

South Hams Executive



Title:	Agenda
Date:	Thursday, 18th June, 2020
Time:	10.00 am
Venue:	Via Skype
Full Members:	<p style="text-align: center;">Chairman Cllr Pearce</p> <p style="text-align: center;">Vice Chairman Cllr Bastone</p> <p><i>Members:</i> Cllr Hopwood Cllr Hawkins Cllr Baldry Cllr May</p>
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.
Committee administrator:	Democratic.Services@swdevon.gov.uk

1. Minutes	1 - 12
to approve as a correct record and authorise the Chairman to sign the minutes of the meeting of the Executive held on 6 February 2020;	
2. Urgent Business	
brought forward at the discretion of the Chairman;	
3. Division of Agenda	
to consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;	
4. Declarations of Interest	
Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting;	
5. Public Question Time	13 - 14
a period of up to 15 minutes is available to deal with questions submitted to the Council in accordance with the Executive Procedure Rules;	
6. Executive Forward Plan	15 - 18
7. Coronavirus (COVID-19) Response and Draft Recovery and Renewal Plan	19 - 56
8. Month 1 and 2 Revenue Budget Monitoring 2020/2021	57 - 86
9. Ivybridge Regeneration Project	87 - 174
10. Grounds Maintenance Review	175 - 182

**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY 6 FEBRUARY 2020**

Members in attendance:			
* Denotes attendance			
∅ Denotes apologies for absence			
*	Cllr K J Baldry	*	Cllr N A Hopwood
*	Cllr H D Bastone (Vice Chairman)	∅	Cllr D W May
*	Cllr J D Hawkins	*	Cllr J A Pearce (Chairman)

Also in attendance
Cllrs Abbott, Austin, Brazil, Holway, Hodgson, Long, M ^c Kay, Pannell, Reeve, Rose, Smerdon, and Spencer

Officers in attendance and participating		
All items		S151 Officer, Director of Place and Enterprise, Head of Practice – Finance, Democratic Services Manager, Specialist Democratic Services
Items 10 & 11	E.74/19 & E.75/19	Deputy Chief Executive
Item 15	E.79/19	Senior Specialist – Car Parking and toilets
Item 17	E.80/19	Head of Practice – IT

E.67/19 MINUTES

The minutes of the Executive meeting held on 19 December 2019 were confirmed as a true and correct record and signed off by the Chairman.

E.68/19 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of this meeting but none were made.

E.69/19 PUBLIC QUESTION TIME

It was noted that the following public questions had been received in accordance with the Executive Procedure Rules, for consideration at this meeting. The responses are set out in bold, and were circulated at the meeting.

Question from Robert Vint:

“What discussions have taken place with Plymouth City Council and with West Devon Borough Council about jointly reviewing Sustainable Construction and Renewable Energy policies in their Joint Local Plan in order to enable effective and immediate responses by all three councils to their own Climate Emergency declarations?”

Response:

Plymouth City Council, West Devon Borough Council and South Hams District Council collaborated on the production of the Plymouth and South West Devon Joint Local Plan, and are now working together to deliver that plan. The Councils have a joint team, the Joint Local Plan team, which oversees the monitoring, delivery and review of the Joint Local Plan. A Joint Local Plan Partnership Board comprising Members from each authority oversees work on the JLP. Discussions on the Joint Local Plan take place in these groups and have reached the following conclusions:

An early review and update of the JLP would not be appropriate response to the declaration of Climate Change and Biodiversity Emergency made by South Hams District Council, for the following reasons:

- 1. The Joint Local Plan already contains a strategy for managing growth over the plan period which is firmly rooted in the principles of sustainable development, focusing development in the city and towns which have a range of facilities accessible by sustainable means of transport. The first two policies of the plan, SPT1 and SPT2 set 'golden threads' running through the entire plan, making clear that the principles of sustainable development, sustainable linked neighbourhoods and sustainable rural communities apply to all development. Reinforcing these principles are a number of development control policies which will have a direct effect on carbon emissions in the future and on the protection and enhancement of biodiversity – for example DEV26, DEV27, DEV32, DEV33 and DEV34. These policies have very recently been found sound by a Planning Inspector and comply with the NPPF and NPPG, and it is unclear in what way they should be considered to be out of date or inadequate;**
- 2. If the Joint Local Plan were to be immediately reviewed and updated, the Councils would also be immediately announcing that the strategy and policies were out of date. The announcement would mean that the policies would no longer have full weight as adopted policies of the development plan, and it would consequently be more difficult to apply them to development proposals coming forward across the plan area. The result would likely to be a period while the JLP was being updated, when the low carbon policies could not be applied with full weight, housing policies may also be deemed out of date as the strategy was revisited, leading to risks to the 5 year land supply;**

3. **A review and update of the JLP would not be a rapid process. The process of creating the JLP took three years and is noted as a very fast timescale for the production of a local plan. Updating the JLP on the scale suggested would take a similar time, and possibly longer if Councils wished to pursue ambitious policies going beyond the NPPF with no certainty that the objectives would be achieved. Such a timescale does not seem to be the best use of resources to address the Emergencies that have been declared;**
4. **Finally, in order to trigger a review and update of the Joint Local Plan, all three Councils (South Hams District Council, West Devon Borough Council, and Plymouth City Council) would need to agree to such a course of action. South Hams District Council cannot make the decision unilaterally.**

The Councils are committed to reviewing and updating the JLP within 5 years of its adoption – ie adopting a JLP which has updated any policies deemed to be out of date by 2024. It is therefore suggested that the best way forwards is to keep to this timescale, whilst developing more immediate responses to the Climate and Biodiversity Emergencies through the Action Plans being created.

Question from Ella Dangerfield:

“The Government is proposing to remove local authority powers to set high energy efficiency standards in new homes and to scrap the Fabric Energy Efficiency Standard (FEES). Details attached. Having declared a Climate Emergency, will this Council respond to the Government’s consultation (deadline 7th February) to oppose these proposals?”

Response:

Yes, the Council will be responding to the Future Homes Standard 2019 Consultation calling for a significant uplift in building standards combined with a more robust and comprehensive assessment of the net carbon of a dwelling that considers how a building is used and not just how it is built or where the primary energy comes from. The Council considers that the ineffective binary options offered by the Future Homes Standard consultation fall a long way short of what is required.

Question from Chris Snow:

“A global alliance of environmental organisations have recently evaluated the carbon footprints of the world’s largest financial institutions (link attached). Will this council, as part of its Climate Action Plan, act to ensure that its investments are not used to finance further expansion of fossil fuel extraction?
https://www.banktrack.org/download/banking_on_climate_change_2019_fossil_fuel_finance_report_card/banking_on_climate_change_2019.pdf”

Response:

The Council is able to consider the declaration of a Climate Change and Biodiversity Emergency within the Treasury Management function, but any changes need to be very carefully assessed. Policies need to be universally applied and backed by on-going monitoring. This is already undertaken through the application and monitoring of minimum credit ratings and maximum duration limits contained within the Council's Treasury Management Strategy (i.e. addressing Security and Liquidity) and, therefore, any additional requirements need to be applied in a similarly consistent manner.

If the Council formally adopts some form of additional overlay over and above Security, Liquidity and Yield, then the Council will need to address how to encapsulate such a position and what the potential consequences of this would be. Importantly, it should not be something that would be deemed to run contrary to Local Authority regulatory requirements of Security, Liquidity and Yield. Just as important, it should cover all potential investment options that the Council could make, i.e. universal coverage, where possible.

The Council's Investments are currently mainly in UK based Banks and Building Societies and the CCLA (Churches, Charities and Local Authorities) Property Fund. It is also important to stress that the Council's investments are predominantly sterling-denominated term deposits. These are not long-term investments that are specifically used by financial institutions to "on-finance" projects, but are used as part of day to day cash flow balances.

The Treasury Management Strategy is reviewed annually and the implications of the declaration of a Climate Change and Biodiversity Emergency will be considered as part of this process.

E.70/19 EXECUTIVE FORWARD PLAN

Members were presented with an interim Executive Forward Plan setting out items on the agenda for Executive meetings for the next four months and noted its content.

E.71/19 REPORTS OF OTHER BODIES:

A) Joint Development Management Committee and Overview and Scrutiny Panel – 23rd January 2020;

Minute OSDM.3/19 recommendations were covered in agenda Item 10 (Minute E.74/19 below refers); and

Minute OSDM.4/19 recommendations covered in agenda Item 11 (Minute E.75/19 below refers).

B) Overview & Scrutiny Panel – 23rd January 2020

O&S.62/19 **PRE-APPLICATION PROCESS**

RESOLVED

The Executive **RECOMMEND** to Council that the draft Pre-Application process (as outlined in Appendix 1 of the presented agenda report to the Panel) be approved, subject to inclusion of the following revisions:

1. replacement of the word 'we' with the term 'the Council';
2. move the definitions from the end to the beginning of the Policy; and
3. expand upon reference to 'disclosures' in the Policy.

O&S.63/19 **SAFEGUARDING POLICY**

RESOLVED

1. That the revised Safeguarding Policy (as outlined at Appendix A of the presented agenda report to the Panel meeting) be adopted; and
2. That officers be instructed to undertake a viability study regarding the merits of DBS checks for all Members, with the outcome of this study being reported back to a future Overview and Scrutiny Panel meeting.

O&S.67/19 **TASK AND FINISH GROUP UPDATES**

(a) Leisure Review – Concluding Report

The Executive thanked the Task and Finish Group and asked that the annual report from Fusion, to be presented to the Panel meeting on 27 February 2020, outline how the organisation would fulfil its commitment to deliver outreach leisure services to the rural areas of the District.

E.72/19 **REVENUE BUDGET MONITORING 2019/20 Q3**

Members were presented with a report that enabled them to monitor income and expenditure variations against the approved budget for 2019/20, and provided a forecast for the year end position.

The Lead Member for Finance introduced the report and there being no questions, it was then:

RESOLVED

1. That the forecast income and expenditure variations for the 2019/20 financial year and the overall projected underspend of £27,000 (0.3% of the total Budget £8.833 million) be endorsed.
2. That Council be **RECOMMENDED** to transfer £30,000 of the additional planning income into the Planning Policy & Major Developments Earmarked Reserve at the end of the 2019/20 financial year.

E.73/19

CAPITAL PROGRAMME MONITORING 2019/20 Q3

The Executive was presented with a report that advised Members of the progress on individual schemes within the approved Capital Programme, including an assessment of the financial position.

The report confirmed that the monitoring of the Capital Programme at Month 9 (end of December 2019) had not highlighted any significant areas of overspend to report to Members. All of the capital projects were within the existing capital budgets approved by Members (as outlined at Appendix A of the presented agenda report). The remaining balance of the capital programme contingency budget was £73,399.

The Lead Member for Finance introduced the report. The Section 151 Officer and Director for Place and Enterprise responded to questions of clarity.

It was then **RESOLVED** that:

1. the content of the Monitoring Report be noted;
2. Council be **RECOMMENDED** that £88,000 of revenue income, predominantly in respect of a restrictive covenant, be allocated to the Capital Programme Reserve (as set out in exempt Appendix B to the presented agenda report); and
3. Council be **RECOMMENDED** to increase the budget for Whitestrand, Salcombe (as set out in exempt Appendix B to the presented agenda report).

E.74/19

REVENUE BUDGET PROPOSALS FOR 2020/21

A report was considered that presented the draft Revenue Budget Proposals for 2020-21. The report noted that these proposals had been considered by the Executive on 19th December 2019 (minute E.61/19 refers) and then the joint meeting of the Overview and Scrutiny Panel and the Development Management Committee (minute OSDM.3/19 refers) on 23rd January 2020. The Leader presented the report to the Executive and outlined the changes following its passage through the above meetings.

The Leader clarified recommendation 5 following the recent meeting

held with South Hams CVS. Despite further requests being made, financial information regarding use of funding was still not forthcoming from CVS and their representatives had confirmed that they did not invite local Town and Parish Councils to make any funding contributions to their organisation. It was therefore suggested that £5,000 be made as a contribution from the Council towards core costs in 2020/21. The Council had approved a commissioning model for voluntary funding with possible crowd funding opportunities being available for the following year.

The Leader and S151 Officer responded to questions of clarity, including that Recommendation 7 was proposed to be a one-off amount of money with the Climate Change and Biodiversity Working Group having a key role in deciding how this was spent. There was an additional recommendation (Recommendation 14) proposed to ensure that tenants were paying an open market rent specifically in relation to Citizens Advice South Hams' offices at Follaton House. This approach would ensure tenants were paying an Open Market Rent, with the budget reflecting market rent prices. As a result, there would be a Net Nil impact on the 2020-21 Budget as the two corresponding entries would equate to Nil.

It was then **RESOLVED** that the Executive **RECOMMEND** to Council:

1. To increase Council Tax for 2020/21 by £5 (Band D of £170.42 for 2020/21 – an increase of 10 pence per week or £5 per year – equates to a 3.02% increase)
2. The financial pressures shown in Appendix A of £1,603,640 (amended to £1,600,640 to reflect Recommendation 5 being for £5,000)
3. The net contributions to/(from) Earmarked Reserves of (£117,843) as shown in Appendix D
4. The savings of £904,877 as shown in Appendix A
5. Partnership funding levels set out in 2.38 of the presented report, with the addition of £5,000 to the CVS for 2020/21 only
6. The use of £564,143 of New Homes Bonus funding to fund the 2020/21 Revenue Budget as set out in 2.25 of the report
7. The use of £400,000 of New Homes Bonus funding to set up an emergency climate change projects Earmarked Reserve (2.20)
8. To transfer the unallocated balance (currently £235,016) of New Homes Bonus into the New Homes Bonus Earmarked Reserve, with its future use to be decided when more details are known about the Spending Review for 2021/22 and following a Government consultation document on a replacement scheme for NHB which will be published in the Spring of 2020
9. The inclusion of an Economy post (shared with West Devon Borough Council within the staffing establishment for two years, as 2.37)
10. To delegate to the S151 Officer, in consultation with the Leader and Executive Member for Finance to agree the final amount of New Homes Bonus funding for the Dartmoor National Park Sustainable Community Fund for 2020/21

11. That the Council should set its total net expenditure for 2020/21 as shown in Appendix B as £9,413,672 (amended to £9,410,672 to reflect Recommendation 5 being for £5,000)
12. That the minimum level of the Unearmarked Revenue Reserve is maintained at £1.5 million.
13. That the level of reserves as set out within this report and the assessment of their adequacy and the robustness of budget estimates are noted. This is a requirement of Part 2 of the Local Government Act 2003.
14. To delegate authority to the S151 Officer, in consultation with the Leader of the Council, to carry out a virement within the 2020-21 Budget, to increase both the partnership expenditure budget by £9,000 and the estates management income budget by £9,000, to reflect a commercial rate of rent for the Citizens Advice Bureau but also to ensure no loss of service provision to local residents.

E.75/19

CAPITAL BUDGET PROPOSALS 2020/21

Members were presented with a report that sets out the Capital Bids to the 2020/21 Capital Programme totalling £3,730,000 and a suggested way that these Bids could be funded. All items in this proposed Capital Programme were based on budget estimates and would be subject to the normal project appraisal procedures.

It was then:

RESOLVED

That the Executive **RECOMMEND** to Council:

1. The Capital Programme for 2020/21, which totals £2,480,000 (Appendix A of the presented agenda report refers);
2. The Capital Programme for 2020/21, which totals £1,250,000 (Exempt Appendix B of the presented agenda report refers); and
3. The financing of the 2020/21 Capital Programme of £3,730,000 from the funding sources set out in Section 4 of the presented agenda report.

E.76/19

WRITE-OFF REPORT

The Executive considered a report that informed Members of the debt written off during the period 1 October to 31 December 2019. The report advised that Debts up to the value of £5,000 could be written off, under delegated authority, by the Section 151 Officer. The report stated that permission needed to be sought from the Executive to write off individual debts with a value of more than £5,000.

Following a number of detailed Member questions related to Bad Debt provision, the Executive concluded that it would be appropriate for either a future Informal Council session or Overview and Scrutiny Panel agenda item to be scheduled on this matter.

It was then **RESOLVED** that:

1. In accordance with Financial Regulations, it be noted that the S151 Officer has authorised the write-off of individual South Hams District Council debts totalling £90,751.81 as detailed in Tables 1 and 2 of the presented agenda report; and
2. Approval be given to the write-off of individual debts in excess of £5,000 (totalling £18,689.45) as detailed in Table 3 of the presented agenda report.

E.77/19 **PURCHASE OF A COMMERCIAL INVESTMENT PROPERTY**

Members were presented with a report that outlined the recent purchase of a commercial investment property in Dartmouth.

The request was made that, when deliberating any such purchases in the future, officers and Executive Members consider the feasibility of measures (e.g. installation of solar panels on roofs) that would recognise that the Council had declared a Climate Change and Biodiversity Emergency.

It was then **RESOLVED**:

That the purchase of a commercial investment property under the delegated authority granted to the Chief Executive and the Section 151 Officer in consultation with the Executive (Minute 26/19 refers) be noted.

E.78/19 **HOUSING COMPANY**

Members were presented with a report that set out the options for the formation of a Wholly Owned Company to support the Council in owning and managing rented housing stock.

The Lead Member for Homes, with input from the S151 Officer, clarified issues around the constitution of the Housing Company Board and possible conflict of interests for Officers. Executive welcomed the ability for the Council to be able to provide affordable homes within the District.

It was then **RESOLVED**:

- 1) That the setting up of a Housing Company in the form of a Community Benefit Society (CBS) be endorsed;
- 2) a spend of up to £40,000 funded from the Affordable Housing Earmarked Reserve, to set up the CBS, be approved; and
- 3) That the Executive **recommends** to Council to:

- a) form a Community Benefit Society (CBS); and
- b) delegate all authority needed to undertake full due diligence and establish the CBS in the form set out in the presented agenda report, to the Director of Place and Enterprise, S151 Officer and Monitoring Officer, in consultation with the Leader of the Council.

E.79/19 **ELECTRIC CHARGING POINTS**

Members were presented with a report that informed them of the proposal to provide electric charging points in some of the Council's car parks. Whilst supporting the proposed way forward, some Members were disappointed at the proposed project timescales.

It was then **RESOLVED** that:

The Executive **RECOMMEND** to Council that:

- 1) the Council signs up to the collaboration agreement with Devon County Council for the installation of Electric Vehicle Charging Points;
- 2) the potential sites where the Electric Vehicle Charging Point should be installed are as listed in paragraph 1.3 of the report;
- 3) the Council enters into a lease with the appointed supplier for a 10 year period; and
- 4) funding for the charging points is obtained from the Revenue Grants Reserve.

E.80/19 **EXCLUSION OF PUBLIC AND PRESS**

RESOLVED

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act is involved.

E.81/19 **FUTURE IT PROCUREMENT REPORT**

Members were presented with an exempt report by the Lead Member for Performance that outlined the process of procurement undertaken to look at a future IT system for the Council.

It was then **RESOLVED** that:

- 1) the contract for the future Case Management technology be awarded to the selected supplier as outlined in the exempt agenda report;

- 2) Council be **RECOMMENDED** to approve the use of £83,000 from the IT Development earmarked reserve in 2020/21 for the project budget; and
- 3) Delegated authority be granted for the contract award of a Document Management system, to the Strategic Director of Customer Service Delivery in consultation with the Executive Member for ICT and the Leader of the Council.

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.71/19 (B), E.72 (2), E.73/19 (2-3), E.74/19, E.75/19 (1-3), E.78/19 (3), E.79/19, E.81/19 (2), WHICH WERE RECOMMENDATIONS TO THE COUNCIL MEETING TO BE HELD ON 13 FEBRUARY 2020, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY 17 FEBRUARY 2020 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 9:30 am and concluded at 11:25 am)

Chairman

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PUBLIC QUESTIONS AT EXECUTIVE MEETINGS

The Council has agreed that 15 minutes should be set aside at the beginning its monthly Executive meetings to allow members of the public to ask questions.

Any member of the public who wants to raise a question at a meeting should:-

- (a) submit the question in writing to Democratic Services (Democratic.Services@swdevon.gov.uk) by 5.00 pm on the Monday prior to the Executive meeting. This will allow a detailed answer to the question to be given at the meeting. If advance notice of the question cannot be given, the Chairman of the meeting has the discretion to allow questions on matters which are felt to be urgent;
- (b) ensure that normally questions are no longer than 50 words in length;
- (c) ensure that the question does not relate to a specific planning matter (this is specifically excluded from the public question time);
- (d) ensure that the question relates to something over which the Council has some control and is suitable to be considered, ie, that it is not derogatory to the Council; or relates to matters which the Council could consider confidential; or is substantially the same as a question which has previously been put in the past six months.

For any further advice on questions for Executive meetings, please contact Democratic Services (Democratic.Services@swdevon.gov.uk)

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SOUTH HAMS DISTRICT COUNCIL: EXECUTIVE LEADER'S FORWARD PLAN

This is the Leader of Council's provisional forward plan for the four months starting June 2020. It provides an indicative date for matters to be considered by the Executive. Where possible, the Executive will keep to the dates shown in the plan. However, it may be necessary for some items to be rescheduled and other items added.

The forward plan is published to publicise consultation dates and enable dialogue between the Executive and all councillors, the public, and other stakeholders. It will also assist the Council's Overview and Scrutiny Panel in planning their contribution to policy development and holding the Executive to account.

Local authorities are required to publish updated forward plans on a regular basis. The Plan is published in hard copy and on the Council's website (www.southhams.gov.uk)

The Executive consists of six Councillors. Each has responsibility for a particular area of the Council's work.

Leader of the Council – Cllr Judy Pearce

Deputy Leader – Cllr Hilary Bastone

Lead Executive Member for Health and Wellbeing – Cllr Jonathan Hawkins

Lead Executive Member for Communities and Enterprise – Cllr David May

Lead Executive Member for Environment – Cllr Keith Baldry

Lead Executive Member for Customer Service Delivery – Cllr Nicky Hopwood

Further information on the workings of the Executive, including latest information on agenda items, can be obtained by contacting Democratic Services on 01803 861105 or by e-mail to democratic.services@swdevon.gov.uk

All items listed in this Forward Plan will be discussed in public at the relevant meeting, unless otherwise indicated with *

KEY DECISIONS TO BE TAKEN BY THE EXECUTIVE

Portfolio Area	Report Title and Summary	Lead Member / Officer	Documents to be considered in making decision	Date of Decision	Consultees and means of Consultation
Council	<p>Title: Council Response and Recovery to the Covid-19 Crisis Purpose of report: To review Council's response to Covid-19 emergency and to consider Council's recovery plan</p>	Cllr Pearce / Drew Powell	Report of Director of Governance and Assurance	18 June 2020	A version of this report is to be presented to the Joint Meeting of the Overview and Scrutiny Panel and Development Management Committee on 4 June 2020
Enterprise	<p>Title: Revenue Budget Monitoring for April and May 2020 Purpose: A revenue budget monitoring report to monitor income and expenditure variations against the approved revenue budget for 2020/21 for April and May 2020.</p>	Cllr Bastone / Lisa Buckle	Report of S151 Officer	18 June 2020	
Environment	<p>Title: Grounds Maintenance Service Purpose of report: To consider recommendations from the review of service performance</p>	Cllr Baldry / Steve Mullineaux	Report of Director of Customer Service and Delivery	18 June 2020	
Enterprise	<p>Title: Ivybridge Regeneration Purpose: To consider the public consultation results and recommend a way forward.</p>	Cllr Bastone / Chris Brook	Report of Director of Place and Enterprise	18 June 2020	
Homes	<p>Title: Homeless Strategy Year 4 Action Plan Purpose: To provide to Members an update on the Homeless Strategy Action Plan</p>	Cllr Bastone / Isabel Blake	Report of Head of Housing, Revenues, and Benefits Practice	30 July 2020	
Enterprise	<p>Title: Revenue Budget Monitoring for April, May and June 2020 Purpose: A revenue budget monitoring report to monitor income and expenditure variations against the</p>	Cllr Bastone / Lisa Buckle	Report of S151 Officer	30 July 2020	

	approved revenue budget for 2020/21 for April, May and June 2020.				
Council	<p>Title: Medium Term Financial Strategy for the five years 2021/22 to 2025/26</p> <p>Purpose of the report: To set the strategic intention for all of the different strands of funding available to the Council. This brings together all known factors affecting the Council's financial position and its financial sustainability, to provide a long term financial forecast.</p>	Cllr Pearce / Lisa Buckle	Report of S151 Officer	30 July 2020	
Council	<p>Title: Write Off Report for Quarter 4 2019/2020</p> <p>Purpose of report: The Council is responsible for the collection of: Housing Rents, Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates. The report informs members of the debt written off for these revenue streams.</p>	Cllr Bastone / Lisa Buckle	Report of S151 Officer	30 July 2020	
Enterprise	<p>Title: Commercial Investment Update</p> <p>Purpose: to update the Council on any commercial investment opportunities</p>	Cllr Bastone / Chris Brook	Report of Director of Place and Enterprise	30 July 2020	
Council	<p>Title: Recovery Plan to the Covid-19 Crisis</p> <p>Purpose: to consider the recommendations of the Joint Meeting of the Overview and Scrutiny Panel and Development Management Committee on the draft Recovery Plan</p>	Cllr Pearce / Drew Powell	Report of the Director of Governance and Assurance	17 Sept 2020	To be considered at the joint Overview and Scrutiny Panel / Development Management Committee meeting on 3 Sept 2020
Enterprise	<p>Title: Revenue Budget Monitoring up to August 2020</p> <p>Purpose: A revenue budget monitoring report to monitor income and expenditure variations against the approved revenue budget for 2020/21 up to August 2020.</p>	Cllr Bastone / Lisa Buckle	Report of S151 Officer	17 Sept 2020	

Council	<p>Title: Amended Draft Budget 2020/21 Purpose: To consider a report that presents an amended budget for 2020/21 in light of the impact of Covid-19</p>	Cllr Pearce / Lisa Buckle	Report of the Section 151 Officer	17 Sept	To be considered at the joint Overview and Scrutiny Panel / Development Management Committee meeting on 3 Sept 2020
Strategy	<p>Title: Housing Strategy Purpose of report: To recommend to Members the adoption of a revised Housing Strategy</p>	Cllr Pearce / Chris Brook	Report of Director of Place and Enterprise	17 Sept 2020	
Executive	<p>Title: Consent to grant a Long Lease at Totnes Pavillion Purpose: To allow SHDC to grant Tadpool a long lease of the Totnes Pavillion to assist in securing investment into the site to improve the facility</p>	Cllr Bastone / Chris Brook	Report of Director of Place and Enterprise	17 Sept 2020	
Strategic Planning / Environment	<p>Title: Coastal Concordat Purpose of report: To outline to Members the protocol for formal processes where these are shared across administrative boundaries / responsibilities</p>	Cllr Pearce / Rob Sekula	Report of Head of Place Making Practice	17 September 2020	

Report to: **Executive**

Date: **18 June 2020**

Title: **Coronavirus (COVID-19) Response and Draft Recovery and Renewal Plan**

Portfolio Area: **Leader – Cllr Judy Pearce**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Following the expiry of the Scrutiny Call-in Period (5.00pm on Monday, 29 June 2020)**

Author: **Drew Powell** Role: **Director of Governance and Assurance**

Contact: drew.powell@swdevon.gov.uk or 01803 861240

RECOMMENDATION

That the Joint Meeting of the Overview and Scrutiny Panel / Development Management Committee RECOMMEND to the Executive to:

- 1. Note and endorse the Councils response to the Coronavirus (COVID-19) Pandemic to date and thank and congratulate the Town and Parish Councils and other Community Groups for their response and actions to the COVID-19 Pandemic;**
- 2. Request that Officers develop a Recovery and Renewal Plan in-line with the Framework and Objectives that are outlined in Appendices A2, A3 and A4;**
- 3. Take into account the conclusions of the Joint meeting on the priority areas for the Strategic Framework for Recovery and Renewal (as summarised at Appendix B);**
- 4. Request that an update on progress against development of the Plan be presented back to a Joint meeting of the Overview and Scrutiny Panel / Development Management Committee to be held on 3 September 2020; and**

That, in light of the discussions at the Joint Meeting:

5. A series of Recovery and Renewal Theme-Based Member Workshops (as set out at paragraph 3.4 below) be convened in advance of the Joint Meeting that is to be held on 3 September 2020.

1. Executive summary

- 1.1 At the Joint Meeting of the Overview and Scrutiny Panel and Development Management Committee held on 4 June 2020, consideration was given to a report titled: 'Coronavirus (COVID-19) Response and Draft Recovery and Renewal Plan (the report and four parts of the Appendix that were initially presented to the Joint Meeting are outlined at Appendix A). The report has been updated in Section 11 to take into account the latest financial position.
- 1.2 The Joint Meeting considered at length both the Response and Draft Recovery and Renewal Plan and the key discussion points are outlined in parts 1 to 4 of the recommendation and Appendix B of this covering report;

2. Background

- 2.1 Having reflected on the deliberations at the Joint Meeting, the Leader has since requested that an additional recommendation be included that seeks approval to the arrangement of a series of Recovery and Renewal Theme-based Member Workshops before the next Joint Meeting is held on 3 September 2020.

3. Outcomes/outputs

- 3.1 The Executive is asked to take into account the views of the Joint Meeting on the COVID-19 Response and Draft Recovery and Renewal Plan before approving a way forward.
- 3.2 In the event of recommendation 5 being approved, there will be a series of Member Workshops. The workshops will be based around the seven themes within the Recovery and Renewal framework which have been combined where logical to do so.
- 3.3 In addition, and further to discussions at the Joint Panel, it was recognised that some key elements of recovery and renewal could be missed under the existing framework and therefore a further workshop based around Place and Environment should be included.
- 3.4 The following workshops, led by Executive Members, are proposed;
- Residents, Community and Partnerships;
 - Governance and Communication;
 - Service Recovery and Redesign;
 - Business; and
 - Place and Environment.

- 3.5 It is considered that Finance underpins all of the workshop themes and is subject to consultation through budget monitoring, the setting of the budget and the Medium Term Financial Strategy (MTFS) and therefore a separate workshop is unnecessary.
- 3.6 The Workshops will be held before the Draft Recovery and Renewal Plan is considered through the formal decision-making process as follows:
- Joint Meeting of the Overview and Scrutiny Panel and Development Management Committee to be held on 3 September 2020;
 - The Executive meeting to be held on 17 September 2020; and
 - The Full Council meeting to be held on 24 September 2020.

4. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	In accordance with the Council Constitution, the Executive is required to give formal consideration to the recommendations that are generated from formal meetings of non-Executive Members.
Financial implications to include reference to value for money	Y	The financial implications are outlined in detail within the original published report to the Joint Meeting (Appendix A refers).
Risk	Y	The risk implications are outlined in detail within the original published report to the Joint Meeting (Appendix A refers).
Supporting Corporate Strategy	Y	Council Theme – <i>Efficient and effective</i>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/A
Climate Change & Biodiversity	N	N/A
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	N	N/A

Other implications	N	None
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Appendices:

A – an updated copy of the published report that was considered at the Joint Meeting of the Overview and Scrutiny Panel / Development Management Committee held on 4 June 2020;

A1 – a copy of the Draft Recovery and Renewal Framework that was presented to the Joint Meeting;

A2 – a copy of the Draft Recovery and Renewal Management/Development Structure that was presented to the Joint Meeting;

A3 – a copy of the Draft Recovery and Renewal Objectives that were presented to the Joint Meeting;

A4 – a copy of the Recovery and Renewal Themes that were presented to the Joint Meeting; and

B – Thoughts and Ideas Arising from the Joint Meeting.

Background Documents:

Council Constitution

Appendix A

Report to: **Joint Overview and Scrutiny Panel/Development Management Committee**

Date: **4 June 2020**

Title: **Coronavirus (COVID-19) Response and Draft Recovery and Renewal Plan Development**

Portfolio Area: **Council – Cllr Judy Pearce (Leader)**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Recommendations to the Executive meeting to be held on 18 June 2020**

Author: **Drew Powell** Role: **Director of Governance and Assurance**

Contact: **01803 861240 email: drew.powell@swdevon.gov.uk**

RECOMMENDATIONS:

That the Joint meeting of the Overview and Scrutiny Panel and Development Management Committee RECOMMEND to the Executive to:

- 1. Note and endorse the Councils response to the Coronavirus (COVID-19) Pandemic to date;**
- 2. Request that Officers develop a Recovery and Renewal Plan in line with the framework and objectives outlined in Appendix 1;**
- 3. Take into account the conclusions of the Joint meeting on the priority areas for the Strategic Framework for Recovery and Renewal; and**
- 4. Request that an update on progress against development of the Plan be brought back to a Joint meeting of the Overview and Scrutiny Panel/Development Management Committee on 3 September 2020.**

1. Executive summary

- 1.1 The Council has played a vital role in responding to the global Coronavirus (COVID-19) Pandemic by continuing to deliver core services whilst also re-aligning staff and resources to respond to the emerging needs of the community and Government initiatives.
- 1.2 The agile operating model established over the last few years has enabled the vast majority of staff to work efficiently and safely from home, whilst the ability and willingness of staff to take on new challenges has delivered support where it has been urgently needed.
- 1.3 The Leader, Executive and wider membership have been at the fore front of the response working with their communities to provide support to the most vulnerable and local business.
- 1.4 The Council has instigated a well-balanced communications strategy, both internally and externally, focussing on Community leadership and the direct delivery of information through multiple channels and in conjunction with key partners.
- 1.5 However, the Council's finances have been adversely impacted for a number of reasons with a loss of income being a significant factor. The scale of the impact cannot be accurately assessed at this stage and will be dependent on a number of factors including clarity on timescales for recovery and future Government support.
- 1.6 Although it is clear that, in emergency planning terms, we are still in the 'response' phase, it is important to plan towards 'recovery' and 'renewal' even though there are numerous unknowns.
- 1.7 The Government, specialist organisations and other sectors are turning their intention to recovery and what the 'new normal' may look like and what is the best route to get there. The only thing that is clear at this stage is that there is no consensus or clarity, but that there will need to be a phased approach which is, where possible, evidence-led.
- 1.8 This report summarises what continues to be a highly effective response to the challenges of the pandemic. The report also outlines early thinking with regard to the challenges that the Council will face and provides an initial opportunity for Members to input to the way forward.

2. Background

- 2.1 The Coronavirus (COVID-19) global pandemic has impacted the lives of everybody in our District. The response has by necessity been large-scale and complex involving all sectors of the community from the Government through to individual volunteers.
- 2.2 The pandemic has had a significant impact in numerous ways including the tragic loss of lives, major disruption to education and, as yet, unmeasured economic shock.
- 2.3 It is unclear how the pandemic will develop and, although to date the south west region has not been subject to the high rates of both infection and mortality witnessed elsewhere in the country, there is the very real risk of a second peak of infection.

- 2.4 The Council continues to play a key role, alongside partners, in responding to the short, medium and long term impacts of the pandemic and has implemented and enabled a range of essential support for individuals, the wider community and business.

3. Outcomes/outputs

- 3.1 This report sets out a summary of the Council's highly effective response to date and proposals for a framework to support the development of a Recovery and Renewal Plan.

4. Preparation and Initial Response

- 4.1 Prior to the national implementation of the range of 'lockdown' measures, and based on intelligence from a range of sources, the Council took a number of actions to support its emergency plans. These included running a pandemic flu exercise for the Extended Leadership Team and setting up an Incident Management Team which met each morning to enable informed, operational decisions to be made quickly and emerging risks to be assessed.
- 4.2 Regionally, the Council is part of the Local Resilience Forum (LRF) which is a multi-agency partnership made up of representatives from the emergency services, the NHS, Public Health England, Local Authorities and others, which includes the military. The LRF work to identify potential risks and produce plans to prevent or mitigate the impacts of, in this case, the pandemic based on the 'reasonable worst case scenario'.
- 4.3 During an emergency, or when a major incident is declared, the LRF set up a 'Battle Rhythm' of meetings and Senior Officers were nominated to join calls on the Tactical (TCG) and Strategic (SCG) Coordinating Groups. This, along with the Leaders attendance at various national, regional and county wide forums, ensured that we were fully informed of developments as they emerged.

5. Responding to Community Need

- 5.1 As the full extent of the lockdown measures, the impact of the virus and the Government initiatives around support for the vulnerable and business began to emerge, it was clear that Council resources needed to be reallocated.
- 5.2 The Community Response Team (CRT) was formed in March and includes a core of officers from a wide range of service areas. This is work that we have previously not been resourced to deliver and so Managers were asked to nominate employees that could focus on this work while keeping a hand in with their substantive roles. We currently have 35 officers from areas including Localities, Assets, Housing, Contract Management, Facilities, Elections and Democratic Services supporting this work.

- 5.3 The team are arranged in Clusters and hold regular calls with their local Ward Members and immediately started to help provide and enable support for vulnerable residents across the District. Key actions and outcomes include;
- Developed a website detailing support groups in each Parish including groups that:
 - Collect shopping and prescriptions
 - Walk vulnerable and shielded residents dogs
 - Operate Community Support telephone lines
 - Provide emergency food through Foodbanks
 - Made contact with over 100 organisations providing Food Banks (or equivalent support) to identify any gaps in provision and ensure that we were able to refer vulnerable individuals.
 - Created a Local Action Support Fund to help local community groups in supporting our most vulnerable residents
 - Launched a Community Helpline which has dealt with over 345 calls
 - Delivered emergency food supplies to those individuals that are 'Shielded'
- 5.4 The CRT also supported 22 applications for funding from Community Groups to support local action. The Councils contribution of £4,500 helped lever-in in excess of an additional £45,000 to increase the capacity of the groups to provide much needed support.
- 5.5 A website was developed detailing currently over 85 businesses providing local food and essential supplies as well as remote Health and Wellbeing services, OFSTED register childcare for Key workers etc. Enabling local residents that are able to pay, to source produce supporting local businesses and quick delivery.
- 5.6 The Team negotiated and agreed a partnership arrangement with Devon County Council to secure £108k worth of funding to provide emergency financial assistance to residents and have provided assistance to ten families and two individuals to date.
- 5.7 Responding to concerns from the public, the Environmental Health Team have dealt with over 75 complaints regarding businesses ranging from cafes to camp sites that have allegedly been operating in contravention of the COVID-19 Health Protection Regulations. The Team have contacted the business and informally resolved these issues whilst offering support in advance of potential changes in restrictions.

6. Responding to Business Need

Business Rates Grants

- 6.1 Shortly after lockdown, the Government announced a range of grants to support business through the pandemic. In response, we significantly scaled up our business rates team to deal with the volume of grant claims, enquiries and phone calls which inevitably ensued. We recognised from the outset the lifeline that these grants were providing to our local businesses and our local economies and have worked at pace to administer the grant schemes. Our current operating model enabled us to flex our staffing resources and quickly train staff up, so that we had a team of over twenty staff, working over a seven day week, administering the grants during the peak of April.
- 6.2 As a result, to date, we have paid grants to 3,350 out of 4,068 of the identified eligible business which is 82.4%. This amounts to £38,495,000 of grant support.
- 6.3 The overall efficiency of the service is in fact much higher. The Council has paid out 98% of all of the eligible business grants applications that it has currently received. At present 630 businesses that have been identified as eligible applicants have still not yet applied. A significant proportion of these are second homes.
- 6.4 We have taken a number of steps to ensure that we have done everything possible to contact businesses to encourage them to apply, these including phoning all applicants, sending a second 'chasing' letter, sharing the list of 'non-responders' with Members to use their local knowledge to encourage applicants and issued regular communications by email to the 4,500 businesses on our business rates newsletter distribution list and through social media and local newspapers.

Discretionary Grants

- 6.5 On 2nd May, the Government announced that a discretionary fund would be made available aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. Guidance on the scheme was issued to Councils on Wednesday, 13th May.
- 6.6 The fund value is equivalent to 5% of the initial allocation of these grants which amounts to £2.3m for the Council, which can be issued in £1k, £2.4k, £5k, £10k or £25k grant awards to deserving businesses.
- 6.7 Influence applied at a Devon wide level resulted in the adoption of a co-ordinated and consistent policy approach to the discretionary business grant scheme. All the 2nd tier councils in Devon were able to share resources and insight to develop a common prioritisation matrix and website front end.

- 6.8 Members were presented with the draft Policy at the Informal Council session that was held on 21 May 2020. At this session, Members were advised of the tight timescales to roll-out this Policy and, whilst the Deputy Chief Executive used his 'Emergency Powers' provision to adopt the Policy, all Members were invited to provide any comments on the draft before the final decision was made.
- 6.9 We anticipate the policy to give live on the week commencing 26th May 2020 and that applications will be received shortly thereafter.

7. Maintaining Service Delivery

- 7.1 The Council's well established agile working capability has meant that we have been able to continue to provide the majority of services in some format whilst being subject to the social distancing rules and other restrictions.
- 7.2 The Council has continued to follow Government guidance, which has at times been open to differing interpretation, in terms of its service provision and with careful consideration of our duty to the public and to staff welfare.
- 7.3 The IT infrastructure has proven to be reliable and fit for purpose. On average 280 concurrent users have been connected remotely with peaks well above 300 during, for example, virtual council meetings.
- 7.4 The majority of support services – IT, Finance, Democratic Services, HR – have continued to operate remotely with some minor changes.
- 7.5 Most officers have been able to carry out their full range of duties and the flexibility of the case management model has enabled managers to move resources from lower demand service areas to support new requirements such as the Business Grants as detailed in section 6 above.
- 7.6 In terms of frontline services again, where this has been possible, for example, determining planning applications under delegated authority, this has continued.
- 7.7 Some service areas have been impacted by the lockdown restrictions. With the vast majority of the hospitality sector closed there have been no standard food and health and safety inspections allowing Environmental Health Officers to take on infectious disease work from Public Health England enabling them to focus on COVID-19.
- 7.8 As a result of the lockdown, waste services across both council areas have been affected by staffing shortages, which have continued to have an effect due to NHS self-isolation guidance for the most vulnerable. In the early stages, the level of absence due to COVID-19 was around 20% in the South Hams and 12% in West Devon.

- 7.9 At the same time, the amount of waste being collected rose by up to 50% across all services as house-bound residents cleared out lofts and garages, trimmed hedges and lawns and threw away a lot of food previously stored for the lockdown.
- 7.10 Despite fewer staff and more waste, all core services were able to continue as normal as crews were supplemented by diverting other staff where possible and using agency support. Only bulky waste collections had to be suspended as a result of the decision by Devon County Council to close the recycling centres.
- 7.11 This was not the case across the rest of the country. Around 50% of councils reported some disruption to garden waste collections including Torbay and East Devon who suspended their garden collections entirely. Many councils reported disruption to recycling and street cleansing operations.

8. Leisure Services – Support to Fusion

- 8.1 Our leisure services operated by Fusion were forced to close as part of the Government response to the pandemic and as a result ceased to receive virtually all income.
- 8.2 Fusion asked all 18 of their public sector clients for help in supporting the costs of mothballing the centres, so that they could remain a viable business. The decision to agree to that help, for three months was taken under emergency powers, having balanced the monthly cost against the risk of business failure of Fusion to the Council.
- 8.3 The emergency funding phase runs to the end of June and the recovery phase will require careful consideration by the Council so as to ensure the best use of public funds, protection of the Council’s Medium Term Financial Strategy and the best health and wellbeing outcomes for its residents.

9. Accessing Council Services During Lockdown

- 9.1 The Councils Customer Services Team have operated remotely but at full capacity. March, April and May would traditionally be the highest call volume months in the year, in the main due to the production of the new council tax bills and upcoming election activity. Table 1 below shows how overall call volumes have decreased by 23% based on last year’s volumes.

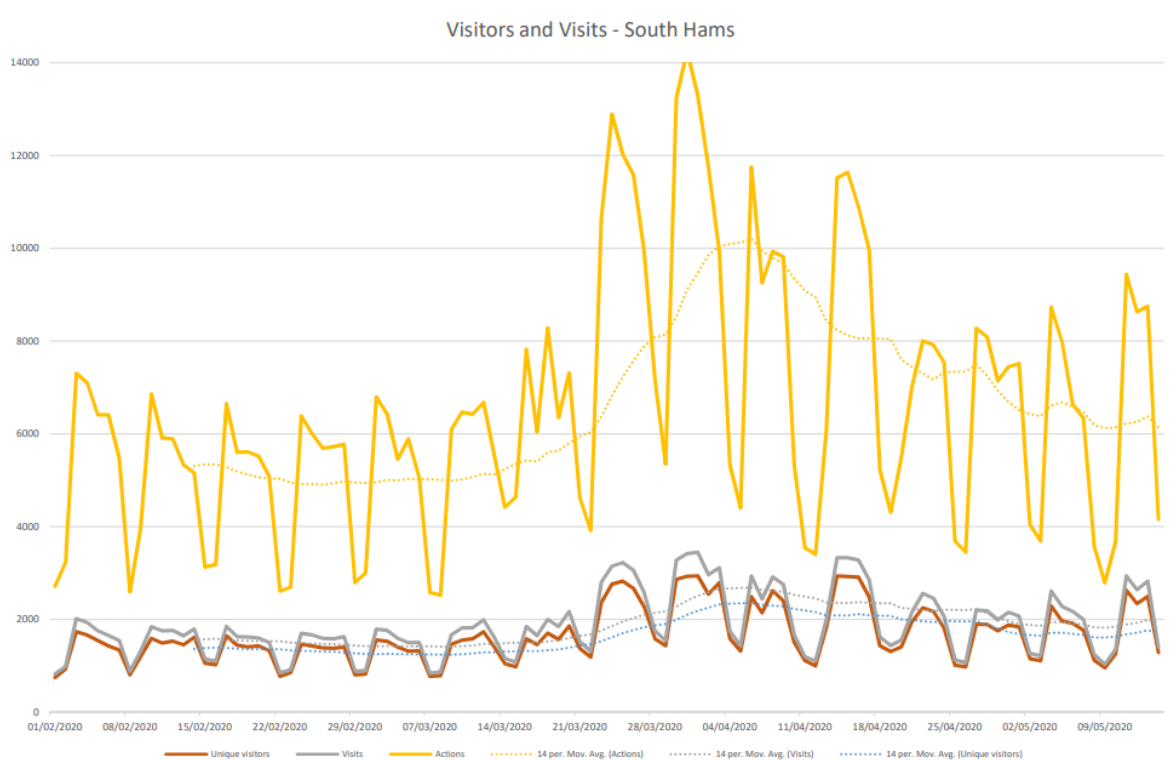
March 2019	April 2019	March 2020	April 2020
9977	10458	8666	7055

- 9.2 The number of calls increased into the Council Tax, Business Rates and Housing Benefits lines, reducing across all other service areas.

9.3 This call reduction enabled a number of staff to be deployed to support the assessment of applications for the business support grants.

9.4 During the same period the visits to our website doubled as can be seen in Figure 1. and has remained higher than expected pre-pandemic.

9.5 Figure 1:



10. Staffing Capacity and Resource Management

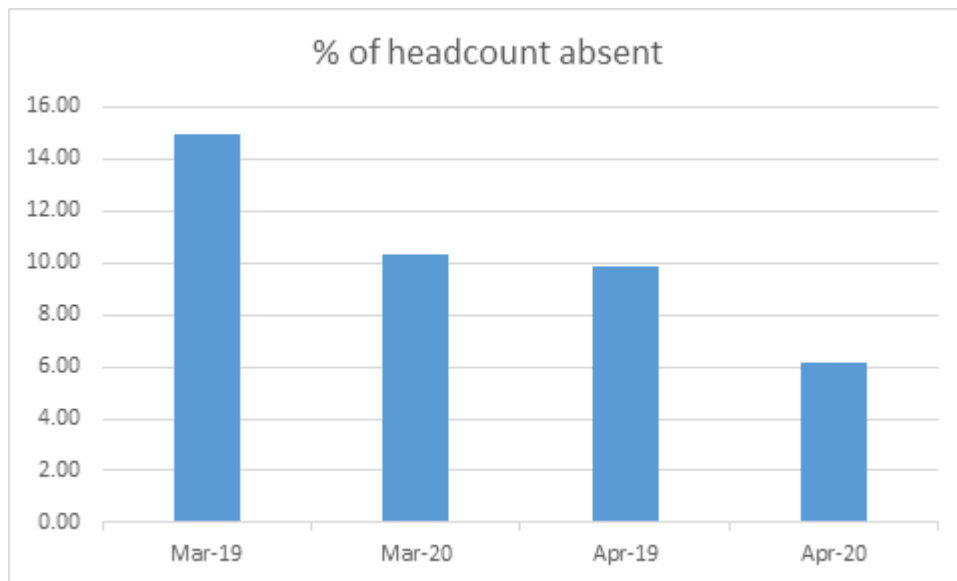
10.1 The Councils organisational operating model, coupled with the staff behavioural framework has proven highly effective. Managers have been able to flex and move resources around the organisation to ensure that the appropriate resources are available at the right time.

10.2 Members will be aware that the organisation went through a management restructure towards the end of 2019/20, one of the key purposes for this was to ensure clarity on management, improved flexibility and improve support for individuals and teams.

10.3 Despite the challenges of no face to face contact the evidence detailed in 10.4 would indicate that all these objectives have been achieved and staff have responded well to the challenges of the current operational environment.

- 10.4 Typically, in May we undertake our annual staff survey. This year we sought employee views specifically focused on the impact of Covid-19. Overall the results were positive with 271 staff completing the survey and nearly 500 individual comments received. The survey was undertaken for two weeks (week 5 & 6 of staff working from home)
- 10.5 Responses would indicate that we've made good progress on supporting staff with 91% of staff responded positively to the question 'I have enough contact with my manager'. A similar question asked last year attracted an 81% positive response rate. In addition to contact with their manager, it was also particularly pleasing to see that 250 staff responded positively in respect of the teams staying connected during the pandemic. Some staff have even commented that they feel more connected as a team with the use of video calls increasing the number of team meetings.
- 10.6 We also asked staff if they had the right equipment to be able to work from home and effectively do their job. Although most of our employees have been able to work from home when they wish for a number of years, full time working from home can provide different challenges. 92% of staff responded positively to this question but it did highlight that some staff required some additional equipment to enable them to work from home more efficiently – such as a second monitor or adjustable chair. We've put measures in place to address this.
- 10.7 While on the whole staff feel that they have adapted well to the full time working at home, some staff have highlighted that it can be difficult and distracting where they have children or other people at home. Managers continue to work closely to support these staff and we've provided greater flexibility in terms of working hours to go some way to helping with this.
- 10.8 Communication to staff was also viewed as being positive, both from Managers and the Senior Leadership Team. In addition to regular newsletters and team briefings, we have now held three rounds of full staff briefings over skype. These have been hosted by the Deputy Chief Executive and have been really well received, allowing key messages to be shared but more importantly for staff to ask questions directly to the Senior Leadership.
- 10.9 During the initial phase of lockdown, due to the advice on self-isolation of individuals for a range of reasons, including underlying health conditions and suspected symptoms, it was envisaged that we would have high levels of sickness absence. However, a combination of agile working capability, lower levels of infection in the region and the resilience of our staff meant that this did not occur across the wider workforce; the exception being waste as previously detailed.
- 10.10 When comparing sickness rates for the same period in 2019 and 2020 there was in fact a reduction in the absence levels as shown in the Table 2 below;

10.11 Table 2



10.12 At this stage, it is not clear if this is simply a natural variation or is linked to the majority of staff working from home and potentially to productivity.

11. The Financial Position

- 11.1 The Council was already under financial strain before the coronavirus crisis, with a predicted budget gap in 2021/22 of £0.57 million and a cumulative budget gap of £3.2 million over the five year period to 2024/25. This is on an annual net budget of £9.4 million for 2020/21.
- 11.2 The COVID19 crisis has resulted in extra cost pressures on services that support the most vulnerable, in particular the homeless. The Council's income from fees and charges is much reduced and there is a concern that council tax and business rates income will fall as people face financial hardship. Local Government is a frontline service and we want to ensure our voice is heard amongst the calls for financial support.
- 11.3 Additional funding is urgently needed to help Councils get through this crisis, support the vulnerable and adapt to life once we defeat the virus when our local services will be needed more than ever to help our communities to rebuild.
- 11.4 Councils are caught in a perfect storm. We have to manage both the increased costs of coping with COVID-19 and supporting vulnerable people in the community and the predicted loss of key income streams such as car parking income and council tax income. We also need early certainty from the Government on planning for our 2021/22 Budgets.

- 11.5 Prudent financial management in the past has meant that the Council was in a relatively healthy position financially before the pandemic hit. Since 2010, we have had to redesign our services to balance the books. We have done this by sharing a single workforce with West Devon Borough Council, generating an ongoing annual saving of £3.9 million for South Hams and by reducing our staffing levels by 30% through our Transformation Programme.
- 11.6 The financial consequences of a severe and prolonged economic downturn could equate to anywhere between a half to two thirds of the Council's net Budget of £9.4 million.
- (NOTE: by way of an update since this report was considered by the Joint Meeting, the lockdown due to COVID-19 has been eased and the financial assumptions around the Council's income streams have been revised. For example, the Council's Car Parks have re-opened).
- 11.7 The Council's first Budget Monitoring Report (Month 1) for 2020/21 is also a separate agenda item to be presented to the Executive meeting on 18 June 2020. The income estimates in this report have been updated to reflect the latest position. This shows an overall projected overspend of £2.588 million (27.5% of the total Budget of £9.411 million for 2020/21). This position is after taking into account the £0.9 million Government Grant that the Council has received for COVID-19.
- 11.8 The Budget Monitoring Report excludes the impact of reductions in income from Business Rates and Council Tax as these do not affect the General Fund in 2020/21 (they impact on the 2021/22 General Fund). Similarly, any loss of income streams for Salcombe Harbour have also been excluded from the Budget Monitoring Report, as Salcombe Harbour is a ring-fenced account.
- 11.9 The Council welcomes the Government COVID-19 funding that we have received so far of £900,000. This will assist the Council to partly meet its projected loss of income streams such as car parking and planning income but it will only be part of the solution. Just the loss of income from car parking, some business unit rentals, Salcombe Harbour fees and the Dartmouth Ferry income will be very significant.
- 11.10 The allocation of funding to Councils has been partly based on population and, as a rural Council, South Hams is always going to miss out on this basis.
- 11.11 The Council will continue to lobby the Government so that we receive the appropriate level of funding to be able to plan confidently for the future. Each month, Councils complete a national return that informs the Government of how much COVID-19 is affecting the finances of Councils. It is hoped that the Government will act with further funding when they have this national picture.
- 11.12 Future service delivery discussions are currently taking place with each Head of Practice area to discuss what services might look like under 'the

new normal'. A thorough review of all expenditure will be needed, which takes into account a review of statutory expenditure against non-statutory (discretionary) expenditure and also the corporate priorities. This will include a review of the Council's Capital Programme and all capital projects. The Council's Medium Term Financial Strategy will also be revised. Options will be presented to Members for a revised Budget for 2020/21 during September 2020, following a Member Budget Workshop in August and Informal Council Briefings.

12. Moving from Response to Recovery

- 12.1 During most emergency and/or major incidents there is a relatively clear transition from response, which is led by the Police as part of a multi-agency response, through to recovery which usually lies with the Local Authority.
- 12.2 All the evidence during this pandemic points towards an extended response phase with the potential for further spikes in infections. This is reflected by the recent extension of the national Furlough scheme and the staged and conditional plan to relax restrictions on movement and contact.
- 12.3 What appears increasingly likely, regardless of the duration, is that the Council will emerge into a very different economic landscape that will have direct impacts on the community that we serve.
- 12.4 In view of this, it is important that we take a strategic approach to recovery to ensure that we learn from the response, understand the new challenges we face and emerge as an organisation that is fit for purpose and financially sustainable.
- 12.5 The Council set its Corporate Strategy based on the needs of the community in May 2018 and it may well be that the inevitable outcome of recovery and renewal is a review and realignment of the Council's priorities and objectives based on changing need.
- 12.6 It is important to stress that recovery and renewal will be reliant on the financial position in the short and the longer term. Therefore the approach needs to be informed by this and the potential for a prolonged period of instability. The Plan needs to be dynamic and flexible and will undoubtedly develop and change over time.

13. Strategic Framework for Recovery and Renewal

- 13.1 An initial high level framework for discussion has been developed which can be found at Appendix 1 Part 1. The framework sets out the key areas to be explored focussing on operational (internal) actions and strategic (external) opportunities and challenges; there is clearly a cross over between these areas.

- 13.2 Part 2 sets out a management structure for the transition from response to recovery. This mirrors closely the set up that was put in place, and is proving effective, for the response phase, and supports efficient operational decision making whilst allowing strategic decisions to be escalated where needed.
- 13.3 This structure will also serve as a vehicle for developing the Recovery and Renewal Plan. It is proposed that Members of the Executive lead on each of the themes, as detailed, working closely with a member of SLT and lead officer(s). In this way, the learning and opportunities arising from the response phase can be shared and future options explored.
- 13.4 Part 3 sets out draft key objectives for the plan. These objectives, which may well change in time, will initially help underwrite the development of options under the main themes within the framework and inform future decisions as to which options to pursue or otherwise.

14 Proposed Way Forward

- 14.1 As previously stated, we are in the very early stages of the recovery and officer resource is primarily focussed on response and delivery of existing services. However, it will be helpful to set out in broad terms what needs to be considered under the framework and what Members feel should take priority.
- 14.2 To assist this Part 4 of Appendix 1 sets out a range of issues under each of the Recovery and Renewal Themes that may need to be considered through the development of the plan and Members are invited to comment on these.
 - 14.2.1 Are they broadly correct?
 - 14.2.2 Are there any obvious omissions?
 - 14.2.3 Are there any areas that Members feel should be prioritised?
- 14.3 In view of the ever developing picture in terms of the pandemic it is proposed that officers then begin development of a Recovery and Renewal Plan in line with this report and proposals arising from this Joint meeting for onward consideration by the Executive. The exact content and timeframe for delivery will be dependent on a range of factors that at this stage are not fully known.

15 Implications

Implications	Relevant to	Details and proposed measures to address
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	proposals Y/N	
Legal/Governance	Y	<p>As a Category 1 responder under the Civil Contingencies Act 2004 the Council has a duty to plan and prepare a response to an emergency or provide support to those who do.</p> <p>The 'Response' phase is primarily led by the police whilst the 'Recovery' phase is led by the Local Authority which, for Devon as a whole, will be Devon County Council</p>
Financial implications to include reference to value for money		<p>The Council's estimate is that we could see a reduction in income and increased expenditure totalling over £6 million in 2020/21. Whilst the Government funding received so far (£900,000) is much appreciated, it is less than one sixth of what the Council estimates it might need. The allocation of funding to Councils has been partly based on population and, as a rural Council, South Hams is always going to miss out on this basis.</p> <p>The Council will continue to lobby the Government so that we receive the appropriate level of funding to be able to plan confidently for the future. Each month, Councils complete a national return that informs the Government of how much COVID-19 is hugely affecting the finances of Councils. It is hoped that the Government will act with further funding when they have this national picture. Options will be presented to Members for a revised Budget for 2020/21 during September 2020.</p> <p>The Value for Money conclusion issued in 2020 by Grant Thornton (external auditors) will include considerations in respect of service continuity and the COVID19 Recovery Plan.</p>
Risk		<p>A number of risks need to be highlighted: Failing to respond to the pandemic is likely to have long term impacts on the council and the community it serves.</p> <p>Moving focus from response to recovery too early may result in a lack of capacity to deal with the acute impacts of the pandemic on the health and wellbeing of residents with in our community.</p> <p>Failing to prepare appropriately for recovery could significantly increase the adverse impacts of the</p>

		<p>pandemic on individuals and business within our community.</p> <p>Acting in a disproportionate manner and directing resources away from other key service areas may have adverse impacts in a number of areas including delivery of statutory services, customer satisfaction, vulnerable people and the financial sustainability of the organisation.</p>
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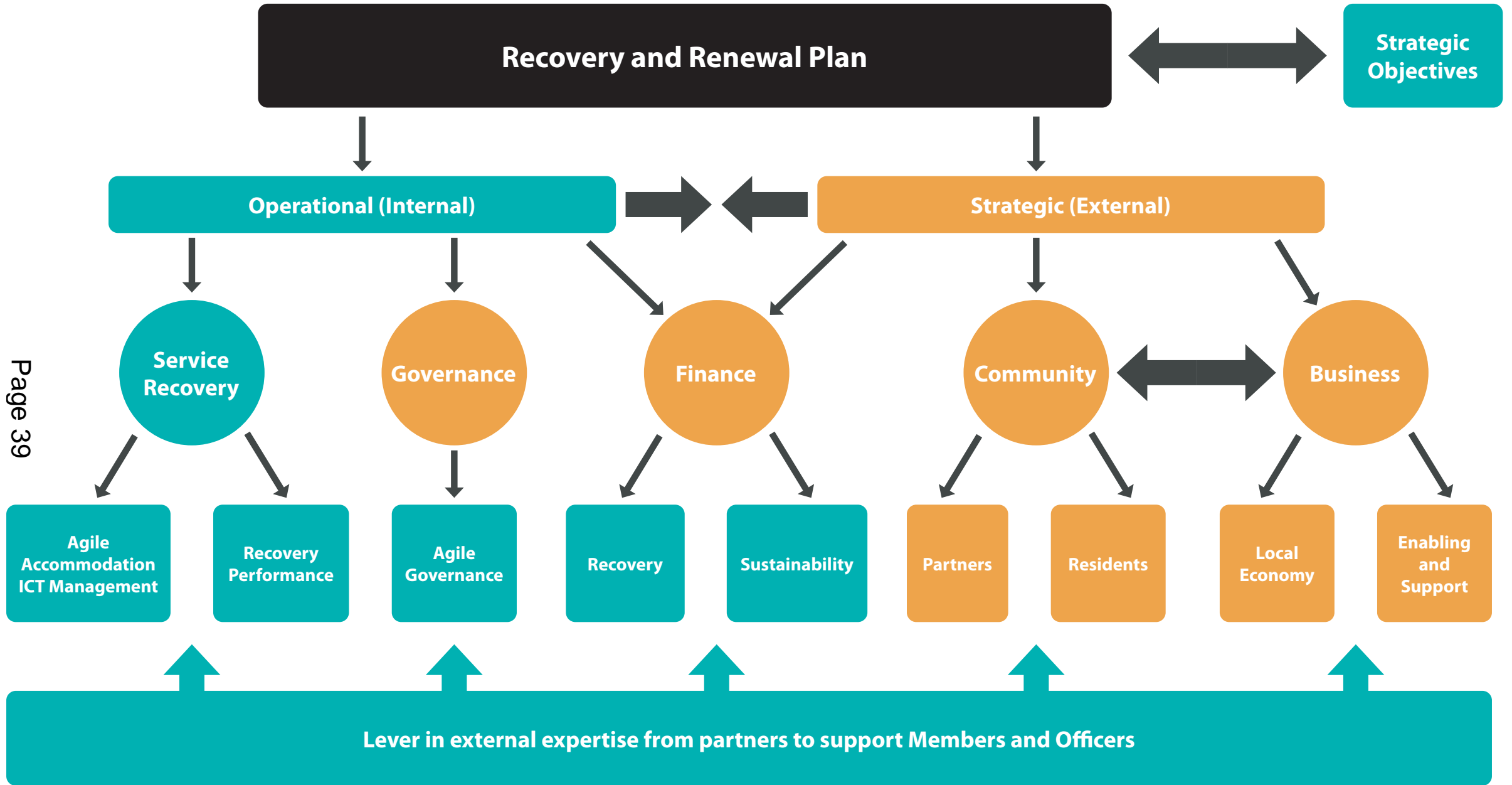
Supporting Information

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes/No
SLT Rep briefed/sign off	Yes/No
Relevant Heads of Practice sign off (draft)	Yes/No
Data protection issues considered	Yes/No
Accessibility checked	Yes/No

Appendix 1

- Part 1: Draft Recovery and Renewal Framework
- Part 2: Draft Recovery and Renewal Management/Development Structure
- Part 3: Draft Recovery and Renewal Objectives
- Part 4: Recovery and Renewal Themes

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Recovery and Renewal Management/ Development Structure

Council Governance and Decision-making

Executive

Senior Leadership Team

Residents

Supporting residents
Vulnerable people

ELT: Isabel Blake
SLT: Steve Mullineaux
Cllr Jonathan Hawkins

Business

Supporting businesses through recovery, business advice, grant linking, tourism recovery

ELT: tbc
SLT: Chris Brook
Cllr Hilary Bastone

Community & Partnerships

Responding to needs of community, community groups, partnerships

ELT: Isabel Blake / Neil Hawke
SLT: Drew Powell / Steve Mullineaux
Cllr Nicky Hopwood

Financial Sustainability

Assess the financial implications on the Councils of recovery

ELT: Pauline Henstock
SLT: Lisa Buckle
Cllr Judy Pearce

Governance

Assess governance implications on the Councils

ELT: Catherine Bowen
SLT: Drew Powell
Cllr Judy Pearce

Communications

Develop communications for the Councils, both Internal and External

ELT: Lesley Crocker
SLT: Drew Powell
Cllr Nicky Hopwood

Service Recovery

Assess and Escalate options for service recovery inc services, assets, welfare

ELT: Sarah Moody, Catherine Bowen
SLT: Steve Mullineaux
Cllr Keith Baldry

Cross cutting planning and delivery in line with corporate themes



Escalate Strategic Issues

Recovery Management Team (Weekly)

Minimum Attendance : Incident Manager, Loggist, Support Officer, Operations Leads, Incident Strategic Manager, Tech

Response

Escalate issues in to Recovery Cells where they impact on recovery

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Draft Recovery and Renewal Objectives

In considering SHDC's approach to recovery/renewal we need to focus on the following objectives:

- The delivery of services that are focussed to meet the needs of customers, community and business are restored where appropriate
- Immediate and longer term financial sustainability is secured
- Members are engaged with decision making in an appropriate way through local democratic governance.
- The principle of 'Build Back Better' is followed and that opportunities to learn and become more efficient and effective are realised wherever possible.

In working towards the objectives, we will;

- Ensure that our plans reflect local needs but are aligned, where appropriate, to national, regional and county approaches and timescales.
- Engage the wider community, partners and business in the recovery process
- Build on the success of our closer relationship and positive communication with residents and the community engendered through the pandemic.
- Embed resilience to mitigate the impact of this and future pandemics
- Explore opportunities for service transformation, longer term regeneration, inclusive growth and sustainable economic development
- Have regard to our existing six corporate themes
- Ensure that changes to the way we work and to the services we deliver will take into consideration the welfare and wellbeing of staff
- Assess and manage the environmental impact of recovery/renewal and resulting actions taken in line with the Councils Climate Change and Biodiversity Declaration
- Co-ordinate Strategic Communications and media management of the recovery/renewal process with partner agencies.
- Assess the potential 'benefits' arising from the pandemic, for example reduced air pollution/emissions, reduced car travel, increased physical activity, focus on local food chains, healthier eating, a reduction in rough sleeping and embed them in long term recovery/renewal.

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Recovery and Renewal Theme	Proposed areas for development
Residents	<ul style="list-style-type: none"> • Increase in vulnerable population <ul style="list-style-type: none"> ○ Financial ○ Physical ○ Mental <p>How do we identify and support them?</p> • Changing needs, expectations and demands. • Engagement <p>How do we ensure that we involve our residents?</p> • Harness <p>The skills and talent of residents for the good of the local area and wider district</p>
Business	<ul style="list-style-type: none"> • Tourism <p>Do we play a more active role?</p> • Skills and Training • Open space <p>How do we use this best to promote safe enterprise?</p> • Town Centres <p>How do we support the 'New normal' in the short and longer term</p> • Active travel opportunities <p>Links to Health and Climate commitments.</p>
Community and Partnerships	<ul style="list-style-type: none"> • Volunteers <p>How do we make this new community sustainable and what is our role?</p> • Partnerships <p>Build on the existing strengthened partnerships. Develop new partnerships that support our communities and residents.</p> • Towns and Parish Councils <p>In most case the relationship between the Council and the T&P's has improved, how do we continue to develop these?</p> • Community Response Team <p>The team has been pivotal to the Councils response. Do we continue the role and what does this look like?</p>

Recovery and Renewal Theme	Proposed areas for development
<p>Financial Stability</p>	<ul style="list-style-type: none"> • Complete monthly Government returns on COVID costs and loss of income It is hoped that the Government will act with further funding when the national picture is collated • Government Lobbying for extra funding Joint approach with Devon Councils • Monthly budget monitoring reports Include monitoring reserves Collection rates • Service delivery discussions To discuss what services might look like under the 'new normal' • Review of statutory versus discretionary expenditure To include corporate priorities • Review of the Council's Capital Programme To include all capital projects • Revise the Medium Term Financial Strategy By July 2020 Accounts outturn for 2019/20 • Propose options to Councillors for an amended Budget for 2020/21 By September 2020 • Lobby Government for a change in some of the 'rules' for Councils To change the accounting rules for capital repayments on borrowing and capital receipts flexibility • Press Government for an early decision on factors affecting our 2021/22 Budget New Homes Bonus funding Negative Revenue Support Grant Rural Services Delivery Grant • Fair funding for rural Councils Work with Rural Services Network to build the case for a fair allocation of funding • Opportunities for further investment Borrowing

Recovery and Renewal Theme	Proposed areas for development
Communications	<ul style="list-style-type: none"> • Communicating during the pandemic Where we were and where we are now • Community Leadership Response into Recovery Operational messaging • Building Partnerships • Strengthening our regional voice • Streaming meetings The benefits in terms of Transparency, Engagement and Efficiency
Governance (reference to Peer Review recommendations)	<ul style="list-style-type: none"> • Formal member meetings Process/procedure for remote meetings DM – public participation/video site visits/delegation • Informal member meetings – remote to be the default? • External – interaction with; Town & Parish Councils External bodies • Joint Working with West Devon Can this be expanded? • Member/Officer ways of working
Service Recovery	<ul style="list-style-type: none"> • Role of the Council? Facilitation, Co-ordination, Doing. • Review of; • Service demand and expectations <ul style="list-style-type: none"> ○ On existing services ○ New services requirements ○ How customers access services ○ Costs ○ Contracts – Fusion/FCC • Statutory/Discretionary • Capitalise on flexibility of our operating model • Build Back Better • Ways of working

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Appendix B: Thoughts and Ideas Arising from the Joint Meeting of the O+S Panel / DM Committee Meeting held on 4 June 2020 on the Recovery and Renewal Themes

Residents:

- Need to give consideration to provision of (energy efficient) single persons living accommodation;
- Vulnerable population also must include those most affected groups: Children and Young People; the Elderly; and the Disabled;
- Emphasis given to the role played by local Members within their local communities – must utilise the local knowledge and expertise of Members.

Business:

- Benefits to be exploited from the increased ability of individuals to work from home (potential to see an increase in full-time population (and home based businesses) in the district;
- Tourism – Council must help where it can (complement but not duplicate the work of existing tourism destination marketing organisations). Likely to see an increase in tourism numbers to the South Hams – must be capitalised upon and explore increased car parking capacity. Consider re-establishment of a local Tourism Forum;
- Public Conveniences – strong views expressed that, since they were so closely linked to the tourism industry, public conveniences must be kept open;
- support for consideration of 'Brand South Hams'. Council should explore facilitation of deliveries for local producers and do all it can to support and promote our excellent local businesses and producers. In addition, importance of farming industry recognised and consideration should be given to re-establishing a local agricultural forum.

Community and Partnerships:

It was agreed that the proposal that had been submitted in advance by Cllr Rose (as outlined in full below) should be forwarded to the Executive meeting for onward consideration during development of the plan:

'Introduction

Crises offer both challenges and opportunities. The Covid-19 pandemic has clearly highlighted:

- 1) The lack of existing community resilience - demonstrated by the dependence of communities on government aid.*
- 2) The need for community resilience - demonstrated by the unbelievable amount of people who have worried about their most basic needs such as feeding themselves and their families, losing their livelihood, the huge spikes in domestic violence, the lack of sufficient support for those with mental health issues etc...*
- 3) The ability of communities to come together in the face of adversity, building resilience in the moment of need - demonstrated by the heart warming and inspiring actions of our constituents as they support one another in lockdown, reaching out to the marginalised and elderly, many of whom who have had little to no contact with anybody for years.*

The Proposal

'SHDC recognises that community resilience is essential to mitigating risk of future crises. SHDC recognises that community led initiatives are an effective way to increase community resilience as communities best understand their local needs. SHDC embraces the approach of 'Building Back Better' and recognises the opportunity to build on the momentum generated by communities stepping up to support themselves during the COVID-19 pandemic. As part of its recovery plan, SHDC will support communities to lead on initiatives to increase local resilience, beginning with a consultation to the diverse range of groups that have emerged to tackle the issues brought up by COVID-19, asking them how they imagine building long-term resilience in their communities.

SHDC can support community resilience initiatives by linking community groups to sources of funding, whilst offering advice and networking to the groups. Cluster groups or individual members can liaise with existing community groups and can encourage communication between various local organisations, charities, volunteers and community representatives to create shared goals.

This approach benefits SHDC as it mitigates the risk of future crises through increasing community resilience at little financial cost to the council. Any successful projects will set precedents, generate momentum, encourage creativity in the relationship between council and community and secure a positive reputation for the council, as it will be seen supporting communities from the ground up.

These initiatives should be woven into the foundations of the council's recovery plan and the first step (consulting community groups) can begin immediately. Infrastructure to monitor progress will be needed. SHDC should align itself with organisations such as the South Devon Bioregional Learning Centre and Transition Town, who currently operate across South Hams, building community resilience and offering their extensive expertise.'

Other key points raised in relation to the 'Community and Partnerships' Theme were:

- the importance of keeping town and parish councils informed. On this point, it was recognised that, whilst a number of town and parish councils had demonstrated excellent community leadership during the pandemic, a number of others had been found wanting. As a result, there was a role for the Council to play in supporting those Councils that were struggling. Some Members also felt that the town and parish council clustering arrangements should be reinstated. There was also considered to be an immediate role for all Members in facilitating networking meetings with their local town and parish clerks in neighbouring towns and parishes;
- the importance of town and parish councils joining the 'Devon Resilience Forum' to support them in each developing their own Emergency Plans;
- the need to explore the creation of 'town centre depots', which were easily accessible for people to collect necessary provisions;
- the work of the Community Response Team could be extended into the future and it was recognised that the Localities Service would have a key role to play in this respect.

Financial Stability:

It was agreed that the proposal that had been submitted in advance by Cllr McKay (as outlined in full below) should be forwarded to the Executive meeting for onward consideration during development of the plan:

'1 Public Loan Works Board (PLWB)

The Chancellor has said that Councils should not be using PWLB loans for commercial property investment or loans for "yield". However, my understanding is loans are available for infrastructure projects. The Council should be looking at developing a plan for local infrastructure within the district and possibly with DCC.

English town and parish councils can also borrow from PLWB (with approval from MHCLG). The Council should look to work with Town and Parish Council on joint projects.

2 Invest in social housing

Works Loan Board (PWLB) Housing Revenue Account (HRA) rates are down 1.0%. As well as providing much need social housing this will in time generate a revenue stream.

3 Capital Investment Programme

The Capital Investment Programme should become the Communities Investment Programme. The Council should be investing in local community projects and green businesses to build the local resilience implied by Build Back Better (BBB). By being active investors in projects the Council can build a diverse portfolio that will provide revenue while providing a stimulus to the local economy. It is BBB with ABCD! The first steps are to work with partners like SH-CVS, Bioregional Learning, Transition Towns, Town and Parish Councils and myriad other community groups to identify need and opportunity.

4 Active Travel

The Emergency Active Travel Fund for Devon is only £1,689,000 but this is the first stage of a £2bn investment in active travel by government. We should have investment ready plans as per Cllr Chown's suggestions so we are ready to dawn on these funds. Creating the infrastructure on which other businesses like for instance electric bike hire can build and in which this Council could be an investment partner.'

Other key points raised in relation to the 'Financial Stability' Theme were:

- a Member was strongly of the view that the Council should immediately rule out both the use of Earmarked Reserves and the sale of assets to pay off the 2020/21 Budget shortfall. In addition, the Member felt it essential that, with urgency, Council Reserves should be ringfenced, with assets being devolved to local town and parish councils;
- other ideas that the Council should lobby Central Government on included: gaining further freedoms and flexibilities over its finances (including capital receipts flexibilities); the switching of domestic properties to business use; and the ability to charge up to double Council Tax for second homes; and
- the need to lobby (and keep informed) both local MPs.

Communications:

- Members had a raft of local networks that could be used to disseminate information to the hard to reach groups within their local wards.

Governance:

It was agreed that the proposal that had been submitted in advance by Cllr McKay (as outlined in full below) should be forwarded to the Executive meeting for onward consideration during development of the plan:

'1 Objectives

The objective should be as the report states to Build Back Better. While the Council may be in a slightly better financial position than it might have been the numbers still look daunting. It is clear that the modus-operandi of the past is unlikely to work post-covid and the Council needs to build on the extraordinary things that have been happening in our communities and to work with them to consolidate and build the future which must have Climate Change and Biodiversity at its core. The way to achieve this is through a vibrant green economy in which the Council is a real investor and partner. The result will be long term resilience for our communities and for the Council;

2 Constitutional Review

The Council's Constitution needs to be overhauled to help it become less focused on the delivery of top-down service provision and more of a partner of local organisations and a facilitator. This will only work if there is a great deal more open government, transparency and involvement of members in the day to day running of the council. Just as an example, the current delegation scheme does not properly recognise that when members delegate powers they retain responsibility (to their electorate) and they need to be able to effectively hold those to whom power has been delegated to account for actions taken on their behalf.

3 Constitution Versioning

The constitution is a so called living document but it has no version history, which is essential for such an important core document. In the interests of a new era of transparency, lets version it.

4 Briefings and Questions

While Members receive a bulletin email once a week it is very high-level. To ensure that members are as involved as possible, there should be regular fortnightly Q&A sessions. Being able to email an officer is not sufficient and does not encourage open and continued dialogue.

5 Localities

The localities officer role could be greatly enhanced in a new community focused Council and while the O&S Task and Finish group came close to a conclusion it would be helpful to revisit this study.

6 Commissioning Model

The commissioning model of working with partners should be reviewed as it is not an appropriate way of building relationships with partner organisations. The model used should focus on collaboration and not be perceived as buying in a service from a third-party.'

Other key points raised in relation to the 'Governance' Theme were:

- All Locality Engagement Officers should attend town and parish council meetings within their local areas;
- Whilst remote meetings had worked well to date, some Members felt that they were not ideal to conduct meetings of Full Council and the Development Management Committee (on the occasions when major planning applications were to be considered).

Service Recovery:

- The need to re-convene the Locality Service Task and Finish Group was recognised;
- The importance of the Leisure Contract with Fusion was also highlighted.

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NOT FOR PUBLICATION

This report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (matters affecting the financial affairs of the Council) - (applies to Appendix E)

Report to: **Executive**

Date: **18 June 2020**

Title: **Month 1 and 2 Revenue Budget Monitoring 2020/2021**

Portfolio Area: **Support Services – Cllr H Bastone**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **N/A**

Author: **Pauline Henstock** Role: **Head of Finance Practice and Deputy S.151 Officer**

Lisa Buckle **Corporate Director for Strategic Finance (S151 Officer)**

Contact: pauline.henstock@swdevon.gov.uk
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Recommendations:

That the Executive resolves to:-

- i) Note the significant forecast income and expenditure variations for the 2020/21 financial year and the overall projected overspend of £2.588m (27.5% of the total Budget £9.411 million).
- ii) Note the loss of income streams already experienced by the Council in April 2020 and May 2020 of £0.979 million in total as shown in Section 6 of the report.
- iii) Present an Amended Budget for 2020/21 to the September cycle of Committee meetings, setting out recommendations as to how the projected losses could be financed and what action could be taken. This is in order to achieve a balanced budget for 2020/21, in light of the Covid 19 pandemic.
- iv) Undertake a comprehensive review of all Earmarked Reserves

1. Executive summary

- 1.1 Covid 19 has caused financial strain for all Councils up and down the country where Councils find themselves being caught in a 'perfect storm'. Councils have to manage both the increased costs of coping with Covid19 and supporting vulnerable people in the community and the loss of key income streams such as car parking income and council tax income.
- 1.2 The factors affecting the Council's finances are issues affecting the whole Local Government sector. The Council is well-placed to meet the financial challenges arising from Covid19, due to its prudent financial management over previous years. It is important to stress that the Council is not in financial difficulty and a plan will be drawn up as to how the Council meets these challenges.
- 1.3 This report enables Members to monitor income and expenditure variations against the approved budget for 2020/21, and provides a forecast for the year end position.
- 1.4 The gross service expenditure budget for 2020/21 was set at £40 million (£9.411 million net). **Actual net revenue expenditure is forecast to be over budget by £2.588 million when compared against the total budget set for 2020/21, due mainly to the impact of the Covid 19 pandemic.** This position is after taking into account the £0.9 million Government grant which the Council has received for Covid 19. The allocation of Government funding to Councils has been partly based on population.
- 1.5 This prediction is based on a range of assumptions which have been made as to how much the income streams of the Council could be affected by Covid19. Projections could improve and it is difficult to predict as we don't know how quickly things will bounce back. We will be monitoring our finances on a monthly basis and as actual figures emerge, we will refine these figures and our assumptions.
- 1.5 The significant extent of these predicted losses present imminent funding challenges for the Council. With income falling, unemployment expected to rise and a lack of certainty around funding, there are going to be difficult decisions to be made.

2. Background

2.1 Regional and national context

- 2.11 On 27th May, the Leaders of Councils in Devon wrote to the Rt Hon Robert Jenrick MP (Secretary of State), drawing his urgent attention to a £85.7 million shortfall in funding across Devon Councils, which threatens not only the financial stability of Councils in Devon, but also the delivery of essential public services (Appendix C). Local Government is a frontline service and we want to ensure our voice is heard in the calls for financial support.

- 2.12 The Council will continue to lobby the Government so that we receive the appropriate level of funding to be able to plan confidently for the future. Each month, Councils complete a national return that informs the Government of how much COVID-19 is affecting the finances of Councils. It is hoped that the Government will act with further funding when they have this national picture.
- 2.13 A letter has been received from the Director for Local Government Finance of the Ministry of Housing Communities & Local Government regarding the Covid19 response and Local Government Funding (Appendix D). This states that the latest Government returns submitted by Councils in May showed expenditure pressures for March to May equating to £1.25 billion, which fell within the £3.2 billion of un-ringfenced grant provided by the Government. The letter failed to acknowledge the loss of income streams which Councils have suffered, or offer any commensurate Government funding to mitigate the financial effects of these. At the start of the pandemic, Councils were asked by the Government 'to do whatever it takes'. We currently have no reassurance on what further funding we will receive from the Government to compensate our loss of key income streams and this is our greatest unknown in our financial planning.
- 2.14 These income losses have had a much bigger impact (in proportion to Net Budgets) on District Councils, than they have on County Councils and Unitaries.
- 2.15 The Society of District Council Treasurers (SDCT) has engaged Local Government Futures (who are specialists in the field of Local Government Finance), to put together evidence to show the losses experienced by District Councils. This will then be used for the purpose of lobbying the Government for further funding for District Councils.
- 2.16 In a letter from the Chairman of the District Councils' Network to the Chancellor, the financial needs of District Councils were set out, as well as stating that no part of the public sector is better placed than District Councils to catalyse and lead the recovery and that we will rise to the challenge.

2.2 How we plan to respond as a Council

- 2.21 In this report, assumptions have been made as to how much the income streams of the Council could be affected by Covid19. Projections could improve and it is difficult to predict as we don't know how quickly things will bounce back. We will be monitoring our finances on a monthly basis and as actual figures emerge, we will refine these figures and our assumptions.

- 2.22 The Coronavirus (COVID-19) Response and Draft Recovery and Renewal Plan (a separate item on this Executive agenda) sets out the strategic objectives, part of which is the recovery and sustainability of the Council's financial position. The financial sustainability Theme sets out a list of proposed areas for development. Section 11 'The Financial Position' was discussed by Members at a meeting of the Joint Overview and Scrutiny Panel/Development Management Committee on 4 June 2020. A summary of the views and key discussion points arising from the Joint Meeting are attached to the Draft Recovery and Renewal report on this Executive agenda.
- 2.23 It was stated in Section 11 of the Draft Renewal and Recovery Plan that the financial consequences of a severe and prolonged economic downturn could equate to anywhere between a half to two thirds of the Council's net Budget of £9.4million. Since this Recovery Plan report was drafted, the lockdown due to Covid19 has been eased and the financial assumptions around the Council's income streams have been revised. For example, the Council's car parks have re-opened and therefore the estimates in this report reflect this updated position.
- 2.24 This Budget Monitoring report also excludes the impact of reductions in income from Business Rates and Council Tax as these do not affect the General Fund in 2020/21 (apart from the pooling gain). Similarly any loss of income streams for Salcombe Harbour have also been excluded from this report as Salcombe Harbour is a ring-fenced account. These are further explained in Section 6.
- 2.25 Future service delivery discussions are currently taking place with each Head of Practice area to discuss what services might look like under 'the new normal'. A thorough review of all expenditure will be needed, which takes into account a review of statutory expenditure against non-statutory (discretionary) expenditure and also the corporate priorities.
- 2.26 This will include a review of the Council's Capital Programme and all capital projects. The Council's Medium Term Financial Strategy will also be revised.
- 2.27 It is also recommended that the Council undertakes a Comprehensive Review of all Earmarked Reserves, which total £11.017 million as shown in Appendix A. Budgeted contributions to and from Earmarked Reserves as part of the 2020/21 Budget will also be assessed. Unearmarked Reserves stand at £1.898 million. The Council is well placed in terms of its Reserves, which could be used if absolutely necessary. Reserve levels will be kept under constant review.

- 2.28 Time needs to be taken over the next few months and weeks to put together proposals for Members to consider for an Amended Budget for 2020/21. A Member Budget Workshop in August will be arranged, to explore all areas with Members, supplemented by Informal Council briefings. If there are areas that Members would like the Financial Stability Theme of the Recovery and Renewal Plan to cover, please let the Member lead (Cllr Pearce) or the Officer lead (Mrs Buckle) know. This is an evolving plan, to ensure and safeguard the delivery of services.
- 2.29 Options will be presented to Members for a revised Budget for 2020/21 during August and September 2020. This is in order to achieve a balanced budget for 2020/21, in light of the Covid 19 pandemic.
- 2.30 It should be noted that the financial landscape for Councils is ever-changing and there is still a great deal of uncertainty that Councils are working with in planning their finances for the longer term. The large areas of unknowns are around New Homes Bonus funding, Negative Revenue Support Grant (the Council no longer receives any core Government grant) and future allocations of Rural Services Delivery Grant. We are making the point to the Government that we must know what is happening to these key areas by this September, so that we can plan confidently for our finances for the future.

2.3 Financial Monitoring arrangements

- 2.31 The Council's financial procedure rules require that reports must be made on budget monitoring on a regular basis to the Executive as part of the Council's arrangements for budget management. Revenue budget monitoring reports are normally brought to the Executive on a quarterly basis. However due to the current Covid 19 pandemic and the subsequent financial pressures facing Local Authorities, it was felt more prudent to update the Executive on a monthly basis going forward, with monthly budget monitoring reports.

3. Outcomes/outputs

- 3.1 **Budget overview** - Table 1 below provides an analysis of the projected variances against budget. The report is 'high level' at this early stage of the year and does not include any in-depth monitoring of the salaries budgets within each area or some of the smaller areas of expenditure. This will be done for the Month 3 Monitoring report.

TABLE 1: 2020/21 BUDGET FORECAST

	2020/21 Budget expenditure /(income)	Budget variations		£000	Note
	£000	%	£000		
APPROVED BUDGET				9,411	
Reductions in expenditure/additional income					
Customer Service & Delivery					
COVID-19 Government grant support (the Council's share of £1.6bn allocation)	-	-	(900)		A
Savings on staff and Member travel and expenses	98	51%	(50)		B
Sub total of variations				(950)	
Increases in expenditure/reductions in income					
Customer Service & Delivery					
COVID-19 expenditure	n/a	n/a (no budget)	60		C
Planning income	(918)	40%	367		D
Homelessness income	(256)	50%	128		E
Investment income	(203)	90%	183		F
Licensing income	(201)	40%	80		G
Land Charges income	(170)	50%	85		H
Council Tax Collection income	(155)	50%	78		I
Housing Benefit overpayment recoveries	(145)	100%	145		J
Pannier Markets income	(110)	20%	22		K
Pollution Control income – mainly private water sampling	(33)	40%	13		L
Place and Enterprise					
Car and boat parking income - assumes actual losses in April and May and 20% drop in income levels from 1.6.2020	(3,160)	29%	930		M
Employment Estates income	(877)	25%	215		N
Dartmouth Lower Ferry income	(818)	27%	220		O
Follaton House income	(322)	10%	32		P
Community Parks & Open Spaces income	(129)	60%	77		Q
Coast Protection income	(59)	50%	30		R
Outdoor Sports & Recreation income	(49)	50%	25		S

	2020/21 Budget expenditure /(income)	Budget variations			Note
Governance & Assurance					
Waste & Recycling – delay to the September 2020 go live date for Devon Aligned Service	2,778	12%	325		T
Trade Waste income	(819)	30%	246		U
Leisure – interim support to the leisure contractor	n/a	n/a (no budget)	103		V
Waste & Recycling income - mainly recycling credits	(517)	10%	52		W
Other Comprehensive Income & Expenditure					
Business Rates Pooling gain	(225)	100%	225		X
Sub total of variations				3,641	
PROJECTED OUTTURN				12,102	
Less: Use of Earmarked reserves:					
Leisure: Interim support to Leisure contractor (Note V) to be funded by the Land and Development Earmarked Reserve (Minute Reference CM97/19)				(103)	
PROJECTED OVERSPEND				2,588	

Actual net revenue expenditure is forecast to be over budget by £2.588 million when compared against the total budget set for 2020/21, due mainly to the impact of the Covid 19 pandemic. This position is after taking into account the £0.9 million Government grant which the Council has received for Covid 19.

Notes

- A. **COVID-19 grant support** – The Council has received £900,000 of Government grant support for the Covid19 pandemic. This will assist the Council to partly meet its projected loss of income streams but it will only be part of the solution. The allocation of funding to Councils has been made partly based on population and as a rural and sparsely populated area, South Hams is always going to miss out on this basis. See further information in the Executive Summary.
- B. **Savings on staff and Member travel and expenses** – due to Covid 19 it is currently anticipated that a saving of up to £50,000 could be achieved in 2020/21. These savings are due to staff and Members working from home in accordance with Government guidance.

- C. **COVID-19 expenditure** – small one-off items of direct Covid 19 expenditure such as extra housing costs, ICT and remote working and shielding costs.
- D. **Planning income** – planning income is projected to be down by 40% (£367,000) due to Covid 19.
- E. **Homelessness income** – homelessness income is currently forecast to be reduced by 50% (£128,000) due to Covid 19.
- F. **Investment income** – due to the historic low in interest rates (base rates are 0.1%), investment income is currently anticipated to be 90% down which equates to a shortfall of £183,000. Further options for fixed term deposits will continue to be explored with the Council's treasury management advisers.
- G. **Licensing income** – due to Covid-19 it is currently anticipated that licensing income could be reduced by 40% (£80,000) in 2020/21.
- H. **Land Charges income** – based on income to date a shortfall of 50% in land charges income is currently forecast for 2020/21 which equates to £85,000.
- I. **Council Tax Collection income** – summons costs recovered in respect of Council Tax and Business Rates are currently anticipated to be 50% down on the 2020/21 budget.
- J. **Housing Benefit overpayment recoveries** – it is unlikely that any of this income target (£145,000) will be achieved in 2020/21 as we expect to see fewer overpayments being created due to the introduction of DWP Real Time Information referrals. There is also an expectation that recovery will reduce year on year as collection becomes more difficult. This is partly due to Covid 19. This is in line with the outturn position for 2019/20 where this income target has not been achieved. The income target needs to be reduced to Nil for 2021/22 and reflected within the Medium Term Financial Strategy.
- K. **Pannier Markets income** – assumes a 20% drop in Pannier Markets income in the year. Following the new Government guidance on the re-opening of open air markets, the decision was taken for the markets in Totnes, Kingsbridge, Ivybridge and the farmers market in Kingsbridge to reopen in early June.
- L. **Pollution Control income** – pollution control income (mainly private water sampling) is likely to be 40% down on budget due to Covid 19.

- M. **Car & boat parking income** – The prediction for the year (a £930,000 reduction in income) includes the actual losses in car parking income for the first two months and an assumption of an on-going 20% drop in income levels from 1st June 2020 for the rest of the year. This would equate to an overall 29% reduction in the budgeted income for the year of £3.160 million. In the first two months income has been down by £390,000 in April and £142,000 in May. This position will be monitored on a monthly basis.
- N. **Employment Estates income** – based on a high level review of invoices paid to date an income shortfall of 25% is currently modelled for Employment Estates. This equates to £215,000. This is a worst case scenario.
- O. **Dartmouth Lower Ferry income** – assumes a reduction in income of 27% over the financial year which equates to a loss of £220,000. In the first two months of April and May the ferry income has been down by £58,000 and £51,000 respectively.
- P. **Follaton House income** – It is anticipated that Follaton House income will be down by 10% (£32,000) due to Covid 19.
- Q. **Community Parks & Open Spaces income** – due to Covid 19 a shortfall in Community Parks & Open Spaces income of 60% is currently anticipated. This equates to £77,000.
- R. **Coast Protection income** – Coast Protection income is likely to be 50% down on the 2020/21 budget due to Covid 19.
- S. **Outdoor Sports & Recreation income** – an income shortfall of 50% (£25,000) is currently anticipated for outdoor sports and recreation due to Covid 19.
- T. **Waste and Recycling – Devon Aligned Service start date** - there is a potential delay to the end of September 2020 start date for the Devon Aligned Service. The new recycling service was due to be introduced this Autumn with collections starting on 28 September 2020. However, due to the Covid-19 situation, this date is no longer achievable and our officers and the waste contractor are closely monitoring the situation and striving to ensure the delay is as short as possible. The main reasons for the delay are associated with the impacts of Covid19 on the delivery dates of the recycling fleet, the delivery dates of the new containers and the construction of the Ivybridge transfer station (this has now started). Costs of a delay are up to £65,000 a month. A five month delay at £65,000 a month has been forecast as a worst case scenario and includes the loss of the saving forecast from the move to the Devon Aligned Service at the September date.
- U. **Trade Waste income** – it is currently modelled that trade waste income could be down by 30% in 2020/21 due to Covid 19. This equates to £246,000.

- V. **Leisure Centres interim support** – due to Covid 19, an interim support package has been agreed with the Council’s Leisure provider (Fusion Lifestyle) at a one-off cost of £103,500 (three months for April, May and June at £34,500 per month), to be funded from the Land and Development Earmarked Reserve. Minute Reference CM97/19. There are additional impacts regarding leisure which are still to be quantified in relation to the leisure contract.
- W. **Waste & Recycling income** – assumes a 10% reduction in income due to Covid 19.
- X. **Business Rates Pooling Gain** – due to Covid 19 it is anticipated that there will be no Business Rates Pooling Gain in 2020/21. The S151 Officer and the Business Rates Specialist will continue to attend the Devon Business Rates Pooling meetings and provide quarterly monitoring information on the business rates position. A worst case scenario of no pooling gain has been modelled in this report.

Savings/Additional Income identified in the 2020/21 Budget

- 3.2 This monitoring report includes an update on the position regarding the savings and additional income that were identified in the 2020/21 budget setting process, set out in Appendix B. This sets out that of the extra Income/savings budgeted for in 2020/21 of £904,877, an amount of £420,000 is currently projected to be achieved. Therefore there is a projected under-achievement of extra income and savings of around £0.5 million. This is reflected within the overall projected loss of £2.588 million where there is a reasonable amount of certainty over this figure. Projections which include ‘TBA’ will be firmed up in future monitoring reports.

4. Review of Earmarked Reserves

- 4.1 The Council annually undertakes a review of the level of its Earmarked Reserves as part of the budget setting process. Recommendation 4 of this report recommends that a comprehensive review of all Earmarked Reserves is undertaken as part of the process of putting together an Amended Budget for 2020/21. Budgeted contributions to and from Earmarked Reserves as part of the 2020/21 Budget will also be assessed. A schedule of Earmarked Reserves is attached at Appendix A, which shows Earmarked Reserves are £11.017 million currently. The Council’s level of Unearmarked Reserves currently stands at £1.898 million.

5. Prudential Indicators

- 5.1 The prudential code indicators were approved in the Capital, Investment and Treasury Management Strategy report to Council on 30th April 2020. The indicators are monitored during the year through the normal revenue and capital monitoring processes. All Treasury Management limits have been adhered to.

6. Income and Reserves

Income monitoring is an integral part of financial management. Below shows the current income shortfalls already experienced for April and May 2020 together (**which total £979,000 - being £628,000 in April and a further £351,000 in May**).

The table also shows the latest 2020/21 projections for the major streams of income.

Service	Income Shortfall April 2020 £'000	Income Shortfall May 2020 £'000	Projected Income 2020/21 £'000	Income Budget 2020/21 £'000	Deficit/ (Surplus) £'000	Deficit/ (Surplus) %
Car Parks*	390	142	2,230	3,160	930	29%
Planning	40	25	551	918	367	40%
Employment Estates*	18	20	662	877	215	25%
Trade Waste*	31	23	573	819	246	30%
Dartmouth Ferry	58	51	598	818	220	27%
Waste & Recycling	5	5	465	517	52	10%
Follaton House*	3	3	290	322	32	10%
Homelessness*	11	10	128	256	128	50%
Business Rates Pooling Gain	19	19	-	225	225	100%
Investment income	15	15	20	203	183	90%
Licensing*	12	10	121	201	80	40%
Land Charges	8	10	85	170	85	50%
Council Tax Collection	6	6	77	155	78	50%
Housing Benefit overpayments	12	12	-	145	145	100%
TOTAL	628	351	5,800	8,786	2,986	

Note* N.B. It is difficult to gauge an exact income position for these services as some of the income is raised via sundry debtors. As soon as the sundry debtor invoice is raised the income is credited to the ledger in line with proper accounting practice. For these services a best judgement has been made at this stage in terms of how much debt is likely to remain unpaid. All invoices raised in excess of £5,000 have been looked at in detail to see if they have been settled as at 31st May 2020.

Salcombe Harbour

Salcombe Harbour is a ring-fenced account and therefore any financial impact on Salcombe Harbour is excluded from this report. A separate budget monitoring update will be presented to the Salcombe Harbour Board Workshop in June 2020.

Council Tax and Business Rates Income

Reductions in Council Tax and Business Rates income are excluded from this report, as these do not affect the General Fund in 2020/21, due to the way the accounting for these income streams go through the Collection Fund. Therefore a large part of the reductions in income will affect the Council's financial position in 2021/22, although it does affect the cashflow position of the Council in 2020/21.

Reductions in the collection rate for Council Tax and Business Rates will be reflected within the Collection Fund accounting. No pooling gain for Business Rates has been assumed for 2020/21.

Business Rates: In April 2020, SHDC collected 12.43% of the yearly total (compared to 13.16% in 2019/20) – the 0.73% drop equates to £136,601 (SHDC share £54,600). This is how much business rates income is down by in April 2020, compared against April 2019 but this could partly be due to timing differences.

Council Tax: In April 2020, SHDC collected 9.9% of the yearly total (compares against 10.31% in 2019/20) – the 0.41% drop equates to £320,000 (SHDC share £28,800). This is how much council tax income is down by in April 2020, compared against April 2019.

Business Rates and Council Tax form a large share of the funding for the Council's budget and therefore these income streams are funding the essential services being delivered.

7. Management Actions

- 7.1 It is best practice as part of Budget Monitoring reports, for the Council to state whether there are any corrective actions that need to be taken for the variances identified in the report.
- 7.2 The Recovery and Renewal Plan, as the Council's response to Covid19, sets out Financial Stability as a Recovery and Renewal Theme.

7.3 The management actions for this Budget Monitoring report are as set out below:-

- To complete monthly Government returns on COVID costs and loss of income
- To continue lobbying with 'Team Devon' for further Government financial support in light of the impact of Covid 19
- Monthly budget monitoring reports, to including monitoring reserves
- Service delivery discussions, to discuss what services might look like under the 'new normal'
- A review of statutory versus discretionary expenditure
- A review of the Council's Capital Programme
- A comprehensive review of all Earmarked Reserves and contributions to Earmarked Reserves
- To revise the Medium Term Financial Strategy
- Review the outturn position for the Council's Accounts for 2019-20
- To lobby Government for a change in some of the 'rules' for Councils (such as to change the accounting rules for capital repayments on borrowing and capital receipts flexibility)
- To press Government for an early decision on factors affecting our 2021/22 Budget such as New Homes Bonus funding, Negative Revenue Support Grant and Rural Services Delivery Grant
- To lobby for fair funding for rural Councils
- Assess options for further investment
- A Member Budget Workshop will be arranged for August to explore all areas with Members, supplemented by Informal Council briefings.
- Propose options to Councillors for an Amended Budget for 2020/21 by September 2020

8. Options available and consideration of risk

8.1 At this early stage it is important to note that these forecasts can change over the course of the year. Managers can seek out opportunities to reduce any overspends, whilst considering the risk of any adverse impact on the customer experience.

9. Proposed Way Forward

9.1 Revenue budget monitoring will continue on a regular basis and ***further reports will be brought to the Executive each month during the current Covid 19 situation.***

10. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Statutory Powers that apply to this report are the Local Government Act 1972 Section 151 and the Local Government Act 2003 Section 28. It is proposed that Appendix E is exempt from publication under Schedule 12A of the Local Government Act 1972 Part 3 as the Appendix contains information relating to the Council's financial affairs.</p> <p>The public interest test has been applied as to whether the Appendix should be published and the public interest lies in non-disclosure at this time.</p>
Financial implications to include reference to value for money	Y	<p>The report identifies an overall predicted overspend of £2.588 million which is 27.5% of the overall budget set for 2020/21 of £9.411 million, due to the current pressures on the Council's income targets due to the Covid 19 situation and extra expenditure incurred.</p> <p>The loss of income streams already experienced by the Council in April 2020 and May 2020 total £0.979 million, as shown in Section 6 of the report.</p> <p>It is recommended that an Amended Budget for 2020/21 is presented to the September cycle of Committee meetings, setting out recommendations as to how the projected losses could be financed and what action could be taken. This is in order to achieve a balanced budget for 2020/21, in light of the Covid 19 pandemic.</p> <p>We will be making the point to the Government that the message to Councils at the start of the pandemic was to 'do everything it takes'. Councils should not thereby be made to lead into the recovery at a severe financial disadvantage and unable to lead any capital projects to help pull the Authority area out of a recession.</p>
Risk	Y	<p>1) Budget variances – continual monthly budget monitoring at all levels within the Council ensures early identification of variances. Reporting to the Executive provides an opportunity for Members to identify and instigate remedial action where appropriate.</p>

		2) Resource Planning – the Executive takes into account any significant issues when developing the Council’s Medium Term Financial Strategy. These are identified in the Management Actions section of the report (Section 7).
Supporting Corporate Strategy		The budget monitoring process supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change – Carbon / Biodiversity Impact		None directly arising from this report.
<i>Comprehensive Impact Assessment Implications</i>		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendix A – Schedule of Reserves (Earmarked Reserves and Unearmarked Reserves)

Appendix B – Savings/Additional income schedule

Appendix C – Joint Devon Leaders’ letter to Rt Hon Robert Jenrick MP

Appendix D – Letter from Alex Skinner, Director for Local Government Finance for MHCLG.

EXEMPT Appendix E – Leisure

Background Papers:

Finance Community of Practice budget monitoring working papers.

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

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RESERVES - PROJECTED BALANCES (EXCLUDES SALCOMBE HARBOUR)						APPENDIX A
	Cost Centre	Opening balance 01.04.2020 £000s	Additions to Reserve 2020/21 £000s	Predicted Spend 2020/21 £000s	Projected balance 31.03.2021 £000s	Comments
EARMARKED RESERVES						
Specific Reserves - General Fund						
Capital Programme	S0820	(26)	(182)	208	0	Capital Programme commitments
Revenue Grants	S0821	(608)		49	(559)	Contribution to the cost of Housing Advice Case Management Posts from Flexible Homelessness Support Grant (FHSG) prior to 20/21
Affordable Housing	S0822	(706)		628	(78)	Funding of Capital Programme commitments
Renovation Grant Reserve	S0823	(7)			(7)	
New Homes Bonus	S0804	(1,696)	(1,199)	964	(1,931)	£564k contribution to base revenue budget and £400k to Emergency Climate Change Projects Reserve
Emergency Climate Change Projects Reserve	S0852	0	(400)		(400)	Set up of this reserve approved Exec 6th Feb 20 E74/19, funded by contribution from New Homes Bonus Reserve
Community Parks and Open Spaces	S0826	(37)	(17)	13	(41)	South Devon Tennis Courts
Repairs & Maintenance	S0827	(203)	(173)	28	(348)	Mobile Phone Signal improvement works Follaton House
Marine Infrastructure	S0828	(268)			(268)	
Land and Development	S0829	(211)	(7)	213	(5)	Commitments include £103k Fusion Leisure monthly support due to temporary closure of leisure facilities during Covid 19 pandemic, £55k Follaton House Arboretum & Wedding Venue works
Dartmouth Ferry Repairs & Renewals	S0830	(446)	(117)	118	(445)	Dart Lower Ferry Workshops engineering £94k, additional fleet refurbishment works £24k
Homelessness Prevention	S0851	(112)			(112)	
Economic Initiatives	S0831	(6)			(6)	
Vehicles & Plant Renewals	S0832	(1,183)	(550)	1,660	(73)	Capital Programme commitments for the new fleet
Pay & Display Equipment Renewals	S0833	(144)	(21)		(165)	
On-Street Parking	S0834	(44)			(44)	
Strategic Change Reserve (T18)	S0849	(30)			(30)	
ICT Development	S0836	(122)	(50)	83	(89)	Future IT Procurement, Council 13/2/20 E75/19
Sustainable Waste Management	S0837	(54)	(25)		(79)	
District Elections	S0838	0	(10)		(10)	
Beach Safety	S0839	(14)			(14)	
Pension Fund Strain Payments Reserve	S0810	(29)	(99)		(128)	
Planning Policy & Major Developments	S0840	(187)	(50)		(237)	
Section 106 Deposits	S0842	(38)			(38)	
Members Sustainable Community Locality	S0846	(28)			(28)	
Innovation Fund (Invest to Earn)	S0850	(9)			(9)	
Community Housing Fund	S0854	(494)			(494)	
Support Services Trading	S0856	(43)			(43)	
Leisure Services	S0858	(57)		1	(56)	
Environmental Health Initiatives	S0857	(20)		11	(9)	EH student specialist salary costs
Economic Regeneration Initiatives (Business Rates pilot gain 2018/19)	S0858	(319)		102	(217)	This includes a possible spend of £65,000 for the Ivybridge Regeneration project (a separate item on this Executive agenda)
Section 106 Monitoring	S0929	(133)		22	(111)	Salary costs of s106 monitoring officer
Joint Local Plan	S0860	(21)			(21)	
S106 Technical Support	S0862	(16)		16	0	Salary costs of s106 technical support officer
Maintenance, Management and Risk Management Reserve (MMRM)	S0861	(8)			(8)	
Sub Total excluding the Business Rates Reserve		(7,319)	(2,900)	4,116	(6,103)	
Business Rates Retention	S0824	(5,114)	0	200	(4,914)	This relates to a timing issue on the accounting adjustments required for the localisation of business rates. This reserve also deals with any volatility in Business Rate income e.g. due to appeals. Commitments mainly relate to (a) £3.5m ringfenced for Employment for the creation of local jobs (Council Feb 2018), (b) the acquisition of 10 acres of employment land at Sherford and (c) on 31 October 2019 the Executive recommended to Council to use up to £200k to fund the cost of extending the lease of the starter units at Langage from 21 years to 125 years, funded from this reserve. N.B. the opening balance will be updated in June 2020 following the closure of the 2019/20 Business Rates Collection Fund.
TOTAL EARMARKED RESERVES		(12,433)	(2,900)	4,316	(11,017)	
TOTAL UNEARMARKED RESERVES (General Fund Balance)		(1,898)			(1,898)	Note: This Unearmarked Reserve is insufficient to fund the projected overspend of £2.588 million for 2020/21 (due to the Covid19 pandemic).
TOTAL REVENUE RESERVES (EARMARKED AND UNEARMARKED RESERVES)		(14,331)	(2,900)	4,316	(12,915)	

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Summary of Savings and Additional Income from the 2020/21 Budget Setting Process

APPENDIX B

The table below summarises the savings and additional income that were included in the 2020/21 Budget Setting process and indicates whether the saving/additional income is on track to be delivered.

	Income/Savings Target for 2020/21 (£)	Latest Projection for 2020/21 (£)	Narrative
1	200,000	200,000	Saving has already been achieved and is reflected within the Council's contribution letter from the Devon Pensions Fund.
2	165,000	TBA	Unlikely to achieve this saving in full due to Covid 19. This situation will be closely monitored over the coming months.
3	129,674	TBA	The new recycling service was due to be introduced this autumn with collections starting on 28 September 2020. However, due to the Covid19 situation, this date is no longer achievable. Our officers and the waste contractor are closely monitoring the situation and striving to ensure the delay is as short as possible to reduce any negative financial and communication impacts. A future update report will be provided once more details are known. See Note T of the main covering report.
4	80,000	TBA	No decision has yet been reached as to when this increase will take effect from, due to the Covid19 situation.
5	75,000	60,000	Based on Commercial Investment activity to date, additional net income of £60,000 is currently anticipated for 2020/21.
6	60,000	60,000	On target to achieve this saving.
7	55,203	TBA	Difficult to quantify at this early stage in the financial year due to the current Covid 19 situation.
8	37,000	37,000	All Town and Parish Councils were notified of their 2020/21 grant levels as part of their 2020/21 precept setting process.
9	25,000	25,000	The new employment units have been let, but this additional income could be impacted by tenants ability to pay during the Covid 19 pandemic.
10	20,000	Nil	This additional income is unlikely to be achieved in 2020/21 due to the Covid 19 situation.
11	20,000	Nil	This additional income is unlikely to be achieved in 2020/21 due to the current historic low level of interest rates.
12	12,000	12,000	On target to achieve this saving.
13	10,000	10,000	The Council is currently processing Disabled Facilities Grants on behalf of Torridge DC which will contribute to this income target in 2020/21 (total corporate consultancy income budget is £30,000). This income target will be kept under close review during the year to assess the impact of Covid 19.
14	6,300	6,300	On target to achieve this saving.
15	3,500	3,500	On target to achieve this saving.
16	2,100	2,100	To be implemented during 2020/21.
17			
Income from fees and charges			
S257 footpath diversion orders	2,100	2,100	On target to achieve this income.
Boat storage fees	2,000	2,000	On target to achieve this income.
TOTAL	£904,877	£420,000	

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Leader of the Council

Rt Hon Robert Jenrick MP
 Secretary of State
 Minister of Housing, Communities and Local Government
 2 Marsham Street
 London
 SW1P 4DF

John Hart
 County Hall
 Topsham Road
 Exeter
 EX2 4QD
 Tel: 01392 382285
 Email: john.hart@devon.gov.uk

27th May 2020

Dear Secretary of State,

We are writing as the Leaders of Councils in Devon representing over 795,000 people and 37,000 businesses to thank you for your vital support in the fight against Covid-19 and draw urgent attention to an £85.7 million shortfall in funding which threatens not only the financial stability of our local authorities but also the delivery of essential public services.

We stand together as “Team Devon” with our colleagues in Health, business leaders, community and voluntary sectors to deliver three key tasks you set on behalf of the Government in March 2020. As “Team Devon” we have stepped up to meet those tasks:

1) Supporting Adult Social Care (including hospital discharge) by;

- *Ensuring over £8 million of additional Government funding is providing rapid support to our residential and domiciliary care sectors, meeting the additional costs of PPE, paying for vacancies, providing extra nursing and social care staff as part of a joint response team*
- *Successfully reducing Covid-19 infections in care homes – Devon and Torbay have the lowest proportion of care homes with outbreaks in the South West, itself the lowest region in England – whilst maintaining the highest occupancy levels.*
- *Helping our acute hospitals to maintain a high level of bed capacity – average 50% -- as the pandemic progressed to a peak.*

2) Supporting the vulnerable to stay at home by;

- *Supporting over 34,000 medically vulnerable to stay at home*
- *Providing over £300,000 in grants to over 400 community organisations*
- *Creating a hardship fund of £1 million for economically vulnerable people*
- *Taking 270 rough sleepers off the streets and supporting homeless people*

3) Supporting the economy by;

- *Paying £290 million in Government business rate grants to over 18,000 businesses*
- *Delivering a Covid-19 business advice and support service via the Growth Hub on behalf of the Heart of the South West LEP*
- *Running an online careers fair in partnership with the LEP.*
- *Creating a joint Business and Economy Recovery Task Group -- working with business leaders and Government departments to develop a plan for recovery based on the three pillars of Restart, Regrow and Reset.*
- *Providing economic impact analysis and recommendations for the Government's Local Economies Advisory Panel*

All of this is being achieved while still maintaining essential non-Covid services in local government and health.

As we move into the next phase of the Covid response the role of "Team Devon" – working together without boundaries -- becomes ever more important.

Thanks to excellent teamwork our county has so far seen one of the lowest incidences of Covid-19 infection and death in the country and given our demographic profile we share the Government's determination to avoid a resurgence of Covid-19 cases. As "Team Devon" we will support the new test and trace service and develop and action a local outbreak control plan which will help to achieve the joint aims of 'saving lives and saving livelihoods'.

Major bedrock industries, tourism and hospitality, have locked down since the end of March. Our evidence shows the loss of the summer season will result in a massive £1 billion cut to the Devon economy. Effective local management of testing and tracing will be key to enabling our tourism industry re-opening with confidence, not a day too late nor a day too soon.

The backdrop to this is the significant number of economically vulnerable Devon communities and corresponding high levels of demand for local government support. The impacts of Covid-19 have seen 100% rises in Universal Credit claimants. We estimate more than 120,000 people are on furlough with a loss of personal income of £36 million.

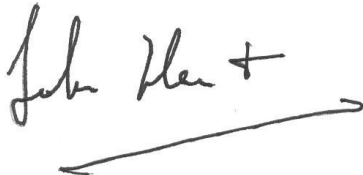
Devon has six local authority districts in the 25 areas of Britain that are most at risk according to RSA research while BEIS has also highlighted the Devon economy as 'red' rated in its own economic modelling. This picture serves to highlight the increased demand for our services and the vital role all tiers of local government (County, District, Town and Parish Councils) play in helping people and businesses to recover, at a time when council finances are fragile.

We have great opportunities that, with the right investment, can deliver a zero-carbon economy providing new, high value employment and give the Devon economy the best chance of bouncing back stronger.

To continue with this work, however, we need financial stability to overcome an £85.7 million shortfall across the County and District authorities. The financial sustainability of many core services provided by our districts and many of our larger town councils is reliant on fee income from, for example, car parking, licensing and planning which has been severely cut during the lockdown.

We therefore ask you to provide certainty that our shortfall in Devon will be met so that we can continue to protect lives, protect livelihoods and support the Government's Covid-19 Recovery Strategy.

Yours sincerely



Councillor John Hart
Leader of Devon County Council



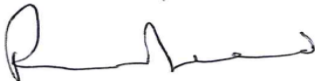
Councillor Ken Browze
Chair of DALC



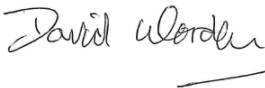
Mark Williams
Chief Executive of East Devon District Council



Councillor Phil Bialyk
Leader of Exeter City Council



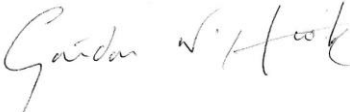
Councillor Bob Deed
Leader of Mid Devon District Council



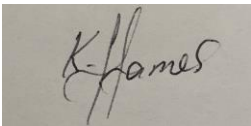
Councillor David Worden
Leader of North Devon District Council



Councillor Judy Pearce
Leader of South Hams District Council



Councillor Gordon Hook
Leader of Teignbridge District Council



Councillor Ken James
Leader of Torridge District Council



Councillor Neil Jory
Leader of West Devon Borough Council

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28 May 2020

Dear Colleague,

COVID-19 RESPONSE AND LOCAL GOVERNMENT FUNDING

I would like to thank you and your colleagues for your continued work in supporting the country's response to the Covid-19 pandemic. Local government has been on the front line of this unprecedented national emergency. I am also grateful for the support that you have provided to the department.

On 14 May, the Secretary of State wrote to the Housing, Communities and Local Government Select Committee, outlining the measures the Government has put in place to support councils in responding to the pandemic.

The Government has made £3.2 billion available to support local authorities in meeting the costs of the activities that they have been asked to deliver, including: adult social care; children's services; public health services; fire and rescue services; waste collection services; shielding the clinically extremely vulnerable people; homelessness and rough sleeping; domestic abuse; supporting the NHS; and managing excess deaths. This funding is un-ringfenced on the basis that councils are best placed to determine the specific needs of their local communities. We have received a number of enquiries from councils about which services are specifically funded in the £3.2 billion. Annex A sets out the service areas which Ministers have signalled, in their communications, that councils should prioritise.

On top of the £3.2 billion, the Government has announced: £600 million for infection control in care homes, £300 million to support the new test and trace service, £50 million for the Reopening High Streets Safely Fund and plans to accelerate £433 million of funding announced for long-term, sustainable rough sleeping accommodation.

More broadly, the Government has committed over £27 billion to local areas to support councils and their communities. Annex B provides further detail on the additional support made available to local areas from across Government.

Alongside this funding, the Government has provided over £5 billion of cashflow support including: the deferral of local authority payments of the Central Share of retained business rates, valued at £2.6 billion and up-front payment of £1.8 billion of business rates reliefs and £850 million of social care grant.

I would like to thank you for your response to the May's COVID-19 local government finance monitoring exercise, the data provided as part of this exercise is crucial in helping to inform our understanding of both the expenditure and income pressures councils are facing. As Ministers have indicated, the latest returns suggest total COVID-19 related expenditure pressures for March to May equated to £1.25 billion, which falls within the £3.2 billion of un-ringfenced grant the Government has provided to date.

Finally, we have had very informative discussions with a number of councils who have been particularly affected by COVID-19 and I would encourage any local authority with concerns to contact us. Any discussions will be confidential.

I recognise this is a constantly evolving landscape so we will continue to work with you closely over the coming weeks to further understand the impact that the pandemic is having on your responsibilities and finances.

Alex Skinner
Director, Local Government Finance

Annex A

This annex provides a comprehensive list of the areas Government has asked local government to prioritise during the COVID-19 crisis in relation to the £3.2 billion of additional financial support.

Adult social care - Councils should use the funding provided to meet the increased costs for adult social care as a result of COVID-19 and to provide additional support to social care providers who need help with COVID-19 related costs. This could include those with whom councils do not have contracts if they are under financial strain. Councils have a role in ensuring that, in particular, small providers are aware of the support and advice available to them and are acting upon it.

As part of this local authorities have a central role in the critical national task of controlling the outbreak in care homes. The Government has announced an additional £600 million for infection control in care homes, this funding will support care homes to reduce the rate of transmission in, and between, care homes and support wider workforce resilience.

Children's services - The funding provided by Government should meet extra costs in children's services including: pressures on the workforce as a result of COVID-19 related absences and any increased case management activity or cost for children in need, home to school transport, special education needs and disability, care-leavers, foster care, residential provision and the need for increased accommodation to address the need for isolation, including unaccompanied asylum-seeking children.

Public Health - The response to COVID-19 has seen an increased pressure on public health services, in particular, drug and alcohol treatment services, sexual and reproductive health services and support for children and families. In line with NHS Community Health Services guidance, local authorities are operating a minimum level of service but social distancing measures and staff absence/redeployment has necessitated a change in service delivery model and increased pressure on the workforce.

Fire and rescue services - Ensuring our emergency services have the resources to continue to operate during the pandemic is essential. Therefore, Fire and Rescue authorities have been provided with a funding allocation to support them with the increased pressures on staffing due to self-isolation and caring responsibilities and to ensure they can support the work of Local Resilience Forums.

Waste management services - The Government recognises the pressures which have been placed on waste management services as a result of the pandemic. Part of this funding allocation is therefore to address the increase in volume of household waste being generated, as households are switching consumption away from restaurants and workplaces to the home.

Shielding the clinically extremely vulnerable people - Government has asked councils to provide support for the 2.2 million clinically vulnerable people who are shielding themselves from the virus by staying at home. This includes meeting the basic care needs of those shielding (for example through check in and chats), making contact with people where the national call centre has tried to be in contact with them but been unable to/the contact has been inconclusive, and coordinating food packages for those with special dietary requirements.

Homelessness and rough sleeping – Government has asked local leaders to help rough sleepers into alternative accommodation. This was to protect their health and stop wider transmission, particularly in hot spot areas, and included those in assessment centres and shelters that are unable to comply with social distancing advice.

Domestic abuse - The Government has also asked that councils ensure domestic abuse services are well supported and equipped to deal with what are already challenging situations, and even more so during these uncertain times. Councils should prioritise supporting survivors of domestic abuse into safe accommodation, providing support where councils deem it necessary in order to protect victims. Councils should work closely with domestic abuse safe accommodation providers to ensure that victims of domestic abuse and their families, including those out of area, can be provided with safe emergency accommodation with appropriate support to avoid further pressures on frontline homelessness services.

Managing excess deaths - Councils should use the funding for any costs relating to managing excess deaths, in response to an increased pressure to ordinary death management provision.

Annex B

This annex provides further detail on the additional support made available to local areas from across Government, totalling around £24.3 billion. This funding is in addition to the £3.2 billion of un-ringfenced financial support that the Ministry of Housing, Communities and Local Government has made available to local authorities, bringing the total amount of additional support to over £27 billion.

Care homes - The Adult Social Care Infection Control Fund was announced in May and is worth £600 million. The primary purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID-19 transmission in and between care homes and support wider workforce resilience.

Test and Trace service - Local authorities will be central to supporting the new test and trace service across England. Recognising this, the Government announced that £300 million will be provided to all local authorities in England to develop and action their plans to reduce the spread of the virus in their area.

Small businesses - Several grants to support small businesses in local areas have been made available. In March, the Government announced a total of £12.3 billion of support through the Small Business Grants Fund and the Retail, Hospitality & Leisure Grants. In May, a further £617 million was made available to support small businesses through the Discretionary Local Authorities Grants.

Business rates - Businesses are also receiving discounts of almost £9.7 billion on their rates bills in response to COVID-19, with those hardest hit by the pandemic in the retail, hospitality and leisure sectors such as shops, cafes and pubs, paying no business rates whatsoever this financial year. This was initially announced in the Budget and series of further measures to extend the support have since been announced.

Council tax - The Government has provided billing authorities in England with a £500 million hardship fund to enable them to support economically vulnerable people and households in their local area by providing them with a further reduction in their council tax.

Rough sleeping - Rough sleepers, or those at risk of rough sleeping have been supported by £3.2 million of initial emergency funding if they need to self-isolate to prevent the spread of COVID-19. This funding was announced in March and has been made available to all local authorities in England and reimburses them for the cost of providing accommodation and services to those sleeping on the streets to help them successfully self-isolate.

Lifeline transport links - The Government has safeguarded vital transport links to the mainland for people living on the Isle of Wight and the Isles of Scilly during the COVID-19 pandemic, with an emergency package of up to £10.5 million. This fund will help ensure these communities continue to have access to vital medical services on the mainland while protecting the flow of supplies to these regions.

Local bus networks - The Government announced in April that funding of up to £167 million will be paid to bus operators and councils (up to £21.5 million will be paid directly to councils) over 12 weeks through the Covid-19 Bus Services Support Grant. This will help maintain bus services at a level which is sufficient to meet reduced demand and allow adequate space between passengers on board. This is in addition to existing bus grant payments. On 23 May, the Department for Transport announced further support for buses and will be publishing the terms of the package shortly.

Trams and light rail - The Government has announced a £27.4 million package of support for light rail systems in England. The funding will help services continue to run and enable key routes to remain open in Sheffield, Manchester, West Midlands, Nottingham, and Tyne and Wear for people travelling to hospitals, supermarkets or those who cannot work from home. On 23 May, Department for Transport announced further support for trams and light rail systems and will be publishing the terms of the package shortly.

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NOT FOR PUBLICATION

This report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (financial affairs relating to the business affairs of the Council or a third party)
(applies to Appendices A, B, D and F)

Report to: **Executive**

Date: **18 June 2020**

Title: **Ivybridge Regeneration Project**

Portfolio Area: **Enterprise – Cllr Bastone**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

Author: **Chris Brook** Role: **Director - Place and Enterprise**

Lisa Buckle **Director – Strategic Finance (S151 Officer)**

Contact: **Email: Chris.Brook@swdevon.gov.uk**

Email: lisa.buckle@swdevon.gov.uk

Recommendations

That the Executive notes:

- 1) the results of the public consultation on the proposals outlined in this report (69% were in favour and supported the development as detailed in Appendix C)
- 2) the business case contained in Appendix A

Recommends to Council:

- 3) to spend a further £65,000 from the Economic Regeneration Earmarked Reserve, on commissioning further work to provide advice in order to move the project forward in the following areas:
 - a. Planning
 - b. Ecology

- c. Automated Number Plate Recognition (ANPR) & car park lease structure to facilitate a pay on exit solution
 - d. Agreement to lease documents
 - e. Treasury management advice
- 4) Request that officers bring a subsequent report back to the Executive and Council in September with a recommendation for the project to move to the planning and tender stage, on the satisfactory conclusion of the work commissioned in Recommendation 3.

1. Executive summary

- 1.1. This report sets out the current position and makes recommendations with respect to the Ivybridge Regeneration Project at Leonards Road.
- 1.2. Following a report to the Executive, (March 14 2019 E.82/18) regarding the Ivybridge regeneration project at Leonards Road Car Park to boost footfall to the town, the following recommendation was made:
- 1.3. *That the principle of a supermarket development within the Council owned Leonards Road and Glanvilles Mill car parks be approved, subject to an acceptable detailed business case and agreement with third parties. (NB. These will need to be in place before a final decision on progressing a development).*
- 1.4. This report sets out a new layout for a food store entirely within land owned by the Council, the business case for its development based on project cost of £8.5m and the results of the public consultation on the proposals (69% in favour as set out in Appendix C).
- 1.5. The report gives consideration to the need to change the car parking operation to become 90 minutes free for Aldi customers, with a maximum stay of 4 hours across the entire car park. It also recommends the use of ANPR technology to operate the car park (pay on exit).
- 1.6. In light of the current Covid-19 pandemic, and the challenging financial picture that the Council faces, it is proposed to move the project forward in some key areas only, but delay the key decision to September 2020 when the financial outlook should be more certain.
- 1.7. It is also recognised that the challenges faced by businesses, highstreets and towns has become even more acute as a result of the pandemic and there will be a need for infrastructure spend to help support an economic recovery. This project is an economic regeneration and infrastructure development project so aligns well with that requirement.
- 1.8. It is recommended that the £65,000 for the commissioning of further work is funded from the Economic Regeneration Earmarked Reserve. This reserve has an uncommitted balance of £280,000

and is the remainder of the business rates pilot gain funding that the Council received in 2018/19, when the Devon business rates pool had pilot status. This money was specifically set aside for regeneration projects. Minute E.14/19 (July 2019) agreed expenditure of £50,000 for this project previously and all of this previous budget has been utilised.

2. Background

2.1. Why protect Ivybridge Town Centre?

2.2. Maintaining Ivybridge town centre as a retail and social destination is so important for the ever-growing community that live in the town.

2.3. To protect the town centre; South Hams District Council believes that it needs to be reinvigorated and strengthened and something needs to be done to ensure any decline is halted and reversed.

2.4. How does the Ivybridge retail offer rank against other towns?

2.5. In 2013 when the Town Council commissioned the Peter Brett town centre study, Ivybridge was ranked 2,420th, out of ~3000 under the Venuescore rankings (published by Accenture consultants). The town had dropped 232 places in three years since 2010.

2.6. The cause in part was due to the significant leakage of consumer spend outside the town – 83.5% of resident's Specialty shopping and 92.4% of their Commodity shopping was bought outside Ivybridge.

2.7. What challenges does Ivybridge face as a Town Centre destination?

2.8. With the low town centre ranking and low level of multiple retail offering (i.e. chain stores) there are only limited reasons for customers to visit the town centre. The result is that Ivybridge is not often thought of by retailers or leisure operators looking for new sites as there is very little published occupational retail demand (i.e. a public declaration of interest in opening a store in the town) and no hotel demand.

2.9. Ivybridge also suffers from very strong competition. There is an increased concentration of retail brands towards the larger city centres of Plymouth and Exeter, while independent and high-end boutique fashion operators have South Hams outlets in Dartmouth, Salcombe and Totnes.

2.10. Food shopping is dominated by the large Tesco Extra store at Lee Mill and finally there has been a perception that car parking is difficult in the town centre car park as it is often nearly full. The recent expansion into other services of Endsleigh Garden Centre south of the A38 also presents a challenge.

2.11. What are the challenges of the retail environment / landscape that all towns face?

- 2.12. The retail industry is facing very challenging times. The reduction in consumer expenditure and economic uncertainty surrounding Brexit has led to many retailer closures. This change is now being accelerated by the economic impact of COVID 19 as retailers – large and small struggle with a lack of cash flow combined with the future uncertainty of how they can operate and sustain their businesses. The result will be a further decline in the number of operators across all markets.
- 2.13. Prior to COVID 19 a research paper released by PWC/Local Data Company stated that 2,870 high street stores had closed in the six months to 30th June 2019. This corresponds to 16 such stores are shutting per day, which is the highest rate of closures recorded since 2010.
- 2.14. The change in customer habits and shopping patterns nationally has driven the process. Internet shopping has become established. It is projected that by 2025, 35% of all goods purchases will be online.
- 2.15. Customer requirements have changed to the extent that discount and budget retailers are seen as the norm. If these options are not available, consumers will simply shop elsewhere.

2.16. Key objectives of the Ivybridge Neighbourhood Plan 2017

- 2.17. Included "An enhanced and commercially thriving town centre." To be achieved by:
- 2.18. Increased retail floor space and diversity
- 2.19. New shopping, anchor businesses and mixed-use development
- 2.20. Improved occupation of town centre premises
- 2.21. Enhanced public realm and access to the river.

2.22. Why Aldi?

- 2.23. The Council's strategic objectives sets out our priorities; town centre regeneration, increased footfall, job creation and safeguarding, business rate growth and climate change mitigation.
- 2.24. An Aldi store will encourage some of the 93% of shoppers that currently leave Ivybridge to food shop back into the town centre.
- 2.25. A new Aldi store not only represents a multi-million pound investment into an area, but also brings associated benefits such as employment opportunities, improved customer choice and increased local competition.
- 2.26. The nature of Aldi's stores means that, unlike larger retailers, Aldi does not provide a "one stop shop" for all food produce. This means that residents are encouraged to continue using existing

local or independent businesses, thereby helping deliver wider economic benefits through increased footfall and associated linked trips.

- 2.27. Aldi describe themselves as a supermarket operator that sells quality products at low prices. They currently operate 875 stores in the UK and are now Britain's fifth largest supermarket. The expansion shows no signs of slowing with plans to increase the number of stores to 1,200 by 2025. The target is to open at least 50 stores per year where we believe they have around 200 stores identified in the investment pipeline at various stages of development.
- 2.28. Aldi employs over 30,000 people across the UK and supports an extra 150,000 indirect jobs through its relationship with British suppliers.
- 2.29. Aldi's graduate training programme is nationally regarded: *We've had lots of incredible success with our Area Manager Programme. In fact, we're No.3 in the Times Top 100 'Best Graduate Employers', and many of our Directors (even our CEO) started out as Area Managers. To top it off, it's not only for recent graduates. It's also an amazing opportunity to change your career. You can certainly expect hard work, but you'll also experience all of the support, development and training to succeed. Once you get the keys to your own area, it will feel like you're running your own £multi-million business. Amazing.*¹
- 2.30. Aldi turnovers £11.334 Billion with a Gross Profit of £3370.2 Million and a Net worth in the UK of £2.666 Billion.
- 2.31. In 2017 the Centre for Economics and Business Research (Cebr) published an independent review of Aldi and their economic impact on the UK, the key findings are below:
- 2.32. ***Aldi's GDP footprint of over £8.5bn represented 0.5% of UK GDP in 2016.*** Growth in GDP achieved through job creation, spending with British-based businesses, tax contributions and capital investment
- 2.33. ***In 2016 Aldi supported 146,000 direct and indirect jobs across the UK, which is equivalent to a 0.5% share of total UK employment in 2016.*** This catalysed the generation of an estimated ***£4.3bn*** in employee compensation
- 2.34. ***By 2022, Aldi will support at least 205,000 direct and indirect jobs, which would generate an estimated £5.9bn in employee compensation.*** Employment at Aldi grew by an average of 21% annually from 2005-2016, a period that coincides with the recession, during which unemployment hit 8% in 2011/2012
- 2.35. ***Shoppers saved an estimated £2.2bn last year by going to Aldi instead of the Big 4 supermarkets.*** Aldi's focus on local sourcing and efficient business model result in exceptional value
- 2.36. ***In 2016 Aldi worked with more than 1,000 UK businesses,*** representing over 77% of the cost of all goods it sold in the UK
- 2.37. ***For every £100 of GVA generated by Aldi, an additional £720 of GVA contribution*** was generated in the wider economy in 2016

¹ <https://www.aldirecruitment.co.uk/area-manager-programme/>

- 2.38. From a climate change perspective, Aldi are a carbon-neutral² company as well as their shopping model encouraging more local shopping and therefore reduced vehicle use.
- 2.39. Better cycling and walking links around the car park area and public realm, provided as part of the development, will reduce road miles for those people using a town centre shop instead of travelling further afield.

3. Regeneration Benefits

- 3.1. Significant investment from the Council would align with Central Government's message to "get the economy moving" again. There may be opportunities to attract funding from Central Government for this scheme, although no opportunities have been identified to date.
- 3.2. Local Employment: Each Aldi store employs between 30- 40 people, in secure, well paid jobs. Aldi voluntarily enters into local labour Agreements, as they are committed to recruiting people locally. They do not use zero hours contracts.
- 3.3. Increased trips – an Aldi store of this size in this location will regularly have 100 shoppers at any one time, who in turn can then take advantage of the leisure centre and high street.
- 3.4. In a recently opened store (2016) in a town centre location, Aldi conducted a survey of their shoppers habits to demonstrate that Aldi drives "linked trips" into the Town Centre, and consider travel modes, the key findings were:
- 3.4.1. 12% of customers walk to the store and 9% travel by bus
 - 3.4.2. Over 20% of customers travel by sustainable modes demonstrating the store's accessibility to the immediate community
 - 3.4.3. Most customers (63%) visit Aldi for main shopping, 16% for top-up shopping and 21% for both purposes
 - 3.4.4. 92% of respondents also use other supermarkets including the Asda store in Billingham District Centre (30%) and the Tesco Store at Leeholme Road (54%)
 - 3.4.5. 46% of customers also use other convenience stores in the District Centre, demonstrating continued support for other shops in the centre following the arrival of Aldi
 - 3.4.6. 49% of customers were going on to, or had already been to, other shops in the centre, demonstrating linked trips following the arrival of Aldi
- 3.5. The car park changes will improve turnover and hugely increase capacity for visitors compare to the current tariff. This

² <https://www.edie.net/news/6/Aldi-achieves-carbon-neutrality-for-UK-and-Ireland-operations/>

will ensure the leisure centre, Aldi and high street trading potential is not fettered by car park capacity.

3.6. Construction Effect - Multiplier effect - Using the "GLEK Consulting Multiplier" of £2.84 of economic activity investment for every £1 of construction cost means that the project represents £18.5m of economic activity in the local area.

3.7. Inward Corporate investment – opening / long term commitment from Aldi. Projected over a term of 25 years (without any increase/inflation) - c **£21 million**. This spend is in addition to the initial construction costs invested by the Council.

3.8. This development will increase the business rates received in the area, boosting the income to be received by local government (DCC / SHDC) as well as central government.

3.9. Summary of benefits³

- It creates a development on a brownfield site
- It acts as a catalyst for regeneration in an underperforming area
- It provides choice and accessibility for shoppers in local communities
- Aldi is not a one-stop-shop so it forms part of a wider weekly food shop, therefore shoppers continue to support other convenience store provisions including niche and larger stores
- Stores encourage linked trips to other convenience stores, services and other businesses
- Stores are modest in scale therefore town centres continue to thrive and function side by side
- It creates economic regeneration with jobs in stores, logistics and construction
- Local contractors benefit from new stores
- Customers can make shorter trips
- Many customers live within walking distance of new stores
- It is loyal to and committed to the development of its staff
- Its efficient business format keeps costs down, prices down and contributes to improving the environment
- Locally sourced produce benefits local suppliers
- At design stage consideration is given to the local environment, residents and the highway network
- It sells quality products at low prices, which is attractive to all members of our Communities
- Aldi stores serve local communities thus complying with national planning policy by encouraging local sustainable developments

3.10. PLACE benefits:

3.11. The project will see the relocation and provision of a new Skate park to replace the existing facility. A £100,000 budget is included in the business case.

3.12. River bank environmental benefits and improvement to the public realm.

³ Appendix E – Aldi Investing in your community

- 3.13. Further conversations with Glanvilles Mill (the owner of the two foot bridges) and the Town Council are proposed, with the explicit intention of finding a solution for long term maintenance and access across both bridges.
- 3.14. Additional Tree planting to offset the loss of trees in the car park. There will be a significant net gain in the number of trees as a result of this proposal. It is hoped that a "local tree planting" scheme can be implemented that would see free trees given to local residents who have space in their garden, as well as specific tree planting on the scheme and on adjacent Council land.
- 3.15. Independent Local Businesses – increased town centre footfall and income benefits due to diversion of trade away from Tesco at Lee Mills.
- 3.16. Renewable energy options – Solar Power proposed on the roof of the building to be owned and operated by the Council – investment return to assist carbon footprint targets.

4. Background – Scheme layout evolution

- 4.1. The initial proposal taken to the Executive in March 2019 showed a larger development proposal that encompassed third party land. The proposals that were included in the public consultation incorporated feedback from local stakeholders including the Town Council, Fusion Leisure, Police, local businesses, Glanvilles Mill, PL21 and South Dartmoor Community Energy.
- 4.2. This revealed little support for a drive through or the pub / bistro and that it was not in the strategic interests of the Police to relocate.
- 4.3. The priorities that emerged through this engagement process were:
- Protecting the high street – support for generating more footfall into town
 - Car parking
 - Re-opening the closed footbridge
 - Keeping the existing facilities (scout hut, youth centre etc.)
- 4.4. The design of the scheme as it now stands, uses a much smaller footprint, but still increases car parking capacity by ~19 spaces through the use of a partial decked car park.
- 4.5. The smaller footprint ensures that the area of the site closest to the leisure centre is unchanged, including the toilets and youth building, addressing those concerns.
- 4.6. Other design priorities include:
- 4.6.1. Incorporation of green technology (solar).
- 4.6.2. Engagement with the river setting and public realm, specifically cycling and walking access across the site adjacent to the river

4.6.3. A “green halo”, increasing the number of trees on the site, including extensive off site compensation for the loss of existing mature trees on the site (3 No.), subject to planning.

4.6.4. Use of ANPR (Automatic number plate recognition) car parking technology allowing “Pay on Exit” for customers and a change to the parking tariff to provide 90 minutes free for Aldi customers and a maximum stay of 4 hours.



Figure 1 – Public consultation scheme layout - SE view



Figure 2 – Public consultation scheme layout – SW view



Figure 3 – Visualisation of proposed store

5. Background – Public consultation

- 5.1. A public consultation was carried out in Jan & Feb 2020 to ensure the views of the public both living in Ivybridge and the South Hams was captured. The public consultation had a good response rate, with 43% of the 2000 homes written to responding. A further ~1100 people also responded to the open online survey. The full results are contained in Appendix C.
- 5.2. The Public Consultation results showed that over two thirds (69%) of respondents support the new supermarket proposals and 66% of respondents telling the Council that they felt a new supermarket would improve footfall into the town centre.
- 5.3. There was strong support for a short stay car park with 87% in favour of changing from the current long stay. Residents also felt that they would increase their visits to the town centre if they were able to get an hour and a half of free parking to allow them to access the town's shops and businesses more easily. While 57% responded to say they would support out of centre parking for the 6% of people who work in the town.
- 5.4. The results revealed that most shoppers drive to do their main, or top up, shop during the day, suggesting there would be a marked improvement to the economy of the town by those who would take advantage of the free parking opportunities.
- 5.5. Respondents also felt that by improving shopping choice, it would drive down the cost of food shopping and would encourage people to shop locally within the town, rather than outside of it.
- 5.6. These results demonstrate that residents, and those living outside of the town, recognise the benefits of supporting regeneration and economic activity within Ivybridge's town centre.

5.7. This public consultation was undertaken before the pandemic and it is important to stress that in current times shopping habits have changed. Aldi and Lidl have seen an increase in trade and shopping in "local" stores has also increased. The implication is therefore that a local Aldi store would see even stronger demand than before, but it should be recognised that shopping habits may migrate back to pre-pandemic behaviour in time.

6. Background – Car Parking

6.1. Car parking capacity and duration of stay are fundamental factors to get this regeneration project to work. If the number of car parking spaces is reduced then fewer people will be able to come and use the high street, the food store, the leisure centre and other facilities.

6.2. If each space remains occupied for long durations (as now) then the car park will become "full" and remain that way, to the detriment of visitor numbers.

6.3. It is imperative that the length of stay and car parking tariff is designed to work for the intended user of the car park, which in this case is customers of Aldi, the high street and the leisure centre.

6.4. Each of these have different time requirements:

6.4.1. Aldi ~30mins

6.4.2. High street ~ up to 2 hours, longer on occasion

6.4.3. Leisure centre 1h15 for standard use, up to 4hours for destination pool.

6.5. One of Aldi's key attributes is the need for its customers to make linked trips, visiting other shops in town to complete their shopping needs. A 90 minute free parking tariff for their customers is specific to ensure they can do that.

6.6. It is proposed that the indicative parking tariff for non Aldi customers is as follows:

Up to 90 mins	90 – 120 min	120 – 240 min
£1	£1.80	£2.80

6.7. In this way, a stay of 90 minutes will be cheaper than it currently is in either the short or long stay car park on the site, as a stay of up to 2 hours costs £1.60 at the moment or £2.10 all day. The final parking tariff will be proposed as part of the final report to the Executive in September.

6.8. To ensure that visitors do not "hurry back" to their cars mid way through visiting Ivybridge, a pay on exit system is proposed, using ANPR (Automated Number Plate Recognition) technology. The process would involve a ticketless system where you punch your number plate information into the car park machine prior to exit which will tell you what tariff you will need to pay.

- 6.9. As the car park would become a short stay facility, parking permits would no longer be valid. This is really important to ensure that adequate turnover of cars is achieved.
- 6.10. Long stay parking would be displaced from the centre of town and would relocate to the most convenient alternative. This includes the P&R car park to the east of the town, which is free all day. It is recognised that “the path of least resistance” will apply to long stay parking alternatives and that a free car park 15mins away may be some people last choice over on street parking more centrally.
- 6.11. The Council owns a smaller carpark at the top of the high street which is currently short stay. It is proposed to change the operation of this car park to long stay to mitigate in part the changes being implemented at Leonards Road.
- 6.12. This approach to long stay parking is consistent with the Councils declaration on climate change, which as part of much wider strategy seeks to push commuting traffic towards more sustainable modes of transport. It also includes reducing traffic in town centres so as to improve air quality – a particular issue in Ivybridge along Western Road.
- 6.13. A consideration for the Council is the potential for a loss of revenue from car parking charges if the proposed 90 minute free tariff is adopted, as the income supports the operation and maintenance of the facility.
- 6.14. To address this, a report has been commissioned from Town Centre Parking, a consultant in such matters, to assess the likely impact of the parking tariff on revenue, having first considered the likely trip demands from the proposed food store, leisure centre and high street.
- 6.15. It concluded that the model was very sensitive to assumptions and gave a wide spread of possible outcomes. However, the mid-point was close to the existing revenue position. The full assessment is contained in Appendix D.

7. ANPR (Automatic Number Plate recognition) and Servaco

- 7.1. So as to facilitate the advantages of ANPR to the users of the car park, the Council will need to use its existing wholly owned company, Servaco, to undertake the operation.
- 7.2. As Servaco is a wholly owned company by the Council, it is able to retain control over the company, which only contracts services from the Council and its staff, through the way that the company is set up.
- 7.3. Servaco was set up as a trading company for South Hams District Council and West Devon Borough Council and its articles of association will need updating to reflect this proposal.
- 7.4. Subject to the legal advice that the Council is seeking, the proposed model that would enable the Council to enjoy the benefits of ANPR is as follows:

- 7.4.1. The Council leases the car park to Aldi (along with the store)
- 7.4.2. Aldi commission Servaco to undertake enforcement for them and allows the income to flow to Servaco.
- 7.4.3. The Council control Servaco and utilise ANPR to do the enforcement.
- 7.5. Commissioning of the full legal advice required on this structure is a recommendation of this report and set out in Appendix F.

8. Business case

- 8.1. The full business case is set out in Appendix A, showing a scheme capital cost of just over £8.5m. This regeneration project projects a gross return at 5% in year one and a net return of 1.59%, when business rates are included.
- 8.2. In year 6, the tapering business rates income ends (due to business rates baselines being re-set), reducing the net yield to just under 1%. The project would entail the Council undertaking capital expenditure for economic regeneration purposes using the Localism Act. Such expenditure may deliver a positive contribution to the revenue budget, but it is not the primary purpose.
- 8.3. The scheme cost of £8.5m includes the following assumptions:
 - 8.3.1. £100k budget for the skate park relocation
 - 8.3.2. £20k for further offsite tree mitigation (above the onsite proposals)
 - 8.3.3. Additional £20k towards riverbank nature renaissance
 - 8.3.4. Professional services, planning, management and construction costs.
- 8.4. There is no certainty that the proposals will be granted planning approval. Appendix A sets out the predicted cash flow expended prior to a decision on the planning application (£450,000) and spend prior to that decision is therefore "at risk" if the project cannot proceed.
- 8.5. The risk register in Appendix B sets this out in more detail and if the project does not proceed to fruition, these costs cannot be capitalised and are abortive costs (revenue costs) which the Council would need to fund from the Business Rates Retention Earmarked Reserve which has a current balance of £5.1 million. An amount of £3.5 million of this Earmarked Reserve was ring fenced for Employment for the creation of local jobs (Council February 2018).
- 8.6. The current commitments against the £3.5m are for the acquisition of 10 acres of employment land at Sherford and to fund the cost of extending the lease of the starter units at Langage. There is sufficient funding for this cost to be met although the

Council also has a great deal of uncertainty over the losses to its finances and income streams from Covid19 which will be clearer in a few months' time.

- 8.7. The recommendation in this report reflects this situation and it is proposed that the main decision relating to project and the significant costs associated with it is taken in September 2020 with the benefit of a better strategic view of the Council's financial envelope for capital projects and the impact that Covid19 has had on the Council's overall financial sustainability.
- 8.8. It is proposed however, to undertake some key work to move the project forward up to £65,000. The details of that spend is set out in the Appendix F - Proposed work streams for commissioning and associated cost.

9. Risk

- 9.1. A full project Risk Register is included in Exempt Appendix B. This will be reviewed on a monthly basis by the project team. Development and investment projects carry inherent risk. When the report to recommend proceeding with the project is brought back to Members in September 2020, the following should be considered by the Executive as part of its deliberations:
- Financial exposure during the construction phase prior to occupation by the tenant. This risk has been eliminated via the use of an agreement to lease. No construction contracts would be placed until this agreement was in place between the tenant (Aldi) and the Council.
 - Construction cost over-run. This risk needs to be managed. A reputable contractor will be selected from a regional construction framework and employed using a standard design and build form of contract. Project management would be outsourced and client side contingency is built into the business case.
 - Planning. There is no certainty that the proposals will be granted planning approval, although the work recommended to be commissioned in this report will significantly de-risk this position. Appendix A sets out the predicted cash flow expended prior to a decision on the planning application (£450,000) and spend prior to that decision is therefore at risk of being lost if the project does not proceed. The risk register sets this out in more detail as if the project does not proceed to fruition, these costs cannot be capitalised and are abortive costs (revenue costs) which the Council would need to fund from the Business Rates Retention Earmarked Reserve.
 - Tenant covenant (strength / risk of insolvency). The tenant is of good covenant. The Council would not consider entering into a 25 year lease were that not the case. It is possible however that any business can falter over that time frame

and the Council would need to seek other operators of a similar nature to take over the operation of the facility were that to happen.

- Maintenance and Insurance. The lease would include an obligation on the tenant to maintain and insure the building.
- Return on Investment. The borrowing structure proposed for the project is based on fixed interest and repayment of 50% of the loan over the term of 50 years. The Council would need to refinance the other 50% at the end of the 50 years.
- PWLB (Public Works Loan Board) Consultation – There is a current consultation paper on borrowing from the PWLB which seeks to rule out any borrowing from the PWLB for commercial schemes primarily for yield. It is the view of the S151 Officer that the primary purpose of this scheme is regeneration, which would be one of the four categories permitted for PWLB borrowing (the others being service delivery, housing and refinancing). The consultation ends on 31 July 2020.

10. Recommendations

That the Executive:

- 1) Note the results of the public consultation on the proposals outlined in this report (69% were in favour and supported the development as detailed in Appendix C).
- 2) Note the business case contained in Appendix A
- 3) Approves an extension of the budget with a further £65,000 so as to further work to move the project forward in the following areas:
 - a. Planning
 - b. Ecology
 - c. Automated Number Plate Recognition (ANPR) & car park lease structure to facilitate a pay on exit solution
 - d. Agreement to lease documents
 - e. Treasury management advice
- 4) Request that officers bring a subsequent report back to the Executive in September 2020 with a recommendation for the project to move to the planning and contract tender stage, on the satisfactory conclusion of the work commissioned in Recommendation 3.

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>Appendices A,B, D, and F to this report are exempt from publication because they contain information about the Council's financial and proposed commercial affairs as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972. The public interest test has been applied and it is considered that the public interest lies in not disclosing this report at this time because it contains financial and commercially sensitive information which could prejudice the Council if such information was disclosed at this time.</p> <p>These proposals are consistent with the Council's powers to borrow and invest under the Local Government Act 2003 and section 1 Localism Act 2011 (the general power of competence).</p> <p>Section 1 of the Local Government Act 2003 provides a power to the Council to borrow for the purposes of any enactment.</p> <p>There is an overriding duty toward prudent management of risk, and officers, including the Council's section 151 officer, owe a fiduciary duty in relation to given transactions.</p> <p>Legal due diligence will be carried out as part of the development process.</p> <p>Any future development will be subject to the normal Council planning process and any decision by Executive does not infer that planning permission for the proposed developments would be granted.</p>
Financial implications to include reference to value for money	Y	<p>For the recommendations put forward as part of this report, the total spend at risk is £65,000.</p> <p>It is recommended that the £65,000 for the further work to be commissioned is funded from the Economic Regeneration Earmarked Reserve. This reserve has an uncommitted balance of £280,000 and is the remainder of the business rates pilot gain funding that the Council received in 2018/19, when the Devon business rates pool had pilot status. This money was specifically set aside for regeneration projects.</p>

		<p>For future decisions relating to the full project the following financial considerations will need consideration:</p> <p>The financial considerations are contained within Exempt Appendix A.</p> <p>The full business case is set out in Appendix A, showing a scheme capital cost of just over £8.5m. This regeneration project projects a gross return at 5% in yr one and a net return of 1.59%, when business rates are included.</p> <p>In yr 6, the tapering business rates income ends (due to business rates baselines being re-set), reducing the net yield to just under 1%. The project would entail the Council undertaking capital expenditure for economic regeneration purposes using the Localism Act. Such expenditure may deliver a positive contribution to the revenue budget, but it is not the primary purpose.</p> <p>There is no certainty that the proposals will be granted planning approval, although that risk will have been reduced through the commissioning of early work in June, July and August. Appendix A sets out the predicted cashflow expended prior to a decision on the planning application (£450,000) and spend prior to that decision is therefore "at risk".</p> <p>The risk register in Appendix B sets this out in more detail and if the project doesn't proceed to fruition, these costs cannot be capitalised and are abortive costs (revenue costs) which the Council would need to fund from the Business Rates Retention Earmarked Reserve. Further detail is in Section 6.5. If the project does not proceed, the £450,000 is a sunk cost borne by the Council.</p> <p>The intention of the £65,000 being requested to be spent is to de-risk certain elements of the project (outlined in Recommendation 3).</p> <p>Minute E.14/19 (July 2019) agreed expenditure of £50,000 for this project previously and all of this previous budget has been utilised.</p>
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Risk	Y	All development projects carry risk. Exempt Appendix B sets out a risk register.
Supporting Corporate Strategy		Commercial Investment Policy and Treasury Management Policy
Climate Change - Carbon / Biodiversity Impact		Aldi's UK and Ireland operation is carbon neutral. The council will utilise its procurement policy that allows the tender process to consider the carbon footprint of the supply chain when awarding contracts. Furthermore, the Council will challenge the design team to utilise best practice in the design of the project (including material choices) to minimise embodied energy in the construction phase.
Comprehensive Impact Assessment Implications		
Equality and Diversity		There are no Equality and Diversity implications
Safeguarding		There are no Safeguarding implications
Community Safety, Crime and Disorder		There are implications crime and disorder reduction
Health, Safety and Wellbeing		There are no implications on Health, Safety and Wellbeing
Other implications		There are no other implications

Supporting Information

Appendices:

- Exempt Appendix A – Business Case
- Exempt Appendix B – Risk Register
- Appendix C – Public consultation results
- Exempt Appendix D – Car parking operation report
- Appendix E – Aldi Investing in your community
- Exempt Appendix F – Workstreams to be commissioned

Background Papers:

Ivybridge Regeneration - March 14 2019 E.82/18

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes

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Ivybridge Aldi proposals – Survey of General Public

Summary Report on survey results (v0.3 – 4th March 2020)

Prepared by: Marketing Means (UK) Ltd

For: South Ham District Council

Contact: Chris Bowden, Director. Tel: 01364 654485, Email: chris@marketingmeans.co.uk

1. Research Aims and Objectives

South Hams District Council commissioned Marketing Means to conduct a survey to investigate public opinion regarding the proposed plans for a new Aldi supermarket to be built on part of a current car park site in central Ivybridge.

2. Method

2.1 Postal Approach

Marketing Means' primary research method was a postal survey using an 12-page consultation document/questionnaire, the first four pages of which presented the background to the Aldi development proposals and links to further information, the central four pages giving visual plans of the development in the context of existing buildings in central Ivybridge, and the final four pages setting out the survey questions.

Marketing Means printed and posted the questionnaire to 2,000 households in January 2020, 1,000 in Ivybridge and 1,000 across five surrounding wards. We selected a representative sample of addresses across each area after stratification of the relevant Postcode Address File lists of residential addresses by postcode and property number.

All non-responders were sent a reminder letter and another copy of the questionnaire in February 2020, leading to **802** postal responses being received by the deadline of 24th February 2020.

2.2 Online approach

All households that received a postal survey invitation were also given a web-link and unique passcode to submit their responses in an online copy of the questionnaire. In practice, a further 59 responses were received by this method, giving a total of 861 responses that were known to be from the original sample of 2,000 households, a very respectable survey response rate of 43%.

The online questionnaire, hosted by Marketing Means, was also available for anyone to complete via an open web-link at the South Hams District Council website, publicised from mid-January 2020. This version was cookie-protected to reduce the likelihood of multiple submissions from a single IP address.

In addition to reaching a wider audience outside the 2,000 households selected for the postal survey, we believe that it was inevitable that a significant proportion of those households, especially those with younger residents likely to be regularly viewing social media posts, chose to take part via this 'open' online method, and that this displaced some of the responses that would otherwise have been made by post or the passcode-protected online version.

The 'open' online version succeeded in drawing even more responses than the postal version, **1,097** in total from people claiming to live in Ivybridge or elsewhere in the South Hams.

2.3 Combining the datasets

Responses to the original address-linked postal sample were intended to be analysed completely separately to responses from the ‘open’ online, given the different methods used and the possibility of unknown duplication within the online data and between online responses and postal responses.

The demographic profiles of the two samples, however, showed markedly different age profiles. While the age profile for the postal sample was very much older than that of the most recent available population estimates for the area in consideration (see the table below), the age profile of the open online sample was lacking the oldest respondents while over-representing the younger age-groups. As age is often a key differentiator of views on topics such as local planning and development, we felt it important to avoid bias on that measure in either survey sample.

Age group	National Statistics Mid-Year Population Estimates	Postal survey results profile	Online ‘open’ survey results profile
16-34	21%	5%	20%
35-44	12%	8%	19%
45-64	38%	38%	41%
65+	29%	45%	18%

Given those differences, but also being satisfied that the general profile of results from each survey did not differ greatly, we felt that combining the results from the postal and online surveys would give a more representative sample of views that would either sample in isolation. For this report, we have therefore combined the datasets, and weighted them (a) by age and gender to the population profile of adults aged 16+ across Ivybridge and separately across the five surrounding wards, as well as (b) correcting the overall balance of the proportions living in Ivybridge to those living elsewhere.

2.4 Reporting of quantitative results

‘Valid’ responses

Unless otherwise stated, the results are given as a percentage of the total overall valid responses, with the small proportion or blank, ‘Not stated’, and ‘Don’t know’ responses excluded so as not to skew the findings.

Rounding

The percentage figures quoted in most of the charts and tables in the report have been rounded either up or down to the nearest whole number value. In some cases of questions requiring one answer only, these rounded values do not therefore total exactly 100%, although the underlying figures will in fact total 100%.

Single and multi-coded questions

Some questions asked were ‘single-coded’ requiring one answer only, e.g. a Yes/No response, or a level of agreement. Others were multi-coded, e.g. where a respondent does their top-up food shopping, and likely to record more than one answer per respondent. While the percentages selecting each option for a single-coded question total 100%, responses to multi-coded questions will usually add to well over 100%.

Significance testing and “Statistically significant differences”

All of the % results quoted in this report, and calculated for the different sub-groups of respondents as set out in detail in the accompanying cross-tabulations, have been subjected to significance testing, based on two-sided tests with significance level .05 (i.e. 95% confidence level).

The **Confidence Level** tells us how sure we can be of a result. It is given as a percentage, representing how often the true percentage of the population who would pick a particular answer lies within the confidence interval. The 95% confidence level means we can be 95% certain; the 99% confidence level means we can be 99% certain. Most market research reports, including this one, use the 95% confidence level.

The **Confidence Interval** (often referred to as the ‘margin of error’) is the \pm figure often shown in the small print of published results from surveys or opinion polls quoted in the media. For example, if the confidence interval is $\pm 4\%$ and a particular answer is given by 55% of a sample, we can be “sure” to some extent (see next paragraph) that if we had asked the question of the entire relevant population then between 51% and 59% would have given that answer.

When we put the Confidence Level and the Confidence Interval together, we can say using the example above that we are “95% confident” that the true percentage results for the population would lie between 51% and 59%.

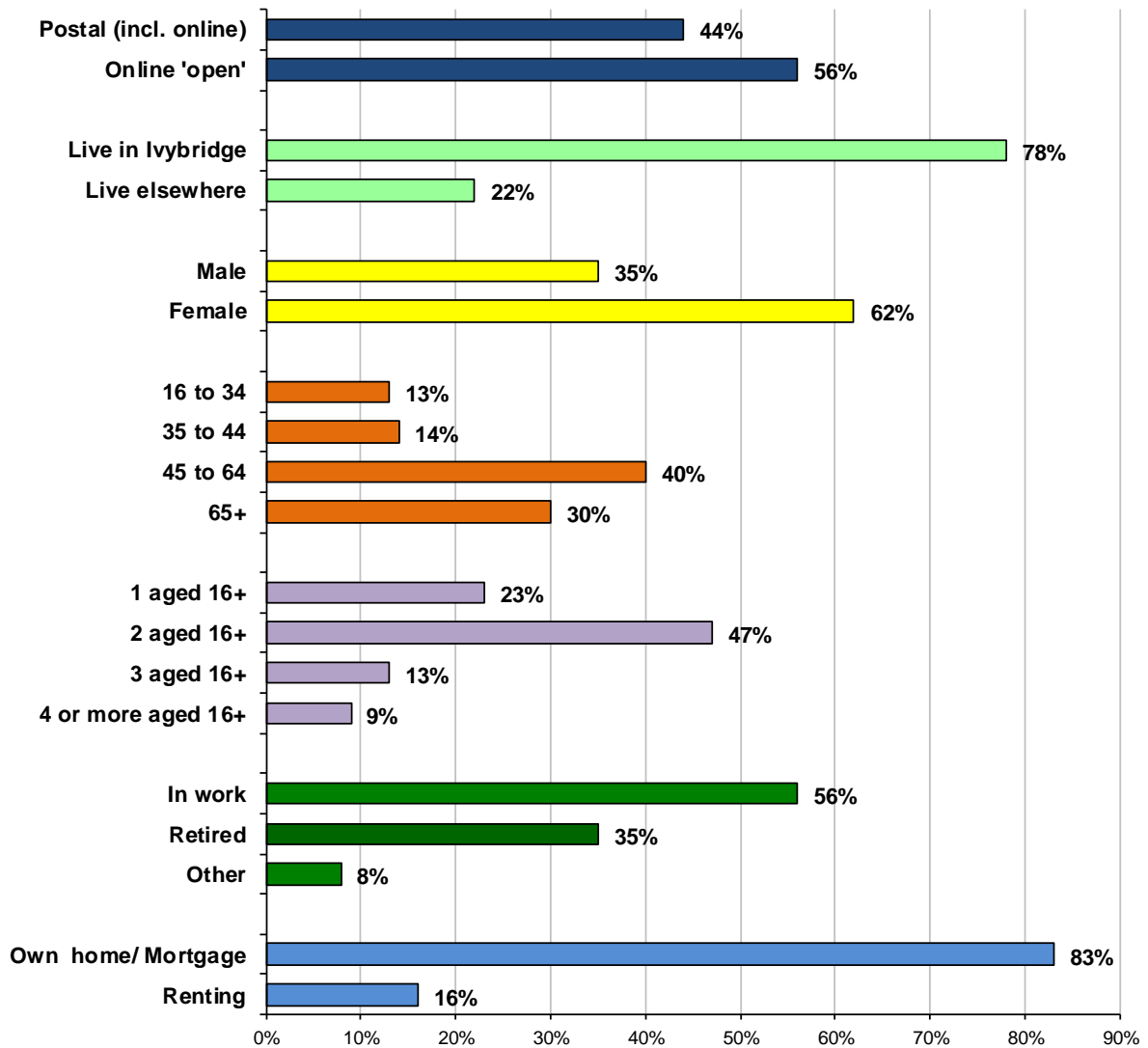
N.B. Quoted Confidence Intervals almost invariably refer to a situation where close to 50% of a sample has given a particular answer. In practice, where a result is much higher or lower than 50%, the Confidence Interval on that result is reduced (e.g. for a sample of 1,215, the 95% Confidence Interval is $\pm 2.8\%$ for a 50% result, but reduces to $\pm 1.7\%$ for a 10% result).

3. Survey Results

The two charts that follow summarise the profile of respondents and the proportion of responses through different modes and from different areas, as well as the effect of weighting on the demographic profiles.

First, we present the unweighted overall survey profile.

Demographics – Unweighted

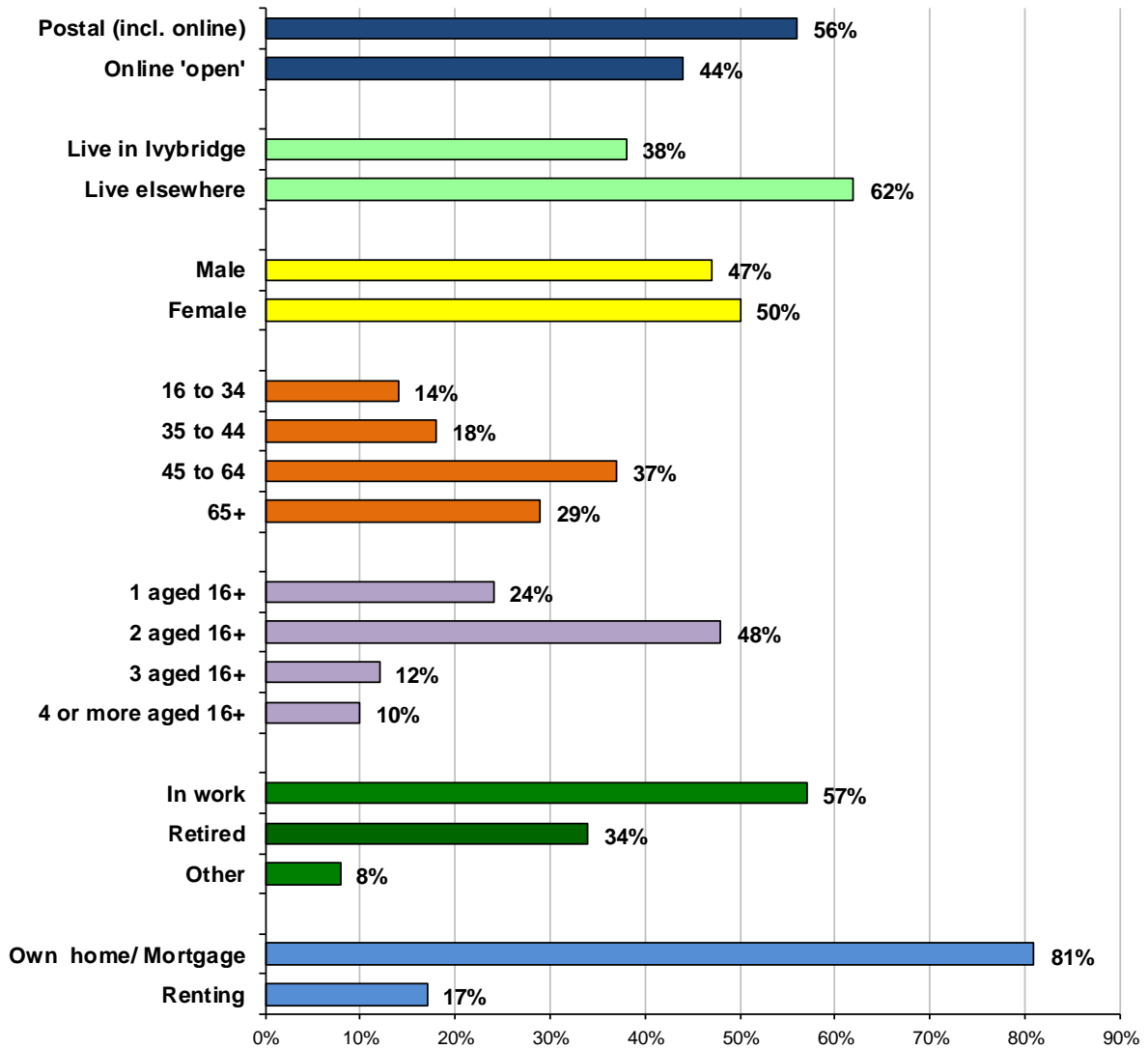


Source: Marketing Means 2020

Base: All respondents (1,958) - unweighted profile

The chart below shows the same data but now weighted to the correct age and gender profile for Ivybridge and the five surrounding wards.

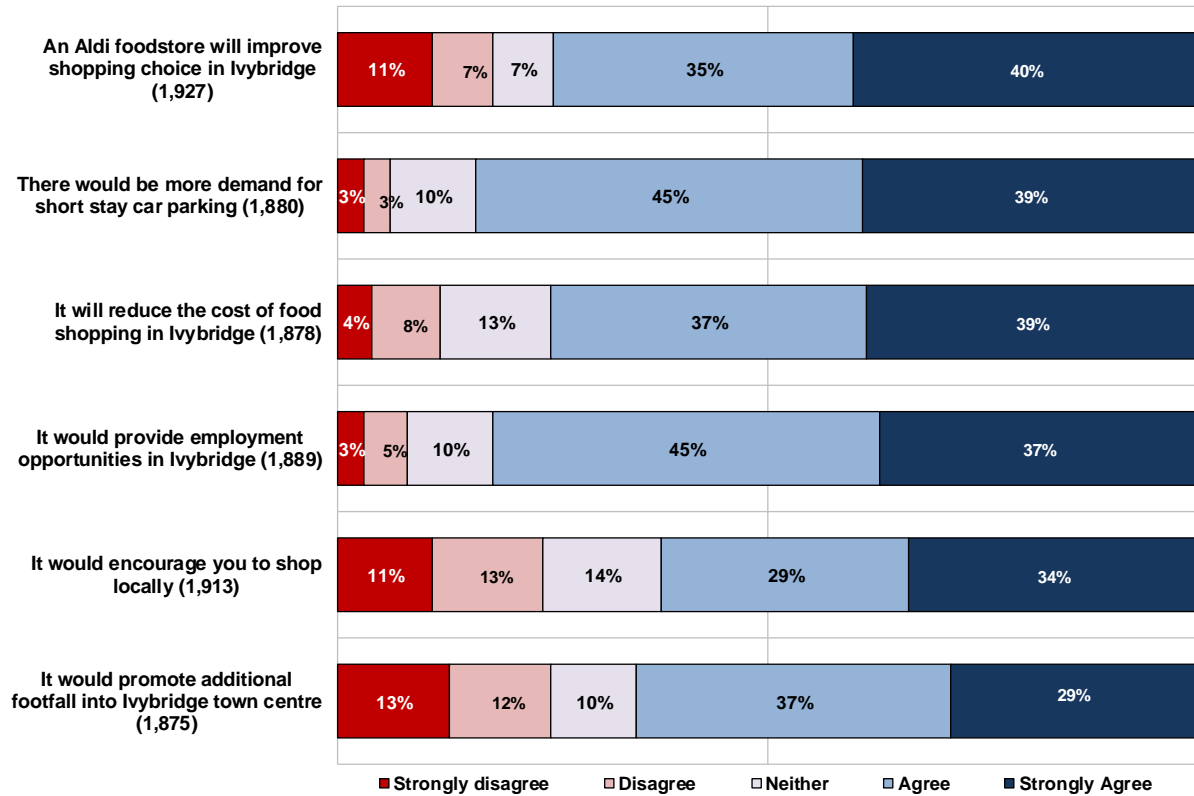
Demographics – Weighted to population profile of Ivybridge and surrounding wards



Source: Marketing Means 2020

Base: All respondents (1,958) - weighted profile

Q2a-f. Having read the information on the previous pages, how much do you agree or disagree with each of the statements below:

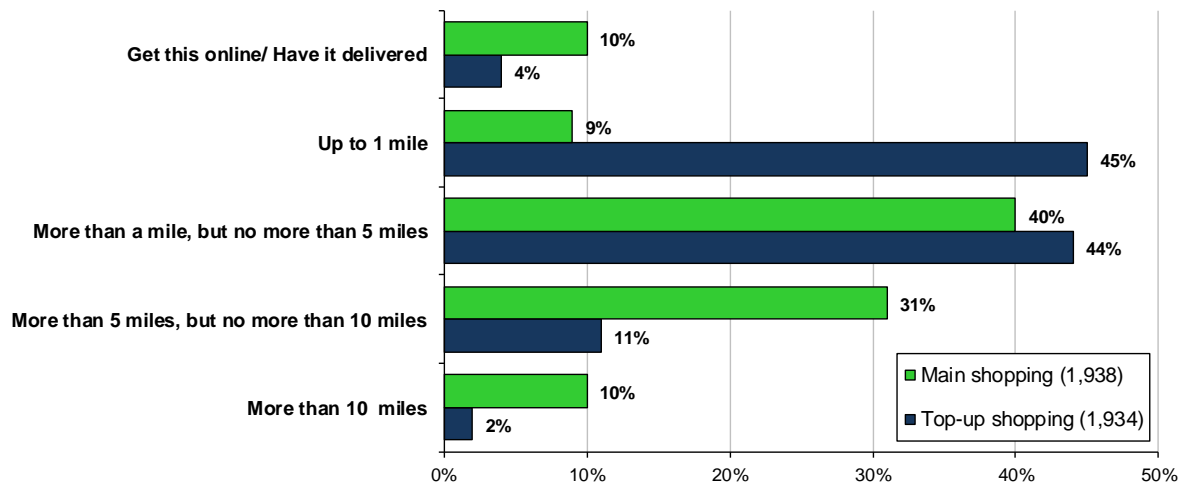


Source: Marketing Means 2020

Base: All respondents who expressed an opinion (number noted next to each statement)

- All of the six statements relating to the impact of the Aldi development were agreed with by the majority of respondents.
- The highest levels of agreement (more than 80% of respondents) were for the statements relating to greater resultant demand for short-stay parking, and providing employment opportunities in Ivybridge.
- Well over 60% of respondents agreed that a new Aldi store would encourage them to shop locally and would promote additional footfall into the town centre.

Q3. How far do you usually travel to do (i) your main food shopping, and (ii) any top-up food shopping throughout the week:

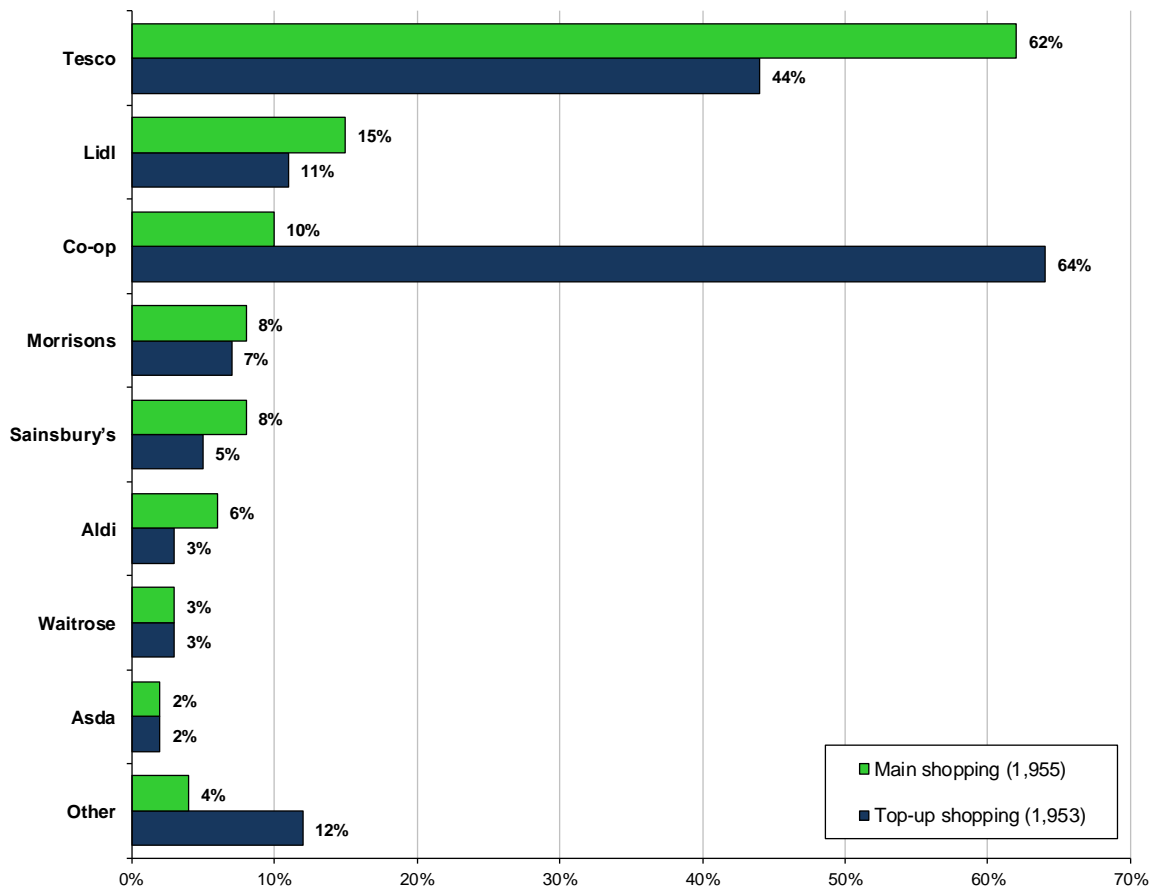


Source: Marketing Means 2020

Base: All respondents who gave an answer

- The great majority of respondents currently travel more than a mile for their main food shopping (81% overall, with 10% travelling >10 miles). Just under one in 10 (9%) currently travel no more than a mile, significantly higher among Ivybridge residents (15%) than those elsewhere (6%).
- Only 10% currently do their main food shopping online or have it delivered.
 - Among those who have their main food shopping online or have it delivered, nearly two-thirds (64%) have all or most of their shopping delivered, while 29% reported that this was about “half and half”.
- Top-up food shopping showed a slightly different pattern with nearly half (45%) travelling no more than a mile, and this was significantly higher among Ivybridge residents at 63%. A further 44% of all respondents travelled no more than 5 miles for their top-up shop.

Q5a/b. Which of these does your household USUALLY use for the [(i) main/ (ii) top-up] food shopping (regardless of whether that’s in-store or online)?:

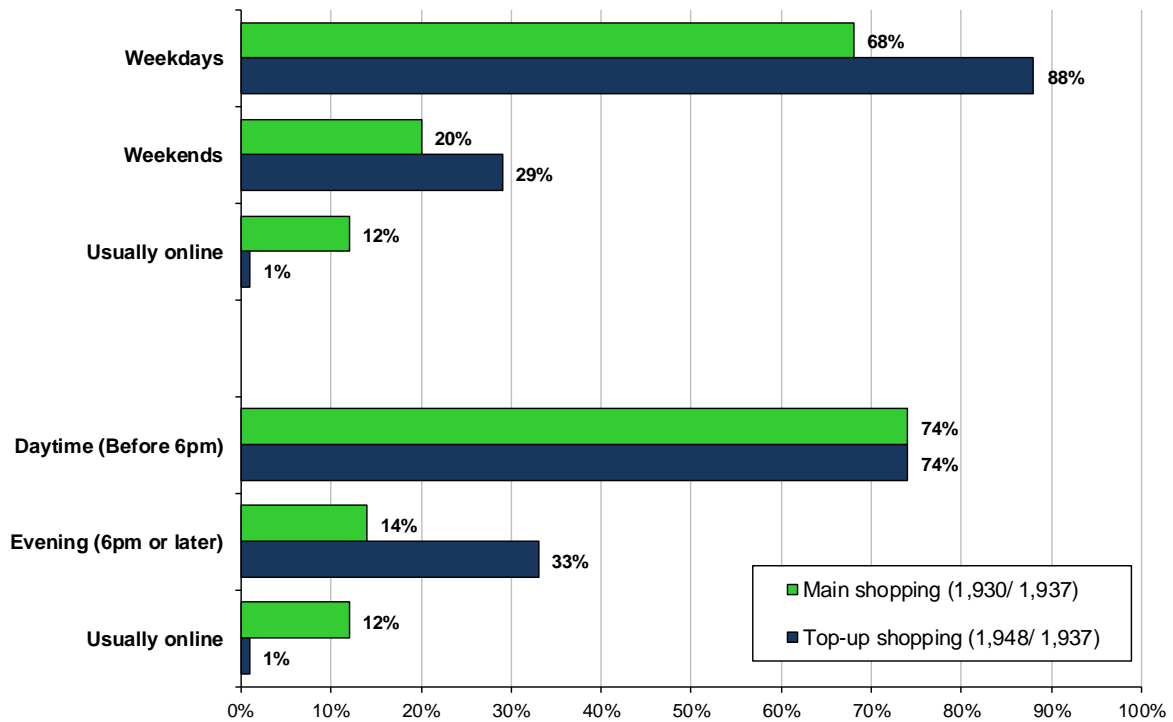


Source: Marketing Means 2020

Base: All respondents who gave an answer

- Tesco was by far the most likely choice for the main shop, used by 62%, with only Lidl (15%) and Co-op (10%) of the others attracting as many as one in 10 shoppers.
 - Most respondents (64%) use Co-op for their top-up shopping, though Tesco also attracts a significant amount of top-up shoppers (44%).
- Using Tesco for top-up shopping was significantly more likely for Ivybridge residents than those elsewhere (55% vs 37% respectively), likely due to the Tesco Express store in central Ivybridge.
- Both of these questions have responses that add to >100%. This is because many respondents, especially for top-up shopping, named two or more retailers as their likely preferences.

Q6a/b. When do you usually do the [(i) main, (ii) top-up] household food shopping??

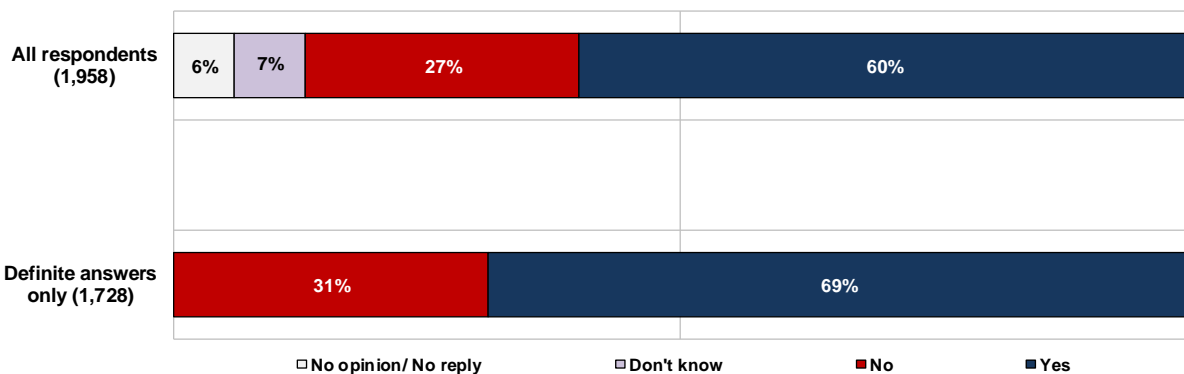


Source: Marketing Means 2020

Base: All respondents who gave an answer

- Just over two-thirds (68%) do their main food shopping on weekdays, with three-quarters (74%) doing so in the daytime.
- Top-up shopping was also most likely on weekdays (88% doing so then), and while 74% did top-up shopping by daytime, 33% did so in the evenings.

Q7. Overall, would you like to see an Aldi on the proposed site in Ivybridge?



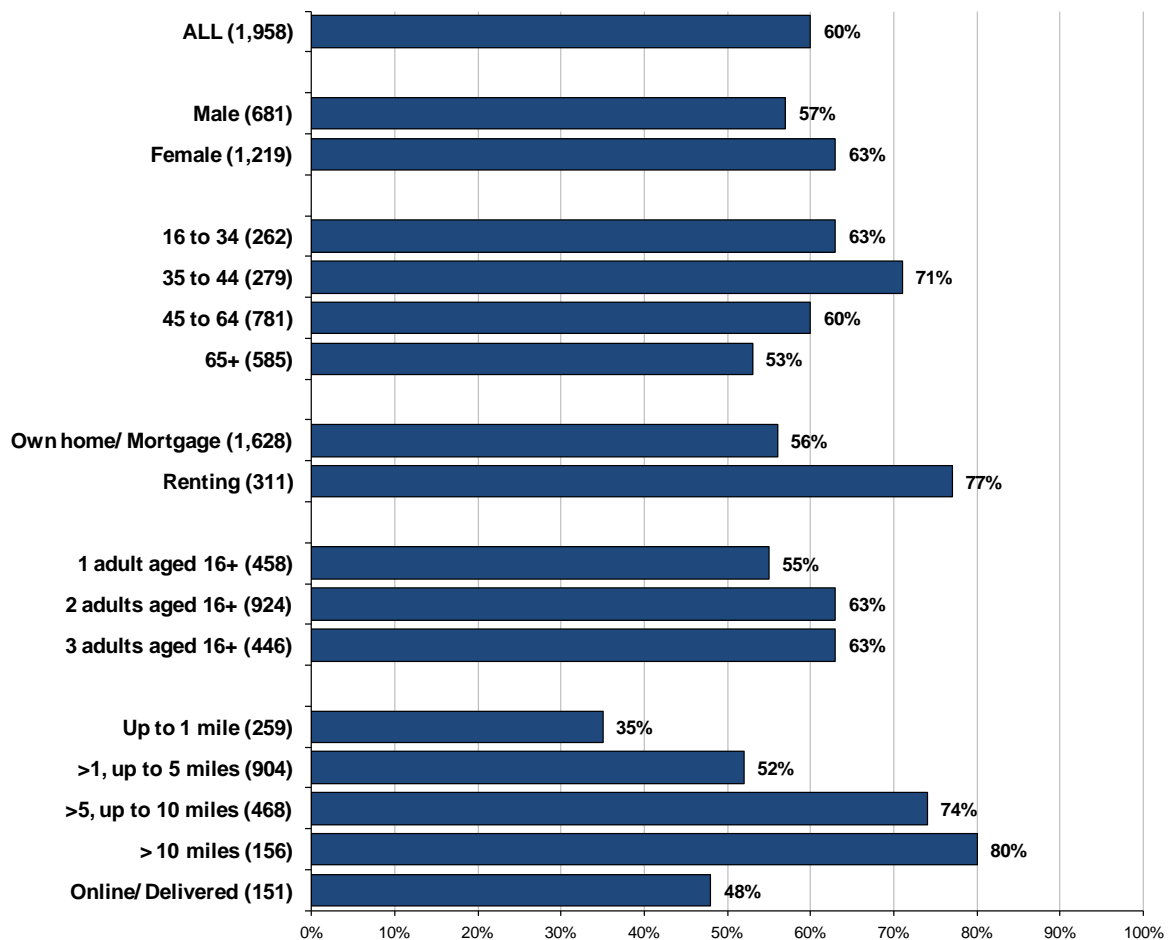
Source: Marketing Means 2020

Base: (i) All respondents/ (ii) All who gave a definite answer

- Overall, 60% of respondents stated that they would like to see an Aldi on the proposed Ivybridge site, with only 27% disagreeing, though 13% gave no definite view.
- Among only those who expressed a view, 69% supported the development.

The chart below show statistically significant differences among all respondents in the proportion answering Yes, they would like to see an Aldi on the proposed site.

Q7. Overall, would you like to see an Aldi on the proposed site in Ivybridge? – SIGNIFICANT DIFFERENCES BETWEEN SUB-GROUPS – ALL RESPONDENTS



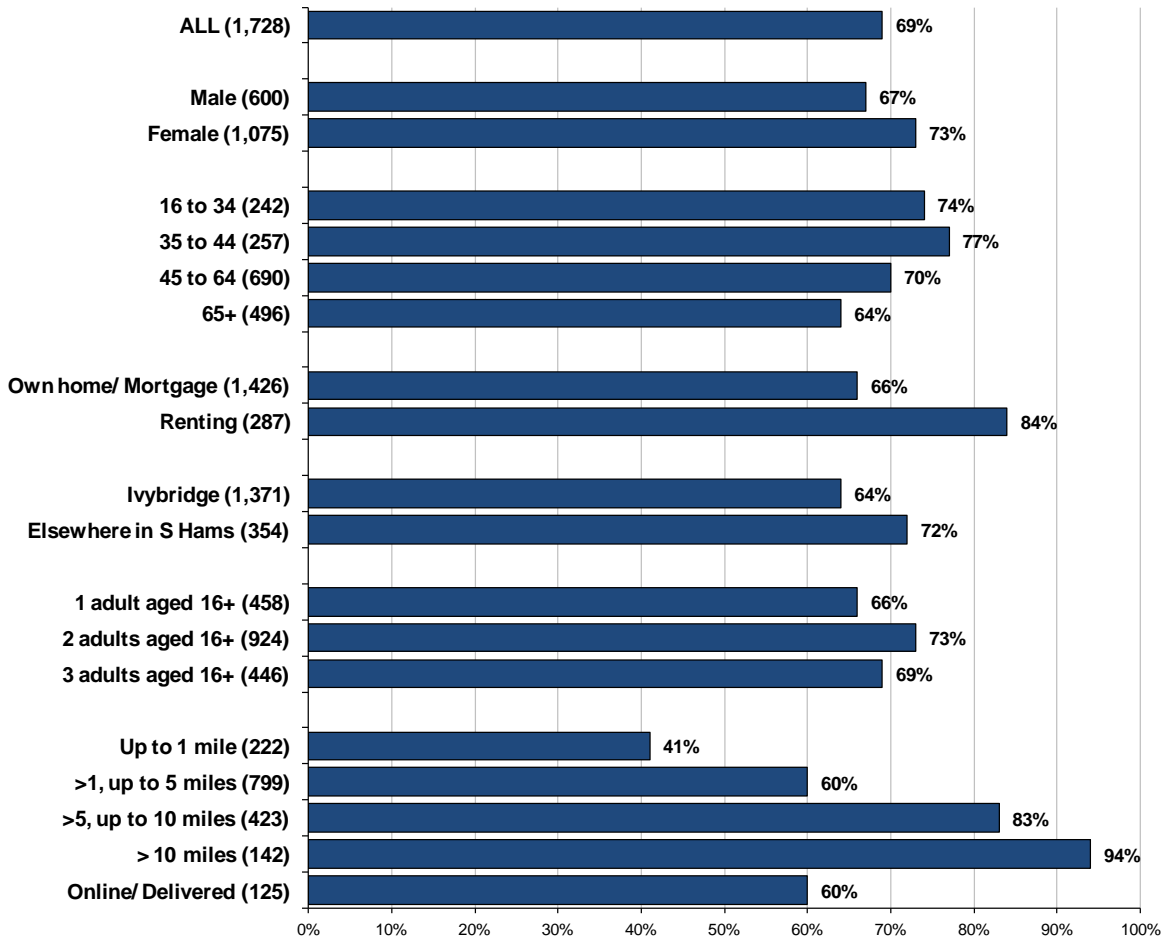
Source: Marketing Means 2020

Base: All respondents

- The sub-groups showing significantly higher support for Aldi on the proposed site were:
 - Females (63%)
 - Those aged 35-44 (71%), while support was only 53% among those aged 65+
 - People living in rented property (77%)
 - People in households with more than one adult (63%)
 - People travelling greater distances for their main shop (74% of those travelling more than 5, up to 10 miles, and 80% of those travelling >10 miles).

The chart below shows, similarly, the statistically significant differences among only those respondents who gave a definite Yes or No answer in the proportion answering Yes, they would like to see an Aldi on the proposed site.

Q7. Overall, would you like to see an Aldi on the proposed site in Ivybridge? – SIGNIFICANT DIFFERENCES BETWEEN SUB-GROUPS –RESPONDENTS WHO EXPRESSED A YES/NO VIEW

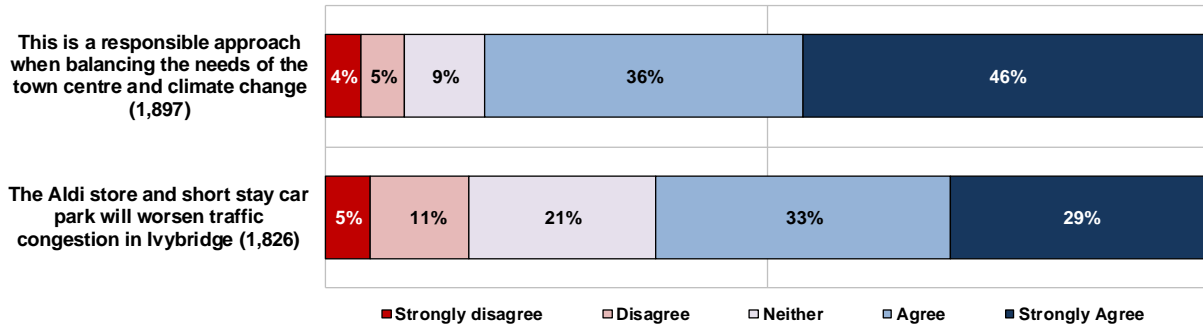


Source: Marketing Means 2020

Base: All respondents who gave a definite answer

- The sub-groups showing significantly higher support for Aldi on the proposed site were:
 - Females (73%)
 - Those aged 35-44 (77%), while support was only 64% among those aged 65+
 - People living outside Ivybridge (72%, vs 64% of those in Ivybridge)
 - People living in rented property (84%)
 - People in households with two adults (73%)
 - People travelling greater distances for their main shop (83% of those travelling more than 5, up to 10 miles, and 94% of those travelling >10 miles.

Q8/Q9. South Hams District Council aims to ensure that any new local shopping development is carbon-neutral and brings improvements to cycle and pedestrian links to the site.
How much would you agree or disagree that:

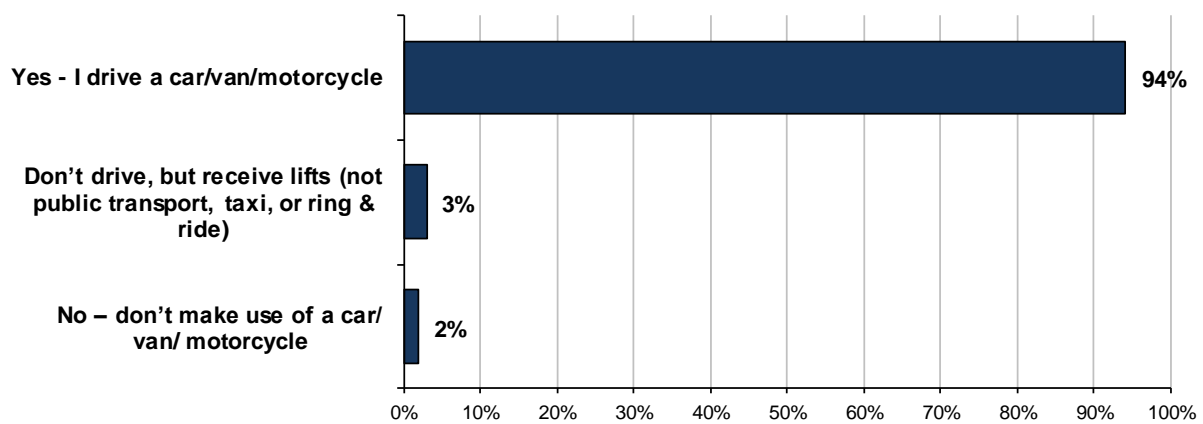


Source: Marketing Means 2020

Base: All respondents who expressed an opinion

- More than 80% agreed that the approach outlined for any new local shopping developments was responsible. A clear majority of 62% also agreed that the Aldi development would worsen traffic congestion in Ivybridge.

Q11 Do you drive a car/van/motorcycle or do you receive lifts from someone else who drives a private vehicle?

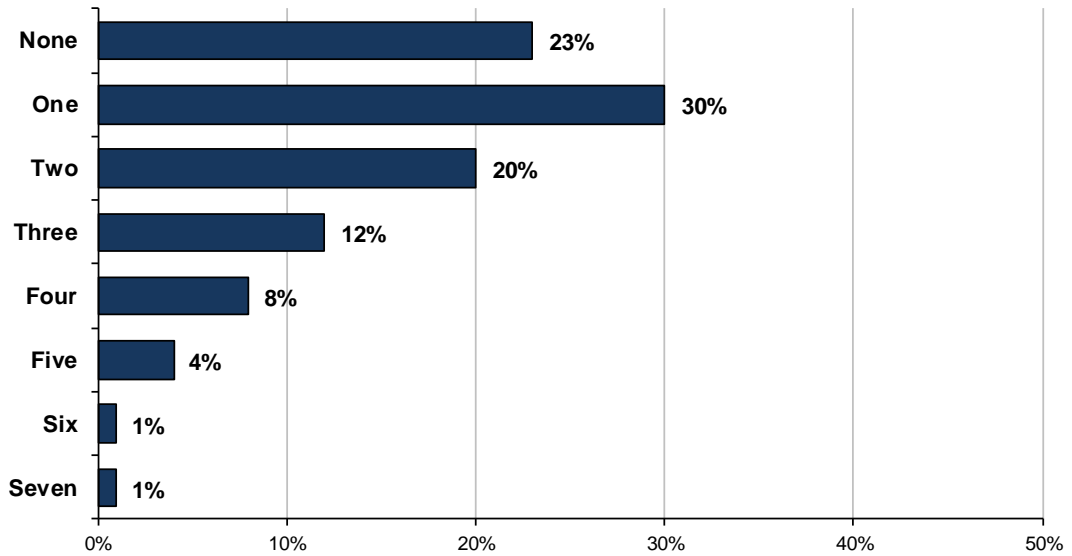


Source: Marketing Means 2020

Base: All who gave an answer (1,946)

- The vast majority of respondents (94%) claimed to drive a car, van or motorcycle. Combined with those who sometimes received a lift in a private vehicle, this group went on to answer a series of questions relating to parking in Ivybridge.

Q12. In a typical week, how many times do you park in Ivybridge town centre?

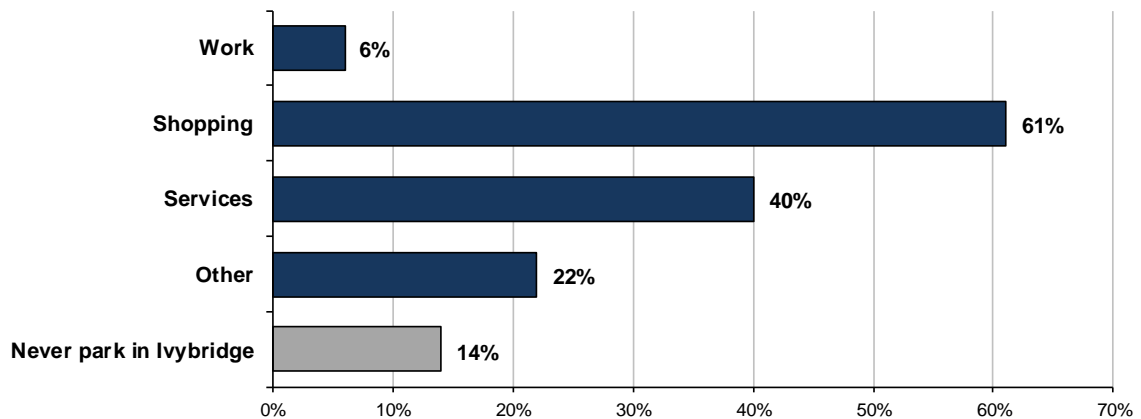


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger, and gave an answer (1,863)

- Less than a quarter (23%) of those using a private vehicle do not park in Ivybridge town centre in a typical week. Half of all respondents using a vehicle park there one or two days a week with 27% parking there on three or more days.

Q13. Why do you park in Ivybridge town centre?

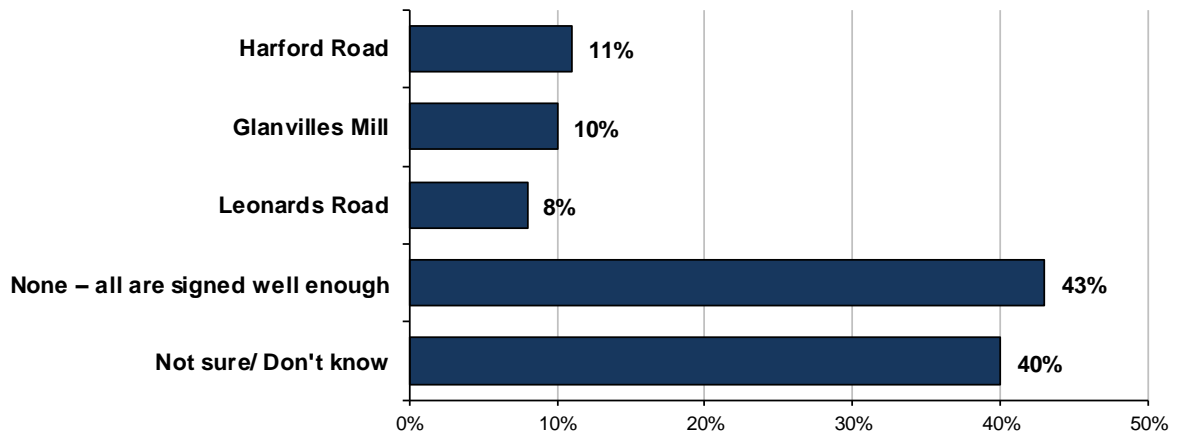


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger and gave an answer (1,862)

- Shopping was the most likely reason for parking in the town centre, given by most respondents who use a private vehicle (61%). Services are the next most likely reason, giving by 40%, while only 6% park in the town centre to work in Ivybridge.

Q14. Which, if any, of Ivybridge’s car parks need better signage to help drivers find them?



Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger, and gave an answer (1,850)

- Most respondents felt either that all of the central car parks are signed well enough (43%) or didn’t feel able to give an answer (40%).

Q15. Would you use Ivybridge town centre more often if 90 minutes free parking were provided?

Would you use Ivybridge town centre more often if 90 minutes free parking were provided?

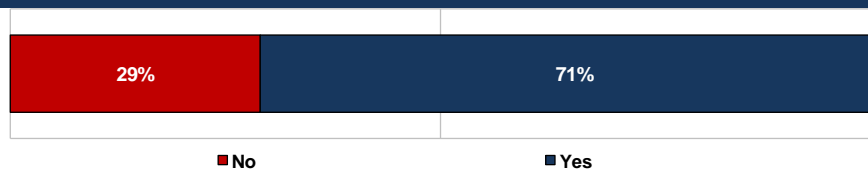


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger, and gave an answer (1,864)

Q15. Would you use Ivybridge town centre more often if 90 minutes free parking were provided? (definite answers only)

Would you use Ivybridge town centre more often if 90 minutes free parking were provided?

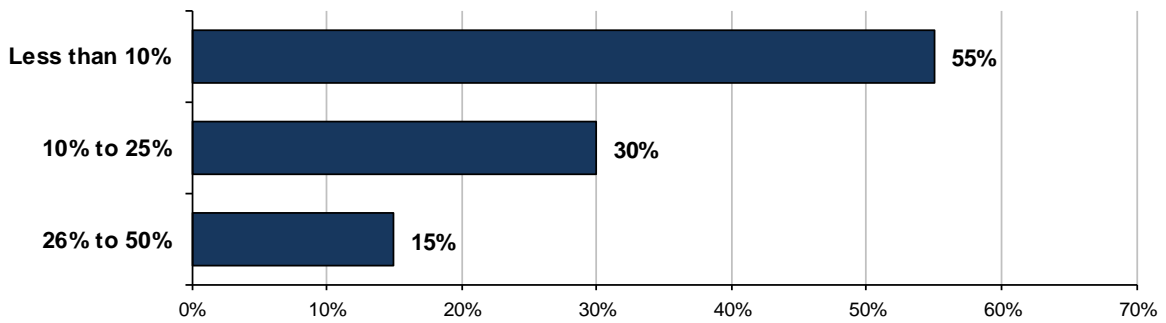


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger, and gave a definite answer (1623)

- Most respondents who use a vehicle stated that they would use the town centre more often if 90 minutes’ free parking were provided (62% overall, rising to 71% of those who gave a definite answer).

Q16. What percentage of long-stay parking bays in Ivybridge town centre do you think should be allocated to permit parking only?

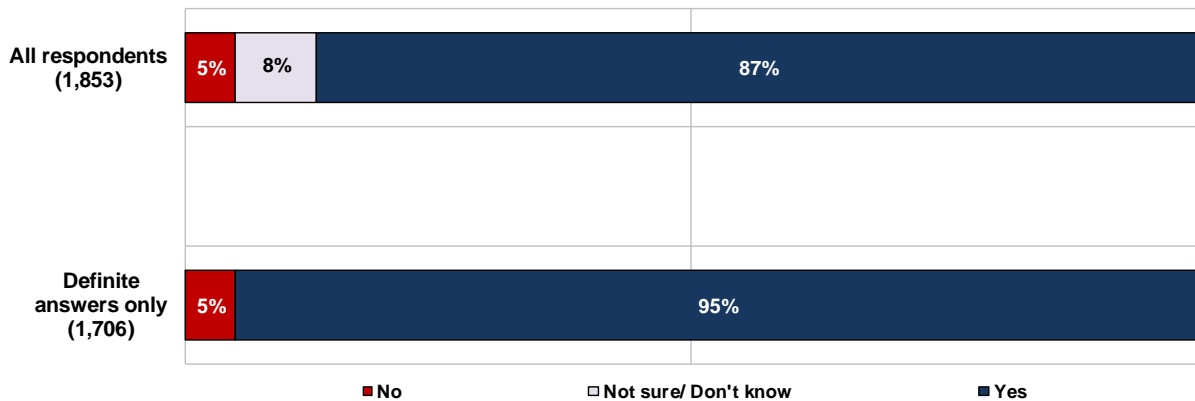


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger, and gave an opinion (1,169)

- It should be noted that well over a third (38%) of respondent who used a private vehicle were unable or unwilling to answer this question. Among those who did, just over half (55%) felt that <10% of the long-stay parking bays in Ivybridge should be allocated for permit parking only.

Q17_1 - Should South Hams District Council develop a parking strategy that supports short-stay shoppers and visitors?

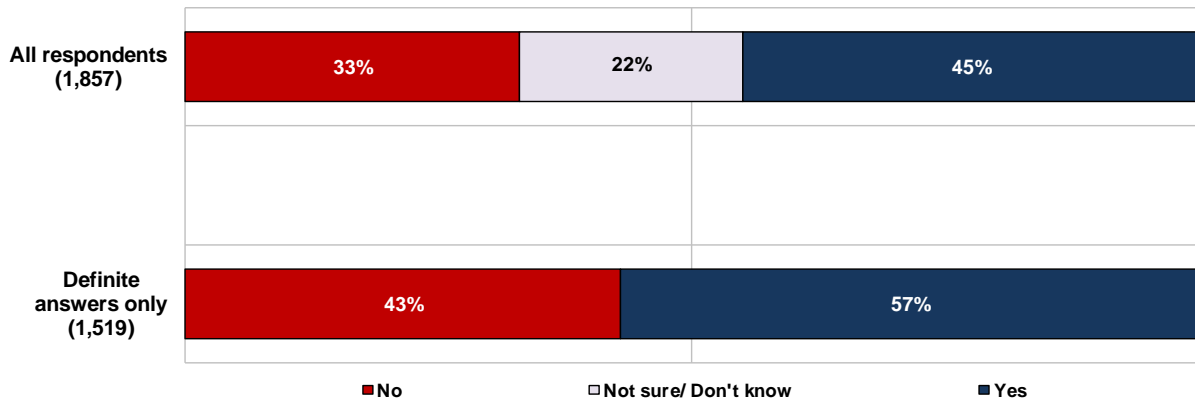


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger and gave an answer

- The vast majority of respondents who use a private vehicle (95% of those who expressed a view) agreed that South Hams District Council should develop a parking strategy that supports short stay shoppers and visitors.

Q17_2. Should people who work in Ivybridge be encouraged to park further out of the town centre, leaving town centre parking more readily available for short-stay visits (maximum of four hours)?

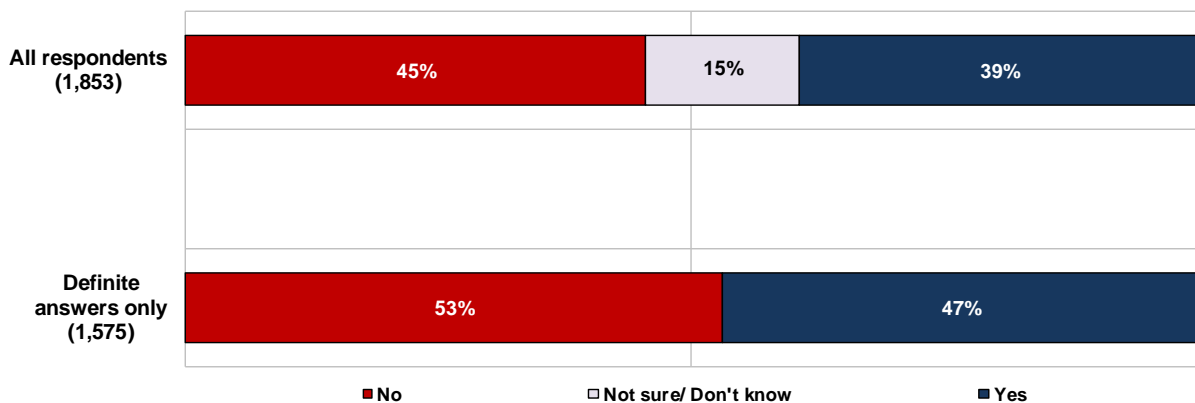


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger and gave an answer

- Among only those vehicle-users who expressed a view, the majority 57% felt that people who work in Ivybridge should be encouraged to park further out of the town centre, though it should be noted that 22% of respondents could not give a definite answer.

Q17_3. If reduced-cost parking was available 5-10 minutes' walk away from the town centre, would you use it?

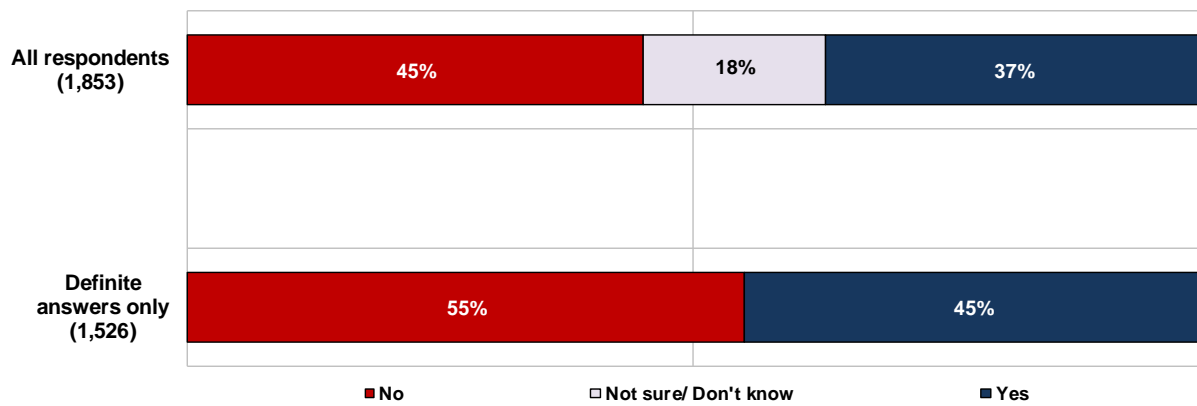


Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger and gave an answer

- There was a moderate likelihood of vehicle users making use of reduced-cost parking 5-10 minutes' walk from the town centre, with nearly half (47%) of those expressing a view saying that they would do so.

Q17_4. Would you support an increase in the cost of town centre long-stay parking if there was a cheaper option further out of town (5-10 minutes' walk)?



Source: Marketing Means 2020

Base: All who use a car/van as driver or passenger and gave an answer

- Most respondents who were vehicle users (55% of those who expressed a view) would not support an increased cost for town centre long-stay parking of a cheaper option existed 5-10 minutes' walk from the town centre.

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Investing In Your Community

Planning opportunities and benefits



**Aldi – Winner of
'The Best Grocer'**



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Registered in England 2321869

Prepared in conjunction with McCann Manchester and Jones Lang LaSalle.

Introduction

Aldi in the UK

Aldi is a supermarket operator that sells quality products at low prices. Based on the top 100 lines, Aldi is up to 26% cheaper than the UK's larger national supermarkets.

Aldi stores have a limited footprint and are of modest size, designed to serve local communities. Discount retailer Aldi opened its first store in the UK in 1990 and has now expanded to over 800 stores across England, Scotland and Wales.



“In 2018, Aldi became the fifth largest supermarket, ahead of Co-op, in addition to an increased market share against the ‘Big 4’ and other grocery stores in the UK.”

In 2018, Aldi became the fifth largest supermarket, ahead of Co-op, in addition to an increased market share against the ‘Big 4’ and other grocery stores in the UK.

Aldi experienced 10.4% growth in 2018, while achieving a market share high of 7.4% (Kantar Worldpanel for 12 weeks ending 20/12/2018).

Aldi leads the way on supporting British farmers. **100% of our fresh everyday meat and poultry in the UK is from British, Red Tractor approved farms** and more than 40% of the fresh fruit and vegetables we sell in the UK are also British.

The main attraction of Aldi for UK consumers is great value at low prices. Added to that Aldi also stocks an improved range and quality of products, and British-sourced fresh meat. All of this has combined to give Aldi a unique position within the grocery market.



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Purpose of this Document

The purpose of this document is to demonstrate to Local Authorities how Aldi meets the sustainable development objectives set out in Development Plans and in National Planning Policy.

The report sets out significant economic and community benefits which can be achieved through the opening of new Aldi stores within towns and communities.

A new store in a local catchment area can provide benefits such as:

- new employment opportunities

- increasing competition resulting in lower prices for consumers
- greater overall economic activity within that particular area
- reducing the distance required to travel
- increased retail choice
- regeneration of a local area

Aldi is aware however that each new site needs to be approached in an individual manner, with local planning policies and priorities taken into account. Aldi believes that the benefits outlined above are an integral part of any planning application.



Benefits and Advantages of an Aldi store

By addressing the objectives of local and national policies in planning applications for new stores, the benefits that Aldi brings to the wider community will be realised by more households.

These direct benefits include:

- Increased footfall to nearby businesses and centres
- A catalyst for future development in a local area including pump priming sterile sites
- Stimulating competition, which lowers grocery prices and offers greater choice
- Reducing travel costs for customers as they can shop locally
- Creating permanent, local retail jobs and training opportunities for the workforce
- Increasing business rates and other revenues for the local council
- Bringing multi-million pound investment into each site
- A sustainable business model

Investment

Not only do new Aldi stores create jobs but they trigger further investment. New stores often attract other retailers and businesses acting as a catalyst for regeneration, often by redeveloping failing or redundant sites. This encourages further development and improvements to existing businesses.

Many of Aldi's stores are developed on brownfield sites, which were underperforming or derelict. New stores bring life back to a community and provide security for local businesses and residents.

The investment an individual store brings directly to a site at development stage is considerable. The knock-on effects for suppliers, local contractors and the revenue

created for Local Authorities help to boost the local economy and bring additional benefits to the community.

Linked Trips

Aldi is not a one-stop shopping destination like large supermarkets. Its stores do not feature many of the amenities provided by larger supermarket formats, such as butchers, fishmongers, deli counters, pharmacies or cafes, thus reducing competition with small independent traders.

Aldi stores are modest in size, providing a discount food store choice within a given catchment area. The limited product line of circa 1,800 products means that, unlike a large supermarket format (which may sell up to 40,000 product lines), shoppers will often visit other local operators to complete their weekly shop. This means that shoppers typically supplement their shop at Aldi with additional trips to other shops in nearby centres and supermarkets therefore real linked trips occur.

Aldi's stores dedicate approximately 80% of their floorspace to convenience goods and approximately 20% to comparison goods made up of weekly specials. Given the short term, seasonal availability of the special lines, they have a negligible effect on town centres.



“Aldi’s store concept means that shoppers are encouraged to continue to use other retailers and therefore **real linked trips occur.**”



“Multi-million pound investments are put directly into each new store at the development stage.”

Price and Choice

Aldi sells high quality goods at the lowest possible price. Discounted prices are usually achieved through bulk buying and economies of scale, specialising in the number of lines offered and maximising efficiency within the operation of its stores. The end result is that shoppers benefit by paying less.

The range and price of goods sold provide shoppers with an opportunity to choose to shop at Aldi in addition to the larger supermarkets.

Accessibility

Stores are conveniently located in town centre or neighbourhood locations thus they are accessible to communities. Where stores are located in out of centre sites, they are much closer to communities than Aldi's nearest stores. New stores usually mean shoppers can make shorter trips and continue to access local facilities, thus contributing to a sustainable shopping experience.



Benefits and Advantages of an Aldi store

Job Creation

Aldi currently employs over 34,000 colleagues in the UK, including over 24,000 within stores.

Aldi plans to recruit thousands of additional colleagues at all levels during the next few years to support its store expansion strategy. This means new opportunities in the stores and distribution side of the business. A vast percentage of these will be hired from within the local communities where Aldi is planning to open a store. Store roles range from Caretakers and Store Assistants to Deputy Store Managers, Assistant Store Managers and Store Managers.

Aldi employs between 30 and 50 colleagues in its new stores, and prefers to recruit colleagues locally as it voluntarily enters into Local Labour Agreements, demonstrating its commitment to a community. Aldi also offers one of the best working environments in the UK and one of the highest rates of pay in the supermarket sector, with the majority of Aldi colleagues now receiving a minimum rate of £9.10 per hour, regardless of their age, as of February 2019. All colleagues will benefit from rising salaries during their service, with Store Assistant salaries rising to £10.41 in year four. Store Assistants working within the M25 will receive £10.55 per hour, rising to £10.89 in year three.

Indirect Jobs

Construction:

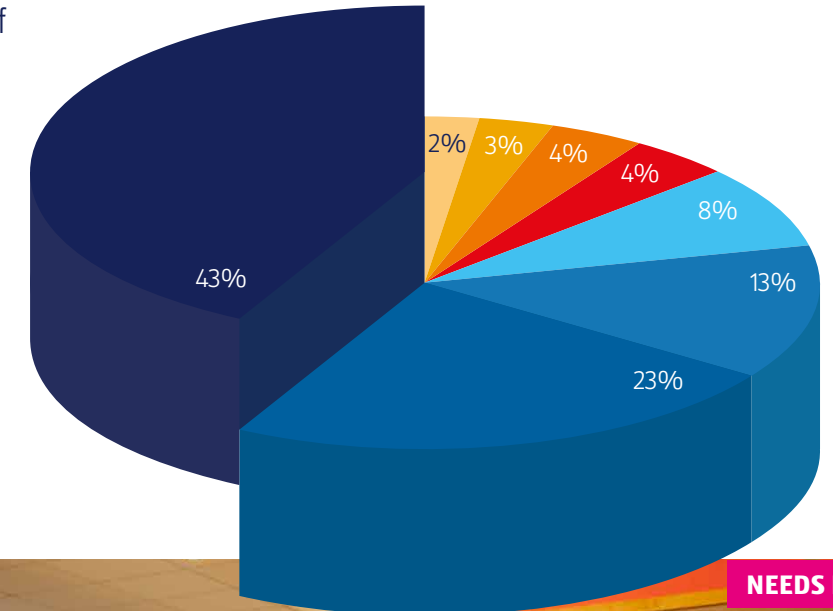
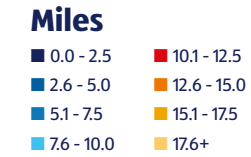
At construction stage, Aldi is willing to enter into Local Trade Agreements which ensure that local contractors are invited to tender for new development contracts.

Due to the scale of the projects for new Aldi stores, both local and national construction companies will subcontract large parts of their



“Currently the distribution centres including regional administration teams account for **400-700 staff per region.**”

Distance store staff travel to work (%)



“Aldi employs between 30 and 50 staff in its new stores.”

projects to local or regional companies. Usually a range of skills such as ground works, steel, brick and block work and shop fitting are sourced locally, as well as cleaners and labourers. Local or regionally based contractors are usually more competitive as travel and hotel costs aren't required, therefore keeping costs down and boosting the construction trade in a local area.

The expansion in store numbers is leading to requirements for new distribution centres and growth in existing distribution centres. This is resulting in further increases in jobs in the logistics part of the business, ranging from drivers to management. On average Aldi distribution centres account for the creation of around 500 jobs per region.

Aldi offers exceptional, market-leading salaries and offers full training for all colleagues which is tailored to each position and each individual. For example, all Aldi Store Assistants receive a structured training programme which typically lasts around six weeks and, where possible, the training will take place in their local store.

“Aldi offers market-leading retail salaries across all of its roles.”



Benefits and Advantages of an Aldi store

Career Progression

Aldi has two of the most successful Graduate and Apprentice Programmes in the UK.

Aldi demonstrated its commitment to employing young people even before the Apprentice Levy was introduced in April 2017 – having made a significant investment in the development and training of apprentices since it first launched its Stores Apprenticeship Programme in 2012. It then introduced the Logistics Apprenticeship in 2013 and further extended its Apprenticeship offering with the Drivers Apprenticeship in 2016. The three available Apprenticeship programmes have

created more than 1,000 jobs for young people since the initiatives began.

Aldi Apprentices are offered a permanent position at Aldi once they have completed their training successfully and gained the necessary qualifications. Depending on the programme applied for, this may include a Level 2 Retail Management Qualification, Level 2 Warehouse Operative Standard Qualification, Category C+E licence or a Level 2 LGV standard qualification.

There are more than 70 graduate places available for the 2019 Area Management Programme. Graduate Area Managers spend 12 months training and learning the ropes before they are given responsibility for four stores of their own. The training covers the entire spectrum of running a retail operation and is a UK-wide Programme.



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“Over 1,000 apprentices hired by Aldi as part of a three-year programme across the UK.”



“Over 70 graduate places available for the 2019 area management programme.”



“Aldi employs over 34,000 people in the UK.”

Candidates with a 2:1 degree in any discipline and 96 UCAS points (or equivalent) are eligible to apply. Those with experience of managing a team in a previous role are able to join the Programme via the Career Changer route and start on a year two salary. Aldi also offers vast internal career progression opportunities across the business and provides additional training and qualifications to support colleagues to progress and develop.

Corporate Responsibility

Aldi has a comprehensive Corporate Social Responsibility (CSR) programme in place, covering three key pillars: simplicity, consistency and responsibility.

Aldi takes its responsibilities seriously and actively promotes its five areas of Corporate Responsibility, many of which are already mentioned throughout this document.

Aldi is responsible to its

- Customers
- Supply Chain
- People
- Community
- Environment

Customers:

In addition to ensuring customers only buy products of the highest standards and quality at the lowest prices, Aldi provides information so customers can make healthy choices when buying food and drink, including alcohol, by providing accurate and transparent information through clear product labelling.

Supply Chain:

Sustainable buying practices are essential to the long-term success of Aldi's business. Aldi's aspiration is that all their products are made in a sustainable way. Together with its suppliers, Aldi works towards increased transparency and continued improvement within the supply chain.

People:

Aldi's colleagues are the key to its success and the company employs over 34,000 people in the UK. It provides an appealing, efficient and supportive work environment and is committed to ensuring that each colleague receives the opportunity for individual personal growth.

Community:

Aldi seeks to make a positive contribution to the communities of which it is a part by applying its skills and resources beyond the core business operations. Aldi supports charitable organisations with donations of money and products as well as by using other resources available to the company, including the time and skills of employees.

Environment:

Aldi aims to minimise the ecological footprint of the entire business and strives to become a climate-neutral company. Aldi continues to increase energy efficiency across the business, minimising the impact of refrigerants, improving logistics efficiency, using renewable energies and supporting climate protection projects. Aldi aspires towards zero-waste business practices; reduce, reuse and recycle.

In cooperation with architects, planners, engineers and construction companies, Aldi implements innovative concepts to reduce the environmental impact of stores and distribution centres.



How we differ...



Aldi's business model has proved ideally suited to take advantage of gaps within the current UK grocery market, by challenging the 'Big 4' supermarkets. Aldi's business model limits operating costs to ensure the lowest possible prices for its range of exclusive brands.

The evidence for this is Aldi's increasing market share, indicating that shoppers have been impressed with their overall experience.

Aldi offers a consistent familiar shopping environment, which resonates with consumers, compared to the confused formats and promotions which are used by competitors in order to increase or retain market share.

Aldi uses three key formats on its products; its **'Core Range'**, **'Specially Selected'** and **'Everyday Essentials'**, which are easily understood by consumers.

Aldi has a core range of around c. 1,800 products and only around 5% of these are

recognised brands, unlike the major superstores which stock between 15,000 and 40,000 lines.

Aldi stores do not feature in-house bakeries, butchers, pharmacies or cafes and so have a minimal impact on small, local businesses.

This format is backed up by a range of award-winning products, which have been endorsed by industry leaders. Aldi was awarded 'Grocer of the Year' in the prestigious 2018 Grocer Gold Awards and continually features within the Times Top 100 places to work, and the Guardian Best Graduate Employers lists.



"Aldi received a total of **16 gold accolades at the Grocer Own Label Awards.**"



"Where possible Aldi's fresh meat is UK sourced.

Fresh fruit and vegetables, such as strawberries, salads, carrots and potatoes are also sourced in the UK when in season."

Aldi offers a significant choice of locally sourced fresh meat and produce – Aldi sources its fresh meat and produce from the UK. Fresh fruit and vegetables are also sourced in the UK when in season, such as strawberries, salads, carrots and potatoes. In addition, Aldi works with a range of local businesses and suppliers in order to supply fresh bread, milk and other dairy products. As such, new Aldi stores provide a boost to the regional business community.

An Aldi shopping trip often forms one part of a wider shopping trip for convenience goods. This allows existing businesses within local communities, as well as the larger

supermarkets, to continue trading as they were.

In addition, Aldi's store format allows customers to spill over to local shops, as we don't sell tobacco and we don't have in store concessions such as a Post Office, a pharmacy or a café.

Aldi launched its Corporate Social Responsibility Policy (CSR Policy) in 2012, ensuring that responsibility is an integral part of our corporate decision-making processes, including within the supply chain.

Aldi ensures that its prices are affordable, so customers can be reassured that their grocery bill will remain consistently low over a sustained period of time.

Aldi does not operate a loyalty card scheme or gimmicky offers which result in price fluctuations for shoppers from week to week.

It is essential for Aldi that all products are made responsibly; they do not damage the environment or workers.

Aldi's CSR Policy is constantly evolving as an important component of Aldi's investment in local communities and is a strong offering compared to most other retailers.



Expansion

Aldi has an ambitious growth strategy for the next few years. Aldi is planning to open 60 new stores in 2019 and will operate 1,200 by 2025 across England, Scotland and Wales. It also plans to extend a number of stores in order to expand the available retail space.



“Aldi’s stores often provide a neighbourhood function which is reflected in the scale of development and relationship with the community.”

Over the next decade, Aldi hopes to double its store portfolio, offering significant development opportunities for Councils across the UK to enhance their communities.

“Aldi is planning to open 60 stores per year across England, Scotland and Wales.”

All distribution centres have undergone significant expansion, a new RDC opened on the Isle of Sheppey in January 2019 and the East Midlands will have a new, dedicated distribution centre in Sawley in 2020.

Typical Site Requirements

Aldi is constantly on the look-out for new sites that can accommodate new stores. Aldi has a standard store format which is essential to minimise development costs which are otherwise reflected in prices for customers.

A typical site would be at least 0.7 hectares (1.7 acres) and can accommodate

- a store of circa 1,900m² gross
- at least 100 car park spaces
- provision for site access
- provision for servicing and deliveries
- landscaping
- Aldi’s stores are modest in size

- Aldi’s stores provide a neighbourhood function which is reflected in the scale of development and relationship with the community

New sites are identified by Aldi when it is a viable business opportunity in order to allow prices in store to remain consistently low.



The NPPF states that: ‘sustainable development can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own needs.’



“Aldi has a strong track record in delivering schemes which contribute to the needs of the local economy.”

It is about positive growth – making economic, environmental and social progress for this and future generations. The planning system should therefore seek to facilitate sustainable development.

Aldi supports the three overarching objectives of achieving sustainable development set out in the NPPF:

- an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth
- a social objective – to support strong, vibrant and healthy communities, including fostering a well-designed and safe built environment, with accessible services
- an environmental objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, and mitigating and adapting to climate change, including moving to a low carbon economy

Most of Aldi’s sites are well connected to town centres or within the heart of communities, with many customers travelling on foot and by public transport.

National Policy recognises that to deliver sustainable development, Local Authorities need to:

- build a strong, competitive economy and ensure the vitality of town centres

Town Centre Locations

As a retail operator, Aldi recognises that town centres form an integral part of communities. Many of Aldi’s stores are located in town centres, neighbourhood centres and on edge of centre sites, supporting and encouraging new businesses. Many sites provide the opportunity to redevelop and regenerate centres which have suffered from high levels of vacant units and old building stock.

Community Site Locations

Increasingly Aldi is opening stores in the heart of communities, many in residential and mixed commercial areas. Often the local catchment areas that Aldi stores serve are outside of town centres and local authorities recognise that our supermarkets provide a local offer, keeping spend local and reducing travel costs.

Retail Assessments

Where Aldi’s new stores are located in out of centre locations, it is important we demonstrate that the proposal is Sustainable Development in line with the NPPF, thus addressing the two key tests of Impact and Sequential Sites Assessment.

An impact assessment is usually required for out of centre schemes, and in particular those of 2,500m² gross or more. Aldi stores sit comfortably below this threshold and many Local Authorities recognise that the modest size of our stores does not require a full impact assessment. Our impact assessments show



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“Aldi contributes to positive growth, making economic, environmental and **social progress for this and future generations.**”

that the modest size of stores and moderate turnover has negligible impact on town centre convenience offers. Overall, the assessments show that the positive benefits on balance significantly outweigh any potential harm.

Competition Commission

During the investigations by the Government’s Competition Commission into the grocery sector, the Office of Fair Trading (J Fingleton, 2006) stated that **‘Legislation is to protect competition not competitors. In many scenarios consumers benefit from increased productivity and efficiency in terms of choice, wider availability, greater innovation and lower prices.’**

Aldi is a prime example of how increased competition provides customers with greater choice whilst not compromising quality. The key driver when choosing where to buy convenience goods is the quality and the price, thus keeping competition healthy with the larger supermarket operators and keeping more change in the purse.



Planning Compliance

Planning Policy encourages:

- a positive approach from decision takers
- approval of applications for **sustainable development** where possible
- Councils to work **proactively** with applicants to secure developments that improve the economic, social and environmental conditions of the area

Aldi's stores are modest in size, providing a complementary convenience retail offer to existing convenience shopping provision in their respective catchment areas. Aldi's stores are spread across a range of geographical areas.

Some are located in:

- town, district, local and neighbourhood centres
- edge of centre sites
- local communities
- retail and leisure parks

Community Engagement

Aldi engages in pre-application consultation with councils and the local community, involving meetings with local councillors, planning officers and members of the public. We hold exhibitions, provide letters to local residents and advertisements in the local press. At exhibitions, members of local communities, councillors and other stakeholders can visit Aldi's project team to discuss the proposals and get answers to any questions. Local engagement is important and allows Aldi to work with the community to provide the right scheme and establish support.

In-centre

Aldi's stores in town, district and local centres comply with Development Plan policies which meet the national 'town centre first' policy objectives.

Out-of-centre

Aldi's edge of centre, community and retail park stores which are not attached to defined centres have been approved by Local Planning Authorities because each have demonstrated that they meet Development Plan objectives, do not harm the vitality and viability of nearby centres and provide Sustainable Development. Aldi chooses sites in local catchment areas which can serve local communities, therefore reducing the need to travel and providing a convenient offer without having to make a longer trip. The environmental, social and economic benefits of Aldi's locations provide a convenient and competitive shopping experience.

Choice

Aldi stores do not provide a 'one stop shop' due to their modest scale and limited product range including branded goods. This means Aldi's customers generally shop elsewhere as well, to complete a full weekly shop. Aldi's complementary offer therefore provides a balance for shoppers who want the freedom to choose where they shop in their local area to get best value for their budgets.



"The local nature of many of Aldi's stores also encourages high levels of pedestrian shoppers and users of public transport."



"Aldi wants to **invest in your community** to provide a new local supermarket with quality products at low prices in an accessible and sustainable location."



Catchment

Aldi's modestly sized stores mean that many towns can accommodate more than one store, serving shoppers visiting a town centre and within local neighbourhoods. A new store often provides a shorter shopping trip, therefore reducing the need to travel as far, often to a store outside of the catchment area. This assists in clawing back trade which may otherwise be spent elsewhere.

Aldi's local presence helps to retain expenditure within a given catchment area and contributes to improving market share further demonstrating sustainable development.

Viability

Aldi's cost efficient concept means that often it has to avoid complicated sites with land assembly issues which are often located in town centre locations. In such catchments, Aldi will seek to identify less complicated sites further afield, to edge and out of centre locations. This is a positive response to consumer choice for shoppers as it allows Aldi to keep its prices low and therefore, combined with other benefits, offsets any perceived adverse impact on those centres.

Highway Compliance

Aldi considers highway matters within all its planning applications. Proposed developments are encouraged to promote accessibility by all modes of travel, specifically public transport, cycling and walking. Given that proposed stores are conveniently located, the majority of car trips are not new to the

network, but transferred or linked trips. The local nature of many of Aldi's stores also encourages high levels of pedestrian shoppers and users of public transport. Pedestrian shoppers are particularly common in residential areas.

Design Compliance

Aldi recognises that design is a key consideration and takes great pride in their appearance. Aldi injects multi-million pound investments into its sites to provide modern buildings.

Moving forward, the design of each store is consistent across Aldi's portfolio, promoting modern, smart buildings with clean lines on main elevations and glazed frontages. In sensitive areas, such as conservation areas, bespoke detail is implemented. Aldi's maintenance programme ensures all buildings are reviewed and maintained to retain standards. This programme emphasises Aldi's attention to detail.

Residential Amenity

The form, scale, appearance and layout of the proposed developments are taken into consideration within all planning applications located close to residential areas. Aldi's project team works closely with residents to ensure they are informed of the development progress.



"Aldi's stores comply with development plan policies in town, district and local centres which meet the national 'town centre first' policy objectives."

Summary

Aldi is keen to demonstrate to Councils that Aldi considers all factors in preparing its development proposals for new stores.

In addition to its town centre stores, both edge and out of centre stores continue to provide benefits to shoppers and communities by providing economic, social and environmental benefits, therefore providing Sustainable Development in line with planning policy.

Aldi shoppers continue to shop in smaller, local shops, thus keeping competition alive in the convenience sector of local towns.

Benefits of Sustainable Planning

In line with national planning guidance, development should be sustainable.



“Wherever possible, fresh bread, dairy and meat products are sourced from the UK, therefore **UK suppliers benefit from the success of the Aldi brand.**”



“Aldi is not a one-stop-shop so it forms part of a wider weekly food shop, therefore shoppers continue to support other convenience store provisions including niche and larger stores.”



Aldi is sustainable in so many ways:

- It creates development on brownfield sites
- It acts as a catalyst for regeneration in underperforming areas
- It provides choice and accessibility for shoppers in local communities
- Aldi is not a one-stop-shop so it forms part of a wider weekly food shop, therefore shoppers continue to support other convenience store provisions including niche and larger stores
- Stores encourage linked trips to other convenience stores, services and other businesses
- Stores are modest in scale therefore town centres continue to thrive and function side by side
- It creates economic regeneration with jobs in stores, logistics and construction
- Local contractors benefit from new stores
- Customers can make shorter trips
- Many customers live within walking distance of new stores
- It is loyal to and committed to the development of its staff
- Its efficient business format keeps costs down, prices down and contributes to improving the environment
- Locally sourced produce benefits local suppliers
- At design stage consideration is given to the local environment, residents and the highway network
- It sells quality products at low prices, which is attractive to all members of our communities
- Aldi stores serve local communities thus complying with national planning policy by encouraging local sustainable developments



Case Studies

The Causeway, Billingham

(Stockton-on-Tees Borough Council)

Store opened April 2016
Town Centre Site

Decision Making Process
Approved by Delegated Decision.

Site Proposal
Erection of foodstore (1,540m² gross) with associated car parking and landscaping.

Store Size
1,540m² gross/900m² net

Site Description
The site is situated on the corner of Moreland Avenue and The Causeway, within Billingham District Centre. The site was previously occupied by Billingham Arms Public House, a car park and public realm.

Sequential Location
Town centre site.

Local Environment
The store is located within Billingham District Centre. Queensway (a pedestrianised shopping street) extends west of Moreland Avenue. The wider surrounding area is characterised by residential uses.

Planning Process
An application for the erection of a 1,540m² foodstore with associated car parking was originally approved in 2011. In 2014 an application for a non-material amendment was submitted alongside a detailed application for the demolition of the former

Public House and construction of a car park area. As a town centre scheme the proposals were policy compliant and it was recommended that the application be Approved.

Planning Permission
Planning permission was granted by Delegated Decision.

Policy Compliance
The proposals were in compliance with the development plan, as the site fell within Billingham District Centre. The proposal would not have any adverse impacts on the character of the area, amenity of neighbouring occupiers or access and highway safety therefore meeting town centre, sustainable living and sustainable travel objectives.

Public Response
The application for the food store was supported by local residents with a total number of 60 letters of support and 2 petitions supporting the application received during the formal consultation process carried out by Stockton Borough Council.

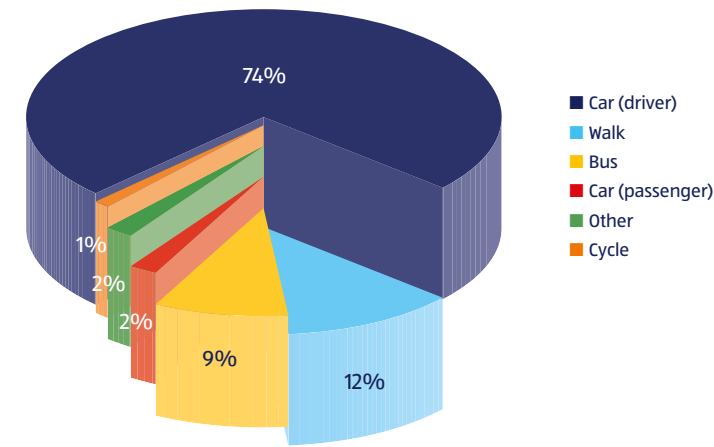
Customer Survey

- 12% of customers walk to the store and 9% travel by bus
- Over 20% of customers travel by sustainable modes demonstrating the store's accessibility to the immediate community
- Most customers (63%) visit Aldi for main shopping, 16% for top-up shopping and 21% for both purposes
- 92% of respondents also use other supermarkets including the Asda store in Billingham District Centre (30%) and the Tesco Store at Leeholme Road (54%)
- 46% of customers also use other convenience stores in the District Centre, demonstrating continued support for other shops in the centre following the arrival of Aldi
- 49% of customers were going on to, or had already been to, other shops in the centre, demonstrating linked trips following the arrival of Aldi

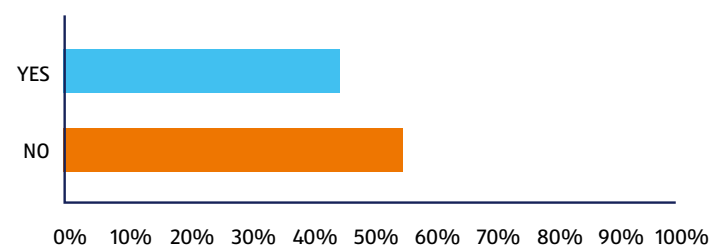
- 97% of respondents thought the store was an improvement on the site and considered the store has had a positive impact on the local area
- 69% of respondents live less than two miles from the store, exhibiting that the store is well used by people in the local area

- Benefits**
- The store attracts local people to shop locally and encourages linked trips within the District Centre
 - Some local businesses have benefitted from the new store
 - The store has increased footfall in the local area
 - Aldi's investment has aesthetically improved the area, following redevelopment of a brownfield site
 - Improved choice and low prices within an area served primarily by more expensive supermarket operators
 - High quality design and reduction in carbon emissions

Mode of transport



Do you do other food shopping in the town centre?



“Over 20% of customers travel by sustainable modes.”

25 jobs created

District centre site

1,540m²/900m² in size



Case Studies

3 Port Causeway, Bromborough

(Wirral Council)

Store opened July 2017
Out of Centre Site

Decision Making Process

Approved by the Council's Planning Committee following officer recommendation to approve.

Site Proposal

Demolition of existing buildings and the erection of a food store, car park, servicing, access and landscaping.

Store Size

1,812m² gross/1,254m² net

Site Description

The site is located at the junction of the A41 New Chester Road and Port Causeway at the entrance to Wirral International Business Park. The site was previously occupied by two office buildings.

Sequential Location

Out of centre site.

Local Environment

The store sits within a mixed-use area comprising commercial, community and residential uses, a park and fronted by a landscaped area on the A41.

Planning Process

As the site was designated as a Primarily Industrial Area, Aldi was required to prepare a

robust employment land assessment including marketing information to demonstrate the site was not viable or suitable for B1, B2 and B8 uses. A sequential test and a retail impact assessment were required and both tests were passed and accepted by the Council. It was also confirmed that Aldi would keep its existing town centre store at nearby Bebington. The scope and content of all assessments were agreed with officers before the planning application was submitted. The development was supported following consensus that the site was unlikely to attract interest from end users or developers for employment uses and the retail proposal was the most appropriate use including the creation of local jobs.

Planning Permission

Planning permission was granted by the Planning Committee.

Policy Compliance

The site is a departure from the Wirral development plan, as the proposed development was identified as a Primarily Industrial Area on the UDP Proposals Map and UDP Policy EM8. However, Aldi's Employment Land Study, including over 12 months of marketing, met the criteria for loss of employment land. Combined with a retail assessment which passed the sequential and impact tests, it was demonstrated that the proposal was compliant with the local plan and NPPF thus planning permission was granted.

Public Response

There was limited resistance to the proposal by members of the public with 91% of residents supporting the proposal as part of Aldi's public consultation. Supporters expressed their support for a new discount foodstore which would replace a brownfield site.



NEEDS REPRO

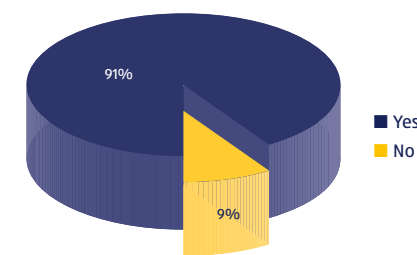


"91% of respondents find the store is an improvement on the site."

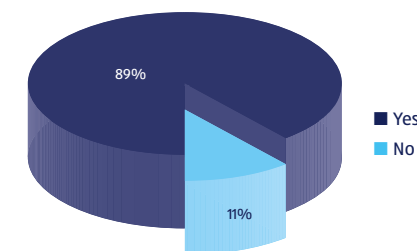
Customer Survey

- 91% of respondents find the store is an improvement on the site and has had a positive impact on the local area
- 89% of customers also use other supermarkets and shops in the area
- 24% of customers continue to shop in their local town centre for food and other shopping
- 67% of customers live within three miles of the store providing a local store and keeping travel costs low

Improvement in the area



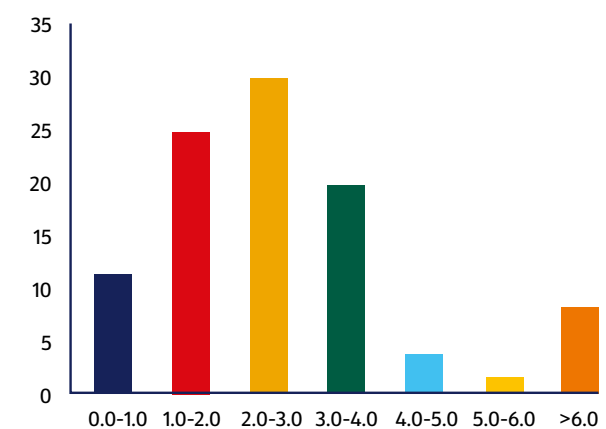
Visiting any other stores



Benefits

- Efficient use of a brownfield site which had otherwise attracted no market interest for employment use
- Improved choice and low prices within an area served primarily by more expensive supermarket operators
- High quality design and reduction in carbon emissions
- Complements the mixed use corridor along the A41
- Sustainable development in a mixed use area

Distance travelled (miles)



30-35 jobs created

Out of centre site

1,812m²/1,254m² in size



Case Studies

Chickerell, Weymouth

(West Dorset District Council)

Store opened September 2017
Out of Centre Site

Decision Making Process

Approved by the Council's Planning Committee following officer recommendation to approve.

Site Proposal

Hybrid application: Full application for the erection of a Class A1 foodstore with associated access, car parking and landscaping and outline application for up to 500m² of Use Class A1 to A5 floorspace.

Store Size

1,804m² gross/1,254m² net

Site Description

The store sits between the access road to Link Park 'retail' park and Cerne Villas residential park. The store is served by 126 car parking spaces with access from Chickerell Road.

Sequential Location

Out of centre site.

Local Environment

The store sits within a mixed-use area comprising commercial and residential uses.

Planning Process

As the site was identified as Key Employment site, Aldi was required to prepare a robust justification to demonstrate the proposal would provide supporting facilities and an economic enhancement over and above B1/B2/B8 uses. A sequential test and a retail impact assessment were required. Both tests were passed and accepted by the Council. It was considered that the retail use and complementary uses would provide an element of employment which on balance bring a benefit to the local community.

Planning Permission

Planning permission was granted by the Planning Committee.

Policy Compliance

The site is a departure from the West Dorset/Weymouth & Portland Local Plan, as the proposed site was identified as a key employment site. However, the submitted employment land assessment demonstrated that a real effort has been undertaken to achieve alternative employment uses on that site. Combined with a retail assessment which passed the sequential and impact tests, it was demonstrated that the proposal was compliant with the local plan and NPPF thus planning permission was granted.

Public Response

The local community and local members supported the development, highlighting the various benefits the store will bring to the local area.



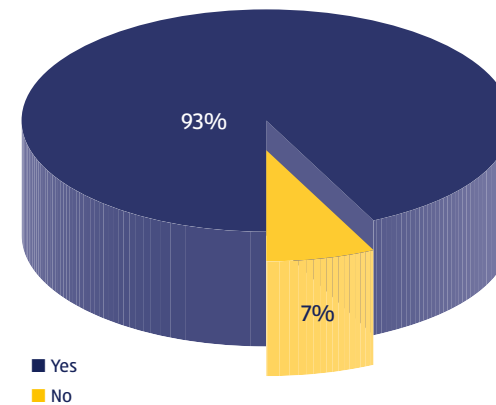
“93% of respondents find the store is an improvement on the site.”

NEEDS REPRO

Customer Survey

- 93% of respondents find the store is an improvement on the site and has had a positive impact on the local area
- 97% of customers also use other supermarkets and shops in the area
- 24% of customers continue to shop in their local town centre for food and other shopping
- 79% of customers visit the store at least once a week
- 67% of customers live within four miles of the store thus keeping shopping journeys local

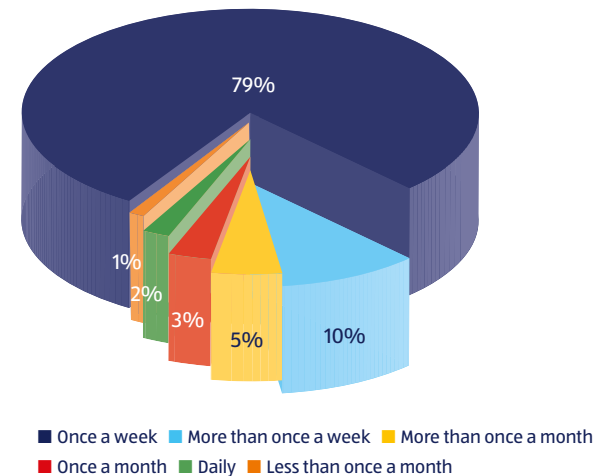
Improvement in the area



Benefits

- The store has become an asset to Chickerell
- Improved choice and low prices within an area served primarily by more expensive supermarket operators
- High quality design and reduction in carbon emissions
- The site is accessible by various sustainable modes of transport
- Introduction of a new store to serve West Weymouth

Customer visits



30 jobs created

Out of centre site

1,804m² / 1,254m² in size



Case Studies

4 Roman Way, Crayford

(London Borough of Bexley)

Store opened November 2016
Town Centre Site

Decision Making Process

Approved at Council's Planning Committee following officer recommendation to approve.

Site Proposal

Regeneration of the site through the construction of a Class A1 foodstore unit, together with 3 additional class A1 units and associated car parking and landscaping.

Store Size

1,834m² gross/1,266m² net

Site Description

The site is bound by Roman Way and is located west of Crayford High Street. The site had been vacant for over 10 years and was formally occupied by the Crayford BT exchange.

Sequential Location

District Centre site.

Local Environment

The site is located within Crayford Major District Centre and is situated on an 'island' site alongside three additional commercial units, two of which are occupied by Cancer Research and KFC. The surrounding area is characterised by further commercial uses.

Planning Process

As a mixed use development, officers wanted to see a higher density development and raised concerns regarding design. Aldi demonstrated that this was a deliverable scheme on a long term vacant site. Officers recognised the benefits of the scheme including the design. Issues including highways and flood risk were also raised which were overcome with appropriate transport and flood risk assessments. The principle of retail development at the site was accepted due to its district centre location.

Planning Permission

Planning permission was granted by committee decision on 20 November 2015. Unanimous support was obtained for the proposals at committee.

Policy Compliance

The proposals were considered to be in compliance with the Local Development Plan and were recommended for approval within the Officers Report. Subsequently, the application was approved by committee in November 2015.

Public Response

Aldi undertook extensive public consultation through a leaflet drop to local residents and also met key stakeholders. More than 90% of the local people that responded to the consultation expressed their support for the proposals.

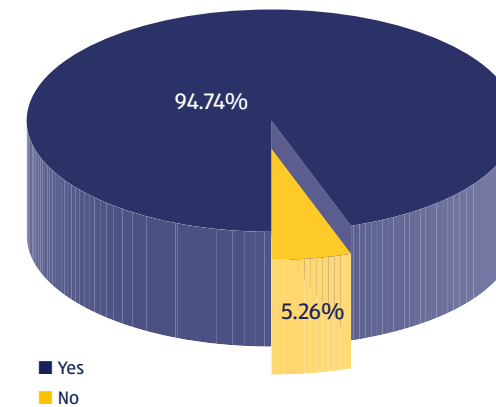


"87.5% of respondents shopped at the store at least once a week."

Customer Survey

- Most customers (79%) visit Aldi for main shopping, 23% for top-up shopping and 20% for both purposes
- 91% of respondents also use other supermarkets including the town centre Sainsbury's (48%) and the Asda store (15%)
- 94% of respondents thought the store was an improvement on the site and considered the store has had a positive impact on the local area
- 87.5% visit the store at least once a week

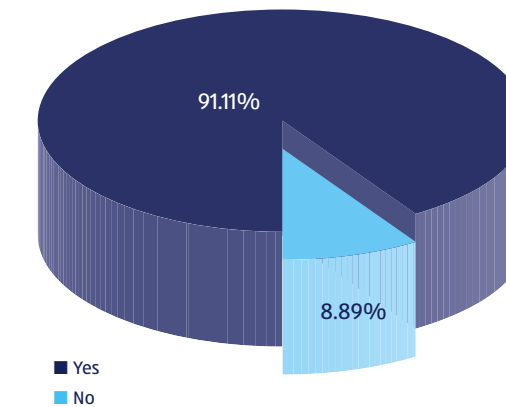
Improvement in the area



Benefits

- The store attracts local people to shop locally and encourages linked trips within the District Centre
- The store has increased footfall in the local area
- Aldi's investment has aesthetically improved the area, following redevelopment of a brownfield site left vacant for over 10 years
- Improved choice and low prices within an area served primarily by more expensive supermarket operators
- 43 jobs created at the store, employing local people

Visiting any other stores



43 jobs created

District site

1,834m² / 1,266m² in size



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Report to: **Executive**
Date: **18 June 2020**
Title: **Grounds Maintenance Review**
Portfolio Area: **Environment Services (Cllr Keith Baldry)**
Wards Affected: **All**
Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **16 July 2020**

Author: **Sarah Moody** Role: **Business Manager – Case Management**

Contact: **Sarah.moody@swdevon.gov.uk**

Recommendations:

That the Executive:

- i) Approves the implementation of the recommendations arising from the Grounds Maintenance Review as set out in paragraph 3.4 below.**

Recommends to Council:

- ii) The operating cost of the service will be reduced by 5% (£23,400)**
- iii) Any in-year surplus after the saving is transferred into a Grounds Maintenance earmarked reserve at the end of each financial year to reinvest back into the service.**

1. Executive summary

- 1.1 The report informs Members on the outcome of an external review of the Grounds Maintenance Service and recommends that the fees and charges are reviewed and operational changes are made to allow for the following:
- Improved service delivery
 - Reduced operating costs
 - Opportunity for growth and income generation

2. Background

- 2.1 The Grounds Maintenance Team operates as an 'in house' service based at Totnes depot.
- 2.2 The Team manages the Councils parks and open spaces, carrying out functions such as strimming and grass cutting to provide a pleasant outdoor environment to both residents and visitors of the South Hams. The service has nine permanent operatives supplemented by up to four additional staff during the summer months. There are also two apprentice posts within the establishment.
- 2.3 The service has been successful in securing external Grounds Maintenance tenders with local Town and Parish councils. The service has also worked in partnership with local communities with projects and in recent years has supported Kingsbridge and Dartmouth with their 'in bloom' submissions.
- 2.4 There has been no review of the Grounds Maintenance Service in recent years to benchmark cost or quality, with only an internal audit taking place in 2018/2019 of the service in its entirety. The outcome from the audit had consistent findings of that from this external review. Similar themes such as the requirement for improvement of reporting and monitoring, service efficiencies and the opportunity to develop the business model were identified.
- 2.5 In March 2019 a report was approved by The Executive to review the service with the view of identifying opportunities for growth and income generation.
- 2.6 The Grounds Maintenance review was initiated in January 2020 and was undertaken by the Environmental Services Manager from South Somerset District Council to provide objectivity and transparency. South Somerset were chosen on the basis that they are an award winning service that has successfully transitioned from being a cost to the Council to a profit making operation, generating over £60,000 in operating profit in 2019/2020.

- 2.7 Both Members and Officers were asked to input into the review to determine the quality of service, identify cost savings and drive forward operational efficiencies, alongside a consideration for commercial growth.
- 2.8 The budget for Grounds Maintenance (cost centre S1304) had a budgeted cost of £468,000 in 2019/2020, of which £325,000 related to staff salary costs (including on-costs). In addition an amount of £23,000 was budgeted for vehicle repairs, £23,000 for fuel and £36,000 for repairs and maintenance. There are smaller budgets for utilities, vehicle costs, hire of equipment and clothing costs.
- 2.9 It is worth noting that since the review began, a number of Operational staffing changes have occurred as part of the ELT restructure which took place in December 2019. The service is now managed by the Operational Team Leader with oversight from the Business Manager (Case Management).

3 Outcomes/outputs

- 3.1 The outcomes of the review will result in a service that is fit for purpose and commercially viable, providing the ability to competitively tender for new business. A comprehensive Business plan on how this will be achieved will be submitted to The Executive for Member approval 9 months from the date of this report.
- 3.2 Whilst not a driver for the changes, any additional income will allow for a review of working practices and equipment to align with the climate change and biodiversity needs.
- 3.3 Adopting a new operating model will deliver cost savings as detailed in Appendix A.
- 3.4 The recommended operating model consists of changes that are focussed around a number of themes to include the following:
- Ratio of staff to vehicles
 - Established teams responsible for specific areas of specialism
 - Developing financial projections for key areas of expenditure and income
 - Developing a quality checking system to ensure standards and specifications are being delivered
 - Identify a system for performance monitoring and reporting
- 3.5 The purchasing of a wood chipper will reduce travelling time for operatives, reduce the carbon foot print and improve efficiencies. Approval of 15k has been given for the purchase of this equipment.
- 3.6 Aligned salaries to industry standards will ensure retention of staff and secure a highly skilled workforce delivering quality services to the South Hams.

4 Options available and consideration of risk

- 4.1 The recommendations will allow the Council the opportunity to develop the service to a standard which is commercially competitive to other organisations in order to generate income for the Council.
- 4.2 If the recommendations are not approved, then the following risk's will apply:
- Service standards and quality may reduce impacting on open spaces and consequentially a reputational impact.
 - A potential for loss of contracts which will directly impact revenue.
 - Reduced capacity to explore opportunity and growth within the service.
 - Investment and replacement of machinery and equipment will be have to be funded from elsewhere.

5. Proposed Way Forward

- 5.1 That the recommendations arising from the Grounds Maintenance Review are supported by Members, providing resilience for the future of the service.
- 5.2 A detailed business plan will be drafted and submitted to Members 9 months from the date of this report which will detail fully a growth plan and model any projected income for the coming financial years, securing the future of the service.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council has the powers to provide a Grounds Maintenance service under the Localism Act 2011 The Council has a duty to monitor and review its use of resources in order to ensure value for money, deliver efficiencies and ensure transparency in its operations.
Financial implications to include reference	Y	It is recommended to Council to transfer the surplus into a Grounds Maintenance Earmarked Reserve at the end of each financial year. The estimated surplus in 2020/21 is £35,803.

to value for money		
Supporting Corporate Strategy	Y	This report supports the following Council Corporate Strategy Themes; Communities Environment Protecting, conserving and enhancing our built and natural environment
Climate Change - Carbon / Biodiversity Impact		It is anticipated that any revenue generated from new business will allow for reinvestment into new equipment and working practices to reduce the Authorities carbon footprint.
Comprehensive Impact Assessment Implications		None directly arising from this report.
Equality and Diversity		
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.
		None directly arising from this report.

Supporting Information

Appendices: Appendix A: Forecasting of cost savings

Background Papers: None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes

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Grounds Maintenance review – Appendix A

Proposed costs and savings

	Year 20/21	Year 21/22
Set-up costs (none recurring)		
Wood Chipper	£15,000	£0
Handwashing	£2,000	£0
Vehicle Tracking set-up	£2,000	£0
Earmarked reserve Contribution	-£15,000	£0
Total none recurring costs	£4,000	£0
Additional recurring costs (Full Year)		
Vehicle Tracking subscription	£1,100	£1,100
Salaries	£17,700	£17,700
Total annual recurring costs	£18,800	£18,800
Savings (Full year)		
Travel and Fuel (as a result of Chipper investment)	-£15,000	-£15,000
Composting credits	-£7,000	-£9,000
Contractor savings	-£13,100	-£13,100
Fuel	-£2,500	-£2,500
Repairs and Maintenance	-£3,000	-£3,000
Contract Income	-£18,000	-£18,000
Total annual savings	-£58,600	-£60,600
Additional Contract Income	£0	TBC
Total costs (Saving)	-£35,800	-£41,800
Budget reduction	£23,400	£23,400
Contribution to Grounds Maintenance Earmarked Reserve	£12,400	£18,400
Net	£0	£0

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