

Phil Norrey
Chief Executive

To: The Chairman and Members of
the Cabinet

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(See below)

Your ref :
Our ref :

Date : 1 November 2016
Please ask for : Rob Hooper, 01392 382300

Email: rob.hooper@devon.gov.uk
:

CABINET

Wednesday, 9th November, 2016

A meeting of the Cabinet is to be held on the above date at 10.30 am in the Committee Suite, County Hall, Exeter to consider the following matters.

P NORREY
Chief Executive

AGENDA

PART I - OPEN COMMITTEE

- 1 Apologies for Absence
- 2 Minutes

Minutes of the meeting held on 6 October 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 Chairman's Announcements
- 5 Petitions
- 6 Question(s) from Members of the Council

FRAMEWORK DECISION

None

KEY DECISIONS

- 7 Highway Infrastructure Asset Management Policy, Strategy and Plan (Pages 1 - 70)
Report of the Chief Officer for Highways Infrastructure Development & Waste ([HIW/16/3](#)) reviewing the existing Highway Asset Policy, Strategy and Plan adopted in 2013, also encapsulating the views expressed at the Place Scrutiny Committee's Focus Group held on 13 October 2016, attached.

Electoral Divisions(s): All Divisions

- 8 Enterprise Zones in the Heart of the South West - Exeter & East Devon Enterprise Zone (Pages 71 - 98)

Report of the Head of Economy, Enterprise & Skills (EE/16/1) on progress with the creation of an Enterprise Zone in East Devon covering Growth points, seeking endorsement of the proposed Memorandum of Understanding with Government and the development of governance arrangements and an implementation plan, attached.

The Corporate Services Scrutiny Committee had on 27 June 2016 considered the findings of its Spotlight Review (CS/16/22) on this matter in parallel with an earlier Report from the Head of Economy and Enterprise (EE/16/10), examining the potential effects of setting up an Enterprise Zone and resolved:

'(a) that the Committee tentatively supports the proposals for an East Devon & Exeter Enterprise Zone, in particular, the potential to drive the local economy, notwithstanding its concerns over the lack of financial assistance from Government and the role of the Local Enterprise Partnership in the Governance arrangements, and the unequal application of methods to stimulate growth throughout the County; and

(b) that, in light a (a), the Committee strongly believes that robust Governance arrangements will be key in this proposal and recommends that Cabinet satisfies itself that such arrangements are in the best interests of both the County Council and East Devon District Council.'

Electoral Divisions(s): All Divisions

- 9 Braunton Flood Improvements (Pages 99 - 104)

Report of the Head of Planning, Transportation & Environment ([PTE/16/52](#)) seeking approval to a flood improvement scheme for Brunton, attached.

Electoral Divisions(s): Braunton Rural; Combe Martin Rural

MATTERS REFERRED

- 10 Notice(s) of Motion (Pages 105 - 128)

Report of the County Solicitor ([CS/16/37](#)) on the Notices of Motion referred to the Cabinet by the County Council on 6 October 2016, incorporating relevant briefing notes to facilitate the Cabinet's discussion of the matters raised, attached.

STANDING ITEMS

- 11 Budget Monitoring 2016/17 (Pages 129 - 130)

Report of the County Treasurer ([CT/16/92](#)) on the position at Month 6, attached.

Electoral Divisions(s): All Divisions

12 Devon Safeguarding Children's Board Annual Report

The Annual Report of the Devon Safeguarding Children Board, charting progress within Devon of national expectations and safeguarding activity, will be circulated separately for information and discussion at this meeting. The Report will also be presented to the People's Scrutiny Committee on 17 November 2016.

Mr Mark Gurrey, Chairman of the Devon Safeguarding Children Board, will attend to present the Annual Report and respond to any questions.

[NB: The Safeguarding Board Annual Report will also be available, in due course, at: <http://www.devonsafeguardingchildren.org/>].

Electoral Divisions(s): All Divisions

13 Question(s) from Members of the Public

14 Minutes (Pages 131 - 140)

- (a) Devon Authorities Strategic Waste Joint Committee – 18 October 2016, attached;
- (b) Devon Education Forum – 19 October 2016, attached;
- (c) SACRE – 1 November 2016, circulated separately.

[NB: Minutes of County Council Committees are published on the Council's Website at:

<http://democracy.devon.gov.uk/ieDocHome.aspx?bcr=1>

Minutes of the Devon Education (Schools) Forum are published at:

<http://www.devon.gov.uk/schoolsforum.htm>]

15 Delegated Action/Urgent Matters (Pages 141 - 142)

The Registers of Decisions taken by Members under the urgency provisions or delegated powers will be available for inspection at the meeting in line with the Council's Constitution and Regulation 13 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. A summary of such decisions taken since the last meeting is attached.

16 Forward Plan

In accordance with the Council's Constitution, the Cabinet is requested to review the list of forthcoming business (previously circulated) and to determine which items are to be defined as key and/or framework decisions and included in the Plan from the date of this meeting.

[NB: The Forward Plan is available on the Council's website at: <http://democracy.devon.gov.uk/mgListPlans.aspx?RPId=133&RD=0&bcr=1>]

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

Nil


MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Notice of all items listed above have been included in the Council's Forward Plan for the required period, unless otherwise indicated. The Forward Plan is published on the County Council's website at <http://www.devon.gov.uk/cma.htm>

Notice of the decisions taken by the Cabinet will be sent by email to all Members of the Council within 2 working days of their being made and will, in the case of key decisions, come into force 5 working days after that date unless 'called-in' or referred back in line with the provisions of the Council's Constitution. The Minutes of this meeting will be published on the Council's website, as indicated below, as soon as possible.

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.

Membership
Councillors J Hart (Chairman), B Parsons, S Barker, R Croad, A Davis, A Leadbetter, J McInnes, J Clatworthy and S Hughes
Cabinet Member Remits
Councillors Hart (Policy & Corporate), Barker (Adult Social Care & Health Services), Clatworthy (Resources & Asset Management), Croad (Community & Environmental Services), Davis (Improving Health & Wellbeing), S Hughes (Highway Management & Flood Prevention), Leadbetter (Economy, Growth and Cabinet Liaison for Exeter), McInnes (Children, Schools & Skills) and Parsons (Performance & Engagement)
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 Council's / Cabinet Forward Plan or any Reports or Background Papers relating to any item on this agenda should contact Rob Hooper on 01392 382300. The Forward Plan and the Agenda and Minutes of the Committee are published on the Council's Website.
Webcasting, Recording or Reporting of Meetings and Proceedings
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/
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.
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.
Questions to the Cabinet / Public Participation
A Member of the Council may ask the Leader of the Council or the appropriate Cabinet Member a question about any subject for which the Leader or Cabinet Member has responsibility. Any member of the public resident in the administrative area of the county of Devon may also ask the Leader a question upon a matter which, in every case, relates to the functions of the Council. Questions must be delivered to the Office of the Chief Executive Directorate by 12 noon on the fourth working day before the date of the meeting. For further information please contact Mr Hooper on 01392 382300 or look at our website at: http://new.devon.gov.uk/democracy/guide/public-participation-at-committee-meetings/
Emergencies
In the event of the fire alarm sounding leave the building immediately by the nearest available exit, following the fire exit signs. If doors fail to unlock press the Green break glass next to the door. Do not stop to collect personal belongings, do not use the lifts, do not re-enter the building until told to do so.
Mobile Phones
Please switch off all mobile phones before entering the Committee Room or Council Chamber
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.
 Induction loop system available

HIW/16/3

Cabinet
9 November 2016

Highway Infrastructure Asset Management Policy, Strategy and Plan

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

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations:

- (a) that the revised Highway Infrastructure Asset Management Policy, Strategy and Plan are adopted;
- (b) that the Chief Officer for Highways, Infrastructure Development and Waste, in consultation with the Cabinet Member for Highways Management and Flood Prevention, be given delegated authority to make minor amendments to the documents and continue the development of the Highway Infrastructure Asset Management Plan Annexes.

1. Summary

Highway Maintenance is a statutory duty of the County Council as Local Highway Authority and is set out in the Highways Act 1980.

Sound Highway Infrastructure Asset Management Planning supports Devon Highway's Strategy of: Driving Efficiency; Managing Demand; Enabling Community Self-Help.

The current Highway Asset Policy, Highway Asset Strategy and Highway Asset Plan were approved by Cabinet in March 2013.

There is a need to review and approve an updated suite of documents to take account of the revised Council strategic plan, the latest national guidance and codes of practice and to adopt emerging best practice, as well as to enable Devon to maximise its funding grant for highway maintenance. The maximum difference in DfT's level of Capital Funding between a Band 1 and Band 3 rating for Devon is £7 million in 2020/21.

2. Background/Introduction

Infrastructure asset management planning is an established and widely recommended approach in the highways and other sectors both in the UK and internationally.

Asset management has been widely accepted by central and local government as a means to deliver a more efficient and effective approach to the maintenance of existing infrastructure.

It enables best use of limited resources by taking a long term view of how highways are managed, focusing on outcomes by ensuring that funds are spent on activities that prevent, as far as possible, expensive short-term repairs. This makes the best use of public money whilst minimising the risk involved in investing in highway maintenance.

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The adoption of sound highway infrastructure asset management planning can support Devon's strategy for Highway Maintenance: driving efficiency in service delivery; managing demand; enabling community self-help.

Devon's highway infrastructure asset management planning includes the adoption of defined levels of service for different highway assets, using data and information to establish maintenance needs, matching maintenance needs to available funding and prioritising investment to get the best overall network outcomes.

Devon's highway infrastructure asset management planning will support the case for funding, enable effective communication with stakeholders, and enable a greater understanding of the contribution highway infrastructure assets make to economic prosperity and to local communities.

3. Proposal

The national guidance issued by Highways Maintenance Efficiency Programme (HMEP) promotes a joined up approach to determining how all highway infrastructure assets such as roads, bridges, streetlights etc. are managed. A suite of documents has been developed to reflect this. The documents are:

- The Highway Infrastructure Asset Management Policy (Annex 1);
- The Highway Infrastructure Asset Management Strategy (Annex 2);
- The Highway Infrastructure Asset Management Plan (Annex 3).

This hierarchy of documents should be read and referenced as a set in order to understand the background and reasoning for Devon's approach to asset management and to how this will be delivered in the Highway Service.

A number of significant changes that have occurred since approval of the current Asset Management Policy, Strategy and Plan in 2013:

- The revised County Council strategic plan, Better Together was published in 2014.
- New national guidance 'Highway Infrastructure Asset Management' was issued by HMEP in May 2013.
- A revised Code of Practice on Highway Network Assets was issued in 2016. The revised code outlines the procedures to be applied for valuation of highway infrastructure assets.
- In November 2014, following consultation, the Department for Transport (DfT) announced a new formula for allocating Local Highway Maintenance Capital funding up to 2021. The new funding formula is made up of a Needs Formula, an Incentive Fund and a Challenge Fund. The new approach enables highway authorities to improve long term works planning as the announcement detailed the Needs Formula allocation, which is the major part of the overall funding, for a six year period. In addition it set out to encourage authorities to fully adopt good asset management practices as has incentivised this by requiring authorities to complete a self-assessment questionnaire which rates authorities and withholds a percentage of available funding depending on the outcome. The funding implications were set out in report HCW/16/13 and the maximum difference between Band 1 and Band 3 for the incentive fund is £7 million in 2020/21.
- Highway Maintenance revenue budget, funded from business rates, council tax and Revenue Support Grant has reduced each year in response to Devon County Council's corporate savings requirements.
- The Highway Service has engaged with communities to respond to reduced levels of service by facilitating community self-help.

- The Highway Service has developed its highway systems technology to manage customer demand by improving web based customer information on services and works programmes, and on-line customer reporting and data collection.

All of the above have contributed to shaping the Highway Service and to driving a review and update of highway infrastructure asset management planning.

The Highway Infrastructure Asset Management Policy outlines the objective to maintain the highway network as required by The Highways Act 1980. It describes the scope of the policy. It outlines the Policy aims and objectives and describes the benefits of the proposed approach to highway asset management.

The Highway Infrastructure Asset Management Strategy explains how the policy will be achieved and how long term objectives will be delivered. The Strategy outlines the Devon County Council's Asset Management Framework and provides details of the components which make up the core asset management planning tools. These have been developed by following Highways Maintenance Efficiency Programme national guidance. The framework includes Risk Management, Levels of Service and Performance Management.

The Highway Infrastructure Asset Management Plan provides the detail on how the policy and strategy are implemented.

The purpose of the Highway Infrastructure Asset Management Plan is to:

1. Identify and set out the maintenance requirements for the highway network in a clear and consistent framework, which follows the national guidance published by the HMEP.
2. Enable improved use of data and information and improved analysis of the maintenance of highway assets so that services can be delivered more efficiently.
3. Enable maintenance budgets to be used to effectively to reduce to a minimum the overall rate of network deterioration and to maintain a safe network that provides the optimum service with available resources.
4. Be a guidance document for the service in managing the highway network effectively.
5. Enable an improved approach to future maintenance challenges.
6. Support the process of identifying and accessing potential funding streams for addressing maintenance issues.
7. Understand the implications and risks for each asset group and to the network, from reduced funding.
8. Help with communications as we explain how we manage highway assets and how we propose to face the challenges of managing these assets in the future.

The Highway Infrastructure Asset Management Policy, Strategy and Plan are provided in Annexes 1, 2 and 3 respectively.

4. Consultations/Representations/Technical Data

Place Scrutiny reviewed the draft Highways Infrastructure Asset Management Policy, Strategy and Plan on the 20 September 2016. A separate Spotlight Review was also held on the 13 October inviting all members to be involved in helping to shape the key performance measures used to monitor the levels of service set out in the Plan. A report capturing member feedback and recommendations from the Spotlight review is attached as Annex 4. The recommendations have been included in the performance indicators presented in Annex 6 of this report.

Customer feedback is available through the 2015 National Highways and Transport (NHT) Public Satisfaction Survey. This reflects public perception of performance and the

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importance and desire for various activities to be funded. Analysis shows that the condition of the highway network and the speed and quality of repairs are important to the public.

The complete survey can be seen at <http://nhtsurvey.econtrack.com>

As part of the tough choices budget reduction exercise a consultation was carried out in autumn 2014 on a range of proposed reductions to the Highways Revenue Budget. This resulted in reduced levels of service being implemented in April 2015 affecting winter service, grass cutting, parish lengthsmen, picnic sites and staffing in neighbourhood teams.

Further details are available at <https://new.devon.gov.uk/highwaysbudget/>

5. Levels of Service

Strategic levels of service are identified in the Highway Infrastructure Asset Strategy (Annex 2). These inform the development of specific levels of service for each asset group. Defining levels of service enables us to meet our objective of managing demand, having considered current and future capability to deliver within the resources available.

The high level aims for levels of service for the highway asset are:

- **Safe** and serviceable for people to use.
- **Connected** - enabling access to and from communities for people, goods and services.
- **Healthy** - supporting and promoting active and healthy lifestyles.
- **Prosperous** - contributing to wider economic growth.
- **Resilient** - making effective and efficient use of our local resources promoting sustainable communities.
- **Sustainable** - Is maintained appropriately to retain its value and condition and contributes to wider environmental management.

The specific levels of service for each asset group are listed in Annex 5.

6. Performance Framework

Performance measures can be used to monitor progress against levels of service and to track actual performance. The strategic indicators associated with the levels of service for each asset group are identified in Annex 6. It is intended that these will be reviewed annually and progress reported to Councillors.

The Highways and Traffic Management Team (HTMT) is developing a performance management framework. This aligns with corporate and asset management aims. The framework measures performance against key business areas and identifies current performance as: Excellent; Good; Fair; or Poor. The Highways Infrastructure Asset Management Plan strategic indicators form part of the wider service measures within the HTMT framework. The framework also includes specific measures used to assess our highways contractor's performance.

7. Financial Considerations

The asset management approach enables the County Council to demonstrate it has a clear methodology for valuing highway infrastructure assets and determining their condition.

Applying the approach to establish maintenance needs illustrates that there is a clear gap between the capital maintenance funding provided by DfT and the funding needed as assessed by condition surveys.

The result is that whilst higher priority assets can be maintained in an acceptable condition this is not possible for lower priority assets. Therefore, the condition of some lower priority assets will deteriorate in future years. For such assets, like some minor roads, safety related reactive interventions only will take place.

It is unavoidable that deteriorating condition will lead to increased costs of reactive repairs and to increased future planned maintenance costs. In the long term there will also be an impact on the selection of journey routes and the reliability of journey times.

By adopting good asset management practice the above impacts will be minimised.

8. Environmental Impact Considerations

The Highways Infrastructure Asset Management Plan includes a section on risk management which addresses the impact of climate change and how the Highway Service needs to adapt to ensure the resilience of the highway network. The Plan addresses how the impacts of climate change can be minimised by building in adaptation at the planning and design stages when planning future maintenance of the network.

Environmental impacts are also considered in the development of the strategic levels of service and the specific asset group levels of service (Asset Strategy Annex 2).

9. Equality Considerations

Where relevant to the decision, the Equality Act 2010 Public Sector Equality Duty requires decision makers to give due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

Taking account of age, disability, race/ethnicity (includes Gypsies and Travellers), gender and gender identity, religion and belief, sexual orientation, pregnant women/new and breastfeeding mothers, marriage/civil partnership status in coming to a decision, a decision maker may also consider other relevant factors such as caring responsibilities, rural isolation or socio-economic disadvantage.

This may be achieved, for example, through completing a full Equality Impact Needs Assessment/Impact Assessment or other form of options/project management appraisal that achieves the same objective.

In progressing this particular proposal, an Impact Assessment has been prepared which has been circulated separately to Cabinet Members and also is available alongside this Report on the Council's website at: <https://new.devon.gov.uk/impact/>, which Members will need to consider for the purposes of this item.

The Impact Assessment will be updated during the regular reviews of these documents or when changes are made to the documents which impact on equalities issues.

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10. Legal Considerations

The Highways Infrastructure Asset Management framework of documents have been developed to ensure the Council continues to meet its statutory obligations as the Highway Authority and the relevant highway legislation including the Highways Act 1980 and the Traffic Management Act 2004.

11. Risk Management Considerations

Successful implementation of the Devon Asset Management Framework requires an understanding of the impact and consequences of strategic risks. Analysing risks provides information on the effect events will have on the desired performance of an asset.

A risk register has been developed to evaluate high level strategic risks and is linked as a supporting document to section 7 of the Highways Infrastructure Asset Management Plan. It is intended that the register will be regularly reviewed with particular regard to managing and responding to threats and agreeing mitigation measures with a view to reducing the impact of the risks over time.

12. Options/Alternatives

Keeping the existing Highway Asset Policy, Highway Asset Strategy and Highway Asset Plan would jeopardize the Council's Incentive Funding self-assessment which would have the adverse effect of reducing the amount of DfT grant funding available for 2017/18 and for future years.

13. Reasons for Recommendation/Conclusion

The Highways Infrastructure Asset Management documents have been revised to reflect the latest industry guidance and national code of practice. Adopting the revised plans will help enable the Council to maximise its grant funding allocations from government for highways maintenance and ensure the Council is managing its highway asset in an effective and efficient manner.

Enabling the Chief Officer for Highways, Infrastructure Development and Waste, in consultation with the Cabinet Member for Highways Management and Flood Prevention, to make minor amendments to the documents will allow for the flexibility needed to ensure it can continue to develop. The framework of documents have been developed as living documents recognising the asset management journey the Council is on and the need to continue to develop the plan as well as to adapt to changes in legislation and guidance.

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

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

Tel No: 01392 383000

Background Paper	Date	File Ref.
Impact Assessment	October 2016	https://new.devon.gov.uk/impact/published/

List of Annexes:

Annex 1: Highway Infrastructure Asset Management Policy

Annex 2: Highway Infrastructure Asset Management Strategy

Annex 3: Highway Infrastructure Asset Management Plan

Annex 4: Place Scrutiny Highway Asset Management Plan Spotlight Review

Annex 5: Asset Levels of Service

Annex 6: Key Performance Indicators

st201016cab Highway Infrastructure Asset Management Policy Strategy and Plan
sc 04 281016

Highway Infrastructure Asset Management Policy

Purpose of this Policy: This policy explains Devon County Council’s approach to meeting our objective to maintain the highway network in Devon as required by the Highways Act 1980.

Scope of this Policy: This policy applies to all highway infrastructure and highway assets which are managed and maintained by Devon County Council.

Note: Motorways and trunk roads are maintained by [Highways England](#)

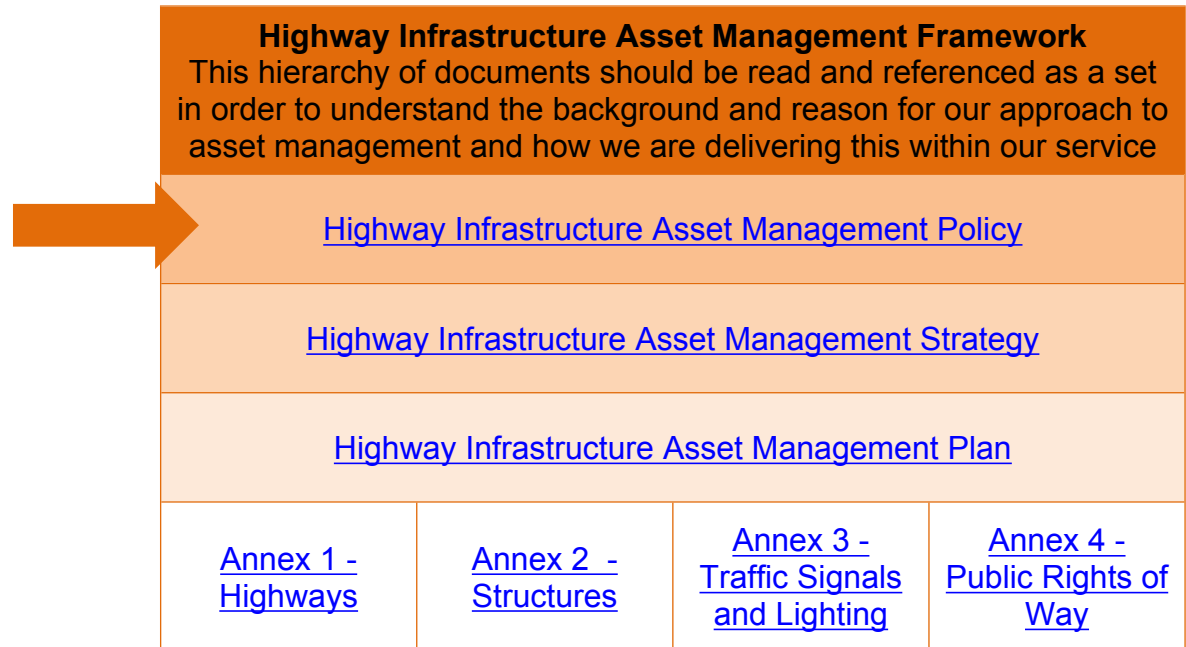
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What are highway assets? The highway infrastructure comprises the network of roads, bridges, pavements, cycle ways and public rights of way, together with street lights, traffic signals, bollards and signs, drainage systems and retaining walls. Together these are the highway assets.

We have:

- 7,700 miles of roads, the longest highway network in the country.
- 3,500 bridges
- 3,000 miles of public rights of way
- 2,000 retaining walls

Together these assets have a gross replacement value in excess of £12 billion. It is therefore essential that we maintain this valuable asset as effectively as we can with the resources we have.



Policy Statement

Devon County Council's vision is for Devon to be a safe and healthy place to live; a place where people can live their lives well. To meet this vision, it is essential to have a well-managed and maintained highway network. An effective asset management regime is one of the key components to enable this.

Through our Asset Management framework we aim to provide a highway network which supports the Council's vision and is:

- **Safe** and serviceable for people to use
- **Connected** - enabling access to and from communities for people, goods and services
- **Healthy** - supporting and promoting active and healthy lifestyles
- **Prosperous** - contributing to wider economic growth
- **Resilient** - making effective and efficient use of our local resources promoting sustainable communities
- **Sustainable** - Is maintained appropriately to retain its value and condition and contributes to wider environmental management



To do this we will:

- Regularly collect and maintain good quality asset condition survey data to inform Highway Infrastructure Asset Programme Development.
- Take a long-term view using a systematic approach based on defined levels of service for each asset
- Consider the whole life costs of maintaining an asset; we will look at what will provide best return on the money we spend in the long term, rather than a 'worst-first' short term maintenance treatment
- Understand the lifecycle of each asset and use this knowledge to plan when is the best time to do maintenance to keep the asset in a safe and serviceable condition and when it is time to replace it with new..
- Measure and review Highway Infrastructure Asset Management Plan performance indicators to influence spending on different assets.
- Develop maintenance programmes using asset condition data as the starting point and utilising local intelligence where appropriate
- Present a Maintenance Programme annually to Cabinet for investment decision making approval.

The approach is explained further in our Highway Infrastructure Asset Management Strategy and in our detailed Highway Infrastructure Asset Management Plan.

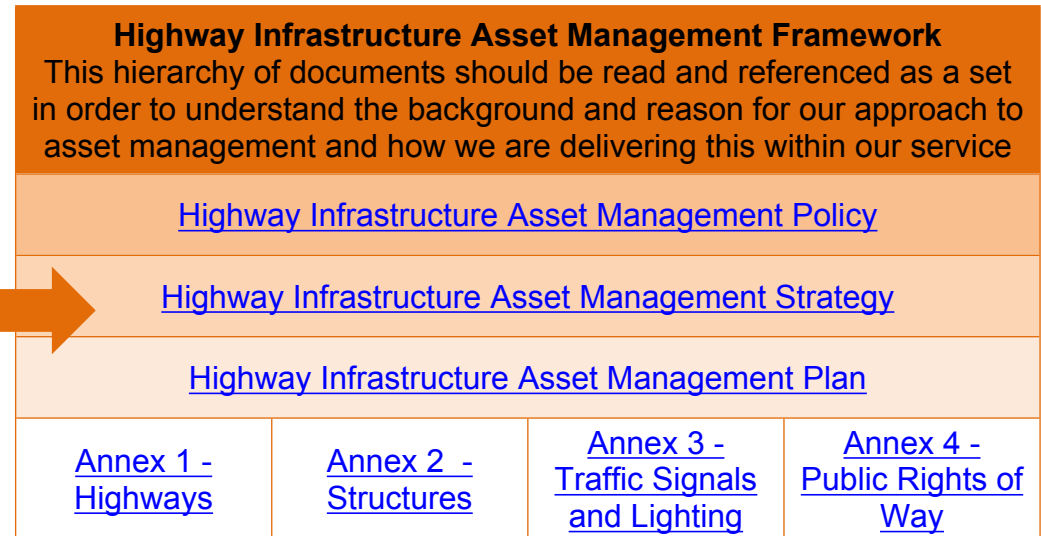
Highway Infrastructure Asset Management Strategy

This strategy has been developed to explain the framework we will use to manage the highway network as described in our Highway Infrastructure Asset Management Policy. With a gross value in excess of £12 billion, the highway network maintained and managed by Devon County Council is our County's most valuable and important public asset.

The management of such a valuable and vital asset needs to be undertaken in a systematic manner, which is set out in this strategy.

Asset management promotes a business-like way to highway maintenance. It makes better use of limited resources and delivers efficient and effective highway maintenance. We will take a long term approach to the maintenance of all highway infrastructure assets which considers the cost and anticipated performance of the maintenance work we do.

Devon has been developing and implementing asset management principles for the management of the highway infrastructure over a number of years. This strategy is developed from that experience but also draws on current industry best practice.



Developing our asset strategy

We have based our policy on national guidance and best practice developed by the [Highways Maintenance Efficiency Programme](#) and our service strategy to drive efficiency in delivery of our services, manage demand and mobilise communities.

Consultation on this approach: In creating this policy we have taken account of the feedback from citizens contained in:

- the National Highways and Transportation public perception survey
- consultation on our Local Transport Plan
- feedback within the consultation on the Better Together Strategic Plan
- the County Council's tough choices consultation.

The Council's Place Scrutiny has been consulted and input into the development of the documents. The Cabinet Member for Highway Management and Flood Prevention has been consulted and supports the approach.

During the life of this policy we will listen to citizens to check how well the approach is working and the impact it is having on individuals, communities and businesses. Full details on how we will do this are set out in our [Communication Strategy](#) document.

The purpose of this Strategy is to provide a high level document which links the Highways Infrastructure Asset Management Plan, a detailed document with many individual plans and policies embedded in it, with the Council's vision and aims. The following diagram shows how Highways Infrastructure Asset Management Strategy is linked to the Council's Vision, our Highways business plan as well as highways legislation and national and local guidance.

The maintenance backlog: Our asset modelling work suggests that across all highway assets (carriageway, footways, street lighting, bridges, drainage system, etc.....) we should be investing over £55m per year to keep up with annual deterioration and maintain the assets in their current condition.

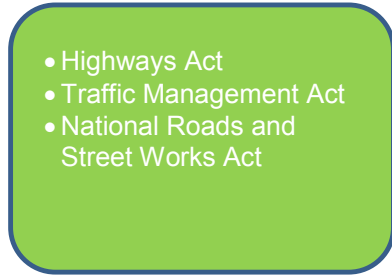
We also estimate that to fix the most deteriorated roads requiring maintenance now it would cost over £167m and that we should be investing approximately £38m per year just to maintain them in a steady state. Our capital grant allocation for roads from government was £29m for the 2016/17 year.

Every year that we are unable to spend what we need means that highway network condition will deteriorate. This will be particularly noticeable on our minor roads.

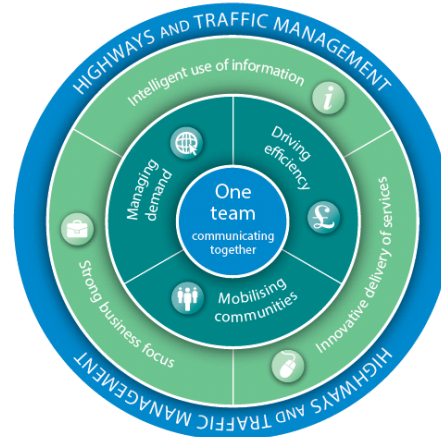
It is therefore essential that we target the money we do have to deliver the most effective maintenance of each asset in the longer-term.



Council Vision



Legislation

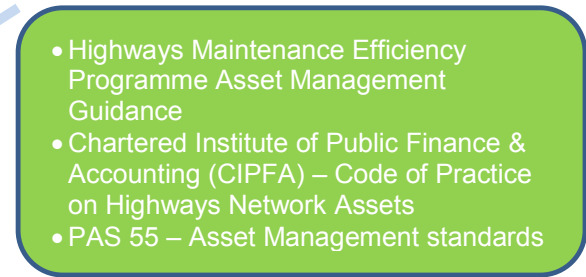


Highways and Traffic Management Business Plan

National codes of practice



Asset Management Guidance



Local guidance



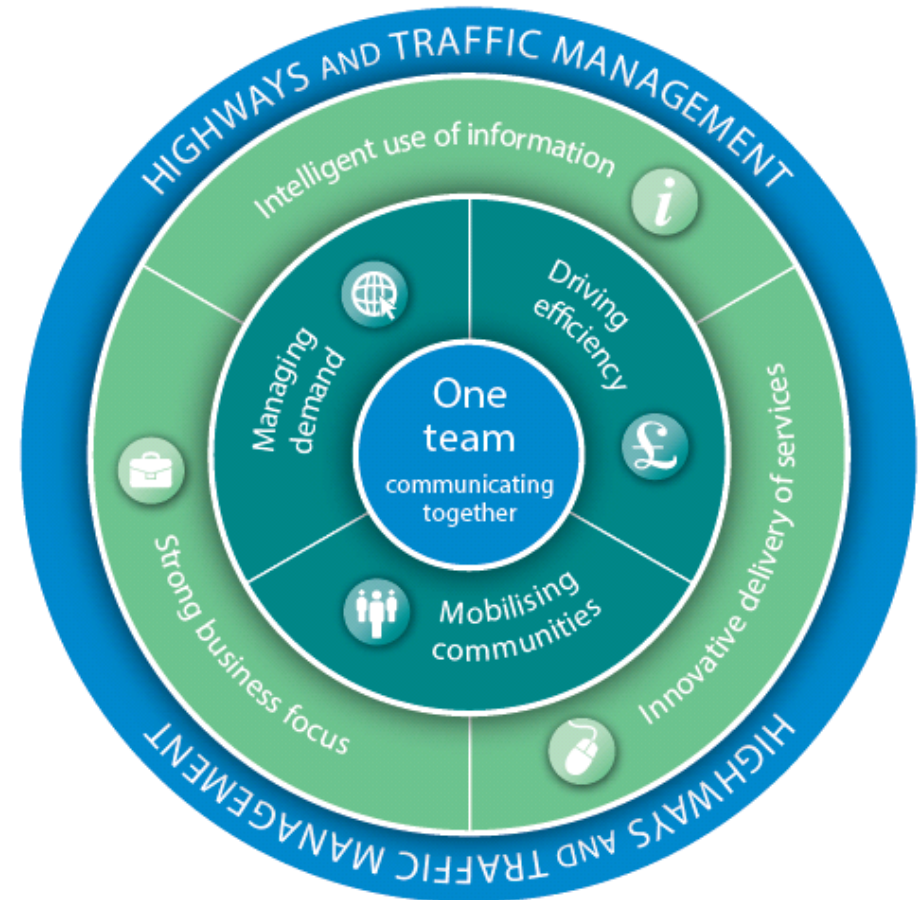
Our Highway Infrastructure Asset Management Framework:

This framework aligns with our 2015-21 business plan model and focusses on the way we work together, with the aim of delivering the best we can with the resources we have.

Highways and Traffic Management Business Model 2015-21

This strategy, and supporting plan, highlight that whilst we are one large multi-disciplined and diverse team, we are increasingly working as one integrated team to deliver our strategic aims.

Our business plan has a strong and consistent message on how we will approach delivery of sustainable and resilient services for the next six years in support of [Better Together, Devon's Strategic Plan](#).



“Managing our highways is now a **critical challenge** to local councils, who have to manage an ageing network with high public expectations for **safe, reliable** and comfortable travel. At the same time, **resources are reducing**, with less funding available, increased pressure for other local government services and skills shortages.” *(Highways – Maintaining a Vital Asset, Highways Maintenance Efficiency Programme)*

Our approach to highway infrastructure asset management is aligned to our three clear business plan objectives to:



Drive efficient delivery of the service



Mobilise community support



Manage demand for highway services.

Our three business plan guiding principles which underpin how we think and what we do are also reflected in our approach to highway infrastructure asset management:



Intelligent use of information



Innovative delivery of services



Strong business focus

Our thinking will challenge the current ways of working and influence how we design and adapt our systems and processes to deliver our service through to 2021.

We will take account of:

- Devon County Council’s objectives and vision for Devon
- The needs and aspirations of people using the highway network
- The maintenance needs of the different assets that make up the highway network
- The financial resources we can access now and in future

We will balance these factors against the:

- risks of failure of the asset, such as severe deterioration due to lack of investment and the destructive potential of severe weather
- future costs and availability of financial resources to invest in maintenance of the highway assets.

Benefits of this approach: This approach will enable us to:

- Have a clear understanding of the extent and condition of the highway infrastructure and assets
- Have a clear method which links our goals, aspirations and objectives with the defined level of service
- An improved ability to:
 - predict the levels of funding required to deliver the desired levels of service
 - to understand the impact of funding constraints and reductions and target the money we have to best effect
 - understand risks to the effective maintenance to the highway asset and how to try to reduce these risks
 - create programmes of maintenance further into the future to improve planning, reduce impact on citizens and achieve efficiencies when delivering the work
- Explain clearly to citizens why we do the work we do. For instance, surface dressing is a highly effective and economical way to extend the life of a section of road. However, it needs to be done while the road is still in a reasonably good condition. Often people see this work being done and do not understand why we are ‘fixing a good road’ when there is a ‘worse road’ just around the corner.

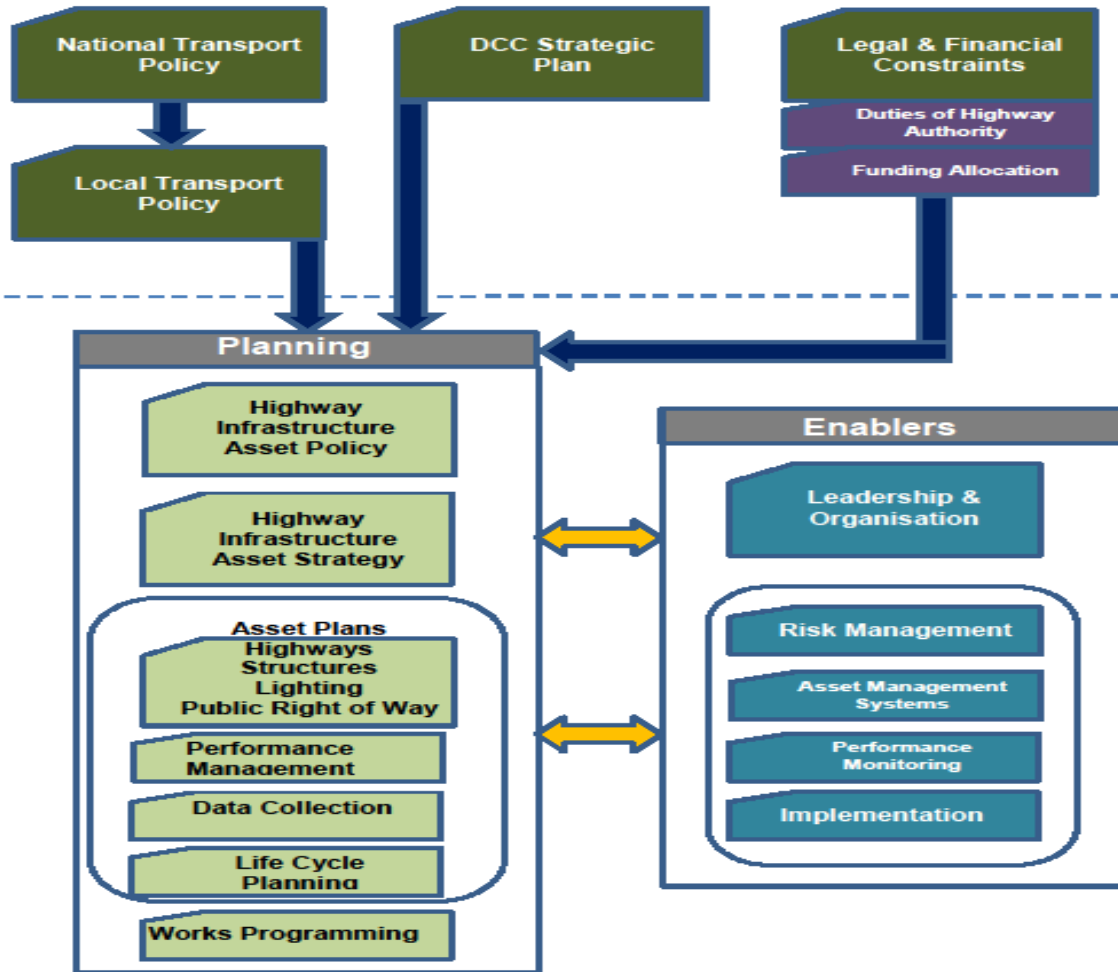
The effective management of these diverse and complex issues can only be adequately addressed within a strategic framework that balances the demands and aspirations with the reality of the current financial situation.

The responsibility for the delivery of the Highway Asset Management framework sits with the Asset Management Group within the Highway and Traffic Management Service, The aim of this group is to enable the successful adoption and implementation of this strategy so that our service is delivered effectively and efficiently and the highway assets are maintained and managed to support the current and future needs of Devon’s citizens.

The Highway Asset Management Framework diagram shows the core elements of our approach which are explained in the next section.

DCC Highway Asset Management Framework

Context



Our core asset management planning tools

A robust asset management framework is delivered through a core set of planning tools.



Inventory and Data Management

Intelligent use of information requires us to develop and maintain our highway asset inventory, so that we know what assets we have, where they are and what condition they are in. This is important in order to have an overall view of the extent and condition of the highway network and enable a consistent management approach to be applied.

Our highway asset inventory is well developed with major asset components recorded in an integrated software system. Where there are gaps in the inventory, most notably drainage infrastructure, work is progressing to address this.

Currently these inventory systems include the following asset groups:

- Highways and highway drainage systems
- Structures
- Street lighting, Signals and Traffic Management Systems
- Public Rights of Way.

Our comprehensive programme of inspections and surveys of the highway assets, which are informed by national guidance and statutory requirements and tailored to asset groups, provides us with good quality data that enables effective risk management and decision making. These inspection and survey regimes are documented in the relevant asset plans for each asset types.



Levels of Service

By Levels of Service we mean a description of the standard of service that is provided or required. These levels link directly back to our corporate aims and objectives, departmental and service plans and other strategy documents such as [Better Together, Devon's Strategic Plan](#).

Defining levels of service enables us to meet our objective to manage demand, having considered our current and future capacity to deliver with the resources available.

In addition, levels of service must take note of statutory duties and the management and mitigation of risk both to the service user and the authority.

Levels of service can therefore be described in broad terms, which are then described in more detail to give concise standards and targets. The standards and targets can then be measured and used to inform the decision making processes.

Drawing on our key corporate objectives to promote the wellbeing of the citizens and communities of Devon, and enable people to live their lives well, we have set out our high level aims for levels of service for the highway asset in the Highway Infrastructure Asset Management Policy as follows:

- **Safe** and serviceable for people to use
- **Connected** - enabling access to and from communities for people, goods and services
- **Healthy** - supporting and promoting active and healthy lifestyles
- **Prosperous** - contributing to wider economic growth
- **Resilient** - making effective and efficient use of our local resources promoting sustainable communities
- **Sustainable** - Is maintained appropriately to retain its value and condition and contributes to wider environmental management

These strategic levels of service are then focussed on specific aspects of the infrastructure as part of operational service plans.

Performance

A strong business focus requires us to monitor and manage performance. By managing performance of the asset management approach we will:

- Provide a systematic approach to measure our progress in the implementation of the asset management strategy
- Set levels of service and performance targets to enable auditing and monitoring of the delivery of the asset management strategy.
- Demonstrate how funding is being used effectively to meet the levels of service and performance targets
- Provide the link between corporate vision, asset management strategy, levels of service and maintenance operations
- Support effective communications with citizens by demonstrating how we are performing against their expectations.
- Demonstrate any shortfalls in funding.

The current and future demand on the service will influence the degree of performance that can be achieved. Factors such as customer service provision, customer perception, asset condition and funding provision will all contribute to this. Demand is likely to change with external influences such as weather and seasonal variations. Future demand will be influenced by population and traffic growth and an increasing older population. The report '*Service Resilience in a Changing Climate – Highway Management Devon County Council*', identifies the impact climate change will have during the next century.



Lifecycle Planning, budget projection and valuation

Lifecycle planning is a technique which enables us to think about an asset in terms of its current and future performance. It links the desired level of service, the current condition, future maintenance needs and future funding. This process aligns with our objective to deliver our services efficiently.

Some assets have a limited lifespan and will eventually need to be replaced. For these assets we can use lifecycle planning to chart the journey from cradle to grave, so that we know when replacement will be necessary and the costs to maintain the asset effectively during its expected lifespan.

Some assets can have a longer lifespan provided they are maintained appropriately. For these we can use lifecycle planning to chart the journey from creation through phases of maintenance, refurbishment and back to an “as new” condition, when the cycle is repeated.

Lifecycle planning enables us to:

- Develop plans to invest resources to deliver an agreed level of service performance
- Predict the impact particular levels of funding will have on the service we can deliver.

Lifecycle planning tools have been developed which enable the development of work programmes which make best use of the available funding in meeting long-term objectives, mitigating the risk of failure by allocating funds to where they will be most beneficial. However, allocating funding in this way moves away from a more traditional “worst first” approach and targets work programmes at those parts of the highway asset which present the greatest risk and where early treatment can achieve the most beneficial whole of life cost.

This lifecycle planning approach enables:

- the delivery of a service which is as effective as possible
- allows a clear and logical allocation of resources to those areas which will contribute most to the overall goals and objectives of the Council
- allows an assessment to be made of the residual risk.

As well as the benefits outlined above, comprehensive lifecycle planning allows resources to be targeted to the preservation of the historic investment that has been made in our infrastructure. This is particularly pressing with the imminent introduction of the Whole of Government Accounts (WGA) as set out in the CIPFA Code for Transport Infrastructure Assets.



Works Programmes

The delivery of works programmes are the outcome from the asset management strategy.

The process to develop a works programme comprises the identification, prioritisation, optimisation, programming and delivery of individual schemes for the various asset types. It should meet the annual budgets that have been developed by the authority, ideally with the support of lifecycle planning process described above.



Risk Management and future

The Asset Management approach can be seen as an exercise in managing risk. The need to manage risk is a catalyst for us to be innovative in the way we deliver our services.

The key aspect of our approach is that by grouping assets by type into a hierarchy and then reflecting their importance in service delivery terms relative to one another it enables us to quantify the risk.

This risk based principle flows through the whole of the Asset Management Framework and is fundamental to deciding the levels of service, the scope, type and frequency of inspections, the allocation of budgets and the development of work programmes.

The Asset Management Group has developed a clear hierarchy for its core asset types. When used with robust lifecycle planning and deterioration models, the asset management approach enables an organisation to:

- respond to challenges as they occur
- make accurate predictions of funding required to sustain levels of service
- to quantify the risk to the organisation in terms of service delivery, third party liability and the loss of value and integrity of the assets.

Asset Management is a way of operating which seeks to incorporate all aspects of management activity into one overarching, inter-related system so that conflicting demands, goals, objectives, delivery targets and statutory obligations can be balanced and residual risk identified.

Our strategy for individual asset groups

As part of the asset management framework, and in accordance with other national guidance, our highway asset has been divided into asset groups. Each group is then broken down into asset components and activities. The asset groups and components are described below.

A key function of the asset management process is to understand the spending needs of each asset group, component and activity against the required levels of performance, aims and objectives. This means understanding funding needs to meet:

- Performance Targets.
- Department of Transport objectives;
- Delivery Planning

It is important within this process that we understand and consider:

- the influence of budget decisions on customer satisfaction and delivery of the corporate priorities
- the impact that investing on one asset component may have on the overall performance of other asset components, as well as the whole asset

Therefore we are developing a Needs Based Budgeting approach.

Our Asset groups and components: Highway infrastructure assets have been divided into groups and components as listed in Table 1.

Table 1: Highway Asset Groups	
Group	Components
Carriageways	Road surfaces
Footways and Cycle ways	Footways surfaces
Structures	Bridges, retaining walls, culverts etc.
Drainage	Piped systems, gullies, grips buddleholes and easements
Safety Fencing	Vehicle restraint systems, guard rails, fences
Highway Lighting	Columns, illuminated signs, etc
Public Rights of Way	Footpaths, bridleways, byways, signs, styles gates etc.
Traffic Management systems	Signals and pedestrian crossings
Street Furniture	Signs and other street furniture
Land	Highway verge

Evaluation and Review

We recognise that we are on an asset management journey and we will aim to continually develop our Strategy and Plan. This strategy will be reviewed annually and minor changes and updates will be made to the framework documents and subsidiary documents on an annual basis to reflect changes in funding and service levels. We will aim to review and update the entire framework on a five year cycle.

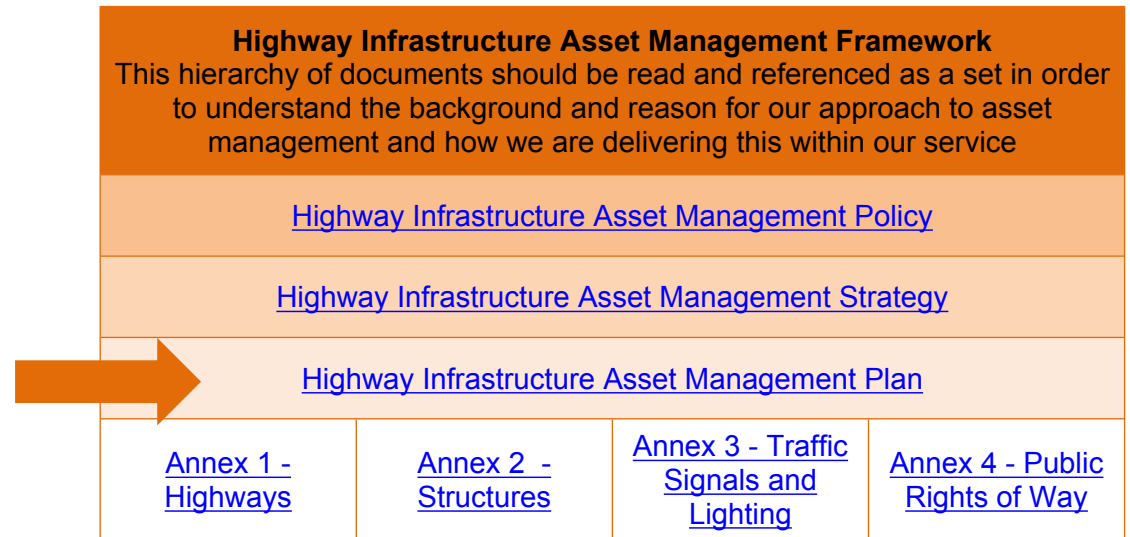
An Equalities Impact Assessment has been completed covering the Highways Infrastructure Asset Management framework of documents. The assessment will be updated during the regular reviews of these documents or when changes are made to the documents which impact on equalities issues.

Prepared by:
Joe Deasy
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Highways and Traffic Management Service
24th October 2016
If you would like this information in another format please contact:

Highway Infrastructure Asset Management Plan

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Highway Infrastructure Asset Management Plan

Foreword

The highway network is the most valuable asset that the County Council manages and maintains. It is key to enable safe and resilient links for people to connect with their communities, to lead to healthy, prosperous lives; to get to work, to get to education, to get to health services, to participate in exercise and leisure activities, to bring people to Devon to enjoy our beautiful county, to bring goods in and connect Devon's people and produce to the rest of the world.

Highway asset management is a way of running the 'business' of operating a highway network. This document, the Highways Infrastructure Asset Management Plan (HIAMP), identifies highway assets and develops a framework to enhance existing good practice and improve the effectiveness of decision making. The key driver is a long term or 'whole-life' approach to decision making, choosing the right time in the assets' life to repair or replace in order to get best value and performance.

Importantly an asset management approach also helps us to understand the value of the highway asset and the costs linked to maintaining it, to limit further deterioration and contain the backlog of required maintenance. Like all authorities, Devon is facing significant budget pressures and it is critical that there is a clear understanding of the links between levels of service delivery and funding. Yet typically, discussion at budget time is often about funding new projects, with limited consideration given to looking after what we already own. Providing the highest levels of service against shrinking budgets is a challenge and it is hoped that this document will provide a framework for moving forward.



Photo Credit: Julian Roskilly

Our asset strategy for highways clearly links to the Council's Corporate Strategy and has been developed to take account of the various national codes of practice and the Highways Maintenance Efficiency Programme (HMEP) asset management guidance. Where possible we have adopted industry or emerging best practice from others including through our collaborative work with the South West Highways Alliance.

The document has been developed as a living document as we recognise the asset management journey we are on and the need to continue to develop the plan as well as to adapt to changes in legislation and guidance. We have been recognised by the Department for Transport (DfT) for developing new ways of working to help us tackle the challenges we face including our innovative approach to encouraging localism and inspiring communities to get involved in helping to maintain their local highway assets. Formal approval of this document by the Council indicates approval of the approach and the use of the HIAMP as a tool for managing our highway assets.

This document together with the asset policy statement and the asset strategy sets the framework for delivering highway maintenance in Devon in the medium term to long term. Together they will ensure the aims set out in the Corporate Strategy for Devon to be a safe and healthy place to live will be achieved and that people who reside in, or visit, the County benefit from an effective, safe and sustainable highways network.



David Whitton
Chief Officer for Highways, Infrastructure Development and Waste



Councillor Stuart Hughes
Cabinet Member for Highway Management & Flood Prevention

1 Purpose and scope of the plan

Purpose:

The purpose of the Highway Infrastructure Asset Management Plan is to:

1. Identify and set out the maintenance requirements for the highway network in a clear and consistent nationally recognised framework.
2. Enable improved information and analysis of the maintenance of highway assets so that services can be delivered more efficiently
3. Enable maintenance budgets to be used to effectively to reduce deterioration and maintain a safe network that provides the optimum service with available resources.
4. Be a guidance document for the service in managing the highway network effectively
5. Enable us to have a planned approach to future maintenance challenges
6. Identify and access potential funding streams for addressing maintenance issues
7. Understand the implications and risks to the network from reduced funding by asset group
8. Explain how we manage highway assets and how we propose to face the challenges of managing these assets in the future.

Scope:

The HIAMP includes all Devon County Council maintained highway assets and their components. We focus the greatest detail on the assets of highest value, such as roads, bridges and the street lighting infrastructure. The groups of assets within the scope of the HIAMP are:

- Highway Network (carriageways, footways and cycleways)
- Drainage
- Street Lighting
- Public Rights of Way
- Structures (bridges, retaining walls)
- Traffic Management Systems
- Street Furniture

Our highway infrastructure assets:

As the Local Highway Authority, Devon County Council has the duty to maintain a road network of 7,710 miles comprising:

- 582 miles of principal (A) roads
- 396 miles of non-principal (B) roads
- 2,706 miles of non-principal (C) roads
- 4,026 miles of unclassified roads
- over 1,800 miles of footways
- over 3,500 bridges
- 1,579 retaining walls
- highway embankments
- road restraint systems
- traffic signal installations
- cycle ways
- over 80,000 street lights and illuminated signs and bollards

Key elements of the plan

The HIAMP is an evolving document that will shape long term management and service delivery. This document follows a review of the Highway Asset Management Plan approved in March 2013, which focussed primarily on the highway network assets. Since the approval of the original plan, national guidance has been produced by the Highway Efficiency Maintenance Programme (HMEP) which recommends having an integrated plan incorporating all highway infrastructure assets. We have developed this HIAMP document in response to the HMEP recommendations.

In developing our HIAMP we are drawing on the specific guidance published by HMEP in 2013, “Highway Infrastructure Asset Management Guidance” which was part of the DfT highways efficiency programme. To achieve the appropriate level of benefit from asset management we are implementing the 14 recommendations from that guidance as follows:

1. **Asset Management Framework**- An [Asset Management Framework](#) has been developed and endorsed by senior decision makers. All activities outlined in the Framework are documented in the supporting Policy, Strategy, Plan and Appendices.
2. **Communications** – We have set out our [strategy for communicating](#) our asset management approach to all relevant people and have an [action plan](#) with details of ongoing activities.
3. **Asset Management Policy and Strategy** – We have developed and published our asset management policy and a strategy which aligns with the corporate vision and demonstrates the contribution asset management makes towards achieving that vision.

Our Performance Management Framework:

Looks for answers to these Key Business Questions:

1. How well are we controlling our budget?
2. How well managed is our service?
3. How well are we communicating with citizens?
4. Are we doing what we say we will do?
5. How effectively are we managing the highway asset infrastructure?
6. How safe is it to use our network?
7. How well are we managing activities on the highway network?
8. How well are our contractors delivering the work?
9. How have we enabled and supported communities?
10. How innovative and collaborative are we?

4. **Performance Management Framework** - A performance management framework for the Highways and Traffic Management Service is being developed. The framework aligns with corporate and service objectives and the asset management strategy. The [Performance Management Framework](#) focusses on answering 10 key business questions and monitoring our performance levels in terms of excellent, good, fair or poor. Within the framework is a specific set of KPIs for [monitoring the HIAMP](#).
5. **Asset Data Management** – Our highway asset data is held in our Integrated Highways Management System (IHMS) currently provided by WDM and known as iWays. This system enables us to collect, store, manage and report our key asset data for highway network, structures and street lighting. Records of inspection, reactive maintenance, customer contact and collisions are recorded on this system as well as data from road condition surveys. Our approach to data management is outlined in the Inventory and Data chapter ([Link to 4](#)) and in our [Data Management Strategy](#).
6. **Lifecycle Plans** - Fundamental to asset management is a sound understanding of how an asset is likely to behave and deteriorate throughout its service. We use [Lifecycle Planning](#) to decide which maintenance activities are required within what timescales to maintain the asset and ensure it provides the level of service that is required. Lifecycle planning also helps us to support investment decisions and substantiate the need for appropriate and sustainable long term investment. We are adopting a systematic approach to managing the life of an asset to minimise the whole life costs and to enable us to produce lifecycle plans. These life cycle plans form a long term strategy for managing our assets or group of assets, with the aim of providing the required performance while minimising whole life costs.
7. **Works Programme** – We are working towards developing prioritised forward works programme for a rolling period of three to five years. In [Chapter 7 Works Programme](#) we detail how programmes of work are developed. Our current highway network (roads, footways, drainage) [Works Programme](#) is available on our maintaining roads webpage.
8. **Leadership and Commitment** – Our Senior decision makers have demonstrated leadership and commitment to enable the implementation of asset management by approving the HIAM Policy and Strategy and the contents of the HIAM Plan. Additionally the commitment to the principles of asset management has been demonstrated in our [Business Plan for 2015-21](#), and through our communication to stakeholders as detailed in our [Asset Communication Strategy](#) and [Asset Communication Action Plan](#). The [roles and responsibilities](#) appendix sets out which groups, and roles within groups, are responsible for aspects of the HIAMP, both in terms of specific groups of asset, such as structures or lighting, and enabling functions such as performance management and communication.

9. **Making the Case for Asset Management** - The case for implementing the Asset Management Framework has been made by clearly explaining to Cabinet, the Cabinet Member for Highways and other stakeholders, the funding required and the wider benefits to be achieved. This is demonstrated in Annual Reports to Cabinet by the Head of Highways, Capital Development and Waste at the commencement of the financial year: [County Road Highway Maintenance Capital Budget: Progression 2015/16 Schemes and the 2016/17 Programmes](#) and the [County Road Highway Maintenance Revenue Budget and On-street Parking Account 2016/17](#).
10. **Competencies and Training** – We are developing our competency criteria for all roles within the service as part of our [Team Development Plan](#), and in particular for those associated with the delivery of the HIAMP. Competency checks are done by managers during our standard performance management processes with staff on a regular basis. Where training is identified, a programme of support is put in place. Within the Highway Asset Management Group, we have identified that the Highway Asset Senior Officer role should attain the Institute of Asset Management’s Certificate qualification.
11. **Risk management** – We maintain a [risk register](#) which identifies early warning indicators, assesses the risk and identifies mitigation. Section 8 [Risk Management](#) covers how we assess and measure risks and details the key risks to the highway assets.
12. **Asset Management Systems** – Our principle system for asset management are the Integrated Highway Management System (IHMS), currently provided by WDM iWays. We also have a Public Information Portal (PIP) available via our website for the public to report concerns. The PIP functionality is currently being further developed to enable:
- improved live information on the status of inventory items such as if a grit bin has been filled or when a gully was last cleaned
 - improved ability for the public to report issues with asset inventory items.
13. **Performance Monitoring** – The performance of the Asset Management Framework will be monitored and reported against [Levels of Service](#) and a Performance Management Framework of 10 key business questions as described in point 4 above. This will be reported:
- Strategic level - annually to Elected Members
 - Strategic and Tactical level - quarterly to the Senior Leadership Team

- Operational level – monthly to managers responsible for delivery of each asset group, or responsible for an associated enabler, such as communication

14. **Benchmarking** – We undertake local and national benchmarking to compare our performance of the Asset Management Framework and to share information that supports continuous improvement through membership of the South West Highways Alliance and the affiliated Benchmarking Club. We are also active members of local authority and national groups for various asset groups.



Photo credit: [Julian Roskilly](#)

Why Asset Management

Although asset management for highways assets has been promoted for many years, many struggle with the concept of transferring asset management principles to the management of roads. In particular council members often see the road as a liability rather than an asset, consuming resources and resulting in customer dissatisfaction.

One of the keys to improving value for money in highways maintenance is knowing and understanding when and how to intervene. By considering an asset over a whole life cycle, it is possible to select the best time to intervene. This will maintain road condition and preserve the asset in an economically viable way.

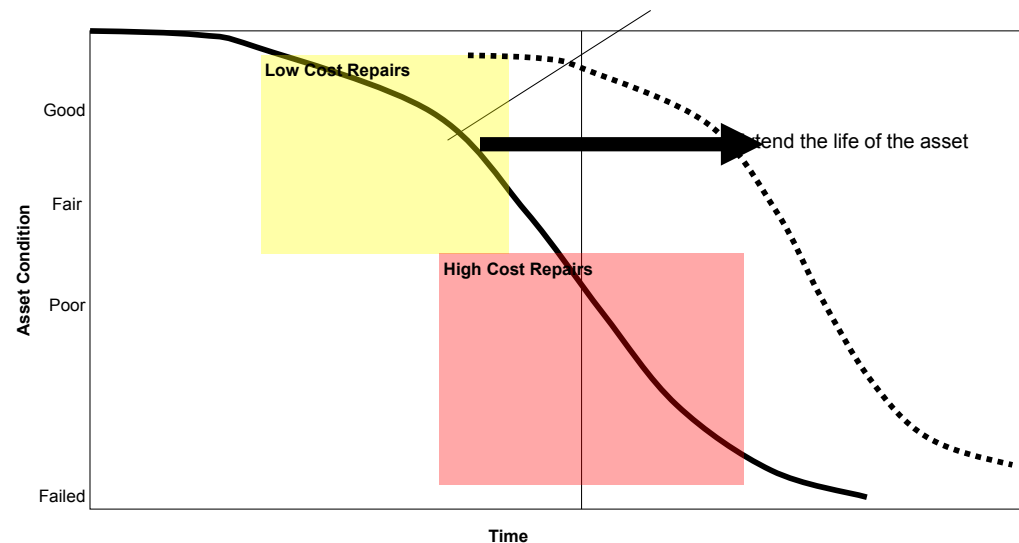
Typically there are two options for prioritising spending on road maintenance:

- Worst first – focusing maintenance on the stretches of road in the poorest condition. This is a high cost approach, which meets short term public satisfaction but is not forward thinking and results in fewer roads being treated.
- Whole-life cost – focusing maintenance to minimise the total maintenance costs over the lifetime of the asset. This strategy prioritises some funding for preventative works and recognises that some assets will remain unrepaired.

This graph illustrates the financial benefits of intervening at the right time in a roads life cycle. Roads deteriorate over time depending on the volumes of traffic they carry and the environmental conditions they are subject to (weathering).

A road can often be cheaply restored to ‘nearly new’ condition and its life extended by intervening at the right point in the life cycle. As roads deteriorate further more expensive interventions may be required to restore the road to nearly new condition. Allowing roads to deteriorate below the failure threshold therefore represents poor value for money.

Carriageway Asset Life Cycle



“You fixed the wrong road!”

One of the key aims of our asset strategy is to move towards a preventative approach to the maintenance of highway assets and prioritise roads and other highway assets that have not yet fallen into the failure range. Whilst carrying out maintenance on a road that doesn't look to be in need of repair may seem wasteful and unnecessary, this will often be the right choice and ultimately deliver the best value for the road user in the long-term.

Focusing on the worst roads first may not be the best approach to managing with less funding. Devon needs to be tougher in prioritising long-term demands over short-term demands, to minimise costs and deliver value for money over the long term particularly when we know that pressure on budgets is likely to continue for many years. If the County were to give a greater priority to worst-first which has the biggest immediate impact for road users it would over time, result in deterioration of a much greater share of the road network.

The Benefits of Asset Management

The adoption of asset management practices will make more efficient use of available resources, delivering value for money and providing a service that is aligned to its customers. This is demonstrated by:

- Alignment of the Council's objectives with delivery of the service;
- A comprehensive understanding of the asset and the associated liability;
- A programme of inspections and surveys to record current asset condition;
- Defined Levels of Service;
- Adoption of a lifecycle approach to the management of the asset;
- Explicit identification and management of risks;
- Decision making that is based on the relationship between the asset and the Council's Priorities and Objectives through Levels of Service;
- Demonstrating the consequences of funding decisions;
- Considering the current condition and priorities required to maintain the asset and the network.

Asset Management Framework

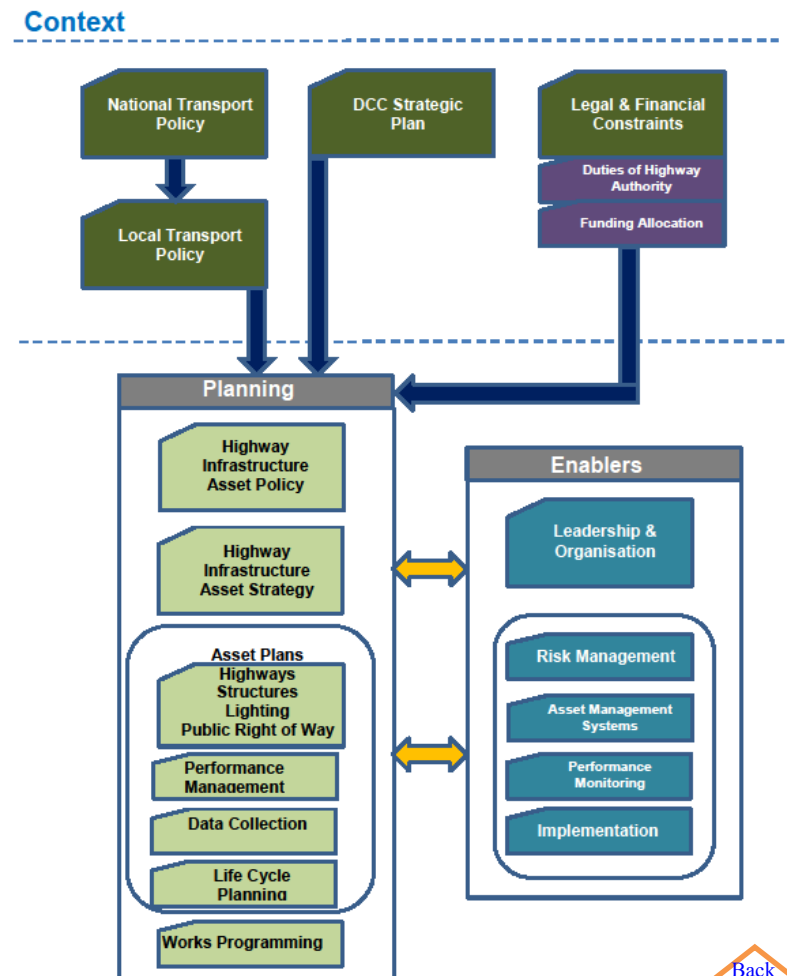
Asset Management is a rational process that links stakeholder expectations, Government transport policy and the Council’s Corporate Plans. It also considers operational and tactical management through organisational and business processes and systems which manage the flow of information. An additional benefit will be that it starts to link highway network needs with Value Management and Risk.

Devon’s Highway Asset Management Framework comprises the activities and processes that are necessary to develop, document, implement and continually improve asset management.

The framework is presented in three parts:

- Context – provides the structure and context within which the highways service is delivered.
- Planning – the key activities and processes and how they apply to managing the highway asset
- Enablers – support the implementation of asset management.

DCC Highway Asset Management Framework



2 Value of our highway assets

Whole of Government Accounting (WGA) has been introduced for highways local government accounting. There is a phased introduction to this method, which is moving away from the historical cost method traditionally used to assess the value of local authority highways assets. Annual depreciation not only represents the annual consumption of service benefits but also provides a measure of what needs to be spent, on average, year on year to maintain the assets in a steady state.

The WGA method is based on the value of the replacement cost of assets owned and maintained by the highway authority. The figures required are the:

- Gross Replacement Cost (GRC) - based on the cost of constructing an equivalent new asset.
- Depreciated Replacement Cost (DRC) - the current cost of replacing an asset with its modern equivalent asset, less deductions for all physical deterioration and impairment.
- Depreciation - the cost of restoring the asset from its present condition to 'as new' - this is the difference between the GRC and DRC.
- Steady State – the annual expenditure required in order to maintain the network in its overall current condition

Estimates are calculated on the basis set out in the “CIPFA Code of Practice – Guidance to Support Asset Management, Financial Management and Reporting” (published March 2010).

The 2015/16 valuation illustrates that the cost of addressing the backlog of repairs to provide assets in 'as new condition' is just over £1.3 billion.

Devon County Council 2015/16 WGA submission

	GRC estimate (£'000)	Depreciation (£'000)	DRC estimate (£'000)
Carriageway	10,313,194	806,462	9,506,732
Footway & Cycle Tracks	420,792	105,854	314,938
Structures	1,238,318	324,599	913,719
Lighting	82,750	52,284	30,466
Traffic Management Systems	20,869	13,345	7,523
Street Furniture	90,510	58,011	32,499
Land	4,899,633		
Total	17,066,066		
Total Excluding Land	12,166,433	1,360,555	10,805,878

Our funding

Funding for Devon County Council's Highways and Traffic Management service is either a Capital or a Revenue allocation.

Capital expenditure reflects investment in an asset and is defined as “expenditure which adds to, and not merely maintains, the value of a fixed asset.” Highway works eligible for capital funding include activities that:

- extend the life of the asset, such as resurfacing schemes
- enable construction of improved infrastructure, including the acquisition of land, such as the South Devon Link Road
- replace an existing feature with an enhanced structure, such as major drainage improvements and the construction of new retaining walls.

The majority of capital funding comes to us as a direct grant from central government with the remainder allocated by County Council borrowing or from capital receipts, such as sale of land. The highways capital budget is set by adopting an asset based approach. This involves a systematic strategic review looking at:

- Highway condition data and other intelligence, such as customer feedback
- Spending requirements for each asset group, such as bridges, main road network, drainage, street lighting etc., are then determined.

Revenue expenditure covers day to day expenditure and income, including works which maintain, rather than increase, the value of a fixed asset. Some examples of revenue items are works involving repair of safety defects, minor drainage repairs, grass cutting and winter maintenance. It also includes the running costs of the service, such as staffing, premises costs and income received from licences etc.

Revenue funding is available via the community charge, business rates and funds provided by central government. Another source of revenue funding is the on-street parking account. Any surplus revenue generated from on-street parking after the operating and management costs have been accounted for can be spent on things like public transport provision, highway improvements and environmental highway maintenance work.

Highways revenue budgets have been through a rigorous ‘zero based’ budgeting review in recent years in order to drive out the required efficiencies from budgets that had previously been allocated on a historical basis. Where possible budgets are now based on need with the overall strategy focused on maintaining a prescribed level of service over the long term.

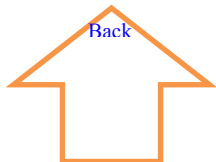
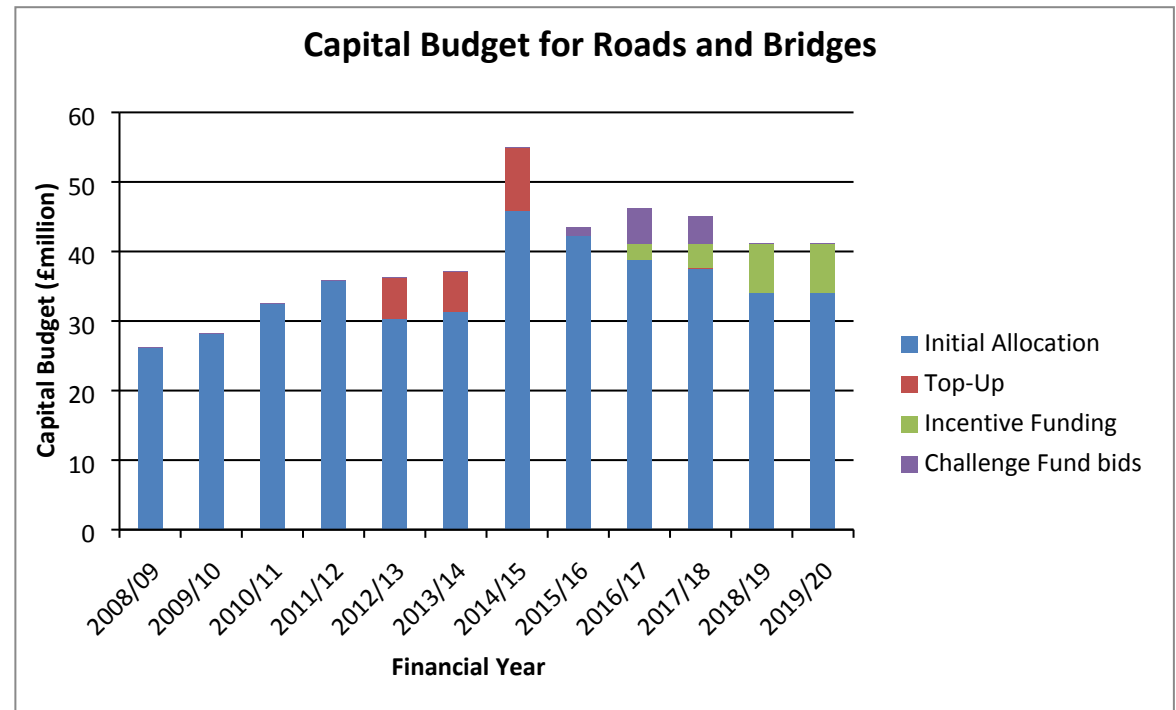
Asset Management Incentive Funding

In November 2014, the Department for Transport (DfT) announced a new formula for allocating Local Highways Maintenance funding allocations. The funding is now based on a Needs Formula, an Incentive Fund and a Challenge Fund. The approach enables better planning for local authorities with a six year allocation.

The Incentive Funding is awarded based on the completion of an annual self-assessment questionnaire which looks at how well the authority is delivering services and adopting an asset management approach. Authorities are scored in bands with level one authorities receiving less funding and level three authorities receiving their full funding allocation. During the first year of the programme (when no funding was at risk), Devon was found to be a band two authority. A detailed gap analysis was completed to ensure continued improvement and that by 2017/18 the authority will be assessed as band three and receives the full funding allocation. Our latest [Incentive Funding questionnaire](#) demonstrates the improvements Devon has made in implementing asset management into our highways service operations.

In 2016/17 Devon was successful in attracting £10.2m from the Challenge Fund specifically for a programme of LED street lighting aimed at reducing energy costs and carbon emissions.

In order to prepare for an anticipated further round of Challenge Fund bidding in late 2016 officers are developing an economic business case for investment in minor roads for additional expenditure on roads we wouldn't normally have funding for.



3 Inventory and Data

Data management is fundamental to the overall asset management process. In order to apply an asset management approach there are three types of data that are required:

- Inventory – details of the number, location, size, type, age and make up of each asset.
- Condition – measurement and rating of the condition of the asset.
- Use – details of how the assets are used.

These records will enable Devon to:

- Monitor and report on the condition of the highway network.
- Assess the expected life of assets or their components.
- Assess current levels of service and develop future levels of service.
- Assess current and future performance indicators.
- Model future maintenance options and identify future investment strategies.
- Develop long-term forward work programmes and associated budget requirements.
- Carry out valuation assessments of each of the assets and calculate depreciation.



Photo Credit: Julian Roskilly

Effective asset management is not just about the assets to be managed, it is about the systems and business processes used to manage those assets. As such there is a need to examine processes, storage and usage of the data.

Management Systems

Our highway asset data is held in our Integrated Highways Management System (IHMS) currently provided by WDM and known as iWays. This system enables us to collect, store, manage and report our key asset data for highway network, structures and street lighting. The iWays system is accessible to relevant staff and the Public Information Portal (PIP) is available via our website for the public to report concerns. The PIP functionality is currently being further developed to enable:

- improved live information on the status of inventory items such as if a grit bin has been filled or when a gully was last cleaned
- improved ability for the public to report issues with asset inventory items

Records of inspection, reactive maintenance, customer contact and collisions are recorded on this system. We use the data when undertaking any assessment and review of the highway asset. We commission surveys across the network to obtain carriageway (road) condition data. This information is analysed using UK Pavement Management System within iWays.

Our [Data Management Strategy](#) sets out how we manage data within these systems. We have also completed a gap analysis to identify asset area where we have no inventory data or limited condition data and priority assessed these to ensure that we continue to invest in gathering data that will assist us in making better decision going forward. The [Inventory Gap Analysis](#) helps to ensure that we collect the right data and don't collect data unnecessarily.

Networks

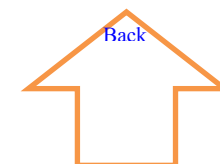
In order to store data effectively and efficiently it must be referenced geographically. We have developed and must maintain a number of digitised 'networks' which allow us to capture and organise our asset data. By network referencing assets it enables us to know what assets we own on even given road, what extent of the land is highway (extent of our responsibilities) as well as what condition those assets are currently in. It also helps us in programming work. An example of this is how a safety inspector will record a highway defect against a specific road section so that we send the gang to the right location with the right materials to make the repair the first time. We can even identify the hazards and risks at the location so that the gang know what traffic management they will need in order to keep themselves safe whilst making the repair.

We maintain two networks to represent the Devon's Highway:

- the National Street Gazetteer
- the PMS network

The National Street Gazetteer is a record of all of the roads which we manage closely with the local district council's to ensure that it is updated as new roads are adopted from developers. This network is used for managing streetworks by utility companies as well as forming the backbone of our iWays works management systems.

The PMS network is used within the iWays system specifically for managing road condition data from inspection records and annual road condition surveys as well as recording completed capital structural maintenance works. It is different to the Local Street Gazetteer because it is defined by the physical characteristics of the highway rather than junctions and street names.



4 Levels of Service

Levels of service describe the quality of services provided by the asset for the benefit of the customers. They are composite indicators that reflect the social, economic and environmental goals of the community. Levels of service are therefore the manner by which the highway authority engages with the customer and are about reflecting the customer's interests in terms that can be measured and evaluated (*CSS Framework for Highway Asset Management*).

Ultimately, from a customer perspective Levels of Service are about defining the minimum service standards. It is then up to the local authority to measure and monitor its performance against the service standards in order to determine if the levels of service being provided match up with the customer expectations and are in line with both national and local goals and objectives.

Determining service standards must involve an assessment of available funding as well as community need and desires. It is not beneficial to customers to set expectations of high levels of service delivery if funding pressures result in a lower level of service being delivered. In addition, in setting and determining service levels a local authority must also consider its obligations as the Highway Authority and not set service delivery standards below nationally expected codes of practice or endanger road users. Measuring risk and liability as well as the application of national standards at a local level must all be taken into consideration when determining a set of agreed minimal standards.

Drawing on our key corporate objectives to promote the wellbeing of the citizens and communities of Devon, and enable people to live their lives well, we have set out our high level aims for levels of service for the highway asset in the Highway Infrastructure Asset Management Policy as follows:

- **Safe** and serviceable for people to use
- **Connected** - enabling access to and from communities for people, goods and services.
- **Healthy** - supporting and promoting active and healthy lifestyles
- **Prosperous** - contributing to wider economic growth
- **Resilient** - making effective and efficient use of our local resources promoting sustainable communities
- **Sustainable** - Is maintained appropriately to retain its value and condition into the future and contributes to wider environmental management.

Monitoring Levels of Service Performance

How these levels of service translate to how we operate our highways service is critical to understanding the impact for users of the network. The table below gives an example of how some basic service provisions for carriageway assets relate to how they help us deliver our levels of service. The full [Level of Services Table](#) details the highways service provision.

Service standards are often full of jargon and technical speak. In an effort to understand what it really means for users of the highway asset we have also considered the range of provision of safety, serviceability and sustainability issues in an easy to understand [Maintenance Service Standards](#) table.

Level of service		Safe	Connected	Healthy	Prosperous	Resilient	Sustainable
Carriageway	Inspect highways at set frequencies and prioritise repairs to safety defects in accordance with the Highway Safety Inspection Policy.	✓	✓		✓		✓
	Respond within 2 hours to any occurrence or incident that poses a threat to life or renders the highway unusable or unsafe.	✓	✓		✓		✓
	Using road condition data develop and deliver an annual programme of carriageway structural maintenance repairs including resurfacing, patching and surface dressing to maintain roads within available budgets.	✓	✓		✓		✓

Fit for Purpose Roads

Devon has a wide variety of roads and footways, from high volume dual carriageways in congested urban environments to single lane rural roads connecting small farms or villages. It is not possible to maintain every road to a high standard, the backlog of deterioration and limited funding available simply make this impossible. The travelling public should expect to find a condition which is safe and consistent with the type and location of that particular road or footway.

Simply put, a motorist would expect the condition of a Principal Class A road carrying high volumes of traffic at speed to be in a high standard of repair without safety defects or significant depressions in the running lane; whereas the motorist using an unclassified road in a very rural environment should not be surprised to find a road surface that may have minor potholes, depressions or other deterioration. Likewise, there is an expectation within the Highway Code that motorists drive at a speed appropriate to the type of road and the conditions.

This concept is captured by establishing a hierarchy of road types. Establishing a network hierarchy is key to providing a consistent maintenance strategy and crucial to asset management in creating levels of service. A road's hierarchy must reflect the needs, priorities and actual use of the road as determined by its functionality and importance. Devon's road hierarchy is detailed in [Annex 1 Highways](#)



Expectations for strategic network road condition are for a higher standard with no running lane defects and a smoother ride quality.



A typical fit for purpose rural unclassified road with some edge deterioration, over-riding, detritus and the occasional non-running lane pothole defect.

Photo credits: Julian Roskilly

Performance Monitoring

Measuring how a local authority is performing on delivering its service standards has always been difficult. No one single target or indicator can fully capture how well an authority is maintaining its highway assets. Devon has chosen to follow the example set by other lead authorities by using a simplified approach to measuring its performance. This approach first sets out the headline levels of service and then considers the specific levels of service for each asset group. It then considers what performance indicators the authority is already reporting at national level, for LTP3 monitoring and for local contract monitoring which could be used to measure the performance of the service level within each asset group. A workshop was held with members to help determine what set of KPI's not only fit the levels of service but were easily understandable and could be communicated with the public for measuring how the service was performing.

Each Level of Service can be delivered to varying standards depending on the investment provided. The following definitions are provided:

- POOR – Service delivers below minimum requirements
- FAIR – Service delivers at minimum requirements
- GOOD – Service constantly delivers above minimum requirements
- EXCELLENT – Service delivers well above minimum requirements.

Levels of Service Key Performance Indicators

Strategic indicators related to the HIAMP are detailed in the tables on the following pages. The Highways and Traffic Management (HTMT) service has also developed a performance management framework which aligns with corporate and asset management aims. The majority of the indicators for the HIAMP relate to our purpose to maintain the highway network and specifically the one question “How effectively are we managing the highway asset infrastructure?”, but measures are also drawn from other key questions within the HTMT Performance Management Framework including some which directly measure the performance of our highways contractors.

Performance indicators have not been identified against each level of service as the selected indicators represent a strategic set of performance measures.

Level of service	Strategic Indicator	Means of Measurement	Indicator reported	Target	Performance Level				
					Excellent	Good	Fair	Poor	
Overarching	Use an asset management 'whole life' approach to scheme prioritisation to ensure effective and efficient management of the asset.	The backlog value of the highway asset reported to Government is being maintained or decreasing	The accumulated depreciation as a percentage of Gross Replacement cost	Annual		<14 %	14-16%	16-20%	>20%
	Continue the development of community schemes such as the Community Road Warden Scheme (CRWS), Parish Paths Partnerships (P3), snow wardens, grass cutting, wild flower verge planting and similar community schemes to support sustainable communities.	Number of parishes, town councils or community groups taking up the schemes	As reported by Neighbourhood teams	Annual					

Carriageways	Inspect highways at set frequencies and prioritise repairs to safety defects in accordance with the Highway Safety Inspection Policy.	Completion of Safety Inspections on time	% of safety inspections completed on time	Monthly	100%	100 %	90-99%	80 - 89%	< 80%
	Continue the development of the Community Road Warden Scheme (CRWS) by providing training, equipment and materials to local volunteers to assist with repairing non-safety defects and carrying out minor amenity maintenance activities.								
	Respond within 2 hours to any occurrence or incident that poses a threat to life or renders the highway unusable or unsafe.	Response to emergency call outs within policy timescales	% of callouts responded to within timescales	Monthly		90-100 %	90-80%	80-75%	>75%
	Using road condition data develop and deliver an annual programme of carriageway structural maintenance repairs including resurfacing, patching and surface dressing to maintain roads within available budgets.	The condition of the road network is nationally recognised as good	National Road Condition Index Percentage of network requiring planned maintenance	Annual	Minimise decline to stay in top quartile performance nationally	A >4%	5-6%	6-10%	<10%
						B >4%	5 - 6%	6-10%	<10%
C >13 %						13-15%	15-20%	<20%	
Uncl as >25 %						25-32%	32-40%	<40%	
Survey skidding resistance on A roads and investigate, monitor and repair deficiencies and/or put up slippery road warning signs.	Skid resistance surveys indicate high levels of skid resistance	Percentage of A roads in satisfactory condition	Annual		>90 %	90-85%	85-80%	<80%	

	Operate a winter service of precautionary salting and snow clearance on strategic roads and when possible on secondary routes as laid out in our Winter Service and Emergency Plan.	Precautionary gritting	% of routes started within the agreed start time (+/- 15 mins)	Monthly during winter	>95%	95 - 100 %	95- 90%	90- 85%	>85%
	Support communities in their efforts to salt local roads and footways by providing support and training to snow wardens as well as equipment and bagged salt where applicable.								
Footways & cycleways	Inspect footways and cycleways at set frequencies and prioritise repairs to safety defects in accordance with the Highway Safety Inspection Policy.	The condition of the Primary footway network is nationally recognised as good	Footway Network Survey. The percentage of footways in structurally unsound	Annual		< 4%	5-6%	6- 10%	>10%
	Develop and deliver an annual programme of footway and cycleways maintenance repairs.								
Str	Carry out structures inspections in accordance with the national code of practice.	The condition of bridges is nationally recognised as good	Report on Bridge stock using the County Surveyors Society Bridge Condition Indicator	Annual	Maintain condition index score within the 'good' range	100 - 95	94 - 90	89 - 80	<79
	Monitor those structures considered to be below standard.								

	Using condition data develop and deliver an annual programme of bridge and retaining wall maintenance and structural repairs to maintain structures within available budgets.								
	Target structures which are in the Poor/Very Poor condition band where this has a potential impact on safety.								
Drainage	Investigate reports of highway flooding and damaged or blocked highway drains and take appropriate measures to get water off the highway, alleviate or mitigate flooding as appropriate.								
	Cleanse gullies on the salting network and in rural areas on an annual basis; and all others on a three year rolling programme or at required enhanced frequency.	Percentage of annual/triannual cleans completed on time.	Contractors cyclical maintenance returns reporting number of gullies cleansed and percentage of programme completed	Quarterly	95% of programme completed on time	100 - 95	94 - 90	89 - 80	<79
	Jet drainage systems on a reactive basis as they are reported or found through inspection.								
	Carry out an annual programme of grip cleaning and cutting.								

<p>Safety Fencing</p>	<p>Assess safety fences when they are knocked down or damaged and repair or replace as required.</p>								
<p>Highway Lighting</p>	<p>Respond within 2 hours to reported traffic accidents involving lighting columns or other lighting emergencies.</p>								
	<p>Develop and deliver a programme of column repair and replacement in order to maintain the street lighting asset and reduce the risk of column failure.</p>	<p>Highway street lighting is in good condition</p>	<p>The percentage of columns older than their recommended design life</p>	<p>Annual</p>	<p>5% of columns are older than their recommended design life</p>	<p>< 5%</p>	<p>5-8%</p>	<p>8-12%</p>	<p>>12%</p>
<p>Public Rights of Way</p>	<p>Carry out regular ease of use inspections on footpaths.</p>	<p>The public rights of way network is easy for people to use</p>	<p>Former best value indicator 178. The percentage of PROW which are easy to use.</p>	<p>Annual</p>	<p>90% of PROW are easy to use</p>	<p>>92%</p>	<p>92-90%</p>	<p>90-80%</p>	<p><80%</p>
	<p>Continue the development of the Parish Paths Partnerships (P3) by providing support, training, equipment, materials and funding to enable volunteer maintenance of footpaths.</p>								

Traffic management systems	Respond within 4 hours to signal failures.	Response to emergency call outs within contract timescales	% of callouts responded to within timescales	Monthly		90-100 %	90-80%	80-75%	>75%
	Operate an annual inspection, electrical testing and repair regime for all traffic signals and pedestrian crossings.								
Street Furniture	Repair or replace any safety signs knocked down or damaged by routine traffic accidents.								
Land	Carry out annual programme of grass cutting to maintain safe visibility at junctions and visibility splays.								
	Inspect highways trees and prioritise repairs to safety defects in accordance with the Tree Inspection Policy.								

5 Lifecycle Plans

Lifecycle planning is the broad method that enables us to model the future consequences of investment in Infrastructure.

The elements of a lifecycle management plan are best described in diagrammatically, as shown here.

Understanding the objectives and policies for the authority is vital as this is likely to be where the funding is focused.

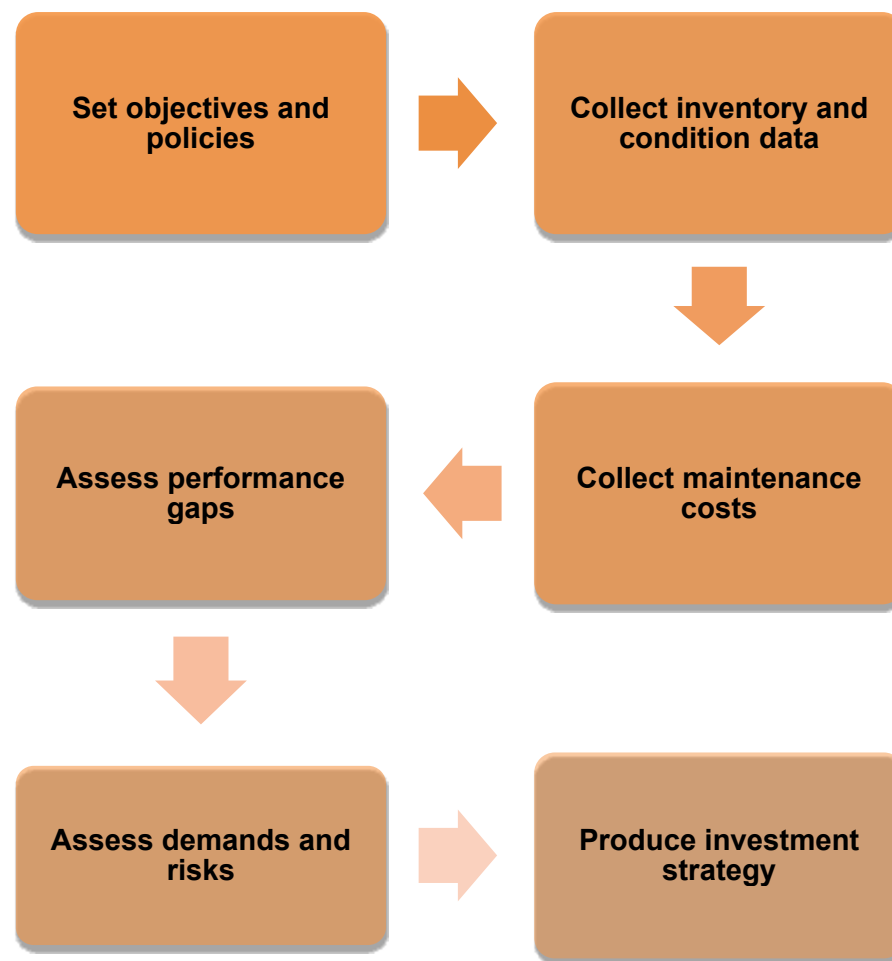
Knowing what assets exist, and what condition they are currently in, forms the basis for knowing what standard the authority would like to achieve.

A good knowledge of current maintenance costs for a range of treatments allows different investment strategies to be examined for the best whole life cost.

Comparing the current level of performance with the desired level of performance allows the 'gap' to be quantified and costed.

Before an investment strategy can be completed, it is also necessary to look at the demands and risks for the asset. The future demands that the asset will be placed under based on current knowledge, e.g. HGV traffic levels, will help to determine the necessary future performance. It is also important to identify risks to the asset, including the risks of not maintaining to the desired standard.

Effective lifecycle planning is about making the right investment at the right time to ensure that the asset delivers the requisite level of service over its full expected life, at the minimum cost.



Lifecycle Plan Development

In the development of this plan we have recognised that over time implementation of asset management principles for each of our main asset groups will have evolved separately, due to the way the service has organised maintenance activities in the past, but also appropriate to the needs of the particular assets. We recognise that each asset group has distinct maintenance and investment needs within its lifecycle, but we are working towards developing consistency of approach across asset groups where a long-term benefit in doing so can be evidenced.

Therefore, we have for the time being developed this plan with separate Annexes providing specific information on our current approach and the status for each of the four main asset groups:

[Annex 1 – Highways and Drainage](#)

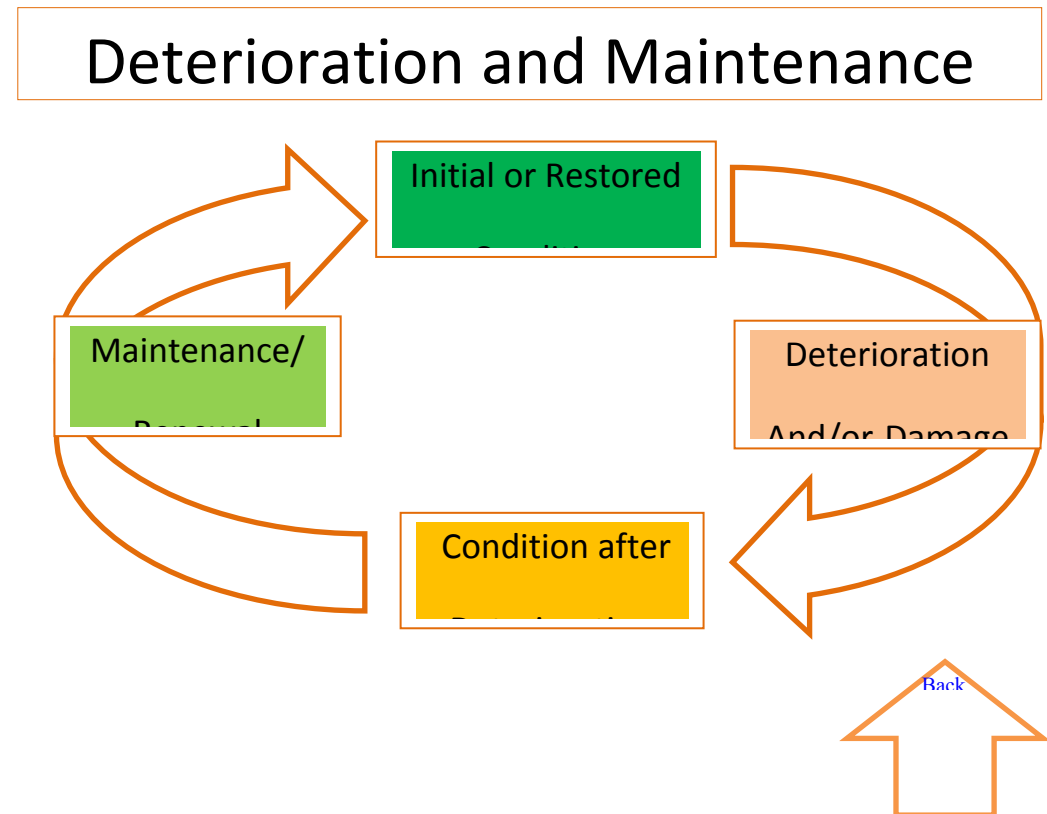
[Annex 2 – Structures](#)

[Annex 3 – Traffic Signals and Lighting](#)

[Annex 4 – Public Rights of Way](#)

It should be noted that we are at different stages of development of the asset management approach with each of these four areas.

To start we are working towards a consistent approach to lifecycle planning; collection of inventory; understanding the condition of inventory; determining the lifecycle plans and performance levels of service for each group.



6 Works Programme

We prepare a three year programme of capital structural maintenance works based on identified need. A report summarising the programme of works delivered in the previous year and the proposal for how budgets are to be spent in the following year goes to Cabinet each spring for approval.

The first year of the programme is a delivery plan; whereas the second year and subsequent years of the programme represent a draft list of proposed schemes allowing members to see which scheme are likely to be built in the future so as to provide comment and input into the decision making.

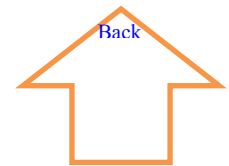
Schemes in the programme are selected through a process which involves prioritisation based on road condition and engineering data as well as needs led based on information provided by Neighbourhood Highways Teams. This dual approach is a fundamental step towards complete asset management and ensures that limited resources are targeted towards restoring the life of the sections of the networks with the greatest requirement, whilst always striving to meet local concerns. This approach is summarised in the diagram on the following page.

A three year programme of work is also prepared by the Structures team covering planned works to bridges and retaining walls. The Street Lighting team produce an annual programme of planned column replacement, lantern repairs and LED conversions.

We share these programmes of work on the Council's website at the following link:

<https://new.devon.gov.uk/roadsandtransport/maintaining-roads/>

How the programme is developed



7 Managing Risk

Managing risk is an integral part of the management of the highway asset. All activities from management, identification and prioritisation of works to the establishment of budgets have risks associated with them. Ideally, risks should be identified at each level of the management hierarchy (strategic, tactical and operational) using tools and procedures to identify critical risks and then manage them.

Risk management is an integral part of good management practice; benefits include:

- Fewer surprises, a reduction, control or transfer of risk;
- Provision of a better quality of services;
- Improved planning, performance and effectiveness ;
- Increased ability to manage change;
- Contingency planning;
- Exploitation of opportunities and innovation ;
- Delivery of best value;
- Improved information for decision making;
- Improved accountability, assurance and governance;
- Improved economy and efficiency;
- Awareness of limitations;
- Improved stakeholder relationships;
- Enhanced reputation;
- Protection of decision makers (members, directors and officers);
- Personal wellbeing;
- Opportunity to design risk out.

The [Asset Management Risk Register](#) captures and rates the major risks to highway assets and records the control and mitigation mechanisms.

Identifying Key Risks

- **Funding pressures**

Part of lifecycle planning includes identifying the level of funding required to maintain the status quo for condition of each asset. Over the next few years, public finances are going to be limited and it is likely that the Capital programme allocation will not be sufficient to meet the required standstill budget.

- **Future demand**

Given the importance of the road network to the economic vitality of the County there is a need to plan and develop the network for future growth

- **Climate Change**

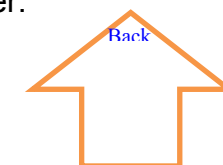
The long term decisions we are making now about the repair and replacement of assets needs to account for the potential extremes in weather we are likely to

Resiliency – adapting to climate change

Transport assets have a wider social value above the Gross or Depreciated Replacement Costs. This can take various forms: - additional costs of transport using longer routes, the closure of businesses through loss of custom, the associated loss of jobs, the social impact of people having less spending power etc. Recently this was highlighted in the aftermath of events such as the 2012 floods in Devon and Somerset, the 2009 bridge collapses in Cumbria and the 2007 flooding in Gloucestershire. Within Devon there are specific parts of the transport network whereby loss of those parts would have a greater significance due to the lack of easy alternative routes. Potential landslip sites or the proximity to rivers that regularly flood can make some key routes vulnerable, and loss of these could create significant difficulties for local communities.

Climate change considerations include:

- Re-evaluation of design and design adaptation in view of impacts and climate proofing (including materials/assets to accommodate weather extremes).
- Ensuring developments minimise flood risks, e.g. by building the most vulnerable infrastructure away from the river edge or above extreme flood levels and incorporating flood proofing in high risk areas, e.g. planning for flooding at critical locations (e.g. use of flood boards) and ensuring critical components (e.g. switch gear, substations) are above flood levels or can be isolated.
- Incorporating climate change into routine risk management procedures to help prepare for future adverse events.
- Adapting to climate change costings can be minimised if adaptation is built in:
 - At the planning stage for new developments;
 - When infrastructure is upgraded;
 - When plans come up naturally for review; before organisations are forced to act by a sudden extreme climatic event(s) or mounting maintenance costs.
 - Where possible, decision-makers should avoid actions that will make it more difficult and costly to cope with future climate impacts, e.g. new infrastructure projects (such as storm drainage) should include a reasonable allowance for climate change risks where the costs of subsequent upgrading would be prohibitive or very difficult to engineer.

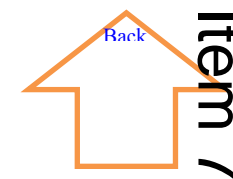


8 Evaluation and Review

We recognise that developing sound asset management policy and processes is a journey and we have set out a plan for the future. Our Highway Asset Management Plan published in March 2013 focussed mainly on the highway asset group. This updated Highway Infrastructure Asset Management Plan published in 2016 brings together all highway assets and therefore includes our approach to structures, lighting, traffic signals, street furniture and public rights of way. This plan will be regularly reviewed and updated as we work towards our objectives. Key milestones we are working towards are:

2013	Highway Asset Management Policy, Strategy and plan published
2014-15	Working towards development of the HIAMP
2016-17	Highway Infrastructure Asset Management Policy, Strategy and Plan published Working towards development of a three-year forward maintenance programme for highest priority assets
2017-18	Working towards a consistent approach to lifecycle planning for highest priority assets within each asset group Working towards development of a four-year forward maintenance programme for highest priority assets
2018-19	Working towards a consistent ability to deliver lifecycle planning for highway priority assets Working towards development of a five-year forward maintenance programme for highest priority assets
2020-21	Working towards development of an updated HIAMP for the future - to consider legislation, funding availability, industry guidance and any other external factors that influence delivery of highway infrastructure maintenance.

The HIAMP is an evolving and complex document, which draws together diverse information, procedures and service guidance. It will therefore be reviewed and regularly updated to reflect improvements and change to operational practice. We will aim to review the policy and strategy at two years intervals. We will review the HIAMP and Annexes as and when service, national guidance or legislation changes require. During the course of developing the HIAMP a number of actions for future implementation have been identified; these are summarised in the [HIAMP Action Plan](#).



An Equalities Impact Assessment has been completed covering the Highways Infrastructure Asset Management framework of documents. The assessment will be updated during the regular reviews of these documents or when changes are made to the documents which impact on equalities issues.



**Place Scrutiny Committee
Highway Asset Management Plan Spotlight Review
13th October 2016**

1. Background

The Place Scrutiny Committee received a Report at their meeting on 20th September, outlining proposed changes to the Council's Highway Asset Management Policy, Strategy and Plan. The Council's approach to highway asset management was being refreshed to reflect recent national guidance and changes to Department for Transport funding formulas.

In light of the complexity of the subject matter and to provide an opportunity for all non-executive Members of the Council to contribute, the Committee resolved to hold a standalone Spotlight Review meeting to:

- consider the Council's revised Asset Management Policy, Strategy and Plan;
- consider how the Council should measure the performance of its Highway Assets in the future against the levels of service set out in the asset strategy;
- make recommendations to Cabinet on the key performance indicators to be used in the Highway Asset Management Strategy and Plan.

The Spotlight Review meeting was held on 13th October at the Devon Travel Academy, Westpoint.

2. The Council's Asset Management Approach

Good asset management takes a 'whole life' approach to determine how to invest limited resources, to get the most efficient and effective maintenance of the asset. In practice this means that roads which appear to be in good condition are surfaced dressed, preserving them for the long term, at a much smaller cost than it would be to repair them once their condition had visibly deteriorated. Due to diminishing capital funding over a number of years, and previous strategies which did not follow the asset management approach, some roads have deteriorated further and are in visibly poor condition. These roads are costly to fully repair, and therefore due to financial limitations, some roads may at this time only be patched, in order to make them safe for users.

Members were supportive of the Council's asset management approach and the proposed levels of service, however emphasised the challenge in explaining this approach to members of the public and suggested that the Council could do more to promote public understanding.

3. Measuring the Performance of our Highway Assets Recommendations to Cabinet

Measuring the performance of the Council's Highways Assets is key to understanding whether the Asset Management Policy, Strategy and Plan is operating as it should. The Council is looking to develop around 10-15 key performance indicators (KPIs) which will give a clear understanding of how each asset is performing.

Members considered proposed KPIs for a number of highway assets (as attached). It was felt that KPIs should be clear and meaningful and able to be understood by the public, and should focus on monitoring the key assets which keep the county moving, including drainage systems. Monitoring the way that the Council works with communities, the support offered and the uptake of community support schemes was also felt to be important.

In light of this, the Spotlight Review group makes the following Recommendations to Cabinet:

- (a) That the proposed indicators and measures for Carriageways, Footways & Cycleways, Structures, Highway Lighting and Public Rights of Way be supported;
- (b) That one or more KPIs be created to monitor the performance of gullies and drainage systems;
- (c) That a KPI be created to monitor the Council's engagement and work with communities in respect of self-help schemes, road and snow warden schemes and in other areas such as grass cutting and/or wild flower verge planting.

4. Membership

The Spotlight Review was chaired by Councillor Ray Radford, Chairman of the Place Scrutiny Committee. Councillors Rufus Gilbert, Robert Vint, Jonathan Hawkins, Chris Clarence, Gordon Hook, Kevin Ball, Richard Edgell, Jeremy Yabsley and Claire Wright all attended and contributed to the review.

Asset Group Levels of Service

Level of service		Safe	Connected	Healthy	Prosperous	Resilient	Sustainable
Overarching	Use an asset management 'whole life' approach to scheme prioritisation to ensure effective and efficient management of the asset.	✓	✓	✓	✓	✓	✓
	Continue the development of community schemes such as the Community Road Warden Scheme (CRWS), Parish Paths Partnerships (P3), snow wardens, grass cutting, wild flower verge planting and similar community schemes to support sustainable communities.	✓	✓	✓	✓	✓	✓
	Inspect highways at set frequencies and prioritise repairs to safety defects in accordance with the Highway Safety Inspection Policy.	✓	✓		✓		✓
	Continue the development of the Community Road Warden Scheme (CRWS) by providing training, equipment and materials to local volunteers to assist with repairing non-safety defects and carrying out minor amenity maintenance activities.		✓			✓	✓
	Respond within 2 hours to any occurrence or incident that poses a threat to life or renders the highway unusable or unsafe.	✓	✓		✓		✓

	Using road condition data develop and deliver an annual programme of carriageway structural maintenance repairs including resurfacing, patching and surface dressing to maintain roads within available budgets.	✓	✓		✓		✓
	Survey skidding resistance on A roads and investigate, monitor and repair deficiencies and/or put up slippery road warning signs.	✓	✓		✓		✓
	Operate a winter service of precautionary salting and snow clearance on strategic roads and when possible on secondary routes as laid out in our Winter Service and Emergency Plan.	✓	✓	✓	✓	✓	
	Support communities in their efforts to salt local roads and footways by providing support and training to snow wardens as well as equipment and bagged salt where applicable.	✓	✓	✓	✓	✓	
Footways & cycleways	Inspect footways and cycleway at set frequencies and prioritise repairs to safety defects in accordance with the Highway Safety Inspection Policy.	✓	✓	✓	✓		✓
	Develop and deliver an annual programme of footway and cycleway maintenance repairs.	✓	✓	✓	✓		✓

Structures	Carry out structures inspections in accordance with the national code of practice.	✓	✓		✓		✓
	Monitor those structures considered to be below standard.	✓	✓		✓		✓
	Using condition data develop and deliver an annual programme of bridge and retaining wall maintenance and structural repairs to maintain structures within available budgets.	✓	✓		✓		✓
	Target structures which are in the Poor/Very Poor condition band where this has a potential impact on safety.	✓	✓		✓		✓
Drainage	Investigate reports of highway flooding and damaged or blocked highway drains and take appropriate measures to get water off of the highway, alleviate or mitigate flooding as appropriate.	✓	✓		✓		✓
	Cleanse gullies on the salting network and in rural areas on an annual basis; and all others on a three year rolling programme or at required enhanced frequency.	✓	✓		✓		✓
	Jet drainage systems on a reactive basis as they are reported or found through inspection.	✓	✓		✓		✓
	Carry out a annual programme of grip cleaning and cutting.	✓	✓		✓		✓

Safety Fencing	Assess safety fences when they are knocked down or damaged and repair or replace as required.	✓	✓		✓		✓
	Respond within 2 hours to reported traffic accidents involving lighting columns or other lighting emergencies.	✓	✓	✓	✓		✓
Highways Lighting	Develop and deliver a programme of column repair and replacement in order to maintain the street lighting asset and reduce the risk of column failure.	✓	✓	✓	✓		✓
	Carry out regular ease of use inspections on footpaths.	✓	✓	✓		✓	✓
Public Rights of Way	Continue the development of the Parish Paths Partnerships (P3) by providing support, training, equipment, materials and funding to enable volunteer maintenance of footpaths.			✓	✓	✓	✓
	Respond within 4 hours to signal failures.	✓	✓		✓		✓
Traffic management systems	Operate an annual inspection, electrical testing and repair regime for all traffic signals and pedestrian crossings.	✓	✓		✓		✓

Street Furniture	Repair or replace any safety signs knocked down or damaged by routine traffic collisions.	✓	✓		✓		✓
Land	Carry out annual programme of grass cutting to maintain safe visibility at junctions and visibility splays.	✓	✓		✓		✓
	Inspect highways trees and prioritise repairs to safety defects in accordance with the Tree Inspection Policy.	✓	✓		✓		✓

Levels of Service Key Performance Indicators

Performance indicators have not been identified against each level of service as the selected indicators represent a strategic set of performance measures.

Level of service	Strategic Indicator	Means of Measurement	Indicator reported	Target	Performance Level			
					Excellent	Good	Fair	Poor
Overarching	Use an asset management 'whole life' approach to scheme prioritisation to ensure effective and efficient management of the asset.	The backlog value of the highway asset reported to Government is being maintained or decreasing	The accumulated depreciation as a percentage of Gross Replacement cost	Annual				
	Continue the development of community schemes such as the Community Road Warden Scheme (CRWS), Parish Paths Partnerships (P3), snow wardens, grass cutting, wild flower verge planting and similar community schemes to support sustainable communities.	Number of parishes, town councils or community groups taking up the schemes	As reported by Neighbourhood teams	Annual				
					<14 %	14-16%	16-20%	>20 %

Carriageways	Inspect highways at set frequencies and prioritise repairs to safety defects in accordance with the Highway Safety Inspection Policy.	Completion of Safety Inspections on time	% of safety inspections completed on time	Monthly	100%	100 %	90-99%	80 - 89%	>80 %
	Continue the development of the Community Road Warden Scheme (CRWS) by providing training, equipment and materials to local volunteers to assist with repairing non-safety defects and carrying out minor amenity maintenance activities.								
	Respond within 2 hours to any occurrence or incident that poses a threat to life or renders the highway unusable or unsafe.	Response to emergency call outs within policy timescales	% of callouts responded to within timescales	Monthly		90-100 %	90-80%	80-75%	>75 %
	Using road condition data develop and deliver an annual programme of carriageway structural maintenance repairs including resurfacing, patching and surface dressing to maintain roads within available budgets.	The condition of the road network is nationally recognised as good	National Road Condition Index Percentage of network requiring planned maintenance	Annual	Minimise decline to stay in top quartile performance nationally	A	5-6%	6-10%	<10 %
						>4%	5 - 6%	6-10%	<10 %
B						13-15%	15-20%	<20 %	
>4%						13-15%	15-20%	<20 %	
Survey skidding resistance on A roads and investigate, monitor and repair deficiencies and/or put up slippery road warning signs.	Skid resistance surveys indicate high levels of skid resistance	Percentage of A roads in satisfactory condition	Annual		>90 %	90-85%	85-80%	<80 %	

	Operate a winter service of precautionary salting and snow clearance on strategic roads and when possible on secondary routes as laid out in our Winter Service and Emergency Plan.	Precautionary gritting	% of routes started within the agreed start time (+/- 15 mins)	Monthly during winter	>95%	95 - 100 %	95- 90%	90- 85%	>85 %
	Support communities in their efforts to salt local roads and footways by providing support and training to snow wardens as well as equipment and bagged salt where applicable.								
Footways & cycleways	Inspect footways and cycleway at set frequencies and prioritise repairs to safety defects in accordance with the Highway Safety Inspection Policy.	The condition of the Primary footway network is nationally recognised as good	Footway Network Survey. The percentage of footways in structurally unsound	Annual		< 4%	5- 6%	6- 10%	>10 %
	Develop and deliver an annual programme of footway and cycleway maintenance repairs.								
Stru	Carry out structures inspections in accordance with the national code of practice.	The condition of bridges is nationally recognised as good	Report on Bridge stock using the County Surveyors Society Bridge Condition Indicator	Annual	Maintain condition index score within the 'good' range	100 - 95	94 - 90	89 - 80	<79
	Monitor those structures considered to be below standard.								

	Using condition data, develop and deliver an annual programme of bridge and retaining wall maintenance and structural repairs to maintain structures within available budgets.								
	Target structures which are in the Poor/Very Poor condition band where this has a potential impact on safety.								
Drainage	Investigate reports of highway flooding and damaged or blocked highway drains and take appropriate measures to get water off the highway, alleviate or mitigate flooding as appropriate.								
	Cleanse gullies on the salting network and in rural areas on an annual basis; and all others on a three year rolling programme or at requested enhanced frequency.	Percentage of annual/triannual cleans completed on time.	Contractors cyclical maintenance returns reporting number of gullies cleansed and percentage of programme completed	Quarterly	95% of programme completed on time	100 - 95	94 - 90	89 - 80	<79
	Jet drainage systems on a reactive basis as they are reported or found through inspection.								
	Carry out an annual programme of grip cleaning and cutting.								

<p>Safety Fencing</p>	<p>Assess safety fences when they are knocked down or damaged and repair or replace as required.</p>								
<p>Highway Lighting</p>	<p>Respond within 2 hours to reported traffic accidents involving lighting columns or other lighting emergencies</p>								
	<p>Develop and deliver a programme of column repair and replacement in order to maintain the street lighting asset and reduce the risk of column failure.</p>	<p>Highway street lighting is in good condition</p>	<p>The percentage of columns older than their recommended design life</p>	<p>Annual</p>	<p>5% of columns are older than their recommended design life</p>	<p>< 5%</p>	<p>5- 8%</p>	<p>8- 12%</p>	<p>>12 %</p>
<p>Public Rights of Way</p>	<p>Carry out regular ease of use inspections on footpaths</p>	<p>The public rights of way network is easy for people to use</p>	<p>Former best value indicator 178. The percentage of PROW which are easy to use.</p>	<p>Annual</p>	<p>90% of PROW are easy to use</p>	<p>>92 %</p>	<p>92- 90%</p>	<p>90- 80%</p>	<p><80 %</p>
	<p>Continue the development of the Parish Paths Partnerships (P3) by providing support, training, equipment, materials and funding to enable volunteer maintenance of footpaths.</p>								

Traffic management systems	Respond within 4 hours to signal failures.	Response to emergency call outs within contract timescales	% of callouts responded to within timescales	Monthly		90-100 %	90-80%	80-75%	>75 %
	Operate an annual inspection, electrical testing and repair regime for all traffic signals and pedestrian crossings								
Street Furniture	Repair or replace any safety signs knocked down or damaged by routine traffic accidents								
Land	Carry out annual programme of grass cutting to maintain safe visibility at junctions and visibility splays								
	Inspect highways trees and prioritise repairs to safety defects in accordance with the Tree Inspection Policy.								

EES/16/1

Cabinet
9 November 2016

Enterprise Zones in the Heart of the South West – Exeter and East Devon Enterprise Zone

Report of the Head of Economy, Enterprise and Skills

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendation that:

- (a) Cabinet note the resolutions made by Corporate Services Scrutiny Committee on the 27 June 2016;**
- (b) Cabinet note the further analysis that has been undertaken to demonstrate the financial case for introducing an Enterprise Zone in East Devon;**
- (c) Cabinet delegate authority to the Chief Executive to sign the Memorandum of Understanding with Government;**
- (d) Cabinet delegate authority to the County Treasurer and the Head of Economy, Enterprise and Skills to agree the final Business Rates Relief policy;**
- (e) Cabinet delegate sign off of the Implementation Plan to the Head of Service for Economy, Enterprise and Skills, in consultation with the Cabinet Member for Economy, Growth & Cabinet Liaison for Exeter, and delegate sign off of governance arrangements to the County Solicitor.**

1. Summary

This report sets out the further work that has been undertaken since Corporate Services Scrutiny Committee considered the potential implications of an Enterprise Zone in East Devon as a spotlight review on the 27 June 2016.

This report provides an update on progress towards an operational Enterprise Zone (EZ) in East Devon covering Growth Point sites, and seeks delegated authority to sign a Memorandum of Understanding with Government and to progress governance arrangements and an implementation plan. Signing a Memorandum of Understanding with Government is a prerequisite to the Zone becoming operational. The report also demonstrates the financial case for establishing such a Zone, risks and benefits.

2. Background/Introduction

On the 25 November 2015 the then Chancellor of the Exchequer confirmed as part of the Autumn Statement that the proposed Enterprise Zone submitted by the Heart of the South West Local Enterprise Partnership (LEP) had been successful along with another 18 Zones across the UK. This announcement did not immediately confer operational Enterprise Zone status. Further work was needed to develop a detailed business case and agree specific arrangements, not least future governance arrangements.

This work has now been undertaken in relation to the four sites within East Devon District (Skypark, Science Park, Cranbrook and Airport Business Park extension) that will make up the Exeter and East Devon Enterprise Zone. This paper sets out the main ingredients of this

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work and details the decisions that will need to be taken to allow the Zone to become operational.

Corporate Services Scrutiny considered a paper (EE/16/10) in June that set out the potential benefits of introducing an Enterprise Zone for the four sites located within East Devon. These included a range of incentives to attract business occupiers including a 5 year business rate reduction funded by HM Treasury.

The paper emphasised that the EZ designation had the potential to capitalise on existing economic development initiatives and accelerate the delivery of key strategic sites in the Growth Point area. EZs are considered useful tools for attracting inward investment and supporting the development of new jobs and businesses. They are also helpful in supporting sustainable growth of cutting edge technology and developing centres of excellence. Another key benefit is the introduction Local Development Orders (LDOs) to support planning decisions.

Of particular importance was the requirement of EZ status that whilst East Devon District Council (EDDC) remains the collecting authority, the uplift in business rates should be reinvested in to supporting growth locally in conjunction with the Heart of the South West LEP. A significant dimension to resolve was therefore how this uplift would be reinvested for the benefit of the whole of Devon.

The Corporate Services Scrutiny Committee resolved:

- (a) that the Committee tentatively supports the proposals for an East Devon & Exeter Enterprise Zone, in particular, the potential to drive the local economy, notwithstanding its concerns over the lack of financial assistance from Government and the role of the Local Enterprise Partnership in the Governance arrangements, and the unequal application of methods to stimulate growth throughout the County; and
- (b) that, in light of (a - above), the Committee strongly believes that robust Governance arrangements will be key in this proposal and recommends that Cabinet satisfies itself that such arrangements are in the best interests of both the County Council and East Devon District Council. (Minute *4, 27 June 2016 refers).

Corporate Services Scrutiny also discussed the importance of avoiding direct displacement of businesses from other areas of Devon to the EZ.

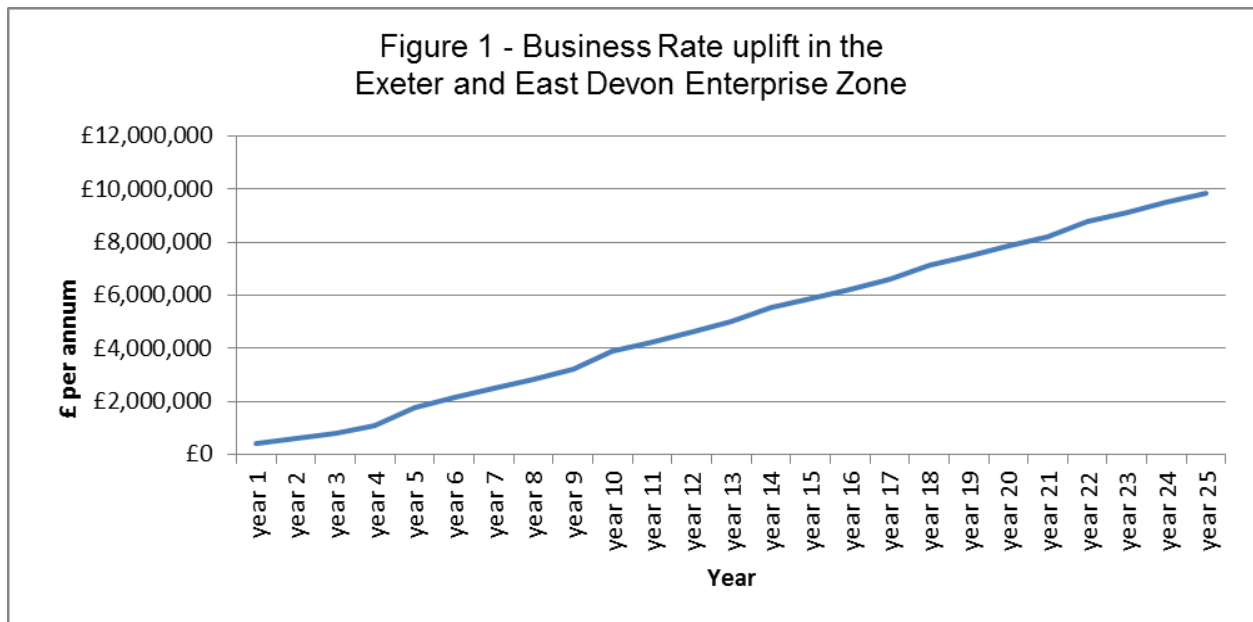
3. Business rate uplift

Considerable work has been undertaken over the course of the last 6 months to model potential business rate revenues for the term of the EZ designation. As far as possible this has sought to establish the counterfactual position – what the difference is between having and not having an EZ designation in terms of delivery of floor space and business rate income.

The Government has recently completed a consultation entitled ‘Self-sufficient local government: 100% business rates retention’. It is clear that business rate revenues will form an essential ingredient of the future local government business model. Whilst the Government’s response to this consultation is not currently known, it is likely that the future regime will include some form of continuation of the existing top-up and tariff regime and, critically, periodic resetting of the business rate baseline, for example every three to five years.

The significant difference with the EZ designation is that the totality of the uplift in the business rates is ring fenced for the entire 25 year term of the designation. This creates the potential for a ‘win-win’ scenario where not only is the overall business rate uplift greater (in

that it is not periodically reset) but these revenues are also generated more quickly, for example because of the attractiveness of Her Majesty's Treasury (HMT) funded incentives or through investment in enabling site infrastructure to overcome barriers to the delivery of new employment space.



This scenario has been modelled in detail and is illustrated graphically above.

This analysis has been undertaken in conjunction with the s.151 officers from both East Devon District and Devon County Councils. It illustrates the growth in business rate revenues which peak at almost £10m per annum. The analysis demonstrates prima facie that there is a persuasive financial case for pursuing the EZ designation. This is subject to the significant caveat of understanding the governance arrangements for how the uplift in business rate revenue will be invested/deployed.

4. Memorandum of Understanding

Attached at Appendix 1 to this paper is a proposed Memorandum of Understanding (MoU) with Government. For the EZ proposal to progress this needs to be signed and it is a specific recommendation of this paper that authority to do this is delegated to the Chief Executive.

The MoU covers the main terms and conditions attaching to the Zone. The most important issue that the MoU deals with is that of governance arrangements – essentially how investment decisions will be made. There are four main stakeholders to consider:

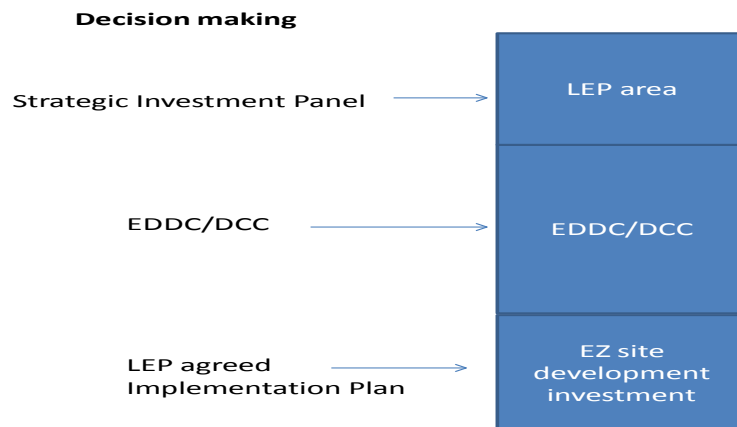
- The Local Enterprise Partnership – the bid for EZ status had to be through the LEP and it is an expectation of Government that whilst the Council remains the collecting authority, the uplift in business rates should be reinvested in to supporting growth locally in conjunction with the Heart of the South West LEP.
- Devon County Council – DCC would benefit from 9% in the growth in business rates if there were no EZ designation. DCC is also the landowner at Skypark and holds the land at the Science Park on behalf of the Science Park Company.
- Devon and Somerset Fire and Rescue Service – this Service would benefit from 1% of the uplift in business rates if there were no EZ designation. Devon and Somerset Fire and Rescue Service have indicated that they are happy with the EZ proposal.

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- East Devon District Council – EDDC would benefit from 40% of the uplift in business rates if there were no EZ and is therefore the most significant financial stakeholder.

MoU documents will also be signed for two other EZ locations in the LEP area at Huntspill site near Bridgwater by Sedgemoor District Council and Somerset County Council, and Oceans Gate, Plymouth by Plymouth City Council. These MoU documents are identical for the three EZ proposals within the LEP area.

The LEP Board originally took a decision towards the beginning of the year to adopt a light touch approach towards governance arrangements whereby the LEP would only receive monitoring reports on activity in the three EZs in the Devon and Somerset area. However a follow up paper in September set out a more assertive approach whereby investment decisions would also be taken by the LEP's Strategic Investment Panel. This is set out in the diagram below;



These arrangements do not ascribe specific proportions, in terms of the financial uplift, to individual organisations. Instead this is treated as a single pot. However as a result of negotiations over the course of the last 6 weeks two important principles have been established as follows:

- That the first call on revenues will be site enabling infrastructure – this being required to unlock the business rate revenues in the first instance;
- That the Local Authorities would be no worse off than if an EZ was not in place.

As landowner of Skypark and Science Park, DCC have a role in ensuring these sites benefit from potential funding available. The EZ will enable further infrastructure development, potential LDO and a marketing differentiator, making these sites more attractive to potential occupiers, potentially benefitting DCC in terms of improved capital receipts. As above, DCC needs to ensure the rest of Devon is not negatively impacted by the Enterprise Zone. The joint development of the implementation plan will mean DCC works with the LEP and EDDC to allocate the uplift generated across the LEP area, including to develop other business space in Devon, for example through our Workhubs programme or by enabling further infrastructure investment in our strategic employment sites elsewhere in the County.

Together these two principles are considered to provide appropriate safeguards for the Council and to enable the MoU to be signed. The MoU also includes provisions for a review of arrangements in 2020. The timing of this is to coincide with the introduction of the new

business rates regime and provides check and balance in terms of the ensuring that the designation meets the Council's objectives.

5. Business Rates Policy

One of the issues raised by Corporate Services Scrutiny in relation to the initial EZ paper in June 2016, was the potential for displacement – essentially the potential for the Zone to unbalance the playing field by creating a set of incentives for businesses to locate in one part of Devon only. This is a very legitimate concern and in order to manage this, a Business Rates Relief policy has been developed. This is contained at Appendix 2 to this report.

A specific provision of the policy in relation to potential business rate relief is as follows:

- If the business was previously located elsewhere within the Devon County Council area and is a relocation for purposes of growth/expansion, evidence is provided to prove that no appropriate expansion space was available at the previous site.

This will provide controls on the relocation of businesses to those that are genuinely expanding.

The proposed policy also includes provisions for discretionary rate relief for businesses already within the Zone. This would apply where a business is seeking to:

- Occupy larger premises;
- Increase the permanent workforce within the business;
- Increase the turnover of the business;
- Relocate to support another organisation/business also located within the Enterprise Zone (e.g. to reduce transport activity between sites, support the aims of the Enterprise Zone, etc.)

The policy is considered to provide robust measures to ensure that the EZ helps to foster genuinely new growth and business expansion rather than to create artificial incentives to shuffle existing economic activity around the County (or indeed East Devon). It is a specific recommendation of this paper that the final Business Rates Relief policy be agreed to be delegated to the County Treasurer and the Head of Economy, Enterprise and Skills.

6. Implementation Plan

The critical document that will determine how the EZ works in practice is the Implementation Plan. This is currently being developed. The proposed areas that this would seek to cover include:

- Delivery programme – proposed schedule of works for each of the sites including cost of delivery and funding required.
- Sector support – where appropriate to develop specific business sector proposals to attract new inward investment and knowledge based employment opportunities.
- Business rate income – an overview of floor space delivery by year with forecast of business rate income.
- Governance arrangements – a detailed overview of how the governance arrangements will work within the Exeter and East Devon EZ, and with the other EZs in the LEP area.
- Monitoring and reporting – a detailed programme of monitoring the outputs (floor space delivery, jobs growth and business rate uplift) within the designated EZ.

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Of particular importance are the investment decisions that will need to be taken to help bring the sites forward. The Implementation Plan is currently looking at a detailed programme of works for the first three years focusing on infrastructure improvements, sector support including business development and promotion and the introduction of Local Development Orders to fast-track planning, to support the acceleration of business relocations and new business growth.

Due to the fact that the income from business rates takes a considerable period of time to accumulate there is an outstanding question of borrowing against future income to bring forward the timing of infrastructure improvements for example. This is currently being explored by East Devon District Council, with support from Devon County Council. Devon County Council is currently unable to borrow.

A financial overview of potential income and uplift is contained at Appendix 4.

The MoU sets out that the Implementation Plan will be signed off in consultation with the LEP. Over the next few months the Plan will be further developed in conjunction with local partners. It is recommended that it is delegated to the Head of Economy, Enterprise and Skills in consultation with the Cabinet Member for Economy, Growth and Cabinet Liaison for Exeter to sign off the Implementation Plan in early 2017, before the Zone becomes operational and governance arrangements are considered and approved by the County Solicitor. A draft programme of work is attached at Appendix 3.

The Department of Business, Energy and Industrial Strategy (BEIS) are launching a grant funding stream to support the development of Enterprise Zones. This will be worth circa £50k and will fund consultant support for the Implementation Plan and Local Development Orders. EDDC and DCC are expected to bid into this funding stream to help progress works.

7. Conclusion

Enterprise Zone status has the potential to support the accelerated delivery of economic growth. The further work that has been undertaken over the course of the last 6 months has demonstrated that there is a strong financial case for introducing the Zone. The provisions of both the MoU, including its financial safeguards, and the Business Rates Relief policy will provide a robust framework for ensuring that the designation meets the objective of ensuring the accelerated delivery of genuinely new economic activity. As landowner DCC will also potentially benefit from increased capital receipts in the EZ area and an ability to generate additional revenues to reinvest in employment space in other areas of the County.

8. Financial Considerations

The adoption of an Enterprise Zone has many advantages, in particular attracting new business to Devon and helping to grow the Business Rate base. The financial concern is that government funding for local authorities will predominately be business rate income to finance core service delivery; income from business within the Zone will be directed to priorities related in the first instance to the EZ in conjunction with East Devon District Council and the LEP and used on predefined outcomes, which in the main are unlikely to be core service delivery costs for this Council. The preparation work required and identified in this report will consider the direct financial implications to the authority in order for members to be fully informed before decisions are made. We aim to proceed with progressing the EZ under the assumption that Government continues to operate on the basis that Devon County Council will be financially no worse off.

9. Environmental Impact Considerations

All works undertaken within, or as a result of Enterprise Zone status will be subject to statutory Environmental Impact Assessments (EIA) and Habitat Regulation Assessments where required. Should any Local Development Order (LDO) be progressed as part of Enterprise Zone status this does not grant permission, or exemption from any EIA requirements, but development requiring an EIA can be excluded from within an LDO.

10. Equality Considerations

This proposal is expected to have a low impact upon equalities. DCC will fully explore potential impacts and mitigations of equality through the Implementation Plan for the Zone.

11. Legal Considerations

The legal implications are adequately addressed within the report. Further involvement from the legal department and County Solicitor will be required when detailed consideration is given to the future governance arrangements, as well as to the content of the Memorandum of Understanding.

12. Risk Management Considerations

The proposed Enterprise Zone is a long term designation which will last for 25 years. The Government has recently consulted on proposals to introduce local retention of business rate growth from 2019/20 which in turn will underpin the future financing of local government. The scale of the potential uplift in business rate revenues over the 25 year period is very substantial as detailed in this paper. The financial risk is that future business rates growth would not be available to the Council.

Negotiations on the development of the MoU have sought to manage this risk, notably through the establishment of the principle that the Local Authorities will be no worse off financially than if the Zone had not been introduced. Additionally, signatories to the MoU intend to commence a review of the MoU in light of future developments in the regulation of business rates policy, their retention and distribution at both the national and local levels and the evolving government devolution agenda by 1 June 2019. (Appendix 1: MOU Appendix 1 to Schedule 3).

13. Public Health Impact

There are no known public health implications. This proposal would support positive health and wellbeing outcomes through the creation of new high quality and sustainable employment opportunities, including in Cranbrook and the Implementation Plan will also consider wider support for skills attainment working towards an inclusive economy.

14. Options/Alternatives

Should DCC decide to not support signing the agreement, as a partner, this would prevent the establishment of an Enterprise Zone in Devon and the loss of the associated benefits, for which there may be future economic development; timing of infrastructure delivery and resultant public relations impacts. Whilst the introduction of LDOs would still be possible the overall package available to attract and accelerate new investment would be lost, there would also be reputational damage to the authority locally with District partners and the Local Enterprise Partnership, and with Government. With EZs proceeding in Plymouth and Somerset it would also give a wider negative message that Devon is less welcoming to

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new investment and a less competitive business location. This may additionally impact upon future investment decisions by Government.

15. Reason for Recommendation/Conclusion

Reason for accepting the recommendations: Value for Money; cost implications, public interest.

Keri Denton
Head of Economy, Enterprise and Skills

Electoral Divisions: All in East Devon and Exeter

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

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

Local Government Act 1972: List of Background Papers

Contact for enquiries: Jamie Evans

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

Tel No: (01392) 383000

Background Paper	Date	File Reference
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Nil

je241016cab Enterprise Zones in the Heart of the South West – Exeter and East Devon Enterprise Zone
hk 06 281016

Appendix 1 To EES/16/1

Enterprise Zone Memorandum of Understanding

THIS AGREEMENT is dated 30th September 2016

PARTIES

1. **THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT** whose principal address is 2 Marsham Street, London, SW1P 4DF (**Secretary of State**);
2. Each of the local authorities for the area of the Enterprise Zone, whose names and principal addresses are listed at Schedule 1 (together the **Relevant Local Authorities**)
3. The Local Enterprise Partnership for the area of the Enterprise Zone, whose names and principal addresses are listed at Schedule 2 (where a local enterprise partnership does not have corporate status then the Accountable Body who acts as the representative is listed) (together with the **Local Enterprise Partnership**)

BACKGROUND

- A The Secretary of State has the power to declare an area to be an Enterprise Zone.
- B Enterprise Zones are single or multiple sites designated for business development which may offer business rate discounts or enhanced capital allowance for new businesses locating on the sites. Enterprise Zones are on sites which would ordinarily not be expected to generate significant business growth nor generate any business rates without incentives and /or dedicated local stakeholder support. Any increase from business rates income which arise from the development of an Enterprise Zone site will not be affected by business rates reform, reset or redistribution for a period of 25 years.
- C A local enterprise partnership is a voluntary partnership between local authorities and businesses to help determine local economic priorities and lead economic growth within their local area. This includes arrangements for the establishment and operation of Enterprise Zones. As some local enterprise partnerships are not corporate bodies, a local authority may act as an accountable body on their behalf.
- D In agreement with the Local Enterprise Partnership local authorities responsible for all or part or all of an Enterprise Zone use any increase in business rates they collect from each Enterprise Zone site to support the further development of the Enterprise Zone and neighbouring areas.
- E Taking account of the application included within the attached schedule and other representations made by the Local Enterprise Partnership, the Secretary of State with the agreement of the Chancellor of the Exchequer offers the Local Enterprise Partnership and Relevant Accountable Bodies the right to set up and establish arrangements for the operation of the Enterprise Zone subject to the terms and conditions set out within the other paragraphs of this Memorandum of Understanding. To allow all parties to review their interests, this Memorandum of Understanding extends to 2020. Thereafter, the parties may enter into a replacement memorandum of understanding. In reviewing their interests, the parties shall conduct a review as more particularly described in Appendix 1 of Schedule 3.

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IT IS AGREED THAT

1 DEFINITIONS

In this Memorandum of Understanding the following words and phrases shall have the following meanings:

“**Accountable Body**” means a local authority organisation(s) responsible for one or more aspects of the operation of the Enterprise Zone in line with plans agreed with the Local Enterprise Partnership.

“**Application**” means the application for enterprise zone status submitted to the Secretary of State by the Local Enterprise Partnership on [18th September 2015] (which may be amended from time to time after the date of this Memorandum of Understanding) and includes each of the representations at Schedule 3 of this Memorandum of Understanding, including Appendix 1 of Schedule 3, (in the event of conflicting statements, Schedule 3 and then the latest validly made variation shall take priority).

“**Enterprise Zone**” means one or more sites which under the Regulations (as amended from time to time) are able to offer specific business incentives and permitted by the Secretary of State to market themselves as such.

“**Regulations**” means ‘Capital Allowances (Designated Assisted Areas) Order 2016’, ‘Non-Domestic Rating (Designated Areas) Regulations 2016’, and ‘Non-Domestic Rating (Rates Retention) Regulations 2013’.

“**Relevant Local Authorities**” means a local authority on which all or part of an Enterprise Zone is situated and as a consequence collects business rates from businesses in operation on that site. Each Relevant Local Authority is listed in Schedule 1.

“**Term**” means, subject to clause 8 (Condition Precedent), the earlier of 31 March 2020 or the date of the Secretary of State, each of the Local Enterprise Partnership or each of the Relevant Local Authorities giving written notice to the other parties to this Memorandum of Understanding of its intention to terminate the Enterprise Zone status under clause 5.

Working Days: Monday to Friday, excluding any public holidays in England.

2 AGREEMENT TO SET UP AND OPERATE AN ENTERPRISE ZONE

Having relied upon the representations made by the Local Enterprise Partnership in the Application, the Secretary of State offers the Local Enterprise Partnership and the Relevant Local Authorities the right to set up and operate the Enterprise Zone for the Term, subject to the terms of this Memorandum of Understanding, including the right to benefit from the following business incentives:

Permitting the Relevant Local Authorities to retain 100% of any business rate increase which accrues for a period of 25 years from the commencement date (this being 1st April 2017 of the Enterprise Zone, providing that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Enterprise Zone Investment Programme as set out in the detailed Application and Implementation Plan referred to in clause 3.4 and thereafter towards the Local Enterprise Partnership's other identified growth priorities, such sums to be reserved and allocated in accordance with the priorities and principles set out in Appendix 1 to Schedule 3.

- Central government will reimburse the cost incurred by Relevant Local Authorities in providing a 100% business rates discount for a period of up to five years, to any business which sets up operations within the Enterprise Zone site before 31 March 2022, and is able to receive the support within the State Aid De Minimis threshold (or other limitation applicable by law);
- As an alternative to the reimbursement of business rates, and up until 31st March 2020, Central Government will reimburse the Relevant Local Authorities the cost of allowing businesses occupying an Enterprise Zone sites within an Assisted Area (as defined in section 45K of the Capital Allowances Act 2001) to count 100% up to €125 million of their first years' expenditure on qualifying plant and machinery assets against taxable income as an Enhanced Capital Allowance (ECAs)
- The Local Enterprise Partnership and all Relevant Local Authorities can together agree to other local authorities benefitting from the benefits of the Enterprise Zone during the Term provided they have entered into an inter-party agreement as set out in 3.2 (a) and meet the relevant requirements in the Regulations. In this situation, notice shall be given to the Secretary of State of the arrangement.

3. TERMS AND CONDITIONS

3.1 The Relevant Local Authorities and the Local Enterprise Partnership agree, having undertaken due investigation, that at the date of this Memorandum of Understanding:

- (a) The statements within the Application are accurate;
- (b) they are not aware of any information which is likely to materially undermine the ability of the Local Enterprise Partnership and the Relevant Local Authorities to deliver the Enterprise Zone in accordance with the Application and achieve the outputs; and
- (c) they are not aware of any information, which is likely to significantly delay the delivery of the the Enterprise Zone in accordance with the Application or achieving the outputs.

3.2 The Relevant Local Authorities and Local Enterprise Partnership confirm, having undertaken due investigation, that:

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- (a) they have obtained or shall use all reasonable endeavours to promptly obtain necessary approvals, authorisations, consents, exemptions, licences, permits, permissions (including planning permission) or registrations necessary to deliver the Enterprise Zone in accordance with the Application;
- (b) they have or will secure the expertise and capacity to set up and operate the Enterprise Zone in accordance with the Application;
- (c) they will undertake all the steps to set up and operate the Enterprise Zone and confirm that each of these shall be achieved compliantly (including but not limited to achieving compliance with applicable procurement, state aid, planning law and all rules relating to the collection and distribution of business rates, discount, and use of business rates for investment); and
- (d) they will deliver the relevant incentives at Schedule 4 for the period set out in the Application and this Memorandum of Understanding.

3.3 The Relevant Local Authorities and the Local Enterprise Partnership agree to:

- (a) organise and promote a governance group for the Enterprise Zone which is able to make strategic and operational decisions. This shall include representatives of each relevant local authority and shall meet at least quarterly ("**Governance Group**"). The Governance Group shall work co-operatively with other Enterprise Zones within the Local Enterprise Partnership area to identify common interests and efficiencies: and
- (b) enter into memorandum of understandings with each other which set agreed objectives and priorities for the Enterprise Zone as well as terms necessary to give effect to this Memorandum of Understanding (for example, provisions covering the use of business rates retained by local authorities and how local authorities will use their general power of competence to support the Enterprise Zone, including but not limited to Compulsory Purchase Orders, simplified planning regimes, development orders, Joint Ventures and borrowing to support investment and arrangements for the provision of monitoring data). Where during the Term, new local authorities become involved in the Enterprise Zone or the legal status of Local Enterprise Partnerships and local authorities involved in the Enterprise Zone changes, the Secretary of State requires that all Relevant Parties uses all reasonable endeavours to enter into new memorandum of understandings under this clause. Copies of these memorandum of understandings should be sent to the Secretary of State within 50 days of execution and no later than 31st March 2017.
- (c) to use government subsidies provided for the Enterprise Zone (including the subsidy provided under this Memorandum of Understanding and the Regulations) for the objectives of the Enterprise Zone and in compliance with relevant laws.

3.4 Implementation Plan

Relevant Local Authorities in consultation with the Local Enterprise Partnership shall design and submit to the Secretary of State a 5 year implementation plan (which sets out the major steps and the individual(s) and organisation(s) who will

be responsible to set up, operate and deliver the objectives and priorities which have been agreed for the Enterprise Zone) no later than 31st March 2017.

3.5 The Cities and Local Growth Unit shall support:

- (a) the set up and delivery of the Enterprise Zone (in particular through the contact for the Enterprise Zone, which is [] (E-mail: Telephone: (who shall advise on the procedures for establishing the zones and resolving issues, which may arise in relation to government funding or legal arrangements. The Local Enterprise Partnership and Relevant Local Authorities shall be informed if there is a change in the Cities and Local Growth Unit team contact.
- (b) Enterprise Zones by providing information on the Enterprise Zone to the market via press releases, its national Enterprise Zone website, Twitter account and other media; and
- (c) Collaboration, by inviting senior leaders from all England's Enterprise Zones to meet to discuss progress, challenges and good practice with senior government officials and Ministers

this support shall be provided up until 31 March 2020 and may be renewed or subject to alteration after that date.

3.6 The Relevant Local Authorities and Local Enterprise Partnership shall:

- (a) send the Cities and Local Growth Unit contact the details of the primary point of contact ("**Local Enterprise Zone Contact**", a named representative agreed with the Local Enterprise Partnership) for the Enterprise Zone within 20 Working Days of the condition precedent set out in clause 8 being fully satisfied. The Cities and Local Growth Unit contact shall be informed if there is a change in the Local Enterprise contact.
- (b) authorise the Local Enterprise Contact to discuss progress of the Enterprise Zone with the Cities and Local Growth Unit contact either in face-to-face or telephone meetings at least once a quarter. Such meetings shall be two-way enabling both parties to understand progress of the Enterprise Zone. Share information about the wider Enterprise Zone network and any issues which might adversely affect the planned progress of the Enterprise Zone.
- (c) take all reasonable steps to allow the Cities and Local Growth Unit team contact (or another team member in their place) to attend the Governance Group meetings (as mentioned at clause 3.5(a) including providing information on the date and location of meetings and sending papers which will be discussed. The Cities and Local Growth Unit team contact shall be entitled to decide whether they attend in an observer capacity or as a participant at the Governance Group meeting.

3.7 Marketing

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to

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- (a) promote the Enterprise Zone;
- (b) share with the Secretary of State a marketing plan for the Enterprise Zone within six months of the condition precedent set out in clause 8 being fully satisfied; and
- (c) use DCLG and Enterprise Zone logos within marketing communications and signage.

3.8 Monitoring

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to complete the management information at Schedule 5 within 21 Working Days of the commission from DCLG, which will be quarterly at the end of January, April, July and October.

4. CHANGES

All changes to the text of this Memorandum of Understanding must first be agreed in writing between the Relevant Local Authorities and the Local Enterprise Partnership and then approved by the Secretary of State in writing prior to the relevant change being deemed to be effective. Until such time as a change is made in accordance with this clause, the parties shall, continue to perform this Memorandum of Understanding in compliance with its terms before such change.

5. TERMINATION

- (a) The Secretary of State shall be entitled to suspend or withdraw the right of any or all of the Local Enterprise Partnership and / or the Relevant Local Authorities to market an Enterprise Zone if, acting reasonably, the Secretary of State is of the view that a party has acted in a way which significantly damages the reputation of the Enterprise Zone Programme or if there has been a material breach of this Memorandum of Understanding.
- (b) The Relevant Local Authorities and Local Enterprise Partnership with the Memorandum of Understanding involved in delivering the Enterprise Zone is entitled to ask for the Enterprise Zone status to be rescinded by submitting notice in writing.

6. GOOD FAITH AND COOPERATION

Each party covenants with the others that they shall act with the utmost good faith towards the other, shall comply with reasonable requests for information in relation to the Enterprise Zone submitted from time to time and will not do anything which would deliberately put the other in breach of its obligations under this Memorandum of Understanding.

7. MISCELLANEOUS

Nothing in this Memorandum of Understanding shall constitute a partnership or joint venture between any of the parties.

8. **CONDITION PRECEDENT**

This Memorandum of Understanding is conditional on this Memorandum of Understanding being approved by the Cabinets of each Relevant Local Authority. If this Memorandum of Understanding is not so approved by [30th November 2016] (the "Deadline"), this Memorandum of Understanding will cease to have effect on the day after the Deadline. Each Relevant Local Authority shall notify the other parties in relation to its Cabinet's decision in writing as soon as reasonably practicable following its Cabinet's decision.

9. **COUNTERPARTS**

This Memorandum of Understanding may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original of this Memorandum of Understanding, but all the counterparts shall together constitute the same agreement. No counterpart shall be effective until each party has executed at least one counterpart.

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ACCEPTANCE

This Memorandum of Understanding has been entered into on the date stated at the beginning of it.

Signed for and behalf of

SECRETARY OF STATE FOR)

COMMUNITIES)

AND LOCAL GOVERNMENT)

Authorised Signatory: _____

Print Name: _____

1. Local Enterprise Partnership Accountable body signs here

Signed for and in agreement with

LOCAL ENTERPRISE PARTNERSHIP BY THE ACCOUNTABLE BODY

[Insert *AUTHORISED BODY DETAILS*]

Authorised Signatory: _____

Print Name: _____

Signed for and in agreement with East Devon District Council

Authorised Signatory: _____

Print Name: _____

Signed for and in agreement with:

Devon County Council

Authorised Signatory: _____

Print Name: _____

.....

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The following parties are aware of the requirements of this Memorandum of Understanding (including the Application) and shall support and assist development and delivery of the Enterprise Zone throughout the Term, but due to not having the required legal personality

[LOCAL ENTERPRISE PARTNERSHIP]

Authorised Signatory:

Print Name:

[LOCAL ENTERPRISE PARTNERSHIP]

Authorised Signatory:

Print Name:

SCHEDULE 1 - RELEVANT LOCAL AUTHORITIES

East Devon District Council of Knowle, Sidmouth, EX10 8HL

Devon County Council of County Hall, Topsham Road, Exeter EX2 4QD

SCHEDULE 2 – LOCAL ENTERPRISE PARTNERSHIP

Heart of the South West LEP CIC, a Community Interest Company limited by guarantee (Company registration number: 8880546) whose registered office is PO Box 805, Exeter, EX1 9UU

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SCHEDULE 3 KEY INFORMATION ON EXETER AND EAST DEVON ENTERPRISE ZONE FROM HEART OF THE SOUTH WEST LOCAL ENTERPRISE PARTNERSHIP

General	
Name of Enterprise Zone	Exeter and East Devon Enterprise Zone
Name of Local Enterprise Partnership	Heart of the South West Local Enterprise Partnership
Relevant local authorities	East Devon District Council Devon County Council

Fill out information from the application form Q C.8 What is the Local Enterprise Partnership's agreed approach, with the relevant local authorities, about how the retained rates will be used to support development on the Enterprise Zone?
Briefly explain your financial or investment plan for how (for example, through borrowing or development of a recycling fund) and when the retained rates will be used.

--

Fill out information from the application form Q E 1. Please describe the governance arrangements for the proposed Enterprise Zone, clearly setting out the name and job title of the Senior Responsible Officer for delivery of the Zone, the governance structure and explain how progress will be owned by the Local Economic Partnership Board.

--

Fill out information from the Application form from Q E.2 capacity and skills you will make available to deliver the Enterprise Zone on a day-to-day basis, including the job titles and names of each of the staff members in the Local Enterprise Partnership and the relevant local authorities and the total costs of this staff team.

--

--

Q E3 will you gather data that will allow the Local Enterprise Partnership and local authorities to monitor progress of the Enterprise Zone, for example this could include on delivering new jobs, business, and investment?

--

Q E5 Briefly set out your plan for marketing the sites to occupiers and/or investors, in the case of multiple site zones being clear if they will be marketed in clusters or in stages.

--

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APPENDIX 1 TO SCHEDULE 3

Review and future arrangements

The parties recognise that detailed arrangements for the retention and distribution of business rates tax receipts between the Relevant Local Authorities, the Local Enterprise Partnership (and other local partners as may be applicable) are subject to further consideration and agreement and shall need to be reviewed in light of future developments in the regulation of business rates policy, their retention and distribution at both the national and local levels and the evolving government devolution agenda. The parties therefore intend to have in place more detailed and formal arrangements for the division of business rates receipts by 01 December 2019 with the Review Period for this agreement to commence on 01 June 2019

The parties shall aim to revise and update the Memorandum of Understanding at that time with the aspiration of entering into a replacement memorandum of understanding on or prior to the expiry of the Term. The Relevant Local Authorities and the Local Enterprise Partnership agree that the following priorities and principles shall inform all such future considerations and agreements:

1. The Local Enterprise Partnership agrees that in relation to retained business rates a core aspiration should be that Relevant Local Authorities should not be placed in a poorer business rates receipts position (in aggregate) as a result of implementing their Enterprise Zone(s) in comparison to the position they would be in if such areas were governed by the standard business rates regime at the time. Further detail will be determined in the agreed implementation plan.
2. Business rates receipts following allocation to recompense the Relevant Local Authorities for their Enterprise Zone Investment Programme and development costs, as set out in the implementation plan referred to in clause 3.4, shall be made available for wider investment, in conjunction with the Local Enterprise Partnership across the priorities within and area of the Strategic Economic Plan.

SCHEDULE 4 – SITES AND INCENTIVES

Proposed Sites	EZ	District / Local authority Ward	ECA	BRD	BRR

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SCHEDULE 5 – MANAGEMENT INFORMATION

Q1* What was the value of the retained rates that were reinvested in the Enterprise Zone in the last financial year?

Q2* What was the value of the retained rates that were reinvested in the LEP area in which the Enterprise Zone is situated, including the amount in Q1, in the last financial year?

Q3* What was the value of the borrowing against retained rates undertaken by the LEP accountable body or the EZ local authority in the last financial year?

Q4 What was the change in the number of newly created jobs, excluding construction jobs, on the Enterprise Zone in this quarter?

Q5 What was the change in the number of newly created construction jobs on the Enterprise Zone in this quarter?

Q6 What was the change in the number of jobs that were safeguarded on the Enterprise Zone in this quarter?

Q7 Was a Local Development Order introduced on the zone or a part of the zone this quarter?

Q8 What was the change in the number of businesses that started trading on the zone this quarter?

Q9 What was the value of any new public sector capital investment on the zone this quarter? Do not include borrowing against retained rates.

Q10 What was the value of any new public sector revenue investment on the zone this quarter?

Q11 What was the value of any new private sector investment on the zone this quarter (excluding non-monetary investment)?

Q12 What was the value of any new private sector non-monetary investment on the zone this quarter, e.g. use of facilities, staff?

Q13 What area of land was reclaimed and made ready for development on the zone this quarter?

Q14 What commercial floorspace was constructed on the zone in this quarter?

Q15 What commercial floorspace was refurbished on the zone this quarter?

Q16* "What was the market rate for leasing commercial floorspace on the Enterprise Zone as of the current date?"

Q17 What land sales were there on the zone this quarter?

Appendix 2 - Exeter & East Devon Enterprise Zone, Business Rates Relief Policy

Version 7 – 20 October 2016

The Exeter & East Devon¹ Enterprise Zone was announced in the 2015 Autumn Statement as part of the Heart of the South West Enterprise Zone package. There are a number of Enterprise Zones across the country. Their aim is to stimulate business growth in designated areas by providing financial incentives and simplified planning arrangements² to businesses and to Councils. The aim is that they will drive local and national economic and jobs growth.

Where are the Enterprise Zone sites? Within the Exeter & East Devon area there is a single Enterprise Zone located on four sites. These sites are:

- Exeter Science Park
- Sky Park
- Exeter Airport Business Park Expansion Area
- Cranbrook

(Please see detailed maps identifying the boundary of the Enterprise Zone sites).

Business rate reduction

- A. The Council can grant a 100% Enterprise Zone business rates discount for a five year period up to State Aid De Minimis levels (currently £55,000 per year, up to £275,000 over a 5 year period) to businesses that are located within the East Devon and Exeter Enterprise Zone between 1 April 2017 and 31 March 2022.

The discount reduces the amount of business rates that the business would have to pay to the Council, up to a maximum discount of 100% of business rates payable.

The discount will be payable provided:

- a. The business locates within the defined boundary of the Enterprise Zone;
AND,
- b. The business is registered to pay business rates before 31 March 2022.
AND,
- c. The business is not currently occupying business premises within the Enterprise Zone
AND

¹ The Exeter & East Devon Enterprise Zone is located within the administrative area of East Devon District Council, within Devon County Council (a two tier authority area).

² Simplified planning arrangements will be operated through Local Development Orders. A Local Development Order will be developed for each of the four Enterprise Zone sites.

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- d. If the business was previously located elsewhere within the Devon County Council area and is a relocation for purposes of growth/expansion, evidence is provided to prove that no appropriate³ expansion space was available at the previous site.

- B. Business rate relief will only be offered to businesses locating to the Enterprise Zone after 1 April 2017. . However, the Council will consider applications for Enterprise Zone business rate discount on a discretionary basis for expanding businesses already located within the Enterprise Zone. These applications will be considered on the following basis:
 - a. Occupation of a larger premises;
 - b. Increase in number of permanent workforce within the business;
 - c. Increase in the turnover of the business, supported by evidence;
 - d. Relocation of business to support another organisation/business also located within the Enterprise Zone (e.g. to reduce transport activity between sites, support the aims of the Enterprise Zone, etc.

- C. Business rate relief can be offered on a discretionary basis to vacant new build premises located within the Enterprise Zone. Applications will be considered on the following basis:
 - 1. The length of time the premises has been vacant
 - 2. The premises is being actively marketed

If businesses are entitled to other types of business rate relief, e.g small business rate relief, the existing relief and/or discounts will be applied to the business rate bill first and then the Enterprise Zone discount will be applied to the outstanding amount.

For businesses/companies with more than one property in the Enterprise Zone discounts will be awarded to each property subject to State Aid De Minimis rules.

How to claim the discount? Claims can be made by completing an application form.

State Aid Rules The State Aid rules regulate public sector intervention, with the aim to ensuring fair competition. This means that a business can only receive government support up to a maximum level and because of this the Council will have to ask any business that applies for a discount detailed questions about financial support that they may have received.

If a business has received any State Aid in previous years this will need to be reported to the Council. The Council will then be able to determine the level of Business Rate Relief it is able to offer.

³ Defined as not being of suitable size for expanding business needs etc

Appendix 1 – State Aid Restrictions

The following areas are excluded from receiving State Aid De Minimis:

- Enterprises in road haulage operations for the acquisition of road freight transport vehicles
- Enterprises in the agricultural sector (with the exception of those active in processing and marketing of agricultural products)
- Enterprises active in the coal sector; to undertakings in difficulty; or for directly export-related activities
- The same costs that are being supported under another block exemption or notified scheme. It is unlawful to provide De Minimis for costs being funded under the State Aid cover of an exemption or notified scheme, if it means the specific allowable aid intensity will be exceeded.
- For the setting up of distribution networks, export aid or provided to businesses which are in difficulty (a business in difficulty as defined in section 2.1 of the Community Guidelines and State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C22/02)).

What counts as State Aid?

- State grants;
- Interest rate relief;
- Tax relief;
- Tax credits;
- State guarantees or holdings;
- State provision of goods or services on preferential terms;
- Direct subsidies;
- Tax exemptions;
- Preferential interest rates;
- Guarantees of loans on especially favourable terms;
- Acquisition of land or buildings either gratuitously or on favourable terms;
- Indemnities against operating losses;
- Reimbursement of costs in the event of success;
- State guarantees, whether direct or indirect, to credit operations preferential re-discount rates;
- Dividend guarantees;
- Preferential public ordering;
- Reduction, of, or exemption from, charges or taxes, including accelerated depreciation and the reduction of social contributions;
- Deferred collection of fiscal or social contributions;
- Assistance financed by special levies;
- Capital transfers;
- Certain state holding in capital of undertakings;
- Business Rates Hardship relief payments;
- High Street Support payment

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Appendix 3 To EES/16/1

Appendix 3 - Programme of work for Exeter and East Devon Enterprise Zone

w/b	LA sign off	BEIS Deadline	Implementation Plan	Business Rates Relief Policy	Local Development Orders	Partnership Working	Monitoring	Exeter and East Devon EZ Board
17/10/2016	Finalise Cabinet reports for DCC & EDDC (20/10/16)			Finalise Business Rate Relief Policy		Circulate copy of Cabinet report and Business Rate Relief Policy to Greater Exeter Partners		
24/10/2016		Return Enterprise Zone information to BEIS (28/10/16)			Prepare procurement brief for LDOs at Science Park and Sky Park			
31/10/2016								
07/11/2016	Cabinet meeting at DCC & EDDC (9/11/2016)		Prepare draft version of Implementation Plan	Business Rate Relief Policy presented to DCC & EDDC Cabinet				
14/11/2016	Finalise report on LDOs for EDDC Planning Committee				Finalise report on LDOs for EDDC Planning Committee	Drafting sessions to Greater Exeter Partners and landowners/interested parties on proposed Enterprise Zone		
21/11/2016			Circulate copy of draft Implementation Plan					Draft structure of EZ Board circulated within Implementation Plan
28/11/2016		Submit signed copy of MOU to BEIS		EDDC work on creating process for Business Rate Relief				
05/12/2016	EDDC Planning Committee considers LDO report	Finalise maps for business rate discounts and business rate retention. Provide information on business rate retention baseline figures (9/12/16)	Consultation and engagement on Implementation Plan		EDDC Planning Committee considers LDO report	Consultation and engagement on Implementation Plan	Finalise EZ monitoring process	Consultation on Draft Structure of EZ Board
12/12/2016					Procurement of LDO Support			
19/12/2016								
26/12/2016								
02/01/2017								
09/01/2017								
16/01/2017	Finalise Cabinet Report for meeting at EDDC (8 February)		Finalise Implementation Plan		Procurement of LDO Support			Finalise Structure of EZ Board
23/01/2017					Evaluate tenders		Commence monitoring (Q3, 2016/17)	
30/01/2017	Finalise Council Report for meeting at EDDC (01/02/2017)			Create & implement process for applying for EZ Business Rate Relief	Interview shortlist (if required)	Circulate final version of Implementation Plan		
06/02/2017	Cabinet Meeting at EDDC				Issue contract			Set up quarterly board meetings
13/02/2017								
20/02/2017	Council Meeting at EDDC (22/02/2017)						Finalise format of quarterly monitoring report for EZ	
27/02/2017								
06/03/2017					LDO process commences			First EZ Board meeting
13/03/2017								
20/03/2017				Update EDDC website on EZ Business Rate Relief				
27/03/2017		Finalise Implementation Plan (31/03/17)						
03/04/2017								Operational Enterprise Zone

**Appendix 4
To EES/16/1**

Appendix 4 - Enterprise Zone Financial Overview

LA business rates baseline						Enterprise Zone baseline						Uplift from Enterprise Zone			
	Non EZ income	50% to Central Government	40% local share to district EDDC	9% local share to county DCC	1% retained for Fire & Rescue Authority		EZ income	40% retained by EDDC	9% retained by DCC	1% retained for Fire & Rescue Authority	50% retained for local growth (first 10 years)		EDDC income	DCC income	Additional income for local growth
year 1	£842,475	£421,238	£336,990	£75,823	£8,425	year 1	£842,475	£336,990	£75,823	£8,425	£421,238	year 1	£0	£0	£421,238
year 2	£1,090,664	£545,332	£436,265	£98,160	£10,907	year 2	£1,167,614	£467,045	£105,085	£11,676	£583,807	year 2	£30,780	£6,926	£583,807
year 3	£1,311,123	£655,562	£524,449	£118,001	£13,111	year 3	£1,591,604	£636,642	£143,244	£15,916	£795,802	year 3	£112,192	£25,243	£795,802
year 4	£1,655,679	£827,839	£662,272	£149,011	£16,557	year 4	£2,212,540	£885,016	£199,129	£22,125	£1,106,270	year 4	£222,744	£50,118	£1,106,270
year 5	£2,997,805	£1,498,903	£1,199,123	£269,803	£29,978	year 5	£3,502,372	£1,400,949	£315,213	£35,024	£1,751,186	year 5	£201,826	£45,411	£1,751,186
year 6	£3,569,950	£1,784,975	£1,427,980	£321,296	£35,700	year 6	£4,344,577	£1,737,831	£391,012	£43,446	£2,172,289	year 6	£309,851	£69,716	£2,172,289
year 7	£4,095,885	£2,047,942	£1,638,354	£368,630	£40,959	year 7	£4,980,883	£1,992,353	£448,279	£49,809	£2,490,441	year 7	£353,999	£79,650	£2,490,441
year 8	£4,671,296	£2,335,648	£1,868,518	£420,417	£46,713	year 8	£5,629,592	£2,251,837	£506,663	£56,296	£2,814,796	year 8	£383,318	£86,247	£2,814,796
year 9	£5,298,860	£2,649,430	£2,119,544	£476,897	£52,989	year 9	£6,398,746	£2,559,498	£575,887	£63,987	£3,199,373	year 9	£439,954	£98,990	£3,199,373
year 10	£6,341,097	£3,170,549	£2,536,439	£570,699	£63,411	year 10	£7,740,282	£3,096,113	£696,625	£77,403	£3,870,141	year 10	£559,674	£125,927	£3,870,141
year 11	£7,061,332	£3,530,666	£2,824,533	£635,520	£70,613	year 11	£8,498,332	£3,399,333	£764,850	£84,983	£4,249,166	year 11	£574,800	£129,330	£4,249,166
year 12	£7,757,410	£3,878,705	£3,102,964	£698,167	£77,574	year 12	£9,271,454	£3,708,581	£834,431	£92,715	£4,635,727	year 12	£605,617	£136,264	£4,635,727
year 13	£8,336,308	£4,168,154	£3,334,523	£750,268	£83,363	year 13	£9,994,270	£3,997,708	£899,484	£99,943	£4,997,135	year 13	£663,185	£149,217	£4,997,135
year 14	£9,227,756	£4,613,878	£3,691,102	£830,498	£92,278	year 14	£11,032,665	£4,413,066	£992,940	£110,327	£5,516,332	year 14	£721,964	£162,442	£5,516,332
year 15	£9,936,249	£4,968,125	£3,974,500	£894,262	£99,362	year 15	£11,782,057	£4,712,823	£1,060,385	£117,821	£5,891,029	year 15	£738,323	£166,123	£5,891,029
year 16	£10,574,746	£5,287,373	£4,229,899	£951,727	£105,747	year 16	£12,458,370	£4,983,348	£1,121,253	£124,584	£6,229,185	year 16	£753,450	£169,526	£6,229,185
year 17	£11,290,062	£5,645,031	£4,516,025	£1,016,106	£112,901	year 17	£13,212,254	£5,284,902	£1,189,103	£132,123	£6,606,127	year 17	£768,877	£172,997	£6,606,127
year 18	£11,953,947	£5,976,973	£4,781,579	£1,075,855	£119,539	year 18	£14,229,258	£5,691,703	£1,280,633	£142,293	£7,114,629	year 18	£910,125	£204,778	£7,114,629
year 19	£12,651,820	£6,325,910	£5,060,728	£1,138,664	£126,518	year 19	£14,967,278	£5,986,911	£1,347,055	£149,673	£7,483,639	year 19	£926,183	£208,391	£7,483,639
year 20	£13,689,161	£6,844,581	£5,475,665	£1,232,025	£136,892	year 20	£15,719,118	£6,287,647	£1,414,721	£157,191	£7,859,559	year 20	£811,983	£182,696	£7,859,559
year 21	£14,346,521	£7,173,260	£5,738,608	£1,291,187	£143,465	year 21	£16,434,127	£6,573,651	£1,479,071	£164,341	£8,217,064	year 21	£835,043	£187,885	£8,217,064
year 22	£15,369,637	£7,684,818	£6,147,855	£1,383,267	£153,696	year 22	£17,516,039	£7,006,416	£1,576,444	£175,160	£8,758,020	year 22	£858,561	£193,176	£8,758,020
year 23	£16,033,522	£8,016,761	£6,413,409	£1,443,017	£160,335	year 23	£18,239,866	£7,295,946	£1,641,588	£182,399	£9,119,933	year 23	£882,538	£198,571	£9,119,933
year 24	£16,711,369	£8,355,685	£6,684,548	£1,504,023	£167,114	year 24	£18,978,917	£7,591,567	£1,708,103	£189,789	£9,489,458	year 24	£907,019	£204,079	£9,489,458
year 25	£17,401,911	£8,700,956	£6,960,764	£1,566,172	£174,019	year 25	£19,731,807	£7,892,723	£1,775,863	£197,318	£9,865,904	year 25	£931,958	£209,691	£9,865,904
	£214,216,587	£107,108,294	£85,686,635	£19,279,493	£2,142,166		£250,476,499	£100,190,600	£22,542,885	£2,504,765	£125,238,249		£14,503,965	£3,263,392	£125,238,249

PTE/16/52

Cabinet
9 November 2016

Braunton Flood Improvements

Report of the Head of Planning, Transportation and Environment

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendation: It is recommended that Cabinet:

- (a) approve the Braunton Flood Improvement scheme at an estimated cost of £540,000;**
- (b) increase the Place 2016/17 capital programme by £457,000 funded £150,000 from the Place revenue flood risk management budget, £220,000 from the Place revenue budget for flood prevention works, £30,000 from external contributions and £57,000 from external grants.**

1. Summary and Purpose of Report

As reported in the April 2016 Cabinet Report, Braunton in North Devon is one of Devon County Council's highest priorities for reducing the risk of flooding to this frequently affected area. Due to government criteria for achieving national funding the level of Flood Defence Grant in Aid (FDGiA) is limited compared to the overall scheme costs and needs to be supported with local contributions to achieve the required partnership score and make the scheme affordable.

The estimated scheme cost is in the region of £540k including all feasibility, site investigations, design, supervision and construction costs. To date DCC has progressed and funded the costs up to and including the design stage and has a balance of £50k towards the c.£350k construction costs within the approved annual Flood Risk Management Action Plan. The FDGiA contribution has been calculated at £57k, subject to justification and approval, and a further £30k of Local Levy has also been secured. Also, the Parish Council have committed to take on future ownership and maintenance costs of a proposed pumping station. This leaves a shortfall of £220k for the construction of these essential improvements. This report therefore details the urgency of scheme delivery and the request to approve a funding allocation from the Place revenue budget for Flood Prevention Works.

There is sufficient budget available to accommodate this request and it will be a welcome and positive approach in tackling one of Devon's high risk communities.

2. Background

Braunton in North Devon has suffered frequent flooding in recent years causing much damage and disruption to the community. This has generated a visit from HRH Prince of Wales and interest from Cabinet Office, including Oliver Letwin MP. Devon County Council's Flood Risk Management team have been developing a scheme of improvements to reduce the ongoing risk and with expectation from the residents rising that they will soon be delivered. The majority of properties to benefit from the improvements are classified as commercial, which under the government's Flood Defence Grant in Aid (FDGiA) does not

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generate sufficient national funding to deliver the works, as it would if the properties were residential.

The most recent flood event in September 2016 highlighted the risk of surface water flooding and the interaction with the water level within the River Caen. The probability of such an event was under review, so the outcome of this incident has evidenced the significance of such an occurrence. As a result, the preferred solution is to provide a drainage system to operate under 'normal' conditions and have a facility to lift the surface water into the river when its level is high.

The main driver for this scheme is to reduce the risk of flooding to the properties in Caen Street which is the commercial heart of the village, but it should also be noted that the flooding of the highway causes much disruption not only to Braunton but also for the through traffic heading in and out of those communities situated to the west of Braunton. A road closure, which will be required during the construction phase, will require a diversion route of approximately 15 miles, highlighting the critical access route that Caen Street provides.

Standing water in the highway is an additional nuisance as traffic flow creates significant bow waves further increasing the risk of flooding to properties and/or damage to the vehicles. The option to deflect water away from the properties and attenuate on the highway is therefore not a viable solution in this area.

A good working relationship has developed between DCC's Flood Risk Management team, Braunton Parish Council and a number of resident representatives. One vital outcome of this is the commitment by the Parish Council to take on future operation and maintenance responsibility of the pumping station.

3. Scheme Proposals

The main elements of the scheme are the provision of an improved gravity drainage system, to remove flows from the highway and discharge to the River Caen, and the installation of a small pumping station to lift the flood flows above the river level when the river level is high i.e. above the outlet of the gravity system. The latter has been proved to be essential following the recent event.

To provide just the gravity system will achieve a standard of protection (SoP) of 1 in 20 years, providing the river level is low and there is a free discharge from the system. Together with the pumping station the scheme aims to improve the SoP up to the 1 in 50 year scenario. This is considered to be a significant improvement in standard that would protect against similar recent events. However, it is recognised that this does not achieve the 1 in 100 year standard we generally aim to achieve with current designs. Any increase to this significant SoP, to benefit the individual properties further, will be the responsibility of each property owner, as required. Some have already provided their own Property Level Protection measures in the form of flood boards, etc.

Failure to deliver the pumping option will leave the community at risk from flash flooding, similar to that which was experienced in early September this year, as the rapid floodwater has no means of release. To deliver a scheme with a remaining risk of further flooding, due to the uncertainties in relation to the river levels present at the time of the event, is therefore considered to be unsatisfactory. The provision of a pumping station will therefore provide that additional line of defence and reduce the risk of standing water on the highway, in particular from the high frequency events.

It is anticipated that the gravity system to improve drainage of the highway will commence early January 2017 and the revised pumping option will follow on shortly after, aiming to be complete before the busy summer tourist period experienced in Braunton.

4. Consultations/Representations/Technical Data

Throughout the investigation and design process there has been a close relationship between Devon County Council's Flood Risk Management team, Braunton Parish Council and representatives from the community. It has been agreed that a public display/drop-in event will be organised late November/early December to provide an opportunity for members of the public to gain an understanding of the works being proposed, level of risk and raise any issues or concerns they may have.

5. Financial Considerations

The unallocated Place flood prevention budget, is currently £628k and it is proposed to allocate £220,000 towards the Braunton project.

See below a table of the proposed funding sources.

Prior years costs	£83,996
Place Flood Risk Management Revenue Budget	£150,000
Flood Defence Grant in Aid	£57,000
Local Levy	£30,000
Place revenue budget for Flood Prevention Works	£220,000
Total	£540,996

It has been agreed that the Parish Council will adopt and maintain the pumping station, at their expense, following completion of the scheme.

6. Sustainability, Equality and Public Health Considerations

All of the flood improvement schemes mentioned in this report will be developed in accordance with the Equality and Environmental Assessments produced in support of the Local Flood Risk Management Strategy. Each individual scheme will be assessed at the appropriate stage using the corporate, integrated assessment tool, with relevant equality and environmental impacts identified and acted on as necessary.

The works outlined in this report are all designed to improve the protection afforded to communities and individual properties currently at particular risk of flooding and, thereby, support health and wellbeing. More than just protecting the properties alone, it should be noted that flood water has the potential for transporting contaminants, such as sewage; so, reducing flood risk has clear health benefits.

7. Legal Considerations

All works will be carried out in accordance with the powers and duties assigned to DCC under the Flood and Water Management Act 2010, the Land Drainage Act 1991 and any other relevant legislation. The lawful implications and consequences of the proposals and relevant actions will be taken into account through their development.

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8. Risk Management Considerations

It should be noted that flooding is already identified as a high risk in the corporate risk register and that these works are intended to address that. All works will be assessed to ensure that all necessary actions are carried out to safeguard the Council's position.

The scheme aims to improve the SoP up to the 1 in 50 year scenario. This is considered to be a significant improvement in standard over a lower cost scheme. However, it is recognised that this does not achieve the 1 in 100 year standard. To increase the SoP to this level would require a much larger scheme, a longer delivery period and a much higher cost. Consultation with the Parish will identify that any increase to this significant SoP, to benefit the individual properties further, will be the responsibility of each property owner.

9. Discussion

The delivery of these essential flood improvements will provide a greater standard of protection and reduce the frequent risk of flooding in Braunton and will have a direct benefit to the 17 commercial properties and the highway of Caen Street.

Further consideration of natural flood risk management on a catchment wide basis will help to support and potentially increase the standard of protection being delivered and will also provide a degree of future proofing against the threat of climate change.

10. Options/Alternatives

In view of the ongoing threat and frequency of flooding in recent years and the growing expectation for assistance, the option to do nothing has been discounted.

The proposed project detailed in this report has been prioritised based on the specific criteria set out in the Local Flood Risk Management Strategy for Devon. All of the schemes have undergone rigorous optioneering to develop the most advantageous and cost beneficial scheme that will maximise protection and resilience for the community.

11. Reason for Recommendation/Conclusion

The frequency of flooding at Braunton has made this a high priority catchment for urgent attention. The level of national funding has been maximised and the opportunity for obtaining local partnership funding from others has been fully explored and achieved wherever possible. In order to deliver these essential improvements and reduce the risk of flooding to the heart of Braunton, including the key trade area and highway network, it is recommended that approval is given to utilise the available funds within the corporate flood management budget.

Dave Black
Head of Planning, Transportation and Environment

Electoral Divisions: All

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

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

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Local Government Act 1972: List of Background Papers

Contact for enquiries: Martin Hutchings

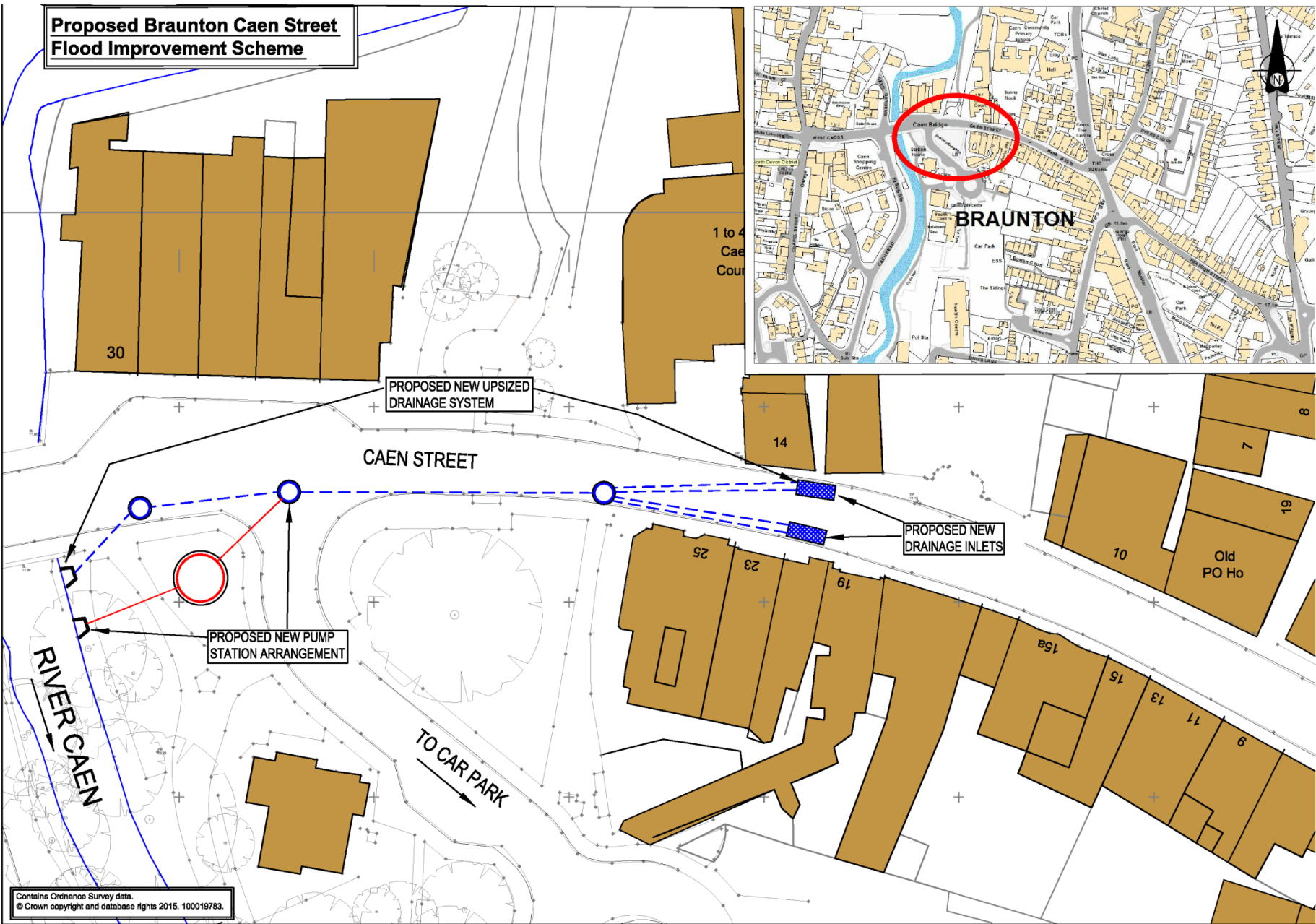
Room No. Lucombe House, County Hall, Exeter. EX2 4QD

Tel No: (01392) 383000

Background Paper	Date	File Reference
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Nil

mh101016cab Braunton Flood Improvements		
hk	05	241016



NOTICES OF MOTION

Report of the County Solicitor

Recommendation: that consideration be given to any recommendations to be made to the County Council in respect of the Notices of Motion set out hereunder having regard to the relevant factual briefing/background papers and any other representations made to the Cabinet.

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The Notices of Motion submitted to the County Council by the Councillors shown below have been referred to the Cabinet in accordance with Standing Order 8(2) - for consideration, reference to another committee or to make a recommendation back to the Council.

A factual 'Briefing Note/Position Statement' prepared by the relevant Head of Service is also included where appropriate or available, to facilitate the Cabinet's discussion of each Notice of Motion.

### (a) **Educational Re-organisation and Fair Funding (Councillor Connett)**

*'Devon County Council is proud of the achievements of all schools in the county and recognises that with fair funding from Government, yet more could be done to raise educational attainment for all pupils, help them achieve their potential and aspire to achieve their ambitions.*

*The Council believes it would be a retrograde step to divert scarce national and local resources from the classrooms into yet another reorganisation of education and does not wish to see the introduction of new or additional Grammar schools in Devon.*

*Devon County Council yet again calls on the Government to ensure the education of children in Devon is properly, fairly and fully funded noting that Government is short-changing Devon schools by £23m a year.*

*"Devon has never been funded at the level it deserves and remains well below the national average for funding per pupil. Despite this historic underfunding, Devon schools have shown that they can deliver impressive educational outcomes and that no child is marginalised because responsibility is shared for the most vulnerable and who may not be in our own schools." Sue Clarke OBE MSc, former Head of Education and Learning, Devon County Council (foreword to the consultation on 2016-17 Revenue funding arrangements for schools)*

*The Council therefore calls on all Members of Parliament for Devon to challenge the Government to play fair by Devon by properly funding children's education in the county'.*

### **Briefing Note/Position Statement from the Head of Education & Learning**

The Council has consistently recognised the importance of ensuring appropriate levels of funding for all children in Devon schools.

As mentioned in previous briefings, the Council continues to lobby Government to support fair funding for our schools - jointly with Devon's Headteachers, Governors and Parents - and has secured a pledge from the Government to review the whole system of school funding and to introduce a national funding formula.

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A copy of the Cabinet Member's recent letter and briefing paper sent to Devon MPs and to the Secretary of State, Justine Greening is appended to this Report. The Council will continue to work closely with Devon Headteachers, Governors and parents to raise awareness with MPs and Government not only around the fair funding issue but also securing appropriate levels of funding for HNB to support children with SEN and medical conditions.

As the County Council was reminded at its last meeting, it is no longer responsible for opening new schools and, in line with existing legislation, any new school opened in Devon must be established by academy trusts, free school sponsors or religious organisations. The Council does not control which organisations can apply to open new schools and all applications are decided by the Government through the Department of Education so any view the Council may have on any such new schools is – literally – academic.

## **(b) Protecting Devon's Pharmacies (Councillor Connett)**

*Devon County Council recognises and values local pharmacies as a vital primary care health service and as an integral part of the fabric of local communities throughout our county.*

*Devon County Council notes that;*

- *176 pharmacies across the County offer a range of services such as dispensing prescriptions, disposal of unwanted medicines and supporting self-care;*
- *pharmacies play an important role in promoting wellbeing such as healthy eating, smoking cessation, exercise, flu vaccination, sexual health and more advice and support services are also available to care homes; and*
- *several pharmacies have achieved Healthy Living Pharmacies (HLP) status recognising and evidencing their role in improving the health of their local population.*

*Devon County Council is greatly concerned about Government imposed threats to pharmacies as a result of cuts in the budget of £170m nationally taking effect from October 2016.*

*This is a 6% cut in cash terms but could effectively mean a cut of 12% during the financial year which could potentially close up to a quarter of pharmacies with an increased focus on warehousing dispensary and online services. Service cuts in pharmacies put more residents at risk as well as putting pressure on GPs and on hospital services and therefore increasing NHS costs. A fully funded community pharmacy service is cost effective and is in the interest of patients and carers.*

*Devon County Council agrees to write to the Secretary of State for Health, NHS England and the Clinical Commissioning Groups serving Devon detailing our concerns and demanding an immediate reversal of these proposals.*

## **Briefing Note/Position Statement from the Chief Officer for Communities, Public Health, Environment & Prosperity**

The County Council's statutory responsibility is limited to publishing a pharmaceutical Needs Assessment which is published on the Council's website at:

<http://www.devonhealthandwellbeing.org.uk/board/pharmaceutical-need-assessment/>

The development of the Pharmaceutical Needs Assessment (PNA) for Devon 2015-2018 was overseen by the Peninsula PNA Steering Group and presents a picture of community pharmacy need and provision in Devon, and links to Devon's Joint Strategic Needs Assessment. This PNA is used by the NHS England Area Team for Devon, Cornwall and Isles of Scilly to inform decisions by NHS England on a range of issues including which NHS funded services need to be provided by community pharmacies and dispensing appliance contractors in Devon, whether new pharmacies or services are needed, the relocation of existing pharmaceutical premises in response to applications by providers of pharmaceutical services and the commissioning of locally enhanced services from pharmacies

Devon's PNA was also developed in partnership with the Peninsula PNA Steering Group on behalf of Plymouth's HWB. This was to ensure that production of the PNAs for Plymouth, Devon, Torbay and Cornwall and Isles of Scilly followed the same process and format but with locally relevant information

Decisions on opening and closing pharmacies are however entirely the responsibility of NHS England to whom any representations should properly be made.

**(c) Environmental Policy Document Review (Councillor Wright)**

*This Council commends the DCC Environmental Policy document that was produced in 2014/15 - and the reported progress against it, as set out in the Environment Performance Statement.*

*However, the national trend is a significant and potentially catastrophic decline in insects and other wildlife, with some species heading towards extinction, as set out in the latest State of Nature report, published last month (September).*

*The sharp decline in our species suggests that our collective efforts are still not enough to prevent a worsening position.*

*This council agrees that the 'Countryside and Heritage' section of the Environmental Policy document should be reviewed before the end of 2016, to see whether there are further opportunities for DCC to do more to benefit nature, including:*

- 1. management of the county farms estate, where current uncertainties linked to Brexit mean that we need to find other ways of achieving environmental gains through the actions of our tenants;
  - o through the management of our buildings and grounds (e.g. County Hall - a Grade 2 listed building set within a conservation area);*
  - o management of our multi-use trails (i.e.cycleways), which have potential for enhancement as wildlife corridors; and**
- 2. through our community leadership role (e.g. in re-defining our environmental agenda in the light of Brexit, or in responding to current environmental problems such as ash dieback)'*

**Briefing Note/Position Statement from the Head of Planning, Transportation & Environment**

The Council recognises the ongoing threat to wildlife and the natural environment demonstrated in the recent publication of the national State of Nature Report.

The actions suggested in the Notice of Motion links very well with work that the Council is already undertaking, at the direction of the Environmental Performance Board, to produce a suite of new Policy and Action Plans for three of the topics set out through the County Council's Environmental Policy, one of which is specifically relates to 'Countryside & Heritage'. The current programme envisages draft documents being presented to the Environmental Performance Board on 14<sup>th</sup> November and the final suggested revised policy being submitted to Cabinet for consideration early in 2017. Through this process, appropriate opportunities for the County Council to do more to benefit our natural and historic environment, can be identified and, thereafter, acted on.

**(d) Affordable Housing and the HOTSW Devolution Prospectus (Councillor Vint)**

*'That this Council calls for references for the need for affordable housing to be added to the housing sections of the HOTSW Devolution Prospectus'*

# Agenda Item 10

## **Briefing Note/Position Statement from the Head of Organisational Development**

As has been made clear previously, the Heart of the South West Partnership's "A Prospectus for Productivity" was approved by the Partnership and submitted to the Government in February 2016. Implicit within the housing targets, set out in the document, is the link to the statutory local plan of each district council which contain affordable housing provision. Those local plan proposals would form the basis of any negotiation with Government on a devolution deal. The Partnership has not yet been invited into negotiation with Government. If and when negotiations do take place, the Council will play the fullest possible part in ensuring that sufficient provision of affordable housing is reflected in that discussion. Any draft deal with Government would be subject to consideration by the Council before it is finalised.

In the absence of formal negotiations towards a deal, the Partnership is now working on the development of a comprehensive Productivity Plan that will replace the current Single Economic Plan. This will set out the vision, ambitions and actions of the Partnership to improve prosperity. The Council will be invited to take part in the development of this plan and therefore there is an opportunity to consider our ambitions across a range of areas including infrastructure, skills and housing including the supply of affordable housing.

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This Report has no specific equality, environmental, legal or public health implications that will not be assessed and appropriate safeguards and/or actions taken or included within the detailed policies or practices or requirements in relation to the matters referred to herein.

JAN SHADBOLT

[Electoral Divisions: All]

Local Government Act 1972: List of Background Papers

Contact for Enquiries: R Hooper

Tel No: 01392 382300 Room: G31

<u>Background Paper</u>	<u>Date</u>	<u>File Reference</u>
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Nil

From: Cllr James McInnes
Address: West Cleave
Sourton
Okehampton
EX20 4JB

Tel: 01837 861364

E-mail: james.mcinnnes@devon.gov.uk

Right Honourable Justine Greening MP
Secretary of State for Education
Department for Education
Sanctuary Buildings
Great Smith Street

12 October 2016

Dear Secretary of State,

RE: Fair Funding for Schools and High Needs Block

Devon County Council (DCC) has for many years pushed for fair funding for Devon schools and I am delighted that the government has committed itself to moving to a fairer system of funding allocation for children in schools.

I would however like to share with you some serious concerns, that the first stage of the Department for Education's 'Fair Funding' consultation raised for us, in relation to the high needs block.

We are ultimately worried that not enough funding will be made available for the high needs block. Ensuring a good education for some of our most vulnerable children and young people is a complex task. The proposal to base future high needs block budgets on historic spend does not recognise changing needs and the associated rising costs of supporting vulnerable young people. The proposed approach to high needs block funding also underestimates the role that Local Authorities play in relation to high needs provision and it takes away the flexibility of transferring funds between different funding blocks – a flexibility that over the recent years has been absolutely critical in making ends meet.

We have drawn up the attached detailed briefing that sets out these concerns in more detail and outlines the current pressures that we face in Devon in relation to our high needs block budget. It is important to stress that the intense pressure on the high needs block budget experienced in Devon is reflected across other counties. This is evident from the recent letter sent to you in your capacity as Secretary of State from the F40 campaign. DCC is part of the F40 campaign which has successfully focused national attention on local authority areas where schools are funded at levels well below the national average. The F40 campaign highlights concern regarding high needs spending pressures and we have attached this letter for your information.

In your future consideration of these important issues we would highlight the following:

- Not all children are in mainstream schools or settings. Mainstream schools cannot meet the needs of the most complex children. This group of children therefore cannot access education funding through the schools block
- The number of children with complex needs is rising as well as the need for highly specialist centres and expertise, which means that costs are escalating

- The cost of addressing and supporting the mental health of young people is significant
- The proposal to base future high needs block budgets on historic spend does not recognise changing needs and funding constraints across agencies
- The high needs block plays a key role in securing provision and championing the needs of the most vulnerable children

I hope you will take this briefing into consideration and please don't hesitate to contact me if you would like any additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'James McInnes', written in a cursive style.

James McInnes

Briefing on Fair Funding and the High Needs Block

Devon County Council (DCC) has for many years pushed for fair funding for Devon schools and we welcome the government's commitment to moving to a fairer system of funding allocation for children in schools. However, the first stage of the Department for Education's (DfE) 'Fair Funding' consultation raised serious concerns for us in relation to the future approach to the high needs block.

Later this autumn, The DfE will issue a further consultation on 'Fair Funding' for schools. We are expecting this second consultation to contain firmer proposals on restructuring the Delegated Schools Grant (DSG) into four different funding blocks. These blocks will be:

The Schools Block: allocated directly to schools on a nationally determined pupil led formula.

Early Years Block: used to fund all early years places across a wide range of providers from child minders, schools to PVI's.

Central Services Block: replacing a small 'top slice' of the DSG and the Education Support Grant to fund some core education functions.

The High Needs Block: funding used to provide places and access to vulnerable students and those with SEN(D).

The Fair Funding proposals contain two significant changes. Firstly, there are changes to the way local authority education facing services are funded and secondly, there are changes to future opportunities for flexibility across the DSG outside budgets allocated directly to school budgets.

Changes to the funding for local authority education services

Changes are proposed to the funding the local authority receives for statutory school facing services; such as School Admissions, Education Psychology, Elective Home Education and Education Welfare, SEND Assessment and other services that ensure vulnerable children access educational provision. The proposed changes underestimate the role that Local Authorities (LAs) play in relation to high needs provision and it is likely that any rising pressures within the High Needs, Early Years and Central Services Block would need to be funded from local authority core funding if costs exceed the allocated budgets.

Loss of flexibility to transfer funds between different funding blocks

The consultation proposal is that there cannot be any movement between the DSG's four funding blocks and that funding cannot be moved to offset shortfalls in the other blocks. The Schools' Forum have used underspends in one block to address pressures in other blocks moving funding to address priorities. Their decisions have been based on the principle that funding is used for the education of Devon's children. One example was additional funding allocated to Early Years where there was a shortfall in the funding of two and three year old places.

DCC is part of the F40 Campaign which has successfully focussed national attention on local authority areas where schools are funded at levels well below the national average. Whilst the F40 campaign has primarily highlighted financial shortfalls within school budgets, it has recently begun to raise issues around funding for centrally managed budgets. This core funding is used to secure support and educational provision for vulnerable children and particularly those students who do not attend mainstream schools or are unable to access their education in another setting. The F40 campaign has most recently written to you in your

capacity of Secretary of State to highlight concern regarding high needs spending pressures. We have attached this letter in Annexe A to underline that our experience in Devon is reflected in similar experiences in other shire counties.

The significant pressures on the high needs block in Devon are outlined in detail below in order to illustrate the worries we have in relation to the suggested future approach to high needs block funding. The rising costs of supporting vulnerable young people has not been factored into the ideas framed within the initial Fair Funding consultation, nor in the proposed 'locking down' of the high needs block based on historical spend. The rising numbers and more complex needs of our most vulnerable students have to be assessed and met. This is a statutory responsibility that cannot be sidestepped because the budget envelope has been exceeded. In Devon we are continuously seeking better value including reviewing contracts, developing new local provision, and offering independent travel training and developing alternative employment routes. We are in constant dialogue around funding with other partner agencies that are also under pressure from public sector cuts. Ultimately, we are extremely concerned that, based on current and future growth trends, there is simply not enough funding available for the high needs block.

In your future consideration of these important issues we would highlight the following:

- Not all children are in mainstream schools or settings. Mainstream schools cannot meet the needs of the most complex children. This group of children therefore cannot access education funding through the schools block.
- The number of children with complex needs is rising as well as the need for highly specialist centres and expertise, which means that costs are escalating
- The cost of addressing and supporting the mental health of young people is significant and is the subject of intense national debate and scrutiny.
- The proposal to base future high needs block budgets on historic spend does not recognise changing needs and funding constraints across agencies
- The high needs block plays a key role in securing provision and championing the needs of the most vulnerable children

The High Needs Block (HNB)

High Needs funding is intended to provide the most appropriate support package for an individual with Special Educational Needs (SEN) in a range of settings, taking account of parental and student choice, whilst avoiding perverse incentives to over identify high needs pupils and students. It is also intended to support good quality alternative provision for pupils who cannot receive their education in schools.

As has been already clearly highlighted above, rising demand and escalating costs of supporting vulnerable children has resulted in the High Needs Block coming under tremendous pressure which is of great concern; both locally and nationally. The Devon High Needs Block has a current pressure of £3.8m in 2016/17 and £4.5m in 17/18. Devon allocates 91% of the High Needs funding directly to schools, early years and other education settings to fund provision for students with SEN. All settings are reporting huge pressures

within their own budgets and are also finding it hard to meet the changing needs and rising numbers of children with SEN.

Schools can apply for extra funding (Element 3) which brings additional resources to support individual pupils who may not require a statutory assessment (Education, Health and Care Plan). Element 3 funding requests from schools have risen significantly in the last year and this element of the HNB has a current overspend of £375k. There is also pressure within Element 2 funding within Schools of £296k. As the number of Individual Assigned Resources increases, this creates pressure on the Element 2 funding available within Schools and any shortfall is funded from the High Needs block.

Requests for statutory assessments (EHCPs) have risen significantly since 2015/16 with an increase of 51% on the same time last year (Quarter 1 of the financial year). Every EHCP will bring additional resources to support that child. Schools and parents seek statutory assessment where school based capacity is limited to protect allocated resources for that child. Devon has a higher than average number of children with Statements and EHCPs which may reflect persistently, at least in parts, poor levels of funding for our schools over a long period of time.

Factors leading to current pressures in the HNB

1. Rise in incidence and addressing more complex needs

There are more children living with complex needs and many are living far longer than they would have done a generation ago. We are also seeing more children with highly complex and multiple conditions who require very high ratios of support (often 24 hours a day) specialist therapeutic input and significant behaviour management, which means a high cost or residential independent placement. Their needs often go beyond the specialist offer within our local special schools which means a residential or independent specialist school placement. The most specialist care and intensive support programmes are primarily for children with Autism and those with significant emotional and mental health issues.

2. The SEN Code of Practice

The new Code of Practice has many strengths and the more transparent and multiagency approach has been welcomed by both professionals and families. Requests for a statutory assessment are open to any parent, student or education setting but the process to agree or to refuse an EHCP, is labour intensive and time consuming, due to the complexity of information required and the different internal agreement processes across agencies.

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to move into residential settings whereas previously they have been living at home and accessing local courses. Our data shows that 122 Post 19 students with SEND attend local colleges of FE at a cost of £479k. Only 49 young people over 19 years of age are placed with independent specialist providers but at a cost to Education of £2.3m. These young people are not always the most complex, as many will have been placed as a result of a tribunal or strong parental preference.

For those students with SEND aged between 16 and 19 years old, 228 are attending local FE colleges at a total cost of £613k whereas 91 young people attend specialist settings at a cost to Education of £4.9m per annum.

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The cost of provision offered by independent providers is far higher than for local special schools who are also struggling with the new national funding arrangements for special schools. It must be recognised that most of the youngsters attending independent specialist schools or colleges have the most complex needs and therefore will require more expensive care packages. Independent Special Schools cannot be decommissioned by Local Authorities as the EFA has prevented Local Authorities doing this. Devon has expanded its special schools by 120 places since last January. Despite this, Devon special schools are already full with waiting lists. More complex needs and too few places results in the need for expensive independent placements. We are currently expanding and improving Post 16 provision in local special schools and also developing more opportunities for supported employment and independent living.

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6. Alternative provision for children who are excluded from school

The numbers of students placed in alternative provision has grown significantly but many students in our Pupil Referral Units (part of our Personalised Learning Service) are medical placements or are waiting to be placed in a specialist setting.

Devon uses a small number of local 'Alternative Providers' (APs) alongside our own commissioned PRUs for children with significant behaviour issues. Whilst exclusions have risen in all age groups, Devon is broadly in line with national trends.

Places and individualised programmes provided by APs, are all funded through the HNB. The cost of personalised transport has also risen to meet the needs of these young people and the different destinations and settings they attend. Many cannot travel in larger vehicles or on public transport due to their condition/need or their proximity to the nearest centre. Devon's personalised transport budget accounts for 34% of the total school transport budget (£21m) which is forecasting an overspend of more than £1.2m in the 2016/17 financial year. The cost of transport cannot be taken from the HNB and must be funded from a DCC budget.

Annexe A: Letter from the F40 campaign to the Secretary of State for Education Justine Greening

Right Honourable Justine Greening MP
Secretary of State for Education
Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT
2016

22 September

Dear Secretary of State,

High Needs Spending Pressures

In recent months quite a few members of f40 have raised concerns about the pressures they are experiencing on High Needs spending. These concerns were sufficient that f40 agreed to undertake some informal research to check the overall position.

We invited all forty one member authorities to tell us what specific pressures they are experiencing and twenty one responded, painting a very worrying position across the country. The attached spreadsheet presents in an easy to follow way the specific situation in each of the twenty one local authorities.

In a nutshell, it is clear that most authorities have a deficit in the High Needs block which is being filled either by the last of their reserves or movements from other blocks. The first stage Fair Funding consultation, held in March this year, implied that movement from other blocks will be unlikely in the future, so this is a big worry for the future and one that will have big implications for our most vulnerable pupils.

Other key findings were:

- There is an increase in numbers of pupils and costs for independent school places.
- There are increasing numbers of Post 16 places needed, but no additional funding in the High Needs Block to pay for them.
- There's an increased demand for Post-19 placements, with pupils then coming back into the High Needs Block system. Parental expectations that an EHCP automatically continues to age 25.
- Some LAs are seeing significant increases in the need for special school places. There is a view that there is banding creep, although it may be that less complex pupils are now staying in mainstream, placing more complex, more expensive pupils in special schools (with the knock on effect of higher funding to each school). This is not viewed as bad, but does introduce a pressure on the Higher Needs Block.
- More EHCPs are being requested as a result of recent changes to the system. The costs are massively increasing.

- Some LAs are experiencing difficulties in transition to EHCPs and management of annual review processes.
- There's an increased number of exclusions from school.
- Some LAs are seeing reduced social care contributions.

I do hope that you will take the time to examine this research in order to fully understand the scale and nature of the pressures that are being experienced by local authorities, and take it into consideration for the changes planned for the High Needs Block.

Yours sincerely

A handwritten signature in cursive script that reads "Ivan Ould".

Ivan Ould
Chair of f40
(ivan.ould@leics.gov.uk)

The Secretary, f40 Group, C/o DTW, Bank Chambers, Market Place,
GUISBOROUGH, TS14 6BN (doug@dtw.co.uk)

From: Cllr James McInnes
Address: West Cleave
Sourton
Okehampton
EX20 4JB

Tel: 01837 861364

E-mail: james.mcinnnes@devon.gov.uk

Private and Confidential
Sent to all MPs

12 October 2016

Dear

RE: Fair Funding for Schools and High Needs Block

Devon County Council (DCC) has for many years pushed for fair funding for Devon schools and I am delighted that the government has committed itself to moving to a fairer system of funding allocation for children in schools.

I would however like to share with you some serious concerns, that the first stage of the Department for Education's 'Fair Funding' consultation raised for us, in relation to the high needs block.

We are ultimately worried that not enough funding will be made available for the high needs block, which is the funding allocated to support children and young people with special educational needs and disabilities. Ensuring a good education for some of our most vulnerable children and young people is a complex task. The proposal to base future high needs block budgets on historic spend does not recognise changing needs and the associated rising costs of supporting vulnerable young people. The proposed approach to high needs block funding also underestimates the role that Local Authorities play in relation to high needs provision and it takes away the flexibility of transferring funds between different funding blocks – a flexibility that over the recent years has been absolutely critical in making ends meet.

We have drawn up the attached detailed briefing that sets out these concerns in more detail and outlines the current pressures that we face in Devon in relation to our high needs block budget. It is important to stress that the intense pressure on the high needs block budget experienced in Devon is reflected across other counties. This is evident from the recent letter sent from the F40 campaign to the Secretary of State. DCC is part of the F40 campaign which has successfully focused national attention on local authority areas where schools are funded at levels well below the national average. The F40 campaign highlights concern regarding high needs spending pressures and we have attached this letter for your information.

When these important issues are discussed in Parliament we would ask you be particularly aware of the following key issues:

- Not all children are in mainstream schools or settings. Mainstream schools cannot meet the needs of the most complex children. This group of children therefore cannot access education funding through the schools block

- The number of children with complex needs is rising as well as the need for highly specialist centres and expertise, which means that costs are escalating
- The cost of addressing and supporting the mental health of young people is significant
- The proposal to base future high needs block budgets on historic spend does not recognise changing needs and funding constraints across agencies
- The high needs block plays a key role in securing provision and championing the needs of the most vulnerable children

I hope you find this briefing useful and please don't hesitate to contact me if you would like any additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'James McInnes', written in a cursive style.

James McInnes

Briefing on Fair Funding and the High Needs Block

Devon County Council (DCC) has for many years pushed for fair funding for Devon schools and we welcome the government's commitment to moving to a fairer system of funding allocation for children in schools. However, the first stage of the Department for Education's (DfE) 'Fair Funding' consultation raised serious concerns for us in relation to the future approach to the high needs block.

Later this autumn, The DfE will issue a further consultation on 'Fair Funding' for schools. We are expecting this second consultation to contain firmer proposals on restructuring the Delegated Schools Grant (DSG) into four different funding blocks. These blocks will be:

The Schools Block: allocated directly to schools on a nationally determined pupil led formula.

Early Years Block: used to fund all early years places across a wide range of providers from child minders, schools to PVI's.

Central Services Block: replacing a small 'top slice' of the DSG and the Education Support Grant to fund some core education functions.

The High Needs Block: funding used to provide places and access to vulnerable students and those with SEN(D).

The Fair Funding proposals contain two significant changes. Firstly, there are changes to the way local authority education facing services are funded and secondly, there are changes to future opportunities for flexibility across the DSG outside budgets allocated directly to school budgets.

Changes to the funding for local authority education services

Changes are proposed to the funding the local authority receives for statutory school facing services; such as School Admissions, Education Psychology, Elective Home Education and Education Welfare, SEND Assessment and other services that ensure vulnerable children access educational provision. The proposed changes underestimate the role that Local Authorities (LAs) play in relation to high needs provision and it is likely that any rising pressures within the High Needs, Early Years and Central Services Block would need to be funded from local authority core funding if costs exceed the allocated budgets.

Loss of flexibility to transfer funds between different funding blocks

The consultation proposal is that there cannot be any movement between the DSG's four funding blocks and that funding cannot be moved to offset shortfalls in the other blocks. The Schools' Forum have used underspends in one block to address pressures in other blocks moving funding to address priorities. Their decisions have been based on the principle that funding is used for the education of Devon's children. One example was additional funding allocated to Early Years where there was a shortfall in the funding of two and three year old places.

DCC is part of the F40 Campaign which has successfully focussed national attention on local authority areas where schools are funded at levels well below the national average. Whilst the F40 campaign has primarily highlighted financial shortfalls within school budgets, it has recently begun to raise issues around funding for centrally managed budgets. This core funding is used to secure support and educational provision for vulnerable children and particularly those students who do not attend mainstream schools or are unable to access their education in another setting. The F40 campaign has most recently written to the

Secretary of State to highlight concern regarding high needs spending pressures. We have attached this letter in Annexe A to underline that our experience in Devon is reflected in similar experiences in other shire counties.

The significant pressures on the high needs block in Devon are outlined in detail below in order to illustrate the worries we have in relation to the suggested future approach to high needs block funding. The rising costs of supporting vulnerable young people has not been factored into the ideas framed within the initial Fair Funding consultation, nor in the proposed 'locking down' of the high needs block based on historical spend. The rising numbers and more complex needs of our most vulnerable students have to be assessed and met. This is a statutory responsibility that cannot be sidestepped because the budget envelope has been exceeded. In Devon we are continuously seeking better value including reviewing contracts, developing new local provision, and offering independent travel training and developing alternative employment routes. We are in constant dialogue around funding with other partner agencies that are also under pressure from public sector cuts. Ultimately, we are extremely concerned that, based on current and future growth trends, there is simply not enough funding available for the high needs block.

When these important issues are discussed in Parliament we would ask local Members of Parliament be particularly mindful of the following key issues:

- Not all children are in mainstream schools or settings. Mainstream schools cannot meet the needs of the most complex children. This group of children therefore cannot access education funding through the schools block.
- The number of children with complex needs is rising as well as the need for highly specialist centres and expertise, which means that costs are escalating
- The cost of addressing and supporting the mental health of young people is significant and is the subject of intense national debate and scrutiny.
- The proposal to base future high needs block budgets on historic spend does not recognise changing needs and funding constraints across agencies
- The high needs block plays a key role in securing provision and championing the needs of the most vulnerable children

The High Needs Block (HNB)

High Needs funding is intended to provide the most appropriate support package for an individual with Special Educational Needs (SEN) in a range of settings, taking account of parental and student choice, whilst avoiding perverse incentives to over identify high needs pupils and students. It is also intended to support good quality alternative provision for pupils who cannot receive their education in schools.

As has been already clearly highlighted above, rising demand and escalating costs of supporting vulnerable children has resulted in the High Needs Block coming under tremendous pressure which is of great concern; both locally and nationally. The Devon High Needs Block has a current pressure of £3.8m in 2016/17 and £4.5m in 17/18. Devon allocates 91% of the High Needs funding directly to schools, early years and other education settings to fund provision for students with SEN. All settings are reporting huge pressures

within their own budgets and are also finding it hard to meet the changing needs and rising numbers of children with SEN.

Schools can apply for extra funding (Element 3) which brings additional resources to support individual pupils who may not require a statutory assessment (Education, Health and Care Plan). Element 3 funding requests from schools have risen significantly in the last year and this element of the HNB has a current overspend of £375k. There is also pressure within Element 2 funding within Schools of £296k. As the number of Individual Assigned Resources increases, this creates pressure on the Element 2 funding available within Schools and any shortfall is funded from the High Needs block.

Requests for statutory assessments (EHCPs) have risen significantly since 2015/16 with an increase of 51% on the same time last year (Quarter 1 of the financial year). Every EHCP will bring additional resources to support that child. Schools and parents seek statutory assessment where school based capacity is limited to protect allocated resources for that child. Devon has a higher than average number of children with Statements and EHCPs which may reflect, at least in part, persistently poor levels of funding for our schools over a long period of time.

Factors leading to current pressures in the HNB

1. Rise in incidence and addressing more complex needs

There are more children living with complex needs and many are living far longer than they would have done a generation ago. We are also seeing more children with highly complex and multiple conditions who require very high ratios of support (often 24 hours a day) specialist therapeutic input and significant behaviour management, which means a high cost or residential independent placement. Their needs often go beyond the specialist offer within our local special schools which means a residential or independent specialist school placement. The most specialist care and intensive support programmes are primarily for children with Autism and those with significant emotional and mental health issues.

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The new Code of Practice has many strengths and the more transparent and multiagency approach has been welcomed by both professionals and families. Requests for a statutory assessment are open to any parent, student or education setting but the process to agree or to refuse an EHCP, is labour intensive and time consuming, due to the complexity of information required and the different internal agreement processes across agencies.

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to move into residential settings whereas, previously they have been living at home and accessing local courses. Our data shows that 122 Post 19 students with SEND attend local colleges of FE at a cost of £479k. Only 49 young people over 19 years of age are placed with independent specialist providers but at a cost to Education of £2.3m. These young people are not always the most complex, as many will have been placed as a result of a tribunal or strong parental preference.

For those students with SEND aged between 16 and 19 years old, 228 are attending local FE colleges at a total cost of £613k whereas 91 young people attend specialist settings at a cost to Education of £4.9m per annum.

4. Tighter regulation and market failure

The cost of provision offered by independent providers is far higher than for local special schools who are also struggling with the new national funding arrangements for special schools. It must be recognised that most of the youngsters attending independent specialist schools or colleges have the most complex needs and therefore will require more expensive care packages. Independent Special Schools cannot be decommissioned by Local Authorities as the EFA has prevented Local Authorities doing this. Devon has expanded its special schools by 120 places since last January. Despite this, Devon special schools are already full with waiting lists. More complex needs and too few places results in the need for expensive independent placements. We are currently expanding and improving Post 16 provision in local special schools and also developing more opportunities for supported employment and independent living.

Tighter regulation by Ofsted, particularly around care and safeguarding, has led to a much higher incidence of market failure. In the county of Devon, only 67% of independent special schools are judged to be good or better compared to 85% nationally. Devon's policy is to try to place our students only in 'good or better' providers and where they are safe. This means that places are at a premium and at high cost in a reducing and fragile market place. We are seeing a growing number of our most complex students being refused places and more students whose contracts are being terminated at short notice.

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Annexe A: Letter from the F40 campaign to the Secretary of State for Education Justine Greening

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Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT
2016

22 September

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- Some LAs are experiencing difficulties in transition to EHCPs and management of annual review processes.
- There's an increased number of exclusions from school.
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I do hope that you will take the time to examine this research in order to fully understand the scale and nature of the pressures that are being experienced by local authorities, and take it into consideration for the changes planned for the High Needs Block.

Yours sincerely

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Ivan Ould
Chair of f40
(ivan.ould@leics.gov.uk)

The Secretary, f40 Group, C/o DTW, Bank Chambers, Market Place,
GUISBOROUGH, TS14 6BN (doug@dtw.co.uk)

**BUDGET MONITORING 2016/17
Report of the County Treasurer**

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendation: that the position based on Month 6 is noted and Cabinet considers whether actions are taken across the County Council to balance the budget pressures identified within Services.

1. Introduction

1.1 This report outlines the financial position and forecast for the Authority at month 6, the half way stage of the financial year.

2. Revenue Expenditure People Services

2.1 The current forecast for People indicates an overspend forecast £7.0 millions, being a £300,000 improvement on the last reported forecast.

2.2 The forecast overspend in respect of Adult Social Care has reduced by £100,000 to £5.2 millions and reflects a stabilisation of the Service position. As reported at month 4, the overspend is the result of increased residential and nursing costs and numbers of people eligible for care being above budgeted levels.

2.3 A similar pattern is seen within Childrens Social Work and Child Protection, where the overspend from month 4 has reduced by £200,000 to £1.1 millions. This is the result of reductions in Looked After Children costs, savings in post 18 placements and care leavers allowances and central service, discretionary spending cessation.

2.4 It is important to note that £7.5 millions of management action savings remain to be delivered to achieve the overall overspend forecast. This represents an area of high risk. In addition, the current forecast includes a one-off benefit of £5.4 millions due to the delay in transfer of business to the Living Well at Home contract. However, this funding will be required next year, adding to overall budget pressure.

2.5 Of the savings strategies identified in the current year budget, which totalled £20.3 millions across People, £13.4 millions is forecast to be achieved by year end, a shortfall of £6.9 millions. However, other management action plans have been brought forward in seeking to contain and bring down the overspending, so that for the year as a whole, Adult Care and Health is forecast to achieve total savings of £19.2 millions and Children's Services, savings of £2.0 millions.

3. Revenue Expenditure Place Services

3.1 Place Services position from month 4 has improved slightly to an overspend of £555,000 at year-end.

3.2 Services for Communities overspend is forecast to fall by £17,000 to £113,000. This relates to marginal savings in respect of staff costs.

Agenda Item 11

- 3.3 The Service specific outturn forecasts in respect of Highways & Traffic Management (overspend of £102,000); Planning, Transportation & Environment (overspend of £251,000); Economy & Enterprise (overspend of £100,000) and Capital Development & Waste Management (underspend of £11,000) remain as forecast at month 4.
- 3.4 Savings plans put in place at the start of the financial year of £9.5m have predominately been achieved as planned. A small amount totalling £369,000 has yet to be achieved but this is considered to be low risk.

4. Revenue Expenditure Corporate Services and Other Items

- 4.1 Corporate Services continue to forecast a balanced outturn at year end. Within this there are a number of variations forecast, including a shortfall of around £400,000 in respect of Budget Appraisal Plans, but these are offset by additional management action. Additional income from cash management is forecast at £36,000
- 4.2 As a result of the above, the Service overspend is forecast at £7.5 millions, being £400,000 less than the month 4 forecast. If New Burdens Resilience budget is applied, the overspend will be reduced to £500,000.

5. Capital Expenditure

- 5.1 The approved capital planning level for the Council is £161.2 million. Spending incurred to month 6 totalled £39.6 million and the year-end forecast is £139.5 million, resulting in slippage of £21.7 million. Those schemes providing the main areas of slippage include South Devon Highway, Marsh Barton Station, Roundswell Phase 2, Trinity C of E Primary School Exeter and Dartington C of E Primary School.

6. Debt Over 3 Months Old

- 6.1. Corporate debt stood at £2.38 million, being 1.4% of the annual value of invoices and below the annual target of 1.9%. This has reduced slightly since the last report and it is anticipated that year-end debt will remain well below the annual target.

7. Conclusion

- 7.1 The overall forecast revenue overspend has improved slightly from month 4. However, Services continue to forecast a significant overspend at the year-end and there appears little prospect of recovery by the year-end. The overspend could be offset by using a centrally held budget as outlined in section 4.2, however a major consideration is the impact of spending pressures in future years. The current forecast is predicated on management actions to deliver savings within People Services totalling £7.5 millions. The achievement of this represents a risk to the Authority. Cabinet may wish to consider other actions such as the cessation of spending in specific Service areas, or County wide decisions such as vacancy management or spending embargos, to manage spending in the remaining six months of the financial year.

Mary Davis, County Treasurer

Electoral Divisions: All

Cabinet Member: Councillor John Clatworthy

Local Government Act 1972: List of Background Papers

Contact for Enquiries: Mary Davis

Tel No: (01392) 383310 Room: 199

Background Paper Date File Ref: Nil

DEVON AUTHORITIES STRATEGIC WASTE COMMITTEE

18 October 2016

Present:-

Councillors M King (Chairman), R Cann, I Chubb, R Croad, R Gilbert, K Lake, R Sampson and D Wood

Apologies:-

Councillors K Busch (Mid Devon District Council) and J Morrish (Torridge District Council)

* **7** Minutes

RESOLVED that the minutes of the meeting held on 29 June 2016 be signed as a correct record.

* **8** Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

* **9** Waste Statistics 2015/16

The Committee considered the report of the Head of Highways, Capital Development and Waste (HCW/16/71) on an overview of Devon Authorities' recycling performance for 2015/16, relating to household waste, residual waste, and waste arisings and future plans and the introduction of the Savings Sharing Scheme.

Officers from Teignbridge and Mid Devon District Councils reported on their service profiles following operational changes including education and enforcement policies to reduce residual waste and improve efficiency. Their presentations also covered improving re-cycling rates (even after allowing for garden waste charging) and drivers for change, capital development and stretch recycling targets to 2020.

It was **MOVED** by Councillor King, **SECONDED** by Councillor Croad and

RESOLVED

(a) that the combined performance of Devon Authorities in maintaining their recycling rate at 55% and reducing the waste arisings be noted;

(b) that the progress made by Mid Devon District Council and Teignbridge District Council in changing towards the "aligned" option for waste collection be welcomed.

* **10** Budget Outturn for 2015/16 and 2016/17 Update

The Committee considered the report of the Head of Highways, Capital Development and Waste (HCW/16/72) on the final budget outturn for 2015/16; an update on the budget for 2016/17; and information relating to the calculation of recycling credits and top slice for 2016/17 was circulated at the meeting.

It was **MOVED** by Councillor Sampson, **SECONDED** by Councillor Chubb and

RESOLVED

Agenda Item 14

2

DEVON AUTHORITIES STRATEGIC WASTE COMMITTEE
18/10/16

(a) that the unspent allocation of £28,032 be carried forward to cover potential financial implications of changes to the delivery of the budget in 2017/18;

(b) that the proposed calculation of topslice for 2016/17 be noted.

11 **Budget Proposal for 2017/18**

The Committee considered the report of the Head of Highways, Capital Development and Waste (HCW/16/73) reviewing all aspects of the previous budget with a view to supporting those projects which continued to deliver value for money, and on provision of support in a different way through new contractual arrangements.

It was **MOVED** by Councillor King, **SECONDED** by Councillor Gilbert and

RESOLVED

(a) that the contribution to waste prevention, re-use, recycling and composting that all of the projects previously supported by the Devon Authorities Waste Reduction and Recycling Committee had made be recognised;

(b) that the proposed 2017/18 Devon Authorities Strategic Waste Committee budget be allocated as shown in Appendix I to Report HCW/16/73 in accordance with project shown in Appendix II;

(c) that a contract for a proposed Waste Reduction and Education Project be procured to commence in April 2017, to be funded for a 2 year period.

* 12 **Forward Work Plan for February 2017 meeting**

The Head of Highways, Capital Development and Waste reported on the proposed programme of work for the Committee.

The Head of Service undertook to circulate to Members further information on the 'Don't let Devon Go to Waste' campaign in relation to Food Waste.

* 13 **Dates of Meetings**

8th February 2017, 28th June 2017 and 1st November 2017

The County Council's calendar available on the Net via the link:
<http://democracy.devon.gov.uk/mgCalendarMonthView.aspx?GL=1&bcr=1>

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 2.00 pm and finished at 3.08 pm

DEVON EDUCATION FORUM

19 October 2016

Present:-

Schools Members

Primary School Head teachers

Mr J Bishop	Broadclyst (<i>Academy Member</i>)
Mr A Dobson	Marwood Primary
Mr J Stone	Denbury Primary
Mrs J Reid	Yeo Valley

Primary School Governors

Mrs A Blewett	Kings Nympton Primary
Mr M Dobbins	Exmouth Marpool Primary
Ms M Wallis	Whimble School (Chairman)
Mr A Walmsley	First Federation (<i>Academy Member</i>)

Secondary School Head teachers

Mr D Chapman	The Dartmoor Federation
Mr R Haring	Ivybridge CC (<i>Academy Member</i>)
Mrs J Phelan	Cullompton CC

Secondary School Governors

Ms J Elson	Exmouth CC (<i>Academy Member</i>)
Mr M Juby	Braunton (<i>Academy Member</i>)

Special School HeadTeacher

Ms B Caschere	Exeter Southbrook School
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Special School Governor

Mrs F Butler	Marland School
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Non-Schools Members

Ms B Alderson	Teachers Consultative Committee
Councillor James McInnes	Cabinet Member – Children, Schools and Skills
Ms G Rolstone	Early Years Private, Voluntary & Independent
Mr W Forster	Substitute EY PVI (<i>observer</i>)
Mrs T de Bernhardt Dunkin	16-19 West England School & College

Apologies

Mrs S Baker	Westexe
Mr M Boxall	Exeter Countess Wear
Ms M Marder	The Ted Wragg Multi Academy Trust
Mr J Searson	Exeter Diocesan Board of Education

14 **Election of Chairman and Vice-Chairman**

DECISION:

That Mrs Maria Wallis be elected Chairman and Mrs Faith Butler be elected Vice-Chairman respectively until the autumn term meeting 2018.

15 **Minutes**

DECISION:

That the minutes of the meeting held on 22 June 2016 be signed as a correct record.

16 **Matters Arising from the Last Meeting and Report back on Issues Raised with Cabinet**

Nil.

17 **Membership**

Casual primary and secondary vacancy elections via DAPH/DASH had taken place 12 October 2016 with appointments as follows:-

Maintained primary - Mr Martyn Boxall
Maintained primary
substitute members - Mr David Barnett, Mrs Jan Reid
Academy primary - Mr Paul Walker
substitute member

Maintained secondary - Mrs Julie Phelan
Academy secondary - Ms Moira Marder
Academy secondary - Mr Paul Cornish, Ms A Mitchell, Mr M Shanks
substitute members.

Other new members were:-

Special School HT - Ms Bronwen Caschere
Special School HT - Mrs Cherie White
substitute member
Exeter Diocesan Board - Mr John Searson
of Education.

18 **Children's Services Priorities**

The Chief Officer for Children's Services presented an Emerging Strategy following her recent appointment resulting from the County Council reorganisation. The strategy recognised the complexity of the landscape, the objective for "all children in Devon to have the best start in life, growing up in loving and supportive families and being happy, healthy and safe..." the compelling case for change for financially sustainable provision and work already underway. The draft strategy was being developed with a more detailed plan out for co-production in the new year, with a view to implementation from April 2017.

Discussion included: delivery on the ground, partnership working, local/central provision and a sustainable whole system for children.

The Chief Officer for Children's Services also announced the appointment of Mrs Dawn Stabb as Head of Education & Learning who would have a key role for children within the Emerging Strategy.

19 **Head of Education & Learning Update**

DISCUSSION:

The Head of Education & Learning presented (in summary):-

92% Devon schools judged Good or Outstanding by Ofsted.

93% Devon pupils attended a Good or better school.

Key Stage results:

Key Stage 1 concerns were raised around the reliability of National comparison in the percentage of pupils for achieving the expected standard. Concerns related to the changes from the best fit to the new secure fit model of teacher assessment and national consistency in approach.

Key Stage 2 pupil overall achievement was above south west and statistical neighbours and in line with national % except in writing where progress went against other subjects. This again was a teacher assessed element and the same concerns as above applied. KS2 Higher Standard Reading was well above the national average in the top quartile.

Key Stage 4 results were above south west, England all and England state funded, with a small rise 5A*- C including English and mathematics compared to a National decline. Members noted the negative Progress 8 (accountability measure) and suggested that for some year 11s reducing school budgets was counter productive.

Exclusions, permanent and fixed term 2015:

In the academic year ending July 2015 (the latest National statistical release) fixed term exclusions at primary had increased and were above the National Average. Permanent exclusions were below the National Average. In the year 2015/16 however there had been almost an 80% rise in permanent exclusions. Strategies had been put in place to increase tracking and understand timelines, a research project and partnership working through the SEND draft strategy should help to address the needs of pupils at risk of exclusion and their impact on the High Needs funding block. Members' concerns included that new processes for assessment and provision for SEND pupils following recent legislative changes were not yet working as effectively as they could and the draft SEND strategy needed to address early help support available to schools as budget reductions meant schools did not now have capacity for a rapid response.

Members also raised lobbying government and Devon MPs for fair funding and significant budget pressures on the High Needs Block faced by LAs (also discussed under the 2017/18 School Revenue Funding Formula minute below). Notwithstanding the timescale it was hoped to make representations prior to the Chancellor's Autumn Statement 23 November 2016.

DECISION:

That a Task & Finish group be established to consider further lobbying on fair funding and also the national High Needs funding crisis, comprising the Head of Education & Learning (Lead Officer), 1 association representative from DAPH, DASH, DAG and Special Schools and other LA representatives to be determined, with report back to the next DEF meeting.

ACTION:

Head of Education & Learning (Dawn Stabb/Heidi Watson-Jones) T&F group;
County Solicitor (Fiona Rutley) agenda forward plan.

20 **Finance Update**

DISCUSSION:

The Forum considered the joint report of the Chief Officer for Children's Services and County Treasurer (DEF/16/08).

The Forum also noted the respective minutes of the Schools Finance Group (SFG) of 6 July and 5 October 2016.

The report covered:-

(a) Month 5 Dedicated Schools Grant monitoring position, highlighting the High Needs budget current forecast, despite management action, to overspend at year end by £2.16m for 2016/17, likely to be carried forward into 2017/18. This matter was considered further in the 2017/18 Schools Revenue Funding Formula minute below.

(b) Schools Finance Group revised terms of reference, including slight amendments including the change in status of the 1 Early Years PVI representative from observer to voting member, to be appointed by DEF. Mrs Gemma Rolstone, DEF Early Years PVI representative had been fulfilling the observer role for some time.

DECISION:

(a) that month 5 DSG monitoring position (section 1 of report DEF/16/08) be noted;

(b) that the Schools Finance Group revised terms of reference (appendix A to the report) be approved;

(c) that Mrs Gemma Rolstone be appointed to serve as the 1 DEF Early Years PVI voting representative on the Schools Finance Group.

ACTION:

Head of Education & Learning (Heidi Watson-Jones)

21 **2017/18 School Revenue Funding Formula**

DISCUSSION:

The Forum considered the joint report of the Chief Officer for Children's Services and County Treasurer (DEF/16/10). Additional consultation responses had been added to the report and a revised report circulated as appended to the minutes.

The Forum also noted the respective minutes of the Schools Finance Group (SFG) of 6 July and 5 October 2016.

The report covered:-
2017/18 Schools Revenue Funding Formula
Delegation and De-delegation
Centrally Retained Services
Disapplications.

The LA and Phase Associations consulted schools (ending 12 October 2016) on the Devon proposals for the 2017/18 school revenue funding formula.

Of particular concern was the pressure on the High Needs budget continuing to increase as the number of complex, high cost placements continued to grow with no comparable

additional funding from central government and additional costs to be managed from existing resources. Many LAs nationally and particularly those relatively poorly funded were experiencing significant difficulties in funding increased High Needs pressures and members had now re-established a Task & Finish group to lobby government regarding fair funding and High Needs. The Devon consultation asked schools to agree in principle to the transfer of funds up to £4.5m to the High Needs Block from the Schools Block with 24% responses agreeing (and 76% disagreeing) to the proposal. This would equate to £55 per pupil reduction but it was also suggested an equal % reduction rather than an equal absolute amount per pupil may be considered. The LA had been working with schools to see what action could be taken to reduce budgets but a significant gap still remained. Within the proposed funding for 2017/18 the EFA had advised they would be applying an uplift for High needs but this would not be known until at least the end of November 2016 and it was not anticipated this would bridge the gap.

With regard to the growth demand the diseconomies of scale when a new school opens and the gap in getting funding for pupils and incurring costs, the f40 LAs group, prompted in part by Devon, had lobbied government but despite the unfairness of the current system hitting other existing hard stretched schools, it was not thought that this was likely to be addressed in the new national funding formula when it was announced. The proposal in the report related to funding in principle in the 2018/19 financial year, with no change proposed for 2017/18. As such whether supported or not it would not result in a budgetary decision by Cabinet.

In considering the consultation responses relating to increasing the top-slice from 2018/19 to meet growth demand, 33% responses agreed (with 67% disagreeing) and members felt unable to support this in part due to the consultation responses and pending budget clarity for 2018/19.

Member comments also included that:-

-Asking all schools to bear the brunt of high needs could be deemed unjust (for a situation beyond their control) as the DSG funded to 18 year old pupils historically with no additional funding for 19 - 25 year age range and as the Devon SEND strategy had not yet been formalised with measures to reduce the need to place SEN pupils in high cost out of county placements (amounting to £12m). Consequently further high needs increases were ongoing into the future until in county provision was increased to reduce this bill and mitigate the £4.5m overspend;

-A £55 reduction per pupil would equate to over £100k for two schools and would be on top of existing real 8 - 12 % school reductions, potentially further impacting on schools' ability to meet the needs of all children (and could result in further exclusions in turn creating further pressure on the SEN budget);

-Transferring funding from the Schools Block did not address the real problem of funding pressures within mainstream schools including assistance they would be able to give to SEN pupils. Parents were unaware that a significant number of Devon schools were now at risk of budget deficits;

-Concern that bids for a new SEN free school had not been supported;

-Members were not yet assured by the historic strategy or that there was yet enough clarity on current/future strategy;

-Desire to work more closely with the 16-19 Forum representative and 16-19 providers for SEN pupils.

The Chief Officer for Children's Services and Head of Education & Learning explained progress with formulating the joint Education, Health and Social Care SEND strategy and ongoing measures being taken to increase in county and reduce out of county SEN provision, involving the phase associations. There had been significant increases in maintained special school places and strategic shifts in expenditure however even with this increased capacity,

need (some of which was complex) had been even greater so both maintained and independent special school places had grown. The SEND code of practice and the extended age range had had a significant impact and created pressures within the High Needs Block which was reflected across the country.

DEF members (all phases maintained and academy, PVI) were unanimous in their concern and in resolutions (a)(ii) and (iii) below.

DECISION:

(a) that Cabinet be recommended:-

(i) that the 2017/18 schools revenue funding formula factors for distributing the funding to schools as set out in section 1 of report DEF/16/10 be approved;
(note: that the final funding rates may change subject to affordability when the October 2016 pupil data and Schools Block DSG settlement are confirmed late December 2016)
***(Vote: all phases maintained and academy, PVI)**

(ii) that the transfer of funding from Schools Block to High Needs Block in principle be not supported; ***(Vote: all phases maintained and academy, PVI)**

(iii) that the increase of top-slice from 2018/19 to meet growth demand in principle be not supported; ***(Vote: all phases maintained and academy, PVI)**

(b) that Cabinet be advised:-

that the Forum remains committed to continuing to work together with the LA around the budget pressures of the High Needs Block;

(c) that the de-delegation proposals for maintained primary and maintained secondary schools respectively as set out in section 2 and appendix A of the report be approved;
***(Vote 1 : maintained primary)**
***(Vote 2 : maintained secondary)**

(d) that the centrally retained services budget allocation as set out in section 3 and appendix A of the report be approved;
***(Vote: all phases maintained and academy, PVI)**

(e) that the local authority's disapplication requests that have been applied for and awaiting approval be noted;

(f) that a report on SEND strategy progress be brought to the next DEF meeting.

ACTION:

County Treasurer (Julian Dinnicombe)
Education & Learning (Dawn Stabb) (f)
County Solicitor (Fiona Rutley) agenda forward plan

22 Elective Home Education (EHE)

DISCUSSION:

The Forum considered the report of the Chief Officer for Children's Services (DEF/16/09) regarding the increasing numbers of:- home educated students which included "highly vulnerable" students and key stage 4 students, the difficulty in engaging some vulnerable families which potentially put children at risk of harm and of not receiving a suitable education, the increasing number of short term registrations and the lack of funding for home educated students.

Devon had seen a 100% increase in Elective Home Education (EHE) students over the last 5 years, with a 33% increase over the last 12 months and a 40% increase over the last two quarters. Devon was not alone; other LAs across the south west were indicating significant increases.

Previously EHE was due to parental lifestyle/philosophical reasons, but more recently EHE was due increasingly to parental dissatisfaction with the school environment and the belief schools were not able to meet the needs of their child. There were now large numbers in key stage 4, with 15 new Year 11 EHE students coming off roll so far this term (across a number of schools) who were at risk of becoming NEET (Not in Education, Employment or Training) at year 12. Ofsted was to take a greater interest in EHE students requiring data from schools.

Members felt that some highly vulnerable students may not be appropriately assessed in an acceptable timeframe due to resource constraints.

Any future legislation around EHE and NEETs may help to improve vulnerable students' outcomes as LA/school powers were limited.

23 Apprenticeships and Apprenticeship Levy

DISCUSSION:

The Chairman had decided the Forum should consider this as a matter of urgency to appraise members of levy developments and the impact on the schools budget, with details anticipated from government imminently.

The Forum considered the report of the Chief Officer for Children's Services and Head of Economy, Enterprise and Skills on:-

Apprenticeship Levy introduction April 2017
DfE Apprenticeship Funding Reform May 2017
Equalities
Issues for schools and students.

Although the details from government had been delayed, task & finish groups were working through the impact on maintained schools. Larger/chain academies would also be affected. Schools on DCC payroll were likely to see a levy of 0.5% payroll.

Members were keen to know the financial impact as soon as possible to forward plan school budgets given other budget pressures and constraints.

DECISION:

That clarification be sought on the impact of the Apprenticeship Levy proposals, with communications to schools as soon as possible.

ACTION:

Head of Education & Learning (John Peart)

24 Standing (and other) Groups

The Forum received the following minutes of its standing groups:-

(i) School Finance Group (SFG)

Minutes of the meetings held on 6 July and 5 October 2016 (considered under Finance Update and 2017/18 Schools Revenue Funding Formula minutes 20 and 21 above).

DECISION:

That given the greater potential number of schools at risk of budget deficits a FIPS (Financial Intervention Panel for Schools) update report on schools at risk and other strategic budgetary demands anticipated be made to the next DEF meeting.

ACTION:

County Treasurer (Julian Dinnicombe)/Education & Learning (Dawn Stabb)
County Solicitor (Fiona Rutley) agenda forward plan

(ii) **Schools Organisation, Capital and Admissions (SOCA)**

Minutes of the meeting held on 27 September 2016 were noted.

25 **Dates of Future Meetings**

Monday 16 January 2017
Wed 15 March 2017

Further dates now confirmed:

Wed 21 June 2017
Wed 18 October 2017
Monday 15 January 2018
Wed 21 March 2018.

The Meeting started at 10.00 am and finished at 12.30 pm

The Schools Forum web is www.devon.gov.uk/schoolsforum

SCHEDULE OF CABINET MEMBER DECISIONS TAKEN SINCE PREVIOUS MEETING		
Cabinet Remit/Officer	Matter for Decision	Effective Date
Policy & Corporate	Approval to allocation of funds of £55,000 by forward funding the 2017/18 Basic Need grant to support improvements at Exeter College to support learners with Special Education Needs	11 October 2016
Resources & Asset Management	Approval to variations in the approved capital programme for 2016/17 and other property matters	27 October 2016

The Registers of Decisions will be available for inspection at meetings of the Cabinet or, at any other time, in the Democratic Services & Scrutiny Secretariat, during normal office hours. Contact details shown above.

In line with the Openness of Local Government Bodies Regulations 2014, details of Decisions taken by Officers under any express authorisation of the Cabinet or other Committee or under any general authorisation within the Council's Scheme of Delegation set out in Part 3 of the Council's Constitution may be viewed at <https://new.devon.gov.uk/democracy/officer-decisions/>

