

## **EXECUTIVE**

Date: Tuesday 14 February 2017

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Democratic Services Manager (Committees) on 01392 265275.

Entry to the Civic Centre can be gained through the Customer Service Centre, Paris Street.

### *Membership -*

Councillors Edwards (Chair), Bialyk, Bull, Denham, Hannaford, Leadbetter, Morse, Owen, Pearson and Sutton

## **Agenda**

### **Part I: Items suggested for discussion with the press and public present**

#### **1 Apologies**

To receive apologies for absence from Committee members.

#### **2 Declarations of Interest**

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

3 **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

**RESOLVED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 15 and 16 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 2, 3 and 4 of Part I, Schedule 12A of the Act.

4 **Proposals for the Implementation of a Public Spaces Protection Order**

To consider the report of the Assistant Director Environment.

(Pages 5 -  
22)

Place Scrutiny Committee considered the report at its meeting on 12 January 2017 and its comments will be reported.

5 **Management of Exeter Waterways**

To consider the report of the Assistant Director Public Realm.

(Pages 23  
- 28)

Place Scrutiny Committee considered the report at its meeting on 12 January 2017 and its comments will be reported.

6 **Exeter & the Heart of Devon, a shared economic strategy. A Collaborative Approach to Growth & Productivity 2017 - 2020**

To consider the report of Economy and Enterprise Manager.

(Pages 29  
- 88)

Place Scrutiny Committee considered the report at its meeting on 12 January 2017 and its comments will be reported.

7 **Energy Strategy**

To consider the report of the Corporate Manager Property.

(Pages 89  
- 114)

Corporate Services Scrutiny Committee considered the report at its meeting on 26 January 2017 and its comments will be reported.

8 **Annual Pay Policy Statement**

To consider the report of the Corporate Manager Legal Service/Transactional Services Manager .

(Pages  
115 - 124)

Corporate Services Scrutiny Committee considered the report at its meeting on 26 January 2017 and its comments will be reported.

9 **Treasury Management 2017/18**

To consider the report of the Assistant Director Finance.

(Pages  
125 - 134)

Corporate Services Scrutiny Committee considered the report at its meeting on 26 January 2017 and its comments will be reported.

10 **Prudential Code for Capital Finance in Local Authorities/incorporating the Annual Statement of Minimum Revenue Position**

To consider the report of the Assistant Director Finance.

(Pages  
135 - 154)

Corporate Services Scrutiny Committee considered the report at its meeting on 26 January 2017 and its comments will be reported.

11 **General Fund/Housing Revenue Account Estimates and Capital Programme 2017/18**

To consider the report of the Assistant Director Finance.

(Pages  
155 - 190)

12 **Mid Devon Local Plan Review**

To consider the report of the Assistant Director City Development.

(Pages  
191 - 200)

13 **Newtown Community Centre**

To consider the report of the Assistant Director Finance.

(Pages  
201 - 206)

14 **Neighbourhood portion of CIL/ Grants Roots Grants recommendations January 2017**

To consider the report of the Programme Manager – Communities.

(Pages  
207 - 216)

**Part II: Items suggested for discussion with the press and public excluded**

No representations have been received in respect of the following items in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

15 **Land at Matford Park Road**

To consider the report of the Corporate Manager Property.

(Pages  
217 - 222)

## 16 Procurement Organisational Change Restructure

To consider the report of the Assistant Director Finance.

### **Date of Next Meeting**

The next scheduled meeting of the Executive will be held on **Tuesday 14 March 2017** at 5.30 pm in the Civic Centre.

**A statement of the executive decisions taken at this meeting will be produced and published on the Council website as soon as reasonably practicable.**

Find out more about Exeter City Council services by looking at our web site <http://www.exeter.gov.uk>. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Democratic Services Officer (Committees) on (01392) 265115 for further information.

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Final

**REPORT TO PLACE SCRUTINY**  
**Date of Meeting: 12 January 2017**

**REPORT TO EXECUTIVE**  
**Date of Meeting: 14 February 2017**

**REPORT TO COUNCIL**  
**Date of Meeting: 21 February 2017**

**Report of: Assistant Director Environment**  
**Title: Proposals for the Implementation of a Public Spaces Protection Order**

**Is this a Key Decision?**

Yes

**Is this an Executive or Council Function?**

Council

## **1. What is the report about?**

- 1.1. To advise Members on the consultation responses and subsequent consideration given to the implementation of a Public Spaces Protection Order (PSPO or Order) in the City Centre area of Exeter.
- 1.2. To make recommendations on the implementation of a Public Spaces Protection Order.

## **2. Recommendations:**

- 2.1 That Scrutiny Place and Executive supports and Council approves:
  - a) the implementation of a Public Space Protection Order, in the area defined by the attached map (Appendix 1A), with the restrictions (contained in Appendix 1B), for a period of 3 years from the commencement date of 1 June 2017;
  - b) this Order to replace the Designated Public Places Order that currently exists in the City Centre to control the problematic consumption of alcohol within public places, and which is contained within the boundary of the proposed Public Spaces Protection Order;
  - c) that officers work with the Police and Exeter Community Safety Partnership in the development of an enforcement and positive/restorative pathway protocol for the Public Spaces Protection Order, together with a supporting training programme. The purpose of this is to provide clear guidance on what action is deemed appropriate, proportionate, reasonable and compassionate, with particular regard given to the rights of freedom of expression and freedom of assembly as set out in articles 10 and 11 of the Convention on Human Rights;

- d) the adoption of a zero penalty fee where a recipient of a fixed penalty notice issued for a breach or the PSPO commits to the option of an Acceptable Behaviour Contract contained within and offered by the respective fixed penalty notice;
- e) that any funding received by the Council from fixed penalty notices issued for a breach of any PSPO will be ring-fenced for programmes to address anti-social behaviour and the funding administered by the Exeter Community Safety Partnership; and
- f) that officers bring back a report to Scrutiny Place after 6 months of any Order being implemented as to its operation and effectiveness in reducing the problematic anti-social behaviour it seeks to manage together with any negative or unforeseen impacts that it may develop, and any recommendations for varying or discharging the Order.

### **3. Reasons for the recommendations:**

- 3.1 There is justification for the Order based on intelligence from Devon & Cornwall Police, the Council, and the Exeter Community Safety Partnership, together with information from complaints made by the public to the Council, a survey carried out amongst members of the Business Improvement District (BID) in the Autumn of 2015 (Appendix 3D), from the four months of substantive public consultation about the proposed PSPO, ending 29 February 2016 (Appendix 2A), and from more recent feedback from residents and businesses in open public meetings held in December 2016 (Appendix 3E). From this information it is clear that the prevalence of persistent and problematic anti-social behaviour from the issues that the proposed Order seeks to control, is relatively high in the proposed area of the Order when compared with other parts of Exeter.
- 3.2 Data from complaints to the Police and Council, Control Room CCTV data (Appendix 3A) and Police data (Appendix 3B & 3C), together with views collated through a survey of retailers in the Business Improvement District (Appendix 3D), responses made to the PSPO public consultation (Appendix 2A, 2C, & 2D), and feedback for open public meetings in December 2016 (Appendix 3E) show there is evidence that these anti-social behaviours are having or are likely to have a detrimental impact on the quality of life of those in the locality, i.e. residents, workers and visitors situated within the proposed Order area. These anti-social activities have persisted over many months and are continuing at a level that is unreasonable and justifies the restrictions proposed in the Order.
- 3.3 The control mechanisms offered by the proposed Order will either introduce a control measure where one does not exist at present, or provide an alternative, more effective control measure than currently exists, and one that does not necessarily criminalise a perpetrator in breach of the Order. Furthermore, when applied in conjunction with other interventions, it can be used to engender positive behaviour change by offering the option of a restorative or positive alternative to a penalty fine (e.g. Lincoln Council have crafted a much reduced fixed penalty fee for those users of new psychoactive substances (NPS's) who actively take up the offer of addiction services). In this regard the option of agreeing to a positive pathway by means of signing an Acceptable Behaviour Contract (ABC), will normally be included within the fixed penalty notice (FPN), so that there is a positive/restorative option alongside the punitive option of a penalty.

- 3.4 Following the extensive public consultation from November 2015 to February 2016, the anti-social behaviours that the proposed Order would seek to control within the defined area of public space include:
- the taking of intoxicants (alcohol, new psychoactive substances commonly known as ‘legal highs’ and other stimulants);
  - individuals or groups causing anti-social behaviour;
  - urinating in the street; and
  - aggressive begging
- 3.5 Whilst there is also evidence of problematic anti-social behaviour associated with street encampments, it is clear from the public consultation that currently there is insufficient public support for the inclusion of powers to control such within any Order, with only 17% of responses in favour of restrictions on street encampments. Whilst the original restrictions were deliberately crafted to distinguish between those that are sleeping rough (which in itself is not anti-social) and instead attempted to focus on the anti-social manifestations of encampments when they interfere with the lawful use of a public space by other members of the public or property owners (e.g. obstructing access to a building or deterring use of part of a park), it is apparent that many respondents felt that this was specifically aimed at members of the street community as a means of removing them from the streets, rather than dealing with the anti-social behaviour that can manifest when other lawful users seek to use that space. It is important that there is general public support for the introduction and implementation of any PSPO, therefore, the prohibitions and restrictions regarding street encampments that were originally included in the proposed Order for consultation, have now been removed from the set of controls recommended in this report.
- 3.6 In relation to the proposed control over begging in general, there was insufficient public support for this proposal to be included in its entirety. However, on further examination, it is accepted by officers and partners of the Community Safety Partnership that there is a distinction between ‘passive begging’ (e.g. where someone is sat at a shop entrance collecting money from a hat), and someone who purposefully places themselves beside a pay-point or cash-point, where members of the public have to take out their money or bank cards in order to use the facility, or someone who proactively walks up to a person to demand money in an intimidating manner; these latter two examples may be described as ‘aggressive begging’ due to their intimidating nature and higher likelihood to cause fear, alarm or distress to a member of the public so approached.
- 3.7 The Act also make changes to some of the existing legislation and the Council is required, within the period of three years from the implementation of the Act (i.e. by October 2017), to reconsider its Designated Public Place Order (DPPO) and either withdraw or replace it with a new Public Spaces Protection Order (PSPO). As there is evidence of ongoing anti-social behaviour with street drinking both in the DPPO area and immediately beyond that area, it is prudent to replace the current DPPO at this stage, and include the nearby locations where problematical street drinking occurs, (e.g. St. Thomas Pleasure Gardens and Belmont Park) within a PSPO.
- 3.8 In operational terms, the Police will provide the primary front-line resource managing the respective anti-social behaviours within the PSPO area, whilst the Council will assist the Police in the administration of the Order by working with them in crafting

any Acceptable Behaviour Contract (where this gives an alternative option to the penalty), issuing fixed penalty notices retrospectively based on Police evidence, (e.g. issuing an FPN by post to a late night reveller who has been caught urinating against a shop front) and pursuing breaches of the Order where liability has not been discharged by the perpetrator through payment of the FPN to the Council, or their agreement to commit and adhere to an ABC.

- 3.9 The Council will set the FPN fee, and in appropriate circumstances can require a reduced or zero fee (preferred) where this is linked to a positive action by the perpetrator of the anti-social behaviour (e.g. agreeing to an assessment of need at Co-Lab, which may then lead to accessing other support services such as addiction services). Formulation of a fee structure and guidance around the content of an ABC will take place alongside the development of an enforcement and positive/restorative pathway protocol by the Exeter Community Safety Partnership (CSP). It is intended that any penalty payment will be ring-fenced for use by the CSP to help fund projects specifically aimed at reducing anti-social behaviour, (e.g. the CSP funds youth activity diversion programmes aimed at encouraging positive behaviour during school holiday periods, or responsible graffiti art programmes aimed at channelling latent artistic talent in a positive direction).
- 3.10 It will be prudent to monitor the operation of the Order via the Exeter Community Safety Partnership, and report back to Members through Scrutiny Committee – Place to advise them of progress along with any recommendations for necessary modifications to the Order. It is intended that this will be initially be 6 months after the introduction of any PSPO and annually thereafter, should the PSPO be continued.

#### **4. What are the resource implications including non-financial resources.**

- 4.1. Operationally, the Police will be the principal agency using the PSPO powers on the ground, and in many instances these will allow a more efficient and effective intervention than their existing powers allow (e.g. in controlling the injection/taking of new psychoactive substances, or dispersing anti-social groups), and give a positive/restorative pathway option (through use of ABC's embodied in fixed penalty notices). In addition, it is anticipated that the Order will have a useful deterrent effect, in many cases allowing the Police to resolve any issues of anti-social behaviour without the need to escalate the intervention with formal enforcement. The initial experience of Lincoln's PSPO, which has a focus on prohibiting the public use of new psychoactive substances (NPS), is a notable reduction in the number of referrals for NPS users to the drug treatment charity Addaction, and a reduction of people using them at its needle exchange, indicating a reduction in the use of NPS's. One of the problems with NPS use is that, unlike illicit drugs such as heroin or cocaine where the resultant behaviour and effects on the body are well documented and predictable, this is not the case with the myriad of chemically manufactured psychoactive substances, resulting in alarming and unpredictable behaviour by those taking NPS's in public areas.
- 4.2. Any intervention and enforcement costs in pursuit of breaches of this Order will be met by existing Police and/or Council resources. Front-line Council officers will not be deployed to use the PSPO powers, and in the main, FPN's will not be dynamically served on-the-spot, but instead will be served retrospectively after liaison between senior Council and Police, which may include input from another appropriate lead agency (for the Council this will be at Service Lead or Principal level). However, the Council will support the Police in the use of powers under the Order, which include



the crafting of ABC's together and the processing of fixed penalty notices (FPN). For example, the Council could issue a FPN by post for someone caught urinating in the street by a Police Officer; in such cases there would be joint consideration of the appropriateness of an ABC, and FPN would be issued on receipt of appropriate evidence from that Police Officer, and processed by the Council in much the same way as FPN's for litter or dog fouling.

- 4.3. The experience of other Councils that have introduced PSPO's is that the number of breaches being pursued through the Magistrates Court is relatively low, which is likely to be mirrored in Exeter. The introduction of the alternative option of an ABC contained within the FPN, will further mitigate the likelihood of non-compliance with the terms of the FPN. However, should that not be the case and numbers are found to be far higher than expected, then there is the potential risk that this will place a strain on existing Council resources within Environment and Legal Services, but it should be emphasised that this risk is considered low.
- 4.4. The number of FPNs issued and the resultant income derived is expected to be small, and any income derived from FPN's will be ring-fenced for use by Exeter Community Safety Partnership to support programmes tackling anti-social behaviour within the City.
- 4.5. There will be some costs for the publication of the Order, and the installation of appropriate signage (estimated at £1000). There will also be officer resources needed to develop an enforcement and positive/restorative pathway protocol with the Police and other agencies, together with training. These will be met from within existing budgets.

#### **5. Section 151 Officer comments:**

There are no additional financial implications for the Council contained within this report.

#### **6. What are the legal aspects?**

- 6.1. The provisions relating to PSPO powers fall under the Anti-Social Behaviour, Crime and Policing Act 2014 (detailed in a previous report to Scrutiny and Executive on 8 and 15 September 2015, respectively).
- 6.2. The Council has the power to make a Public Spaces Protection Order if satisfied on reasonable grounds that two conditions are met. The first condition is that:
  - a) activities carried on in a public place within the Authority's area have had a detrimental effect on the quality of life of those in the locality, or
  - b) it is likely that activities will be carried on in a public place within that area and that they will have such an effect.

Officers are satisfied that this condition has been met by the intelligence data, and survey information gathered about anti-social behaviour associated with the taking of intoxicants, urinating in the street, aggressive begging and anti-social behaviour by individuals and groups in the proposed PSPO area (detailed in Appendix 3).

- 6.3. The second condition is that the effect, or likely effect, of the activities:

- a) is, or is likely to be, of a persistent or continuing nature,
- b) is, or is likely to be, such as to make the activities unreasonable, and
- c) justifies the restrictions imposed by the notice.

From the evidence contained in the Appendices, officers are satisfied that the activities in question are persistent and continuing, that their detrimental impacts are unreasonable, and that the restrictions proposed in the Order are reasonable and justified to either prevent or reduce the detrimental effect of the activities. Furthermore, the introduction of the ABC option as an inherent part of fixed penalty notices, will give a positive pathway for behaviour change for the better, which is predominantly absent within the legislative tools existing before the introduction of the Act.

- 6.4. A Public Space Protection Order is an order that identifies the space to which it applies (“the restricted area” within which the impact has or is likely to occur) and can make requirements, or prohibitions, or both within the area. This means that the Council can, by virtue of the order, require people to do specific things in a particular area or not to do specific things in a particular area. The local authority can grant the prohibitions/requirements where it believes that they are reasonable in order to prevent or reduce the detrimental impact. The order can be made so as to apply to specific people within an area, or to everybody within that area. It can also apply at all times, or within specified times and equally to all circumstances, or specific circumstances.
- 6.5. The Order can apply for a maximum of three years upon which the process of reviews and consultation must be repeated to ensure the issues are still occurring and the Order is having the required effect. Thereafter it can be extended for a further three years and, upon review and consultation taking place, be extended more than once for further periods of three years.
- 6.6. Failure to comply with either a prohibition, or requirement within the Order, without reasonable excuse, is a criminal offence. Upon summary conviction (offences heard within the Magistrates Courts) defendants can face a fine not exceeding level 2 (in the case of breaches relating to alcohol) or level 3 on the standard scale for all other breaches (currently £500 and £1000 respectively). Breaches of an Order can also be discharged by use of a fixed penalty notice (FPN) that can be set at no more than £100. Payment of a FPN must be made within 14 days of issue to discharge liability, and is paid to the Council. However, the FPN can be further modified to allow a reduced or zero fee to apply when the recipient undertakes an alternative option offered within the FPN; this is akin to a fixed penalty to speeding in a vehicle when the option is to pay a penalty and lose points on a driving licence (a punitive action) or attend a driver awareness course (a positive/restorative action). It is the intention to include a positive/restorative alternative within any FPN in order to encourage positive and sustained changes in behaviour, and if that alternative is taken then the preferred fee-setting will be zero.
- 6.7. Implementation of this Order, legally, would require a public notice to be published. This would be done through a formal notice in the local newspaper, notification on our website and press releases through media outlets.

- 6.8. Notices are required to be erected on or adjacent to the land to which the PSPO applies, essentially explaining the Order in plain English and what it means in practical terms. This is primarily to inform the public within the PSPO area, but it will also provide a visible support for the application and enforcement of the Order and lessen the risk of mitigation pleas from those found to be in breach. Such notices would be of modest size and concise, and would ordinarily be on all major access points to the prescribed area covered by the Order, replacing the existing Designated Public Place Order signage.
- 6.9. As with any new legislation of its type, this is largely untested ground and the legislation will no doubt be further defined in years to come by a process of appeals and High Court rulings; however, it is worth noting that Lincoln Council has carried out a small number of prosecutions of users of NPS's within the area of their city centre PSPO, who have failed to discharge their liability following the issuing of a FPN; all of these prosecutions have been successful.
- 6.10. The Council, (in this context this means Full Council) has the power to vary or discharge the Order once implemented; therefore once an Order is in place, it is able to extend or reduce the geographical area, remove or amend existing prohibitions or restrictions, and include additional prohibitions or restrictions, where there is evidence to support this. It may also end the Order at an earlier date than originally designated, for example where circumstances have improved considerably, or where the intended mitigation is not working. Any such modifications or termination would require a report through Scrutiny Place, Executive and ultimately Full Council for the decision to be made. In such circumstances, the Council would again need to have regard to section 72 of the Act in respect of Convention rights, consultation, publicity and notification.

## **7. Monitoring Officer's comments:**

Members should note that there is a mechanism to allow an Interested Person to challenge the validity of the Order made by way of appeal to the High Court.

## **8. Report details:**

- 8.1. The Anti-Social Behaviour, Crime and Policing Act 2014 introduced new powers relevant to tackling anti-social behaviour, including Public Spaces Protection Orders. Public spaces protection orders (PSPOs) are intended to deal with a particular nuisance or problem in a particular area that is detrimental to the local community's quality of life, by imposing conditions on the use of that area which apply to everyone. They are designed to ensure the law-abiding majority can use and enjoy public spaces, safe from anti-social behaviour.
- 8.2. These orders are flexible and can be applied to a much broader range of issues, with local authorities having the ability to design and implement their own prohibitions or requirements where certain conditions are met. These conditions centre on the impact to the quality of life in the locality, persistence, and whether the impact makes the problem behaviour unreasonable.
- 8.3. Exeter, much like other towns and cities nationally, has a persistent and recurring issue with street drinking in the City Centre, particularly in the summer months. There is support from the Police and the Police and Crime Commissioner's Office for the

continuation of a geographically-based mechanism for controlling the anti-social consumption of alcohol in public places within the City Centre.

- 8.4. New Psychoactive Substances (NPS), often referred to as 'legal highs', have become a major concern to local agencies in Exeter over the last three years or so. Whilst previous concerted Police action has resulted in over-the counter sales of NPS's being constrained in Exeter, up until May 2016 sales were still being taking place from other outlets including shops outside of Exeter, mobile traders, and internet sales.
- 8.5. Nationally, in an effort to reduce the supply of NPS's, new legislation in the form of the Psychoactive Substances Act 2016 came into force on 26 May 2016, making it an offence to supply NPS's, but it is not yet an offence to consume them. Supply, whilst constrained, has gone 'underground', leading to continued consumption in public spaces, with all the associated anti-social behaviour remaining. Restriction A of the proposed Order would enable an intervention in respect of someone in possession of NPS's for the purpose of consumption in a public place.
- 8.6. In order to make the Public Space Protection Order, Members would need to be satisfied that the legal conditions, laid out above in paragraphs 6.2 and 6.3, have been met. Officers' view is that these requirements have been met based on:
  - Evidence gathered by the Council itself, and from other associated agencies including the Police, recorded crime and ASB data for the area attached as Appendix 3
  - Feedback from a 2015 survey of BID members - summary attached as Appendix 3D
  - Representations from the PSPO public consultation, Appendix 2A, 2C, & 2D
  - Feedback from Open Public and Business Meetings survey held in December 2016 (Appendix 3E)
- 8.7. **Results of Public Consultation**
- 8.8. The Council consulted on a proposed Order for an extended period of approximately 4 months running from 6 November 2015 to 29 February 2016. Details of the proposed Order were published on the Council's website with a headline link on the front page for the majority of time during that 4 months; the details included a map of the proposed area, the proposed prohibitions and restrictions (6 in total), and explanation of the operation of these restrictions, a 'frequently asked questions' document, a draft Equality Impact Assessment and a survey feed-back form. Interested parties could either carry out the survey online, or download the feed-back form to complete and return as a hardcopy. In addition, people could submit their responses in the form of a letter, if they so wished.
- 8.9. This consultation did not restrict who could make representations and did not differentiate between residents of Exeter, or people living outside of Exeter who visit for work, retail, and entertainment purposes. Nor did it prevent people who had no connection with Exeter from making representations; for example the impact of the Change.org petition (see paragraph 8.15) that sought to prevent the introduction of a PSPO in Exeter and encouraged people to respond to the Council's consultation is not known, but as around 12000 people supported the petition, it is likely that a sizeable number of them were sufficiently motivated to complete our online

consultation to disagree with the proposals. Officers therefore have concerns that the genuine voice of Exeter citizens and businesses, particularly those from communities in the proposed PSPO area that have suffered from anti-social behaviour, may have been diluted by a wider audience who have no experience of the local situation.

- 8.10. Whilst there is some evidence of the same detailed wording being used multiple times (one example was 15 times), it is not known whether this was a result of one person making multiple entries, or a person sharing the wording with 14 others who then copied it for their submissions. Generally, officers feel that attempts to influence the outcome of the consultation by an individual making multiple submissions was limited, and did not skew the overall results substantially.
- 8.11. A total of 1,237 completed survey responses were received during the consultation period, which is a substantial number, with another 19 public responses received in letter format. In a minority of cases, not all of the proposed Restrictions from 1 to 6 were responded to. Three responses were received shortly after the consultation period had ended, and whilst these have not been included in the statistics presented in this report, they have been included for information only in Appendix 2D.
- 8.12. An analysis of the responses formulated from the 1,237 survey responses (which exclude 'necessary consultees' such as the Chief Constable and Police and Crime Commissioner) show a for and against split as follows:
- Restriction 1 (intoxicants) 46% for, 54% against
  - Restriction 2 (urinating) 49% for, 51% against
  - Restriction 3 (encampments) 17% for, 83% against
  - Restriction 4 (begging) 26% for, 74% against
  - Restriction 5 (anti-social persons/groups) 49% for, 51% against
  - Restriction 6 (dispersal) 45% for, 55% against

It should be remembered that consultation is not a referendum; for the purpose of this report it is an exercise in seeking the views of interested parties, stakeholders and the public in order to assist in the formulation of policy on the implementation of a PSPO, and the restrictions contained within it. The methodology used for the PSPO consultation could not prevent multiple responses by one person, nor could it limit the geographical area from which respondents were drawn, so in that regard it is distinctly different from a local or general election, or national referendum. As discussed in paragraphs 8.8 and 8.20, the Change.org organiser encouraged petitioners to respond to the Council's PSPO consultation survey, using the emotive title of, '*Exeter City Council: Don't Criminalise Exeter's rough sleepers or destroy their belongings*'. Officers are concerned that many petitioners who were not necessarily citizens of Exeter, nor had a connection with Exeter, followed this advice, with their responses likely to be based upon that emotive title and the petition organiser's own agenda that underpinned it. Bearing in mind the Cabinet Office General Principles of Consultation 2016 issued by central government and paragraphs F and G in particular it is appropriate for Members to give a higher weighting to the responses from the 'necessary consultees' demanded by the Act, as well as taking into consideration the responses from the Business Improvement District members survey of Autumn 2015.

- 8.13. A great deal of views were expressed on both sides of the argument, but can be broadly grouped into the following themes:

**Not in support of an Order**

- Sufficient powers already exist, negating the need for an Order
- The street community would be victimised by the Order, instead the Council should provide services to assist them
- Human rights will be violated by confiscation of belongings or substances that are lawful to possess
- The right to free assembly would be threatened, and placed at the discretion of the Police
- The powers could be abused by over-zealous application, criminalising activities that are not anti-social
- Fixed penalty notices would not be a useful tool when applied to those with no income and unable to afford paying the fee

**In support of an Order**

- The powers do not go far enough
- The area of the PSPO should be extended to cover a wider area in Exeter

The Council's response to the representations made in the consultation is contained in Appendix 2E, to be read in conjunction with Appendix 1D.

8.14. **Convention Rights**

Under the Act, in deciding upon the making of a PSPO the Council must have particular regard to the rights of freedom of expression and freedom of assembly set out in Articles 10 and 11 of the Convention under section 21(1) of the Human Rights Act 1998. In terms of the development of a joint protocol on enforcement and positive/restorative pathways for the PSPO, and the training that will follow from that, the importance of these two freedoms will be made explicit. In addition, both the protocol and training will have regard to Article 1 of the First Protocol of the Human Rights Act 1998 (protection of property) in relation to the surrendering of intoxicants to authorised persons, contained within the PSPO.

In practical terms, this would mean that the application of the PSPO would not be used to restrict a lawful trade union picket, an organised peaceful protest, a religious assembly, or someone preaching in a public space. Nor would it be used to confiscate alcohol from someone who had just made a purchase from an off-licence with the intention of taking that purchase home for consumption.

8.15. **Necessary Consultation, Publicity and Notification**

In addition, under S.72 of the Act, there is necessary consultation, publicity and notification to take place with the Chief Constable, the Police & Crime Commissioner, County Council, any community representatives the Council thinks appropriate, and

the owner or occupier of land within the restricted area of the Order. This was duly carried out, together with representative bodies for the community and business being consulted. In relation to relevant owners and occupiers of land that the public may have access to without payment which includes business premises with forecourts open to the public, all were consulted by letter and encouraged to either submit a response via the survey document, or by letter or email. The relevant responses from these are contained in Appendix 2.

The draft Order was published on the Council's website during this consultation period, satisfying the publicity criterion contained in section 72(4) of the Act. The County Council was notified of the proposal, satisfying the necessary notification criterion under section 72(4) of the Act.

Given that the substantive consultation ended on February 29<sup>th</sup> 2016, and as a result of that consultation that the proposed PSPO has been revised to the current recommendations contained in this report, the revised draft Order has been further published on the Council's website (December 2016), together with the original draft Order and an explanation given for the revisions that have taken place. Furthermore, the named necessary consultees have been written to again with details of the revised draft PSPO, and the County Council duly notified (in December 2016) in accordance with section 72(4) of the Act.

- 8.16. In terms of the consultation exercise, officers feel that the views of the Chief Constable, Police and Crime Commissioner and Chief Executive of Devon County Council, are particularly relevant, and would invite Members to give due weighting to those views. These views, together with those of representative bodies, are summarised below:

8.17. **Police**

On behalf of Chief Constable Sawyer, Russ Middleton, Assistant Chief Constable welcomed the proposals for an Order and was fully supportive of it. He referred to an increase in anti-social behaviour in Exeter City Centre over previous months including drinking and drug taking in the streets, large and threatening groups congregating, and businesses highlighting urinating in public places as an escalating problem, in particular around shop fronts and doorways. He acknowledge the multi-agency work being carried out by the Street Attachment Group, and the importance of its approach of engagement, support and, where necessary, the use of enforcement. He ended by noting that the prohibitions were crafted as to be both proportionate and enforceable, and would equip Police officers with a range of powers appropriately tailored to deal with the anti-social behaviours occurring, which due to their current ongoing impact on the community, made the Order restrictions justified.

8.18. **Police & Crime Commissioner**

Tony Hogg, the PCC at the time of consultation, supported the introduction of the proposed Order as a valuable tool to assist the Police and partners in keeping communities safe. He was particularly pleased to see controls over NPS's, which he viewed as highly dangerous, with a strong link between use in the public arena and anti-social behaviour within town centres. He also highlighted the need to monitor the potential for displacement, and to take appropriate action where necessary.

#### 8.19. **Devon County Council**

Phil Norrey, Chief Executive of Devon County Council, supported the principle of the proposed Order, but highlighted the need to give consideration to the complex and chaotic life experiences of members of the street community, and the need to link in with and augment support services. Like the PCC, he raised the issue of displacement, and the potential impact that could have on quieter residential areas. He also specifically mentioned the Human Rights Act Article 1 in relation to removal of bedding, etc. (this was in relation to the proposed Restriction 3, which has not been recommended for inclusion in the Order for this report). Importantly he ended by offering support in assisting the development of the proposals into implementation, linking it to existing work streams of Integrated Care in Exeter (ICE) and Wat Tyler House (Co-Lab).

#### 8.20. **St. David's Neighbourhood Partnership**

The Partnership's committee discussed and supported the proposed Order at its meeting on 19 January 2016.

#### 8.21. **Exeter Business Against Crime (EBAC)**

The Chairman of EBAC, Andrew McNeilly, reported that members did not express dissent over the proposals relating to, 'beggars, street drinkers and anti-social individuals/teenage groups', which one can take as tacit support for the respective restriction/prohibitions in the proposed PSPO, however, he did state that Restriction 3 (street encampments), which is no longer included in the proposals contained in this report, evoked strong feelings on both sides, mirroring the feedback from the public consultation survey.

#### 8.22. **Change.org online petition**

As has been the case with other local authorities considering the implementation of a PSPO, an online petition was initiated by the campaigner Jonathon Walker of 'The Keep Streets Live Campaign' against the Council's PSPO proposal. He titled the petition, '*Exeter City Council: Don't Criminalise Exeter's rough sleepers or destroy their belongings*', and attracted 12,441 supporters from many part of the UK. It has yet to be presented to the Council for consideration. The petitioner encouraged people to engage with the Council's public consultation and provided a web-link to the relevant Council web-page. A letter from Cllr. Bull that explained the rationale for the proposed PSPO and outlined the breadth of support for homelessness and the street community that the Council provided along with partner agencies was posted on the Change.org petition site, in an attempt to give some balance to the issue. However, it is likely that this organised campaign was influential in motivating a wider audience beyond Exeter to comment against the proposals on our online consultation, particularly in relation to the two proposals more closely associated with rough sleepers, that of begging and street encampments.

#### 8.23. **Liberty**

A letter from Rosie Brighthouse, Solicitor for the National Council for Civil Liberties, 'Liberty', was received expressing concerns about the proposals contained in the proposed Order, and citing the large number of supporters of the Chang.org online petition opposing the Order. The letter was critical of the proposals, namely 3, 4, 5



and 6, and questioned the evidence base for its introduction. The Council's response to the points made in the letter are encapsulated in Appendices 2e and 1d, although it should be noted by Members that this report does not recommend inclusion of Restriction 3 (encampments) and further recommends a revision of Restriction 4 (from begging to aggressive begging) in the proposed Order.

#### **8.24. Street Community Deputation**

On 29 February 2016, the Assistant Director Environment received the leaders of a deputation of over 40 people, most of whom were members of the street community. Following a lengthy discussion and clarification on the proposed Order, the deputation was given sufficient hard copies of the survey form to make their representations, and 41 completed forms were handed in later that day. Interestingly, whilst the majority of responses (26) were wholeheartedly against the Order, a minority (15) were supportive of some of the proposed restrictions, predominantly those controlling street urination and anti-social individuals/groups, but also intoxicants and begging.

#### **9. How does the decision contribute to the Council's Corporate Plan?**

- 9.1. The main contribution of the designation of a Public Spaces Protection Order is to reduce problematic anti-social behaviour in the City Centre, and in so doing it supports the purpose of 'Keep me / my environment safe & healthy' and 'building a stronger City'. In achieving this, it is necessary to work with partners who make up the Community Safety Partnership to ensure that any Order is effectively implemented alongside other interventions.

#### **10. What risks are there and how can they be reduced?**

- 10.1. Any legal challenge presents a risk to the Authority. The legislation supporting implementation of the new Orders states that "interested persons" may challenge the validity of any Order in the High Court. This means that the Council could face a challenge against its decision to make the Order. An application of this nature must be made within six weeks beginning on the day the Order is made or varied. The grounds upon which a challenge could be made are:

- that the local authority did not have the power to make the order or variation, or to include particular prohibitions or requirements imposed by the order (or by the order as varied);
- that a requirement under this part of the legislation was not complied with in relation to the order or variation.

The High Court has the power to suspend, quash, amend or uphold the order.

- 10.2. This risk has been mitigated by the Council adhering to the provisions of the Act with regard to the formulation, consultation and implementation process of an order, in response to evidence of continuing and unreasonable anti-social behaviours occurring in the City Centre area encapsulated within the proposed PSPO boundary.

- 10.3. There is also a risk that public expectations will be raised by this Order that agency resources cannot fully meet; the Order is unlikely to remove the issues in total, but can act to support and augment other initiatives. The inclusion of a positive/restorative option in the crafting of a fixed penalty notice will be an innovative use of the legislation by the Council in helping to change negative behaviours, reduce re-offending and help readily engage the support of partner agencies.
- 10.4. Implementation of this Order could lead to problem-displacement. Officers have considered this and think that the area of the proposed Order is sufficiently large to minimise any acute problems arising from any displacement, however, the situation will need to be closely monitored by the Council, Police, and other agencies, and action taken accordingly in response to any such displacement.
- 10.5. The Order will be reviewed by the Exeter Community Safety Partnership (CSP), and by Members of Scrutiny Committee – Place, six months after implementation, and annually thereafter in order to mitigate the prevalence of any of the associated risks, and to identify any unforeseen or negative impacts. In this regard, the Street Attachment Group (StAG), which acts under the auspices of the CSP, will play a critical role in this review, and will also help inform the enforcement protocol for the PSPO.
- 11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**
  - 11.1. The Order is designed to reduce problematic anti-social behaviour occurring in the public arena, and is not intended to victimise individuals or groups of people; in particular it is not aimed at members of the street community, also referred to as the street homeless.
  - 11.2. It has the potential to deliver a significant positive community impact, in terms of reducing the anti-social behaviours associated with people taking intoxicants in public spaces, urinating in the street, aggressively begging and causing anti-social behaviour as an individual or group; in turn this will encourage greater use of public spaces in the City Centre by citizens and help reduce any perception that parts of Exeter are unsafe. When operated alongside other targeted interventions and work-streams currently available and being developed by the Exeter Community Partnership and through its task groups, (the Alcohol Violence Evening & Night Time Economy Group, and Street Attachment Group (StAG)) and Integrated Care in Exeter (ICE), the Order can be part of a positive tool to change behaviour. For example, it could assist in weakening the ‘attachment’ that some members of the street community have, and help them on the pathway to sustainable accommodation and assistance with health and addiction issues. The use of Acceptable Behaviour Contracts as a positive option within a fixed penalty notice, will have a significant role to play in this regard, especially when the formulation of the ABC involves engagement of other partners in the CSP, StAG and ICE programmes.
  - 11.3. The attached Equality Impact Assessment (Appendix 1C) provides more detail, but no significant negative impact has been identified against any diversity groups.
- 12. Are there any other options?**

- 12.1. **Maintain the status quo** – the current Designated Public Place Order could be left unchanged for a period ending October 2017 and either replaced with a PSPO at that juncture or ended. This option was considered and dismissed due to the clear need to tackle issues relating to use of new psychoactive substances that are not covered by the DPPO, the recognition that anti-social behaviours are taking place outside the boundaries of the smaller DPPO, and that other anti-social behaviours are occurring that are linked to intoxication, but are not able to be controlled by the DPPO.
- 12.2. **Replace the DPPO with a simple alcohol-related PSPO** - this was again considered and dismissed due to the need to tackle the problems associated with new psychoactive substances, which are unlikely to be significantly curtailed by the Psychoactive Substances Act 2016, and the linked anti-social behaviours around street drinking and intoxication in a public place, problems with street urination linked with the night-time economy, aggressive begging and anti-social individuals and groups during the day and night.

## **Assistant Director Environment**

### **Local Government (Access to Information) Act 1972 (as amended)**

#### **Background papers used in compiling this report:-**

- Home Office (October 2014) New Psychoactive Substances Review: Report of the Expert Panel
- Lincoln City Council (January 2015) Executive Report Proposals for the Implementation of a Public Space Protection Order
- Highways Act 1980
- Psychoactive Substances Act 2016
- Anti-Social Behaviour, Crime & Policing Act 2014
- PSPOs: A Busybodies' Charter (Manifesto Club 17-01-16)

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Democratic Services (Committees)  
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## **List of Appendices**

The following information is attached to the report to Council on 21 February 2017 regarding the implementation or otherwise of a Public Spaces Protection Order.

### **Appendix 1: About the proposed PSPO**

- A. Map of PSPO area
- B. Restrictions
- C. EQIA
- D. FAQs

### **Appendix 2: Results of Public Consultation**

- A. Headlines (pie-charts showing % breakdown) & comments from survey feedback form by each Restriction
- B. Letters from 'necessary consultees'
- C. Letters from other respondents
- D. Letters received outside of consultation period
- E. Council's response to representations

### **Appendix 3: Supporting data regarding incidents of ASB in proposed area**

- A. CCTV Control Room Incidents (City Centre), Jan 2015 - Dec 2016
- B. Exeter City Centre Crimes & Incidents, April 2015-April 2016
- C. Exeter City Centre Crimes & Incidents, April 2016-Nov 2016
- D. BID survey of businesses November 2015
- E. Survey responses from attendees of Open Public Meetings and Business Meeting, December 2016

### **Appendix 4: Responses from Open Public & Business Meetings**

- A. Analysis of support for revised PSPO restrictions from attendees of Open Public Meetings and Business Meeting, December 2016

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## REPORT TO

Date of Meeting: Scrutiny Place 12 January; Executive 14 February; Council 21 February 2017

Report of: Assistant Director Public Realm

Title: Management of Exeter's Waterways

**Is this a Key Decision?**

**No**

**Is this an Executive or Council Function?**

**Council**

### **1 What is the report about?**

1.1 To progress a solution for the improved management of the Exe Estuary Harbour, canal and waterways and to address specific governance and management issues associated with the waterways.

### **2 Recommendations:**

That Place Scrutiny Committee supports and Executive support and recommend to Council the approval of the following:-

- 2.1 that work on a business case to transfer the Exeter Ship Canal to the Canal and River Trust ceases and that a Management Plan for the canal is developed in-house;
- 2.2 that officers be tasked to develop a business case to employ a Harbour Master or similar to deliver Port Marine Safety Code compliance, improve safety and improve operational management on the River Exe;
- 2.3 that, in compliance with the Port Marine Safety Code,:
  - 2.3.1 the Service Manager Business and Commercial Operations be designated as the 'Duty Holder' in respect to the Port of Exeter and the Constitution be amended accordingly;
  - 2.3.2 an external competent body be engaged to fulfil the role of 'Designated Person' as defined by the Port Marine Safety Code to undertake competency and safety audits;
- 2.4 that a budget of £10,000 be identified from within existing resources to engage specialist marketing and business development expertise to support the preparation of a Marketing Plan for the Waterways and to deliver the additional income requirements.
- 2.5 that the Mooring Licence issued since 2013 be applied to all moorings in the Port of Exeter and that, where the licensee is unwilling to accept the new licence conditions, action be taken to remove the vessel from the Port;
- 2.6 that only vessels deemed suitable at the Council's absolute discretion be

permitted into the canal, with responsibility to make such a determination be delegated to the relevant Service Manager; and

- 2.7 where repairs are necessary or 'off season' maintenance is required, these activities be confined to the Eastern side of the Basin or the Boat Park (in Michael Browning Way) and this be cordoned off from public access.

### **3 Reasons for the recommendations:**

- 3.1 To progress a solution for the management of the Exe Estuary Harbour, canal and waterways, to address specific governance and management issues associated with the waterways and to satisfy the requirements of the Port Marine Safety Code by defining a formal structure for the operation of a Statutory Port.

### **4 What are the resource implications including non-financial resources.**

- 4.1 Recognisable improvements to the management of the Exe Estuary Harbour, canal and waterways are hard to achieve within the current level of resources. These are only sufficient to maintain the status quo and to deliver basic compliance with the Port Marine Safety Code. However, these improvements and their resource requirements will be the subject of future reports.
- 4.2 The cost of producing the Management Plan and the development of the new policies and practices as recommended in this report will be reflected mostly in terms of staff time. Additional input in terms of legal advice and compliance work will also be required.

### **5 Section 151 Officer comments:**

- 5.1 There are no additional financial implications for the Council contained within this report. However, waterways income generation is built into the MTFP for 2018/19 and will require some firm proposals to come forward during the next financial year.

### **6 What are the legal aspects?**

- 6.1 None identified.

### **7 Monitoring Officer's comments:**

- 7.1 Complying with the recommendations set out in relation to the Port Marine Safety Code is clearly a priority. However the issue regarding how we might make the waterway more profitable has been without resolution for very many years. As a result the monitoring officer recommends that an officer working group to include legal services to look at this should be set up urgently.

### **8 Waterways Management**

- 8.1 Members will be well aware that the desire to progress a solution for the management of the Exe Estuary Harbour, canal and waterways has been a



corporate objective for some time.

- 8.2 In June 2014, the Council agreed that the proposed Harbour Revision Order, submitted to the Department for Transport in 2008, was not viable and a review of the options available for the future management of the waterways began.
- 8.3 In March 2015, Members agreed to establish a partnership of key stakeholders in Exeter's waterways to help develop and deliver a Waterways Strategy. Exeter Waterways Advisory Board was a very useful sounding board for change and the time, energy and passion of the volunteers was much appreciated, helping to bring some clarity to how Exeter's waterways should be managed. The Board was superseded as the most appropriate vehicle for stakeholder representation and lobbying on the waterways by the new independent Port User Group in September 2016.
- 8.4 In September 2015, the Canal and River Trust was invited to work with the Council to explore the potential for joint future work. Lengthy but productive discussions took place with the Trust about the support that they could offer the Council in managing its waterways. It became clear that the Trust's preferred option was permanent asset transfer of the Exeter Ship Canal, with significant upfront technical survey costs for the council and an estimated upfront dowry requirement of between £2m and £6m.
- 8.5 In addition, in September 2015, the Maritime and Coastguard Agency undertook an audit of the Port of Exeter and in November 2015, Members agreed to work towards compliance with the Port Marine Safety Code.
- 8.6 In February this year, Members agreed to apply to the Department for Transport for the power to make Harbour Directions and in September this year a Port User Group was established as a requirement of that process.
- 8.7 While rather lengthy, this process has been invaluable in better understanding the issues, the needs of the stakeholders and the manner in which the management of the waterways might be improved. Given that Members are keen for improved management of both the Estuary and the Canal, stakeholders are keen for the responsibility for the Canal to be retained by the Council and the Trust solution appeared to have a significant unbudgeted cost to it, the Council's direction was reconsidered. In brief, it is now proposed to:
- cease work on the business case for the transfer of the Exeter Ship Canal to the Canal and River Trust, and
  - develop a Management Plan for the Canal to include new approaches to abandoned boats, live-aboards, moorings, programmed maintenance and improvements in financial control, customer processes and systems, marketing and published information.
  - develop a business case to employ a Harbour Master or similar to deliver Port Marine Safety Code compliance, improve safety and improve operational management on the River Exe

### **Waterways Management Plan**

- 8.8 The Management Plan will direct and prioritise improvements in the management of the Exe Estuary Harbour, canal and waterways and address specific governance and management issues associated with the waterways. It will be developed in house over the next few months and will be the subject of a future report. The cost of producing the Management Plan and the development of the new policies and practices as recommended in this report will be reflected mostly in terms of staff time.

### **Port Marine Safety Code Compliance – Port Governance**

- 8.9 In September 2015, the Maritime and Coastguard Agency recommended that the Council:

- identify and appoint a Duty Holder who is accountable on behalf of the Harbour Authority for its compliance with the PMSC;
- appoint a Designated Person to provide the duty holder with independent assurance directly to the duty holder that the Marine Safety Management System is working effectively

- 8.10 In order to continue to achieve practicable compliance with the Port Marine Safety Code, and to define a formal structure for the operation of a Statutory Port, the establishment of the Duty Holder and Designated Person needs to be recognised formally. It is proposed that that the Service Manager Business and Commercial Operations be designated as the 'Duty Holder' in respect to the Port of Exeter.

- 8.11 At present, the Council has no resource with the experience and independence necessary to fulfil the role of 'Designated Person,' as defined by the Port Marine Safety Code, to undertake competency and safety audits. As a result it is proposed that an external competent body is engaged to fulfil the role of 'Designated Person', funded from existing budgets.

- 8.12 It is likely that operating the Port in compliance with the Port Marine Safety Code will generate additional costs. Consultation with the Port users has given us a clear indication that their preferred solution to the improved management of the waterways is for the Council to appoint a Harbour Master. This role would enable the Council to deliver Port Marine Safety Code compliance, improve safety and improve operational management on the River Exe. The cost of providing a Harbour Master is estimated at £40,000 per annum, together with a capital funding of around £25,000 for the provision of a suitable boat. A more detailed proposal will be brought forward from the Management Plan and a business case for this additional funding will be the subject of a future report.

### **Income**

- 8.13 The task for the Medium Term Financial Strategy was to determine the scope, cost and feasibility of increasing the income budget by £110,000. The

outcome of this is that there is scope for increasing the income budget by increasing the number of moorings on the canal with only nominal levels of investment needed. However, the canal has lost business over the last two years and it is not feasible to reverse and improve that position without investing in marketing and promotion and not in time for the 2017/18 season. It is proposed that a budget of £10,000 be identified from within existing resources to engage specialist marketing, business development and promotional expertise to support the preparation of a Marketing Plan for the Waterways and to deliver the additional income requirements in 2018/19.

### **Vessels in Disrepair**

- 8.14 Members will be aware that there is a significant issue with vessels berthed within the Harbour that have fallen into disrepair or are close to it. We have a legacy of problem vessels, particularly in the canal, and costs in the region of £15,000, together with associated management time, has been incurred in the last two years for their removal. Improved controls on entry to the Port, berthing and removal from the Port are required to deal with these vessels.
- 8.15 We need to limit access to the canal and basin in order to avoid potential problem vessels reaching the confines of the canal and basin. It is proposed to restrict access to the canal only to vessels that are deemed suitable at the Council's absolute discretion, with responsibility to make such a determination be delegated to the relevant Service Manager.
- 8.16 Berthing of vessels is regulated in the Port of Exeter by Mooring Licences but there are anomalies that make enforcing compliance problematic. Most problematic are the vessels granted a Mooring Licence prior to 2013 that remain in the Harbour. Prior to 2013, Mooring Licences issued by the Council had no expiry date. Consequently, over many years, historic practices and perceived rights have become associated with what should be a simple licence to berth. In 2013, the Mooring Licence was revised and is now time-limited. Holders of this licence have a clear expectation of their tenure and the conditions under which they are permitted to remain within Port.
- 8.17 It is proposed that the terms and conditions of the Mooring Licence issued from 2013 to new vessels entering the Port now be applied to pre-existing moorings and, where the licensee is unwilling to accept the new licence conditions, action be taken to remove the vessel for the Port of Exeter. The termination of the remaining fifty two 'historic' licences and the introduction of the current licences throughout the Port will address this anomaly. This may impact upon a small number of people who are living on their boats, which have not moved from the Port since 2013, if they refuse to accept the new Licence. The issue of living on board on the canal will be addressed in the forthcoming Management Plan and will be the subject of a future report.

### **Repairs to vessels**

- 8.18 Clearly, repairs to vessels are required from time to time to make them ready for sea but in the Port of Exeter this has become confused with the practice of rebuilding vessels, sometimes over many years. The Health and Safety Risk assessment highlights that the storing of timber, working off ladders etc.

is incompatible with the public access to the basin side. In mitigation it is proposed that, where repairs are necessary or 'off season' maintenance is required, these activities will be confined to the eastern side of the Basin or the Boat Park (in Michael Browning Way) and will be cordoned off from public access. The requirement to prevent pollution of the canal as a result of maintenance/ repair activities will limit the availability of space.

**9 How does the decision contribute to the Council's Corporate Plan?**

9.1 The Corporate Plan seeks to provide services that customers need and reduce operating costs by redesigning services and managing our assets effectively.

**10 What risks are there and how can they be reduced?**

10.1 The recommendations seek to reduce the risk of non-compliance with the Port Marine Safety Code, the financial risk of liability for vessels in disrepair and the risk of environmental contamination of the waterway. There is a small reputational risk as some of the management measures may be unpopular and may lead to negative media coverage.

**11 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

11.1 These decisions will increase the effective management of the Port and enhance the safe enjoyment of the waterway amenity.

**Sarah Ward**  
**Assistant Director Public Realm**

**Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

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**Room 2.3**

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**REPORT TO:** Place Scrutiny Committee  
**Date of Meeting:** 12 January 2017

**REPORT TO:** Executive  
**Date of Meeting:** 14 February 2017

**Report of:** Victoria Hatfield, Economy & Enterprise Manager  
**Title:** Exeter & the Heart of Devon, a shared economic strategy.  
A Collaborative Approach to Growth & Productivity 2017 - 2020

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Executive

**1. What is the report about?**

- 1.1 To inform members of the new shared Growth & Productivity Strategy, covering Exeter, East Devon, Mid Devon and Teignbridge.

**2. Recommendation**

- 2.1 That Place Scrutiny Committee note and Executive support the Exeter & the Heart of Devon, a shared economic strategy. A Collaborative Approach to Growth & Productivity 2017 – 2020.
- 2.2 To continue working in partnership with East Devon, Mid Devon and Teignbridge Local Authorities on common economic development objectives.
- 2.3 To work in partnership with the proposed Greater Exeter Growth & Development Board to ensure consistency with vision, objectives and individual projects and initiatives.

**3. Reasons for the recommendation**

- 3.1 To continue with joint working with neighbouring local authorities for the benefit of the Exeter economy, its residents, businesses and student population and to improve local outcomes by delivering specific joint projects across a recognised functional economic market area.
- 3.2 The ‘travel to work’ area for Exeter has expanded significantly over the previous ten years, covering much of our neighbouring local authorities. Working in partnership is a mutually beneficial relationship for all concerned.
- 3.3 To ensure work undertaken by the emerging Greater Exeter Growth & Development Board and the Economic Development teams of each for local authority work in parallel and to a common shared vision and goal.

**4. What are the resource implications including non financial resources?**

- 4.1 The Growth & Productivity Strategy will be delivered and implemented using existing financial and personnel resources through the City Council’s Growth & Enterprise budget.

**5. Section 151 Officer comments:**

5.1 There are no additional financial implications contained within this report.

**6. What are the legal aspects?**

6.1 This report raises no issues from a legal standpoint.

**7. Monitoring officer Comments:**

7.1 This report is in line with the Executive's decision regarding the development of the Greater Exeter Growth and Development Board and will play an integral part in achieving this. As such, it raises no issues for the Monitoring Officer.

**8. Background**

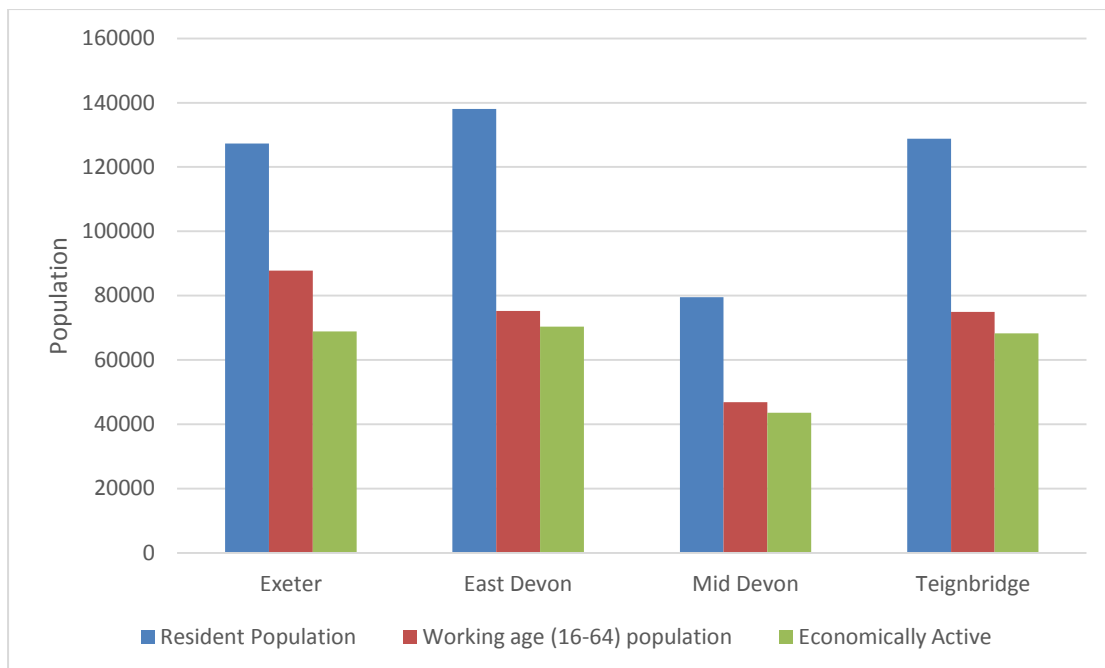
8.1 The Economic Development Teams from Exeter, East Devon, Mid Devon and Teignbridge District Councils have been working collaboratively for just over 2 years. This has enabled a trusting and confidential relationship to emerge which has aided joint projects to be developed, which are mutually beneficial for the Exeter & the Heart of Devon area and each Local Authority within.

8.2 As a result of joint working, the four Local Authorities have:

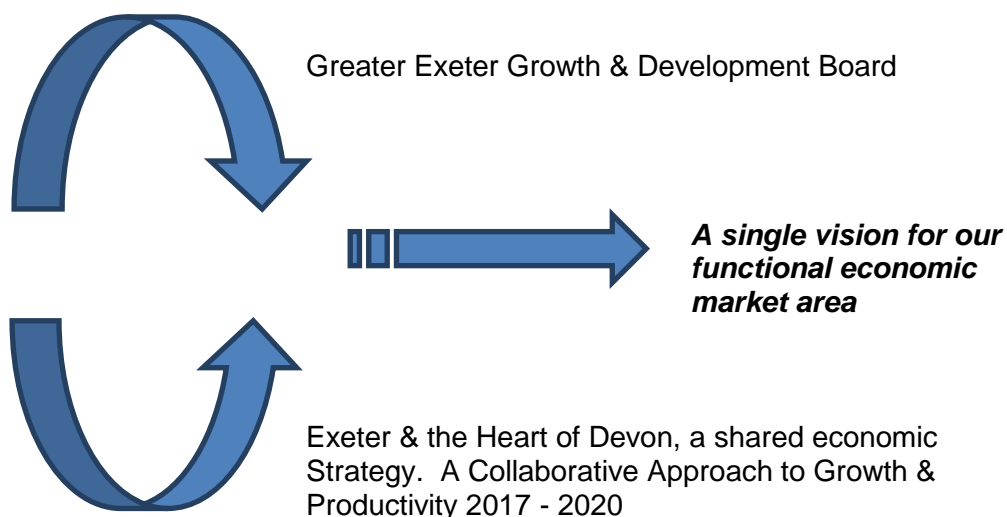
- Expanding the Exeter Commercial Property Register to cover all four Local Authorities
- Joint purchase of the Mint business database to gain business intelligence
- Joint procurement of business support covering all four Local Authorities
- Gained recognition of Exeter & the Heart of Devon as a Functional Economic Market Area

8.3 The 'travel to work' area for Exeter has expanded considerably over the previous ten years, as shown in the illustration in Appendix 1 (data from the Office of National Statistics). This indicates the significance of the Exeter economy on work delivered by neighbouring local authorities and its residents who work in Exeter.

8.4 The table below highlights the resident population, the working age population and the number of residents who are economically active within Exeter & the Heart of Devon. The total residential population of Exeter & the Heart of Devon is 473,700 and is broken down into a working age population of 285,000 a resident population of 251,200 that are economically active. Approximately 45% of Exeter's workforce commute daily into the city, which highlights the significance of partnership working.



8.5 A report was taken to Executive on 8 November 2016 proposing a Greater Exeter Growth & Development Board, which detailed a formal governance structure for the Exeter & the Heart of Devon functional economic market area. The same report is being presented at Teignbridge and East Devon District Council, with Mid Devon being encouraged to join the formal collaborative approach. Going forward work will continue in how this strategy fits in with the aspiration of the new Growth & Development Board with both meeting in the middle.



**9. Developing a Growth & Productivity Strategy**

9.1 East Devon District Council applied for funding to the Local Government Association Economic Growth Advisor Programme early 2016 and was successful in their application. This enabled a Growth Advisor to be appointed to research and write a growth & productivity strategy for Exeter & the Heart of Devon. The Growth Advisor was tasked to research and unpick a complex local, regional and national policy framework and to recommend a shared vision for Exeter & the Heart of Devon. The shared strategy

articulates shared ambitions to shape growth plans with a view of improving collaboration and maximising leverage.

- 9.2 A wide ranging consultation exercise, across all four areas, was undertaken during the spring and summer of 2016 which included academia, Devon County Council, the LEP and business across the area. This resulted in the Growth & Productivity Strategy being produced, as shown in Appendix 2. The overall priority for the strategy and each local authority is to:
- Strengthen the sub-regional economy to secure sustainable growth through creating more, higher-value better paid-jobs.
- 9.3 The attached strategy has not been prepared in isolation, it takes into account the government's own 'Plan for Growth', the Heart of the SW LEP's existing Strategic Economic Plan and the Productivity Plan which is currently in development, Devon County Council's Strategy for Growth and the Exeter & The Heart of Devon Employment & Skills Board Skills Plan Evidence Base.
- 9.4 As Exeter & the Heart of Devon we want to improve collaboration and to maximise leverage through joint working, which will:
- Improve the productivity of the Exeter & the Heart of Devon economy
  - Attract and retain investment in high-value priority sectors
  - Support the creation of attractive jobs that increase our productivity and raise the wage profile
  - Ensure local skills meet the current and future needs of the local business landscape
  - Actively support sustainable regeneration in key growth towns and locations
  - Improve infrastructure across the functional economic market area
- 9.5 Each local authority has an area of expertise, which will help deliver the strategy and its objectives, Exeter City Council will lead on Inward Investment, as shown in the table below.

<b>Economic initiative</b>	<b>Exeter &amp; the Heart of Devon wide joint projects and initiatives</b>	<b>Lead local authority</b>
Business Transformation	Retain and grow the business base providing the right conditions for business-led growth	Mid Devon District Council
Inward Investment	Design and deliver a proactive and targeted approach to inward investment	Exeter City Council
Employment & Skills	Transform skills from a growth barrier to a growth stimulus	Teignbridge District Council
Strategic Planning & Infrastructure	Support the identification and delivery of strategic and deliverable employment sites. Pursue investment to deliver transport network and digital infrastructure	East Devon District Council



- 9.6 Exeter City Council have been managing and developing inward investment activity for a number of years and will focus its attention on improving the following projects and initiatives to secure additional inward investment:
- Development of business ambassadors to assist within inward investment activities
  - Improve the Exeter Key Employer programme
  - Further develop the Exeter Commercial Property Register
  - Proactive marketing of the area
  - Development of soft landing packages
  - Work with Exeter City Futures and Innovation Exeter on city wide transformational projects
  - Improve broadband infrastructure within the city and its business parks

- 9.7 Work undertaken by the additional three local authorities, will play a direct impact on the success of the city, such as graduate retention, delivering employment land, investing in skills, Exeter Science Park, SkyPark and the emerging Enterprise Zone.

**10. How does the decision contribute to the Council's Corporate Plan?**

- 10.1 Joint work being delivered by the attached Growth & Productivity Strategy directly affects the following purposes of the City Council:

- A stronger city
- Provide great things for me to see and do
- Help me run a successful business
- Deliver good city development

As work cuts across a number of Departments and Portfolio Holders within the City Council, joint working is imperative going forward.

**11. What risks are there and how can they be reduced?**

- 11.1 No new resources or structural changes are being put forward to implement the attached strategy, only an assurance that each Local Authority continues to dedicate existing officer time and budget as and when required. To ensure this continues, each respective Portfolio Holder and Leader has endorsed the attached Growth & Productivity Strategy.

- 11.2 Going forward the Economic Development Officers of each Local Authority needs to ensure communication and collaborative working continues and that projects and initiatives are aligned with the proposed Greater Exeter Growth & Development Board, currently led by Innovation Exeter.

**12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults; economy; safety and the environment?**

- 12.1 The Growth & Productivity Strategy ensures that all residents of, and businesses located in, Exeter, East Devon, Mid Devon and Teignbridge are able to access business support and advice to enable them to improve their employment and business opportunities.

**13. Are there any other options?**

- 13.1 There is the option of Exeter working in isolation, but due to the city being heavily reliant on our neighbouring local authorities for employees and supply chain development, it is necessary for the city work in partnership and to look outwards for the benefit of all.

**Victoria Hatfield, Economy & Enterprise Manager**

**Local Government (Access to Information) Act 1972 (as amended)**

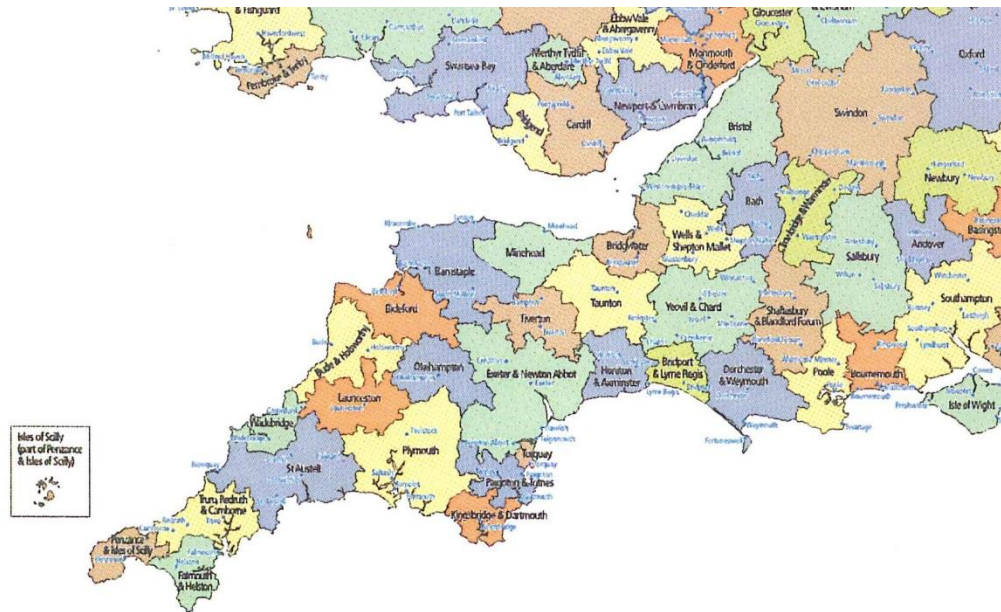
**Background papers used in compiling this report:-**

None

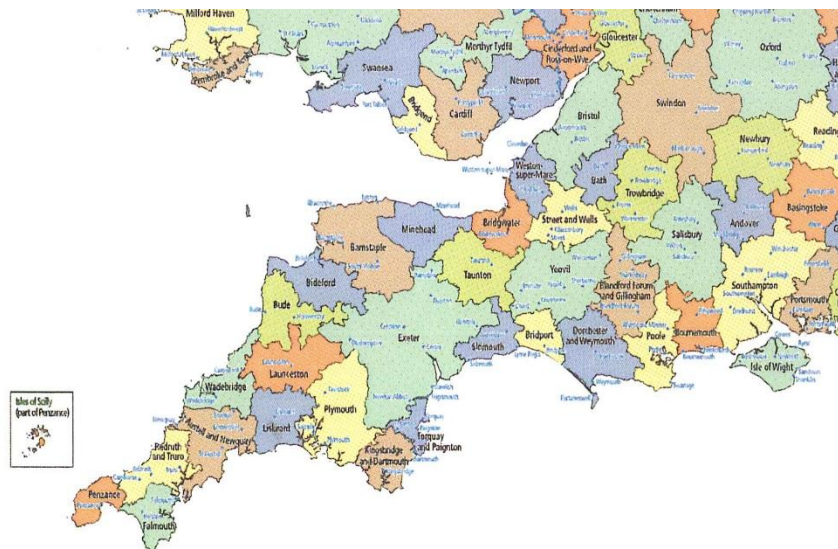
Contact for enquires: Sharon Sissons, Democratic Services (Committees), Room 2.3,  
01392 265275

### APPENDIX 1 – Exeter Travel to Work Area

Exeter Travel to Work Area 2001



Exeter Travel to Work Area 2011



**Appendix 2 – Exeter & the Heart of Devon, a shared economic strategy. A Collaborative Approach to Growth & Productivity 2017 - 2020**

# Shared Economic Strategy 2017–20

A collaborative approach to  
growth and productivity

Version 1  
November 2016



**Exeter +  
Heart of  
Devon  
Economic  
Partnership**

This EHOD Shared Economic Strategy sets out our collective growth ambitions, priorities and future approach that we will take over the next three years to support economic growth and development in the EHOD area.

This shared strategy sets out how our economic development teams are working together effectively on the areas where our respective council/corporate plans overlap. Our plan of action outlines a pragmatic programme of economic initiatives that will improve productivity and growth prospects and bring wider benefits to the area.

At this stage, no new resources or structural changes are being put forward. This shared strategy does provide a framework for a step-change in partnership working, formalising roles and responsibilities in the shared ambition of economic growth and prosperity. What makes this shared strategy stand out is our focus on collaborative working which is delivering tangible outputs for our local authority areas beyond what we could each achieve in isolation.

Page 5		Foreword
8	Section 1	Realising our growth potential
10	2	Our shared strategy
22	3	Policy alignment
26	4	Our growth ambition and strategic priorities
31	5	Shared economic initiatives
40	6	Implementation and delivery
44	Appendix 1	EHOD economic indicators
45	2	EHOD inward investment Memorandum of Understanding
48	3	EHOD Shared Economic Strategy 2017–20: synergy matrix
49	4	Acronyms used in this document
50	5	References for section 2



Exeter International  
Airport is a key attractor  
to inward investors



# Foreword

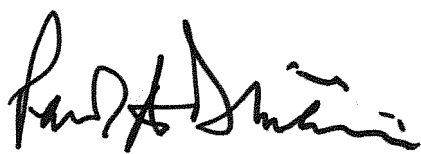
We are pleased to present our Shared Economic Strategy for Exeter and Heart of Devon (EHOD), which sets out our growth ambition, priorities and approach that we will take to enable the growth of the regional economy. This is a joint agenda across the four councils that make up the EHOD sub-region, taking into account the different opportunities and challenges across our local authority areas of Exeter City, East Devon, Mid Devon and Teignbridge.

Creating a sustainable high-performing economy at a time of comparative uncertainty is at the heart of our shared strategy and action priorities. We have established priorities around increasing high-quality jobs, attracting and retaining investment, unlocking and enabling development as well as improving productivity, skills, qualifications and employability. This shared strategy sets out a shared vision and framework to steer the economic interventions of the councils and partner organisations. We cannot create jobs and wealth in isolation, but we can create the right environment for businesses to grow and flourish.

Creating a sustainable high-performing economy at a time of comparative uncertainty is at the heart of our strategy and action priorities

We will use this shared strategy to communicate to partners our ambitions and plans, with a view of improving collaboration and maximising leverage. This shared strategy will address the key themes of the Heart of the South West Local Enterprise Partnership (HOTSW LEP) Devolution Prospectus and support the delivery of the emerging Single Productivity Plan, maximising the effectiveness of the group's work with the HOTSW LEP. It will complement the ambitions of the updated Devon Strategy for

**East Devon District Council**



Cllr Paul Diviani  
*Leader*



Cllr Philip Skinner  
*Economy PFH*

**Exeter City Council**



Cllr Pete Edwards  
*Leader*




Cllr Rosie Denham  
*Economy & Culture PFH*

Growth, shaping our conversations with Devon County Council (DCC) and our partners in supporting delivery of the wider regional growth programmes. It will also help better co-ordinate our collaboration with the business community to drive forward our economic growth plans.

The collaborative approach, which our respective Economic Development teams have developed, is strong in its pragmatism and representativeness. We have acted on efficiencies and are exploiting opportunities for shared sub-regional economic growth, whilst still delivering on our local economic priorities at district level. This incremental approach to economic partnership is de-risked. It enables the local delivery of individual Corporate Plan requirements and presents an optimal shared platform for the identification of robust and deliverable employment and infrastructure allocations through joint Strategic and Spatial Planning.

This EHOD economic partnership and this shared strategy is endorsed by the Leader and Portfolio Holder (PFH) for each of the four EHOD authorities. We will continue to dedicate an economic development resource to ensure the EHOD partnership continues to deliver this shared strategy's economic initiatives.

#### Mid Devon District Council

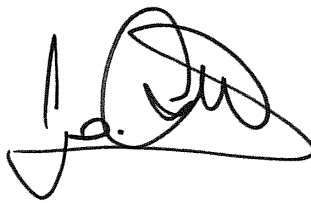


Cllr Clive Eginton  
*Leader*



Cllr Richard Chesterton  
*Deputy Leader  
Planning & Economic  
Regeneration PFH*

#### Teignbridge District Council



Cllr Jeremy Christophers  
*Leader*



Cllr Doug Hellier-Laing  
*Economy, Skills & Tourism PFH*

# 1 Realising our growth potential

## Our sub-region incorporates three overlapping functioning economic market areas

### The area

Our sub-region incorporates three overlapping functioning economic market areas (FEMAs) within the South West Region:

- the ‘M5 Corridor’
- ‘South Central’ part of the region
- the ‘A303’, which includes parts of East Devon, adjacent to Exeter and Mid-Devon.

We can also be described as a city-region, with Exeter at the core of an interdependent rural and coastal hinterland.

The structure and strength of the economy of Exeter is a key regional driver for the EHOD economy and is recognised as the central economic hub by EHOD districts. Similarly, there is a shared recognition that Exeter’s housing and economic needs will increasingly be met beyond the borders of Exeter, within East Devon, Mid Devon and Teignbridge.

Fig. 1: EHOD sub-region



# 2 Our shared strategy

## The EHOD shared strategy defines our joint growth ambitions and how we aim to increase competitiveness and improve productivity in the area

The importance of Exeter and Heart of Devon (EHOD) as an economic hub and focus for growth within Devon is clear. The sub-region's economy has recorded strong growth in recent years, outperforming the county and Heart of the South West LEP (HOTSW LEP) average on a number of indicators. We will build on our distinctive competitive and environmental advantages:

- World class research, education, and training organisations
- Central location in the South West with good transport access by road, rail, and air
- Outstanding strategically important employment sites and office locations
- Competitive consistently lower rents and rates to comparable sub-regions
- High quality of life, with rich cultural heritage and natural landscape and a variety of urban centres, thriving market towns and small communities

Whilst the local economy has shown itself to be relatively resilient through recent economic difficulties, the area faces a number of challenges. These need to be addressed in a coordinated and collaborative way if EHOD is to realise its growth potential. These include poor performance in terms of productivity, low average earnings and some skills deficiencies. The availability of high-end broadband capacity is an issue in a number of our business locations. A shared challenge is the lack of physically available and deliverable employment land to accommodate different levels of growth requirement – many in response to indigenous growth.

More recently, the potential impact of a changed economic relationship with the European Single Market must also be considered in terms of how we might adapt our collaborative working, especially in our approach to encouraging inward investment.



Exeter is EHD's  
economic hub



The EHOD Shared Economic Strategy 2017–20 defines our joint growth ambitions and how we aim to increase competitiveness and improve productivity in the area. This is a partnership agenda between four local authorities and represents a major opportunity to have a strong, shared voice for the region and make a step change in our collective efforts to drive the economic growth of the area. The focus is on inward investment and attracting new, quality jobs, as well as supporting and working with existing businesses to help them to grow.

This shared strategy has not been prepared in isolation. It takes account of the Government’s own ‘Plan for Growth’, the HOTSW LEP’s Strategic Economic Plan (SEP) and the developing Single Productivity Plan (SPP) for the area, together with the refreshed Devon Strategy for Growth and EHOD Skills Plan Evidence Base. We are already supporting delivery of a range of growth projects, including the major transformational £2bn Exeter and East Devon Growth Point, as well as the ground-breaking development of a new joint Greater Exeter Strategic Plan (GESP). We need to ensure we are working in synergy to develop these programmes further, maximising our promotion of inward investment to populate existing strategic employment areas, whilst informing the identification of future sites best suited to economic growth.

As an area, we share many of the same aspirations and recognise that more can be achieved working together, particularly in an environment where resources are increasingly scarce. The assets, opportunities and level of collaboration and partnership working demonstrate that with the right strategy in place, EHOD has the potential to build its profile and competitive position in order to compete for investment, talent and high quality jobs. In this sense, this shared strategy is straightforward in its scope. It promotes a less fragmented, more collaborative working arrangement between our local authorities on the shared economic objectives articulated in our individual council/corporate plans.

We have identified these areas of economic overlap as:

See ‘shared economic initiatives’

A *Business Support and Transformation*: we each share a commitment to supporting the success and development of businesses in our respective districts. It makes sense to work together, pooling resource to unlock value through joint contracting which also ensures consistent, high-quality support provision across our functioning economic geography.

## Where our work overlaps, it's easy to demonstrate the added value of joint working

- B *Joint approach to inward investment*: companies don't see local authority boundaries and our ED teams working to attract these businesses recognise this fact. We share a wish to see an increased number of skilled, well-paid jobs through successful inward investment. Whereas we would struggle to promote any single district, we can work together more effectively to market Exeter and the Heart of Devon and maximise the chance of successful investment.
- C *Strategic planning*: employment land and infrastructure. We have responded as a partnership in becoming part of the formal planning structure to ensure the right employment opportunities and required infrastructure will be identified through our GESP.
- D *Employment and skills*: improved engagement working together in partnership with our EHOD Employment and Skills Board is crucial to create a world-class workforce and maintain our competitive position. Given the labour market challenges currently faced by EHOD, we will be more successful in promoting the area to high-value inward investors if we can tailor skills delivery to the future needs of these businesses.

As Economic Development teams, we will continue to deliver on our individual district level Economic Development Strategies and Service Plans, but where our work overlaps, it's easy to demonstrate the added value of joint working to maximise efficiencies and avoid duplication and inconsistency.

Fig. 2: economic development work overlap



## We need to address opportunities and threats to strengthen the local economy

### Our challenges

Our review of the socio-economic profile of the EHOD area has identified a number of opportunities and threats, which we need to address to strengthen the local economy. These have informed our economic initiatives (outlined later) and include:

#### *EHOD strengths and opportunities*

- Significant growth potential beyond the Enterprise Zone
- Recognised as an opportunity area in HOTSW LEP's current priorities
- Delivery focus on the Devolution Prospectus priorities
- Met Office High Performance Computer
- Development of the knowledge economy
- Tourism helping to promote inward investment and workforce relocation
- Potential of Exeter City Futures to shape change
- Quality of retail offer and environment (moors and coast) proves attractive to inward investors and in attracting a skilled workforce

See appendix 3

#### *EHOD threats and weaknesses*

- Ageing workforce and population
- Rural communities becoming more dormitory, increasing commuting and loss of sustainability
- Lack of ability to bring forward employment land within a constrained timescale
- Low number of JSA claimants (limited pool for new jobs)
- Enterprise Zone can present challenges for existing EHOD employment sites
- Hinkley Point C could exacerbate skills shortages
- South West sectors disproportionately reliant on trade with European Single Market
- Quality of employment land, housing, retail and environment need to match expectations of aspirational sectors

Much can be missed if acting only on the opportunities available for us to grow our economy, without fully addressing some of our most pressing shared challenges. These too require further analysis to develop a shared understanding to enable an effective joint response.

Our current challenges include:

- **Productivity gap:** the area faces a widening ‘productivity gap’ compared with other parts of England. In relative terms, the North Devon economy has overtaken EHOD in terms of productivity growth<sup>1</sup>.

*Evidence*

- Gross value added (GVA) per job is the most accurate measure of productivity. EHOD’s contribution to Devon’s total GVA has dropped from 65% in 2000 to 62% in 2014<sup>1</sup>
  - North and South West Devon contribute considerably less to Devon’s overall GVA (38%). However, their annual GVA growth rate (2.76% and 2.49% respectively) is higher than EHOD’s at 1.88% (2000 to 2014). In this way, they are gradually catching up to EHOD in terms of overall contribution to Devon’s total GVA.<sup>1</sup>
  - Devon’s productivity was 84% of the England average in 2000. This gap has widened to 80% (2014).<sup>1</sup>
- **The sectoral composition of the economy:** this is dominated by low-value, low-productivity jobs, which largely service the needs of the local population

*Evidence*

- The sectoral composition of the EHOD area is over-represented in ‘Public admin, education and health’ (33% compared a UK figure of 27%) along with ‘wholesale and retail’ (19% compared with 16% nationally).<sup>2</sup>
- To put this into context, in 2014 it was estimated an average of 26% of jobs across the EHOD area paid below the recommended living wage. This equates to over 45,000 low-paid jobs across EHOD.<sup>3</sup>



Axminster Tools actively invest in local economic growth and skills development. Their apprenticeship scheme has a 100% success rate.

- **Earnings are lower than average:** this is the case across most of the EHOD area and links to housing affordability and relative poverty

*Evidence*

- Wages are broadly comparable across the EHOD area. By place of residence, they are lowest in Teignbridge (£440.80/week) and highest in East Devon (£498.90/week)<sup>4</sup>
- By place of work (not residence), wages are notably higher in Exeter (£536.50/week) than in the rest of EHOD (EHOD less Exeter £446.40/week)<sup>4</sup>
- Average EHOD wages (£20,491 pa) are still lower than both the South West (£21,283 pa) and England (£22,716 pa) average<sup>4</sup>
- EHOD has a higher house price ratio than the rest of England (9 × the average salary compared to 7.5 × nationally).<sup>5</sup> With higher house prices and lower than average wage levels, many young skilled workers move out of the area to pursue careers and more affordable housing.
- For Exeter, the loss of employment premises to residential use is being compounded by the loss of sites to student accommodation

- **Our labour market is limited in size:** low unemployment means a shortage of workers and shortage of skills required for our businesses to expand. This is exacerbated by demographic change with a loss of young adults and a growing proportion of retired people.

*Evidence*

- Employment rates in all four EHOD authorities (82.2%) are higher than the South West (77.4%) and the UK (73.7%)<sup>6</sup>
- The average overall unemployment rate across EHOD (3.2%) is lower than the South West (3.9%) and UK (5.1%)<sup>6</sup>

- The proportion of economically active residents claiming Jobseeker's Allowance (JSA) across EHOD is (0.8%) This is considerably lower than the UK JSA claimant rate (1.5%) and the South West average (1%).<sup>7</sup> At the time of writing, EHOD has just 2,200 JSA claimants<sup>7</sup> many of whom are longer term unemployed and have multiple barriers, limiting our labour market and presenting challenges for our growing businesses and major inward investment.
  - The 65+ age group is the only age group currently growing as a proportion of EHOD's overall population<sup>8</sup>
  - We face a potential drop in the net migration of younger workers following the UK decision to leave the EU. This could mean fewer employees available to all of our business sectors, including those supporting this ageing population.
- **Employment land supply:** there is a lack of physically available and deliverable employment land to accommodate indigenous growth and inward investment opportunities

### *Evidence*

- Exeter city has just six acres of currently available employment development land with only a further six hectares in the pipeline
- Teignbridge, East Devon and Exeter have employment allocations adopted within their Local Plans which are challenged in terms of their deliverability
- Environmental, landscape and geographical constraints make it difficult to deliver economic growth outside of these allocated sites
- The Growth Point employment sites are coming forward, but more slowly than anticipated
- Infrastructure constraints remain with Junction 29 and 30 of the M5 currently beyond capacity and A303, A30 and A358 improvements planned



## We are working to improve our connectivity and infrastructure

- **Geographical location:** our location in the South West and access to key economic markets is an important issue. We are working to improve our connectivity and infrastructure, particularly mobile and broadband.

### *Evidence*

- Connecting Devon and Somerset (CDS) are set to achieve 90% of premises with access to superfast broadband by Dec 2016. The phase two programme is also aiming to connect tens of thousands more premises to NGA (next generation) broadband of 30Mbps or higher. Despite these advances, some of our more deeply rural settlements and employment sites may be left without sufficient broadband access.
- Over the past 15 years Devon has seen an increase of 13% more traffic on major roads<sup>9</sup>
- The Chancellor has committed to delivering at least £7.2bn of investment in transport in the south west and deliver a step change in digital connectivity (January 2015)
- We are still facing serious challenges in our utilities capacity and the associated ability to bring new employment land forward. Investment in utilities infrastructure has waned in recent decades, particularly electricity and gas and major investment is required across the South West.

Our focus is to secure better jobs, a skilled labour market and a higher value business base. We need to collectively steer our own economic destiny and do so in a manner that creates sustainable opportunities, particularly for our talented young people and graduates.

# 3 Policy alignment

This strategy has not been prepared in isolation. The four authorities have been mindful of the need to align the strategy with relevant policy and the LEP and DCC growth plans, to ensure a strong, shared voice for the region.

See appendix 3  
for more detail

This EHOD Shared Economic Strategy 2017–20 sits in a policy hierarchy that flows down from Central Government policies on employment, planning, business support, innovation, skills and learning and investment, through to sub-regional and local policies and strategies. Fig. 3 sets out the policy framework and defines the core role and function of this shared strategy.

We will ensure that the priorities contained within this shared strategy appropriately reflect those of the HOTSWE LEP's Devolution Prospectus, Strategic Economic Plan and Single Productivity Plan. We will also ensure that our work delivers on the relevant areas of the refreshed Devon Strategy for Growth, maximising our alignment with both current and emerging funding streams.

Equally important is that our own intimate knowledge and insight of our local, shared economic growth opportunities and unique delivery capabilities are reflected in these emerging works, as well as our own district level strategies. Only then will the region's higher-level strategic ambition connect through to local economic resources and their commercially informed capacity to deliver.

The Growth Point is a significant feature of the EHOD area, even more so as it will soon be located within an Enterprise Zone. This will create a step change in investment and job creation and an up-lift in funds available for increasing productivity and economic benefits across our wider economic area. It will also offer discounted rates to new businesses locating in the zone, simplified planning rules and other support, such as enhanced broadband provision.



Teignmouth's Pavilions is an arts and community venue promoting sustainable economic growth, providing valuable employment

Fig. 3: strategic fit

The shared strategy is aware of, is shaped by and has synergy with these influences:



4

# Our growth ambition and strategic priorities

## The emphasis is on establishing EHOD as a leading knowledge economy and entrepreneurial region in the UK

### Our growth vision

Our ambition is to strengthen the EHOD economy to secure sustainable growth through creating more higher-value, better-paid jobs. We will provide an environment that creates opportunities for business growth that make a positive difference to people's lives, with businesses that start, stay and invest in the area.

The emphasis is on establishing EHOD as a leading knowledge economy and entrepreneurial region in the UK, building on our comparative advantages, specifically our innovation assets including the University of Exeter, the Met Office with its 'super computer', the Science Park Centre and our growing knowledge sectors.

Our growth vision is that by 2040, EHOD will have been transformed to a leading business location, attracting more high-value investors and businesses through its diverse and skilled workforce, high-quality commercial sites, local services, and accessibility to transport links and strategic routes to the South West, UK, continental and global markets.

This shared strategy focuses on agreed actions to help create the right business, employment and workforce environments – enabling the sub-region to realise its growth ambition.

Our purpose is to support the right conditions for growth and sustainable investment in the EHOD economy. We need to achieve SMART growth, using our resources for maximum impact and focusing on our growth sectors and clusters of activities. This will create high-value jobs and seek to improve the level at which our existing workforce is employed.

We need to use this shared strategy to articulate our ambitions and plans to partners, with a view of improving collaboration and maximising leverage. This shared strategy will help shape our conversations with the HOTSW LEP in supporting delivery of the wider regional growth programmes and unlocking development funding.

# Our purpose is to support the right conditions for growth and sustainable investment in the EHOD economy

### Underlying principles

Our growth priorities and activities are underpinned by a number of principles:

- *Partnership and collaboration*: more than ever, delivery of this shared strategy will be about working in partnership to get the most from scarce resources. This will include formalising how EHOD works and establishing a new relationship with the private sector to drive forward our growth agenda.
- *SMART growth*: this shared strategy seeks to increase productivity without damaging the quality of life or the environment of the area. This more sustainable approach to development means driving economic growth through knowledge, innovation and creativity.
- *Equality*: social equality and ensuring that all residents benefit from growth will be at the heart of this shared strategy, articulated by ‘every individual matters’ in our EHOD Employment and Skills Plan & Evidence Base (2015)
- *Maximising financial incentives*: a driver will be to maximise income from the various financial mechanisms introduced by central government to generate additional revenue for each council as core grant funding is reduced. Specifically the New Homes Bonus, Community Infrastructure Levy and business rates retention will be central.
- *Understanding, monitoring and communicating trends*: our plans and activities will be based on sound research and intelligence to support and monitor economic change



Fig. 4: how we work together to achieve our overall priority



We work together on four economic initiatives ...



Exeter Science Park,  
the South West's home to  
science and technology





# 5 Shared economic initiatives

### A Business transformation

This shared strategy will build on the strengths of our business base. Over the next three-year period, the focus will be on supporting the creation of new high-value businesses and jobs, as well as supporting the growth of our existing companies. Given proposed changes to the funding of core services through retained business rate revenue, local authorities now have an even more vested interest to promote and secure this growth.

High levels of new business formation are an essential quality of a dynamic local economy. We recognise that achieving this increase in the business birth rate will be a long-term process. We need to build the foundations to foster the next generation of entrepreneurs, ensuring existing businesses have the right support to grow, innovate and become more competitive.

Over 90% of the sub-regional economy consists of small and micro enterprises operating in niche sectors. If they are able to continue to innovate and diversify, they will remain successful and continue to grow.

We have identified key industry sectors which will provide a focus for initial priority action:

- Professional scientific and technical services
- Engineering
- Big data and environmental futures
- Digital economy
- Leisure and tourism

Leisure and tourism is unlikely to reduce the productivity gap or develop the knowledge economy, but contribute significantly to the quality of life of people living in the EHOD area. This will play a strong role in encouraging skilled workers to stay in the area, and to relocate to EHOD from outside the area.

We will concentrate on our existing and emerging competitive strengths within these industry sectors to ensure that the right mix of people, skills and technology is available to improve productivity, competitiveness and profitability.

The four EHOD authorities have been working closely together to achieve positive tangible outcomes for our business communities. Our actions demonstrate that this collaborative approach to a more consistent and inclusive business support service is effective and provides far better value for money. Achievements include:

- The development and procurement of a joint business support service for businesses in the EHOD area – ‘Business Boost’. This means that all businesses start-ups within EHOD are able to access the same high-quality service, simplifying the support landscape and increasing the value for money achieved in funding the service.
- Joint procurement of business intelligence systems and sharing of business data. This enables economic development services to better understand the economic landscape, respond more effectively to incoming business enquiries, to identify business needs, and shape the best methods of meeting these needs. This will also enhance future collaborative project development.

We will continue to seek and engage with funding opportunities to deliver new business support services and to extend the longevity of our existing support provision.

The four EHOD authorities have been working closely together to achieve positive tangible outcomes for our business communities

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### PARTNERS' ACTIONS

- Design and implement a comprehensive all-age entrepreneurship and enterprise programme to accelerate new business start-ups
- Monitor and evaluate our jointly contracted Business Boost support programme to ensure the growth and expansion of a world-class business support network
- Design and develop a series of cluster development programmes prioritising the sectors outlined above that show potential for growth and development
- Encourage the commercialisation of the research and development capability of the University of Exeter
- Design and implement an EHOD workspace strategy and action plan for thriving start-ups and move-on space for next stage growth
- We will work with our partners across the EHOD region, committed to establishing the Greater Exeter region as one of the UK's leading knowledge economies, foremost in the areas of high performance computing, data analytics and environmental futures
- Work to ensure the fast-tracking of all planning applications associated with employment growth within EHOD
- Remove a key barrier to growth by pushing for pre-application consultation fees to be removed for all small-scale applications associated with business growth

### **B Inward investment**

Attracting inward investment is fundamental to achieving our growth ambitions for EHOD. We need to generate a more in-depth understanding and intelligence regarding our growth sectors and sharpen our focus on how we enable investment and growth in our priority sectors.

Through joint initiatives, such as the Exeter and East Devon Growth Point and ExIST, EHOD continues to be an attractive location for inward investment, garnering 600 to 1,000 annual enquiries to expand or relocate within the area. Plans for a new Enterprise Zone at the Exeter and East Devon Growth Point will enhance the ability to attract investment into EHOD. However, we need to develop and implement a more effective enquiry-handling service to convert high-value, knowledge-based business enquiries into secured investment.

We will co-ordinate all activity relating to inward investment, drawing together all interests and activities to unite all involved behind one common vision and resource pool. The aim is to attract significant investment, create sustainable high quality employment, raise income levels and identify the challenges that need to be addressed to raise innovation levels, including retaining and attracting ambitious young people to the area.

We will design and implement a proactive approach in the form of a new inward investment programme. We will focus on the core sectors we have identified as well as functions and geographies, which will be carefully researched. Activities will be prioritised to ensure best use of resources and effective marketing, building on combined investment appeal and an appropriate blend of media collateral.

In addition we will, in partnership with the Department for International Trade (DIT, formerly UK Trade and Investment), the HOTSW LEP and DCC, re-shape our engagement with key employers through a consistent 'key account management' approach to proactively manage relationships with all strategically important businesses.

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#### PARTNERS' ACTIONS

- Work with DIT, the HOTSW LEP and partners in Devon County Council to promote and market the EHOD offer regionally, nationally and internationally
- Develop and implement a proactive inward investment programme and 'soft-landing package' – consistent across all EHOD authorities. This will define our targeted inward investment sector priorities based on our existing strengths and national relevance.
- Continue to develop the Commercial Property Register and EHOD CRM system to strengthen information exchange, joint handling of enquiries, referrals and performance monitoring
- Formalise a shared approach to 'key account management' to work with companies to retain and grow our key employers, which aligns with the strategic and global accounts managed by DIT
- Monitor feedback and record any reduction in inward investment activity associated with the UK's withdrawal from the European Union (EU)

### C Strategic planning and infrastructure

Successful economies also need adequate infrastructure to provide the basis for smart economic growth, which is more resilient and adaptive to emerging markets. The quality of our economic infrastructure is of strategic importance to business growth. The reliability of transport networks – road, rail and air – the security and cost of energy, the resilience of water and waste services and the speed of broadband connections are all critical factors for business.

The EHOD local authorities along with DCC have commenced work to align planning policy and development strategy through the production of a joint Greater Exeter Strategic Plan (GESP). This will guide change and development over the next 25 years. It is through this process that the EHOD partnership can support and guide the identification and delivery of suitable employment sites.

The process includes the production of a Housing and Economic Land Availability Assessment (HELAA) that will cover the whole of the EHOD area. This will be informed by an Economic Development Needs Assessment (EDNA) that has recently been commissioned. We will support the development of the EDNA through a robust analysis of the jobs and growth scenarios underpinning this work.

Our EHOD partnership will also provide business intelligence to ensure that the HELAA methodology is sound in its approach to the identification and assessment of employment land. We will do this by ensuring that deliverability and viability underpin the identification of these strategic employment sites across the EHOD geography – directly informing more robust allocations within our respective Local Plans. We will then enable future growth by supporting and bringing forward investment in these key development sites through supporting indigenous business growth and promoting inward investment.



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**PARTNERS' ACTIONS**

- Help ensure the HELAA methodology and pro-forma is robust and captures information to inform an assessment of the deliverability of land put forward for employment use
- EHOD ED Officers commit to ongoing attendance on the HELAA panel. This will help ensure that the delivery of housing across EHOD is balanced against the delivery of sufficient employment premises. In this way, we will be promoting the right mix of housing and employment land in the right locations to meet the needs of businesses now and in the future.
- Engage with estates management functions in the EHOD local authorities to ensure land owned by local authorities is submitted to the process in the same way as any other site
- To assist planning officers with the initial filtering of sites (assessing suitability and availability), pre-panel assessments and highlighting major transport needs
- Ensure the demand data collated by the Commercial Property Register informs both the identification of suitable employment sites through the GESP and supports the approval of planning applications for commercial use
- Directly inform scenario development in EDNA. Propose appropriate amendments to existing growth trajectory scenarios based on local employment step change interventions such as the Enterprise Zone.
- EHOD will lead a broadband development event, bringing together all major developers and broadband providers to focus on maximising the delivery of superfast connectivity in all major construction projects across EHOD

## **D Employment and skills**

Enhancing and developing the skills of our adult workforce and young people entering the workforce is critical to enable economic growth. We need to match skills with jobs to ensure the diverse skills and employment needs of existing enterprises and potential investors are provided for, now and in the future. In addition, with such comparatively low levels of current unemployment, it is essential to engage and promote opportunities to heighten

individual aspirations and skills development within the existing workforce – improving work prospects, productivity and average earnings throughout the region.

We need to respond to a much changed policy and programme environment for education and skills. Skills and employment will see further major reforms to achieve the government’s productivity and economic growth aims across the labour market. Specifically, the re-shaping and re-commissioning of post-16 education and the continuing emphasis on apprenticeships is designed to equip people with the skills that employers need to compete and grow.

This is perhaps the most challenging of our priorities. However, we are fortunate that the EHOD Employment and Skills Board (ESB) has been established, whose overall mission is for a ‘local world-class workforce where every individual matters’. Their priority areas are:

- Improving impartial up-to-date Careers Education Information Advice and Guidance (CEIAG) through greater employer-education engagement
- Linking local people to local job creation particularly in growing sectors with recruitment difficulties
- Growing the number of apprenticeships, particularly well-paid higher-level and graduate-level apprenticeships
- Addressing low levels of progression into higher education given EHOD’s strategy of knowledge intensive (KI) growth and the presence of a world-renowned university
- Improving levels of graduate retention from the large pool of young talent which routinely leaves EHOD
- Developing higher-level and technical skills to support ‘smart specialisation’

We need to forge a closer working relationship with the ESB to align activities and help promote more tangible outputs that meet the needs of business and our working residents. By working more closely with our employer-led EHOD ESB, the four district authorities can help ensure that stronger links with our education and skills providers are developed and maintained with this crucial group of major local businesses.

Through detailed analysis of our businesses, EDOS (economic development officers) and the ESB can identify and translate sector-specific evidence of skills and training needs into detailed funding applications (where available). This is to enable tailored delivery, creating adaptations to local training and education provision based on up-to-date local economic intelligence.

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#### PARTNERS' ACTIONS

- EHOD economic development teams will formalise a collaborative working relationship with the ESB as an employer-led independent organisation to help unlock potential and achieve the ESB stated aims
- To fulfil this obligation in the short term, EHOD economic development teams will demonstrate improved engagement with the ESB through EDO support and representation at ESB meetings
- Employment and Skills will also become a standing item for review at monthly EHOD economic development team meetings with quarterly ESB representation
- EHOD economic development teams will identify future skills needs within this shared strategy's priority sectors (see A, business transformation) that show potential for growth and development and feed these into the ESB for response
- In the medium term, EDOS will help identify and promote the skills needs of the current and future business base through comprehensive intelligence-driven research and business engagement to gather local economic and employment data
- Our EHOD ESB lead will develop an action plan which takes into account the new government employment and skills guidance and aligns with the devolution agenda
- EHOD economic development teams will also work with the ESB to develop a balanced ESB representation to include greater engagement with Mid Devon and Teignbridge
- Support the development of higher level apprenticeship programmes for our key sectors

# 6 Implementation and delivery





EHOD promoting the development of skills required for high-value future employment

Much has been achieved over the last 18 months in terms of partnership action. The economic development teams will have a critical role to play to drive forward the growth agenda across the EHOD area. The roles, responsibilities and resources within the teams will need to be reviewed and agreed in light of the new priorities set out in the strategy. Collective functions will include:

- Formalising the Shared Economic and Investment Strategy in consultation with the HOTSW LEP and business community
- Ensuring effective alignment between decision making on transport and decisions on other areas of policy such as economic development and wider regeneration
- Using EHOD economic intelligence and analysis as a basis for strategic planning, investment and coordination.
- Coordinating inward investment activity through the development of a shared CRM system and a range of investment mechanisms
- Decision-making on the skills strategy and agenda across the EHOD area

### **What we want to achieve**

Our collaborative approach will focus on delivering actions that will:

- Improve the productivity of the EHOD economy
- Attract and retain investment in knowledge and innovation sectors
- Support the creation of high-value jobs that raise the wage profile
- Work with planning teams to identify and enable employment provision and infrastructure to support economic growth
- Ensure local skills meet the current and future needs of the EHOD business landscape

### **How this will be achieved**

Through ongoing EHOD partnership engagement we will prepare business plans for each of the priorities highlighted in this shared strategy that will identify:

- The principal activities that will be taken forward
- Key targets and milestones
- The resources required

**Who will lead within EHOD**

Lead authority and partners taking forward the activities are:

- *Business support and transformation lead economic development team*  
Mid Devon District Council
- *Joint approach to inward investment lead economic development team*  
Exeter City Council
- *Strategic planning: employment land and infrastructure lead economic development team*  
East Devon District Council
- *Employment and skills lead economic development team*  
Teignbridge District Council

**Measuring progress**

The partner actions we have outlined in delivering each of the four economic initiatives articulate our specific aims and commitments.

**A business plan will be developed to encapsulate the actions for each common economic objective which will be subject to ongoing progress review at monthly EHOD meetings.**

Beyond these partner actions, the wider strategic outcomes of our work are identified as:

- Securing stakeholder and business agreement with this shared strategy
- Formal adoption through our committee processes of this shared strategy by our four EHOD authorities
- Recognition from the HOTSW LEP and DCC of the work EHOD are doing to actively deliver on the economic growth and productivity aims of their SEP, SPP, Devolution Prospectus and Strategy for Growth
- Evidence-led tailoring of our Business Boost support programme
- An increase in inward investment enquiries, conversions and jobs created across the four districts
- The growth of our existing business base with improved engagement through our ‘key employer programme’
- The identification and eventual adoption of the most optimal employment sites across EHOD
- To maximise synergies between employment and skills provision and local employer needs

See appendix 3

Making the case for growth will be crucial if EHOD is to benefit from external funding support. The focus will be on developing and bringing forward projects that will have major economic impact, improve productivity and bring wider benefit to the area. This shared strategy will also ensure parity of resource input by partner authorities in the overall delivery of our shared EHOD economic objectives.

# Appendix 1

## EHOD economic indicators

	Teignbridge	East Devon	Exeter	Mid Devon	EHOD	South West	England
<b>Population</b>							
Total population	128,826	138,141	127,308	79,510	473,785	5,413,094	63,258,400
Population under 16	16.2%	15.7%	15.4%	18.4%	16.4%	16.6%	20.1%
Population 16–64	58.2%	54.5%	69.0%	58.9%	60.1%	61.8%	62.1%
Population 65+	25.6%	29.8%	15.7%	22.7%	23.4%	21.6%	17.7%
<b>Labour market</b>							
Employment	98.4%	97.0%	95.6%	97.9%	97.2%	96.1%	95.0%
Economically inactive	9.3%	8.4%	10.2%	8.6%	9.1%	11.5%	11.8%
Unemployed	2.9%	2.8%	4.3%	2.8%	3.2%	3.9%	5.0%
Out of work benefits claimants	9.3%	8.4%	10.2%	8.6%	9.1%	10.4%	11.8%
Job density	0.71	0.81	1.20	0.77	0.87	0.86	0.82
<b>Average wages</b>							
Weekly wage by residence	£440.80	£498.90	£478.10	£479.90	£474.43	£498.80	£527.70
Weekly wage by place of work	£402.90	£466.70	£536.50	£469.70	£468.95	£492.80	527.7
Average annual wage	£19,922	£21,235	£20,104	£20,703	£20,491.00	£21,283	22,716
Average house price	£220,802	£250,048	£229,377	£210,267	£227,623.60	£212,878	£202,856
House price ratio	10.23	10.02	7.86	8.08	9.05	10	7.49
<b>Enterprises</b>							
Micro enterprises (0–9)	87.6%	89.1%	83.6%	91.8%	88.0%	88.7%	88.8%
Small enterprises (10–49)	10.6%	9.6%	13.4%	7.3%	10.2%	9.5%	9.2%
Medium enterprises (50–249)	1.6%	1.1%	2.2%	0.8%	1.4%	1.4%	1.6%
Large enterprises (250+)	0.2%	0.2%	0.8%	0.1%	0.3%	0.3%	0.4%
<b>Skill levels<sup>1</sup></b>							
No Qualification	5.50%	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>	5.50%	8.60%
NVQ1 and equivalent	12.6%	7.2%	11.3%	8.8%	10.0%	13.2%	12.8%
NVQ2 and equivalent	18.2%	19.9%	18.6%	12.9%	17.4%	18.9%	18.1%
NVQ3 and equivalent	26.2%	18.0%	26.4%	37.1%	26.9%	21.0%	19.1%
NVQ4 and above	37.4%	54.9%	43.7%	41.2%	44.3%	40.9%	40.7%

<sup>1</sup> Some percentages will not equal 100% due to rounding methods

<sup>2</sup> too small to measure



# Appendix 2

## EHOD inward investment Memorandum of Understanding

*Memorandum of Understanding (MoU) for the new collaborative delivery model for economic development for Exeter and the Heart of Devon ('EHOD') from 3 November 2016 onwards*

### **Introduction**

This MoU outlines the guiding principles by which all the participating local authorities will co-operate and co-ordinate their support for the new service delivery model for economic development from 3 November 2016.

The MoU is based on the local authorities working together in a transparent and collaborative way. It sets out the themes under which economic activities will take place, and identifies which local authority will be the lead partner in each activity:

- Inward investment: Exeter City Council
- Business transformation: Mid Devon District Council
- Strategic planning and infrastructure: East Devon District Council
- Employment and skills: Teignbridge District Council

The benefits of the MoU to all parties are the potential for economies of scale and provision of service, and the joint sharing of intelligence and resource. There is also the increased capacity for EHOD as a whole to be a more encouraging location for indigenous growth and inward investment within the sub-regional, regional and national context. It is also intended to ensure greater efficiency through optimising the use of collective resources such as sector intelligence and market understanding.

### Overarching principles

The driver behind this approach to delivering economic development is the recognition that businesses do not operate within local authority boundaries. Instead the majority of their activities take place within functioning geographical areas. EHOD is a long established functioning economic geography, covering the local authority areas of Exeter, East Devon, Mid Devon and Teignbridge.

Within this setting, each of the four local authorities has strengths and weaknesses in the development and implementation of business focused activities. However, the local authorities have limited resource to support and grow economic activities, and must therefore be more innovative in the way that we work and explore opportunities to develop services in partnership to achieve success. By working in a more collaborative way, we can build upon the strengths of each authority, and mitigate areas of weakness, making the whole of the EHOD area more economically successful and resilient.

The participating local authorities will look for opportunities to align our business focused activities more closely and, where it becomes sensible to do so, the activity will be delivered in partnership. This process will create a low-risk method of combining activities, by ensuring that a decision to work collaboratively is only ever made when it is to the benefit of each local authority.

Each local authority will also develop a business plan for the EHOD area, focused on their recognised areas of expertise (see above themes). These business plans will support the aims and objectives of the EHOD Shared Economic Strategy 2017–20, and align with the key themes it seeks to address.

The business plans will be reviewed annually, and refreshed following the renewal of the EHOD Shared Economic Strategy 2017–20 in 2020. This MoU will be formally reviewed annually.

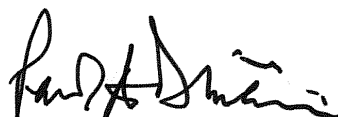
### Status

This MoU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the parties from this MoU. The parties enter into the MoU intending to honour all their obligations. Nothing in this MoU is intended to, or shall be deemed to, establish any partnership or joint venture between the parties, constitute either party as the agent of the other party, nor authorise either of the parties to make or enter into any commitments for or on behalf of the other party.

### Agreement

Based on the above principles and intended process, this MoU confirms the organisations stated have agreed on the delivery of EHOD services against the principles above.

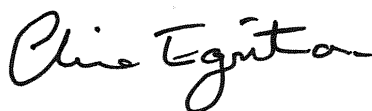
Signed on 3 November, 2016 by:



Cllr Paul Diviani  
*Leader, East Devon District Council*



Cllr Pete Edwards  
*Leader, Exeter City Council*



Cllr Clive Eginton  
*Leader, Mid Devon District Council*



Cllr Jeremy Christophers  
*Leader, Teignbridge District Council*

# Appendix 3

## EHOD Shared Economic Strategy 2017–20: synergy matrix

### Most important local economic strategies

**Heart of the South West Local Enterprise Partnership Devolution Proposal**

**Heart of the South West Local Enterprise Partnership Strategic Economic Plan**

**Devon County Council Strategy for Growth**

### EHOD economic initiatives

#### Inward investment actions

- Supporting the local supply chain needs of Hinkley Point C
- Making the area more attractive to Inward Investment

- Capitalising on our distinctive assets to create higher value growth and better jobs
- By 2020 – improve up to the middle third of LEPS for innovation and knowledge economy indicators; middle third for higher value employment indicators

- Priority action: a more productive economy and promotion of inward investment

#### Business transformation actions

- Improved tax revenues from business growth
- Contribute towards the pledged £4bn additional gVA towards the UK economy

- Stimulating jobs and growth across the whole economy

- Priority action: a thriving business community

#### Employment and skills actions

- A highly-skilled highly-productive labour market meeting businesses' employment priorities
- Contribute towards the 163,000 new jobs
- Raise wage levels above the national average
- Increase apprenticeships by 400%

- Maximise productivity and employment to benefit all sectors
- By 2020, placed in middle third of LEPS for competitiveness, exporting and enterprise indicators
- Top 15 LEPS for reducing youth unemployment
- Reduce the gap with the average UK wage

- Priority action: a workforce with the right skills and employment opportunities for the future

#### Strategic planning actions

- Delivery of infrastructure that supports these ambitious plans
- 179,000 more homes and accelerated delivery in major growth points

- Creating the conditions for growth through infrastructure and services to underpin growth
- Making transport infrastructure more resilient
- 95% superfast broadband coverage
- 10,000 new homes per year

- Priority action: a well-connected county with the road, rail, cycle networks, economic hubs, broadband and housing it needs

# Appendix 4

## Acronyms used in this document

CEIAG	Careers Education Information Advice and Guidance
CDS	Connecting Devon and Somerset
CRM	Customer relationship management (system)
DIT	Department for International Trade
DCC	Devon County Council
DCLG	Department for Communities and Local Government
ECC	Exeter City Council
EDDC	East Devon District Council
EDO	Economic Development Officer
EDNA	Economic Development Needs Assessment
EHOD	Exeter and Heart of Devon (Economic Partnership)
ESB	Employment and Skills Board
ESIF	European Structural and Investment Funds
ExIST	Exeter Initiative for Science and Technology
FEMA	Functioning Economic Market Areas
GESP	Greater Exeter Strategic Plan
GVA	Gross Value Added
HELAA	Housing and Economic Land Availability Assessment
HOTSW LEP	Heart of the South West Local Enterprise Partnership
JSA	Jobseeker's Allowance
MDDC	Mid Devon District Council
Mbps	Megabits per second
NGA	Next generation (broadband)
ONS	Office for National Statistics
SEP	Strategic Economic Plan
SMART	Specific, measurable, achievable, realistic and time-bound
SPP	Single Productivity Plan
TDC	Teignbridge District Council
UKTI	UK Trade and Investment

# Appendix 5

## References for section 2

- 1 SQW  
June 2015
- 2 ONS Business Register and Employment Survey  
2015
- 3 ONS Annual Survey of Hours and Earnings  
2014
- 4 ONS Annual Survey of Hours and Earnings  
2015
- 5 Housing Market Profile  
July 2016
- 6 ONS Annual Population Survey  
2016
- 7 DWP Benefit Claimants – Working Age Client Group  
2016
- 8 ONS Predictions Based on Census Data  
2011
- 9 Department of Transport  
2015





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Exeter + Heart of Devon Economic Partnership members:





## REPORT TO SCRUTINY – CORPORATE SERVICES

Date of Meeting: 26 January 2017

Report of: Corporate Manager Property

Title: Energy Strategy and Action Plan 2017-2022 - An Energy Neutral Council

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Executive

#### 1. What is the report about?

The report provides an Energy Strategy supported by a wide-ranging Action Plan. The Strategy for the City's Corporate Estate builds on the work of the Renewables and Energy Efficiency Programme and the ambition to be an Energy Neutral Council. This is the Council's first stand-alone Energy Strategy, and one that aims to deliver a sustainable and energy efficient estate, to protect against future energy risks, and to share such benefits with others.

#### 2. Recommendations:

That Scrutiny Committee recommend that Executive approve the Energy Strategy and Action Plan. To achieve the outcomes identified in the Strategy, projects will be progressed through the Renewables and Energy Efficiency Programme, using the existing approval process.

#### 3. Reasons for the recommendation:

The Council has identified the need for a coherent Energy Strategy for its estate as part of its aspiration to become an Energy Neutral Council.

#### 4. What are the resource implications including non financial resources.

The Energy Strategy will be delivered by the Energy Team, made up of two full-time posts and this level of resource continues to be supported.

Development of the Action Plan, forward planning and further feasibility work, in addition to the day to day energy management operation (monitoring and control), may require further support when the new programme and/or large projects commence. This will be subject to further reports if required.

#### 5. Section 151 Officer Comments:

Funding remains allocated in the capital programme for projects which can demonstrate that they benefit the Council both financially and in energy savings. Any projects coming forward are checked for financial viability although any significant projects may require further Council approval if there are insufficient funds to progress.

#### 6. What are the legal aspects?

No

**7. Monitoring Officer Comments:**

No concerns

**8. Report details:**

See the attached Energy Strategy and Action Plan.

**9. How does the decision contribute to the Council's Corporate Plan?**

The delivery of the Strategy aligns with specific priorities contained in the Corporate Plan, to reduce operating costs, support Exeter's Community and to grow the local economy.

**10. What risks are there and how can they be reduced?**

The Strategy covers a five year period to attain carbon reductions and renewable generation targets, a benefit of which is energy security. Being energy secure will provide the Council with a consistent, reliable and affordable energy supply.

There are investment risks associated with renewable technologies. Officers are aware of these issues and will manage risk appropriately when investment decisions are made.

**11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

The reduction in the City Council's carbon footprint does go some way to improving, or at least mitigating, the adverse impacts of energy use on the environment.

**12. Are there any other options?**

The Action Plan will be delivered through the Renewables and Energy Efficiency Programme. This is set up so that the Energy Team is constantly considering alternative approaches and other avenues of investment in this area.

**Michael Carson**  
**Corporate Manager Property**

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

Contact for enquires:  
Democratic Services (Committees)  
Room 2.3



## **A Strategy for Energy Neutrality**

Exeter is an evolving City, with opportunities offered by new technologies, and partnerships working to make energy independence through low carbon heat and electricity a reality.

In 2015 the City Council successfully completed year two of an innovative renewables and energy efficiency programme. The programme for the Council's corporate estate brought with it significant savings, leading the way forward to a low carbon and energy efficient Council. This Strategy will build on the success of work completed to date, to deliver a sustainable and energy efficient corporate estate; to protect against future energy risks; and to share such benefits and opportunities with others.

The Energy Strategy consists of three key priorities, all of which are supported by a wide ranging Action Plan. If successfully implemented, the City Council will attain the benchmarks set and move another step closer to energy neutrality. Whilst this is a huge challenge, it is one that can be achieved through long term commitment, investment and partnership.

## **Foreword**

The way we generate and use energy in our homes and businesses is changing rapidly. Emerging technologies are predicted to change the way energy is used and supplied, helping us to dramatically reduce the amount of energy we need, removing reliance on imported fossil fuels, and providing the potential for more affordable and local energy sources.

This strategy will allow Exeter City Council to identify and grasp the opportunities available and address the challenges presented. Building on the substantial achievements we have already gained, by further reducing energy consumption across our estate and increasing renewable generation, we will work towards our commitment to become an energy neutral Council and an energy independent City.

**Cllr Rosie Denham**

**Portfolio Holder Economy & Culture**

**Cllr Ollie Pearson**

**Portfolio Holder Support Services**

## **Introduction**

This is Exeter City Council's first stand-alone Energy Strategy, one that contains both significant and attainable objectives. As a large consumer of resources Exeter City Council recognises how its role as a community leader, service provider and estate manager will impact upon the natural environment.

# ENERGY STRATEGY 2017-2022

## AN ENERGY NEUTRAL COUNCIL

The City Council has tested the water over the last five years with a number of different projects, and to demonstrate its confidence, in November 2015 signed a declaration by some sixty British cities that they would rely wholly on Green Energy by 2050, part of a world-wide initiative by 500 mayors to achieve the same goal.

Grasping the opportunities open to it, the Council will lead the way in delivering Energy Neutrality to remove reliance on energy imported to the region and to take advantage of smarter local, green energy. City wide a similar aspiration will require rapidly scaled up district heating with combined heat and power (CHP) technologies, renewable energy derived through solar and hydro, major expansion of an embryonic housing energy efficient retrofit programme, whilst at the same time exploiting the expected advances in the field of energy storage.

This Strategy invests in the future of the City and puts a low carbon Exeter at the heart of all decisions. As home to the Met Office's HQ, with the largest concentration of climate specialists in the world, it is perhaps not surprising that Exeter is carving out a reputation as a City which is leading the way.

### **Purpose of the Strategy**

Our City continues to face major challenges and risks relating to both the supply and demand for energy. By recognising those risks the Council is able to create opportunities with the potential to bring real benefit for our local and wider community.

The Strategy sets out three priorities supported by an Action Plan that provides a wide range of objectives achievable through implementation of both major and minor projects. The Action Plan embraces identified viable opportunities needed to successfully achieve each objective, including emerging technologies of the future. Over the next five years the Action Plan will act as a route map to deliver the key priorities set out in this Strategy, and achieve long term economic and environmental benefit.

Furthermore, the Strategy addresses specific priorities contained in the Council's Corporate Plan. These include a commitment to reduce operating costs, support Exeter's Community and to grow the local economy.

### **Key Issues**

The Council's aspiration for Energy Neutrality can be achieved by two means, to reduce consumption across the Corporate Estate and to generate renewable energy equal to what is consumed. The Renewables and Energy Saving Programme forms an essential cornerstone to achieving this ambition. This has been responsible for significant savings as well as new income streams.

The Energy Strategy and Action Plan builds on this growing momentum and track record for delivering successful energy saving projects, however the Council now faces a number of key issues, listed below. The Strategy aims to address these issues, mitigate future risks and maximise potential opportunities.

## **1. Affordability**

The benefits of a sustainable property asset, cutting energy use and generating renewable energy are clear, but the real challenge will be to ensure future projects provide value for money and generate a reasonable return on investment.

Affording best use of public funds and using a business led approach to energy saving projects, has to date been successfully achieved. However, with vast reductions to government subsidies for renewable technologies, especially in the Solar PV Feed In Tariff (FIT) and Renewable Heat Incentive (RHI), financing future energy saving schemes will be challenging. Longer paybacks, grant funding, alternative finance models, additional income streams and partnerships will all need to be considered.

New rationale will therefore be sought to support projects that have the same positive impact on energy reduction, but are unable to generate significant income/savings to cover investment costs.

## **2. Energy Security**

Energy Neutrality relies upon having a consistent, reliable and affordable energy supply. One increasing threat to the security of the UK energy supply is caused by an old and inadequate infrastructure. That same infrastructure is also key to achieving an alternative renewable supply, and overcoming:

- Grid restrictions as a consequence of an energy infrastructure which is old and inadequate. The sudden increase in renewables has resulted in significant problems for energy supply. This is very relevant in the South West where grid restrictions will remain in place for years to come until solutions/upgrade works are carried out by the District Operator.
- Affordability and development of battery storage. This technology is very much a key element for future energy supply, particularly for renewable energy, but is not yet fully developed or commercially viable.
- Industry regulations are stringent and limit innovation for local generation networks. However a government review of current regulation may assist innovative development in this field.

A modernised electricity grid is needed to support the transition to a low-carbon future that will bring with it the use of local energy on a local scale. Investment in grid infrastructure will provide an expanse of renewable generation that can be effectively stored and used when we need it most. Various trials are already in place for local renewable generation, with capability to store energy when there is insufficient grid capacity to export, but to supply energy at times of capacity and high demand.

### **3. Environmental Sustainability**

Energy affordability is a key component of wellbeing and economic growth. In 2015/16 the City Council estate used a total of 11,500,000 kW hours of energy, with a total energy spend of over one million pounds. The increased cost and volatility of energy prices will impact on the cost of delivering Council services and proportion of the budget allocated to energy will increase.

Carbon taxes also have an impact on the cost of energy and as policy leads to high carbon energy becoming more expensive, then generation or procurement of low carbon energy becomes a greater priority.

Exeter City Council is committed to responsible management of energy and will continue to drive forward change in order to support the aims of the strategy. The importance of controlling our energy consumption and how best to use generated energy is key. An effective Energy Management Team to both manage energy for the estate, and deliver renewable and energy saving projects remains a priority for the City Council.

### **Priorities and Objectives**

The Strategy is based on three priorities, each of which incorporates key objectives. Details of each objective, with solutions and proposed actions/projects are set out in the Energy Action Plan.

This highlights the challenges faced and benefits that can be shared. The focus of this Strategy is the Council's corporate estate nonetheless the work undertaken will also serve to support business and residents to share similar benefits and contribute to a better quality of life for all.

**Priority 1 A sustainable corporate estate. To reduce energy consumption, deliver efficiencies, drive down costs and carbon emissions.**

#### **Key Objectives**

- To fully integrate energy management across all relevant decision making processes, procurement and service provision to reduce energy consumption, costs and carbon emissions.
- To utilise a modern Building Management System with the latest technology to maintain accurate and comprehensive energy and water data to control consumption, support performance reporting and identify energy opportunities for savings.
- To engage with staff and service managers through behaviour projects, to devolve ownership of energy saving tools and encourage accountability.
- To embrace renewables and energy saving technology.
- To regularly review all properties and services.

**Priority 2 An Energy Neutral Council. To develop innovation and embrace emerging technologies to provide local, low carbon energy at an affordable energy tariff.**

**Key Objectives**

- To increase energy generation and to export renewable energy to the local grid using local supply networks.
- To provide energy security, to have a constant, affordable energy supply.
- To deliver a commercial approach to generating renewable energy with long term income generation that supports the Council's financial sustainability
- To continue to increase the Council's photovoltaic (PV) estate, to seek out commercially viable schemes with additional income streams through PPA agreements and private wire.
- To overcome grid restraints by embracing technology and expertise within the city, to benefit from the expertise of others, emerging technologies, smart city solutions, and local grid opportunities.
- To develop innovation and solutions, utilising battery storage solutions.
- To pursue alternative funding to assist the Council to financially support energy saving and renewable generation opportunities.

**Priority 3 A low carbon City. To promote energy efficiency and renewable opportunities for the community, business and stakeholders.**

**Key Objectives**

- To support local industry and creation of green business within the City, engaging with partners and encouraging investment.
- To encourage electric vehicle technology and support the growth of low carbon vehicles with charging infrastructure, seeking grant funding where available.
- To promote energy efficiency and support community energy projects.
- To assist development of District Heat Networks and available funding.
- To develop/assist housing and commercial retro-fit opportunities.
- To provide businesses with energy efficiency guidance and continue to set a standard for operational sustainability through the Green Accord.
- To work together with Exeter City Futures to realise a City wide ambition to be Energy Independent by 2025.

**Work to Date**

In 2014 the City Council Renewables and Energy Efficiency Programme began following a decision to invest in the long term sustainability of the building asset, and to derive financial benefit from energy efficiency and renewables. To date successful delivery of the programme has demonstrated significant energy and carbon savings, as well as long term income streams that will continue to support Council services. Currently Exeter



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has a solar PV estate of over 2MW, and numerous energy efficiency projects have cut energy consumption by 37% since 2009.

The Renewables and Energy Efficiency Programme includes two pioneering projects, solar canopy arrays on top of Council multi-storey car parks and a 1.5MW roof top PV installation. The car park canopies represent innovation that can be shared and under cover parking providing an improved parking service. The Livestock Centre PV array, thought to be the largest roof mounted PV array in the South West (pictured on the front cover), provided for the installation of a new roof which brought with it a sustainable long term future for the Centre, supporting local jobs and the farming community. Moreover the projects supply electricity to leaseholders in or near to the buildings. As with other Council leasehold properties, power purchase agreements provide for the sale of discounted electricity to the leaseholders, thus supporting local businesses and the voluntary sector.

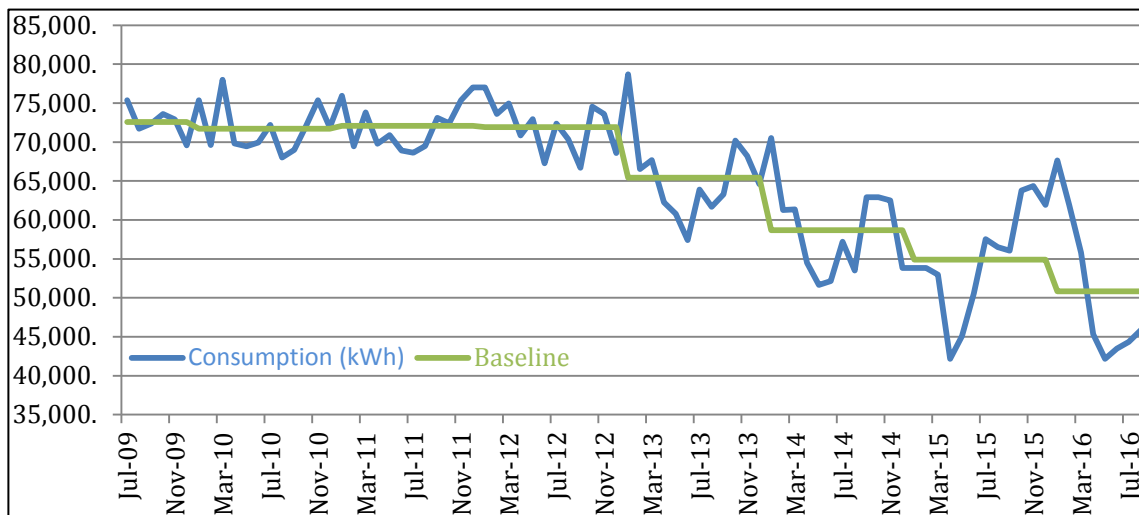


*150kw array at Mary Arches Car Park*

### **Energy Efficiency**

Energy saving projects are vital to reduce consumption and to make for a sustainable property asset. The quality of outcomes obtained from energy saving projects demonstrate how consumption can be driven down using energy saving technologies such as LED lighting. This is illustrated in the graph overleaf, where a number of projects jointly delivered a significant cut in energy consumption at the Council's Civic Centre Offices.

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*Civic Centre Electricity Usage*

### District Heating and the LCTF

The Exeter Low Carbon Task Force (LCTF) was set up in 2011 to co-ordinate a range of low carbon initiatives so that partners could learn from the experience of those organisations leading on particular technologies. LCTF comprises the four local authorities in the greater Exeter area, the University, the Royal Devon and Exeter NHS Trust, the Met Office, the Exeter Chamber of Commerce and EoN.

The flagship project that set the benchmark for later schemes is the new community of Cranbrook. The principal innovation is that the whole of the new community and the adjacent business park (Skypark) is being heated from a Combined Heat and Power (CHP) plant which is operational on the north side of Exeter airport. That plant produces low carbon heat/hot water which is transported to each dwelling via an 80 km network of super insulated pipes. A similar scheme at Monkerton, a new residential development of 2800 dwellings, surrounding the Met Office and serving the Exeter Science Park has also been delivered.

More recently a public sector Energy Company named Dextco, designed to supply homes and businesses with environmentally friendly energy, has been established by a majority of the members of the Low Carbon Task Force. It hopes to develop a new heat hub at the RD&E hospital to distribute heat to customers across the City.

### Electric Vehicles

Exeter City Council has its own Electric Vehicle (EV) strategy and encourages the use and ownership of EV as one element of a sustainable transport strategy. 'Park and Plug' a network of public Chargepoints located throughout the City is one very visible manifestation of the Council's low carbon commitment. Having secured grant funding from the Office for Low Emission Vehicles (OLEV) and sponsorship of the charging points the Council has been able to provide free charging for electric vehicle users, with no capital costs to the Council. In addition, over half of the Chargepoints are powered by solar PV.

# ENERGY STRATEGY 2017-2022 AN ENERGY NEUTRAL COUNCIL



*Publicity for Plug and Park Chargepoints*

## Implementation

The City Council's work to date has both reduced its base load energy consumption, cut carbon emissions and demonstrated innovation for all to share.

The Energy Action Plan contains a wide ranging list of actions for delivery of the Energy Strategy over the next five years, with each project will be developed through the Renewables and Energy Efficiency Programme.

All energy related projects and initiatives set out in the Action Plan are underpinned by the three key principles of the Energy Strategy, all seek to:

Strategic Priorities	Outcomes
<p><b>A Sustainable Corporate Estate</b></p>	<ul style="list-style-type: none"> <li>• Reduce energy costs</li> <li>• Reduced environmental impact of energy generation, both locally and nationally</li> <li>• Reduced carbon emissions</li> <li>• Improved operational Efficiency</li> <li>• Protection of public services</li> <li>• New income streams</li> <li>• Reduced maintenance costs</li> <li>• Support wellbeing</li> <li>• Energy Security</li> <li>• Shared innovation</li> </ul>

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Strategic Priorities	Outcomes
<b>Energy Neutrality</b>	<ul style="list-style-type: none"> <li>• Protection from volatile energy prices</li> <li>• Protection against carbon taxes</li> <li>• Protection of the natural environment /reducing carbon emissions</li> <li>• Reduced energy costs</li> <li>• Support wellbeing</li> <li>• Promote sustainable economic development</li> <li>• Provide commercial viability</li> <li>• Provide energy independence</li> <li>• Supporting new technologies</li> </ul>
<b>A Low Carbon City</b>	<ul style="list-style-type: none"> <li>• Community cohesion by active collaboration and engagement with business and communities</li> <li>• Protection of the natural environment /reducing carbon emissions</li> <li>• Reduced energy bills and fuel poverty</li> <li>• Grow local economy</li> <li>• Encourage innovation</li> <li>• Support wellbeing</li> <li>• Provide energy independence</li> </ul>

The Action Plan is a living document, to be reviewed annually or sooner if change occurs i.e. government policy, technology, and financial factors. Similarly, projects will be accelerated to ensure opportunities are not missed. Many of the above are measurable outcomes and will be reported with regular action plan updates to Scrutiny Committee on a six-monthly basis.

## **Key Reduction and Baseline Targets**

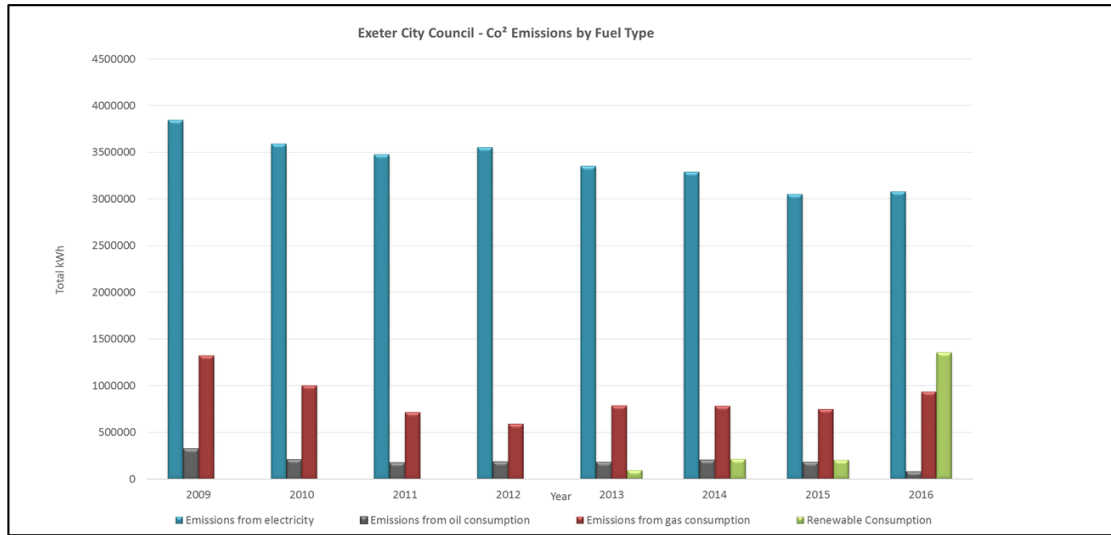
There is widespread global commitment to reduce carbon emissions. Successive UK governments have introduced legislation to drive transition towards a low-carbon economy, including the Carbon Reduction Commitment (CRC) and Climate Change Levy (CCL). Such policies together with UK carbon renewable targets, have incentivised Exeter City Council to set its own carbon reduction targets.

The Energy Strategy demonstrates the Council’s commitment to mitigating the effects of climate change and to invest in its aspiration to be an Energy Neutral Council. The Action Plan is the vehicle that will drive forward innovation, deliver change and enable the Council to surpass national targets. For Exeter’s corporate estate there is a clear ambition for energy neutrality. Separate renewable generation, carbon and energy saving targets are set out in this Strategy.

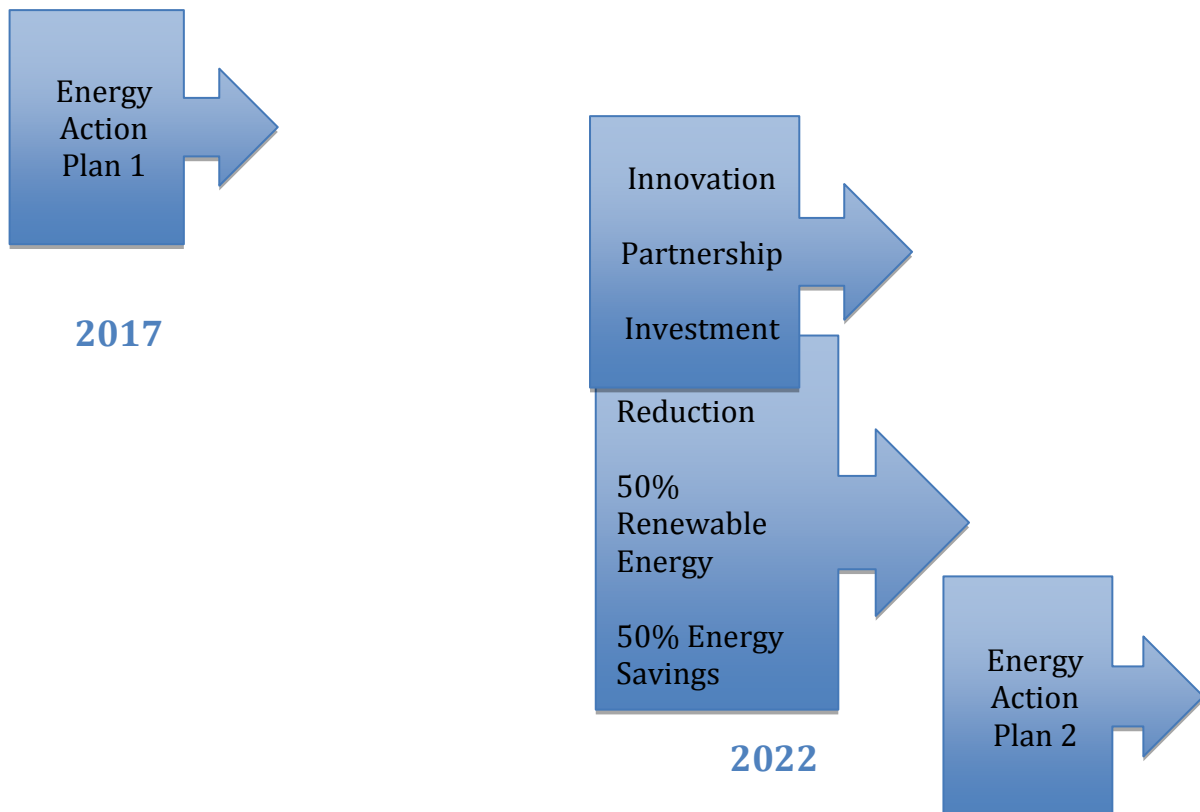
In order to measure the success of the Energy Strategy a baseline for which to monitor

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progress is required. Energy consumption data has to date been collected for what was the Department of Environment Green House Gas Emission returns. The data is the most reliable source available and the City Council will continue to collate this on an annual basis. The council's 2009 baseline can be measured to demonstrate a reduction in CO<sub>2</sub> emissions of 29% (2016) as demonstrated in the graph below. The graph also illustrates the proportion of renewable energy consumed as a result of the recent Solar PV installations.



The Energy Action Plan contains the essential ingredients, which supported through investment and collaboration, will surpass the following targets for carbon reduction and renewable generation, and deliver an Energy Neutral Council.



## **Monitoring and Review**

The Energy Strategy and Action Plan will be reviewed annually by the Energy Officer and Corporate Manager Property and progress will continue to be reported to Scrutiny Committee on a six monthly basis. Reviews will include:

- Updates on progress of the Renewables and Energy Saving Programme.
- Annual monitoring of energy generation, income generation and carbon reduction.
- Annual baseline data collection.
- Reporting on energy industry developments and new opportunities.
- Revisions to the Action Plan.

## **Conclusion**

The Energy Strategy and Action Plan are living documents and if required will be updated. A pro-active hands on approach in delivering the strategy will allow the Energy Team to take advantage of all opportunities, to work with partners and to lead by example.

The impacts of the Strategy are all positive, providing not only benefit to the Council but to the local economy, community and environment.

## An Action Plan for an Energy Neutral Council 2017-2022

### The Action Plan

This Energy Action Plan sets out opportunities for delivering Exeter City Council's Energy Strategy. It spans a five year period starting in 2017 and will be reviewed annually to take into account progress made, as well as legislative, financial, technical and operational changes.

### Document Framework

The three priorities outlined in the strategy are attributed to each action and objective listed below.

- Priority 1 A Sustainable Corporate Estate.** To reduce energy consumption, deliver efficiencies, drive down costs and carbon emissions.
- Priority 2 An Energy Neutral Council.** To develop innovation and embrace emerging technologies to provide local renewable, low carbon energy at an affordable price.
- Priority 3 A Low Carbon City.** To promote energy efficiency and renewable opportunities for the community, business and stakeholders.

### Governance and Monitoring

Delivery of the Action Plan will contain:

1. A rolling annual programme of projects through the Renewables and Energy Efficiency Programme.
2. Progress will be monitored and reported on a six monthly basis to Scrutiny Committee.
3. Annual monitoring of energy reduction, renewable energy generated, income streams and carbon savings will be reported to Scrutiny Committee.

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**Strategic Priorities:**

**Priority 1 Sustainable Corporate Estate**

**Priority 2 Energy Neutrality**

**Priority 3 Low carbon City**

Priority	Objective	Benefits	Position	Actions
<b>P1 Sustainable Corporate Estate</b>	<ul style="list-style-type: none"> <li>To continue to evaluate the potential for Solar PV on all Council buildings and land</li> </ul>	<ul style="list-style-type: none"> <li>Energy generation</li> <li>Reduced energy bills</li> <li>Service efficiencies</li> <li>Reduced costs</li> <li>New income streams</li> <li>Carbon reduction</li> <li>Higher building efficiency ratings</li> <li>To promote green technologies</li> </ul>	<ul style="list-style-type: none"> <li>Grid connection opportunities improving, however recent connection offers for key buildings are restricted</li> <li>Withdrawal of FIT tariff reduces financial viability</li> <li>PPA's and private wire offer additional income streams</li> </ul> <p>Two major PV opportunities include Leisure Centres and Ground Mounted Solar:</p> <ul style="list-style-type: none"> <li>grid offer received for field site but additional income stream needed to support the business case</li> <li>awaiting Leisure Centre Condition Sites/details of new operator contract</li> </ul>	<ul style="list-style-type: none"> <li>Site visits to meet with WPD</li> <li>Evaluate commercial opportunities</li> <li>Establish potential for private wire, PPA or battery storage</li> <li>Investigate Partnership opportunities with energy providers</li> </ul>
<b>P1 Sustainable Corporate Estate P2 Energy Neutrality</b>	<ul style="list-style-type: none"> <li>To embrace benefits of energy storage</li> </ul>	<ul style="list-style-type: none"> <li>Carbon Saving</li> <li>Energy neutrality</li> <li>Energy security reduce reliance on imported energy</li> <li>Maximise use of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Demand management technologies are developing quickly</li> <li>Battery storage is soon to be commercially viable</li> <li>To assist in off-loading, providing additional supply during peak periods</li> <li>Smart metering can target key users</li> </ul>	<ul style="list-style-type: none"> <li>Working with various installers to find options that will work at existing Solar PV sites</li> <li>Exploring</li> </ul>



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Priority	Objective	Benefits	Position	Actions
<b>P1 Sustainable Corporate Estate</b> <b>P2 Energy Neutrality</b>	<ul style="list-style-type: none"> <li>To embrace benefits of energy storage</li> </ul>	<ul style="list-style-type: none"> <li>Remove grid constraints</li> <li>Electricity price savings</li> <li>Income generation /more value for sale at peak times</li> <li>Reduce own usage at peak times and use renewable energy stored to reduce grid charges</li> <li>Charge from and to Electric Vehicles</li> <li>Promote green technologies</li> </ul>	<ul style="list-style-type: none"> <li>Can be combined with air/heat source pump technology</li> </ul>	<ul style="list-style-type: none"> <li>battery storage solutions to make new solar PV projects viable</li> <li>Combined heat pump and battery solutions being investigated</li> </ul>
<b>P1 Sustainable Corporate Estate</b>	Utilise Hydro Power	<ul style="list-style-type: none"> <li>Renewable energy generation</li> <li>Service efficiencies</li> <li>Reduced costs</li> <li>New income streams</li> <li>Carbon reduction</li> <li>Higher building efficiency ratings</li> <li>Reduced energy bills</li> <li>To utilise and promote green technologies</li> </ul>	<ul style="list-style-type: none"> <li>grid connection restricted</li> <li>storage or private wire solution needed</li> <li>Could be integrated into Municipal energy supply</li> </ul>	<ul style="list-style-type: none"> <li>To investigate opportunities on River Exe weir</li> </ul>

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<b>Priority</b>	<b>Objective</b>	<b>Benefits</b>	<b>Position</b>	<b>Actions</b>
<b>P1 Sustainable Corporate Estate</b>	Utilise Solar outdoor lighting	<ul style="list-style-type: none"> <li>• To reduce consumption and costs</li> <li>• Reduce carbon emissions</li> <li>• less maintenance/costs</li> </ul>	To install where feasible <ul style="list-style-type: none"> <li>• Car Parks</li> <li>• Quay area</li> <li>• Cycle path/canal path</li> <li>• Muga sites</li> </ul>	To investigate opportunities on Public Realm Sites
<b>P1 Sustainable Corporate Estate</b>	To install Air and Ground source heat pumps where heating can be supported	<ul style="list-style-type: none"> <li>• Low Carbon heating source</li> <li>• Reduced heating costs</li> <li>• Potential savings/ income from Renewable Heat Incentive (RHI)</li> <li>• To utilise and promote green technologies</li> </ul>	<ul style="list-style-type: none"> <li>• To install where feasible</li> <li>• Potential to work alongside battery storage</li> </ul>	To investigate appropriate sites, leaseholder lets, housing
<b>P1 Sustainable Corporate Estate</b>	Solar Thermal	<ul style="list-style-type: none"> <li>• Low Carbon</li> <li>• Reduced hot water costs</li> <li>• Potential savings/ income from Renewable Heat Incentive (RHI)</li> <li>• To utilise and promote green technologies</li> </ul>	<ul style="list-style-type: none"> <li>• To install where feasible</li> <li>• Potential to work alongside battery storage</li> <li>• Can be incorporated in to EPC project</li> </ul>	To investigate appropriate sites, leaseholder lets, housing

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<b>Priority</b>	<b>Objective</b>	<b>Benefits</b>	<b>Position</b>	<b>Actions</b>
<b>P2 Energy Neutrality</b>	Local Authority Municipal Energy Company	<ul style="list-style-type: none"> <li>• Energy neutrality</li> <li>• ECC are a trusted organisation</li> <li>• Reasonably priced energy for local people</li> <li>• Can produce and use locally</li> <li>• Low carbon</li> <li>• Greater value for ECC renewable generation</li> <li>• Reduces fuel poverty</li> </ul>	<p>Partnerships available to provide a not-for profit company using renewables and battery storage providing local green energy for local people</p> <p>Smart metering able to target key users</p> <p>Changes to Energy Market Regulations and charges may support</p>	<p>Investigate other models such as Bristol/ Nottingham</p> <p>Develop opportunities with Exeter City Futures, Energy providers and Community Energy groups where appropriate</p>
<b>P1 Sustainable Corporate Estate</b>	Water efficiency measures	<ul style="list-style-type: none"> <li>• Reduced water consumption</li> <li>• Cost savings</li> <li>• Increases sustainability and water dependence</li> <li>• Reduces environmental damage (use of cleaning products/chemicals).</li> <li>• Measurement and better understanding of usage</li> </ul>	<p>Opportunities available include :</p> <ul style="list-style-type: none"> <li>• Rainwater harvesting is applicable</li> <li>• Water saving toilet equipment where able, urinal sleeves and flow monitors</li> <li>• Meter loggers offer accurate consumption data and leak detection</li> <li>• Sensor taps to control water flow and prevent them being left on.</li> </ul>	<ul style="list-style-type: none"> <li>• To Review feasibility of rainwater harvesting for various sites</li> <li>• Civic toilet refurb to include water saving features</li> <li>• Await review of Public Toilets</li> <li>• MRF/ vehicle washdown</li> <li>• Review high use sites</li> </ul>

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<b>Priority</b>	<b>Objective</b>	<b>Benefits</b>	<b>Position</b>	<b>Actions</b>
<b>P1 Sustainable Corporate Estate</b>	To raise levels of energy efficiency and EPC rating as per new legislation requirement by 2018 for all commercial property lets that fall below an EPC rating of E.	<p>Improve performance of the building fabric, to ensure high standards of energy efficiency are achieved.</p> <ul style="list-style-type: none"> <li>• Energy savings</li> <li>• Reduce carbon</li> <li>• Better quality of letting</li> <li>• Fuel savings for leaseholders/supports SME's</li> <li>• Meets legislative requirements</li> </ul>	<p>Available solutions include :</p> <ul style="list-style-type: none"> <li>• To utilise partnership and funding opportunities such as an Energy Performance Company.</li> <li>• Develop own retrofit scheme for poorly insulated and inefficient builds to set a new rental standard - more attractive for rental /reduced voids / higher rents possible increased income</li> </ul>	<ul style="list-style-type: none"> <li>• Investigating: EPC with other Devon authorities.</li> <li>• Potential for own commercial retrofit project</li> <li>• Liaising with Estates team</li> </ul>
<b>P1 Sustainable Corporate Estate</b>	Improve comfort of Civic Centre to reduce heating imbalance due to increased patricians and poor office layouts preventing cross flow ventilation through better control and ability to visibly communicate room temperatures using digital thermostats	<ul style="list-style-type: none"> <li>• To make for a healthy and comfortable working environment.</li> <li>• Cost savings through efficiency</li> <li>• Improved communication /staff awareness</li> <li>• Greatly improved heating control resulting from accurate thermostat data</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Space planning to plan office layouts that suit building temperature and take advantage of the solar gain on the southern side of the building, placing offices south to north to create even office temperatures.</li> </ul>	<ul style="list-style-type: none"> <li>• Programme to replace thermostats with modern digital ones</li> <li>• Improved BMS will provide for higher standard of control and ease of use</li> </ul>

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<b>Priority</b>	<b>Objective</b>	<b>Benefits</b>	<b>Position</b>	<b>Actions</b>
<b>P1 Sustainable Corporate Estate</b>	Individual Energy Efficiency Audits for all operational Buildings	<ul style="list-style-type: none"> <li>• Energy saved is the cheapest unit of energy</li> <li>• Reduced costs</li> <li>• Reduce carbon</li> <li>• Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure maximum efficiencies are gained and energy saving practices and technologies are installed where benefit can be derived</li> </ul>	<ul style="list-style-type: none"> <li>• To visit service managers and operational buildings over 2017</li> </ul>
<b>P1 Sustainable Corporate Estate</b>	Staff Engagement Project	<ul style="list-style-type: none"> <li>• Energy saved is the cheapest unit of energy</li> <li>• Reduced costs</li> <li>• Reduce carbon</li> <li>• Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Studies carried out demonstrate reduced running costs</li> <li>• Devolve energy budgets and responsibility for lighting - coordinate with BMS upgrade so to hand over responsibility/controls</li> </ul>	To filter down through service managers.
<b>P1 Sustainable Corporate Estate</b>	Ensure sustainable procurement and use of Energy efficient goods and services	<ul style="list-style-type: none"> <li>• Energy saved is the cheapest unit of energy</li> <li>• Reduced costs</li> <li>• Reduce carbon</li> <li>• Operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• To use a checklist to be signed off for all works to ensure energy efficiency is always considered in relation to any building works/ repairs and replacement of equipment, where economically feasible</li> </ul>	To design checklist to be incorporated for all procurement and Housing and Corporate estate works
<b>P1 Sustainable Corporate Estate</b>	LED lighting schemes	<ul style="list-style-type: none"> <li>• Electricity savings of 50% or more</li> <li>• Reduced maintenance costs</li> <li>• Better quality lighting/improved services/working conditions</li> <li>• Carbon savings</li> </ul>	<ul style="list-style-type: none"> <li>• Proven technology with continuous improvement of products</li> <li>• Greater retrofit opportunities</li> <li>• Condition of electrical wiring in some properties requires additional repair work before lighting replacement</li> </ul>	Car Park sites ready to go once building condition survey is complete include : <ul style="list-style-type: none"> <li>• Guildhall Car Park</li> <li>• Princesshay Car Park I &amp; II</li> </ul> RAMM to be surveyed

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Priority	Objective	Benefits	Position	Actions
<b>P1 Sustainable Corporate Estate</b>	Upgrade Building Management System (BMS) to use latest technologies and most advanced software	<ul style="list-style-type: none"> <li>• Better control of all consumption and power down circuits</li> <li>• Energy and cost savings from better control and therefore reduced consumption.</li> <li>• Ability to understand building energy profile so to identify opportunities to change processes and when consumption rises or falls.</li> <li>• Opportunity to manage consumption around the higher priced DUOS and TRIAD time bands providing cost savings</li> <li>• Decentralise controls and on site management of services where appropriate. Staff involvement to encourage ownership, increase communication, and improve morale.</li> </ul>	<p>Efficient use of all building electric sources and total waste avoidance. Potential for substantial financial and carbon savings</p> <p>Combat impact of P272 legislation. Further reduce costs</p> <p>Better facilities provide for social benefit, fosters creativity and innovation of workforce. Energy saving from centralised and efficient kitchen equipment. Storeroom assessment will facilitate better building use.</p>	<ul style="list-style-type: none"> <li>• Investigating most future proof options, having met with various BMS providers. To write business case/ specification</li> <li>• Additional staff resource needed</li> </ul>

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<b>Priority</b>	<b>Objective</b>	<b>Benefits</b>	<b>Position</b>	<b>Actions</b>
<b>P1 Sustainable Corporate Estate</b> <b>P2 Energy Neutrality</b>	Lower hot water return on all heating systems to improve deltaT Reduces heat waste and improves efficiency	<ul style="list-style-type: none"> <li>• Reduces heat waste and improves efficiency</li> <li>• Energy and cost savings</li> <li>• Reduced carbon</li> </ul>	New technologies emerging including a control system developed locally and supported by DECC funding	Building surveys to be carried out by Mini BEMS
<b>P1 Sustainable Corporate Estate</b>	Passive solutions, such as screening windows and ventilation through recycling of air flow, through remote opening of windows - sky lights and doors - to incorporate with space planning.	<ul style="list-style-type: none"> <li>• To make for a comfortable working environment in warm weather</li> <li>• Reduced energy consumption (fans) and provision of a productive working environment</li> <li>• Higher rate of air change/air flow provides for better cooling of office space</li> </ul>	<ul style="list-style-type: none"> <li>• Electro chromatic glazing to be incorporated with window refurbishment</li> <li>• Ability to cool building through outside ventilation by installation of lobby roof light opening system</li> </ul>	<ul style="list-style-type: none"> <li>• Investigate for Civic Centre, and other sites where appropriate</li> </ul>
<b>P1 Sustainable Corporate Estate</b>	Reducing energy consumption of IT Server Room cooling process through heat recovery	<ul style="list-style-type: none"> <li>• Significant energy, financial and carbon savings</li> </ul>	Options include : <ul style="list-style-type: none"> <li>• To re-use heat produced from server and pump it into building space</li> <li>• Control cooling at times when energy costs are lower/battery storage option</li> </ul>	To measure consumption and investigate options available

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<b>Priority</b>	<b>Objective</b>	<b>Benefits</b>	<b>Position</b>	<b>Actions</b>
<b>P1 Sustainable Corporate Estate</b>	Centralise kettles and fridges in office areas.	<ul style="list-style-type: none"> <li>• Reduced energy consumption</li> <li>• cost and carbon savings</li> <li>• more productive working environment</li> </ul>	Potential to use empty store rooms to make way for improved kitchen spaces and more social space / Refurbish existing kitchens.	To investigate savings potential and space available/costs
<b>P1 Sustainable Corporate Estate</b>	To introduce paperless electronic billing, through use of EDI files for utilities	<ul style="list-style-type: none"> <li>• Significant savings through reduced admin and billing errors.</li> <li>• savings from reduced use of paper.</li> <li>• Improved consumption data</li> </ul>	<p>We currently use Team Sigma software for billing data. Accounts link enables billing to be sent automatically through electronic files and is used by many authorities.</p> <p>Provides software link and full training, but will require admin support within the energy team.</p>	To obtain costs/business case for savings
<b>P1 Sustainable Corporate Estate</b>	Energy Performance Contract	<ul style="list-style-type: none"> <li>• Significant energy, financial and carbon savings</li> </ul>	<p>Opportunity to use joint Devon LA. Potential to fund energy efficiency measure that require longer Paybacks this could include :</p> <ul style="list-style-type: none"> <li>• Insulation/heat pumps</li> <li>• Leisure Centre retrofit</li> </ul>	Contract will be developed in 2017 jointly with DCC, RD&E and MOD
<b>Priority 3 Low Carbon City P1 Sustainable Corporate Estate</b>	Extend Electric Charging network for fleet and City wide use	<ul style="list-style-type: none"> <li>• Reduced carbon emissions</li> <li>• Fuel cost savings</li> <li>• Promotion of Electric Vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Utilise funding from the Office for Low Emissions(OLEV) for fleet, staff and visitor use</li> <li>• Sponsorship opportunities</li> <li>• Knowledge of charging infrastructure learnt.</li> <li>• Extensive opportunity to provide on street EV charging throughout City</li> </ul>	<p>2 new ECC sites to be installed</p> <p>Further sponsorship being sort</p> <p>Monitoring OLEV grant funding</p>



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2017-2022**

<b>Priority</b>	<b>Objective</b>	<b>Benefits</b>	<b>Position</b>	<b>Actions</b>
<b>Priority 3 Low carbon City</b>	Develop the Green Accord to drive sustainable business	<ul style="list-style-type: none"> <li>• Support business/staff engagement tool</li> <li>• Measurable reduction in energy, water, waste, travel and procurement practices</li> <li>• Income generation and carbon reduction</li> <li>• Accreditation demonstrating green credential and corporate social responsibility</li> </ul>	Green accreditation scheme run by City Council. Supports many SME's and is a key procurement tool for ensuring businesses operate using same environmental standards	Further funding and support needed to promote.
<b>Priority 3 Low carbon City P1 Sustainable Corporate</b>	City Heat Network	<ul style="list-style-type: none"> <li>• Decarbonised heating supply</li> </ul>	Heat network to be developed in the City Centre and will feed Civic Centre and new Leisure Complex	Assisting in HNDU research bid for low carbon heat with Exeter City Futures

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**REPORT TO:** CORPORATE SCRUTINY COMMITTEE, EXECUTIVE AND COUNCIL

**Date of Meeting:** Corporate Scrutiny Committee – 26 January 2017  
Executive – 14 February 2017  
Council – 21 February 2017

**Report of:** Corporate Manager- Legal & HR Services  
**Title:** Annual Pay Policy Statement 2017/18

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Council

**1. What is the report about?**

To set out the council's annual Pay Policy Statement 2017/18 which must be approved by Full Council each financial year in line with legislation.

**2. Recommendations:**

**It is recommended that Corporate Scrutiny Committee notes and Executive recommends to Council to approve:**

- (i) The attached Policy and Appendix be adopted and published in accordance with the legislation.
- (ii) Delegated authority be given to the Corporate Manager - Legal and HR to make necessary amendments to the pay policy statement following any changes in legislation or subsequent increases in pay.

**3. Reasons for the recommendation:**

Section 38 (1) of the Localism Act 2011 requires English and Welsh Authorities to produce a statutory Pay Policy Statement each financial year commencing in 2012/13 and thereafter each subsequent financial year. The Secretary of State for Communities and Local Government issued further guidance in early 2013.

**4. What are the resource implications including non financial resources:**

There are no new resource implications created as a result of the revisions to the Pay Policy Statement.

**5. Section 151 Officer comments:**

There are no financial implications arising from adoption of this policy. The salaries are already budgeted for.

**6. What are the legal aspects?**

Local Authorities are required by Section 38 (1) of the Localism Act 2011 to set out a written statement each financial year relating to:

- (a) The remuneration of chief officers
- (b) The remuneration of its lowest paid employees and

- (c) The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers

## **7. Monitoring officer Comments**

The preparation and publication of the Pay Policy Statement is a statutory obligation described in more detail in paragraph 6 above. As a result, the Monitoring Officer recommends it to Council for approval.

## **8. Report Details:**

In line with statutory requirements, the Council's Pay Policy Statement has been reviewed and updated for 2017/18 for approval by full Council prior to publishing on the Council's website.

The revised policy and appendix take into account the following changes:

- The increase in the nationally determined living wage (Grades 1 and 2) in November 2016 which comes into effect at Exeter City Council on 1 April 2017 (paragraph 3.2)
- Implementation of the nationally agreed pay award for 2017/18 for employees on Spinal Column Points 12-52 inclusive (Appendix 1)
- Implementation of the nationally negotiated 2017/18 pay award for Chief Officers and Chief Executives (Appendix 1)

## **9 How does the decision contribute to the Council's Corporate Plan?**

The attached Statement supports a well run Council and our compliance with statute.

## **10 What risks are there and how can they be reduced?**

There are no new implications arising from the recommendations.

## **11 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, Economy safety and the environment?**

Consideration has been given to the impact upon differing groups and a full assessment is not required.

## **12 Are there any other options?**

No.

**Corporate Manager - Legal Services & HR**

**Originator: David Knight, HR Transactional Services Manager**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

Contact for enquiries: Democratic Services (Committees), Room 2.3, (01392) 26115

# Exeter City Council

## Pay Policy Statement 2017/18

### 1 Purpose and scope of the Policy

- 1.1 Section 38 (1) of the Localism Act 2011 (Part 1, Chapter 8, Sections 38 to 43) requires English and Welsh local authorities to produce a statutory pay policy statement each financial year.
- 1.2 The Act requires that a relevant authority must approve, through Full Council, a pay policy statement for the following financial year and this must set out the authority's policies for the financial year relating to:
  - (a) the remuneration of its chief officers, (see Appendix 1)
  - (b) the remuneration of its lowest-paid employees (see Section 4 and Appendix 1), and
  - (c) the relationship between:
    - (i) the remuneration of its chief officers (Section 4 and Appendix 1), and
    - (ii) the remuneration of its employees who are not chief officers (see Section 4 and Appendix 1)
- 1.3 The statement must state:
  - (a) the definition of "lowest-paid employees" adopted by the authority for the purposes of the statement, and (see Section 3)
  - (b) the authority's reasons for adopting that definition. (see Section 3)
- 1.4 The statement must include the authority's policies relating to:
  - (a) the elements of remuneration for each chief officer, (see Section 2 and 5 and Appendix 1)
  - (b) remuneration of chief officers on recruitment, (see Section 5 and Appendix 1)
  - (c) increases and additions to remuneration for each chief officer, (see Section 5)
  - (d) the use of performance-related pay for chief officers, (see Section 5)
  - (e) the use of bonuses for chief officers, (see Section 5)
  - (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and (see Section 5)
  - (g) the remuneration of chief officers who return to local authority employment (See Section 5)

- (h) the publication of and access to information relating to remuneration of chief officers. (see Section 6)
- 1.5 This policy also takes into account “Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012” and the letter from the Secretary of State to leaders of local authorities and chairs of fire and rescue authorities of 20 February 2013 which advocate:
- (a) Publishing the ratio between the highest paid employee and the median average earnings across an organisation (Section 4, Appendix 1)
  - (b) Explaining the approach to the setting and publication of fees for chief officers in respect of local election duties (Section 5)
  - (c) Setting out the policy for the remuneration of chief officers who return to Local Authority employment where the chief officer was a previously employed chief officer who left with a severance payment and applies to come back as a chief officer under an employment contract or contract for services (Section 5)
  - (d) Setting out the policy in respect of the employment of individuals and Chief Officers in receipt of a Local Government Pension Scheme pension, including pension abatement arrangements (Section 5)
  - (e) Full Council having the opportunity to approve salary packages and the cost of severance packages of £100,000 or more (Section 5)
- 1.6 In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time providing value for money to the residents of Exeter.
- 1.7 Exeter City Council already works within a pay and reward framework which seeks to ensure that its pay and reward processes and procedures facilitate the retention and recruitment of employees with the right skills and capabilities to meet the needs of the Council now and in the future. The framework also takes account of regional and national variations, local market factors and is open and transparent and complies with equal pay legislation.
- 1.8 This Statement complies with the requirements of the Localism Act 2011 and the statutory guidance issued by Communities and Local Government in ‘Openness and accountability in local pay: Guidance under section 40 of the Localism Act’ which was issued on 17 February 2012.

## **2 Definition of Chief Officers**

- 2.1 The posts which are defined as ‘Chief Officers’ for the purposes of this Statement are those scheduled in the Local Government and Housing Act 1989 under sections 4(1), 5(1), 2(6, 7 and 8) together with other members of the councils Strategic & Senior Management Teams. For Exeter City Council this term includes:

- Chief Executive and Growth Director (Head of Paid Service Section 4(1))
- Deputy Chief Executive (Non-Statutory Officer Section 2 (7a))
- Directors (Non-Statutory Officers Section 2 (7a)) – including the responsibilities of the Section 151 Officer (Statutory Officer Section 2 (6d))
- The Council’s Monitoring Officer.
- Corporate Managers

2.2 The post of Chief Executive & Growth Director is made on terms and conditions of employment agreed by the Joint National Council for Chief Executives and supplemented by local terms and conditions of employment agreed by Exeter City Council.

2.3 The posts of Deputy Chief Executive, Directors and Corporate Managers are made on the terms and conditions of employment agreed by the Joint National Council for Chief Officers and supplemented by terms and conditions of employment agreed by Exeter City Council.

2.4 With the exception of the Chief Executive and Growth Director and Deputy Chief Executive all Chief Officer posts as defined in this Statement are subject to job evaluation using HAY. The remuneration of the Council’s Chief Officers is set out in Appendix 1.

### **3 Definition & Remuneration of Lowest Paid**

3.1 All posts which are not designated as Chief Officers in accordance with this Statement, and with the exception of apprentice roles, are subject to job evaluation using the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service.

3.2 The Council has adapted the National Local Government Pay Scale to include locally agreed spinal column points. With effect from 1 January 2014, the Council adopted the Living Wage as its minimum spinal column point, and the Living Wage of £8.45 / hour from 1 April 2017 equates to Grade 1 and Grade 2 of the Council’s pay scale. The Living Wage is determined nationally in or around November each year. The Council applies any uplift to the living wage from 1 April in the year following the increase.

3.3 The Council therefore defines its lowest paid employees as those on Grade 1 of the Council’s pay scale. The Council has adopted this definition as it can be easily understood.

3.4 The Council has 16 grades (excluding Apprentice) on its existing pay scale for employees not designated as Chief Officer in this Statement. With the exception of Grades 1 and 2, each Grade provides for incremental progression of between 1 and 3 scale points subject to satisfactory service. Increments are applied on the 1 April each year (or on the 6 month anniversary of the employee’s appointment if the appointment falls between October and March inclusive, with subsequent increments applying from 1 April each year) until the postholder reaches the maximum of the grade.

## **4 Relationship between Remuneration**

- 4.1 The Hutton Review of Fair Pay in the Public Sector outlined that the most appropriate metric for pay dispersion is the multiple of Chief Executive to median earnings. Whilst not a requirement of this Statement, tracking this multiple as recommended in the Code of Recommended Practice for Local Authorities on Data Transparency will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce.
- 4.2 The Council also publishes as part of this Statement the relationship between its Chief Executive and lowest paid employee. Both of these pay multiples are set out in Appendix 1.
- 4.3 Through this policy the pay multiple of the Chief Executive and Growth Director will be monitored annually. Should the multiplier between the annual salary paid to a full time employee on the lowest spinal column point and the annual full time salary payable to the Chief Executive and Growth Director be greater than 10, this will be reported to full Council for consideration.

## **5 Chief Officer Remuneration**

- 5.1 The Joint Negotiating Committee has previously emphasised that ‘it is good governance that local authorities can demonstrate that decisions on pay and reward packages for chief executives and chief officers have been made in an open and accountable way.’
- 5.2 Salaries for chief officers operate on the basis of fixed pay points and are therefore not subject to a salary scale providing for incremental progression. New appointments will be made to the appropriate pay point in force at the time of the appointment. These fixed pay points will be agreed through an accountable and transparent process. Salary levels will be consistent with similar organisations which aim to pay according to median salaries. There will be due regard to balance the need to ensure value for money but enable Exeter City Council to recruit and retain high quality chief officers in the context of national, regional and local labour markets.
- 5.3 In determining any future changes to the remuneration package for appointments to Chief Officer posts as defined in this Statement, the Leader of the Council will take independent pay advice. The Leader will then, in consultation with the Chief Executive and Growth Director, except in relation to the pay of the Chief Executive and Growth Director, make recommendations which will be subject to the approval of full Council.
- 5.4 The Leader of the Council, in consultation with the Chief Executive and Growth Director, except in relation to the remuneration package of the Chief Executive and Growth Director, may recommend to full Council changes to the



remuneration package following an annual review. Any changes to the remuneration packages will be subject to full Council approval.

- 5.5 Salary increases for Chief Officers defined in this Statement in relation to cost of living will be made in line with increases agreed by the Joint National Council's for Chief Officers and Chief Executives as appropriate.
- 5.6 At present, there are no additional payments made to chief officers in relation to performance related pay or the use of bonuses.
- 5.7 Any termination payments to chief officers on ceasing office will comply with Exeter City Council's Organisational Change and Local Government Pension Scheme Employer Discretions Policies which are subject to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended and in force at the time. All such payments are equally applicable to all employees.
- 5.8 The Employer Discretions Policy and severance payments (which include redundancy / efficiency compensation, pension strain and pay in lieu of notice) in excess of £100,000 are subject to approval at Full Council. No additional payments will be made to Chief Officers without express approval by Full Council.
- 5.9 A chief officer appointment (under an employment contract or contract for services) will not be offered to any former chief officer in receipt of a severance payment, except in circumstances where they left employment as a result of being made redundant from their previous Chief Officer role, without the approval of Full Council.
- 5.10 Exeter City Council will not enter into employment or service contracts with any persons in receipt of a local government pension within 12 months of the termination date of their previous employment without the approval of Full Council. Employees of the Council who are also in receipt of a local government pension may have their pension abated in accordance with legislation / policy as enacted / determined by the relevant pension administrator.
- 5.11 The Council's Policy on Market Supplements applies to all posts at the Council, including Chief Officers. Evidence based market supplements will be subject to periodic review to ensure they continue to be justifiable. No Chief Officer is currently in receipt of a Market Supplement.
- 5.12 Additional payments are made by Central Government to officers (including the Returning Officer) carrying out additional duties at Parliamentary, European and other national elections and referendums. These payments are set nationally and are not within the scope of this Statement. Payments to the Returning Officer and other officials for duties in relation to City Council elections are linked proportionately to these national rates.

## **6 Transparency & Publication of Data**

- 6.1 This Statement aims to ensure that the process for setting pay at a senior level is transparent fair and consistent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.
- 6.2 The Council will publish its Pay Policy Statement on the Exeter City Council website alongside information related to the Council's management structure. Further information relating to the remuneration of Chief Officers is published in the Council's annual Statement of Accounts.

## **7 Equality Impact Considerations**

- 7.1 The principles of equal pay are integral to this policy and applied consistently within the pay and reward frameworks adopted by Exeter City Council. The definition of Equal Pay is:
- Like work where the woman and the man are doing the same job
  - Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme at the same level/grade
  - Work of equal value where the jobs are different but an argument is made that both jobs should be regarded as being of equal value or worth.

## **8 Related Policies/Strategies, Procedures and Legislation**

- 8.1 Exeter City Council pay and reward policies and procedures are operated within the framework of JNC and NJC terms as nationally negotiated and agreed and supplemented by local agreements. The Council applies the national framework for job evaluation and works within equality and equal pay legislation in order to apply all pay related issues in a fair, consistent and transparent way.
- 8.2 Key policies/procedures/strategies and legislation include:
- Exeter City Council Pay and Reward Policies, frameworks and local agreements
  - Equal Pay Legislation
  - Equality Act 2010
  - Localism Act 2011
  - Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012
  - Local Government Act 1972
  - Local Government & Housing Act 1989

**1. Levels and elements of remuneration for each chief officer role as at April 2017**

<b>Post title</b>	<b>Full time Remuneration</b>
Chief Executive and Growth Director	£112,211
Deputy Chief Executive	£91,564
Directors x 4 Chief Finance Officer City Solicitor & Head of HR	£65,000 - £80,000
Corporate Manager x 3	£57,691- £62,431

**2. The FT remuneration of the lowest paid employee**

<b>Post title</b>	<b>Full time Remuneration</b>
P&GS Operative/MRF Operative	£16,302

**3. The multiplier of the remuneration of the chief officer based upon taxable earnings:**

<b>Post Title</b>	<b>Full time Remuneration</b>
Annual median pay of all employees	£20,403
Pay multiple of Chief Executive and Growth Director to median	5.50

Pay multiple of Chief Executive and Growth Director to lowest paid FT employee	6.88
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## EXETER CITY COUNCIL

**REPORT TO:** SCRUTINY COMMITTEE – CORPORATE  
EXECUTIVE  
COUNCIL

**DATE OF MEETING:** CORPORATE – 26 JANUARY 2017  
EXECUTIVE – 14 FEBRUARY 2017  
COUNCIL – 21 FEBRUARY 2017

**REPORT OF:** ASSISTANT DIRECTOR FINANCE  
**TITLE:** TREASURY MANAGEMENT STRATEGY REPORT 2017/18

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

#### 1. What is the report about?

To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2017/18, as required under section 15(1)(a) of the Local Government Act 2003.

#### 2. Recommendations:

That Scrutiny and Executive support and Executive recommend to Council the adoption of the new Treasury Management Strategy and delegations contained therein.

#### 3. Reasons for the recommendation:

The Council adopted the *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

#### 4. What are the resource implications including non financial resources

Treasury Management is carried out by the Finance team of the Council, with advice procured from a specialist advisor. Prudent Treasury Management supports the Council's financial position by generating interest on investments / deposits and seeking to minimise the amount of interest paid on borrowing.

#### 5. Section 151 Officer comments:

The Council's Treasury Management Strategy forms an integral part of the Council's financial management. No changes to the policy are being sought this year.

#### 6. What are the legal aspects?

In February 2012 the Council adopted the updated *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year. Adoption of the Code is required by regulations laid under the Local Government Act 2003.

**7. Monitoring Officer's comments:**

This report raises no issues for the Monitoring Officer.

**8. Report Details:**

**8.1 Key issues to be considered**

8.2 This is a statutory Strategy recommended for adoption by full Council. The key issues to be considered are:

- The 2016/17 strategy for In-house investments requested the authorisation to invest in property funds. An investment in the CCLA – LAMIT fund has been made and details of the dividend yield are included in paragraph 3.2 of Appendix A attached to this report.
- Section 4.3 sets the limits on the value of investments to be held by any one institution and the type of institution that can be used.
- There are no proposed amendments to the lending limits for UK owned banks or building societies or foreign owned banks that deal in sterling in the 2017/18 strategy.
- Paragraph 3 of Appendix A attached to this report, sets out the current levels of borrowing and investments, along with the estimated changes and the financial impact for the year on both the General Fund and HRA.
- Sections 5 and 6 set out the planned strategy for the year, which Council must be satisfied meets their objectives and is in line with the level of risk they are comfortable to take.

**9. How does the decision contribute to the Council's Corporate Plan?**

Treasury Management supports the Council in generating additional funds for investing in Services, whilst minimising the amount of interest paid on borrowings. It does not in itself contribute to the Council's Corporate Plan.

**10. What risks are there and how can they be reduced?**

The investment limits are designed to reduce risk as far as possible, however with any investments there is a risk of default. The Council minimises this risk by keeping borrowing as low as possible and therefore the amount available for investment low. Investments tend to be in immediate access accounts, or short term (less than three months). The risk of keeping borrowing short term is that rates will rise causing the Council to lock into higher interest rates over the long term.

**11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, Economy safety and the environment?**

No impact.

**12. Are there any other options?**

No.

**David Hodgson, Assistant Director Finance**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275

## APPENDIX A

### EXETER CITY COUNCIL

#### TREASURY MANAGEMENT STRATEGY 2017/18

#### 1. Introduction

- 1.1 The Council's strategy is based on the requirements of the DCLG's Guidance on Local Government Investments ("Guidance") and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes ("CIPFA TM Code").

#### 2. Economic Context

- 2.1 The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.

Recent data presents a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending. Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.

The currency-led rise in CPI inflation (currently 1.2% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to muted or negative real wage growth.

#### 2.2 Interest rate forecasts

The Authority's treasury advisor Arlingclose projects the UK Bank Rate to remain at 0.25% for the foreseeable future, but advise there is a low possibility of a drop to close to zero.

#### 2.3 *Arlingclose central interest rate forecast – December 2016*

Period	Bank Rate	20-year PWLB rate
Mar 2017	0.25	2.30
June 2017	0.25	2.25
Sept 2017	0.25	2.25
Dec 2017	0.25	2.25
Mar 2018	0.25	2.30
June 2018	0.25	2.30
Sept 2018	0.25	2.30
Dec 2018	0.25	2.35
Mar 2019	0.25	2.40
Jun 2019	0.25	2.45
Sept 2019	0.25	2.50
Dec 2019	0.25	2.55
Mar 2020	0.25	2.60

\* The Council can currently borrow from the PWLB at 0.80% above gilt yields

### 3. Current and Expected Treasury Portfolios

#### 3.1 Investments

3.2 The Council's current investments as at 1st December 2016 was as follows:

#### Property Funds

Amount	Investment	Dividend Yield
5,000,000	CCLA - LAMIT Fund	4.86%

#### Money Market Funds

Amount	Investment	Interest Rate
5,000,000	Standard Life	0.43%
5,000,000	Federated Investors	0.41%
1,500,000	Amundi Asset Management	0.34%
1,500,000	BlackRock	0.29%

#### Fixed Term Deposits

Amount	Investment	Interest Rate	No of Days Invested	Maturity Date
3,000,000	Woking Borough Council	0.35%	182	22/05/2017
3,000,000	Commonwealth Bank of Australia	0.30%	112	30/01/2017
3,000,000	United Overseas Bank	0.28%	91	12/12/2016
3,000,000	Nationwide Building Society	0.28%	91	31/01/2017

#### Borrowings

3.3 The Council's short term borrowing is currently £10m, this increased from £5m with effect from 1 February 2016. Long term borrowing remains at £56.884m. Details of the loans are set out below.

#### Existing Loans

Amount	Lender	Interest rate	Date of repayment
£10,000,000	Oxfordshire County Council	0.98%	01/02/2018
£56,884,000	PWLB	3.48%	28/03/2062

#### 3.4 Expected changes

According to current cash flow forecasts, net borrowing is expected to remain at £10 million on 31<sup>st</sup> March 2017. The future cash flow forecast includes planned borrowing of £3 million as part of the 2017/18 capital programme. The decision of whether to take external long-term borrowing will be made in light of current and forecast interest rates and the decision is delegated to the section 151 Officer and Leader of the Council.



### 3.5 Budget implications

The net budget for interest payments in 2017/18 is £150,000 in respect of the General Fund. The HRA covers the interest costs relating to the long term borrowing of £56.9 million. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

## 4. **Investment Strategy**

4.1 The Council holds surplus funds, which represent income received in advance of expenditure plus balances and reserves held. Much of the Council's cash has been used to reduce the amount of debt taken on during the current financial year. Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investments before seeking the highest rate of return, or **yield**.

### 4.2 Specified Investments

Specified investments are those expected to offer relatively high security and liquidity, and can be entered into with the minimum of formalities. The CLG Guidance defines specified investments as those:

- denominated in pounds sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

4.3 The Council defines the following as being of "high credit quality" for making specified investments, subject to the monetary and time limits shown.

<b>In-house investment</b>	<b>Monetary limit<sup>1</sup></b>	<b>Time limit</b>
UK owned banks and building societies holding short-term credit ratings no lower than F1+ and P-1	£4m each	12 months
Foreign owned banks that deal in sterling holding short-term credit ratings no lower than F1+ and P-1	£3m each	6 months
UK owned banks and building societies holding short-term credit ratings no lower than F1 and P-1	£3m each	3 months
Money market funds <sup>2</sup> and similar pooled vehicles holding the highest possible credit ratings (AAA)	£5m each	3 months
UK Central Government	no limit	12 months
UK Local Authorities <sup>3</sup> Upper Tier Lower Tier	£5m each £3m each	12 months 12 months

<sup>1</sup> banks within the same group ownership are treated as one bank for limit purposes

<sup>2</sup> as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003

<sup>3</sup> as defined in the Local Government Act 2003

4.4 The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. For an individual bank, the limit is £4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

4.5 Non specified Investments

- No non specified investments will be made by the Council.

4.6 Foreign countries

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £3 million per country. Only banks that are domiciled in the UK but are owned in another country will be used and need to meet the rating criteria of and will count against the limit for both countries. There is no limit on investments in the UK.

4.7 Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

4.8 Credit ratings

The Council uses credit ratings from two main rating agencies Fitch Ratings Ltd and Moody's Investors Service to assess the risk of loss of investments. The lowest available credit rating will be used to determine credit quality.

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an institution has its credit rating downgraded so that it fails to meet the above criteria then:

- no new investments will be made,
- any existing investments that can be recalled at no cost will be recalled, and
- full consideration will be given to the recall of any other existing investments

Where a credit rating agency announces that it is actively reviewing an organisation's credit ratings with a view to downgrading it so that it is likely to fall below the above criteria, then no further investments will be made until the outcome of the review is announced.

4.9 Other information on the security of investments

Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.

4.10 Investment instruments

Investments may be made using any of the following instruments:

- interest paying bank accounts
- fixed term deposits
- call or notice deposits (where the Council can demand repayment)
- certificates of deposit
- treasury bills and gilts issued by the UK Government
- bonds issued by multilateral development banks
- shares in money market funds

## 5. Planned investment strategy for 2017/18 – In-house

- 5.1 The cash flow forecast will be used to divide surplus funds into three categories:
- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
  - Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
  - Long-term – cash not required to meet cash flows, and used primarily to generate investment income.
- 5.2 The Council's in-house managed funds are based on the likely cash-flow position and rarely exceed three months. Investments will be made to ensure that cash flow is protected and borrowing is minimised. However, on occasion, money has been invested for a longer period up to 364 days. These are funds which are not required for day-to-day cash management purposes.
- 5.3 The Council will seek to utilise its call accounts (which are linked to base rate), money market funds (Standard Life, Blackrock, Federated, Amundi and CCLA) and use short-dated deposits to ensure liquidity of assets for day-to-day cashflow. Although these are essentially cash, a monetary limit in line with the banks credit rating is retained on the accounts. The Council will also make use of the Government's Debt Management Office to ensure the highest possible security for cash. Additionally, the Council will hold a balance on its general account to cover any payments due. On occasion, where significant payments are to be made, there may be in excess of £3 million in this account.
- 5.4 The 2016/17 strategy requested approval to allow investments to be made in property funds. Such funds are pooled investment products and are accessed on a traded share basis rather than a fixed cash deposit sum. The investment in the property fund is a long term commitment which means that there has been a small fluctuation on the return from the investment to date and this will continue to be the case.

An initial amount of £3m was placed in the fund in April 2016 with a further £2m added at the end of November. The dividend yield on this investment is currently 4.86% and it has fluctuated between 4.8% and 5% between April and November.

## 6. Borrowing Strategy

- 6.1 The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31<sup>st</sup> March 2017 is expected to be £96.1 million, and is forecast to rise to £110.5 million by March 2018 as capital expenditure is incurred.
- 6.2 The maximum expected long-term borrowing requirement for 2017/18 is:

	£m
Not borrowed in previous years	39.2
Long term borrowing (HRA)	56.9
Forecast increase in CFR	14.4
Loans maturing in 2016/17	0.0
<b>TOTAL</b>	<b>110.5</b>

- 6.3 The Council made a one-off payment on 28 March 2012, to buy itself out of the HRA subsidy system. The final settlement figure of £56.884 million was confirmed in

February 2012. The amount was borrowed from the Public Works Loans Board over a 50 year period and is repayable on maturity at the end of the loan term. The interest rate was 3.48% fixed for the term of the loan.

6.4 However, to reduce risk and minimise cost on the General Fund, it has been decided to defer borrowing until later years, and to reduce the size of the Council's investment balance instead.

6.5 In addition, the Council will borrow for short periods of time (normally up to two years) to cover cash flow shortages.

Currently the Council has borrowing of £10 million, which was taken for a period of 2 years at a rate of 0.98%.

#### 6.6 Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board
- any institution approved for investments above
- any other bank or building society on the Financial Services Authority list.

#### 6.7 Debt instruments

Loans will be arranged by one of the following debt instruments:

- fixed term loans at fixed or variable rates of interest
- lender's option borrower's option (LOBO) loans.

As an alternative to borrowing loans, the Council may also finance capital expenditure and incur long-term liabilities by means of:

- leases
- Private Finance Initiative.

#### 6.8 Borrowing strategy to be followed

With short-term interest rates currently much lower than long-term rates, it continues to be more cost effective in the short-term to not borrow and reduce the level of investments held instead, or to borrow short-term loans. However, with long-term rates forecast to rise in the coming years, any such short-term savings will need to be balanced against potential longer-term costs.

If required, the council may arrange forward starting loans during 2017/18, where the interest rate is fixed in advance, but the cash is received in a later period.

### 7. **Policy on Use of Financial Derivatives**

7.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).

7.2 The Localism Bill 2011 includes a general power competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

7.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as

credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

#### 7.4 Derivative counterparties

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

7.5 In reality, whilst the Council is required to include the above policy, the only type of transaction used is the forward deal, which means the Council agrees to borrow funds at a set price for a set period, in advance of the date the loan is actually taken. This is done to ensure the availability of funds at the time that they are needed.

### **8. Treasury Management Prudential Indicators**

8.1 The Council sets each year, in February, prudential indicators for Treasury Management, to ensure that proper control of borrowing and investing is maintained. These indicators can be found in the Council's budget book.

### **9. Other Matters**

9.1 The revised CLG Investment Guidance also requires the Council to approve the following matters each year as part of the investment strategy:

#### 9.2 Investment consultants

The Council contracts with Arlingclose to provide advice and information relating to its investment and borrowing activities. However, responsibility for final decision making remains with the Council and its officers. The services received include:

- advice and guidance on relevant policies, strategies and reports,
- advice on investment decisions,
- notification of credit ratings and changes,
- other information on credit quality,
- advice on debt management decisions,
- accounting advice,
- reports on treasury performance,
- forecasts of interest rates, and
- training courses.

The quality of the advisory service is monitored by the Assistant Director Finance.

#### 9.3 Investment training

The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

#### 9.4 Investment of money borrowed in advance of need

The Council may, from time to time, borrow in advance of spending need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit. The maximum periods between borrowing and expenditure is expected to be two years, although the Council does not link particular loans with particular items of expenditure.

**10. Investment Reports**

- 10.1 At the end of the financial year, the Council will prepare a report on its investment activity as part of its Annual Treasury Report. Progress will also be reported after six months of the financial year.

ASSISTANT DIRECTOR FINANCE  
DECEMBER 2016

**REPORT TO** **CORPORATE SERVICES SCRUTINY COMMITTEE,  
EXECUTIVE AND COUNCIL**

**Date of Meeting:** **Corporate Services Scrutiny Committee - 26 January 2017  
Executive - 14 February 2017  
Council - 21 February 2017**

**Report of:** **Assistant Director Finance**

**Title:** **The Prudential Code for Capital Finance in Local  
Authorities (Incorporating the Annual Statement of  
Minimum Revenue Provision)**

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Council

**1. What is the report about?**

To set out the proposed 2017/18 prudential indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP).

**2. Recommendations:**

**It is recommended that Corporate Services Scrutiny Committee supports and the Executive recommends to Council to approve the adoption of:**

- i. The Prudential Indicators set out in Appendix A-C
- ii. The Annual Statement of Minimum Revenue Provision for the Council

**3. Reasons for the recommendation:**

With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self regulation. This means that Councils are free to borrow for capital investment where the borrowing is affordable.

The Prudential Code was revised slightly during 2012. The “net debt and the capital financing requirement” has been amended to “gross debt and the capital financing requirement”.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. The Regulations require Full Council to approve an Annual Statement of Minimum Revenue Provision which is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only. The Housing Revenue Account remains exempt from making Minimum Revenue Provision although it can make voluntary set asides if it wishes.

The Prudential Indicators / MRP report will be incorporated within the Budget Book for approval at the full Council meeting as per the statutory requirement.

**4. What are the resource implications including non financial resources**

The financial resources required are set out in the body of this report.

**5. Section 151 Officer comments:**

This report has been prepared on behalf of the Section 151 Officer to set out the Prudential Indicators for 2017/18 and the annual statement of Minimum Revenue Provision. The Section 151 Officer is satisfied that the Capital Programme and any associated borrowing remains affordable to both the General Fund and HRA.

**6. What are the legal aspects?**

With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self regulation. More detailed information is set out in paragraph 3 above.

**7. Monitoring Officer's comments:**

The report raises no issues for the Monitoring Officer.

**8. Report Details:**

**PRUDENTIAL INDICATORS**

**8.1** The proposed prudential indicators for the next three years are shown in Appendix A-C.

**8.2 Key issues to consider**

Appendix C summarises the prudential code indicators for the Council and of particular importance are:

- The Capital Financing Requirement - demonstrates the amount that the Council has an underlying need to borrow, regardless of whether that amount has actually been borrowed
- The Operational Boundary - this sets the amount of borrowing that the Council intends to keep within over the period covered by the indicators
- The Authorised Limit - the maximum that the Section 151 officer is allowed to borrow to cover the Operational Boundary and day to day Cashflow needs. The Council is not allowed to exceed this amount of borrowing without first authorising an increase to the limit.

**9. ANNUAL STATEMENT OF MINIMUM REVENUE PROVISION**

The Regulations require that "a local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

Minimum Revenue Provision (MRP) is an amount set aside from revenue to meet the repayment of debt principal. It is in effect a replacement for depreciation that you would normally expect to see within a Company's Accounts. Under the old Regulations this was 4% of principal outstanding for the General Fund and no requirement to set aside MRP in the Housing Revenue Account. In local government accounting depreciation is charged and then reversed out so it does not affect the level of Council Tax, however MRP is charged to the General Fund and therefore does affect levels of Council Tax.



The Secretary of State for Communities and Local Government has issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant."

The guidance notes detail five options which the Secretary of State considers prudent. These are described in section 10 below:

- (a) Regulatory Method;
- (b) Capital Financing Requirement Method;
- (c) Asset Life (Equal Instalment) Method;
- (d) Asset Life (Annuity) Method; and
- (e) Depreciation Method

#### **Key issue to consider**

Section 11 sets out the proposed policy for MRP, which matches the amount set aside against the useful life of the assets. The only exception to this is the writing off of historic debt which is being undertaken over 50 years.

## **10. MRP OPTIONS**

### **Regulatory Method**

MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations as if they had not been revoked. In effect this is 4% of the debt principal outstanding.

### **Capital Financing Requirement Method**

MRP is equal to 4% of the non-housing Capital Financing Requirement, which is a Prudential Indicator.

### **Asset Life (Equal Instalment) Method**

Where capital expenditure on an asset is financed wholly or partly by borrowing then MRP is determined by reference to the life of the asset and an equal amount charged in each year.

### **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.

### **Depreciation Method**

MRP is equal to the provision required in accordance with depreciation accounting in respect of the asset, including any amount of impairment chargeable to the Income and Expenditure Account. As standard depreciation rules are used where an asset is part financed by loan, e.g. 50% loan, 50% Capital Receipt, then the full 100% depreciation charge on the asset is required to be charged as MRP. MRP is required to be charged annually until the cumulative amount of the provision is equal to the original expenditure financed by borrowing. Should the asset be disposed of then the charge needs to continue as if the asset had not been disposed of unless the debt is repaid.

## **11. MINIMUM REVENUE PROVISION POLICY 2017/18**

The Council's MRP policy is to match borrowing against specific capital investment and adopt either the Asset Life (Equal Instalment) or the Asset Life (Annuity) method for MRP. In this way the funding for the asset will be paid off over the useful life of that asset. This will ensure that loans are repaid over the asset life thus freeing financial resources for investment in other schemes or in asset renewal. They are also simple to operate and gives certainty in each year as to the level of charge for principal.

The other advantage is that it makes business cases and scheme appraisals easier to compile. As a general rule the Council will seek to borrow over the same period of the asset life up to a maximum of 50 years in line with the Regulations. The total capital financing requirement at the end of 2016/17 is likely to be approximately £96.08 m, some of which has financed redundancy payments and other shorter dated expenditure. Therefore MRP for 2017/18 will be calculated based on the capital financing requirement at the end of 2016/17 using the varying periods of repayment. The MRP charge for 2017/18 will be approximately £0.764 million. For the avoidance of doubt, it is proposed to use both options from 2016/17 onwards.

## **12. How does the decision contribute to the Council's Corporate Plan?**

The Capital Programme contributes to all of the key purposes, as set out in the Corporate Plan.

## **13. What risks are there and how can they be reduced?**

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

## **14. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

No impact

## **15. Are there any other options?**

No

**David Hodgson, Assistant Director Finance**

### **Local Government (Access to Information) Act 1972 (as amended)**

#### **Background papers used in compiling this report:**

1. The Prudential Code for Capital Finance in Local Authorities
2. The Prudential Code Guidance Notes

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

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### General Fund Prudential Indicator Calculations

The purpose of the prudential indicators is to demonstrate that the Council's financial plans meet the statutory requirement to be affordable, prudent and sustainable.

#### General Fund Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Strategic Theme	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
KEEP PLACE LOOKING GOOD	252	534	0	0	0
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY	618	1,221	1,627	400	400
HELP ME FIND SOMEWHERE TO LIVE	765	1,435	664	379	379
WELL RUN COUNCIL	2,319	1,021	2,084	184	154
PROVIDE GREAT THINGS FOR ME TO SEE & DO	1,499	355	56	56	56
MAINTAIN THE ASSETS OF OUR CITY	0	69	0	0	0
DELIVER GOOD DEVELOPMENT	1,748	2,662	18,851	6,537	0
HELP ME RUN A SUCCESSFUL BUSINESS	0	0	0	0	0
<b>Total General Fund Capital Expenditure</b>	<b>7,201</b>	<b>7,297</b>	<b>23,282</b>	<b>7,556</b>	<b>989</b>

#### General Fund Financing costs

The figures for the actual financing costs will be taken from the Council's financial statements using the definition of financing costs specified in the Prudential Code. Estimates for the current and future years should be calculated in a manner consistent with this definition.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Interest payable with respect to short term borrowing	155	320	320	320	320
Interest payable under 'irredeemable' long term liabilities	0	0	0	0	0
Interest and investment income	(50)	(170)	(170)	(170)	(170)
Replacement for Minimum Revenue Provision (England and Wales)	818	766	764	1,051	988
Voluntary contribution to financing costs in respect of short-life assets	1,477	2,000	1,000	1,000	1,000
<b>Total General Fund Financing Costs</b>	<b>2,400</b>	<b>2,916</b>	<b>1,914</b>	<b>2,201</b>	<b>2,138</b>

**General Fund Estimates of the ratio of financing costs to net revenue stream**

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers. An important theme of the Code is transparency. For this reason the authority's calculation of the net revenue stream should be consistent with the figure that can be identified in the Income and Expenditure Account for 'Net Operating Expenditure'.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Financing costs	2,400	2,916	1,914	2,201	2,138
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	12,227	11,882	11,865	11,701	11,561
<b>Ratio of financing costs to net revenue stream %</b>	<b>19.6</b>	<b>24.5</b>	<b>16.1</b>	<b>18.8</b>	<b>18.5</b>
Negative for a debt free authority	%	%	%	%	%

**Estimates of the incremental impact of capital investment decisions on the Council Tax**

A fundamental constraint on capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable council tax levels.

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	10,661	11,701	11,561
Total budgetary requirements for the authority with proposed capital programme	11,865	11,701	11,561
Difference	1,204	0	0
<b>Incremental Impact on Band D Council Tax</b>	<b>£33.26</b>	<b>£0.00</b>	<b>£0.00</b>

**General Fund Capital Financing Requirement**

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

*Actual General Fund Capital Financing Requirement at 31 March 2016*

	<b>£'000</b>
Property, Plant and Equipment	131,004
Investment Properties	37,419
Heritage Assets	22,643
Intangible Assets / Other Long term Assets	4,622
Revaluation Reserve	(70,516)
Capital Adjustment Account	(91,024)
<b>General Fund Capital Financing Requirement 31 March 2016</b>	<b>34,148</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2017*

Estimate of General Fund Capital Financing Requirement 31 March 2016	34,148
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	4,054
<b>Estimate of General Fund Capital Financing Requirement 31 March 2017</b>	<b>38,202</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2018*

Estimate of General Fund Capital Financing Requirement 31 March 2017	38,202
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	14,365
<b>Estimate of General Fund Capital Financing Requirement 31 March 2018</b>	<b>52,567</b>

Estimated General Fund Capital Financing Requirement at 31 March 2019

Estimate of General Fund Capital Financing Requirement 31 March 2018	52,567
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(3,159)
<b>Estimate of General Fund Capital Financing Requirement 31 March 2019</b>	<b>49,408</b>

Estimated General Fund Capital Financing Requirement at 31 March 2020

Estimate of General Fund Capital Financing Requirement 31 March 2019	49,408
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(4,616)
<b>Estimate of General Fund Capital Financing Requirement 31 March 2020</b>	<b>44,792</b>

### HRA Prudential Indicator Calculations

Local authorities that have a Housing Revenue Account (HRA) are required to prepare separate calculations for their HRA and non-HRA elements.

#### HRA Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
MAINTAIN OUR PROPERTY ASSETS	5,910	4,340	12,957	9,776	6,112
HELP ME FIND SOMEWHERE TO LIVE	1,976	3,871	5,945	6,320	0
<b>Total HRA Capital Expenditure</b>	<b>7,886</b>	<b>8,211</b>	<b>18,902</b>	<b>16,096</b>	<b>6,112</b>

#### HRA Financing costs

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	1,980	1,980	1,980	1,980	1,980
Interest and investment income	(103)	(164)	(120)	(64)	(64)
Voluntary Revenue Provision (England and Wales)	0	0	0	0	0
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
<b>Total HRA Financing Costs</b>	<b>1,877</b>	<b>1,816</b>	<b>1,860</b>	<b>1,916</b>	<b>1,916</b>

**HRA Estimates of the ratio of financing costs to net revenue stream**

For the Housing Revenue Account the net revenue stream, for the purposes of the Code, is the amount to be met from rent income.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Financing costs	1,877	1,816	1,860	1,916	1,916
Net revenue stream	20,939	19,095	21,167	19,234	18,490
<b>Ratio of financing costs to net revenue stream %</b>	<b>9.0</b>	<b>9.5</b>	<b>8.8</b>	<b>10.0</b>	<b>10.4</b>
Negative for a debt free authority	%	%	%	%	%

**Estimates of the incremental impact of capital investment decisions on the Housing Rents**

A fundamental constraint on HRA capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable rent levels.

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Forecast HRA budgetary requirements for the authority with existing HRA capital programme	23,027	21,150	20,406
Forecast HRA budgetary requirements for the authority with proposed HRA capital programme	23,027	21,150	20,406
Difference	0	0	0
<b>Incremental Impact on average weekly housing rents</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>



**HRA Capital Financing Requirement**

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

*Actual HRA Capital Financing Requirement at 31 March 2016*

Description	£'000
Property, Plant and Equipment	215,776
Investment Properties	0
Revaluation Reserve	(18,841)
Capital Adjustment Account	(139,053)
<b>Actual HRA Capital Financing Requirement 31 March 2016</b>	<b>57,882</b>

*Estimated HRA Capital Financing Requirement at 31 March 2017*

Estimate of HRA Capital Financing Requirement 31 March 2016	57,882
Estimate of change in Property, Plant and Equipment	7,886
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(7,886)
<b>Estimate of HRA Capital Financing Requirement 31 March 2017</b>	<b>57,882</b>

*Estimated HRA Capital Financing Requirement at 31 March 2018*

Estimate of HRA Capital Financing Requirement 31 March 2017	57,882
Estimate of change in Property, Plant and Equipment	8,211
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(8,211)
<b>Estimate of HRA Capital Financing Requirement 31 March 2018</b>	<b>57,882</b>

Estimated HRA Capital Financing Requirement at 31 March 2019

Estimate of HRA Capital Financing Requirement 31 March 2018	57,882
Estimate of change in Property, Plant and Equipment	18,902
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(18,902)
<b>Estimate of HRA Capital Financing Requirement 31 March 2019</b>	<b>57,882</b>

Estimated HRA Capital Financing Requirement at 31 March 2020

Estimate of HRA Capital Financing Requirement 31 March 2019	57,882
Estimate of change in Property, Plant and Equipment	16,096
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(16,096)
<b>Estimate of HRA Capital Financing Requirement 31 March 2020</b>	<b>57,882</b>

**CLG Limit on indebtedness**

The limit on indebtedness for the HRA is £57.882 m

Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF AFFORDABILITYEstimates of Incremental Impact of Capital Investments Decisions on the Council Tax

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Incremental Impact on Band D Council Tax	£33.26	£0.00	£0.00

Estimates of Incremental Impact of Capital Investments Decisions on the Housing Rents

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Incremental Impact on Average Weekly Housing Rents	£0.00	£0.00	£0.00

Total Actual / Estimates of Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total General Fund Capital Expenditure	7,201	7,297	23,282	7,556	989
Total HRA Capital Expenditure	7,886	8,211	18,902	16,096	6,112
<b>Total Actual / Estimates of Capital Expenditure</b>	<b>15,087</b>	<b>15,508</b>	<b>42,184</b>	<b>23,652</b>	<b>7,101</b>

Prudential Indicator Calculations

Total Actual / Estimates of Financing Costs

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total General Fund Financing Costs	2,400	2,916	1,914	2,201	2,138
Total HRA Financing Costs	1,877	1,816	1,860	1,916	1,916
<b>Total Actual / Estimates of Financing Costs</b>	<b>4,277</b>	<b>4,732</b>	<b>3,774</b>	<b>4,117</b>	<b>4,054</b>

Actual / Estimates of Ratio of Financing Costs to Net Revenue Stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers, and for the Housing Revenue Account, is the estimate of the amounts to be met from rent income.

Description	2015/16 Actual %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund Ratio of Financing Costs to Net Revenue Stream	19.6	24.5	16.1	18.8	18.5
HRA Ratio of Financing Costs to Net Revenue Stream	9.0	9.5	8.8	10.0	10.4

Prudential Indicator CalculationsActual / Estimates of Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
General Fund Capital Financing Requirement	34,148	38,202	52,567	49,408	44,792
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
<b>Total Actual / Estimates of Capital Financing Requirement</b>	<b>92,030</b>	<b>96,084</b>	<b>110,449</b>	<b>107,290</b>	<b>102,674</b>

Authorised Limit

In England and Wales the prudential indicator for the Authorised Limit for external debt for the current year is the statutory limit determined under Section 3 (1) of the Local Government Act 2003: 'A local authority shall determine and keep under review how much money it can afford to borrow'

The Authorised Limit should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable. The Authorised Limit must therefore be set to establish the outer boundary of the Council's borrowing, based on a realistic assessment of the risks.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	130,000	135,000	140,000
Other long term liabilities	0	0	0
<b>Authorised Limit</b>	<b>130,000</b>	<b>135,000</b>	<b>140,000</b>

Prudential Indicator CalculationsOperational Boundary

The Operational Boundary is the focus of day-to-day treasury management activity within the authority. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed Authorised Limit. The Operational Boundary may be breached temporarily on occasions due to variations in cashflow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	125,000	130,000	135,000
Other long term liabilities	0	0	0
<b>Operational Boundary</b>	<b>125,000</b>	<b>130,000</b>	<b>135,000</b>

Actual External Debt

The prudential indicator for actual external debt will not be directly comparable to the authorised limit and operational boundary, since the actual external debt will reflect the actual position at one point in time.

Description	2015/16 Actual £'000
Actual borrowing as at 31 March 2016	66,922
Actual long term liabilities as at 31 March 2016	0
<b>Actual External Debt as at 31 March 2016</b>	<b>66,922</b>

**Prudential Indicator Calculations**  
**PRUDENTIAL INDICATORS OF PRUDENCE**

**Gross Debt and Capital Financing Requirement**

The Code makes it necessary, if a financial strategy is to be prudent, that it is one in which in the medium term gross debt is only used for capital purposes. In the Code this requirement is to be demonstrated through a comparison of gross debt with the Capital Financing Requirement.

Description	£'000
Total Capital Financing Requirement at 31 March 2016	<b>92,030</b>

2016/17 Estimated Change in Capital Financing Requirement	
Capital expenditure	15,508
Application of useable capital receipts	(1,473)
Application of capital grants/contributions	(7,215)
The replacement for MRP	(766)
Additional voluntary contributions	(2,000)
<b>Total Estimated Change in Capital Financing Requirement 2016/17</b>	<b>4,054</b>

2017/18 Estimated Change in Capital Financing Requirement	
Capital expenditure	42,184
Application of useable capital receipts	(5,196)
Application of capital grants/contributions	(20,829)
The replacement for MRP	(764)
Additional voluntary contributions	(1,000)
<b>Total Estimated Change in Capital Financing Requirement 2017/18</b>	<b>14,395</b>

Prudential Indicator Calculations

<b>2018/19 Estimated Change in Capital Financing Requirement</b>	
Capital expenditure	23,652
Application of useable capital receipts	(1,000)
Application of capital grants/contributions	(23,760)
The replacement for MRP	(1,051)
Additional voluntary contributions	(1,000)
<b>Total Estimated Change in Capital Financing Requirement 2018/19</b>	<b>(3,159)</b>

<b>Capital Financing Requirement:</b>	
Opening Balance 2015/16	92,030
Estimated Closing Balance 2018/19	107,320
This is an increase over the three years of	15,290

Prudential Indicators for Treasury Management

The first prudential indicator for treasury management is not a numerical indicator, but a statement of good practice:

*'The Council adopts the 2011 edition of the CIPFA Code of Practice for Treasury Management in the Public Services'*

**Adopted by the Council 7 February 2012 (Executive Committee)**



**Prudential Indicator Calculations**

**Operational Boundaries to Exposure to Interest Rate Risks**

Interest rate risk management is a top priority for local authority management. The setting of upper limits has the effect of setting ranges within which the Council will limit its exposure to both fixed and variable interest rate movements.

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Total projected interest payable on borrowing	2,300	2,300	2,300
Total projected interest receivable on investments	(290)	(234)	(234)
<b>Net Interest</b>	<b>2,010</b>	<b>2,066</b>	<b>2,066</b>
<b>Upper limit - fixed rates = 100%</b>	(290)	(234)	(234)
<b>Upper limit - variable rates = 20%</b>	(58)	(47)	(47)

This means that the Head of Treasury Services will manage fixed interest rate exposure within the range 0% to 100% and variable interest rate exposure within the range 0% to 20%

**Operational Boundary to the Exposure Inherent in the Maturity Structure of Borrowings**

This indicator is designed to be a control over the Council having a large concentration of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The indicator is, in effect, a limit on longer term interest rate exposure and is set for the forthcoming year.

The analysis of borrowing by maturity used in the Code uses the same periods as that required in the local authority SORP.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and above	100%	0%

Prudential Indicator CalculationsPrincipal Sums Invested for Periods Longer than 364 Days

The purpose of the prudential limit for principal sums invested for periods longer than 364 days is for the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

Description	At 31/3/2016
	<b>£'000</b>
Longer-term investments	7,102
Less - Held for operational purposes	0
Current Assets - Investments	10
Current Assets - Cash and at Bank	0
<b>Total available for investment longer term</b>	<b>7,112</b>

<b>Limits to be placed on investments to final maturities beyond year end:</b>	<b>£'000</b>
31/03/2017	3
31/03/2018	0
31/03/2019	0

## EXETER CITY COUNCIL

**REPORT TO:** EXECUTIVE  
**DATE OF MEETING:** 14 FEBRUARY 2017  
**REPORT TO:** COUNCIL  
**DATE OF MEETING:** 21 FEBRUARY 2017

**REPORT OF:** ASSISTANT DIRECTOR FINANCE  
**TITLE:** GENERAL FUND / HRA ESTIMATES AND CAPITAL PROGRAMME 2017/18

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

#### 1. What is the report about?

1.1 To approve the General Fund revenue estimates for 2017/18 and to recommend the Band D level of Council Tax for 2017/18. This report also includes the proposed Capital Programme for 2017/18 and future years, and the proposals in respect of the Housing Revenue Account.

#### 2. Recommendations:

2.1 It is recommended that :

2.1.1 the Council's overall spending proposals in respect of both its revenue and capital budgets are approved;

2.1.2 the council tax for each Band be recommended to the Council as set out in section 8.19.3 subject to Devon County Council, OPCC Devon and Cornwall and the Devon and Somerset Fire Authority confirming their Band D levels respectively;

2.1.3 when the actual council tax amounts for Devon County Council, Devon and Cornwall Police and Crime Commissioner and the Devon and Somerset Fire Authority are set then the revised council tax levels be submitted to Council on 21 February 2017 for approval;

2.1.4 Members note the Statement given by the chief finance officer as required under Section 25 of the Local Government Act 2003.

2.1.5 Council approves the new distribution methodology for the New Homes Bonus set out in 8.7.2.

#### 3. Reasons for the recommendation:

3.1 To ensure that the Council is in a position to set a budget and determine the Council Tax for the City of Exeter in line with the statutory timeframe.

#### 4. What are the resource implications including non financial resources

4.1 The report sets out the proposed budgets for 2017/18. Details of the resource implications are set out in section 8.

**5. Section 151 Officer comments:**

- 5.1 The proposed budget will achieve the requirement to maintain a minimum balance in excess of £3 million. The Medium Term Financial Plan is balanced, but there is uncertainty over the future funding of Local Government in general.

**6. What are the legal aspects?**

- 6.1 The Council is required by the Local Government Act 1992 ("the Act") to determine the Council Tax for the following year. In order to do this, a balanced budget is prepared

In coming to decisions in relation to the revenue budget and the Council Tax the City Council and Councillors have the following legal duties, namely:-

- (a) The Council must act in accordance with its statutory duties and responsibilities.
- (b) The Council must act reasonably.
- (c) The Council must not act in breach of its fiduciary duty to its ratepayers and Council Tax payers .

**7. Monitoring Officer's comments:**

7.1

Members should be aware of the provisions of Section 106 of the Act applies to this report where members are present at a meeting of the Council or the Executive or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months.

In these circumstances, any such members shall at the meeting and as soon practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter.

It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting

**8. Report Details:**

**8.1 LOCAL GOVERNMENT FINANCE SETTLEMENT**

**8.1.1 4 year Settlement**

During the settlement for 2016-17, the Government offered Local Authorities the opportunity to apply for a 4 year agreed settlement subject to producing an efficiency plan. The Council took up this offer and were notified in November that the Government had agreed the Settlement.

The provisional settlement for 2017-18 therefore reflects the figures in the Medium Term

## Financial Plan.

- 8.1.2 The draft valuation list for the Business Rates revaluation has been released by the Valuation Office. Exeter's list has risen by 0.97% against a national increase of 9.6%. This means that on average bills in Exeter will reduce. The Government have adjusted the amount that Exeter has to pay over to the Government to ensure that the changes arising from the revaluation are cost neutral.
- 8.1.3 Appendix 1 shows as a comparison the formula funding settlement figures for all Devon authorities. The final settlement figures will be announced later this month but at this stage it is not expected that they will be significantly different from the provisional announcement. The figures show that in comparison with the other Devon Districts the City Council has fared better in percentage terms of formula funding reduced.
- 8.1.4 Core spending power is a new definition used by the Government, which encompasses an individual authority's:
- Council Tax Requirement including estimates of Council Tax increases and increases in the Taxbase;
  - Social Care Precept (not applicable for district councils);
  - Formula Grant;
  - New Homes Bonus;
  - Rural Services Delivery Grant and
  - Better Care Fund (not applicable for district councils).

Appendix 2 shows a comparison of Devon authorities using this definition of revenue spending power. Using this measure Exeter's core spending power reduces by 14.0% over the period.

## 8.2 COUNCIL TAX

8.2.1 The Government has announced in respect of the local authority tax referendum threshold, that Shire District councils will be allowed increases of less than 2% or up to and including £5, whichever is higher. Upper Tier Authorities may increase their Council Tax by up to three per cent above the threshold as long as the additional income is spent on Adult Social Care. This is on top of the 1.99% increase they may make for other services but can total no more than 6% over the next three years. Exeter's budget strategy for next year assumes that council tax will increase by £5, which, along with the estimated surplus on the collection fund of £87,500 and increase in the taxbase will raise an extra £308,000.

## 8.3 BUSINESS RATES POOL

8.3.1 Local Authorities in Devon (with the exception of South Hams DC) have agreed to form a Business Rates pool for a fourth year. The benefits of the pool are that any additional growth within Devon is shared between the Councils in Devon rather than a levy being paid over to Central Government. However there are risks that where a Council's Business Rates income falls below their safety net, then it is the responsibility of the members of the pool to make payments to them rather than Central Government. The budget allows for a small gain from pooling.

## 8.4 KEY ASSUMPTIONS

8.4.1 An overall allowance of £110,000 has been set aside for inflation. The inflationary increases allowed in the budget are:

Pay Award	1.0%
Pay – Increments	0.5%
Electricity	1.5%
Gas	1.5%
Oil	1.5%
Water	0.0%
Insurance	5.0%
Rates	1.2%
Fuel	0.0%
General Inflation	0.0%
Income (excluding Car Parks)	1.5%

8.4.2 General inflation has again been held at zero; however where there are contracts in place, inflation at around RPI has been added. The pay award for 2017/18 has been agreed at 1% which has been added to the budgets.

8.4.3 In respect of interest rates, next year's budget reflects the likelihood that whilst base rate may remain low, borrowing for cashflow purposes will increase and the Council may begin to take out borrowing over a longer timeframe as a result.

## 8.5 FURTHER ISSUES TO BE CONSIDERED

8.5.1 Before the Council can finalise its revenue budget for next year there are a number of issues that require further consideration as follows: -

- Equality Impact Assessment;
- New Homes Bonus;
- Future spending pressures and review of the medium term financial planning process;
- The level of reserves and balances.

## 8.6 EQUALITY IMPACT ASSESSMENT

8.6.1 Equality Impact Assessments (EQIA) form part of the Council's decision making process and are a tool to help the Council identify what effect or possible effects its work may have on different groups of people. All local authorities have a legal responsibility to assess their policies and functions, and to set out how they will monitor any possible negative impact on equality target groups. The Council needs to consider the impact on equalities of all new and reviewed Council strategies, policies, projects, services or functions, budget decisions and restructures. By anticipating the consequences of its actions on equality groups the Council can make sure that, as far as possible, any negative consequences are eliminated, minimised or counterbalanced by other measures, and opportunities for promoting equality are maximised. As part of this process any revenue savings proposals are assessed for any potential equality issues and EQIA's are undertaken as appropriate with the results available on the council's web site.

## 8.7 NEW HOMES BONUS

8.7.1 The Government have announced their response to the New Homes Bonus consultation. As members will remember the Government intends to remove £800 million from New Homes Bonus in order to fund Adult Social Care. The Government have therefore reduced the number of years to be paid from 6 years to five years in 2017-18 and will further reduce it to four years from 2018-19. Additionally, no payment will be made on housing growth below 0.4%. This has resulted in Exeter being awarded £3.597 million for 2017-18.

8.7.2 To date the Council has received New Homes Bonus of £0.389 million in 2011/12, £1.323 million in 2012/13, £2.205 million in 2013/14, £2.778 million in 2014/15, £3.529 million in 2015/16, £4.232 million in 2016/17 and provisionally been notified that it will receive a further £3.597 million in 2017/18. A new methodology for distributing New Homes Bonus is being proposed for this financial year and has the following impact:-

Year	Top Slice (revenue) £000's	Community Projects £000's	Major Projects /Debt Reduction £000's	Unused / Projects £000's	Revenue £000's	Total £000's
2011/12	-	-	-	389	-	389
2012/13	120	361	601	241	-	1,323
2013/14	120	286	1,757	42	-	2,205
2014/15	120	286	2,372	-	-	2,778
2015/16	120	286	3,123	-	-	3,529
2016/17	120	189	2,000	923	1,000	4,232
2017/18	125	189	1,000	1,283	1,000	3,597
<b>Total</b>	<b>725</b>	<b>1,597</b>	<b>10,853</b>	<b>2,878</b>	<b>2,000</b>	<b>18,053</b>

## 8.8 REVISED MEDIUM TERM REVENUE PLAN (APPENDIX 3)

- 8.8.1 An updated Medium Term Financial Plan (MTFP) is set out in Appendix 3. The MTFP currently indicates that no additional savings are required over the next four years (2017/18 – 2020/21), although some of the savings identified are currently being analysed to ensure that they are achievable.
- 8.8.2 Looking to the longer term there are a number of uncertainties and factors that could affect the future financial position. These include: potential costs arising from the review of service plans, the cost of any new statutory functions, and additional borrowing and revenue costs in respect of any new capital programme commitments. Any additional revenue costs / reduced income streams that are not currently identified within the medium term financial plan will have to be met from further savings. Further ahead, the move to 100% Business Rate retention by Local Government as a whole provides further uncertainty over future funding levels.

## 8.9 BALANCES AND RESERVES

- 8.9.1 The Council's current policy is such that the minimum level of the General Fund Balance will remain above £3 million. As the Council faces greater uncertainty in the medium term over funding it is prudent to hold reserve levels at a higher rate to offset sudden losses of income. The latest estimated position of the General Fund Balance is that it will be £3.596 million as at 31 March 2018, equivalent to 23.3% of Exeter's net revenue budget. The Council's revised medium-term financial plan (Appendix 3) indicates that the General Fund Balance will remain fairly consistent and be £3.334 million by the end of 2020/21.
- 8.9.2 The Council also has other reserves that have been earmarked for specific purposes. The Council's proposed revenue budget for 2017/18 includes a net transfer to earmarked reserves of £769,000. This is broken down as shown below:-

Transfer (from)/ to reserves:

	2017/18 £'000
<b>Transfers to Reserves</b>	
New Homes Bonus	3,597
	<u>3,597</u>
<b>Transfers from Reserves</b>	
New Homes Bonus	(2,664)
Events	(100)
Sports	(56)
Vehicle Licensing	(8)
	<u>(2,828)</u>

## 8.10 REVENUE ESTIMATES 2017/18 (APPENDIX 4)

- 8.10.1 The Council's revenue estimates for next year are being considered during the current cycle of Scrutiny Committee meetings for the final budget report to the Executive on 14 February 2017. In total, Service Committee Expenditure for 2017/18 is £12,852,260 which is £303,970 higher than the current year.
- 8.10.2 In addition there are other items to take into account referred to as 'below the line' as they do not form part of the individual service controllable budgets. These include an estimate of £150,000 for net borrowing in respect of the overall cash balances, £1,764,028 towards meeting the borrowing costs of the Council's capital programme, and new homes bonus grant and transfers in respect of balances and reserves. The Council's total General Fund Expenditure budget requirement for 2017/18 is planned to be £11,864,809, a reduction of £325,785 compared to 2016/17.



## 8.11 COUNCIL TAX BUDGET REQUIREMENT 2017/18

8.11.1 As stated above, the Government is setting the referendum trigger for District Councils at above £5 or 2%, whichever is higher. The budget has been set on the basis of a £5 increase, although this is ultimately a Member decision. It should be noted that in the Government spending calculations, they have assumed that all District Councils will raise their Council Tax by £5 and have set the spending reductions accordingly.

8.11.2 When all the Government Grant funding is taken into account the resultant net expenditure to be financed from council tax is £5,337,809 (as indicated in Appendix 4), an increase of £308,173 compared to 2016/17.

8.11.3 Each year the Council must estimate the likely surplus or deficit position on its Collection Fund and any such amounts must be taken into account when determining the band D Council Tax amount for 2017/18. For next year it is estimated that the collection fund will have a surplus (£87,504), which will be used to fund part of the expenditure to be financed from Council Tax.

8.11.4 After taking into account the surplus and the taxbase of 36,197, the proposed band D council tax for 2017/18 is £145.05, which means that the council tax would increase annually by £5.00 or 3.57%. An increase of 1.99% would reduce the Council Tax requirement by £80,111, which would have to be taken from reserves.

## 8.12 HOUSING REVENUE ACCOUNT (HRA) (APPENDIX 6 & 7)

8.12.1 Since April 2012, the Council's HRA is expected to be self-financing. Thus all income collected locally from rents, service charges and other sources are kept at a local level to deliver housing services to tenants and to maintain the housing stock.

8.12.2 The main features of self-financing are:

- The HRA is framed by the Local Government and Housing Act 1989. This Act created the ring-fence and the structure within which the HRA operates and covers the detailed operation of the HRA, including the credits (income) and debits (expenditure) which make up the account.
- The Government have put a limit on the amount of borrowing the authority can have for the purposes of the HRA, called the 'debt cap'. For Exeter City Council, the debt cap is £57,882,413.
- Local authorities are expected to maintain a long term housing business plan for financial and service planning, monitoring progress and managing risk.

8.12.3 With effect from 1<sup>st</sup> April 2016, the Welfare Reform and Work Act 2016 requires social housing landlords to reduce social housing rents by 1% a year for 4 years from a 2015/16 baseline.

The financial year 2017/18 represents Year 2 out of 4 of implementing the 1% rent cut.

As previously reported, local authorities had previously been given assurance that rents would rise by Consumer Price Index inflation (CPI) + 1% for the ten years; 2015-16 to 2024-25. The statutory 1% rent cut has therefore significantly reduced the resources available to the HRA with approximately £7.9 million less rental income over the 4 year period compared to previous income projections.

For 2017-18 this will result in an average reduction of £0.76 per week, over 52 weeks, per property.

8.12.4 There is a forecast deficit in 2017/18 for the HRA of £2,303,775, which will be funded

from balances. In respect of the Council's Own Build properties a surplus of £35,970 is forecast.

#### **8.13 CAPITAL PROGRAMME RESOURCES (APPENDIX 8)**

8.13.1 In previous years the annual capital programme has been financed from Government allocated grants together with money from the Council's own capital receipts and capital reserves. However the funding from these sources has now reduced and as a result the Council has to use borrowing instead to fund a significant part of its proposed capital programme. This also has an ongoing impact on the Council's revenue budget. The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities developed by CIPFA. A separate report to this meeting of the Executive sets out the Council's Prudential Indicators for approval by members.

8.13.2 The following capital resources are available for General Fund (£23.998m) and Housing (£21.688m) in 2017/18. The Capital Programme totals £23.282 million in respect of the General Fund and £18.902 million for the HRA. The borrowing requirement for the General Fund is £3.284 million. Appendix 8 sets out the forecast use of the resources available for the General Fund and the Housing Revenue Account and the likely amounts of borrowing that will be necessary to fund the capital programme in the future.

#### **8.14 GENERAL FUND CAPITAL PROGRAMME (APPENDIX 9)**

8.14.1 The proposed capital programme is set out in Appendix 9. The programme for 2017/18 totals £23.282 million. The capital programme has been set out in line with the Council's current purposes, in order to demonstrate how the Council's capital priorities help to contribute towards their achievement. Although a number of schemes contribute to the achievement of more than one purpose, they have been placed under the purpose to which it is considered the scheme contributes the most.

#### **8.15 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME (APPENDIX 10)**

8.15.1 For 2017/18 the medium term financial strategy provides for a HRA capital programme of £18.902 million. This is funded from:

- Major Repairs Reserve £7.746 million
- Revenue Contributions to Capital £6.497 million
- Capital Receipts £2.861 million
- Commuted Sums £0.405 million
- Department of Health Grant for St Loyes Extracare Scheme £1.118 million
- External Contributions £0.275 million

## 8.16 RISK ASSESSMENT

8.16.1 It has already been mentioned above in this report that our financial forecasts are based on a number of assumptions including the level of inflation, interest rates, income levels, support from the Government and general prevailing economic conditions. In addition there are a number of uncertainties that could affect the financial position either now or in the future. These include the level of future years' pension contributions, potential costs arising from the review of service plans, and the cost of any new statutory functions.

8.16.2 Although the Council faces risks from the assumptions and uncertainties outlined above these have been mitigated by the following:

- Adopting a prudent approach to financial forecasting which involves obtaining information from external professional sources
- Continuous monitoring and review of the key factors together with regular reports to Strategic Management and Members on any key issues
- Regular budget monitoring meetings with budget managers to ensure that budget pressures are identified at the earliest opportunity
- The adoption of robust financial management arrangements including option appraisal, risk assessment and financial monitoring
- Retaining a prudent level of reserves and balances

8.16.3 As part of the general budget-setting process the Council needs to also consider the risks inherent in the budgets set and the adequacy of the measures put in place to manage the potential risks.

## 8.17 STATEMENT OF THE ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

8.17.1 There is a requirement under Section 25 of the Local Government Act 2003 that requires the chief finance officer of a local authority to formally report to its members on the robustness of the estimates and the adequacy of its reserves when it is considering its budget and council tax.

8.17.2 I have already outlined above in this report the key assumptions that have been made in the budget proposals for next year including an assessment of the risks and mitigating factors. As the chief finance officer for this Council I therefore consider that the budget estimates for 2017/18 that have been prepared are both robust and achievable.

8.17.3 The Council's current policy is such that the minimum level of the General Fund Balance will be £3 million. In the current financial climate, with uncertainty regarding the new financing of Local Government and taking into account the potential level of financial risk facing the Council in the medium term, it is proposed to maintain reserves at this higher level. The latest estimated position of the General Fund Balance is that it will be £3.669 million as at 31 March 2017, equivalent to 22.8% of Exeter's net revenue budget. The Council's current medium-term financial plan indicates that the General Fund Balance will remain fairly consistent and be £3.334 million by the end of 2020/21.

8.17.4 The Council's financial strategy recognises the need to maintain a General Fund Balance to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting this minimum amount of £3 million the following have been taken into account: -

- The size of the authority;
- The volatility of some income and expenditure budgets;
- The risks faced by the Council with regard to funding unforeseen events;
- The financial risks inherent in partnerships, outsourcing deals and as accountable body for external funding.

8.17.5 The Council's estimated revenue Reserves are as follows: -

<b><u>Earmarked</u></b>	<b>31/03/2016 £'000</b>	<b>31/03/2017 £'000</b>	<b>31/03/2018 £'000</b>
Total Earmarked Reserves	5,442	6,010	6,779
<b><u>Non-Earmarked</u></b>			
General Fund Balance	5,517	3,669	3,596

## 8.18 PRECEPTS

8.18.1 Devon County Council, the Office of the Police and Crime Commissioner Devon and Cornwall (OPCC Devon and Cornwall) and the Devon and Somerset Fire Authority will all precept separately upon the council tax payers in Exeter. The County Council, OPCC Devon and Cornwall and Devon & Somerset Fire Authority will meet on the 16th, 3rd and 17th February respectively. The precepts will be tabled at the Council meeting for approval.

8.18.2

	2016/17	2017/18	Change	
	£	£	£	%
Devon County Council	1,207.62	x,xxx.xx	xx.xx	x.xx
OPCC Devon and Cornwall	172.84	xxx.xx	x.xx	x.xx
Devon and Somerset Fire Authority	79.98	xx.xx	x.xx	x.xx
<b>Total Precept</b>	<b>1,600.49</b>	<b>x,xxx.xx</b>	<b>xx.xx</b>	<b>x.xx</b>

## 8.19 FINAL POSITION

8.19.1 Based upon the recommendations above the aggregate requirements of Exeter City Council, Devon County Council, OPCC Devon and Cornwall and the Devon and Somerset Fire Authority will result in a council tax for the City of Exeter for 2017/18 of £x,xxx.xx per Band D property.

8.19.2 This is an overall increase of £xx.xx (x.xx%) on the amount of £1,600.49 levied for 2016/17.

8.19.3 The detailed figures are: -

Band	Exeter £	DCC £	Police £	Fire £	Total £
A	96.70	xxx.xx	xxx.xx	xx.xx	x,xxx.xx
B	112.82	xxx.xx	xxx.xx	xx.xx	x,xxx.xx
C	128.93	x,xxx.xx	xxx.xx	xx.xx	x,xxx.xx
D	145.05	x,xxx.xx	xxx.xx	xx.xx	x,xxx.xx
E	177.28	x,xxx.xx	xxx.xx	xx.xx	x,xxx.xx
F	209.52	x,xxx.xx	xxx.xx	xxx.xx	x,xxx.xx
G	241.75	x,xxx.xx	xxx.xx	xxx.xx	x,xxx.xx
H	290.10	x,xxx.xx	xxx.xx	xxx.xx	x,xxx.xx

## 9. How does the decision contribute to the Council's Corporate Plan?

9.1 The budget underpins the Corporate Plan by determining the amount of funds available to the Council to deliver its priorities.

## 10. What risks are there and how can they be reduced?

10.1 The key risks are set out in section 8.16 above

## 11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, Economy safety and the environment?

11.1 Not applicable.

## 12. Are there any other options?

12.1 Not applicable.

**Dave Hodgson, Assistant Director Finance**

**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

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## FORMULA GRANT DECREASES - DEVON AUTHORITIES

Authority	Grant	Grant	Yearly Decrease %	Grant	Yearly Decrease %	Grant Decrease 2015/16 - 2017/18	
	2015/16 £m	2016/17 £m		2017/18 £m		£m	%
Devon	178.918	151.644	(15.2%)	128.307	(15.4%)	(50.611)	(28.3%)
Plymouth	96.900	86.599	(10.6%)	77.535	(10.5%)	(19.365)	(20.0%)
Torbay	54.973	49.836	(9.3%)	44.576	(10.6%)	(10.397)	(18.9%)
East Devon	4.437	3.644	(17.9%)	3.024	(17.0%)	(1.413)	(31.8%)
<b>Exeter</b>	<b>6.635</b>	<b>5.802</b>	<b>(12.6%)</b>	<b>5.177</b>	<b>(10.8%)</b>	<b>(1.458)</b>	<b>(22.0%)</b>
Mid Devon	3.713	3.043	(18.0%)	2.564	(15.7%)	(1.149)	(30.9%)
North Devon	4.931	4.183	(15.2%)	3.622	(13.4%)	(1.309)	(26.5%)
South Hams	3.156	2.514	(20.3%)	2.046	(18.6%)	(1.110)	(35.2%)
Teignbridge	5.558	4.707	(15.3%)	4.016	(14.7%)	(1.542)	(27.7%)
Torridge	3.906	3.331	(14.7%)	2.939	(11.8%)	(0.967)	(24.8%)
West Devon	2.711	2.132	(21.4%)	1.762	(17.4%)	(0.949)	(35.0%)

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## REVENUE SPENDING POWER CHANGES - DEVON AUTHORITIES

Authority	Core Spending Power 2016/17	Core Spending Power 2017/18	Core Spending Power 2018/19	Core Spending Power 2019/20	Core Spending Power Change	
	£m	£m	£m	£m	£m	%
Devon	503.0	500.9	509.5	529.9	26.9	5.3%
Plymouth	186.3	184.1	186.5	191.4	5.1	2.7%
Torbay	109.6	108.1	110.0	113.3	3.7	3.4%
East Devon	15.5	15.4	14.4	14.4	(1.1)	(7.1%)
<b>Exeter</b>	<b>15.0</b>	<b>14.0</b>	<b>13.1</b>	<b>12.9</b>	<b>(2.1)</b>	<b>(14.0%)</b>
Mid Devon	10.5	10.1	9.5	9.5	(1.0)	(9.5%)
North Devon	11.2	10.7	10.3	10.2	(1.0)	(8.9%)
South Hams	10.6	9.7	9.3	9.3	(1.3)	(12.3%)
Teignbridge	15.9	15.2	14.4	14.3	(1.6)	(10.1%)
Torrige	9.2	8.6	8.1	8.1	(1.1)	(12.0%)
West Devon	8.6	7.5	7.1	7.1	(1.5)	(17.4%)

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MEDIUM TERM REVENUE PLAN (2015/16 - 2020/21)

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Resources</b>						
Revenue Support Grant	2,899	2,022	1,320	869	365	0
Business Rates Income (assumed by Government)	3,736	3,780	3,857	3,981	4,123	4,200
Business Rates growth	616	900	1,200	1,229	1,226	1,260
Business Rates pooling benefit	215	150	150	150	150	0
New Homes Bonus	3,529	4,232	3,597	2,500	2,400	2,400
Council Tax	4,761	5,030	5,338	5,472	5,697	5,925
<b>Likely resources</b>	<b>15,756</b>	<b>16,114</b>	<b>15,462</b>	<b>14,201</b>	<b>13,961</b>	<b>13,785</b>
<b>Expenditure</b>						
<b>Service expenditure</b>						
Committee expenditure base budget	12,059	12,527	12,549	12,852	12,074	11,687
Inflation	258	150	110	300	300	300
Potential increase in service costs	1,587	847	1,458	(523)	(45)	75
Budgeted reductions	(1,377)	(975)	142			
	12,527	12,549	14,259	12,629	12,329	12,062
Supplementary Budgets and AIM Carry Forward	991	2,055				
Net Interest	9	150	150	150	150	150
Deficit on Business Rates Collection Fund	0	0	0	0	0	0
Forecast Committee movements	(1,409)	493				
Repayment of debt	818	766	764	1,051	988	896
Additional repayment of debt	1,477	2,000	1,000	1,000	1,000	1,000
	14,413	18,013	16,173	14,830	14,467	14,108
<b>Other funding</b>						
Contribution to/ (from) earmarked reserves	(199)	(51)	769	80	180	180
Contribution to/ (from) balances - Other	1,542	(1,848)	(73)	(154)	(44)	(64)
	1,343	(1,899)	696	626	1,356	1,336
<b>Savings identified during 2016-17</b>			<b>(437)</b>	<b>(255)</b>	<b>(187)</b>	<b>(439)</b>
<b>Options identified</b>			<b>(970)</b>	<b>(300)</b>	<b>(455)</b>	<b>0</b>
<b>Total Net Budget</b>	<b>15,756</b>	<b>16,114</b>	<b>15,462</b>	<b>14,201</b>	<b>13,961</b>	<b>13,785</b>

Total additional savings required by 2020/21 0

Opening General Fund Balance	3,975	5,517	3,669	3,596	3,442	3,398
Closing General Fund Balance	5,517	3,669	3,596	3,442	3,398	3,334
Balance as a percentage of budget	35.0%	22.8%	23.3%	24.2%	24.3%	24.2%

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	2016-17 Budget	2017-18 Budget	Change
	£	£	£
SCRUTINY - PEOPLE	3,290,170	3,511,870	221,700
SCRUTINY - PLACE	8,701,050	8,474,940	(226,110)
SCRUTINY - CORPORATE	3,438,330	3,941,210	502,880
less Notional capital charges	(2,881,260)	(3,075,760)	(194,500)
<b><u>Service Committee Net Expenditure</u></b>	<b>12,548,290</b>	<b>12,852,260</b>	<b>303,970</b>
Net Interest	300,000	150,000	(150,000)
New Homes Bonus	(4,232,490)	(3,597,202)	635,288
Minimum Revenue Provision	2,875,000	1,764,028	(1,110,972)
<b><u>General Fund Expenditure</u></b>	<b>11,490,800</b>	<b>11,169,086</b>	<b>(321,714)</b>
Transfer To/(From) Working Balance	68,304	(73,479)	(141,783)
Transfer To/(From) Earmarked Reserves	631,490	769,202	137,712
<b><u>General Fund Net Expenditure</u></b>	<b>12,190,594</b>	<b>11,864,809</b>	<b>(325,785)</b>
Formula Grant	(5,802,225)	(5,177,000)	625,225
Business Rates Growth	(1,358,733)	(1,350,000)	8,733
Council Tax	(5,029,636)	(5,337,809)	(308,173)
	<b>0</b>	<b>0</b>	<b>0</b>

Working Balance

March 2017  
3,432,702March 2018  
3,359,223

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**EXETER CITY COUNCIL  
2017/18 COUNCIL TAX - SUMMARY**

	<b>2016/17</b>		<b>2017/18</b>	
Council Tax Base	35,429		36,197	
	Total Expenditure £	Band D Council Tax £	Total Expenditure £	Band D Council Tax £
General Fund Budget	5,029,636	141.96	5,337,809	147.47
Collection Fund (Council Tax) Surplus	(67,782)	(1.91)	(87,500)	(2.42)
<b>TOTAL</b>	<b>4,961,854</b>	<b>140.05</b>	<b>5,250,309</b>	<b>145.05</b>

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## 2017/18 HRA ESTIMATES

	2016/17 BUDGET £	2017/18 BUDGET £	CHANGE £
Management	4,642,820	4,618,505	(24,315)
Sundry Land Maintenance	495,550	614,450	118,900
Repair & Maintenance Programme	6,539,900	6,502,530	(37,370)
<b>HRA SERVICE PROVISION EXPENDITURE</b>	<b>11,678,270</b>	<b>11,735,485</b>	<b>57,215</b>
Revenue Contribution to Capital	4,689,075	6,496,640	1,807,565
Capital Charges	2,656,950	2,935,930	278,980
Net Interest	1,914,060	1,858,760	(55,300)
<b>HRA EXPENDITURE</b>	<b>20,938,355</b>	<b>23,026,815</b>	<b>2,088,460</b>
Dwelling Rents	(19,110,000)	(18,810,000)	300,000
Service Charges	(981,130)	(1,070,320)	(89,190)
Other	(803,100)	(842,720)	(39,620)
<b>HRA NET EXPENDITURE</b>	<b>44,125</b>	<b>2,303,775</b>	<b>2,259,650</b>
Transfer to / (from) HRA Working Balance	(44,125)	(2,303,775)	(2,259,650)
<b>TOTAL NET HRA BUDGET</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## MEDIUM TERM REVENUE PLAN - HOUSING REVENUE ACCOUNT (2016/17 - 2020/21)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Resources</b>					
Rents	19,110	18,810	18,810	18,622	18,620
1% Rent reduction			-	186	-
Service Charges	981	1,070	1,092	1,114	1,137
Other	820	843	844	857	869
<b>Likely resources</b>	20,911	20,723	20,558	20,406	20,626
<b>Expenditure</b>					
HRA expenditure base budget	10,743	11,300	11,735	11,803	12,233
Inflation	442	435	258	361	376
Supplementary budgets	98	-	-	-	-
Remove non-recurring budgets	-	-	(260)	-	-
Spending Pressure - Tree Maintenance	-	-	70	70	70
Depreciation / amortisation	2,722	2,936	2,936	2,936	2,936
Revenue Contribution to Capital Outlay	4,689	6,497	4,497	2,500	2,500
Net interest	1,814	1,859	1,915	1,915	1,915
	20,508	23,027	21,151	19,584	20,031
<b>Other Funding</b>					
Contribution to / (from) HRA Working Balance	403	(2,304)	(593)	822	595
<b>Total Net budget</b>	-	-	-	-	-

Opening HRA Working Balance	7,069	7,472	5,168	4,575	5,397
Closing HRA Working Balance	7,472	5,168	4,575	5,397	5,992

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GENERAL FUND	2016-17 £	2017-18 £	2018-19 £	2019-20 £	Future Years £	TOTAL £
<b>CAPITAL RESOURCES AVAILABLE</b>						
GF Capital Receipts	4,420,659	2,334,950				6,755,609
Disabled Facility Grant	671,330	379,000	379,000	379,000	379,000	2,187,330
New Homes Bonus	1,557,995	12,357,665				13,915,660
Community Infrastructure Levy	1,096,577	4,366,700	2,536,723			8,000,000
Other - Grants/External Funding/Reserves/S106	298,112	560,000				858,112
<b>Total Resources Available</b>	<b>8,044,673</b>	<b>19,998,315</b>	<b>2,915,723</b>	<b>379,000</b>	<b>379,000</b>	<b>31,716,711</b>
<b>GENERAL FUND CAPITAL PROGRAMME</b>						
Capital Programme	7,296,880	23,282,310	7,556,050	989,330	532,900	39,657,470
<b>Total General Fund</b>	<b>7,296,880</b>	<b>23,282,310</b>	<b>7,556,050</b>	<b>989,330</b>	<b>532,900</b>	<b>39,657,470</b>
<b>UNCOMMITTED CAPITAL RESOURCES:</b>						
Capital Receipts Brought Forward	447,634	4,000,000	4,000,000	0	0	8,447,634
Resources in Year	8,044,673	19,998,315	2,915,723	379,000	379,000	31,716,711
Less Capital Receipts to carry forward	(4,000,000)	(4,000,000)	0	0	0	(8,000,000)
Less Estimated Spend in Year	(7,296,880)	(23,282,310)	(7,556,050)	(989,330)	(532,900)	(39,657,470)
<b>Borrowing Requirement</b>	<b>2,804,573</b>	<b>3,283,995</b>	<b>640,327</b>	<b>610,330</b>	<b>153,900</b>	<b>7,493,125</b>
Uncommitted Capital Receipts	0	0	0	0	0	0

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## HRA AVAILABLE RESOURCES

HOUSING REVENUE ACCOUNT	2016-17 £	2017-18 £	2018-19 £	2019-20 £	2020-21 £	TOTAL £
<b>CAPITAL RESOURCES AVAILABLE</b>						
Usable Receipts Brought Forward						2,898,176
Major Repairs Reserve Brought Forward						6,310,319
Other HRA Sales	174,222	0	0	0		174,222
RTB sales	750,000	500,000	500,000	500,000	400,000	2,650,000
Major Repairs Reserve	2,721,772	2,935,930	2,935,930	2,935,930	2,935,930	14,465,492
Revenue Contributions to Capital	4,689,075	6,496,642	4,496,555	2,500,000	2,500,000	20,682,272
External contributions	197,230	275,134	0	0	0	472,364
Grant funding	0	1,117,500	588,500	0	0	1,706,000
Commuted sums	428,082	405,121	5,662,812	0	0	6,496,015
<b>Total Resources available</b>	<b>8,960,381</b>	<b>11,730,327</b>	<b>14,183,797</b>	<b>5,935,930</b>	<b>5,835,930</b>	<b>55,854,860</b>
<b>CAPITAL PROGRAMME</b>						
HRA Capital Programme	14,504,530	18,901,851	16,095,928	6,112,422	5,897,814	61,512,545
Sept - Overspends / (Savings)	90,610					90,610
Sept - Slippage / Re-profiling	(2,556,620)					(2,556,620)
Slippage to be reported in Dec	(3,827,088)					(3,827,088)
<b>Total Housing Revenue Account</b>	<b>8,211,432</b>	<b>18,901,851</b>	<b>16,095,928</b>	<b>6,112,422</b>	<b>5,897,814</b>	<b>55,219,447</b>
<b>UNCOMMITTED CAPITAL RESOURCES:</b>						
Usable Receipts Brought Forward	2,898,176	3,217,447	855,968	355,968	355,968	2,898,176
Major Repairs Reserve Brought Forward	6,310,319	6,739,997	1,929,952	517,821	341,329	6,310,319
Resources in Year	8,960,381	11,730,327	14,183,797	5,935,930	5,835,930	46,646,365
Less Estimated Spend	(8,211,432)	(18,901,851)	(16,095,928)	(6,112,422)	(5,897,814)	(55,219,447)
Uncommitted Capital Resources	9,957,444	2,785,920	873,789	697,297	635,413	635,413
<b>WORKING BALANCE RESOURCES:</b>						
Balance Brought Forward	7,068,670	7,471,423	5,167,648	4,574,536	5,396,255	7,068,670
HRA Balance Transfer - Surplus/(Deficit)	(142,125)	(2,303,775)	(593,112)	821,719	594,774	(1,622,519)
June forecast overspend	(26,188)					(26,188)
September forecast savings	366,066					366,066
Report in Dec - LAINGS decants	40,000					40,000
Report in Dec - Stock condition survey (1/3rd)	65,000					65,000
Report in Dec - Additional interest	100,000					100,000
Balance Carried Forward	7,471,423	5,167,648	4,574,536	5,396,255	5,991,029	5,991,029
Balance Resolved to be Retained	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
	3,471,423	1,167,648	574,536	1,396,255	1,991,029	1,991,029
<b>TOTAL AVAILABLE CAPITAL RESOURCES</b>	<b>13,428,867</b>	<b>3,953,568</b>	<b>1,448,325</b>	<b>2,093,552</b>	<b>2,626,442</b>	<b>2,626,442</b>

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<b>GENERAL FUND - CAPITAL PROGRAMME 2017/18 AND FUTURE YEARS</b>					
<b>SCHEMES LISTED WITHIN COUNCIL PURPOSES</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Future Years</b>	<b>What the scheme is trying to achieve</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>PEOPLE</b>					
<b>HELP ME FIND SOMEWHERE TO LIVE</b>					
Disabled Facility Grants	379,000	379,000	379,000	379,000	To meet the legal duty to pay grants to enable disabled people to remain in their homes.
Temporary Accommodation Purchase	# 284,950				For purchase and refurbishment of new temporary accommodation.
<b>Sub-Total - Help me find somewhere to live</b>	<b>663,950</b>	<b>379,000</b>	<b>379,000</b>	<b>379,000</b>	
<b>PEOPLE TOTAL</b>	<b>663,950</b>	<b>379,000</b>	<b>379,000</b>	<b>379,000</b>	
<b>PLACE</b>					
<b>KEEP ME/MY ENVIRONMENT SAFE &amp; HEALTHY</b>					
Vehicle Replacement Programme	400,000	400,000	400,000		To ensure that the Council's vehicles are replaced so that a safe and reliable fleet is maintained.
	# 577,000				
Bowling Green Marshes Coastal Defence Scheme	260,000				To repair the coastal defences to retain the level of protection to the freshwater marshes. The scheme is entirely funded by the Environment Agency.
Topsham Flood Gates (Ferry Road/The Strand)	100,000				Provision and installation of 10 to 12 heavy duty floodgates across existing openings between defences. The scheme is entirely funded by Devon County Council and the Environment Agency.
Exeter Flood Alleviation Scheme	200,000				Approximately 30 to 40 properties that are not protected from the Environment Agency's main flood scheme will be offered property level protection. The scheme is entirely funded by the Environment Agency.
RAMM Air Monitoring Equipment	# 90,000				To replace the air quality monitoring station at the RAMM.
<b>Sub Total - Keep me/my environment safe &amp; healthy</b>	<b>1,627,000</b>	<b>400,000</b>	<b>400,000</b>	<b>0</b>	

<b>GENERAL FUND - CAPITAL PROGRAMME 2017/18 AND FUTURE YEARS</b>					
<b>SCHEMES LISTED WITHIN COUNCIL PURPOSES</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Future Years</b>	<b>What the scheme is trying to achieve</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b><i>PROVIDE GREAT THINGS FOR ME TO SEE &amp; DO</i></b>					
Sports Facilities Refurbishment	56,430	56,430	56,430		To undertake replacement of plant and equipment within the leisure management contract.
<b>Sub Total - Provide great things for me to see &amp; do</b>	<b>56,430</b>	<b>56,430</b>	<b>56,430</b>	<b>0</b>	
<b><i>DELIVER GOOD DEVELOPMENT</i></b>					
Newcourt Community Hall (Grant)	9,570				These community schemes are all grants awarded from the New Homes Bonus or S106 funding.
Newtown Community Centre (1st Grant)	50,000				
Newtown Community Centre (2nd Grant)	46,750				
Bus Station Construction	3,806,520	1,223,140			To redevelop Exeter's Bus and Coach Station.
Leisure Complex - Build Project	14,937,750	5,313,580			To develop a new leisure complex and swimming pool on part of the bus station site to replace Pyramids.
<b>Sub Total - Deliver good development</b>	<b>18,850,590</b>	<b>6,536,720</b>	<b>0</b>	<b>0</b>	
<b>PLACE TOTAL</b>	<b>20,534,020</b>	<b>6,993,150</b>	<b>456,430</b>	<b>0</b>	
<b>CORPORATE SERVICES</b>					
<b><i>WELL RUN COUNCIL</i></b>					
Annual Contribution to Strata	53,900	53,900	53,900	53,900	Contribution to Strata led projects
Idox System for Planning	18,700				
Convergence Projects	# 186,690				
Condition Surveys - Priority 1	# 20,000				To replace damaged and defectiove roller shutter doors at Wonford Community Centre to further decrease the Health and Safety risk of accessing roof areas by climbing.

GENERAL FUND - CAPITAL PROGRAMME 2017/18 AND FUTURE YEARS					
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2017/18	2018/19	2019/20	Future Years	What the scheme is trying to achieve
	£	£	£	£	
Condition Surveys - Priority 2	# 45,500				Civic Centre: kitchen replacements to mitigate Health and Safety risks caused by water ingress and bacteria growth; and customer first and committee room air-conditioning system end of life replacement. Wonford Community Centre: replacement of boiler controls and replacement of external doors. Figures provided are derived from external consultant estimates and are only an indication of likely expenditure. Accurate funding need will only become available once schemes have been through initial procurement stages.
Customer Contact Platform	45,000	30,000			To ensure that services are available online and to allow customers to transact with the Council without having to telephone or visit.
Energy Saving Projects	1,614,550				The core aim for all projects is to reduce risk to the Council from the rapidly changing energy markets. The projects will address security of supply, mitigate the impact of inevitable increased energy costs, and bring income to the council.
Capitalised Staff Costs	100,000	100,000	100,000	100,000	To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and qualify as capital expenditure, including engineers and surveyors.
<b>Sub Total - Well run Council</b>	<b>2,084,340</b>	<b>183,900</b>	<b>153,900</b>	<b>153,900</b>	
<b>CORPORATE SERVICES TOTAL</b>	<b>2,084,340</b>	<b>183,900</b>	<b>153,900</b>	<b>153,900</b>	
<b>TOTAL CAPITAL PROGRAMME</b>	<b>23,282,310</b>	<b>7,556,050</b>	<b>989,330</b>	<b>532,900</b>	
<b>New Bids #</b>	<b>1,204,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Pre-Approved</b>	<b>22,078,170</b>	<b>7,556,050</b>	<b>989,330</b>	<b>532,900</b>	
<b>TOTAL CAPITAL PROGRAMME</b>	<b>23,282,310</b>	<b>7,556,050</b>	<b>989,330</b>	<b>532,900</b>	

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## HOUSING - CAPITAL PROGRAMME 2017/18 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		2016-17 B/FWD £	2017-18 £	2017-18 Total £	2018-19 £	2019-20 £	2020-21 £	Total £
<b>INVESTMENT IN EXISTING STOCK</b>								
1	Adaptations		500,000	500,000	500,000	500,000	500,000	2,000,000
2	Balcony Walkway Improvements		105,000	105,000	105,000	105,000	105,000	420,000
3	Bathroom Replacements		462,500	462,500	485,625	509,906	535,402	1,993,433
4	Boiler Replacement Programme		357,000	357,000	364,000	371,000	350,000	1,442,000
5	Central Heating		167,535	167,535	170,885	174,303	174,000	686,723
6	Common Area Footpath & Wall Improvements	1,650,000	(450,000)	1,200,000	-	-	-	1,200,000
7	Communal Area Improvements - New Flooring		110,160	110,160	112,363	114,610	116,900	454,033
8	Communal Door and Screen Replacements		301,869	301,869	342,368	130,380	130,380	904,997
9	Electrical Central Heating		19,125	19,125	19,507	19,897	21,886	80,415
10	Electrical Rewires	990,000	658,000	1,648,000	1,091,320	1,041,966	858,000	4,639,286
11	Estate Improvements		40,000	40,000	40,000	40,000	40,000	160,000
12	Flat Entrance Fire Door Replacements		250,000	250,000	-	-	-	250,000
13	Fire Risk Assessment Works		402,000	402,000	63,000	63,000	63,000	591,000
14	Garage Upgrades		100,000	100,000	100,000	-	-	200,000
15	Kitchen Replacements		587,500	587,500	616,875	647,719	680,105	2,532,199
16	LAINGS Refurbishments	1,000,000	986,911	1,986,911	529,053	-	-	2,515,964
17	Loft and Cavity Insulation	106,000	84,000	190,000	170,000	170,000	170,000	700,000
18	Older Persons - Alarms & Smoke Detectors		100,000	100,000	-	-	-	100,000
19	Other Works		50,000	50,000	50,000	50,000	50,000	200,000
20	Reroofing - Flats	(100,000)	880,300	780,300	795,906	596,000	600,000	2,772,206
21	Reroofing - Houses		410,000	410,000	410,000	626,000	530,000	1,976,000
22	Re-roofing Replacement Works - Shilhay	475,000	190,000	665,000	-	-	-	665,000
23	Rennes House Structural Works	400,000	1,077,910	1,477,910	2,393,000	-	-	3,870,910
24	Soil Vent Pipe Replacement		25,500	25,500	26,000	26,500	27,000	105,000
25	Structural Repairs		150,000	150,000	150,000	150,000	150,000	600,000
26	Window Replacements		746,002	746,002	760,922	776,141	796,141	3,079,206
27	ZEBCat Project		-	-	480,000	-	-	480,000
	<b>Sub total - Investment in Existing Stock</b>			<b>12,832,312</b>	<b>9,775,824</b>	<b>6,112,422</b>	<b>5,897,814</b>	<b>34,618,372</b>
<b>INFORMATION TECHNOLOGY</b>								
28	Replacement Housing Management System		125,000	125,000	-	-	-	125,000
<b>PROVISION OF NEW COUNCIL HOMES</b>								
29	Social Housing Acquisitions - Section 106	250,000	190,000	440,000	500,000	-	-	940,000
30	COB Wave 2 - Rennes House Car Park	1,281,591	190,240	1,471,831	-	-	-	1,471,831
31	St Loyes Extracare Scheme	1,906,210	2,126,498	4,032,708	5,820,104	-	-	9,852,812
	<b>Sub total - Investment in the Provision of New Homes</b>			<b>5,944,539</b>	<b>6,320,104</b>	<b>-</b>	<b>-</b>	<b>12,264,643</b>
<b>Total HRA Capital Programme</b>		<b>7,958,801</b>	<b>10,943,050</b>	<b>18,901,851</b>	<b>16,095,928</b>	<b>6,112,422</b>	<b>5,897,814</b>	<b>47,008,015</b>

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**REPORT TO: PLANNING MEMBER WORKING GROUP**

**Date of Meeting: 24 January 2017**

**REPORT TO: EXECUTIVE**

**Date of Meeting: 14 February 2017**

**Report of: Assistant Director of City Development**

**Title: Mid Devon District Council Consultation (3 January – 14 February) on the Local Plan Review Proposed Submission (incorporating proposed modifications) – with particular regard to the allocation of land at Junction 27 of the M5 for a high quality regional tourism, leisure and retail attraction (71 ha).**

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Executive

**1. What is the report about?**

- 1.1 To consider a proposed response to Mid Devon District Council's consultation on its 'Local Plan Review 2013 – 2033 Proposed Submission (incorporating proposed modifications) January 2017' with particular regard to the allocation of land at Junction 27 of the M5 for a high quality regional tourism, leisure and retail attraction.

**2. Recommendations:**

- 2.1 That Planning Member Working Group notes the issues raised in this report and supports submitting representations to the consultation raising these with MDDC.
- 2.2 That Executive agree to submit representations to the consultation, taking into account the advice of the Planning Member Working Group.

**3. Reasons for the recommendation:**

- 3.1 The allocation of 71ha of land at Junction 27 of the M5 for a high quality regional tourism, leisure and retail attraction will have implications for Exeter. In particular, the provision of an Outlet Shopping Village (6ha) consisting of a designer outlet shopping centre retailing controlled goods comprising discontinued/end-of-range lines, seconds and surplus/sample stock with up to 14,000 sq m of comparison floorspace and up to 2,000 sq m of A3 uses will change the retail hierarchy of the sub-region and could potentially have an adverse impact on the vitality and viability of the city centre and its 'town centre' role. This takes into account that Exeter is anticipated to experience the greatest level of trade diversion as a result of the retail proposals. It also takes into account the easy access to the site by car being directly adjacent to Junction 27 of the M5 and significant amount of car parking envisaged (43ha of supporting access roads, parking and infrastructure/landscaping).

**4. What are the resource implications including non financial resources.**

- 4.1 Should the Council decide to submit representations and also attend the public examination of the Local Plan Review in order to answer any questions regarding these by the Inspector, this will have some resource implications in terms of officer time.

**5. Section 151 Officer comments:**

- 5.1 There are no immediate financial implications arising from the report. However, should the plans proceed there could be a direct impact upon the income secured by business rates.

**6. What are the legal aspects?**

- 6.1 Section 110 of the Localism Act 2011 requires local planning authorities to co-operate with other local planning authorities ('duty to co-operate') in relation to planning of sustainable development, i.e. engage constructively on the preparation of development plan documents.

**7. Monitoring Officer's comments:**

- 7.1 Given the potential impact on Exeter City Centre, the Monitoring Officer considers that it would be prudent for Exeter City Council to make representation in response to Mid Devon District Council's Local Plan Review.

**8. Report details:**

- 8.1 Consultation on the MDDC Local Plan Review Proposed Submission document was held between February – April 2015. Representations were submitted on behalf of Eden Westwood Partnership (a collaboration between Friends Life Limited and the Eden Project) supporting the allocation of circa 97ha of land adjacent to Junction 27 of the M5 for a major tourism and leisure attraction, including: The Arc – an interactive and experiential educational-led facility primarily showcasing Devon agriculture and food and drink; 100 bed hotel; Regional Visitor Centre; motorway services (including budget hotel); surf lake and other outdoor leisure uses; Designer Outlet Village; and logistics/warehousing. Following a Full Council decision on 22 September 2016, the Local Plan Review was modified to include a policy allocating the land for this purpose, all-be-it without the logistics/warehousing uses which are no longer being pursued by the promoters of the scheme. Consequently the size of the land allocation has decreased from 97ha to 71ha. A copy of the draft policy and background text is appended to this report (Appendix 1).
- 8.2 The promoters had argued that the Submission Plan would be in danger of being found unsound without the allocation. Mid Devon District Council appointed Nathaniel Lichfield & Partners (NLP) to provide a critique of the promoters' Town Centre Uses Statement (CBRE, April 2015) to verify this. The NLP critique was completed in July 2015 and concluded that the Submission Plan would not be found unsound without the allocation. The argument that had been made that it would be unsound was based on the Mid Devon Tourism Study (GL Hearn, Nov 2014), which suggested a number of ways in which tourism could be enhanced in the district. One of these was to take advantage of the strategic links through the district (M5 and A361 in particular) to encourage a greater proportion of people to 'stop' or break their journey in the area by developing a major tourist facility around these key links. The argument was that this 'need' would not be met by the Local Plan Review if a site was not allocated accordingly. It's worth noting though that the Tourism Study stated that proposals for any major facility would need to be considered carefully in terms of economic impacts on other parts of the district and on other adjoining areas.
- 8.3 However, the July 2015 critique by NLP went on to state that the allocation did present a significant opportunity to address 2 out of the 6 recommendations of the Tourism



Study, although it would not be possible to allocate the site until further work had been carried out in relation to need, the sequential test and impacts (including impacts on allocations in other authority areas within the catchment).

- 8.4 Mid Devon asked NLP to carry out this further analysis, which was included in an addendum critique completed in March 2016. It stated that there is theoretical capacity to support the designer outlet village, due to growth in available expenditure in the Core Catchment Area (extending to Devon, Somerset and West Dorset). There is not enough capacity in Mid Devon alone. This means that some of the comparison retail needs of authorities within this wider area will be taken by the development, potentially undermining these authorities' ability to plan to meet their own needs in more sustainable locations. Despite this, NLP consider that there would be enough residual capacity to still meet the needs of these areas.
- 8.5 The addendum critique went on to look at retail impacts. Exeter is anticipated to experience the greatest level of trade diversion to the development. NLP have calculated the impact on the city centre as approximately 2.3%, which it says as a worst case would equate to 11 retail units. However, NLP do not consider that this would be significant, in part due the city centre's good health and also because expenditure growth is forecast to increase. In terms of the sequential test, NLP agrees that the sites that were assessed by the promoters are either unsuitable or unavailable. This is mainly due to the overall size of the proposal. It has also carried out assessments of four more sites, one of which is the Bus and Coach Station Site in Exeter. It concludes that this site is unsuitable and unavailable, again because of its size and because it's committed for other development. It also concludes that the proposal will not undermine bringing forward this allocation. The three other sites are urban extensions to Tiverton and Cullompton and are dismissed as they would require these allocations to be radically changed. NLP also comment on the issue of disaggregation, i.e. splitting the proposal up to see if the different uses can be provided separately on more sequentially preferable sites. Whilst case law prevents this for planning applications, there is no guidance on this issue for plan making and NLP state that the Council can consider this in determining the appropriateness of the allocation if it so wishes. On this matter, NLP comment that they consider there to be synergy between most of the proposed uses, but less synergy between the designer outlet village and tourism attraction. However, their co-location is likely to be mutually beneficial in terms of spin-off trade and linked trips.
- 8.6 The addendum critique also comments on the promoters' claim that the designer outlet village is necessary to make the development as a whole viable financially, i.e. as 'enabling development'. In this regard, NLP consider that insufficient information has been provided, although the Council could still go ahead and include the designer outlet village in the allocation if the Council is satisfied that there is a need for it and the sequential/impact tests have been passed. Otherwise, the evidence for it would need to be compelling and require a full open book financial appraisal. Overall, the addendum critique concludes that inclusion of the allocation would not render the Submission Plan unsound.
- 8.7 NLP provided supplementary retail advice to MDDC in July 2016 following issues raised by neighbouring authorities. One issue was the updated retail information in the draft Exeter & West End of East Devon Retail & Leisure Study 2016, which had been provided to MDDC. Overall, NLP did not consider it necessary to change its previous advice to MDDC. In regard to the updated retail capacity forecasts, NLP's advice to MDDC was that there will still be ample comparison goods expenditure growth to support commitments in Exeter, as well as growth outside Exeter. It should be noted

however, that the final draft of the study has just been received by ECC, which has revised growth and capacity forecasts based on the latest national economic forecasts published in 2015/16. This shows lower levels of growth than the previous draft. It was taken to the Planning Member Working Group on 24 January and has been provided to MDDC to fulfil the duty to co-operate.

- 8.8 Together with Taunton Deane Borough Council, ECC officers asked ECC's retained retail consultants (Bilfinger GVA), who prepared the draft Retail & Leisure Study, to provide technical advice on the robustness of the retail elements of the proposed allocation (this advice is available in the Members Room). The advice has raised concerns with the robustness of the retail work carried out by the promoters and NLP. It considers the analysis to be out-of-date, as it's based upon economic forecasts published in 2014 and not the latest in 2015/16. It also considers that the need for the designer outlet village has not been demonstrated taking into account all commitments and allocations within the overall catchment area. Furthermore, viability evidence has not been made available to demonstrate that the designer outlet village is necessary as enabling development for the tourism uses, or to see whether alternative funding options might be available to deliver these. It also considers the impact assessment to be incomplete, as the cumulative impacts of the scheme with other developments on town centres within the catchment have not been assessed, e.g. the recent resolution to approve the expansion of Cribbs Causeway in South Gloucestershire (subject to no call-in by the Secretary of State), with up to 35,250 sq m of A1 retail floorspace.
- 8.9 Despite these issues, officers do not consider that the proposed allocation is likely to cause significant issues for Exeter. This is due to its current good health with good choice and competition for comparison retailing. It also takes into account that the BCS scheme has outline planning permission and is steadily moving forward. Officers asked Bilfinger GVA to provide a 'best estimate' of the quantitative financial impact of the designer outlet village on the city centre based on the evidence to hand. This estimates a diversion of £29.8m from the city centre compared with £23.5m forecast by NLP. This equates to a 3.5% solus impact and a 6% impact upon the future (2021) turnover of the city centre. At this time, officers do not consider that this is likely to constitute a 'significant adverse impact', which would automatically fail the impact test in the NPPF.
- 8.10 Having stated this, the amount of comparison floorspace and easy access by car (10 mins drive from the edge of Exeter) raises concerns that the designer outlet village could become a rival shopping destination to the city centre in terms of fulfilling certain comparison goods needs. Potentially free and easily accessible car parking, a quality environment together with A3 restaurant and café uses will make it an attractive place to shop for many consumers (including those living in and around Exeter). This could undermine Exeter City Centre's role in the retail hierarchy of the area. A point which requires further clarification/investigation is the nature of the proposed controls that will be placed on the comparison retail floorspace, i.e. required to sell discontinued/end-of-range lines, seconds and surplus/sample stock, and the impact these will have (both positive and/or negative). Whereas MDDC envisage these will help to minimise impacts on town centres selling similar comparison goods, it is considered likely to also be an attractor to the designer outlet village over these centres due to the reduced prices placed on goods. Indeed, it is not considered that the proposed controls will differentiate the retail floorspace in the allocation from the goods being sold in surrounding town and city centres, and the retail floorspace within the allocation is likely to directly compete with retailers in Exeter City Centre. Furthermore, it raises the question of how these controls will be enforced effectively. Lastly, there is also the risk

that the designer outlet village could increase in size in the future, particularly if the tourism elements are not successful.

- 8.11 Therefore, officers recommend that the Council submits representations in response to the current consultation raising these concerns with MDDC. In particular, the Council should seek assurances from MDDC that the need for the designer outlet village has been fully demonstrated and all reasonable alternatives have been explored and dismissed before it is allocated. This includes taking into account all commitments and allocations in the catchment area. In addition, a complete and up-to-date impact assessment that includes cumulative impacts with other retail developments in the catchment should be carried out. Furthermore, additional information on the nature of the proposed planning controls to be placed on the retail floorspace should be sought, including how these will mitigate the adverse impacts on town/city centre retailers selling the same or similar goods and how these controls will be enforced effectively.
- 8.12 Officers also have concerns with the wording of the proposed policy. The 'Spatial Strategy' for Junction 27 (Appendix 2) states that existing town centres will be safeguarded "through planning controls" (page 12). However the detailed Junction 27 policy fails to provide these planning controls. Whilst the allocation does make provision for "controlled comparison goods", there is nothing requiring the development to be subject to conditions and/or legal agreements to ensure this control remains in place. Furthermore, the spatial strategy uses the word "associated" when referring to the retail element of the proposals (page 12), but again the detailed Junction 27 policy fails to utilise similar terminology, instead referring to a "regional tourism, leisure and retail attraction". It is recommended that detailed text changes are suggested to address these issues and ensure that what is delivered is what is envisaged, and that the development safeguards existing town/city centres.
- 8.13 As a point of clarity, Members may be aware of the recent successful bid for DCLG funding for Culm Garden Village. The Mid Devon Local Plan Review proposal for 1,750 dwellings in East Cullompton provides the first phase of the Culm garden village proposal. However, the remaining 'up to 5,000' dwellings referred to in the bid isn't specifically identified in the Local Plan Review. Therefore, there is a potential opportunity for the Greater Exeter Strategic Plan to consider the proposal for up to 5,000 dwellings beyond the plan period in a strategic allocation.

## **9. How does the decision contribute to the Council's Corporate Plan?**

- 9.1 One of the priorities of the Corporate Plan 2015/16 is to grow the economy, partly by maintaining a thriving city centre. The decision seeks to ensure that this priority continues to be met.

## **10. What risks are there and how can they be reduced?**

- 10.1 The risks are that the allocation of Junction 27 for mixed uses, including a designer outlet village, could undermine the health of the city centre.

## **11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

- 11.1 None.

**12. Are there any other options?**

12.1 Do not submit representations to the consultation, i.e. take a neutral position.

**13. Planning Member Working Group**

13.1 Planning Member Working Group supported submitting representations to the consultation objecting to the proposed allocation of land at Junction 27 of the M5 until the issues raised in this report have been fully addressed.

**Assistant Director City Development**

**Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

Contact for enquires:  
Democratic Services (Committees)  
Room 2.3  
01392 265275

## **Appendix 1: Draft Policy and background text – Land at Junction 27 (pages 128 – 129)**

### **Policy J27**

#### **Land at Junction 27 of the M5 Motorway**

**A site of approximately 71 hectares adjoining the south bound carriageway of the M5 motorway, adjacent to junction 27 is identified for major development. The land, which lies to the south of the A38, is allocated for the provision of a major high quality regional tourism, leisure and retail attraction supported by ancillary roadside services and supporting infrastructure including a pedestrian bridge across the M5 motorway linking the site to Tiverton Parkway railway station.**

**The site provides a prime location for delivery of a major leisure destination themed around agriculture and the agri-economy; the regional environment and tourism; outdoor land and water-based adventure activities and outlet-retailing. The site provides a major opportunity to deliver a unique leisure destination at the gateway to Devon and Cornwall which should be realised as a single cohesive and comprehensively masterplanned visitor attraction.**

**The allocation makes provision for the following elements:**

- Travel Hub (7ha) – Motorway/roadside services; electric car hub; hotel.**
- Agronomy Visitor Centre (9ha) – exhibition space and hall, gallery; research and education space; regional visitor centre and hotel. The Agronomy centre will include up to 1,000 square metres of ancillary retail.**
- Outdoor Adventure Zone (6ha) – Surf lake/lagoon; beach; high ropes adventure area.**
- Outlet Shopping Village (6ha) - Designer outlet shopping centre retailing controlled goods comprising discontinued/end-of-range lines, seconds and surplus/sample stock. The Outlet Shopping Village to include up to 14,000 square metres of controlled comparison goods and up to 2,000 square metres of A3 uses.**

**The development is subject to the following:**

- a) Provision of supporting access roads, parking and infrastructure/landscaping (43ha);**
- b) Provision of transport improvements to ensure appropriate accessibility for all modes, including new or improved access and egress onto the M5 motorway and pedestrian and cycling links across the motorway to Tiverton Parkway Railway Station;**
- c) Environmental protection and enhancement including noise mitigation;**
- d) A comprehensive phasing programme to ensure the tourist and leisure provisions are delivered at the same time as the retail and service elements of the development; and**
- e) Prior to the approval of any planning permission for the site any required mitigation measures for the Culm Grasslands Special Area of Conservation shall be identified and agreed together with a time-scale for their provision and a mechanism for their maintenance.**

**Development of the site should be brought forward in accordance with the terms of a detailed development brief, comprehensive masterplanning including at least two stages of public consultation and adoption of the Masterplan as a Supplementary**

**Planning Document before any planning application for any part of the site is determined.**

3.184a A site of 71 hectares is allocated to the south and east of Junction 27 of the M5 motorway. The allocation identifies the land for tourism, leisure and retail development. The proposal seeks to significantly increase the tourism and leisure offer available in Mid Devon as identified in the Mid Devon Tourism Study 2014. The 2014 study identified that the M5 and the mainline railway provides an opportunity to develop Mid Devon's tourism infrastructure around these key links. To encourage a greater proportion of people to break their journey in the area, for instance to visit a local attraction, market or retail facilities or to stay. It identifies that this opportunity builds on the District's location at the gateway location to Exmoor and the North Devon Coast; and on the route to Dartmoor, the South Devon Coast and Cornwall from much of the UK. Given the volume of tourists who pass through Mid Devon on route to other destinations, such as North and South Devon and Cornwall, the study identified that more could be done to encourage these tourists to stop en-route and increase the length of time (and money) tourists spend in Mid Devon.

3.184b The study identified six potential strands to assist the growth of tourism in Mid Devon offering opportunities for visitors to stop and stay when travelling through to destinations further south and west. The allocation at J27 makes provision to directly address three of the recommended strategies by setting a policy which can provide a major tourist, leisure and retail facility which caters for all age groups and which encourages visitors passing through to stop and spend time in Mid Devon.

3.184c The allocation includes associated outlet/discounted retail floorspace to meet a regional comparison need and deliver the tourist and leisure elements of the allocation. Existing town centres will be safeguarded through planning controls. There is a clear synergy between the Designer Outlet Village proposal and the tourism and leisure aspects of the proposed allocation. It is not considered viable to disaggregate this proposed allocation given the nature and interdependency of the uses. Therefore it needs to be in a location which can accommodate this scale of development and has appropriate links to the strategic highway and rail networks. A number of sites were considered both within and outside of Mid Devon. These sites included Cullompton, Tiverton, Taunton and Exeter. None could provide the site area required to accommodate the proposal as a single development nor could they provide the accessibility of the allocation site. The J27 site provides sufficient land to accommodate the proposal as a whole, adjacent to the strategic road and rail network and one which is served by local bus services. The site lies adjacent to the main road and rail tourist routes into the West Country and is also ideally situated to serve the wider catchment area. The site already has planning permission for a roadside service area. The allocation site lies within easy reach of Exeter Airport and on route to the southwest European ferry terminal. The site is adjacent to one of the larger M5 motorway junctions south of Bristol which can readily be improved to accommodate the proposal.

3.184d The proposals for a major facility of this nature needs to be considered carefully in terms of its impacts and the policy makes provision for detailed transport assessments, environmental protection and green infrastructure, energy conservation, provision of improved public transport, pollution and drainage considerations, phasing and importantly master planning with full public consultation prior to any planning applications being approved. Controls using legal agreements will be required to control the extent and types of use that take place on the site, particularly in respect of retailing which will be tightly controlled. Section 106 planning obligations will also make provision for any necessary infrastructure and public transport improvements and would need to ensure appropriate mechanisms are in place to ensure that the integrity of the Culm Grasslands SAC will not be adversely affected.

## **Appendix 2: Spatial Strategy – Junction 27, M5 Motorway (page 12)**

Regionally significant transport infrastructure linkages and acts as a gateway to the South West Peninsula.

Development will be targeted to:

- Provide a high quality tourist and leisure focused development to meet needs identified within the tourism study.
- Associated outlet/discounted retail floorspace to meet a regional comparison floorspace need and deliver the tourist and leisure elements of the allocation. Safeguarding existing town centres through planning controls.
- Ensuring enhanced linkages to Tiverton and Cullompton and the National Rail Network.
- Mitigating environmental impacts.
- Upgrading directly affected transport infrastructure.

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**EXETER CITY COUNCIL**  
**REPORT TO: EXECUTIVE**  
**DATE OF MEETING: 14 February 2017**  
**REPORT OF: Assistant Director Finance**  
**TITLE: NEWTOWN COMMUNITY CENTRE**

## **Is this a Key Decision?**

No

\* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

## **Is this an Executive or Council Function? Council**

### **1. What is the report about?**

1.1 The report seeks approval of additional funding up to a maximum of £100,000 towards the building of a new Community Centre in Belmont Park.

### **2. Recommendations:**

2.1 That the Executive recommends and Council approves :-

- A budget of £100,000 to support the building of a new Community Centre in Belmont Park;
- That authority to pay the grant is delegated to the Chief Finance Officer in consultation with the Leader of the Council and Deputy Chief Executive;
- That the grant is only payable after completion of a development agreement to the satisfaction of the City Surveyor.

### **3. Reasons for the recommendation:**

3.1 The Council has allocated £120,000 from the New Homes Bonus Local Infrastructure Fund towards a replacement Community Centre in Belmont Park. Despite the best efforts of fundraisers and a revised and much reduced project plan, there is still a potential shortfall. Some of the external funding is guaranteed only to the end of March 2017 and achieving full project financing would secure these funds.

### **4. What are the resource implications including non financial resources.**

4.1 The maximum requirement will be £100,000, which allows all works to be completed and a contingency sum. It is planned to use unallocated New Homes Bonus for the project.

### **5. Section 151 Officer comments:**

5.1 Funding is available to finance this one-off project. However funds do remain limited at the Council.

### **6. What are the legal aspects?**

6.1 please see the Monitoring officer comments below.

## 7. Monitoring Officer's comments:

The community centre is to be built on land owned by Exeter City Council. Given that, it is essential that the Council protects its interest in its land by ensuring that the building work is completed once works start on site. For this reason, it is essential that a development agreement is entered into before start of any works to the satisfaction of the City Surveyor.

## 8. Report details:

1. For a number of years, Newtown Community Association have been working on plans to replace the Centre in Belmont Park, with a more modern, fit for purpose building. The original plan envisaged a much larger building at a cost of around £650,000. However fundraising did not raise nearly enough funds and the Council was unable to find the funds to compensate. The Council therefore asked the Association to revisit their plans to find a more affordable solution.
2. The Community Association have now designed a smaller building, which still meets their objective of being a larger space than the existing building and turns the building 90 degrees to enable parents to use the café whilst allowing their children to make use of the play equipment close by.
3. The building is estimated to cost £318,000 including VAT along with £40,000 of additional costs. The Council is exploring ways to enable the VAT to be recovered to reduce the cost of the building.
4. Funding for the building is as follows:

New Homes Bonus	120,000
S106 monies – the Printworks	46,074
S106 monies – Kingfisher House	45,270
Other external funds raised	69,693
Less Preliminary works to date	(30,738)
<b>Total Available</b>	<b>250,299</b>

- 5.
5. The Association will continue to raise funds and negotiate with the developers, primarily of student accommodation in the area, to raise additional funds, which will reduce the amount required from the Council.

## 9. How does the decision contribute to the Council's Corporate Plan?

9.1 Supporting local communities is an integral part of the Council's Corporate Plan.

## **10. What risks are there and how can they be reduced?**

10.1 Risks are the same as for all building projects. External factors may cause delays and increased costs. The Association will need to manage these risks via their project manager. Failure to secure this back stop funding risks losing some of the external funding secured.

## **11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

11.1 The new facility will provide a safe space for existing groups to use whilst enabling parents to use the facilities whilst maintaining a permanent view of their children using the park.

## **12. Are there any other options**

12.1 There is a risk some of the external funding will fall through if there is no commitment from the Council, which will either delay or end construction of the building.

**Dave Hodgson, Assistant Director Finance**

**Local Government (Access to Information) Act 1972 (as amended)  
Background papers used in compiling this report:-**

Contact for enquires:  
Democratic Services (Committees)  
Room 2.3  
01392 265275

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## REPORT TO:

### Date of Meeting:

Executive – 14 February 2017

Council – 21 February 2017

### Report of:

Programme Manager - Communities

### Title:

Neighbourhood portion of CIL/ Grants Roots Grants recommendations January 2017.

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

## 1. What is the report about?

- 1.1 At the People Scrutiny Committee held on 2 June 2016, and Council on 26 July 2016 it was agreed that the Council would welcome recommendations from the Exeter Community Forum Grass Roots Grants Panel as to how to spend the neighbourhood portion of the Community Infra-Structure Levy.
- 1.2 This report recommends awards to be made to community groups and organisations in the first allocation of the Grass Roots Grants fund.

## 2. Recommendations:

- 2.1 That Council approves the recommendations made by the Exeter Community Forum Grass Roots Grants Panel which met on the 12 January to review applications as follows:
  - St Sidwell's Community Centre – Capital £2,000, Revenue £3000.
  - ISCA Community Association – Beacon Hub. £8,500 revenue.

## 3. Reasons for the recommendations:

- 3.1 The recommendations will enable the spend of the neighbourhood portion of the CIL following consideration by the Exeter Community Forum Grass Roots panel, and thereby the implementation of the Exeter Community Strategy. The recommendations also reflect the need for the Council to remain accountable for the spend of CIL monies.
- 3.2 Funds will be spent as follows: St Sidwell's Community Centre – Capital £2,000, Revenue £3000. The centre is in the second stage of the transformation of the grounds and vegetable garden into an attractive and multi-functional green space. The applicant requested a £5,000 contribution towards the overall cost (£16,740) of this project. This is part of an ongoing initiative at St Sidwell's to develop the grounds into multi-purpose, community gardens for the benefit of local people and help to build a green oasis in the city centre owned and maintained by local people.
- 3.3 ISCA Community Enterprises - The Beacon Community Centre grant for £8,500 revenue. The Beacon Community Centre has been open to the community for just over a year after a transfer from Devon County Council (The Knight Club Youth Centre). This grant will enable the ISCA Community Enterprises to build capacity in the organisation, with the support of

volunteers to engage the wider community and help make better use of the centre as a community resource. The funding allows for fixed term funding for a member of staff to enable this work to take place for one year. The funding will not be ongoing for this role as is made clear in the criteria for this fund (see 2.1 Supporting Community Action in Appendix 1.)

#### **4. What are the resource implications including non financial resources:**

- 4.1 It is estimated that the neighbourhood portion of the total Community Infrastructure Levy receipts over the next 10 years will be approximately £3.75 million. Executive approved the ring fencing of these funds for implementing the Exeter Community Strategy at its 10 February 2015 meeting. The CIL regulations do not provide for borrowing to be undertaken against CIL receipts, and so sufficient CIL receipts must have accumulated before projects can be funded. There will be administrative and accounting costs in relation to decision-making processes and the implementation of projects funded by the neighbourhood portion of the CIL, and it is anticipated that these staff-related costs will be borne in the main by the Council's Community Involvement and Inclusion team.
- 4.2 At 15% of total CIL receipts, the neighbourhood portion of CIL receipts currently equates to approximately £238,365 (26 January 2017).

#### **5. Section 151 Officer comments:**

- 5.1 The Section 151 Officer notes the proposals and will work with the City Development Manager and the Programme Manager – Communities to ensure that the spend of the neighbourhood portion of the CIL is appropriately administered and accounted for, bearing in mind the decision-making procedures to be put in place and the Council's ultimate retention of accountability.

#### **6. What are the legal aspects?**

- 6.1 There are two main issues as follows:

(a) The Council is prohibited from borrowing against future CIL receipts to forward fund infrastructure delivery. Hence, CIL receipts cannot be spent until they have accumulated sufficiently to fund projects. This will affect decisions on spending the neighbourhood portion of the CIL, as it does CIL spend decisions generally.

(b) The CIL regulations do not require the Council to set aside a proportion of CIL receipts for spend in neighbourhoods, given that there are no formal parishes in Exeter, but the Council's Executive resolved to set aside 15% of CIL receipts for this purpose on 10 February 2015.

(c) The CIL regulations specify that CIL charging authorities must spend CIL receipts on 'the provision, improvement, replacement, operation or maintenance of infrastructure', but that where passed to local areas, CIL receipts can be used to fund 'anything else that is concerned with addressing the demands that development places on an area'.

#### **7. Monitoring Officer Comments**

The Monitoring Officer has raised no issues beyond those set out in paragraph 6.1 above.

#### **8. Report Details:**

- 8.1 The first round of the Grass Roots Grants was promoted to community groups through the Exeter Community Forum network and wider through The Exeter Citizen and social media



throughout Autumn 2016. Interested groups were required to demonstrate evidence of seeking local support including other community organisations, community interest groups and local councillors. The first round focused on Community Action. This includes the setting up or running a project that runs over a period of time, or a number of events, or towards buildings or equipment. These projects benefit the environment in a local area or have broad community benefit in a neighbourhood. The grants are not intended to fund ongoing costs such as rent or an ongoing salary (although funding for a temporary role is acceptable). The community group needed to demonstrate some match funding either in cash or volunteer time. Groups were advised that the first round would have a maximum of £50,000 to support successful applications, and that major capital applications should wait until a later round in Autumn 2017.

- 8.2 Six applications were received. The Chair and Programme Manager for Communities met early in January to check eligibility of all applicants. Five of the groups were asked to supply additional information prior to the panel meeting. The panel met on the 12 January to assess and score applications. After a lengthy and considered process where all applicants were assessed against the evaluation criteria the panel recommended supporting two of the applications in full (see 2.1) and declining four others. Reasons for applications being declined at this stage are two of the applications were for capital funding and so were advised to apply at a later round, one applicant was deemed not eligible to apply, and one of the applicants was deferred to a later stage after having additional advice and support to make an application that would better fit the criteria.

## **Appendix 1 - Grass Roots Grants Guidance notes for applicants**

### **9. How does the decision contribute to the Council's Corporate Plan**

- 9.1 Adoption of the Exeter Community Strategy and allocation of Neighbourhood CIL funding helps us to achieve the Corporate Plan objective of Supporting Exeter's Communities – *Communities in Exeter know best what facilities are needed in their areas and where investment should be prioritised. We recognise that community and voluntary groups have an important role to play in helping us to shape and deliver services in new ways. We will continue to provide support to the community and voluntary sector to achieve a range of positive outcomes for our communities through co-design and co-delivery.*

### **10. What risks are there and how can they be reduced?**

- 10.1 CIL receipts are dependent on development happening on the ground in that CIL Demand Notices can only be issued when development commences. CIL cannot be used to forward fund projects unless a party other than the Council is willing to borrow against those receipts to deliver the project. In this context, it will take some time for the neighbourhood portion of CIL to accumulate into a more sizeable pot with which to address some of the priorities identified by the ECF. A change for the worse in macro-economic circumstances has the potential to seriously affect the accumulation of CIL receipts in general. There are therefore some risks that community expectations may not be fulfilled because of lack of funding or funding which is slow to materialise.

### **11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

- 1.1 Supporting the capacity of community organisations to take initiatives, including through identifying priorities for the use of CIL, has the potential to support a wide range of groups across the city and thereby address issues such as equality and diversity, health and wellbeing.

### **12. Are there any other options?**

12.1 No.

**Dawn Rivers  
Programme Manager - Communities**

**Andy Robbins Manager City Development**

**Local Government (Access to Information) Act 1972 (as amended)  
Background papers used in compiling this report:-**

None

Contact for enquires:  
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## Exeter Community Forum & Exeter City Council

### Grass Roots Grants

### Guidance Notes for Applicants October 2016

#### 1. Community Strategy and Grass Roots Grants background

In early 2015, Exeter City Council decided that the 'Neighbourhood' proportion of the Community Infrastructure Levy, (a planning charge imposed on development, which is used to pay for infrastructure to support that development) should be spent on developing and implementing a community strategy.

The Council endorsed a 'bottom-up' approach, supporting community groups and action. It has asked the Exeter Community Forum to take a lead to work with others across the city to allocate this neighbourhood proportion of the Community Infrastructure Levy or CIL. *See Note i below.*

A [Community Strategy](#) was developed in 2015. This will underpin community-led development in the city for ten years. It will provide a way for communities to take the lead, build their capacity to own and manage buildings and other property, work with other organisations, and fund and deliver projects, initiatives and services.

The Community Strategy is based on a statement of principles of community-led development. Other organisations and authorities are invited to sign up. The Strategy will embody openness and accountability in all its activities. *See Note ii below.*

The Strategy includes an action plan for the first three years, from April 2016 to March 2019. The action plan will be delivered through three programmes, all of which will receive funding from Exeter's Community Infrastructure Levy (CIL) and the New Homes Bonus. Community organisations in the city will be able to apply for funding from the **Grass Roots Grants** programme. Some programmes will receive additional funding from other sources, such as the New Homes Bonus.

#### 2. The programmes

The Grass Roots Grants include a number of different programmes which will all contribute towards the goals of the Community Strategy. The guidance below will help you choose which fund can best support the work your community organisations plans to do.

##### 1. Supporting Community Action.

- a) **Community Action Grants:** these funds will contribute towards the costs of setting up or running a project which runs over a period of time, one or a number of events or it may be towards buildings or equipment. They will be projects that benefit the environment in your local area or have broad community benefit in your neighbourhood.

*ECF Grass Roots Grants Guidance Notes for Applicants*

*Note i . the neighbourhood portion is 15% of the levy that is paid to the city, which can be spent on addressing the demands development places on an area.*

*Note ii See [www.exetercommunityforum.net/community-strategy](http://www.exetercommunityforum.net/community-strategy) for more information*

These grants will fund work that will take place within one year of the application being made. These grants are intended for example to get things started, help develop project ideas, help grow projects to 'the next stage'. They won't be able to fund ongoing costs such as rent or an ongoing salary. The community will be expected to contribute some funds and volunteer time to make these projects happen.

If you're applying for a grant for **equipment** – it should provide a broad benefit to the community and you will need to provide evidence of the cost and *at least two* quotes.

If you're applying for funds towards a **building** we'll need more information including a business plan showing how you plan to develop the building and keep it running and details of other funders. You'll need to have any planning permission place. There is a separate section on the application form to complete for building projects.

You should refer to the Criteria for guidance on the priorities for assessing proposals at the end of the document to help you with your application.

We anticipate having a special grants round for building projects – please keep an eye on the website for details.

b) **Community building:** We plan to invest in a team of community organisers to work across the city.

Community organising is about:

- “empowering communities and harnessing the power of individuals to work together in shared self-interest.
- Community Organising involves building relationships in communities, mobilising people to take action and supporting projects which make a difference to people's lives.
- Community organising creates social and political change through collective action. Community Organisers listen to what people want to see change in their lives and community and help them to achieve this, working in and through democratic structures.
- Community Organisers have no agenda and do not lead or do things on behalf of people”, they help people to do things for themselves.

People have told us they don't like others 'organising' the so we'll call them Community Builders! But they will work to the same principles and approach.

Communities that are interested in a community builder to work with their community will be invited to make an **Expression of Interest**. Community Builders need not be employed by these communities, they will be employed by a '**host**'.

We will invite **Host** organisations to act as an employer and provide training and support to the network of community organisers across the city and work with communities. The programme will be open to expressions of interest in the autumn 2016.

## 2. Supporting Community Planning

This will be delivered by appointing a Support Worker to help and support communities wanting to draw up a community plan or neighbourhood plan. There will also be grants available to communities in an area wanting to develop a neighbourhood or community plan for their neighbourhood.

More information will be available in early 2017.

## 3. Community collaboration:

Community organisations are increasingly wanting to work together with other community groups or larger voluntary sector organisations or public bodies. This may be, for example: to run a project, develop a service, run an event, undertake community consultation, joint training, or volunteer recruitment campaigns etc.

This grant programme will support community organisations to grow their capacity and capabilities to work with other organisations and help provide seed funding to help start new initiatives or grow them to the next stage. A community organisation will need to be the lead partner through the application process.

## 2. Eligibility criteria

Applications can be for capital (building or equipment costs) or revenue funding (so costs for running a project or activity) or both. Particular criteria for community planning and community organising will be set out separately.

Otherwise, **all applicants must:**

1. Promote the objectives, principles and criteria of the Community Strategy.
2. Be a community organisation or community enterprise. These organisations will be:
  - Based in a local neighbourhood of Exeter
  - Led by (trustees) local community residents
  - Accountable to the local community
  - Open membership to all local residents
  - Work to benefit the interests of the local community of an area or community of interest.

Funding cannot be paid to individuals or be for private profit.

2. Have a constitution and access to a bank account with at least 2 signatories.
3. Be applying for between £1,000 and £50,000. For smaller applications, see the City Council Community Grants Scheme [www.exeter.gov.uk/communitygrants](http://www.exeter.gov.uk/communitygrants) or DCC Locality grant see <https://new.devon.gov.uk/democracy/councillors-nav/locality-budgets/> or other grant funders.
4. **Community Action** and **Community Collaboration** grants will normally be completed during one calendar year. If a project needs to take longer than expected the panel will review its progress after 1 year and agree extensions where deemed appropriate.
5. Include an element of match funding, whether a cash or in-kind contribution. (See 3.7 below for more information) It is unlikely that we will fund 100% of a project's costs.

## 3. Evaluation criteria

The Exeter Community Forum Grass Roots Grants Panel will assess applications and make initial funding decisions and recommendations. It's recommendations will be subject to ratification by Exeter City Council Executive and then the Full Council where Neighbourhood Community Infrastructure Levy or other council-disbursed funds are involved.

All applications will be scored and assessed against the following criteria:

1. Addresses one or more of the priorities and criteria identified by Exeter Community Forum, and/or the Community Strategy, and/or a local community or neighbourhood plan.
2. Provides evidence of local consultation, need and local strengths and opportunities. You can also look at the consultation feedback gathered as part of the community strategy development on the Exeter Community Forum website.

3. Provides evidence of seeking local support. For example this may include other community organisations, community interest groups, e.g. young people, minority ethnic communities etc, where relevant, Surveys, Community Organisers where relevant or local Councillor/s.
4. Provides evidence of working together with others and the community.
5. What difference you plan to make in your community or to the local environment and how you plan to measure this. We will expect organisations receiving grants to measure a number of things which will contribute to our assessment of the impact of the community strategy across the city – for example number of volunteer hours.
6. Provides evidence of the viability of the overall project. So, for example, we will consider things like: is there a good team running the project, is the project thought through, does it have enough funds to do the work, will it make the difference you are aiming to make.
7. Commitment to provide match funding, for example;
  - a. Cash contribution through fundraising activities, crowdfunding, another funder or contribution from a partner organisation(s)  
and/or
  - b. Social capital or in-kind contribution i.e.: volunteer hours, expert input, use of building.

Please note that the fund is expected to be oversubscribed; therefore applications may not be successful even if they satisfy all of the criteria.

Organisations receiving a grant will be expected to contribute towards evaluation of the programme and publicity by Exeter Community Forum and Exeter City Council about the grant.

You are advised to discuss your application with Community Team at Exeter City Council.

In the first instance, please use the following contact details:-

- email: [grassrootsgrants@exeter.gov.uk](mailto:grassrootsgrants@exeter.gov.uk)
- telephone: 01392 265531 to speak to the Programme Manager - Communities.

You can submit your application:-

By post to: Programme Manager-Communities, Room 3.11, Exeter City Council, Civic Centre, Paris Street, Exeter, EX1 1NN

By email to: [grassrootsgrants@exeter.gov.uk](mailto:grassrootsgrants@exeter.gov.uk), copy to [exetercommunityforum@gmail.com](mailto:exetercommunityforum@gmail.com)

By a combination of post and email. For example, you may have filled out a paper form, and have paper copies of some of the supporting documents, but other documents are stored on your computer. Please send anything you can by email, as it saves us having to scan and copy the supporting documents.

#### 4. Data Protection

In accordance with our responsibility under the Data Protection Act, you should be aware that the personal information you are giving will be held by Exeter City Council and will be passed to Exeter Community Forum Grass Roots Grants panel members who will help to assess your application. Your personal information will not be shared with any other organisation or individual unless we have a legal obligation to do so.

Details of the grants awarded will be made available on the Exeter Community Forum website, however, no personal details will be included.

#### 4 What happens next?

The grant process will be administered by the Exeter City Council Communities Team. They will liaise with the Exeter Community Forum Grass Roots Grants panel Chair to agree applications that broadly meet eligibility criteria (see section 2 above), whether any further information is required and whether costs are realistic relative to the proposals and the funds available.

Applications can then progress to the Panel, or if appropriate referred back to the applicant for additional information or feedback if they are not eligible.

## 5 More about the decision-making process

The Exeter Community Forum Grants Panel will be composed of the following members:

1. The Exeter Community Forum Chairperson – Diana Moore or nominated substitute.
2. Four other community representatives drawn from different organisations which are full members of Exeter Community Forum. (To be drawn from different organisations and geographic areas of the city. Current panel members are:

- Kate Holmes                      Park Life Heavitree
- Su Aves                              Newtown Community Association
- Annette Grahns                  Digby Community Association
- Jan Peakes                        ISCA Community Association

3. The Exeter City Council portfolio-holder for Communities and Neighbourhoods or nominated substitute.
4. The Exeter City Council Programme Manager for Communities or nominated substitute (non-voting member)

The panel sits three times a year, with meetings timed to allow decisions to be passed to ECC for ratification by full council

Organisations making an application to the Exeter Community Forum may be invited to make a presentation to the Panel, guidance for this will be given at the time the invite is made.

The forthcoming timetable appears below, together with the corresponding deadline for applications.

<b>Deadline for applications</b>	<b>Panel meeting</b>	<b>Decision by Full Council</b>
1. 12noon 2 <sup>nd</sup> January 2017	Early January 2017	21 Feb 2017
2. End May 2017	June 2017	25 July 2017
3. October 2017	November 2017	December 2017

For more information:

[www.exetercommunityforum.net](http://www.exetercommunityforum.net)

**Grass Roots Grants Guidance: October 2016**

<sup>1</sup>Table 1: ECS Criteria for Assessing Proposals: Prioritisation by participants in community events





By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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