

Phil Norrey
Chief Executive

To: The Chairman and Members of
the Place Scrutiny Committee

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(See below)

Your ref :
Our ref :

Date : 30 December 2016
Please ask for : Wendy Simpson, 01392 384383

Email: wendy.simpson@devon.gov.uk

PLACE SCRUTINY COMMITTEE

Tuesday, 10th January, 2017

A meeting of the Place Scrutiny Committee is to be held on the above date at 2.00 pm in the Committee Suite - County Hall to consider the following matters.

P NORREY
Chief Executive

A G E N D A

PART I - OPEN COMMITTEE

1 Apologies for Absence

2 Minutes

Minutes of the meeting held on 15 November 2016 (previously circulated).

3 Items Requiring Urgent Attention

Items which in the opinion of the Chairman should be considered at the meeting as matters of urgency.

4 Public Participation

Members of the public may make representations/presentations on any substantive matter listed in the published agenda for this meeting, as set out hereunder, relating to a specific matter or an examination of services or facilities provided or to be provided.

MATTERS FOR CONSIDERATION OR REVIEW

5 Section 106/Community Infrastructure Levy (CIL) and Monies for Highway Works (Pages 1 - 6)

Report of the Head of Planning, Transportation and Environment (PTE/17/1), attached.

- 6 Highway Maintenance Hierarchy Review: Road Categories (Pages 7 - 14)

Report of the Chief Officer for Highways, Infrastructure Development and Waste (HIW/17/1), attached.
- 7 Corporate Energy Saving (Pages 15 - 18)

Report of the Head of Digital Transformation and Business Support (BSS/16/20), attached.
- 8 Agriculture Task Group (Pages 19 - 34)

Report of the Agriculture Task Group (CS/17/1) attached, setting out the Recommendations of the Group.

STANDING ITEMS

- 9 Connecting Devon and Somerset Programme Update (Pages 35 - 38)

Report of the Head of Economy, Enterprise and Skills (EES/17/1), attached.
- 10 Place Scrutiny Committee Work Programme

In accordance with the previous practice, Scrutiny Committees are requested to review the list of forthcoming business (previously circulated) and to determine which items are to be included in the Work Programme.

The Committee may also wish to review the content of the Cabinet Forward Plan to see if there are any specific items therein it might wish to explore further.


The Work Programme and Forward Plan can be found at:
<http://democracy.devon.gov.uk/mgPlansHome.aspx?bcr=1>

PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS

Nil

Members are reminded that Part II Reports contain confidential information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership
Councillors R Radford (Chairman), G Hook (Vice-Chair), K Ball, P Bowden, C Clarence, T Dempster, A Eastman, R Edgell, O Foggin, J Hawkins, R Hill, B Hughes, R Vint, N Way and J Yabsley
Declaration of Interests
Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.
Access to Information
Any person wishing to inspect the Scrutiny Work Programme, Reports or Background Papers relating to any item on this agenda should contact Wendy Simpson on 01392 384383. The Work Programme and Agenda and minutes of the Committee are published on the Council's Website.
Webcasting, Recording or Reporting of Meetings and Proceedings
<p>The proceedings of this meeting may be recorded for broadcasting live on the internet via the 'Democracy Centre' on the County Council's website. The whole of the meeting may be broadcast apart from any confidential items which may need to be considered in the absence of the press and public. For more information go to: http://www.devoncc.public-i.tv/core/</p> <p>In addition, anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.</p> <p>Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. An open, publicly available Wi-Fi network (i.e. DCC) is normally available for meetings held in the Committee Suite at County Hall. For information on Wi-Fi availability at other locations, please contact the Officer identified above.</p>
Public Participation
<p>Devon's residents may attend and speak at any meeting of a County Council Scrutiny Committee when it is reviewing any specific matter or examining the provision of services or facilities as listed on the agenda for that meeting.</p> <p>Scrutiny Committees set aside 15 minutes at the beginning of each meeting to allow anyone who has registered to speak on any such item. Speakers are normally allowed 3 minutes each.</p> <p>Anyone wishing to speak is requested to register in writing with Wendy Simpson (wendy.simpson@devon.gov.uk) by 0900 hours on the day before the meeting indicating which item they wish to speak on and giving a brief outline of the issues/ points they wish to make.</p> <p>Alternatively, any Member of the public may at any time submit their views on any matter to be considered by a Scrutiny Committee at a meeting or included in its work Programme direct to the Chairman or Members of that Committee or via the Democratic Services & Scrutiny Secretariat (committee@devon.gov.uk). Members of the public may also suggest topics (see: https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/)</p> <p>All Scrutiny Committee agenda are published at least seven days before the meeting on the Council's website</p>
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If you need a copy of this Agenda and/or a Report in another format (e.g. large print, audio tape, Braille or other languages), please contact the Information Centre on 01392 380101 or email to: centre@devon.gov.uk or write to the Democratic and Scrutiny Secretariat at County Hall, Exeter, EX2 4QD.
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PTE/17/1

Place Scrutiny Committee
10 January 2017

Section 106(S106)/Community Infrastructure Levy (CIL) and Monies for Highway Works

Report of the Head of Planning, Transportation and Environment

1. Summary

The County Council has a significant, statutory role as an infrastructure provider, particularly relating to transportation and education provision. This report sets out the way in which the County Council secures S106 contributions and works. It describes how it engages in the local planning process in identifying and securing appropriate infrastructure funding to support new development. Within the current planning regime, this process involves Section 106 agreements and the use of a Community Infrastructure Levy.

2. The mechanisms for securing developer contributions for infrastructure

New development often has an impact on existing infrastructure and public services. The County Council works alongside Local Planning Authorities (LPAs) (usually the District Councils) to set out infrastructure requirements associated with new development to be included within emerging Local Plans. More specifically, infrastructure requirements, dates for delivery and sources of funding are set out in specific Infrastructure Delivery Plans which accompany Local Plans, and the Council's own Transport Infrastructure Plan.

On a more detailed level, when planning applications are submitted, developer contributions can be made by an applicant to the relevant Local Authority to fund improvements required as a direct result of the proposed development. This infrastructure is considered to be required to make development acceptable in planning terms and is often specifically included within District Infrastructure Delivery Plans.

Developer contributions are usually secured through Section 106 Agreements or the implementation of a Community Infrastructure Levy (CIL).

Section 106 Agreements

Section 106 Agreements are legally binding agreements between the applicant, the LPA and the County Council as Highway Authority and Local Education Authority. These Agreements set out the infrastructure, or level of financial contributions to infrastructure delivery, which needs to be provided by the developer to make the development acceptable to the Local Authorities at specific times in relation to the development in question. Because Section 106 Agreements are negotiated on a case-by-case basis they often vary in their structure and format. In some cases development cannot continue beyond a certain stage until the necessary infrastructure is in place.

Community Infrastructure Levy

CIL is a relatively new mechanism for securing developer contributions towards infrastructure delivery. It is a standard levy charged and collected by LPAs (as opposed to the County Council) on developments of a certain type with charges being set on the basis of development size. CIL applies to residential development and in some cases is also collected on retail and commercial developments. LPAs identify the rate of levy to be

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applied on the basis of development viability rather than the type and scale of infrastructure which needs to be funded from it. The CIL rates are assessed by an independent Planning Inspector to consider their impact on development viability. This process can lead to the levy rates being altered. The LPA has to publish a list which sets out what CIL will be used to fund. The County Council provides advice as Highway Authority and Local Education Authority to inform the preparation of the CIL regimes in the Devon area. There is no firm link between viability and the list of items the CIL needs to fund. In practice there is nearly always a significant funding gap.

While it is not mandatory to implement a CIL, restrictions to the use of Section 106 Agreements effectively encourages this approach to infrastructure funding. In Devon, Exeter City, East Devon and Teignbridge District Councils have put in place a CIL regime while other LPAs are progressing similar CIL proposals.

The CIL regime establishes a range of infrastructure investment necessary to support the delivery of the Local Plan proposals, but once the developer has paid their CIL contribution, development can normally proceed and be implemented in full. Delivery of CIL-funded infrastructure is the responsibility of the appropriate Authority; in most cases the District Council or County Council. This is one of the principal differences between the CIL regime and Section 106 arrangements.

3. The County Council's role in the local planning process and its approach to securing developer contributions

General approach

The County Council has a significant involvement in the local planning process. In particular, the Authority works proactively with the LPAs at all stages in the preparation of Local Plans, responds to planning applications and makes requests for infrastructure funding as Highway Authority and Local Education Authority. The Authority is a statutory consultee on these matters. Depending on the scale and nature of development, requests may also be made for developer contributions towards other infrastructure including library provision and extra care housing. The reorganisation of the internal planning teams to create a single planning unit which includes education planning has improved the effectiveness of the County Council's infrastructure planning and delivery functions.

The County Council generally responds to planning applications separately in its role as Highway Authority and Local Education Authority. Alternatively, for large scale, strategic applications on allocated sites where there may be significant infrastructure requirements, the planning team will prepare a single, corporate response on behalf of the County Council. Such responses cover highways and education together with other topics for which the County Council is responsible including libraries, extra care housing, minerals, waste and historic environment. As a guide, single County Council responses are generally made for housing applications of more than 350 houses or Local Plan allocated sites with significant infrastructure requirements.

When responding to planning applications as a consultee, officers liaise with the Local Member to inform them of the application, while discussions can take place to explain the nature of the application and the potential issues for consideration. This is particularly relevant if applications are large scale or contentious. Engagement also takes place with the relevant Cabinet Members.

Assessing Section 106 transportation contributions

As Highway Authority, officers consider the transport impact that a development may have on the network by examining the detailed application form, drawings and, when required due to the scale of development, the Transport Statement or Transport Assessment submitted with the application. Through a consideration of the characteristics and condition of the current transport network and the likely development impact on the highway, a series of infrastructure requirements which the developer should provide, or to which they should contribute, are identified. Responses are prepared using local planning policy and national policy such as the National Planning Policy Framework. Every application is considered on its individual merits and therefore there is no formulaic response or calculation regarding developer contributions. Recent appeal experience has demonstrated that collecting contributions for a local transport related 'pot' is no longer acceptable. S106 contributions are required to be for specific works or items.

Relationship with the County Council's capital programme

The County Council capital programme identifies the level of funding which is secured through developer contributions and spent on infrastructure. In addition, large numbers of minor infrastructure schemes such as junction improvements are provided 'in-kind' directly by developers through either S106 or S278 of the Highways Act where the developer delivers the scheme.

Irrespective of the type of infrastructure, any contributions sought must be directly related to the development in question. Paragraph 204 of the National Planning Policy Framework states that planning obligations must meet the following tests:

Necessary to make the development acceptable in planning terms;

Directly related to the development; and

Fairly and reasonably related in scale and kind to the development.

The application of these tests can cause concern at a local level where houses are being delivered but Section 106 contributions are limited only to those appropriate to meet the tests. Requests for inappropriate infrastructure requirements which do not meet the tests could lead to a planning appeal and potentially costs being awarded against the relevant Authority should an inspector consider requests to be non-compliant.

Whilst each application is considered individually, the County Council always considers the cumulative impact of development in assessing the appropriate level of contributions. This is easier where a Local Plan Authority has an adopted, and up to date, Local Plan.

More recently, the Government has introduced restrictions on the extent to which Section 106 contributions from a number of development proposals can be 'pooled'. This means that no more than five contributions can be aggregated in order to deliver a specific infrastructure requirement. This effectively encourages LPAs to prepare a CIL to appropriately fund infrastructure on large, strategic sites where several separate applications may be submitted.

Community Infrastructure Levy

Unlike Section 106 Agreements, the CIL is related more closely to the Local Plan area rather than to specific, individual sites or applications. In some cases elements of infrastructure

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included within the CIL regime will be identified as being needed to support the delivery of a strategic development proposal included within the Local Plan.

The Infrastructure Delivery Plan prepared alongside each Local Plan will identify the full range of infrastructure required, and identify the extent to which funding is required from CIL. The County Council works closely with the LPAs to develop a robust Infrastructure Delivery Plan and identify the extent to which CIL funding will be required.

Having established the rate of CIL to be applied and the payment regime, the overall scale of CIL likely to be available can be estimated, but there is no direct link between the collection of CIL receipts and the timing for investment in infrastructure. The need for infrastructure provision may therefore occur before sufficient CIL income has been secured to allow its delivery.

Discussions are currently taking place with individual LPAs in order to establish effective procedures through which CIL funds can be made available to support infrastructure delivery for which the County Council is responsible. This includes discussions with the Section 151 Officers from the District Councils.

The objective is to establish a coordinated approach to capital programming and a clear mechanism through which early delivery of infrastructure can be secured. In the case of Section 106 Agreements, funding is secure and early delivery can often be supported in advance of actual payment receipt, and a similarly robust mechanism needs to be put in place where CIL is the main source of funding.

4. Challenges

The County Council has an established approach and procedure for responding robustly to planning applications. This results in significant funding being secured for appropriate infrastructure where this is required to mitigate the impact of development. However, there are some challenges to the mechanism for securing developer contributions.

Firstly, it is important to acknowledge that the County Council is not the LPA. The statutory responses provided are used to inform the decision of the LPA, although there may be a number of competing planning issues associated with an application which affect the decision made and the level of contributions secured, even though the County Council is usually a signatory to the Section 106 Agreement. In addition, some LPAs have adopted policy positions which affect the level of contributions which they are prepared to secure. An example of this is where the LPA has adopted a position which means that they do not request contributions from the affordable housing element of a development. This sometimes results in a reduced contribution than that requested for education provision.

Secondly, viability can affect the level of contributions which, in the opinion of the applicant, a development can support whilst still providing a competitive return to the developer and landowner. Viability appraisals are often submitted with planning applications to demonstrate that the total level of contributions requested cannot be afforded which means that prioritisation over development funding is required. This can result in reductions in infrastructure funding secured even though the impact will be undiminished. It should be noted that the National Planning Policy Framework requires that development should provide competitive returns to willing landowners and developers. The levels of Section 106 contributions and CIL rates therefore have to be viewed in this context.

Thirdly, the position of the County Council as a significant infrastructure provider, but not a CIL Charging Authority (usually the District Council), is important. CIL receipts are collected by the LPA. The County Council then has to make a case to the LPA for an appropriate

amount of funding from CIL to be made available for County infrastructure. As already discussed, there are only two LPAs which currently charge CIL and therefore the mechanisms for ensuring that appropriate levels of funding are secured are still evolving. In general terms, in areas where CIL is in place, the County Council has less direct control of funding for County infrastructure which would have previously been secured through the Section 106 mechanism. It is therefore important to liaise on an ongoing basis with the LPAs to ensure the relevant funding is made available.

On a strategic level, the County Council has been successful in securing the funding required to deliver the transportation and education improvements needed to mitigate development impact. There are occasions when there is a necessary delay between the commencement of development and the provision of infrastructure because of competing infrastructure demands and the need for developer contributions to be paid in a timely manner to ensure development is viable. However, issues over cash flow can usually be overcome by flexibly improving infrastructure, securing funding from elsewhere (in the context of transport improvements) or applying temporary funding from other sources.

It should be noted that if insufficient funding is secured from development this has a significant impact on the ability to fund the necessary infrastructure, potentially resulting in a funding gap. This can be a particular issue in the case of education provision for which the only source of funding for additional capacity required to mitigate development is from developer contributions. For example, the principal source of schools funding from Government, the Basic Needs Capital Allocation, is specifically to meet educational needs resulting from demographic patterns, not new development. As such it is imperative that sufficient funding is secured from development.

5. Monitoring infrastructure funding from development

Infrastructure funding from development is directly related to housing completions, whether the funding is secured through a Section 106 Agreement or whether it is derived through a CIL. This means that it is usually received in tranches. Contributions from various developments can often be aggregated (although recent regulations limit such 'pooling'). These arrangements mean that it is vital to monitor funding closely.

The County Council directly monitors existing infrastructure capacity, paying particular attention to highway and school capacities. In addition, the County Council monitors the receipt of funding from development in the context of agreed payment triggers and anticipated development trajectories. The increased use, investment in, and development of, appropriate software has improved the internal monitoring processes of the County Council. Ongoing discussions between the County Council and the LPAs are vital to ensure that funding is received when Section 106 Agreement triggers are reached. In areas where there is a CIL, the provision of funding for specific infrastructure is agreed at Member level and funding is usually provided as agreed to coincide with the actual provision of the infrastructure. A positive and collaborative relationship with the LPAs is vital.

6. Summary and conclusion

The County Council has a robust procedure for informing Local Plan preparation and responding to planning applications, particularly as Highway Authority and Local Education Authority. Through such responses and ongoing discussions with applicants and the LPAs, contributions for infrastructure are secured through either through CIL or Section 106 Agreements. The way in which the County Council sets out appropriate levels of contributions is evidence-based, robust and relates to specific infrastructure requirements. Monitoring of funding receipts takes place through discussion with District Councils and a

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series of internal processes to ensure that the funding received matches that required and previously agreed.

Dave Black
Head of Planning, Transportation and Environment

Electoral Divisions: All

Cabinet Member for Economy, Growth and Cabinet Liaison for Exeter: Councillor Andrew Leadbetter

Chief Officer for Communities, Public Health, Environment and Prosperity: Dr Virginia Pearson

Local Government Act 1972: List of Background Papers

Contact for enquiries: Brian Hensley

Room No. Lucombe House, County Hall, Exeter. EX2 4QD

Tel No: (01392) 383000

Background Paper	Date	File Reference
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Nil

bh061216psc Section 106 Community Infrastructure Levy and Monies for Highway Works
hk 04 201216

HIW/17/1

Place Scrutiny Committee
10 January 2017

Highway Maintenance Hierarchy Review: Road Categories

Report of the Chief Officer for Highways, Infrastructure Development and Waste

1. Introduction

This report provides an update to Place Scrutiny Committee on the review of the Highway Maintenance Hierarchy and the classification of the Devon Road Network.

The view of Place Scrutiny is sought on the review process including:

- alignment of the criteria and route categories with neighbouring local highway authorities;
- consultation with Local Councils to validate the officer analysis of road category.

2. Background

A highway network road hierarchy is the foundation of a coherent, consistent and auditable maintenance strategy.

A highway network hierarchy is crucial to asset management planning as different levels of service can be associated with different maintenance categories for key assets, like roads, footways and cycleways.

A highway network hierarchy is also used as part of the statutory network management role for the co-ordination of authorities work on the highway and regulating occupation of the highway.

A road network hierarchy should reflect the needs, priorities and actual use of each road, Categorisation within the hierarchy will be determined by a number of factors including:

- Connectivity for example, between primary destinations; feeder routes between A Roads; links to villages; routes within small communities; links to key local facilities like a major hospital.
- Environmental factors applying to roads, for example, in rural and urban areas, busy shopping streets, residential streets.
- Traffic volumes including vehicular, non-vehicular traffic and pedestrian traffic.

Collectively, these issues may be referred to as the 'functionality' of a road.

3. Existing Hierarchy

The last comprehensive review of the road maintenance categories was undertaken in the early 1980's and at that time Parish Councils were invited to comment. The outcome of the 1980's review was the existing hierarchy referred to as the Devon Road Network.

No comprehensive changes have been made since the 1980's although where locally significant changes have taken place individual categories have been amended accordingly.

The Devon Road Network assigns each road to one of 12 maintenance categories as shown in Table 1.

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4. Reasons for Review

A revised National Code of Practice, Well Managed Highway Infrastructure (WMH), was published on 28 October 2016. The Code promotes the adoption of an integrated asset management approach to highway infrastructure based on a risk-based approach for the establishment of local levels of service. The intention is that Authorities will develop their own levels of service and the Code therefore provides guidance for authorities to consider when defining levels of service to take account of local needs, priorities and affordability. A road network hierarchy based on asset function is the foundation of a risk-based maintenance strategy.

The new code makes particular reference to the importance of continuity with the road hierarchy of neighbouring authorities. In response to this the South West Highway Alliance (SWHA) has developed a network hierarchy with the aim of it being adopted by all South West authorities. The benefit of providing consistency of approach across the region is that it will strengthen an authority's legal position on highway safety inspections and the ability to defend highway claims.

To align with the South West Highway Alliance proposal, Devon needs to review the existing highway network.

5. Process of Review and Change.

Officers have compared the existing Devon Network road categories with the recommendations of the National Code of Practice (WMH) and the proposals developed by the South West Highways Alliance. The outcome of the review is presented for information in Appendix 2.

The outcome of the officer review process will be published and public comment will be invited.

Feedback will be analysed and where valid suggestions for change are evidenced, changes will be taken on board.

At the end of the review process, the new Devon Road Network will be published so that it is widely available.

6. Proposal

It is proposed that the South West Highways Alliance hierarchy will be adopted for the future management of Devon's highway network so as to ensure an approach consistent with other highway authorities in the region.

The criteria for each road category and the officer assessment of categories will be published on the DCC Website.

County councillors, Town and Parish Councils will be notified. They will be invited to examine the criteria and respond where they feel the road category has been incorrectly assigned.

Consultation feedback will be reviewed and, where the evidence compared to the published criteria support the case, a road category will be amended.

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The review process is programmed for completion by October 2017. Once completed, the Devon Road Network, showing road category for every public road in Devon, will be published on the DCC website and adopted for future use by Devon as the Local Highway Authority.

7. Summary

The new Devon Road Network will provide an up to date category for every public road in Devon. This is important in clarifying levels of service and in delivering the agreed Highway Asset Management Plan for Devon.

It is not anticipated that the consultation will result in much change to the length of road in each of the Devon Road Network categories.

The Maintenance Hierarchy Review enables alignment with the recommendations of the National Code of Practice (WMH) and with the road hierarchy of neighbouring highway authorities in the South West.

David Whitton
Chief Officer for Highways, Infrastructure Development and Waste

Electoral Divisions: All

Cabinet Member for Highway Management and Flood Prevention: Councillor Stuart Hughes

Local Government Act 1972: List of Background Papers

Contact for enquiries: Joe Deasy

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Background Paper	Date	File Ref.
Nil		
jd011216psc Highway Maintenance hierarchy Review	hk 04	201216

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Table 1 – Current DCC Maintenance Categories (MC)

DCC MC1
Maintained by Highways England
DCC MC2a – Primary National (Trunk Road)
Maintained by Highways England
DCC MC3 National Primary Route
National strategic routes for through and long distance travel (A roads)
DCC MC4 County Primary Route
Main access routes connecting principal settlements
DCC MC5 County Secondary Route
Main access routes to large settlements and recreational areas
DCC MC6 Local Distributor
Access routes to smaller settlements and recreational attractions
DCC MC7 Collector Road
Rural – Access routes to small villages and other significant traffic generators Urban – Industrial main collector roads & through routes and Residential collector roads. Access to schools, hospitals, facilities for the disabled, main shopping areas, libraries, car parks and tourist attractions. Shared surfaces with heavy pedestrian traffic. Local roads serving limited numbers of properties
DCC MC8 Minor Collector Road
Rural – Roads serving small hamlets and scattered communities Urban – Roads serving shopping areas, business premises, industrial estates and residential areas
DCC MC9 and MC 10 Service Road
Rural – Local road serving only a few properties (MC10 – One property) Urban – Narrow collector roads and shared surfaces (MC10 – Cul-de-sac serving less than 20 properties)
DCC MC11 Minor Lane
Rural – Serving fields only or duplicating other routes Urban – Back Lanes
DCC MC12 Track
Not used by normal vehicular traffic

Table 2 Comparison of National (WMH), SWHA Regional and Devon County Council Categories

This table identifies the re-allocation of current DCC maintenance categories when SWHA hierarchy is adopted

General Description				
WMH 1 Motorway				DCC MC1
Limited access motorway regulations apply.	Routes for fast moving long distance traffic. Fully grade separated and restrictions on use.			
				DCC MC2a – Primary National (Trunk Road)
WMH 2 Strategic Routes		SWHA Category 2 – Strategic Route		DCC MC3 National Primary Route
Trunk and some Principal 'A' roads between Primary Destinations.	Routes for fast moving long distance traffic with little frontage access or pedestrian traffic. Speed limits are usually in excess of 40 mph and there are few junctions. Pedestrian crossings are either segregated or controlled and parked vehicles are generally prohibited.	Trunk and some Principal 'A' roads between Primary Destinations.	Routes for traffic travelling long distances, often with little frontage access or pedestrian traffic. Speed limits are usually in excess of 40 mph and there are few junctions.. Pedestrian crossings are either segregated or controlled and parked vehicles are often prohibited. Not always National Speed Limit.	
WMH 3a – Main Distributor		SWHA Category 3 – Main Distributor		DCC MC4 County Primary Route
Major Urban Network and Inter Primary Links. Short medium distance traffic.	Routes between Strategic Routes and linking urban centres to the strategic network with limited frontage access. In urban areas speed limits are usually 40 mph or less, parking is restricted at peak times and there are positive measures for pedestrian safety.	Major Urban Network and Inter Primary Links. Short medium distance traffic.	Routes between Strategic Routes and linking urban centres to the strategic network often with limited frontage access. In urban areas speed limits are usually 40 mph or less, parking is often restricted at peak times and there are positive measures for pedestrian safety.	

General Description				
WMH 3b Secondary Distributor		SWHA Category 4 – Secondary Distributor		DCC MC5 County Secondary Route
B and C class roads and some unclassified urban routes carrying bus, HGV and local traffic with frontage access and frequent junctions.	In residential and other built up areas these roads have 20 or 30 mph speed limits and very high levels of pedestrian activity with some crossing facilities including zebra crossings. On-street parking is generally unrestricted except for safety reasons. In rural areas these roads link larger villages, bus routes and HGV generators to the Strategic and Main Distributor Network.	Classified Road (B and C class) and unclassified urban bus routes carrying local traffic with frontage access and frequent junctions.	In rural areas these roads link the larger villages and HGV generators to Strategic and Main Distributor Network. In built up areas these roads have 30 mph speed limits and very high levels of pedestrian activity with some crossing facilities including zebra crossings. On-street parking is generally unrestricted except for safety reasons.	
WMH 4a Link Road		SWHA Category 5 - Link Road		DCC MC6 and MC7 Local Distributor and Collector Roads Part DCC MC8 (Urban) Minor Collector Road
Roads linking between the Main and Secondary Distributor Network with frontage access and frequent junctions.	In urban areas these are residential or industrial interconnecting roads with 20 or 30 mph speed limits, random pedestrian movements and uncontrolled parking. In rural areas these roads link the smaller villages to the distributor roads. They are of varying width and not always capable of carrying two-way traffic.	Roads linking between the Main Secondary Distributor Network with frontage access and frequent junctions.	In rural areas these roads link the smaller villages to the distributor roads. They are of varying width and not always capable of carrying two way traffic. In urban areas they are residential or industrial interconnecting roads with 30 mph speed limits random pedestrian movements and uncontrolled parking.	

General Description				
<i>This Category does not appear in Well Managed Highways Infrastructure and is a sub-division of category 4a</i>		SWHA Category 6 - Local Link Road		Part DCC MC8 (Urban) Minor Collector Road
		Roads connecting Link Roads and other Distributor Roads. Local Link Roads usually have frontage access and junctions onto Local Access Roads.	These roads are residential interconnecting roads, usually with uncontrolled pedestrian movements. They provide well used vehicular links within the local access roads.	
WMH 4b Local Access Road		SWHA Category 7 – Local Access Road		DCC MC8 Rural Minor Collector Road Part DCC MC9 Service Road
Roads serving limited numbers of properties carrying only access traffic.	In rural areas these roads serve small settlements and provide access to individual properties and land. They are often only single lane width and unsuitable for HGVs. In urban areas they are often residential loop roads or cul-de-sacs.	Roads serving limited numbers of properties carrying only access traffic.	In rural areas these roads serve small settlements and provide access to a number of properties or land. In urban areas they are often residential streets, cul-de-sacs or small industrial estates.	
WHM 5 Minor Road		SWHA Category 8 - Minor Road		Part DCC MC9 and MC 10 Service Road
Little used roads serving very limited numbers of properties.	Locally defined roads.	Local roads serving an extremely limited number of properties or agricultural land.	In rural areas these form minor access roads to houses and farms. In urban areas these form minor side roads and vehicular alleyways	

General Description				
<i>This Category does not appear in Well Managed Highways Infrastructure and is a sub-division of category 5.</i>		SWHA Category 9 - Lanes		DCC MC11 Minor Lane
		Minor routes and low use tracks that provide access to isolated buildings.	In rural areas these often narrow metalled roads serving isolated agricultural buildings. In urban areas are often metalled no through lanes serving garages or the rear of properties.	
<i>This Category does not appear in Well Managed Highways Infrastructure and is an additional category below 5</i>		SWHA Category 10 – Green Lanes and Tracks		DCC MC12 Track
		Lanes and tracks that are unsuitable for vehicular traffic.	Lanes and tracks that are unsuitable for vehicular traffic but may be used as a footpath, part of a Cycle Trail, or by horse riders, generally for leisure purposes.	
<i>This Category does not appear in Well Managed Highways Infrastructure and is an additional category below 5.</i>		SWHA Category 11 - Disused Tracks		Not in DCC M/C
		Unmetalled tracks that are unrecognisable as a road.	Roads that have become unrecognisable as such, having fallen into disuse through regression or agricultural use.	

CORPORATE ENERGY UPDATE

Report of the Head of Digital Transformation and Business Support

1. INTRODUCTION

- 1.1 The new Corporate Energy Manager met with Members earlier this year and discussed his role and the Council's objectives in terms of corporate energy savings and renewable energy production. Members expressed an interest in receiving a report in 6-9 months' time to provide an update on the achievement of these objectives.

2. ENERGY PERFORMANCE

- 2.1 The council's total annual energy consumption¹ for the financial year 2015-2016 was 17% less than in the financial year 2012-2013 (from the commencement of DCCs current Energy Policy). DCC's energy costs also reduced, with the costs of energy in the 15-16 financial year being 19% lower than in 2012-2013.
- 2.2 DCCs Estates Strategy (2012 to 2017) has successfully delivered a reduction in energy consumption by 29% for DCC owned and leased properties from 2012-2013,. This has reduced the authority's spend on energy by 33% since 2012/13, representing a budget saving of £686,000 since 2014-2015 and a total of £2,581m since 2012/13 which has contributed to the reductions in overall budget that the Council has had to achieve over this period..
- 2.3 This reduction has been a result of on-going property rationalisation as part of DCCs Estates Strategy including the disposal of energy intensive properties such as former Care Homes as well as the introduction of energy efficiency measures in retained properties.
- 2.4 Measuring energy performance against the number of employees or the size of the estate also provides a good indicator for energy consumption (known as 'normalised energy consumption') In 15-16, energy use per employee was 8% lower than in 2012-2013. DCCs target is a 25% less energy use per employee by 17-18.
- 2.5 The amount of energy consumed by DCC coming from renewable energy sources was 3% in 15-16, remaining the same as the previous financial year. This is largely due to the reduction in incentives (Feed in Tariffs) making the market for renewables less conducive and the income and payback potential less attractive.
- 2.6 DCCs ability to progress large scale solar PV will be determined by the timescales to increase grid capacity (through Western Power) in the South West, which is currently not likely to increase until 2020 at the earliest.

¹ Total consumption is made up of DCCs property portfolio, street lighting, travel & transport, and water supply & treatment.

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- 2.7 The Corporate Energy Manager is in the process of drafting a renewable 'Energy Strategy' to achieve the long term 2030 target of 30% of energy consumed from renewable source.
- 2.8 In the short term the Corporate Energy Manager has been working with Councillor Croad to lobby for improvements in the renewable legislative area and working to secure funding and alternative deployment methods.(detailed below).

3. PROGRESS AND ACHIEVEMENTS

- 3.1 At County Hall, Estuary House and Great Moor House (3 of DCCs Strategic Centres) Building Management Systems (BMS) which control energy consumption have been reviewed resulting in timing and control adjustments to reduce consumption.
- 3.2 The roll out programme for LED lighting in DCC buildings, which commenced in 14/15 continues (10 buildings have been completed to date), with a further programme planned in 17/18.
- 3.3 Feasibility work is underway to consider Energy Performance Contracting (EPC): (third party-financing of energy efficiency and/or heating and cooling measures), working with Royal Devon & Exeter Foundation Trust and Exeter City Council to collaborate on a joint-EPC The EPC would reduce energy costs on buildings by at least 5%
- 3.4 Early in 2016 150kWp of solar PV was installed at Great Moor House and Exeter Library in partnership with Exeter Community Energy (ECO) and Libraries Unlimited South West. DCC now purchase renewable electricity for the installation on Great Moor House at c. 50% less than the current cost of energy from the grid with no DCC capital outlay. A proportion of the income from ECOs installations goes to a community fund to support measures reducing fuel poverty.
- 3.5 Funding has been secured for the Zero Energy Building Catalyst (ZEBCat) project which will result in £200,000 of capital funding and revenue funding of £16,000 per year. The project aim is to reduce greenhouse gas emissions from a corporate estate building by 60% with subsequently a similar reduction in energy consumption.
- 3.6 The University of Exeter have secured funding of £20,000 to work with DCC on developing effective strategies to improve staff behaviour in relation to energy consumption.
- 3.7 The Corporate Energy Manager is supporting the Dextco (set up to deliver a District Heating Network across Exeter) and Exeter City Centre heat networks project until February 2017. This has enabled a strategically important project to keep moving forward during a critical phase.
- 3.8 Two funding bids (Interreg Atlantic and Western Power Distributions Innovation Fund) have been submitted to explore energy storage at DCC properties.
- 3.9 DCC are working with a renewable energy company to explore the potential and viability of solar PV on DCC assets.

4. SUMMARY

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- 4.1 Through the implementation of a number of energy efficiency measures, the continued reduction in DCCs property portfolio and a dedicated resource to focus on energy management the authority has made significant progress in this area and are able to evidence both a reduction in consumption and resultant costs savings.

Rob Parkhouse
Head of Digital Transformation and Business Support

Agriculture Task Group

January 2017

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CS/17/1
10 January 2017
Place Scrutiny Committee

1. Recommendations

The Task Group asks the Place Scrutiny Committee and Cabinet to endorse and action the recommendations below and to receive a progress update in 6 months' time.

	Recommendation	How?	Who?
1	Farmers need to have greater clarity over what will happen to farm subsidies post Brexit, so that they can plan for the future of their business.	During the first half on 2017, the UK government should provide farmers with a clearer idea of what subsidy/support payments will be available to them after 2020.	UK Government
2	Farmers need to get a fair and consistent price for their produce, so that they can plan for the future, invest in their business and grow their industry.	The UK government needs to negotiate provision within world trade for permitted subsidies and marketing boards, which will support profitability to the point of national self-sufficiency.	UK Government
3	Post Brexit, the UK government needs to support and promote positive farming practices, which will push the industry to innovate and thrive, increasing food security and self-sufficiency.	The creation of a system of financial support which supports and promotes innovations in farming, diversification, practical environmental stewardship and increased productivity in areas such as fruit and vegetables.	UK Government
4	Agri-environment schemes need to be fit for purpose, practical and attractive to farmers, balancing farming needs alongside environmental outcomes.	When environmental/countryside stewardship schemes are reviewed, DEFRA and Natural England need to draw more greatly on the experiences and knowledge of those who live and work in agriculture and in the countryside.	DEFRA and Natural England
5	Young farmers and new entrants need support to fund the necessary upfront capital investment in stock, machinery and other expenses needed to begin their farm business.	Government should provide young farmers and new entrants with financial support through the introduction of cheap, long term loans, tax breaks and capital allowances.	UK Government
6	Affordable and flexible rural housing must be made available, to make living and working in the countryside	(a) Planning policies should make allowances for the building of either a retirement home or affordable housing (targeted at those working I agriculture	UK Government

	viable for young people, and to support agricultural succession and retirement.	and related industries), allowing the older generation the option of a gradual move into retirement and to facilitate succession and other options for young farmers such as farm sharing; (b) Devon’s Local Planning Authorities should make greater use of the national Rural Exception Site policy, which provides flexibility within the planning system to allow housing to be delivered in response to clear local need.	& Devon District Councils
7	A greater public understanding of farming, food production and the contribution of agriculture to the economy, tourism and the wider public benefit needs to be established in Devon.	(a) The County Council to promote the wider public benefit of farming, and to take a greater role in the promotion of local food; (b) The County Council to make informative talks and/or farm visits available to officers and members, in partnership with the NFU; (c) The County Council to encourage and support Devon schools to organise farm visits for pupils.	Devon County Council Economy Communications and Education Teams & the NFU

2. Background

Agriculture in Devon

2.2 Farming in Devon is predominantly livestock based. Due to Devon’s comparatively high yield grasslands, the dairy, beef and sheep sectors are particularly prominent. Devon also has a high number of small and family farms compared to the UK as a whole. There are a number of tenanted farms in Devon, with some large agricultural estates including the Duchy of Cornwall Estate and Clinton Devon Estates, however there are also a higher number of owner/occupier farms in Devon than there are nationally.

2.3 Agriculture is an important part of Devon’s economy. Although only contributing around 2-3% of Devon’s overall GVA, agriculture provides the basis for other key industries, including food manufacturing and tourism.

2.4 Agriculture also plays an important role in countryside guardianship and management, maintaining the character and landscape of the countryside, and particularly in the case of uplands, making it accessible for local people and visitors.

2.5 For a rural county such as Devon, farming has always been an integral part of rural community life, providing social networks as well as local employment. Farmers have traditionally had a strong role in their community, taking on roles with Parish Councils, volunteering to remove fallen trees and clearing rural lanes.

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2.6 For many Devon farmers, farming is a way of life as well as their home and business. There is a strong emotional and psychological tie between the farmer and their farm, and this adds additional complexities to the widespread challenges currently facing the agriculture industry.

Scope of the Review

2.7 At their meeting on 7th March 2016, the Place Scrutiny Committee elected to undertake a Task Group review of Devon's agriculture industry. The scope of the review was to:

- establish the current challenges faced by the County's agriculture sector and the impact that this has on the rural economy in Devon as a whole;
- identify ways in which the County Council, partners and central government can help support, sustain and develop the industry.

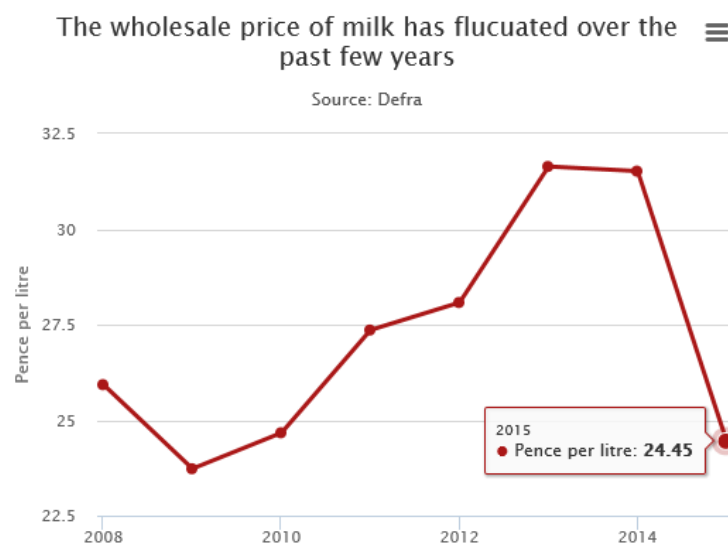
2.8 Time and resources necessitate that this report provides a snapshot approach to highlight some of the most significant issues affecting farming in Devon today. The challenges facing Devon's farmers are complex and intrinsically linked to world markets, cultural change and national and EU policy, among many other influences. In this vein the Task Group's recommendations do not profess to solve all the problems currently being faced by the agriculture industry, but instead ask central government and the County Council to stand up for agriculture and to support Devon's rural communities and farmers into a sustainable future.

3. Findings

3.1 The Task Group spoke to a wide range of agricultural industry experts, farmers and witnesses from related fields and identified a number of issues currently affecting the agriculture industry in Devon.

Low Produce Prices

3.2 The worldwide flooding of milk markets has meant that the dairy industry in the UK has suffered from low milk prices for a number of years. The below graph shows the trend in average milk prices since 2008.



3.3 Some dairy farmers have secured profitable contracts with large dairies and retailers, who will pay above the market price for milk to secure their supply chain. However this is not an option for all dairy farmers, particularly for isolated farms where the cost of collection makes this untenable. It is estimated that currently 75% of farms not operating on an aligned dairy contract are operating at a loss because it is costing them more to produce their milk than they are able to sell it for¹.

The **Milk Marketing Board** (established in 1933 and fully dissolved in 2002) controlled milk production and distribution and **guaranteed a minimum price** for milk producers.

3.4 Low produce prices are reflected across other farming sectors, particularly for beef and sheep. Lamb prices have been affected by the cheap imports from New Zealand, whilst imported beef from Ireland and South America is pushing down UK beef prices.

The Basic Payment Scheme

3.5 The Basic Payment Scheme (BPS) (previously the Single Payment Scheme) is a subsidy funded by the European Union to farmers, based on the amount of land they own or manage. The land has to meet certain criteria; the key principle being that the land must be kept in good agricultural and environmental condition. The scheme forms part of the European Union's Common Agricultural Policy.

3.6 The scheme itself has come under a lot of criticism, as it allows landowners to claim the payment without necessarily farming. Many in the industry also consider that due the universal way that the BPS is calculated (at a set rate per ha/acre irrespective of holding size, land quality or output), the scheme does not direct subsidies to where they are really needed. It also means that farmland now comes with an inherent income value, which is an additional driver for farms to expand, and is likely to have influenced the ever increasing price of rural land.

Agri-environment Schemes

3.7 Many farmers consider managing of the countryside and protection of the environment to be an integral part of agriculture. Agri-environment schemes in the UK have existed in a number of guises and aim to promote environmentally balanced land management by providing financial incentives. The current Countryside Stewardship Scheme launched in 2014 offers a Mid Tier level and a Higher Tier level, along with capital grants². The relatively new scheme is competitive and has not seen a wide take up, particularly in terms of the Mid Tier level, which many farmers do not consider offers them enough incentive to undertake the requirements of the scheme, though the capital grants are welcome. Those farming on Dartmoor and Exmoor particularly feel that the scheme does not offer anything of benefit for the moorland farmer. There is a general feeling from farmers and from within the agricultural industry that recent agri-environment schemes lack the insight and understanding of agriculture and the countryside to make them successful, and are created

¹ <http://www.telegraph.co.uk/business/2016/02/21/thousands-of-dairy-farms-face-closure-as-debts-reach-crisis-level/>

² <https://www.gov.uk/government/collections/countryside-stewardship-get-paid-for-environmental-land-management>

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to meet the wants of environmental organisations, rather than a balance between environmental and agricultural priorities.

Profitability of Agriculture in Devon

3.8 The BPS in particular is relied upon by a number of farmers to keep their businesses operating and Devon farmers tend to have a higher dependency on BPS than farmers in south east England. For Devon's upland farmers, the BPS makes up around 50% of their income, whereas small mixed farms rely even more heavily on agri-environmental payments and many see over 100% of their farm income from the BPS³. Many farming families subsidise the farm's income by one or more family members taking on full or part time work. There is a risk that an 'unintended consequence' of the BPS will be that it has sustained inefficient farms, which without the subsidy would have either stopped operating or would have been forced to make greater efficiencies.

3.9 Without the BPS many farms would not be making a profit, indeed many are operating at a loss. Other than low produce prices there are a number of other contributory factors. The financial impact of TB (outlined in more detail below) will hit beef and dairy farmers who are teetering on the brink of survival particularly hard. Feed costs are also currently high; some farms are able to grow their own protein but almost all will need to purchase some soya protein from the US, which has become even more costly (albeit temporarily) as the pound falls against the dollar. The big five supermarkets enjoy oligopoly power through control of about 70% of the UK grocery market and farmers are largely price takers. An increased use of genetically modified (GM) animal feed could ease costs, with GM crops reputed to benefit from higher yields as well as better resistance to disease and pests. However GM technology is still unpopular with the consumer and there is a mixed view on GM within the farming population.

The **Farming Community Network (FCN)** offers confidential support to farmers with business, farm, family and health issues. **Financial** problems make up a high proportion of issues seen by the Devon branch of the FCN, but they are also seeing farmers struggling with a number of other issues including **family relationships**, **mental health** (which has seen a significant increase) and **retirement and succession** (which is notably higher in Devon than the national trend).

3.10 Farmers also feel pressure to expand their farms so that they can benefit from greater economies of scale, however land prices are high, often artificially inflated, and land appears on the rental market so rarely that it can be let for more than its income potential. There is also an identified skills deficit amongst farmers. Traditionally farming has required good technical skills in land management, animal husbandry and crop production, but the modern farmer needs to be a business person, have strong financial, management and market knowledge. Many farmers do not recognise this shift or the value in developing skills in these areas.

3.11 Arguably, these challenges will be felt more by the small or family farm, and being the most common type of farm in Devon, will be particularly felt by Devon's farmers. The small farm has less margin for error, a weaker negotiating position, relies more on the health and skill base of one or two individuals and has an emotional tie to its purpose and place.

³ <http://www.princescountrysidefund.org.uk/downloads/research/is-there-a-future-for-the-small-family-farm-in-the-uk-report.pdf>, p6

However there is no evidence to suggest that size is the determining factor in the success and profitability of a farm. A number of other factors are at play, including strong business skills as already outlined, flexibility, successful engagement in agri-environment schemes, and the likelihood of a successor being in place⁴. The family farm that has provided the social fabric of the countryside and the bedrock of farming in the UK for centuries requires support to survive. The attention to detail, long hours and personal oversight that the small farmer invests in their livestock and land are a much undervalued asset of the nation.

Bovine TB

3.12 Bovine TB has had a devastating impact on beef and dairy farmers in Devon. The financial impact of an outbreak is significant; DEFRA figures indicating that the estimated average cost of a TB outbreak on a farm is £34,000. Farmers are compensated by government for the cost of the livestock lost, but are still left with other costs including the impact of the loss of animals, TB testing and business disruption due to movement restrictions, which totals around £14,000 on average⁵. Many farmers also report that the compensation paid does not accurately reflect the cost of the loss of the animal, not taking into account factors such as whether they are in calf, the loss of milk production and whether the animal is from an organic, pedigree or commercial herd.

3.13 As well as the financial impact, a TB outbreak can have a significant emotional effect on farmers and their families. News of an outbreak causes a great amount of stress and worry for many farmers and can lead to physical and mental ill-health⁶. Many farmers also report feelings of hopelessness and having no control over their situation. There have also been a number of serious physical injuries to farmers and helpers carrying out the tests.

3.14 Farms without TB but still in high risk areas, such as Devon, are still affected through the cost and disruption of testing and animal movement restrictions, as well as the impact of the constant worry of an outbreak occurring on the farm.

3.15 The UK Government's TB eradication strategy⁷ aims to achieve Officially Bovine Tuberculosis Free status for England by 2038 using a number of measures to control the disease, including badger culling, enhanced cattle surveillance and tighter TB herd management measures and use of badger and cattle vaccinations in high risk areas.

Rural Communities and Affordable Housing

3.16 Rural communities have undergone a considerable change over recent decades. There has been a steep rise in land and house prices and an increase in second home ownership; due to advances in technology, agriculture has become more mechanical and therefore offers less employment; there are less young people and families living in the countryside, and shops, pubs and schools have reduced in number. Many people living in the countryside also report a decline in the sense of community.

3.17 There are intrinsic links between all of these issues, but in particular, the lack of affordable housing in rural Devon means that many young people are moving away from

⁴ <http://www.princescountrysidefund.org.uk/downloads/research/is-there-a-future-for-the-small-family-farm-in-the-uk-executive-summary.pdf>, p6

⁵ <http://www.tffreeengland.co.uk/faqs/>

⁶ <http://www.tffreeengland.co.uk/assets/4200>

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300447/pb14088-bovine-tb-strategy-140328.pdf

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the countryside which is impacting on both the rural economy and community life. The agriculture industry needs young farmers, but also local mechanics, engineers, seasonal farm workers, vets and food manufactures in order to prosper.

Age and Succession

3.18 Nationally, agriculture has an aging workforce. In 2013, the median age for a farmer was 59, and 34% of farmers were aged over 65⁸. There is much anecdotal evidence of farmers well into their eighties still 'holding the cheque book', with their children (in their fifties and sixties) being side lined. Lack of succession planning and other problems associated with succession are key factors in the number of farmers working well beyond retirement age. Succession is an extremely complex issue, composing of a number of intertwined factors, but it is particularly relevant in Devon where there are significant numbers of family farms.

3.19 Succession has a number of financial implications, requiring the transfer of land and other assets, as well as tax implications, and the process requires detailed planning and the provision of legal, financial and valuation advice. There is also the issue of housing. For tenant farmers, many of the older generation find themselves reaching retirement age without the capital to buy a home of their own, or able to afford private rents, and can feel trapped on the farm.

3.20 The impact of the emotional connection that farmers have with their farm and their community should also not be understated. The farm is after all their home as well as their business, and many have spent a large part of the life investing in it. Some farmers will have never lived or worked anywhere else and the prospect of moving away from their world extremely daunting, and can invoke feelings of fear and loss of control.

3.21 As well as the Professions of Law, Accountancy and Surveying, there are specialist organisations available which aim to support farming families through this transition, including the Farming Community Network (FCN) who can offer assistance in succession planning. FCN also offer a mediation service for families who need additional support to settle conflicts. Solutions are sought where both generations can feel valued.

The Next Generation

3.22 There is still an enthusiasm to farm among Devon's young people, and there has been a notable rise in the number daughters of farming families entering the industry.

3.23 In terms of agricultural training and professional development, Bicton and Duchy Colleges offer a number of further education courses and qualifications, and both have seen a recent increase in the uptake of their agricultural courses, with over 500 apprentices currently working and studying across the South West. Duchy College offers some degree level qualifications in agriculture and related fields, but many young people looking to study at this level opt for prestigious agricultural universities outside of the South West.

3.24 There are a number of challenges facing young farmers. Access to land is a key issue. As already outlined, land values are high and tenancy opportunities are rare; those that do come onto the market tend to have high rents and short tenures. Devon County

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/557993/AUK-2015-05oct16.pdf

Council Farms Estate offers starter farm tenancies ranging from 37 to 301 acres and provides a good opportunity for young farmers and new entrants. However, tenancies are very competitive, and whilst this reflects well on the quality of would be new and young farmers in Devon, it also highlights the high demand for land.

3.25 As an industry, farming tends to be very capital intensive, with relatively low rates of return. A new farm business requires a large upfront injection of capital, to fund the purchase of livestock, farm machinery and other start-up costs. The majority of young farmers will need to fund this through bank loans, often unsecured, which can be difficult to obtain. The Enterprise Finance Guarantee⁹, a government scheme, encourages lending to viable businesses with inadequate security by providing a partial government backed guarantee, and can be a viable option for some young farmers, although some restrictions apply for agricultural lending. Other financial assistance is available for young farmers through the Young Farmer Basic Payment Scheme top up, which equates to an additional 25% of the basic payment for each of the first five years of the operation of their business¹⁰.

3.26 Options for those unable to obtain a tenancy are limited in Devon; some will look for farm or herd manager jobs on larger farms, but the majority of these opportunities tend to be outside of the South West. Another option for those without land is share farming, where a farmer, usually approaching retirement age, agrees to share their farm with a younger farmer, who is looking for land. The exact arrangements will differ depending on circumstances, and the success of the arrangement relies heavily on co-operation, mutual trust and profitability.

3.27 Many young farmers have experienced first-hand the challenges faced by farming families. Because so many have seen the financial strain and reliance on the Basic Payment Scheme experienced by their parents, those that want to pursue agriculture are often even more motivated to strive to run a profitable farm business.

Innovation and Diversification

3.28 In previous years, an element of mixed farming would protect farmers against periods of low milk and meat prices, but with cereal prices also suffering, this no longer provides the same security. Farmers today are having to look at more innovative ways of supporting their farm business and it is estimated that up to 50% of farms in Devon have diversified to some extent.

3.29 Devon is popular with visitors and a number of farms have capitalised on this, providing self-catering cottages, bed and breakfast accommodation, glamping and camping, which can provide a regular income, subsidising the farm through difficult periods.

3.30 There is also a wide range of examples in Devon of innovative diversification into specialist farming and food production. Many examples can be seen on the County Council's own farms estate, and have been recognised at the Devon Farm Business Awards. This includes a premium quail and duck egg farm, asparagus, cider, the production of ice cream, an on farm poultry abattoir and a butchery, cutting and refrigeration

⁹ <http://british-business-bank.co.uk/ourpartners/enterprise-finance-guarantee/>

¹⁰ <https://www.nfuonline.com/assets/19573>

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unit¹¹. These farmers have been able to identify a gap in the market, have found a way of adding value to their original product and/or are retailing products direct to the consumer.

3.31 This kind of innovative diversification requires an additional skills set to that of the traditional farmer. On top of technical know how, these farmers need to have strong business skills and market knowledge, they need to be flexible, open to change and willing to take calculated risks. There are other factors which will affect a farmers' ability to diversify as well, including the location and accessibility of the farm, broadband speeds and access to capital. Not all farmers will have the skills, resources or inclination to diversify into another area.

3.32 There are few examples of diversification in to horticulture, and where this is seen it tends to be focus on specialist vegetables. Horticulture is labour and resource intensive, requires higher quality land than farming livestock, has high start up costs and has a competitive global market, which does not make it the obvious choice for diversification. However, the UK imports considerably more fruit and vegetables from the European Union than any other agricultural product, as well as large exotic fruit imports from South and Central America. There will clearly always be a need to import exotic fruits from abroad, however there is an opportunity for the UK to increase its production and self sufficiency of many fruits and vegetables.

3.33 Devon also has an opportunity to add value through regionalisation of the beverage and culinary experience and through the marketing of 'regional brands' such as Red Ruby Devon Cattle, Devon Closewool Sheep, Devon & Cornwall Longwool, White Faced and Grey Face Dartmoor Sheep.

Public Understanding

3.34 The way that we buy and consume food has changed dramatically over recent decades. Food miles and the distance between abattoirs and markets have increased (whilst the number of facilities has decreased), supermarkets have grown and ready meals and processed foods are more readily available then ever. Today consumers feel distanced from, and understand less about the origins of their food and the industry that produces it. Devon is a rural county, with over 50% of its population living in the countryside¹². However, even here, many residents have a limited interface with farming. There is a feeling within the agricultural community that there is a lack of understanding by the general public of the challenges faced by farmers as well as the contribution they make to the local economy, the environment and the preservation of the landscape.

Brexit

3.35 On the 23rd June 2016 the UK voted to leave the European Union by 52% to 48%. Like the general population, the farming community is divided over Brexit.

3.36 The EU's Common Agricultural Policy has come under a lot of criticism, for being expensive and in the past encouraging over production. Many UK farmers also find that European agri-environment schemes and policies such as 'the three crop rule' (where farmers with more than 30ha of arable land are required to grow three different types of

¹¹

<http://democracy.devon.gov.uk/documents/s4107/BSS%2016%2012%20The%20County%20Farms%20Estate%20-%20Arc%20Addington%20Awards%202016.pdf>

¹² <https://www.gov.uk/government/collections/rural-urban-classification>

crops) do not translate well in the UK. Leaving the EU will provide the UK with an opportunity to create its own agricultural policy; one which will sustain the social and economic structure of the countryside and help to protect the environment and landscape.

3.37 Current World Trade Organisation (WTO) rules restrict domestic policy and subsidy payments which encourage production¹³, consequently limiting the UK's ability to increase its self-sufficiency. There is a strong case for the WTO to allow for subsidies and marketing boards to maintain strategic industries such as agriculture in profit to the point of self sufficiency. This is good housekeeping, a good example to the developing world and prudent in a world where population has increased from 3 billion in 1960 to over 7 billion today and is still rising. Brexit and the uncertainty surrounding American foreign policy provide the impetus for change at the WTO. This would enable the creation of a system of farm subsidy payments and marketing boards created specifically for UK agriculture, alongside new opportunities for marketing British food within the UK and abroad.

3.38 However, at the time of writing, Article 50 has yet to be triggered and the Government is keeping its cards firmly under the table relative to the UK's post Brexit trade negotiations with the EU. The Government has pledged a two prong agricultural and environmental package of support for UK agriculture but the policy detail has yet to emerge. The Treasury currently pays every penny of support received by agriculture through the Common Agricultural Policy and other funds but despite this many are concerned that agriculture will not be given the necessary prominence politically in trade discussions with Europe to secure an agreement that will benefit UK agriculture.

3.39 There is also much uncertainty around the political commitment to financial support for agriculture after 2020, with many farmers currently relying on the Basic Payment Scheme to survive. Current levels of subsidy are within the UK revenue budget and there are compelling reasons to design a new package of support for long term security for agricultural (which would be paid only when necessary to maintain profitability for a level of production that ensures self sufficiency). However the uncertainty has caused apprehension for many in the agricultural industry and farmers are asking for more information and assurance in terms of the financial support they can expect to receive post Brexit.

4. Conclusion

4.1 Agriculture nationally is facing a number of challenges and many of these challenges are felt profoundly by Devon's small and family farm businesses. The combination of low and unstable produce prices, increased land prices, high feed costs and TB management means that for many, traditional agriculture is no longer profitable. TB is devastating for farmers, emotionally as well as financially. The current system of financial support for farmers is subject to a number of criticisms. Complexities around retirement, succession, the cost of land, and access to housing and capital has led to an aging farming population and difficulties for young farmers and new entrants.

4.2 The long term impacts of Brexit are still unknown and there will undoubtedly be challenges for the UK agriculture sector. However, with the right support and direction from central government, exiting the European Union will also provide the UK with an opportunity

¹³ https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm

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to create a UK centred agricultural policy, redevelop agricultural support and promote and deliver greater self-sufficiency in food production.

5. Membership

Councillors Brian Greenslade (Chairman), John Berry, Tony Dempster, Richard Hosking and Ray Radford.

6. Sources of Evidence

The task group heard testimony from a number of witnesses and would like to express sincere thanks to the following people for their contribution and the information shared.

Steve Turner	Economy & Enterprise, Devon County Council
Mr & Mrs Webber	Dairy Farmers
Mr & Mrs Lammie	Dairy Farmers
Mr & Mrs Vallis	Dairy Farmers
Andrew Butler	Devon NFU
Stewart Horne	West Devon Business Information Point
Richard Soffe	Bicton College / Duchy College
Michael Winter	Exeter University
Matt Loble	Exeter University
Stephen Dennis	Farming Community Network
Sarah Harrison	Devon Norse Catering
Jilly Greed	Beef and Cereal Farmer, Co-Founder Ladies in Beef
Dolores Riordan	Devon & Somerset Trading Standards
Claire Bellew	Devon Young Farmers
John Varley	Clinton Devon Estates
John Waldon	Dartmoor Commoners Council
Neil Parish MP	MP for Tiverton & Honiton and Chair of the Environment, Food & Rural Affairs Select Committee
<i>Written submission</i>	West Devon Dawn Meats
Dan Meek	NPS (County Farms Estate)
Matthew Jones	Procurement & Estates, Devon County Council
Councillor Caroline Chugg	Chairman of the Farms Estate Committee
Jerry Brook	Vice Chairman of the Farms Estate Committee
Mark Buckingham	Monsanto
James MacGregor	Riverford Organics
Humphrey Richards	Lloyds Bank
Mark Shepherd	Waitrose
John Channon	Dartington Estate
Peter Doyle	External Affairs, Devon County Council
Kevin Bateman	Tenant Farmers Association
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Graham Clark	CLA

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EES/17/1

Place Scrutiny Committee
10 January 2017

Connecting Devon and Somerset (CDS) Programme Update

Report of the Head of Economy, Enterprise and Skills

1. Phase One

Connecting Devon and Somerset's contractor BT reported that the number of superfast homes and businesses connected to date stands at 268,000 premises. BT are predicting missing the Superfast Connection Target by a small number circa 1700 premises. 99.5% of the contract will complete on time and the small number not achieved will be met by the end of March. CDS is working with BT to reduce the delay and is in the process of agreeing a Remedial Plan. Communities likely to be impacted upon will be communicated to and any help to resolve difficulties, such as wayleaves sought.

Much of the deployment that will be completed in the first quarter of 2017 is Fibre to the Premise and this requires numerous wayleaves and highways notifications which have in many instances been difficult for BT to obtain in the final stages of the contract. CDS will work with BT to develop a communications strategy to ensure that communities are fully aware of the latest position.

Take up of fibre service is just over 30%, compared to 28% in November. This increase can in part be attributed to CDS marketing campaigns which include a mailout of leaflets to over 143,000 live addresses, press coverage, stickering cabinets to indicate that a service is available and providing updates to the parishes. The high levels of take up will return more funding to CDS through the Gainshare agreement in the BT contract allowing further future investment for superfast delivery.

2. Phase Two - Airband

As reported to the Scrutiny meeting in November, Airband Community Internet, the fixed wireless supplier for Dartmoor and Exmoor National Parks, had been experiencing a number of issues hampering the rollout of wireless services across both Moors. Since then the CDS Programme Board has agreed a Remedial Plan which sets out the steps the provider intends to take to reach their target. The plan shows how Airband intend to extend coverage to 3980 premises by the end of 2016, reaching their contractual target by the end of March 2017. Airband will also provide additional coverage to 1,000 premises across Dartmoor and Exmoor and these will be brought into the contract for the Moors through Change Control.

At the time of writing, Airband had made services available to over 3,000 properties across the National Parks. 65 masts currently have been installed across Dartmoor and Exmoor with 21 so far offering a service.

Airband Community Internet are working with Dartmoor and Exmoor National Park Authorities to process the final planning applications for outstanding sites. Further works are ongoing to connect the others into the network and install the further infrastructure needed to complete the delivery. Presently the project is scheduled to deliver its targeted numbers within by early March. The final coverage on the moors will infill those areas that have been left out of the phase one delivery by BT, and as we near the end of phase one CDS and Airband will work together to ensure delivery goes to the areas that need it and any overspill is minimised.

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Currently take-up stands at 4.4%. This has dipped slightly since November due to the large increase in the number of premises that are able to take a service and the time lag between an area going live and people taking out a new broadband subscription.

A verbal update on progress will be presented at the January 2017 Scrutiny meeting.

3. Phase Two - Procurement

The CDS partnership has concluded its procurement of suppliers to deliver phase two of the programme outside the National Parks. At the time of writing this report, one provider had been elevated to preferred supplier status for five lots and due diligence is being progressed with a lead bidder for another lot. An update on contracts awarded and coverage will be provided at the Scrutiny meeting.

One of these lots (in the Bath & North East Somerset area) is currently the subject of a legal challenge and this process needs to conclude before a contract may be awarded.

This second phase has a secured £39.5m budget from the public sector which is expected to be at least match funded by suppliers. There will be delivery of Next Generation Access broadband services (a minimum of 30 Mbps) and ultrafast broadband (speeds greater than 100 Mbps) to many tens of thousands more homes and businesses across Devon and Somerset in predominantly rural areas over the next phase. This will contribute significantly to meeting the government's targets for superfast broadband coverage; the phase two programme will run until December 2019 with each contract mobilised in January 2017.

The phase 2 funding package includes £4m from the SW Ultrafast fund and this will be targeted at areas with high business density to deliver broadband speeds in excess of 100Mbps. The CDS team, working with the DCLG, has submitted a full application for £4.6m ERDF funding and is looking to complete the funding agreement. The government has now announced that all multi-year projects with signed contracts or funding agreements in place, and projects to be signed in the ordinary course of business before the Autumn Statement, will be fully funded, even when these projects continue beyond the UK's departure from the EU. Opportunities for further funding are also being sought through the LEP's Growth Deal 3 bid.

4. Voucher Scheme

CDS has committed to ensuring that all businesses and residents can have access to at least 2 Mbps by end of 2016. To support this, the CDS team set up its own highly successful Broadband Voucher Scheme. The scheme has now closed to new applications, though installations can be completed up until the end of March 2017. In total over 6,200 Devon and Somerset residents have applied for vouchers. A massive influx of applications at the close of the scheme means the CDS team has a further 1,200 to process, many of which will be approved.

The CDS voucher scheme is the most successful in England with over 400 installations to date and 3,700 vouchers have been approved so far. Some recipients are looking to use the voucher to encourage suppliers to deliver for the whole village or community and we hope to have a number of NGA compliant community schemes in progress come the New Year complementing our phase two delivery.

The voucher provides £500 towards the installation cost of a new alternative broadband connection for properties within the CDS area who receive speeds less than 2Mbps download. Residents and businesses can choose their supplier from an approved list which

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includes 4G, satellite, wireless and fibre providers; and each solution will guarantee at least 10 Mbps download speed.

Keri Denton
Head of Economy, Enterprise and Skills

Electoral Divisions: All

Cabinet Member for Economy, Growth and Cabinet Liaison for Exeter: Councillor Andrew Leadbetter

Chief Officer for Communities, Public Health, Environment and Prosperity: Dr Virginia Pearson

Local Government Act 1972: List of Background Papers

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Background Paper	Date	File Reference
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Nil

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