000
Private funding	£4,700
<b>TOTAL</b>	<b>£256,700</b>

3.4 Following further scrutiny of the budget for this project, it has been identified that a sum of £60,298 revenue spend from between 2010 and 2012 needs to be capitalised and included in the overall project costs. This amount is therefore added to the underwriting.

3.5 The budget has been fully allocated. It has been necessary to use the contingency sum during the main build programme and the interpretation works. There is an overspend of £15,693 currently. As the works are finalised over the next few weeks, this figure may increase/decrease, but is not expected to increase in any significant way.

3.6 The underwriting therefore now stands at **£391,214 (571,923 – 256,700 + 60,928 + 15,693)**. There is potential for a further £135,000 and Devon Wildlife Trust, (DWT) our partners on the project, are continuing to pursue this opportunity.

3.7 The Council will enter into a lease with Devon Wildlife Trust for a term of 25 Years. The terms of the agreement with DWT allow for a rental income to be paid to the Council after the 2<sup>nd</sup> year of the term. The rental income will be calculated as a percentage of the surplus made by DWT each year, having allowed for the management costs of the centre and for a sinking fund to be set aside for future repair costs and costs associated with updating the exhibits.

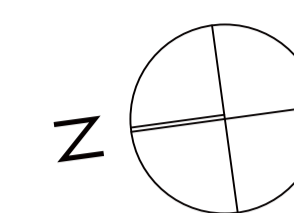






**Do not scale this drawing**  
 Check all dimensions on site before proceeding  
 Report any discrepancies to the architect

**Notes**  
 SSL Denotes structural slab level  
 FFL Denotes finished floor level



Rev	Date	Description	By
A	03-06-2010	Planning Application Issue	da
B	06-08-2010	Planning Application Submission	dje
C	07-06-11	Revised plan	sp
D	28-06-2012	Issued for cost plan check	sp
E	30-11-2012	Issued for comment	sp
F	25-01-2013	East Entrance added	dr
G	06-02-2013	Store Added + Landscape	dr
H	13-02-2013	Extended decking at ext. covered area	dr
	13-03-2013	Bin/External Store, Office enlarged, Height Increase	dr

Issue status

**Planning**

Client/project

EDDC  
 Jurassic Coast Interpretation  
 Centre  
 Seaton  
 Devon

Drawing

Planning  
 Proposed Building Plan

Drawn/Checked	Date	Scale @ A1
sp/gl	June '10	1:200

**FORM**  
 DESIGN GROUP ARCHITECTS

26 Lockyer Street Plymouth PL1 2QW  
 t 01752 668839 f 01752 273800 admin@form-design.co.uk

Drawing No. 1417 (PL-) 003 Revision No.

**1417 (PL-) 003** Ha

Room Area Schedule		
Room	Net Area [sqm]	Note/Remarks
Cafe	129.83	
Cleaning	7.16	
Education/Store	55.08	
Exhibition Hall 1	195.48	
Exhibition Hall 2	195.28	
Female	15.96	
Kitchen	26.22	
Lobby	22.32	
Lobby	83.83	
Male	16.04	
Office	35.10	
Plant Room	29.96	
Reception	24.25	
Retail	65.59	
Staff	5.90	
Store	7.09	
Store	27.64	
	<b>942.73 m2</b>	

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release** None



**Agenda item:** 25

**Subject:** Exemption from standing orders for the appointment of kitchen & cafe contractors for Seaton Jurassic.

**Purpose of report:** To explain the reasoning and the process of appointment of Fruition and Bartlett for the cafe and kitchen fit outs respectively at Seaton Jurassic with an exemption to the contract standing order process.

#### Background

With the completion of the main build work for Seaton Jurassic and the installation of the internal and external exhibition materials well under way it was necessary to commission the fit out works for the cafe, shop and kitchen in order to ensure their timely completion. The Project Team was advised by our project manager and employers agents, Ward Williams Associates. The quote received from Fruition to undertake the cafe fit out works was for the sum of £87,408.79 and the final quotation from Bartlett for the kitchen & servery fit-out was for £59,359.00, bringing the total contract value of the combined works to £146,767.79.

#### Cafe and Shop Fit Out.

The design works for the café and shop fit out work were previously tendered and three quotes for the works were received. The Project Steering Group chose Fruition to carry out the works based on their experience, cost and ability to deliver the client's vision for the café.

Once the design works were completed to the satisfaction of the Project Steering Group it was necessary to instruct a contractor to do the fit out works.

#### Kitchen and Servery Fit Out

The kitchen fit-out works were tendered by the main contractor Kier. Two firms responded and Bartlett was selected due to their cost, experience and local ability to provide back up. However, for programming reasons the works were not awarded through the Kier main contract. It was also significantly cheaper to award the contract to Bartlett directly.

With the purpose of respecting the delivery programme of Seaton Jurassic the Project Team identified that it would offer best value to appoint Fruition and Bartlett to undertake these works without the need for further tendering. An exemption report was therefore prepared and duly signed by the Procurement Officer and others.

**Recommendation:**

**That Cabinet endorse the exemption to contract standing orders.**

**Reason for recommendation:**

The appointment of Fruition is an extension to the existing design contract for the purpose of achieving best value. Bartlett submitted the lowest of two tenders and appointing them directly was significantly cheaper than doing it through the main contractor.

Business Benefits for an Exemption:

Cafe and Shop Fit Out.

The Project Team was satisfied with the design work undertaken by Fruition and was happy to award the next stage of the works, i.e. the fit out of the cafe and shop, to Fruition.

The advice from our advisors, Ward Williams, was that if we were to tender this work it would have been highly unlikely that any fit out contractor would have offered as good a price as Fruition as they would not have had the knowledge of the project design that the client is seeking to achieve.

Kitchen Fit Out

Bartlett has been involved with the scheme design, surveyed the site and has unique knowledge of the works that need to be undertaken. In addition, the advice we received from Ward Williams Associates was that if we were to re-tender the works we would have been very unlikely to receive any tender other than theirs due to their knowledge of the works.

**Officer:**

Alison Hayward, Senior Manager Regeneration & Economic Development, [ahayward@eastdevon.gov.uk](mailto:ahayward@eastdevon.gov.uk), 01395 571738

**Financial implications:**

Finance: No additional budget is required for this work as it is covered within the approved budget for the project.

**Legal implications:**

The contract value falls below the threshold under the Public Contracts Regulations 2015 and therefore the EU procurement procedure does not apply and an exemption can be validly given pursuant to the Council's Contract Standing Orders Rule 3.1. The basis for the exemption (as set out in the request and the report) appears sound and as such the exemption has been legitimately secured. Accordingly there are no legal implications arising and Cabinet can note/endorse the exemption.

**Equalities impact:**

Low Impact

**Risk:**

Low Risk

**Links to background information:**

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**Link to Council Plan:**

Working in and Enjoying This Outstanding Place.



## REQUEST FOR EXEMPTION TO CONTRACT STANDING ORDERS

A request for exemption to Contract Standing Orders (CSO) can be made under CSO 3.1 – 3.5. No exemption can be used if the EU Procedure applies.

Name: Alison Hayward	Date: 3 September 2015
Service: Economy	Team: Regen & Economic Development
	Total contract value: £146,767

**Background (including product and supplier details, costs etc:**

The main build work for Seaton Jurassic is now complete. The Interpretation contractor is on site fitting the exhibition materials internally and externally. The next stage for the Project Team is to commission the fit out works for the cafe, shop and kitchen. The Project Team is being advised by our project manager and employers agents, Ward Williams Associates.

**Cafe and Shop Fit Out.**

The café and shop fit out work were previously tendered and three quotes for the works were received from; Freeline Graphics, Richard Moule and Fruition. The Project Steering Group reviewed the submissions and chose Fruition to carry out the works based on their experience, cost and ability to deliver the clients vision for the café.

Following this an award was made to Fruition to carry out the following works;

Stage 1 – Project Brief Development	£1,200.00
Stage 2 – Concept Design Development	£4,200.00
Stage 3 – Detail Design Proposals	£4,000.00
<b>Total</b>	<b>£9,400.00</b>

These works have now been completed to the satisfaction of the Project Steering Group.

The Project Team has received a quote from Fruition to undertake the cafe fit out works for the sum of £87,408.79 (See attached quotation).

**Kitchen and Servery Fit Out**

The kitchen fit out works were tendered by the main contractor Kier between Bartlett and Gratte Brothers. Bartlett were selected due to their cost, experience and local ability to provide back up. The works were not awarded through the Kier main contract, on the advice of Ward Williams Associates, as they considered that Kier might be using it as a device to claim for additional fees and an extension of time. The final cost quoted by Kier for the same works was £95,000.00.

The Project Team has now received a final quotation from Bartlett for the kitchen & servery fitout. The total cost of the works is £59,359.00 and this is in comparison with the cost plan allowance of £95,000.00. (See attached quotation).

The Project Team would like to appoint Fruition and Bartletts to undertake these works without the need for further tendering.

**Business Reasons for an Exemption:**

Although the following are justifiably accepted as valid reasons for an exemption to Contract Standing Orders, they are closely monitored and should be applied only in cases where a full procurement exercise is not a viable option. (Tick appropriate boxes)

	✓	Which CSO rule?
An Emergency		
Goods or Services to existing systems or kit		
Purchase or repair of patented or proprietary articles sold only at a fixed price		

Effective competition is prevented by government control		
Goods and/or Services recommended by a Central Government Department		
Extension to an existing contract for the purpose of achieving Best Value		√
Purchase or Sale by Auction		
Where the Contract is with a Public Utility Company or other organisation which will assume liability for the works on completion e.g. sewer adoption		
Other Reasons (please provide details)		

**Business Benefits for an Exemption:**

**Cafe and Shop Fit Out.**

The Project Team is satisfied with the design work undertaken by Fruition and would therefore like to award the next stage of the works valued at £87,408.79, to Fruition. This is in line with the tendered budget for the works which was overall £100,000.00.

The advice from our advisors, Ward Williams, is that if we were to tender this work, it is highly unlikely that any fit out contractor would offer as good a price as Fruition as they will not have the knowledge of the project design that the client is seeking to achieve. Ward Williams view is that Fruition offers value for money and they are therefore recommending that we appoint them to carry out the works.





**Kitchen Fit Out**

As these works have been tendered by the main contractor (to Grattes and Bartlett), the Project Team is satisfied with the price quoted and is seeking approval to now award the contract direct to Bartlett. They have been involved with the scheme design, surveyed the site and have unique knowledge of the works that need to be undertaken. In addition, the advice we have received from Ward Williams Associates is that if we were to re-tender the works we would be very unlikely to receive any tender other than theirs due to their knowledge of the works.

<b><u>What are the implications to the following:</u></b>
Finance: No additional budget is required for this work as it is covered within the approved budget for the project.
Human Resources:
ICT:
Asset Management:
Strategic and/or Operational Objectives:



<b><u>Risk Assessment:</u></b>
<p>Detail risks here:</p> <p>There is a risk of challenge by another fit out contractor that the opportunity has not been tendered.</p> <p>This is not considered to be a high risk as the specialist nature of the work, and the background knowledge that both Bartlets and Fruition have for the respective fit out works, is such that other contractors would be very unlikely to put forward bids for the work.</p> <p style="text-align: right;">Or attach print from the RM system</p>

<b><u>Signature of line manager or service head</u></b>	
<b><u>Supporting signature of Chief Procurement Officer</u></b>	<p>Follows for the questioning and responses, and recognition of project deadlines. (see attached)</p> <p> 15.9.2015</p>
<b><u>Supporting signature of Strategic Lead - Finance</u></b>	<p>In addition to subsequent emails and conversations. There are some learning points to be taken forward.</p> <p> 15/9/15</p>
<b><u>Supporting Signature of Strategic Lead - Legal, Licensing &amp; Democratic Services</u></b>	<p> 16.9.15.</p>

**PLEASE NOTE:**

Rule 3.2 requires you to prepare a report for Cabinet to support the action taken.

Procurement is required to keep a Register of Exemptions. Please ensure that your report to Cabinet is copied to Procurement.

**Report to:** Cabinet  
**Date of Meeting:** 10 February 2016  
**Public Document:** Yes  
**Exemption:** None



**Agenda item:** 26

**Subject:** Monthly Performance Report December 2015

**Purpose of report:** Performance information for the 2015/16 financial year for December 2015 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 2015/16 financial year for December 2015.

**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, StreetScene 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:**

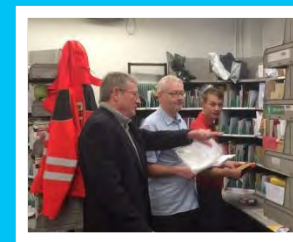
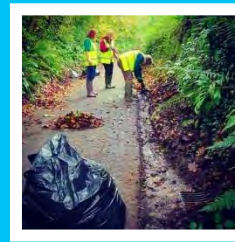
- [Appendix A – Monthly Performance Snapshot for December 2015](#)
- [Appendix B - The Performance Indicator Monitoring Report for the 2015/16 financial year up to December 2015](#)
- [Appendix C – System Thinking Reports for Housing, Development Management, StreetScene and Revenues and Benefits for December 2015](#)

**Link to Council Plan:** Living, working, enjoying and 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 are three indicators that are showing excellent performance:
  - Percentage of planning appeal decisions where the planning inspector has disagreed with the Council's decision
  - Days taken to process Housing Benefit/Council Tax Benefit new claims and change events
  - Creditor Days - % of invoices paid in 10 working days.
3. There is one performance indicator showing as concern:
  - Working days lost due to sickness absence – Sickness for December last year was 7.61 per. Based on the current outturn of 7.24 FTE days the final absence figure is projected to be 9.65 FTE days per person.
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 Housing, Development Management, StreetScene and Revenues and Benefits appear in [Appendix C](#).

# Monthly Performance Snapshot – December 2015



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

- **99.06%** of rent due on council owned homes collected
- **5.36 days** to process your Housing or Council Tax Benefit claims
- **96%** of invoices received by us are paid within 10 days
- An estimated **43%** of all waste collected was recycled in December
- Less than **3 days** on average to clear fly tipping cases, dealing with **29 cases** in December
- Sum of rental income collected is **98.91%**, sum of rental income excluding debt brought forward is **99.61%**
- We removed 208 tonnes of grime from our streets with our mechanical road sweepers

## Latest headlines:

- The Pantomime Ali Baba and the Forty Thieves at the Manor Pavilion Theatre, Sidmouth has been playing to sell out houses during December and January.
- The Manor Pavilion Theatre, Sidmouth has just announced its biggest ever new season with over 20 shows, covering music, dance comedy, ballet, plays and variety.
- Thelma Hulbert Gallery's annual craft exhibition Present Makers broke all records with sales of £8,686 up by £2,496 on last year's sales and with an increase in visitors from 1,017 visitors to 1,218.

- There has been a large increase in users of the EDDC app. 573 iPhone users have downloaded the app since Christmas day. The graph below shows the spike in downloads. The app is also now sending out over 300,000 bin reminder notifications each year.



### Did you know?

- At the 2011 census the most common occupation was 'skilled trades' (15.3%), for example skilled agricultural, electronic and construction. East Devon had a higher proportion of those working in this occupation than the South West (13.4%) and National averages (11.5%).

## Agenda for Cabinet - 10 February 2016

### Update note on Item 14 of Agenda - Revenue and Capital Estimates 2016/17



### Final Local Government Finance Settlement

Item 14 on the Cabinet agenda - Revenue and Capital Estimates 2016/17 included funding from the government based on the provisional Local Government Finance Settlement announced on the 17 December 2015. The government announced today (9/2/16) the final 2016/17 Local Government Finance Settlement. This update note is to advise members of the changes affecting this Council in that final settlement.

No amendment has been made to the Funding Assessment itself (this being the combination of Revenue Support Grant and Baseline Business Rates Funding). The figures are unaltered and are given below for information, along with our 2015/16 Settlement for comparison.

<b>Settlement Funding Assessment</b>	<b>2015/16 current budget year</b>	<b>2016/17 draft budget under debate</b>	<b>2017/18 indication of funding</b>	<b>2018/19 indication of funding</b>	<b>2019/20 indication of funding</b>
<b>Revenue Support Grant</b>	£1.973m	£1.203m	£0.533m	£0.127m	Minus £0.328m
<b>Baseline Business Rates Funding</b>	£2.421m	£2.441m	£2.489m	£2.563m	£2.644m
<b>Overall <u>reduction</u> on previous year</b>		£0.750m	£0.622m	£0.332m	£0.374m

**What has changed in the final settlement** is that we are to receive an additional £0.186m in other grant funding:

- The Rural Services Delivery Grant (a specific grant introduced a few years ago to recognise the additional costs faced by rural councils in service delivery) has increased by £0.124m to £0.224m. This grant appears in our settlement going forward to 2019/20, although it drops to £0.139m in 2018/19 and then strangely rises to £0.181m in 2019/20.

- The government in recognition of comments received during the consultation period have provided a Transition Grant to those authorities worse affected by the reductions in funding. In 2016/17 we will receive a Transitional Grant of £0.062m and a similar figure in 2017/18; this grant will then come to an end.

### **Implications on General Fund 2016/17 estimate proposals**

Details are included in the report on the Cabinet agenda but in summary the draft budget presented to members was balanced, with our expenditure plans being met by available income.

There were special item bids for consideration that were **not** included in the budget:

- Special items of a one off nature (the costs incurred only relate to 2016/17) amounting to £0.309m. These have been recommended to Cabinet by both the Overview and Scrutiny Committees for inclusion in the budget. The costs were proposed to be met from New Homes Bonus monies held back from funding the capital programme.
- Special item bids with ongoing cost implications (thereby needing to be funded each year) had a differing recommendation to Cabinet from the Overview Committee to that of the Scrutiny Committee;
  - Overview Committee recommended inclusion of £0.101m for these special items; £0.009m to be funded from the Transformation Reserve and a balance of £0.092m being unfunded and having to be met from the General Fund Balance.
  - Scrutiny Committee recommended inclusion of £0.064m for these special items; £0.009m to be funded from the Transformation Reserve and a balance of £0.055m being unfunded and having to be met from the General Fund Balance.

The report on the agenda also details the issue of costs associated with the recommendations on the Recycling and Refuse contract leaving the draft budget further unfunded by £0.135m.

In summary the General Fund budget for 2016/17 is unfunded by the ongoing special item bids (£0.092m or £0.055m) and the Recycling and Refuse contract costs (£0.135m), therefore in total by £0.227m or £0.190m.

The implications of the Final Settlement identified above results in additional income to the budget of £0.186m. This offsets the shortfall of £0.227m or £0.190m leaving a balance unfunded of £0.041m or £0.004m depending on the special item proposals agreed upon.

## **Implications on Council Tax Level**

The report highlights the facts that were debated around the council tax level proposal for 2016/17. Both Overview and Scrutiny Committees recommended to Cabinet a £5 a year increase.

EDDC were in a category of 51 other authorities in the provisional settlement who could raise their Council Tax over the 2% threshold up to £5 before triggering a referendum as it had an existing low council tax level. In the final settlement this arrangement has been extended to all 202 shire district authorities.

Should Cabinet adopt the recommendation from Overview and Scrutiny and recommend a rise in the Council tax of £5 a year then this would generate additional income to the draft budget of £0.146m. Taking the position of additional funding in the final settlement this would then give a General Fund surplus in 2016/17 of £0.105m or £0.142m depending again on the recommendation with special items.

If this was to be the case then it is proposed that this surplus is used to fund the special items being charged to the General Fund of a one off nature currently proposed to be funded by New Homes Bonus. Thereby giving a General Fund balanced budget position. This would in turn release the equivalent sum in NHB to support the capital programme in 2016/17.

An important factor for members to consider is future budget setting and the growing gap between our base service costs and the funding available to the Council. The Council will need to work hard to ensure savings are delivered from our Transformation Strategy in order to ensure balanced budgets going forward.

In addition to the annual pressure of cost inflation and other cost implications it can be seen in the table above the effect of reduced government funding going forward; a reduction of £0.622 in 2017/18, £0.332 in 2018/19 and a further £0.374m in 2019/20. If Cabinet follow the recommendation on the council tax increase this would help support, in part, the significant reductions in funding going forward.

Simon Davey

Strategic Lead Finance

9 February 2016