



SOUTH EAST DEVON
HABITAT REGULATIONS
PARTNERSHIP

South East Devon Habitat Regulations Executive Committee

Financial Report

Neil Harris, Habitat Regulations Delivery Officer
June 2016



Exeter
City Council



Legal comment/advice

There are no direct legal implications arising from the report.

Finance comment/advice:

The current financial position is outlined in the report and links to the Annual Business Plan and 5 year Delivery Programme.

Public Document:	Yes
Exemption:	None
Review date for release	None

Recommendations

It is proposed that the Executive Committee:

- 1. Notes the progress made in collating detailed financial information from the three authorities.**
- 2. Receives quarterly updates on the overall financial position including contributions received, contributions not received because arrangements may be in place for contributions to be with-held, expenditure and anticipated contributions (from signed S106).**
- 3. Receives yearly updates on 5 year income forecasts of developer contribution receipts, clearly identifying where these have been retained by the collecting authority where any agreement is in place for contributions to be with-held.**
- 4. As financial administrator, EDDC will invoice Exeter City Council and Teignbridge District Council quarterly in arrears, as a minimum, to cover agreed costs incurred by EDDC on behalf of the Partnership. An exercise to agree balances between the parties will also be initiated quarterly by EDDC.**

Equalities impact: Low

Risk: Low

This is a report on the current and forecasted financial position of developer contributions collected for Habitat Regulations mitigation across the three local authorities.

1. Summary

1.1 The purpose of this report is to update members of the Executive Committee on the overall financial position of developer contributions received by all 3 Local Authorities as mitigation payments towards measures identified in the South East Devon European Site Mitigation Strategy (“the Strategy”).

1.2 The report set out details of the contributions received from inception (at Teignbridge District Council, the earliest adopter of Habitat Regulations developer charges, this is 2008) until the end of the 2015 financial year.

1.3 The report also contains details of anticipated income from contributions where planning permission has been granted but the contribution has not yet been paid.

1.4 Details of expenditure to date and subsequent balances are provided, as are estimated costs of the 2016 annual business plan and 5 year delivery programme. Details on both of these are provided in separate reports.

1.5 The Joint Interim Approach (JIA) is the period in time from which developer contributions were charged in each authority at a standard £350 per dwelling.

This was:

15th Dec 2008 until 1st Aug 2014 at Teignbridge District Council;

1st Nov 2011 until 1st Aug 2014 at Exeter City Council; and

1st Nov 2011 until 1st Aug 2014 at East Devon District Council.

The Strategy and the cost estimates within it then informed the new charging zones and amounts from August 2014.

2. Developer contributions received to date:

Table 1 Developer contributions received to date, according to the charging schedule, wording of S106 obligations and Community Infrastructure Levy charges:

SANGS	£581,138.29
JIA (Joint Interim Approach) On site	£ 370,581.67
Dawlish Warren On-site	£113,633.85
Exe Estuary On-site	£23,916.58
Pebblebed Heaths On-site	£19,972.54
Total	£1,109,242.93

3. Expenditure (to end Q4 2015):

Table 2 Balance of receipts, less expenditure to date:

Charging zone/period	Received	Expenditure	Balance
SANGS	£581,138.29	£5,550	£575,588.29
JIA On site	£370,581.67	£46,882.56	£323,699.31
Dawlish Warren On site	£113,633.85	£458	£113,175.85
Exe Estuary On site	£23,916.58	£0	£23,916.58
Pebblebed Heaths On-site	£19,972.54	£8,917	£11,055.54
Total	£1,109,242.93	£61,807.56	£1,047,435.37

3. Expenditure to date:

SANGS

3.1 Nine automated visitor counters were installed at a cost of £5,550 at Riverside and Ludwell Valley Parks and at Drakes Meadow (Mincinglake Valley Park) in Exeter, in February 2016. The count data will be used in July 2016 to calculate whether the Parks can absorb more visitors. After being used for this purpose they will then be used for monitoring visitor numbers to determine the effectiveness of mitigation measures, either at SANGS sites or on the protected sites.

3.2 Remaining sections of this report are specifically concerned with on site measures as opposed to SANGS. It is expected that future SANGS developments, progress and proposals will be reported by the dedicated officers responsible for their delivery.

Joint Interim Approach – On site

3.3 Prior to May 2015, TDC employed a part time Delivery Officer to progress mitigation measures focused on the Exe Estuary and Dawlish Warren. This cost £8000 and will be allocated from the Joint Interim Approach funds.

3.4 The current Delivery Officer has been in post since May 2015. Salary and associated costs until the end of the 2015-16 financial year will be £38,882.56, which will be shared equally between the Joint Interim Approach funds.

Dawlish Warren – On site

3.5 Prior to May 2015, TDC spent £458 on some new dog information signs at Dawlish Warren. This will be allocated from the Dawlish Warren – On site funds.

Pebblebed Heaths – On site

3.6 The Strategy identified the requirement for a Visitor Management Plan for the Pebblebed Heaths SPA/SAC. Footprint Ecology was commissioned by EDDC to undertake the report, which is expected by summer 2016. The Strategy estimated the report to cost £12,000 but additional survey work was required, which increased the cost to £24,000.

3.7 Subsequently, the proportion of costs (£8,917) which it is reasonable to expect to be paid for through developer contributions has been agreed with the Planning Policy Manager at East Devon District Council. This relates to costs which can be identified as helping to deliver mitigation measures rather than the costs of collection of evidence for the purposes of informing planning policy.

£8,917 will be allocated from the Pebblebed Heaths – onsite funds.

4. Permissions granted but not yet received

Table 3 Position of all developer contributions from planning consents granted but not yet received, as at the end of the 2015 financial year at Teignbridge District Council and Exeter City Council, end of Q3 2015 for East Devon District Council.

SANGS	£947,694.38
(Joint Interim Approach) On site	£640,689.42
Dawlish Warren On-site	£90,857.77
Exe Estuary On-site	£118,011.89
Pebblebed Heaths On-site	£123,675.54
Total	£1,920,929

5. Annual business plan – estimated project cost

Table 4 Measures recommended to the Executive Committee as priorities for the 2016 annual business plan.

Measure	Capital cost	Revenue Cost	Total
Exe revised zoning	£5,000	£0	£5,000
Voluntary Exclusion Zone	£2,000	£0	£2,000
Exe codes of conduct	£10,000	£0	£10,000
Pebblebeds codes of conduct	£1,000	£0	£1,000
Patrol boat	£22,600	£7,000	£29,600
Two wardens		£68,000	£68,000
Warden vehicle	£20,000	£2,000	£22,000
Dog project	£12,000	£13,800	£25,800
Petalwort monitoring	£1,000	£0	£1,000
Delivery Officer		£40,000	£40,000
Dog bins	£3,500	£2,870	£6,370
Pebblebeds map	£1,500	£0	£1,500
Pebblebeds monitoring		£2,000	£2,000
Total	£ 78,600	£ 135,670.00	£ 214,270

5. Annual business plan forecast expenditure

5.1 These are the estimated costs of the recommended measures forming the 2016 annual business plan. Some of the estimated costs in the Strategy have been subject to revision after further investigation of the actual requirements of the project. For recommended Year 1 measures, these costs are:

5.2 Patrol Boat, Strategy estimate - £22,600. Expected cost between - £22-30,000. The discrepancy has arisen after further investigation into the actual market prices of patrol boats, the need to provide all weather protection (summer & winter) for the crew and the need to provide a boat (and engine) which can reasonably be expected to last into the foreseeable future.

5.2.1 The possibility of jointly funding a Patrol Boat with EDDC and ECC, to enable a renewed Harbour Authority presence in addition to mitigation work is being investigated by the Delivery Officer. A report on anti-social behaviour on the Exe and recommendation for part funding (£10-15,000) a Patrol Boat was approved by EDDC Cabinet on 07/10/15. Discussions are ongoing with Exeter City Council and Teignbridge District Council regarding the level of funding they may be able to provide.

5.3 Dog project, Strategy estimate – £12,000. Expected cost - £25,800 based on fixed term 18.5hr/wk project officer @ £12,000 salary (plus 15% on costs) plus £12,000 project start-up cost for materials, display boards, portable gazebo etc.

5.3.1 The Strategy estimate did not include a dedicated part time project officer to drive the project forward – which experience from Dorset (the original dog project) recommends as critical to success.

5.4 Warden vehicle, Strategy estimate - £9000 p.a for 2 lease vehicles. Expected cost £20,000 for outright purchase of 4x4 pickup (Ford Ranger, Mitsubishi L200 or similar), with replacement approximately every 10-15 years (dependent on condition and mileage).

5.4.1 The Strategy estimates vehicle lease costs based on 2 wardens working separately. Whilst the flexibility to work separately will be maintained, initial work schedules should allow for one vehicle to be sufficient.

5.4.2 Capita Asset Services is currently undertaking a procurement benchmarking exercise to obtain the best current prices in relation to this vehicle.

5.4.3 Should experience prove that two vehicles are necessary, it is envisaged that the other vehicle will be a small van-type (Renault Kangoo, Citroen Berlingo or similar). Initial research suggests that outright purchase would still be more cost effective over the timeframe.

7. Current balance less Yr 1 estimated expenditure:

Table 5 Balance of funds per charging zone/period after estimated Yr 1 expenditure:

Charging zone/period	Current balance	Less Yr 1 expenditure	Balance
JIA On site	£323,699.31	£187,400 (projects)	£136,299.31
Dawlish Warren On site	£113,175.85	£1,000 (Petalwort)	£112,175.85
Exe Estuary On site	£23,916.58	£5,000 (Zoning) £10,000 (Codes) £ 15,000 (total)	£8,916.58
Pebblebed Heaths On site	£11,055.54	£6,370 (Dog bins) £1,500 (map) £1,000 (codes of conduct) £2000 (monitoring) £ 10,870 (total)	£185.54
Total	£471,847.28	£214,270.00	£257,577.28

8. Annual business plan: estimated revenue costs (carried forward to Yr 5):

Table 6 Estimated revenue costs of the 2016 annual business plan per year, carried forward to year 5:

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Two Wardens	£68,000	£68,000	£68,000	£68,000	£68,000	£340,000
Dog project (Officer)	£13,800	£13,800	£13,800	£0	£0	£41,400
Dog Project	£0 (covered by capital cost)	£2,000	£2,000	£2,000	£2,000	£8,000
Patrol Boat	£7,000	£7,000	£7,000	£7,000	£7,000	£35,000
Delivery Officer	£40,000	£40,000	£0	£0	£0	£80,000
Warden vehicle	£2,000	£2,000	£2,000	£2,000	£2,000	£10,000
Dog bins						
Pebblebeds	£2,870	£2,870	£2,870	£2,870	£2,870	£14,350
Monitoring Pebblebeds	£2,000	£4,000	£4,000	£4,000	£10,000	£24,000
Total	£135,670	£139,670	£99,670	£85,870	£91,870	£552,750

9. Five (5) Year delivery programme

9.1 The Officer Working Group and Delivery Officer have scored, discussed and agreed in principle a 5 Year delivery programme for on-site mitigation (subject to sufficient income). The delivery programme with accompanying income forecast 2016-21 is detailed in a separate report.

9.2 This essentially comprises the remainder of the measures recommended in the Strategy and the (draft) Pebblebed Heaths Visitor Management Plan. There are a number of measures which still require careful and considered negotiations with land owners, managers and user groups.

9.3 Income forecasts from S106 obligations for the financial years 2016-2021 are completed based on housing trajectory forecasts at each local authority. These forecasts are detailed in the 5 Year delivery programme and are used to inform decision making on prioritisation of mitigation measures.

9.4 Income forecasts from CIL for the same financial period have been completed by Exeter City Council. CIL forecasting at Teignbridge District Council is being progressed as a priority and will be used to augment the current forecasts in the 5 Year delivery programme in future reports.

9.4 **Table 7** Identifies measures in the 5 year delivery plan. Estimated costs are as identified in the strategy and draft Pebblebed Heaths Visitor Management Plan. They are listed by site, not priority.

Table 7 Measures identified in 5 Yr delivery programme.

Project	Estimated (Strategy) Capital Cost	Revenue Cost
Petalwort monitoring DW	£1,000	-
Artificial Roost study DW	£2,500	-
Artificial Roost creation DW	£15,000	-
Bird hide relocation DW	£50,000	-
Fencing in Bight DW	£2,000	£2,000
Fencing nr 18 th hole/Bight DW	£10,000	£1,000
New visitor centre DW*	£500,000	-
Rationalisation of path network DW	£2,000	£2,000
Banks/Fencing around DW car park	£25,000	-
Audit of information boards DW	£7,500	£750
BBQ byelaw in buffer zone DW	£2,000	-
Review car parking arrangements & charges DW	£?	-
Changes to layout of golf course DW	£5,000	£500
Signage/interp for retailers re: BBQ @ DW	£2,000	£50
Newsletter DW	-	£1,000
Closure of Cockwood Steps EE	£2,000	-
Mamhead slipway signage EE	£7,500	-
Gate slipway in winter Imp Rec Ground EE	£1,000	-
Low fencing/planting around edge of car park & Imp Rec Ground EE	£10,000	£1,000
Dog control order/PSPO to control dogs off leads on mudflats EE	£7,500	-
Signage at Imp Rec re: kite & wind surfing EE	£5,000	£500
Update signage at slipways EE	£40,000	£1,000
Monitoring Dawlish Warren & Exe Estuary	£7,000	£17,250
Codes of conduct PBH	£6,000	-
Signs related to conduct PBH	£3,400	-
Signs directing people PBH	£4,250	-
Interpretation Boards PBH	£54,000	-
Detailed material on web PBH	£5,000	-
Boardwalks/path surfacing PBH	£95,000	-
Dog bin emptying PBH	-	£11,480
Works to car parks PBH	-	£60,000
Gorse management PBH	-	£2,000
Education work with schools PBH	-	£47,500
Monitoring PBH	-	£22,000
Total	£ 871,650.00	£ 168,530.00
		£ 1,040,180.00

10. Year 1 capital & revenue cost (Yrs 1-5) and estimated Year 5 capital & revenue cost:

Table 8. Estimated 5 year cost of 2016 annual business plan and 5 year delivery programme:

Year 1 capital	£78,600
Year 1 revenue (Yrs 1-5)	£552,750.00
5 Year cost (capital)	£871,650.00
5 Year cost (revenue)	£168,530.00
Total estimated 5 Yr Cost*	£1,671,530.00
Total forecast 5 Yr Income**	£2,142,308.11
Current balance after 2016 annual business plan	£257,577.28
5 Yr Balance	£729,355.39

10.1 Some measures in the 5 yr programme also have ongoing revenue costs which will be incurred. The specific amount will depend on the year in which the measure is initiated.

10.2 Detail on the income forecast for 2016-21 is in the 5 year delivery programme report. Forecasts provide a best estimate at the time of writing this report (June 2016).

10.3 S106 obligation pooling restrictions will affect which contributions can be spent on infrastructure & non infrastructure measures.

11. Treasury Management:

11.1 Item 1.5 of the Terms of Reference states the following:

'East Devon District Council will be responsible for holding and administering developer contributions and community infrastructure levy receipts and to provide advice and guidance on all financial matters. Legal advice and guidance will be agreed between the authorities.'

11.2 This approach has been agreed by East Devon District Council as per the minutes of the meeting held on 4 November 2015. However it is not consistent with the Executive Statement of Decisions relating to the meeting held on 8 December 2015 at Teignbridge District Council and 9 February 2016 at Exeter City Council. These both delegate the decision as to how the contributions are held to

the respective S151 Officers (and, at Teignbridge, the Head Solicitor and Portfolio Holder for Planning and Housing).

11.3 To clarify the above, S151 Officers from all 3 authorities are in the process of agreeing the operational process.

11.4 In each case all monies held in relation to habitat mitigation will be held in accordance with the holding authority's Treasury Management Strategy.

12. Perpetuity Funding of Mitigation Delivery

12.1 Section A of the Terms of Reference for the South East Devon Habitat Regulations Executive Committee includes the following delegation of functions:

- *'To include reviews of developer contribution charges in line with inflation /index linking and funding mitigation expenditure in perpetuity.*
- *Establish and maintain a financial model that ensures delivery of mitigation in perpetuity.'*

12.2 Further work is required to develop a model to deliver mitigation funding in perpetuity, an understanding of the regulations and potential models is required and a more detailed assessment of estimated developer contributions. This will be the subject of a future report.

13. Financial Administration of the Scheme by East Devon District Council

13.1 As financial administrator EDDC will invoice Exeter City Council and Teignbridge District Council quarterly in arrears, as a minimum, to cover the costs incurred on behalf of the project. EDDC reserves the right to increase the frequency of invoicing subject to the amount of expenditure incurred. An exercise to agree balances between the parties will be initiated quarterly by EDDC.

Natural England comments:

Natural England notes the projected income and expenditure. Our principle concern is that expenditure, and hence delivery, at the proposed levels can be achieved in order that the current “deficit” in mitigation delivery which has occurred since the JIA first began to collect funds to mitigation, begins to be addressed.

Perpetuity Funding – we would like to suggest that a more detailed paper considering options for funding of mitigation measures “in perpetuity” is brought to the next meeting of this committee.

Neil Harris
Habitat Regulations Delivery Officer

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