Phil Norrey
Chief Executive

To: The Chair and Members of the Corporate Infrastructure and Regulatory Services Scrutiny Committee

(See below)

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

Your ref :
Our ref :

Date : 21 January 2019
Please ask for : Wendy Simpson 01392 384383

Email: wendy.simpson@devon.gov.uk

CORPORATE INFRASTRUCTURE AND REGULATORY SERVICES SCRUTINY COMMITTEE

Tuesday, 29th January, 2019

A meeting of the Corporate Infrastructure and Regulatory Services Scrutiny Committee is to be held on the above date at 2.15 pm at Committee Suite - County Hall to consider the following matters.

P NORREY
Chief Executive

A G E N D A

PART I - OPEN COMMITTEE

1 Apologies

2 Items Requiring Urgent Attention

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

3 Public Participation

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

MATTERS FOR CONSIDERATION OR REVIEW

4 Capital Strategy 2019/20 - 2023/24 (Pages 1 - 8)

Report of the County Treasurer (CT/19/08), attached.

5 Treasury Management and Investment Strategy 2019/20 (Pages 9 - 28)

Report of the County Treasurer (CT/19/07), attached.

6 Transport and Engineering Professional Services - Delivery Model Review (Pages 29 - 98)

Report of the Chief Officer for Highways, Infrastructure Development and Waste (HIW/19/6), attached.

7 Planned and Reactive Maintenance: Potholes and Drainage Task Group (Pages 99 - 114)

Report of the Task Group, attached.

8 Congestion and Air Quality Task Group Update (Pages 115 - 126)

Report of the Head of Planning, Transportation and Environment (PTE/19/4), attached.

9 Waste and Resource Management Strategy for Devon - Update (Pages 127 - 150)

Report of the Chief Officer for Highways, Infrastructure Development and Waste (HIW/19/5), attached.

10 Scrutiny Work Programme

(a) Reference to Committee: North Devon Highways and Traffic Orders Committee - Speed Limits: Mondeo Way, Barnstaple; and Hamlet of Eastleigh and Holmacott, and Newton Tracey

The Cabinet noted that at its meeting on 13 November 2018, the North Devon Highways and Traffic Orders Committee (Minute 46), considered this matter, as requested by Councillor Biederman, in accordance with Standing Order 23(2).

The Chief Officer for Highways, Infrastructure Development and Waste had reported on the national speed limit guidance, the work of the Scrutiny Task Group who were reviewing current local and national speed limit policy for report in due course, the Speed Compliance Action Review Forum (SCARF) process and the lack of road casualty records for the location.
The Committee had RESOLVED that Officers consider further options but that the Cabinet be requested to (b)(i) consider and review the speed limits and safety on the rural road network in Devon and write to Devon's MPs urging that they lobby Government to publish without further delay the long awaited Green Paper on Speed Limit Guidance; and (ii) ask the Chief Constable and the Police and Crime Commissioner to adopt a proactive approach to address reckless and dangerous driving on the rural road network in Devon.

The North Devon Highways and Traffic Orders Committee RESOLVED that Cabinet notes the views of the North Devon HATOC, with regard to their concerns on speed limits and refers the matter to the Corporate, Infrastructure and Regulatory Services Scrutiny Committee Task Group looking at speed limits for their consideration.

(b) In accordance with previous practice, Scrutiny Committees are requested to review the list of forthcoming business and determine which items are to be included in the Work Programme. The Scrutiny Work Programme can be found at:
https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/

The Committee may also wish to review the content of the Cabinet Forward Plan to see if there are any specific items therein it might wish to explore further. The Cabinet Forward Plan can be found at:
http://democracy.devon.gov.uk/mgPlansHome.aspx?bcr=1

11 Items Previously Circulated

Below is a list of information previously circulated by email to Members since the last meeting, relating to topical developments which have been or are currently being considered by this Scrutiny Committee.

- BCF Budget and Spend (4/12/18)
- Civil Parking Enforcement Service Annual report (4/12/18)

<u>PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF PRESS AND PUBLIC ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED</u>

Nil

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

Membership

Councillors A Dewhirst (Chair), P Colthorpe, Y Atkinson, K Ball, R Bloxham, J Hook, J Brook, P Crabb, A Eastman, R Edgell, I Hall, M Shaw, C Slade, H Ackland, J Berry and R Radford

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 any minutes, reports or lists of background papers relating to any item on this agenda should contact Wendy Simpson 01392 384383.
Agenda and minutes of the Committee are published on the Council's Website and can also be accessed via the Modern.Gov app, available from the usual stores..

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Public Participation

Devon's residents may attend and speak at any meeting of a County Council Scrutiny Committee when it is reviewing any specific matter or examining the provision of services or facilities as listed on the agenda for that meeting.

Scrutiny Committees set aside 15 minutes at the beginning of each meeting to allow anyone who has registered to speak on any such item. Speakers are normally allowed 3 minutes each.

Anyone wishing to speak is requested to register in writing to the Clerk of the Committee (details above) by the deadline, outlined in the Council's Public Participation Scheme, indicating which item they wish to speak on and giving a brief outline of the issues/ points they wish to make. The representation and the name of the person making the representation will be recorded in the minutes.

Alternatively, any Member of the public may at any time submit their views on any matter to be considered by a Scrutiny Committee at a meeting or included in its work Programme direct to the Chair or Members of that Committee or via the Democratic Services & Scrutiny Secretariat (committee@devon.gov.uk). Members of the public may also suggest topics (see: https://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-work-programme/

All Scrutiny Committee agenda are published at least seven days before the meeting on the Council's website.

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Induction loop system available

Committee Terms of Reference

(1) To review the implementation of the Council's existing policy and budget framework and ensure effective scrutiny of the Council's Treasury Management Strategy and policies and consider the scope for new policies for the Council's use and management of its resources and the discharge of its corporate and strategic services and governance arrangements and community safety activity, including emergency planning and the Council's functions in the scrutiny of authorities responsible for crime and disorder strategies.

(2) To review the implementation of existing policies and to consider the scope for new policies with regard to all aspects of the discharge of the Council's 'place shaping and universal population services' functions concerning the environment, economic activity and enterprise, integrated planning and transport and community services, including libraries, arts and cultural heritage of the County, an integrated youth service and post 16 education & skills;

(3) To assess the effectiveness of decisions of the Cabinet in these areas of the Council's statutory activity and relate overview and scrutiny to the achievement of the Council's strategic priorities and objectives and of delivering best value in all its activities;

(4) To make reports and recommendations as appropriate arising from this area of overview and scrutiny.

NOTES FOR VISITORS

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The nearest mainline railway stations are Exeter Central (5 minutes from the High Street) and St David's and St Thomas's both of which have regular bus services to the High Street. Bus Service H (which runs from St David's Station to the High Street) continues and stops in Wonford Road (at the top of Matford Lane shown on the map) a 2/3 minute walk from County Hall, en route to the RD&E Hospital (approximately a 10 minutes walk from County Hall, through Gras Lawn on Barrack Road).

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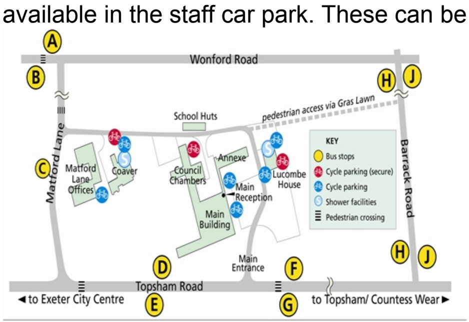
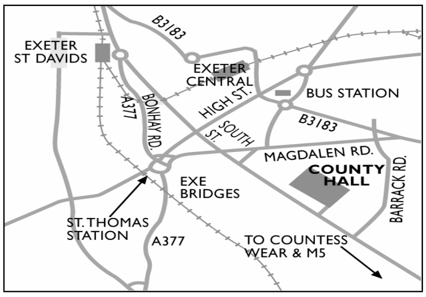
As indicated above, parking cannot be guaranteed and visitors should allow themselves enough time to find alternative parking if necessary. Public car parking can be found at the Cathedral Quay or Magdalen Road Car Parks (approx. 20 minutes walk). There are two disabled parking bays within the visitor car park. Additional disabled parking bays are available in the staff car park. These can be accessed via the intercom at the entrance barrier to the staff car park.





NB A J **Denotes bus stops**

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First Aid

Contact Main Reception (extension 2504) for a trained first aider.

CT/19/08

Corporate Infrastructure and Regulatory Services Scrutiny Committee

29 January 2019

CAPITAL STRATEGY 2019/20 – 2023/24

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 Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the Capital Strategy 2019/20 - 2023/24.

1. Introduction

1.1. As part of the annual budgeting process the authority is required to produce an affordable Medium Term Capital Programme (MTCP) alongside its annual revenue budget.

1.2. This year, for the first time, there is also a requirement to prepare a Capital Strategy in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017.

1.3. The Capital Programme and Strategy 2019/20 - 2023/24 is set out in this report for consideration before being taken to Cabinet and Council for approval, as part of the annual budget setting process.

2. The Capital Strategy

2.1. The Capital Strategy sets out the policy framework for the development, management and monitoring of capital investment. The strategy focuses on key principles that underpin the authority's capital programme, and its short to medium term objectives, as well as supporting the Councils strategic and operational objectives.

2.2. The Capital Strategy aims to strike a balance between investing in its operational assets for service delivery and the management of programme risk, as well as ensuring prudence, sustainability and overall affordability.

3. Key Capital Strategy Principles

3.1. The key principles for the Capital Strategy are summarised below and are explained in more detail throughout the strategy document:

3.1.1. The shape and size of the capital programme is determined by Council led objectives, service and operational requirements and the availability of internal and external resources.

3.1.2. The Capital Programme will be prepared alongside the Medium Term Financial Strategy (MTFS) to ensure that services have sufficient resources to carry out their priorities and that the impact on revenue resources is sustainable.

3.1.3. Capital investment decisions will be made according to service need, legal and statutory obligations and in consideration of the authoritys financial position and will align with other supporting strategies such as the Investment, Borrowing and Treasury Management Strategies.

3.1.4. The authority will seek to finance the capital programme with external funding wherever possible and prioritise invest to save capital projects, for example projects which generate a cash saving to the authority or generate a return.

3.1.5. The authority will utilise capital receipts and internal borrowing (borrowing from internal cash resources) as a secondary funding source to contain its level of external debt.

3.1.6. The Council has a policy of not undertaking any external borrowing. This policy is regularly reviewed to ensure it is still fit for purpose and can continue to meet the capital financing requirements of the authoritys services.

4. Capital Programme - Governance

4.1. The Capital Programme sets out the planned capital investment of the authority and is approved by Cabinet and Council annually.

4.2. Before items are included in the Capital Programme a detailed business case must be submitted to the Capital Programme Group (CPG). These are assessed to ensure alignment with strategic objectives set by the Council, deliverability within existing resources, risk and value for money.

4.3. The CPG does not have decision making powers. It makes recommendations to the Cabinet Member for Resources Management, Cabinet Member for Policy, Corporate and Asset Management and the County Treasurer for inclusion in relevant Council and Committee reports.

4.4. Any subsequent additions or changes to the capital programme will be approved in accordance with the Constitution (Part 5c Financial Regulations) throughout the year. The Financial Regulations set out in section B12.5 state that the amount of capital expenditure to be financed by external borrowing must be approved by Council.

4.5. Throughout the course of the financial year, the Members Asset Group (MAG) meet to review the forecast capital receipts and disposal strategy for the Council, and to ensure alignment with the Council's Asset Management Strategy. The meeting is represented by the Leader of the Council and the Chief Executive.

4.6. The County Treasurer has responsibility for the proper administration of the Council's financial affairs. This includes monitoring actual capital spend against budget which is undertaken on a bi-monthly basis with any risks to delivery or financing reported to Cabinet.

4.7. The Cabinet is responsible for approving the annual Capital Outturn and for agreeing procedures for carrying forward any under or over-spend on capital projects as well as approving the MTCP annually, and monitoring capital expenditure against approved budgets, on a bi-monthly basis.

5. Medium Term Capital Programme (MTCP) 2019/20 (Summary)

5.1. The County will be investing over £481.0 millions in Devon over the next 5 years. The latest forecast of the programme analysed by funding source is shown in Table A. The funding available in forecast years may change as Government policies and grant allocations are published.

Table A

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Adult Care and Health	10,020	8,718	8,648	8,648	1,918
Children's Services	2,191	1,765	1,765	1,765	1,765
Communities, Public Health, Environment and Prosperity	43,816	38,432	40,646	38,751	16,866
Corporate Services	3,312	2,950	2,850	2,850	2,850
Highways, Infrastructure Development and Waste	51,561	51,324	47,734	45,132	45,132
Total	**110,899**	**103,189**	**101,642**	**97,145**	**68,531**

Funding Source	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Borrowing - Internal	4,884	10,201	4,926	1,979	300
Borrowing - VELP	1,228	1,200	1,200	1,200	1,200
Capital Receipts - General	6,128	4,317	3,208	4,020	8,372
Capital Receipts - IID	201	169	104	0	0
Direct Revenue Funds - Services	281	273	273	273	250
External Funding - Contributions	2,973	321	55	50	50
External Funding - Grants	87,424	83,629	90,252	88,110	57,876
External Funding - S106	7,781	3,078	1,624	1,514	483
Total	**110,899**	**103,189**	**101,642**	**97,145**	**68,531**

5.2. For 2019/20 and 2020/21 the level of capital grant funding is based upon award letters from the governing bodies. However, in subsequent years prudent estimates have been made with respect to the continuation of the capital grants available, for example Devolved Formula Capital, Basic Need and Local Transport Plan (LTP) grant funding.

5.3. The Council has committed to investing in its operational assets by including annual capital funding for the enhancement of its existing property estate, including County Farms, and the continued upgrade and development of ICT. The Council recognises that by investing in its assets it is ensuring their sustainability for the future, providing future economic benefit whilst also seeking to minimise revenue and repair and maintenance costs.

5.4. The Chancellor of the Exchequer presented the Budget to the House of Commons on the 29th October 2018. The Budget contained additional funding for Local Government in 2018/19 which will have a positive effect on the MTCP in respect of capital investment as well as the availability of cash resources.

5.5. The additional capital funding for 2018/19 is shown in Table B.

Table B

Funding type	National figure £000	Devon's share £000
Local Highways Maintenance Funding - repair of roads (including potholes), bridges and local highways infrastructure generally	420,000	18,754
National Productivity Investment Fund (NPIF) – minor junction and road layout improvements	150,000	TBC*
Disabled Facilities Grants – to be pooled in the Better Care Fund and allocated to Devon Districts	55,000	791
School Equipment and Capital Maintenance – (estimated) direct to schools	400,000	5,158

*the NPIF funding is expected to be allocated via a competitive bid process

6. Financing and Affordability

6.1. Where external funding is not available the Council will utilise alternative sources of capital financing, as follows:

6.2. Internal Borrowing

6.2.1. A prudent level of cash balances is required for the Council to meet its obligations in respect of cashflow. Where cashflow allows, the Council has utilised cash balances and internal borrowing (borrowing from internal cash resources) to fund the capital programme. The affordability of this internal borrowing mechanism will be monitored by the County Treasurer.

6.2.2. If the Council borrows internally or externally it is required to make a provision for the repayment of that debt. This is a statutory obligation and is referred to as the Minimum Revenue Provision (MRP).

6.2.3. This strategy suggests a prudent level of around £2 millions of internal borrowing per annum, where cashflow allows.

6.3. External Borrowing

6.3.1. The Council has a policy of not undertaking any new external borrowing, as set out in the Treasury Management Strategy 2019-20, with the authority not undertaking any new external borrowing since January 2008. This policy is reviewed regularly to ensure it is still fit for purpose and can continue to meet the capital financing requirements of the authoritys services.

6.3.2. Using capital receipts and internal borrowing as a capital funding source will ensure the authority is able to contain its level of debt and therefore its overall level of borrowing.

6.3.3. The shape of the capital programme in the longer term will be dependent upon the continued delivery of capital receipts, the future allocation of capital grants, and the availability of internal cash resources.

6.3.4. The MTFS continues to assume that, over the three-year period, no new long-term external borrowing will be required. This has been assessed as sustainable in the short to medium but will be kept under review.

6.4. Capital receipts

6.4.1. The procedures for declaring properties surplus to requirements are set out in the Council's Code of Practice for the Disposal of Surplus Property. The Head of Digital Transformation & Business Support will be responsible for the negotiations of all such sales. The County Treasurer will be consulted on the sale of assets at less than full market value.

6.4.2. Capital receipts must be accounted for separately from revenue income and may only be used to finance capital expenditure.

6.4.3. Capital receipts are monitored monthly and reviewed by the CPG and by the MAG quarterly. Monitoring is undertaken to that forecast receipts are sufficient to finance the existing capital programme commitments, and to ensure that the existing capital programme does not rely too heavily on this finite source of funding.

6.4.4. This strategy recommends the moderate use of capital receipts beyond 2023/24 in the region of £2 millions per annum.

6.4.5. Table C shows the anticipated capital receipts shown net of disposal costs. There is a risk that capital receipts may not be realised in line with these original estimates. In which case schemes may need to be rescheduled if alternative sources of funding cannot be identified.

Table C

	Estimated opening balance £'000	**Forecast receipts £'000**	**Forecast spend £'000**	**Estimated closing balance £'000**
2019/20	**1,686**	10,312	(6,329)	5,669
2020/21	5,669	10,205	(4,486)	11,388
2021/22	11,388	5,880	(3,312)	13,956
2022/23	13,956	5,880	(4,020)	15,816
2023/24	15,816	5,880	(8,372)	**13,324**

6.5. External Funding

6.5.1. A large proportion of capital projects are funded from external funding. Therefore, the size of the capital programme will often depend on the priorities of Government departments, the impact of austerity upon public finances and the availability of contributions to support infrastructure for developing communities.

6.5.2. To the extent that new funding becomes available from these sources the capital programme can be expanded but if funding is withdrawn or reduced then the programme must reduce accordingly.

6.6. Forward Funding

6.6.1. Where a project is financed by external contributions the Council may forward fund the project, utilising internal borrowing, in anticipation of a future receipt. As forward funding is expected to be repaid to the Council, an MRP charge is not required.

6.6.2. The affordability of this forward funding mechanism will be monitored by the Assistant County Treasurer, Treasury Management and the County Treasurer and any risks to cashflow reported to Cabinet in the bi-monthly monitoring report.

6.7. Leasing

6.7.1. All vehicle, plant, furniture and equipment leasing must be negotiated in conjunction with the County Treasurer. Provision for the acquisition of leased items must be included in the capital programme.

6.7.2. All property leases and other property acquisitions must be notified to the County Treasurer, who will seek the approval of the Cabinet, before entering in to a commitment, so that the effect of Central Government controls on the Capital Programme can be assessed.

6.7.3. Under current legislation, schools may borrow money (which could include lease type arrangements) only with the written permission of the Secretary of State.

7. Longer Term view

7.1. Recent successful bids for funding, for example the award of £83.115 millions for the North Devon Link Road (NDLR) and a further potential bid for £45 millions for the Housing Infrastructure Fund (HIF) will require careful planning of council resources in the coming years, to ensure match funding commitments are met and corporate resources are made available to support these key strategic projects.

7.2. With these key schemes in mind, a forecasting and scenario-based exercise has been undertaken to ensure the resilience of the Capital Programme in the longer term. This has confirmed that no external borrowing is required to support these existing commitments.

7.3. However, should the Council be unable to finance the capital programme within available capital receipts, grants contributions and internal borrowing; external borrowing may be required.

7.4. In the future, schemes that return a revenue benefit or revenue cost reduction would be prioritised to ensure a net nil impact on the MTFS, for example in respect of borrowing costs.

7.5. As a result of considering this longer-term view, the MRP policy has been revisited as set out in the Treasury Management and Investment Strategy 2019/20. The MRP strategy assumes a continued commitment to internal borrowing, commensurate with historic levels, to ensure longer-term investment in the authoritys assets.

8. Commercial activity and Partnerships

8.1. The Council has a policy of not investing in commercial activity solely for financial gain. All capital investments outside of treasury management activities are held explicitly for the purposes of operational services, including regeneration, and are monitored through existing control frameworks.

8.2. The Council has invested capital (purchased shares) in a limited number of companies and joint ventures, for example the Exeter Science Park, and the Skypark Development Partnership. Such investments are limited and undertaken only where the objectives are for the increased prosperity of the County of Devon.

8.3. The Council is party to two historic Private Finance Initiatives (PFI) and one Public Private Partnership (PPP). It is not expecting to enter into any new arrangements of this type in the medium term.

9. Knowledge, skills and professional advisors

9.1. The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that scheme.

9.2. The Council believes it has appropriately skilled staff to deliver the Capital Programme and individual Capital projects. Where specialist knowledge is required the Council will make use of external advisors.

10. Summary

The Capital Strategy ensures that the authority takes capital expenditure decisions in line with strategic and service objectives and properly considers the operational and service needs of the Council. This has been balanced with the need to produce a prudent, sustainable and affordable level of investment in the Councils assets, which the 2019/20 to 2023/24 Capital Programme aims to deliver.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers – Nil

Contact for Enquiries: Esther Thorpe

Tel No: (01392) 383457 Room 180

CT/19/07
Corporate Infrastructure & Regulatory Services Scrutiny Committee
29 January 2019

TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2019-20

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation: That the Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the Treasury Management and Investment Strategy.

1. Introduction

1.1 In February 2018, following the publication of a revised Code of Practice for Treasury Management by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Council adopted a revised Treasury Management Policy Statement together with a statement of its 'Treasury Management Practices' (TMPs). No changes are proposed to these policies for 2019/20.

1.2 The policy requires the Council to consider a treasury strategy report, setting out the strategy and plans to be followed in the coming year, as part of the budget process. The key changes to the strategy in comparison with 2018/19 are changes to the policy for Minimum Revenue Provision (MRP) for the repayment of debt, and the addition of short dated bond funds and multi-asset income funds to the Strategy. These changes are set out in the report.

2. Minimum Revenue Provision

2.1 In 2015/16 the authority changed from the 4% method of calculating MRP to the 'Asset Life: Equal Instalment method' which delivered significant revenue savings. MRP therefore, is currently calculated by dividing the existing debt over the estimated life of the asset on a straight-line basis. This means that each financial year the charge to the Council for existing debt is the same and does not change

2.2 The authority has the option, under existing regulations, to apply the 'Asset Life: Annuity Method' instead of the equal instalment or 'straight-line' method. The annuity method reflects the fact that an assets deterioration is slower in the early years of its life and accelerates towards the latter years. A comparison between MRP under the straight line method and the annuity method is shown at Appendix 1.

2.3 It is arguably the case that the annuity method provides a fairer charge than equal instalments, as it considers the time value of money; whereby paying £100 in 10 years' time is less of a burden than paying £100 today.

2.4 In order to calculate MRP under the Annuity method, an appropriate annuity rate needs to be selected. The percentage chosen corresponds with the Monetary Policy Committee's inflation target rate of 2.1%. MRP will increase by this percentage each year. By implementing this revised policy in 2018/19 the authority will deliver revenue savings of £3.925 millions, and a further £3.803 millions in 2019/20.

2.5 Switching from the Asset Life to Annuity method will have no impact on total amount debt set aside for the repayment of debt. MRP will still cover all existing debt repayments, including internal borrowing commitments.

2.6 Overall the total MRP to be set aside, and total debt repaid, will not alter. The revision in policy is a re-phasing; something akin to debt rescheduling.

3. Treasury Management and Investment Strategy

3.1 The Treasury Management and Investment Strategy is shown in draft at Appendix 2. It sets out the MRP policy, capital expenditure funding, prudential indicators, the current treasury position, debt and investments; prospects for interest rates; the borrowing strategy; and the investment strategy.

3.2 Since 2009 the Council has followed a policy of containing the capital programme, taking out no new external borrowing and repaying debt whenever this can be done without incurring a financial penalty. Capital expenditure new starts have been limited to those that were financed from sources other than external borrowing. To meet the need for capital expenditure, the highest priority schemes across the Authority are funded from corporate capital receipts over the capital programme timescale.

3.3 The ability of the Council to repay further debt will depend on the cost of repayment and the availability of cash to fund the repayment. Under their current policy the Public Works Loan Board (PWLB) sets premature repayment rates, and where the interest rate payable on a current loan is higher than the repayment rate, the PWLB imposes premium penalties for early repayment. Current interest rate forecasts suggest that it is extremely unlikely that gilt yields will rise sufficiently to cancel out the premiums in the medium term.

3.4 With the Council continuing to face significant budget pressures, officers have been looking at whether the Treasury Management Strategy can be enhanced to provide the opportunity to gain higher returns on the investment of the Council's cash balances. This also takes into account that the Council now has a higher level of cash balances than it has had over the last 5 years. As a result, the proposed strategy includes the ability for the Council to invest in short-dated bond funds and multi-asset income funds. Short dated bond funds will invest in high quality short dated government or corporate bonds. Multi-asset income funds will invest in a wider range of investments designed to produce an income yield. In both cases, the funds concerned will invest in tradable instruments where the capital value of the investment will fluctuate.

3.5 Higher yielding investments will inevitably mean that there is an increased risk of loss of capital. However, given that cash balances are at a higher level than previously forecast, it may make sense to invest a small proportion of the Council's cash in higher yielding investments. In addition, Parliament has provided a statutory override, such that any capital gains or losses will not need to be accounted for in the general fund until the investments are realised, or until March 2023, when the statutory override ends. These would need to be seen as longer term investments, and by looking at the longer term the risk of capital loss would be mitigated.

3.6 Before any investment is made in either short-dated bond funds or multi-asset income funds a rigorous process will be undertaken to identify which funds would best meet the Council's requirements. Any allocations would only then be made in full consultation with the Cabinet Member for Resources Management. Officers are also investigating other ways to make savings by better use of the Council's cash balances, and will report back on any further initiatives during the year.

3.7 Following the Bank of England's decision to increase the base rate to 0.75% in November, the target return for 2019/20 for deposits with banks and building societies has been increased from 0.55% to 0.75% as banks and building societies have started to increase their rates. The target rate for the CCLA Property Fund will remain at 4.50%. Should investments be agreed in the other non-specified investments identified in the strategy then the targeted yield from those funds would be 2.00% for short dated bond funds and 3.50% for multi-asset income funds.

4. Conclusion

4.1 The Treasury Management and Investment Strategy will be considered by Cabinet along with the draft budget for 2019/20 on 15 February, and will become part of the budget book to be approved by Council at its budget meeting on 21 February.

4.2 The Committee is invited to make observations on these proposals prior to their consideration by the Cabinet on 15 February.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers – Nil
Contact for Enquiries: Mark Gayler
Tel No: (01392) 383621 Room G97

Appendix 1 – MRP method comparison

Fin Year	Existing method Equal Instalment	Proposal 2.1% Annuity	Saving / (Cost)
2018/19	9,715,686	5,791,079	3,924,607
2019/20	9,715,686	5,912,691	3,802,995
2020/21	9,715,686	6,036,858	3,678,828
2021/22	9,715,686	6,163,632	3,552,054
2022/23	9,715,686	6,293,068	3,422,618
2023/24	9,715,686	6,425,223	3,290,463
2024/25	9,715,686	6,560,152	3,155,534
2025/26	9,715,686	6,697,916	3,017,771
2026/27	9,715,686	6,838,572	2,877,114
2027/28	9,715,686	6,982,182	2,733,504
2028/29	9,715,686	7,128,808	2,586,878
2029/30	9,715,686	7,278,513	2,437,174
2030/31	9,715,686	7,431,361	2,284,325
2031/32	9,715,686	7,587,420	2,128,266
2032/33	9,715,686	7,746,756	1,968,930
2033/34	9,715,686	7,909,438	1,806,248
2034/35	9,715,686	8,075,536	1,640,150
2035/36	9,715,686	8,245,122	1,470,564
2036/37	9,715,686	8,418,270	1,297,416
2037/38	9,715,686	8,595,053	1,120,633
2038/39	9,715,686	8,775,549	940,137
2039/40	9,715,686	8,959,836	755,850
2040/41	9,715,686	9,147,993	567,694
2041/42	9,715,686	9,340,100	375,586
2042/43	9,715,686	9,536,243	179,444
2043/44	9,715,686	9,736,504	(20,817)
2044/45	9,715,686	9,940,970	(225,284)
2045/46	9,715,686	10,149,731	(434,044)
2046/47	9,715,686	10,362,875	(647,189)
2047/48	9,715,686	10,580,495	(864,809)
2048/49	9,715,686	10,802,686	(1,087,000)
2049/50	9,715,686	11,029,542	(1,313,856)
2050/51	9,715,686	11,261,162	(1,545,476)
2051/52	9,715,686	11,497,647	(1,781,961)
2052/53	9,715,686	11,739,097	(2,023,411)
2053/54	9,715,686	11,985,619	(2,269,932)
2054/55	9,715,686	12,237,316	(2,521,630)
2055/56	9,715,686	12,494,300	(2,778,614)
2056/57	9,715,686	12,756,680	(3,040,994)
2057/58	9,715,686	13,024,571	(3,308,885)
2058/59	9,715,686	13,298,087	(3,582,401)
2059/60	9,715,686	13,577,347	(3,861,660)
2060/61	9,715,686	13,862,471	(4,146,785)
2061/62	9,715,686	14,153,583	(4,437,897)
2062/63	9,715,686	14,450,808	(4,735,122)
2063/64	9,715,686	14,754,275	(5,038,589)
2064/65	**9,715,686**	***15,064,115***	(5,348,429)
Future years	0	0	0
Total MRP	**456,637,250**	**456,637,250**	**0**

NOTE - a payment of £15,064,115 in 46 years time is roughly equivalent to paying £5,674,759 today

NOTE - a payment of £9,715,686 in 46 years time is roughly equivalent to paying £3,659,968 today

Appendix 2

Treasury Management Strategy 2019/20 – 2021/22 and Prudential Indicators 2019/20 - 2023/24

Introduction

The Treasury Management Strategy sets out the County Council's policies in relation to: the management of the Council's cashflows, its banking, money market and capital market transactions; borrowing and investment strategies; monitoring of the level of debt and funding of the capital programme. The Treasury Management Strategy should be read in conjunction with the Capital Strategy.

The County Council has adopted the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Services. A revised Code of Practice was published by CIPFA in December 2017, and a revised Treasury Management Policy Statement and a statement of 'Treasury Management Practices' (TMPs) were agreed by Council in February 2018. No changes are proposed to these policies for 2019/20.

The County Council is required to monitor its overall level of debt in line with the national code of practice drawn up by CIPFA. Part of this code requires consideration of a set of "prudential indicators" in order to form a judgement about the affordable, prudent and sustainable level of debt.

The prudential indicators, treasury management strategy and the annual investment strategy have been reviewed in line with the Capital Programme 2019/20 – 2023/24, and the Capital Strategy.

This Treasury Management Strategy document sets out:

- Minimum revenue provision;
- Capital expenditure funding;
- Prudential indicators on the impact of capital financing and monitoring of the level and make-up of debt;
- The current treasury position, debt and investments;
- Prospects for interest rates;
- The borrowing strategy; and
- The investment strategy.

Minimum Revenue Provision

Minimum Revenue Provision (MRP) is a charge to the authority's revenue account to make provision for the repayment of the authority's external debt and internal borrowing. The authority has a statutory obligation to charge to the revenue account an annual amount of MRP.

The authority's MRP strategy is to charge all elements based on the period of benefit of the capital investment i.e. over the life of the asset.

All supported capital expenditure and unsupported borrowing up to 1st April 2008 will be charged over the life of the assets, calculated using the Annuity method.

Any unsupported (internal) borrowing post 1 April 2008 (including Vehicle and Equipment Loans Pool), Capitalisation Direction and charges to other public sector bodies will be charged over the life of the asset, on a straight line basis. The annuity method will not be applied to projects financed from internal borrowing, as this source of financing is applied to a wider range of projects with differing lives. Therefore, the existing equal instalment method is a more appropriate method of calculating MRP.

We will not provide for MRP in circumstances where the relevant expenditure is intended to be financed from external contingent income, where it has not yet been received but where we conclude that it is more probable than not that the income will be collected, for example when forward funding S106 contributions.

Capital financing costs are also affected by PFI contracts and finance leases coming 'on Balance Sheet'. The MRP policy for PFI contracts will remain unchanged, with MRP being charged over the period of benefit of the capital investment i.e. over the life of the asset.

The main Prudential Indicator to measure the acceptable level of borrowing remains the ratio of financing costs to total revenue stream. The figures for MRP shown in table 6 reflect the adoption of this strategy.

Capital Expenditure

Table 1 shown below, summarises the Capital Programme and liabilities from capital projects that will appear on the balance sheet in future years. The Capital Programme has been tested for value for money via option appraisal and for prudence, affordability and sustainability by looking at the impact that the proposed Capital Programme has on the revenue budget and through the Prudential Indicators.

Table 1 – Capital Expenditure

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Total Capital programme	**110,899**	**103,224**	**101,642**	**97,145**	**68,531**
Funded by:					
Gross borrowing	6,111	11,401	6,126	3,179	1,500
Other capital resources	104,788	91,823	95,516	93,966	67,031
Total capital programme funding	**110,899**	**103,224**	**101,642**	**97,145**	**68,531**
Total capital expenditure	**110,899**	**103,224**	**101,642**	**97,145**	**68,531**

Prudential Indicators

Capital Financing Requirement

The Capital Financing Requirement represents the Council's underlying debt position. It shows the previous and future spend for capital purposes that has been or will be financed by borrowing or entering into other long term liabilities. The Capital Financing Requirement and debt limits will be higher than the Council's external debt, as they will be partly met by internal borrowing from the Council's internal cash resources. This reduces the cost of the required borrowing, but the Council also needs to ensure that a prudent level of cash is retained.

Appendix 2

The forecast Capital Finance Requirement for 2019/20 and the following four years are shown in table 2 below.

Table 2 – Capital Financing Requirement

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Underlying borrowing requirement	613,096	619,209	622,375	623,862	652,166
Other long-term liabilities	128,637	123,888	118,485	112,918	106,854
Capital financing requirement	**741,732**	**743,097**	**740,860**	**736,780**	**759,020**

Limits to Debt

The Authorised Limit represents the level at which the Council is able to borrow and enter into other long term liabilities. Additional borrowing beyond this level is prohibited unless the limit is revised by the Council. Table 3 details the recommended Authorised Limits for 2019/20 – 2023/24.

Table 3 – Authorised Limits

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Authorised limits for borrowing	648,096	654,209	657,375	658,862	687,166
Authorised limit for other long-term liabilities	128,637	123,888	118,485	112,918	106,854
Authorised limit for external debt	**776,732**	**778,097**	**775,859**	**771,780**	**794,020**

The Operational Boundary is based on the anticipated level of external debt needed during the year. Variations in cash flow may lead to occasional, short term breaches of the Operational Boundary that are acceptable. Sustained breaches would be an indication that there may be a danger of exceeding the Authorised Limits. Table 4 details the recommended Operational Boundaries for 2019/20 and following years.

Table 4 - Operational Limits

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Operational limits for borrowing	623,096	629,209	632,375	633,862	662,166
Operational limit for other long-term liabilities	128,637	123,888	118,485	112,918	106,854
Operational limit for external debt	**751,732**	**753,097**	**750,860**	**746,780**	**769,020**

The forecast opening balance for External Borrowing at 1 April 2019 is £507.85 million and remains unchanged at 31 March 2020.

The Council also needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement. Table 5 details the Capital Financing Requirement against the total gross debt plus other long term liabilities. The level of under borrowing reflects the use of internal borrowing from the Council's internal cash resources.

Table 5 – Underlying Borrowing Requirement to Gross Debt

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital financing requirement	741,732	743,097	740,860	736,780	759,020
Gross borrowing and other long-term liabilities	636,487	631,738	626,335	620,769	614,706
Under/ (over) borrowing	**105,246**	**111,360**	**114,525**	**116,011**	**144,314**

The debt management strategy and borrowing limits for the period 2019/20 to 2023/24 have been set to ensure that over the medium term net borrowing will only be for capital purposes.

Ratio of Financing Cost to Net Revenue Stream

Table 6 below shows the relationship between Capital Financing Costs and the Net Revenue Stream for 2019/20 and future years. Financing cost is affected by Minimum Revenue Provision (MRP), interest receivable and payable and reductions in other long term liabilities.

Table 6 – Ratio of Financing Costs to Net Revenue Stream

	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Minimum revenue provision	12,685	12,692	12,547	12,754	13,072
Interest payable	26,017	26,017	26,017	26,017	26,017
Recharges and other adjustments	(314)	(478)	(625)	(799)	(1,027)
Interest receivable	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
Capital financing cost (excluding other long-term liabilities)	36,788	36,631	36,339	36,372	36,462
Capital financing costs of other long-term liabilities	15,362	14,625	14,901	14,636	14,689
Capital financing costs including other long-term liabilities	52,150	51,256	51,240	51,007	51,151
Estimated net revenue stream	**501,949**	**524,271**	**530,725**	**543,552**	**543,552**
Ratio of financing costs (excluding other long term liabilities) to net revenue stream	**7.33%**	**6.99%**	**6.85%**	**6.69%**	**6.71%**
Ratio of financing costs (including other long-term liabilities) to net revenue stream	10.39%	9.78%	9.65%	9.38%	9.41%

Appendix 2

Treasury Management Prudential Indicators

Where external borrowing is required it can either be at fixed or variable rates of interest, and can be taken out for periods from a year to 50 years. The use of prudential indicators seeks to reduce the risks associated with fixed and variable interest rate loans and with borrowing for different loan periods.

Borrowing at fixed rates of interest for long periods can give the opportunity to lock into low rates and provide stability, but means that there is a risk of missing possible opportunities to borrow at even lower rates in the medium term. Variable rate borrowing can be advantageous when rates are falling, but also means that there is a risk of volatility and a vulnerability to unexpected rate rises.

Borrowing for short periods or having large amounts of debt maturing (and having to be re-borrowed) in one year increases the risk of being forced to borrow when rates are high.

The Council’s policy has been to borrow at fixed rates of interest when rates are considered attractive.

The proposed Prudential Indicators for 2018/19 and beyond are set out in Table 7 below:

Table 7 – Treasury Management Prudential Indicators

Prudential Indicators	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100	70
Limits on borrowing at variable interest rates	30	0
Percentage of Fixed Rate Debt maturing in:		
Under 12 months	20	0
12 Months to within 24 months	25	0
24 Months to within 5 Years	30	0
5 years and within 10 Years	35	0
10 years and within 20 years	45	0
20 years and within 35 years	60	0

The limits have been set taking into account the CIPFA Code of Practice which requires that the maturity date for LOBO (Lender Option Borrower Option) loans is assumed to be the next call date, rather than the total term of the loan. This will apply to the Council’s Money Market loans.

Monitoring the Indicators

It is important to monitor performance against forward looking indicators and the requirement that borrowing should only be for capital purposes. The total level of borrowing will be monitored daily against both the operational boundary and the authorised limit. If monitoring indicates that the authorised limit will be breached, a report will be brought to the Cabinet outlining what action would be necessary to prevent borrowing exceeding the limit and the impact on the revenue budget of breaching the limit. It will be for the Cabinet to make recommendations to the County Council to raise the limit if it is felt appropriate to do so.

The indicators for capital expenditure, capital financing requirement, capital financing costs and the treasury management indicators will be monitored monthly. Any significant variations against these indicators will be reported to the Cabinet.

Appendix 2

Analysis of Long Term Debt

The following Table 8 shows the County Council's fixed and variable rate debt as at 31 March 2018 and 31 December 2018 (current).

The interest rates shown do not include debt management costs or premiums/discounts on past debt rescheduling.

There has been no movement in the Council's external debt over the last financial year, as no new borrowing has been required and no further opportunities have arisen to repay debt.

Table 8 – Analysis of Long Term Debt

	Actual 31.03.18 £'m	Interest Rate %	Current 31.12.18 £'m	Interest Rate %
Fixed Rate Debt				
PWLB	436.35	4.99	436.35	4.99
Money Market	71.50	5.83	71.50	5.83
Variable Debt				
PWLB	0.00		0.00	
Money Market	0.00		0.00	
Total External Borrowing	**507.85**	**5.11**	**507.85**	**5.11**

Schedule of Investments

The following schedule shows the County Council's fixed and variable rate investments as at 31 March 2018 and as at 31 December 2018 (current).

Table 9 – Schedule of Investments

	Maturing in:	Actual 31.03.18* £'m	Interest Rate %	Current 31.12.18* £'m	Interest Rate %
Bank, Building Society and MMF Deposits					
Fixed Rates					
Term Deposits	< 365 days	107.50	0.73	137.50	0.96
	365 days & >	10.00	0.75	10.00	1.00
Callable Deposits					
Variable Rate					
Call Accounts		27.02	0.40	0.00	
Notice Accounts		5.00	1.05	12.50	1.01
Money Market Funds (MMFs)		30.00	0.46	22.45	0.75
Property Fund		10.00	4.42	10.00	4.25
All Investments		**189.52**	**0.84**	**192.45**	**1.06**

* The figures as at 31 March 2018 and 31 December 2018 include respectively around £12.8m and £11.6m related to the Growing Places Fund (GPF). Devon County Council has agreed to be the local accountable body for the GPF, which has been established by the Department for Communities and Local Government to enable the development of local funds to address infrastructure constraints, promoting economic growth and the delivery of jobs and houses. The Council is working in partnership with the Local Economic Partnership, and interest achieved on the GPF cash, based on the average rate achieved by the Council's investments, will accrue to the GPF and not to the County Council.

Appendix 2

The Council's cash balance available for investment varies during the year, with the balance building up during the first half of the financial year, and then tapering down towards the end of the financial year. It is now anticipated that the cash balances at 31st March 2019 will be lower than those at the start of the year.

The recent investment performance of the County Council's cash has been affected by the low interest rates introduced as part of the measures used to alleviate the global credit crunch. Interest rates have also been impacted by the introduction of new banking regulations requiring banks to hold higher levels of liquidity to act as a buffer.

The rates on offer increased marginally during 2018/19, following the Bank of England's decision to increase the base rate up to 0.75%, but continue to be low in comparison to the past, and the returns on the County Council's cash investments are forecast to remain at low levels for the foreseeable future; however, the Treasury Management Strategy will continue to ensure a prudent and secure approach.

Prospects for Interest Rates

Forecasting future interest rate movements even one year ahead is always difficult. The factors affecting interest rate movements are clearly outside the Council's control. Whilst short term rates are influenced by the Bank of England's Base Rate, long term rates are determined by other factors, e.g. the market in Gilts. Rates from overseas banks will be influenced by their national economic circumstances. The County Council retains an external advisor, Link Asset Services, who forecast future rates several years forward. Similar information is received from a number of other sources.

Following a flow of generally positive economic statistics after the quarter ended 30 June 2018, the Bank of England's Monetary Policy Committee (MPC) came to a decision on 2 August 2018 to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. At their November meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures.

Link Asset Services are forecasting that the overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently, with the market pricing in the next rise in base rate, up to 1.0% for around May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022. These forecasts are summarised in the following Table 10.

Appendix 2

Table 10 – Base Rate Forecasts and PWLB Rates

Base Rate Forecasts	Dec (act) 2018	March 2019	June 2019	Sep 2019	Dec 2019	March 2020
Link Asset Services	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%
Capital Economics	0.75%	0.75%	1.00%	1.25%	1.50%	1.50%

PWLB Rates	Dec (act) 2018	March 2019	June 2019	Sep 2019	Dec 2019	March 2020
Link Asset Services forecast						
10 Year	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%
25 Year	2.85%	2.90%	3.00%	3.10%	3.10%	3.20%
50 Year	2.58%	2.70%	2.80%	2.90%	2.90%	3.00%

However, these forecasts are based on a smooth transition for Brexit. The economic outlook will depend significantly on the nature of EU withdrawal, in particular the form of new trading arrangements, the smoothness of the transition to them and the responses of households, businesses and financial markets. The Bank of England has stated that its response to Brexit could be to shift policy in either direction. It could cut rates if it sees a disorderly Brexit damaging economic growth, but might be forced to hike rates if there is a run on the pound.

As a result, economic and interest rate forecasting remains difficult. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

When budgeting for interest payments and receipts a prudent approach has been adopted to ensure that, as far as is possible, both budgets will be achieved.

Borrowing Strategy 2019/20 – 2021/22

The overall aims of the Council’s borrowing strategy are to achieve:

- Borrowing at the lowest rates possible in the most appropriate periods;
- The minimum borrowing costs and expenses; and
- A reduction in the average interest rate of the debt portfolio.

Since 2009 the Council has followed a policy of containing the capital programme, taking out no new external borrowing and repaying debt whenever this can be done without incurring a financial penalty. This strategy has worked well in a period of austerity. The Council’s external borrowing level has reduced by £102m since 2008/09, resulting in reduced Capital Financing Charges.

Appendix 2

The capital programme continues to include new starts funded by grants or capital receipts but with no requirement for new external borrowing. There is no expectation that government funding will deviate from its current downward trajectory. The authority faces significant challenges in balancing its revenue budget in the coming years and it is therefore difficult to imagine how significant additional borrowing could be financed. As a result, the Medium Term Financial Strategy (MTFS) continues to assume that, over the three year period, no new long-term borrowing will be required, although this will be kept under review.

The potential to repay further debt, or refinance debt at lower rates, will continue to be closely monitored. The ability of the Council to repay further debt will depend on the cost of repayment and the availability of cash to fund the repayment.

The loans in the Council's current debt portfolio all have maturity dates beyond 2027. Under their current policy the Public Works Loan Board (PWLB) sets premature repayment rates, and where the interest rate payable on a current loan is higher than the repayment rate, the PWLB imposes premium penalties for early repayment. With current low rates of interest this would be a significant cost which would impair the benefit of repayment. Therefore, it will only make financial sense to repay debt early if the PWLB changes its current policy, or if interest rates rise and cancel out the repayment premiums. Current interest rate forecasts suggest that it is extremely unlikely that gilt yields will rise sufficiently to cancel out the premiums in the medium term.

It is forecast that as at 31 March 2019 the Council will have cash balances of around £160m. A prudent level of balances is required to meet cashflow. In addition, the cash balances will in part be made up of earmarked reserves and will therefore be committed to meeting Council expenditure. However, the level of cash balances would enable early repayments to be considered, should interest rates rise sufficiently to cancel out the premiums.

If short-term borrowing is required to aid cashflow, this will be targeted at an average rate of **0.6%**.

Investment Strategy 2019/20 – 2021/22

The County Council continues to adopt a very prudent approach to its investments. The majority of investments will be "Specified Investments" as defined by the Ministry of Housing, Communities and Local Government (MHCLG), For such investments, only a small number of selected UK banks and building societies, money market funds and Non-Eurozone overseas banks in highly rated countries are being used, subject to strict criteria and the prudent management of deposits with them. The lending policy is kept under constant review with reference to strict criteria for inclusion in the counterparty list. In addition, non-specified investments are included in the strategy, including the potential to invest in property funds, short-dated bond funds and multi-asset income funds.

The Treasury Management Strategy will continue to be set to ensure a prudent and secure approach.

The full County Council is required under the guidance in the CIPFA Treasury Management Code of Practice to approve an Annual Investment Strategy.

The overall aims of the Council's strategy continue to be to:

- Limit the risk to the loss of capital;
- Ensure that funds are always available to meet cash flow requirements;
- Maximise investment returns, consistent with the first two aims; and

- Review new investment instruments as they come to the Local Authority market, and to assess whether they could be a useful part of our investment process.

The overriding objective will be to invest prudently, with priority being given to security and liquidity before yield.

The outlook for cash investment remains challenging. Whereas in the past there has been a perception that Governments would not allow banks to fail, the current regulatory environment puts more emphasis on the requirement for investors to take a hit by funding a "bail-in". A bail-in is where the bank's creditors, including local authorities depositing money with them, bear some of the burden by having part of the debt they are owed written off. The balance of risk has therefore changed, and as a result the Council has considered alternative forms of investment in order to diversify its risk.

Under the Markets in Financial Instruments (MiFID II) directive, local authorities are now classed as retail clients by the Financial Conduct Authority (FCA). This has implications for the range of investments that are available to local authorities. While bank and building society deposits are unaffected by the new regulations, some banks have determined that they will only take term deposits from professional clients, and a range of alternative forms of investments are only available to professional clients. However, if the local authority meets criteria set by the FCA, then it can apply to the financial institutions with which it wishes to invest to request that the institution concerned "opts up" the local authority to elective professional client status. The Council has made applications and been opted up to elective professional client status where required.

Those counterparties who have confirmed that they will treat the Council as a professional client under the MiFID II regulations are set out in Table 11 below.

Table 11 – Counterparties that have "opted up" the Council to elective professional client status

Counterparty	Counterparty Type
Standard Chartered	UK Bank
Commomwealth Bank of Australia	Overseas Bank
CCLA	Property Fund
Aberdeen Standard	Money Market Fund
Insight	Money Market Fund

In addition, brokers Tradition and Tullett Prebon, and our treasury advisors, Link Asset Services, have opted up the Council to professional client status. The majority of bank and building society deposits are unaffected by the MiFID II regulations.

Subject to the MiFID II regulations, a variety of investment instruments are available to the Local Authority market. In addition to the notice accounts and fixed term deposits available from UK and overseas banks, it is also possible for the Council to invest, for example, in UK Government Gilts, bond funds and property funds. These alternative instruments would either require the Council to tie up its cash for significantly longer periods, thus reducing liquidity, or would carry a risk of loss of capital if markets go down. The Council has considered these alternatives and concluded that investment in a range of different funds should be permitted within the Treasury Management Strategy.

The Investment Strategy will be split between "Specified Investments", which meet criteria specified in guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), and a range of longer term "Non-specified Investments".

Appendix 2

Specified Investments

Specified Investments will be those that meet the criteria in the MHCLG Guidance, i.e. the investment:

- is sterling denominated;
- has a maximum maturity of 1 year;
- meets the "high credit quality" as determined by the Council or is made with the UK government or is made with a local authority in England, Wales Scotland or Northern Ireland or a parish or community council; and
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

Specified Investments will include bank and building society deposits. Security is achieved by the creation of an 'Approved List of Counterparties'. These are the banks, building societies, money market funds and other public bodies with whom we are prepared to deposit funds. In preparing the list, a number of criteria will be used not only to determine who is on the list, but also to set limits as to how much money can be placed with them, and how long that money can be placed for.

Banks are expected to have a high credit rating. The Council uses the ratings issued by all three of the major credit rating agencies, Fitch, Moody's and Standard & Poor's, made available to the Council through its external Treasury Advisors. These are monitored daily.

The lowest rating published by any of the agencies is used to decide whether an institution is eligible for inclusion. Where the counterparty is only rated by two of the major ratings agencies the lowest rating published by either of the two is used. This rating also determines the maximum amount which can be loaned to an individual counterparty. Non-Eurozone overseas banks that meet the criteria are included from countries with a high Sovereign rating.

The time length of all deposits with financial institutions will be managed prudently, taking account of the latest advice from the Council's external advisors.

Money Market Funds have a portfolio comprised of short-term (less than one year) securities representing high-quality, liquid debt and monetary instruments. Following the financial crisis these funds were seen as higher risk and were therefore not used by the Council. However, the new regulatory environment around the concept of "bail-in" means that many money market funds are now regarded as a more secure form of investment than bank deposits, as they diversify their investments across a range of financial institutions to spread the risk, and will therefore be used where appropriate.

Money market funds must have an 'AAA' rating to be included on the counterparty list. They may be CNAV (Constant Net Asset Value), LVNAV (Low Volatility Net Asset Value) or VNAV (Variable Net Asset Value). Yields and prices will be monitored on a daily basis to ensure that there is minimal risk of loss of capital.

Other public sector bodies are principally arms of Government, or other local authorities, and although not rated are deemed suitable counterparties because of their inherent low risk.

The 'Approved List of Counterparties' specifies individual institutions and is formally reviewed at least monthly. Notification of credit rating downgrades (or other market intelligence) is acted upon immediately, resulting in any further lending being suspended.

Table 12 below summarises the current 'Approved List' criteria.

Appendix 2

Table 12 – Specified Investments Counterparty Approved List Criteria

Counterparty Type		Fitch	Moody's	Standard & Poor's	Credit Limit
UK Banks					
	not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
	not below	A- & F1	A3 & P-1	A- & A-1	£30 million
UK Building Societies					
	not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
	not below	A- & F1	A3 & P-1	A- & A-1	£30 million
Non-Eurozone Overseas Banks					
	Sovereign Rating of	AAA	Aaa	AAA	
	and not below	AA- & F1+	Aa3 & P-1	AA- & A-1+	£50 million
	and not below	A- & F1	A3 & P-1	A- & A-1	£30 million
UK Public Bodies					
Central Government					
	– Debt Management Office				Unlimited
Local Government					
	– County Councils				£10 million
	– Metropolitan Authorities				£10 million
	– London Boroughs				£10 million
	– English Unitaries				£10 million
	– Scottish Authorities				£10 million
	– English Districts				£5 million
	– Welsh Authorities				£5 million
Fire & Police Authorities					£5 million
Money Market Funds		AAA	Aaa	AAA	£30 million

Where the short term rating of a counterparty is one notch below the stated criteria, but the counterparty meets the long term rating criteria, they may still be used subject to the advice of our external advisors (Link Asset Services) who will take into account a range of other metrics in arriving at their advice.

The counterparty limits shown in the table also apply at a banking group level. This ensures that the Council is not exposed to the risk of having maximum sums invested in multiple institutions owned by a group that encounters financial difficulties.

The credit ratings shown in the table for banks and building societies allow for greater sensitivity in recognising counterparty risk. Liquidity in investments is the second key factor in determining our strategy. Funds may be earmarked for specific purposes or may be general balances, and this will be a consideration in determining the period over which the investment will be made.

The Council has a self-imposed limit of ensuring that at least 15% of deposits will be realisable within one month.

Appendix 2

The Council will look to invest in specified investments for a range of durations up to one year to ensure sufficient liquidity for cashflow purposes. Our treasury advisors, Link Asset Services, provide advice on the recommended maximum length of deposit for each of the counterparties that the Council uses, and their recommendations will be taken into account when determining the length of time that any deposit is placed for.

Non-Specified Investments

Non-specified investments are those that do not meet the criteria described above, but are intended to be a longer term investment, generating a higher yield, but with a slightly higher degree of risk.

The limit on non-specified investments will be set at no more than 25% of the total treasury investments at any time or £40m whichever is the lower.

The Council has previously decided that investment in a commercial property fund would be a prudent way to diversify risk and achieve a higher yield, as it would benefit from forecast growth in GDP. The CCLA Property Fund is therefore included as an approved counterparty, and an initial investment of £10 million was made in 2015.

In addition, short-dated bond funds and multi-asset income funds may be used. Short dated bond funds will invest in high quality short dated government or corporate bonds. Multi-asset income funds will invest in a wider range of investments designed to produce a higher income yield, but will have a higher level of risk. In both cases, funds will be targeted where the total return is likely to be higher than the income yield, to reduce the risk of capital loss should the investment need to be realised.

The Council will only use funds that are subject to a statutory override to IFRS9. Under the IFRS9 accounting standard unrealised gains and losses arising from funds previously measured as Available for Sale will now be classified as Fair Value through Profit and Loss and taken to the Comprehensive Income and Expenditure Account in the year they arise. As a result, any capital loss would impact on the yield gained from the investment.

However, Parliament has put in a statutory override for investments that fall under the following definitions:

- A money market fund;
- A collective investment scheme as defined in section 235 (1) of the Financial Services and Markets Act 2000;
- An investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local authority schemes)

The regulation (override) makes it clear that the revenue account should not be charged in respect of that fair value gain or loss and instead that amount should be charged to an account established, charged and used solely for the purpose of recognising fair value gains and losses in accordance with this regulation. The statutory override applies from 1st April 2018 to 31st March 2023. This reduces the risk to the Council of capital losses impacting on investment income, as any capital loss would only impact on the Council at the point that the investment is realised, or after the statutory override ends in March 2023. However, the risk of loss of capital at those points needs to be recognised, and these investments should be seen as longer-term investments.

Non-specified investments can also include bank and building society deposits of over a year, in line with the criteria set out in the section on Specified Investments.

Table 13 below summarises the 'Approved List' criteria for non-specified investments.

Appendix 2

Table 13 – Non-Specified Investments Counterparty Approved List Criteria

Counterparty Type	Credit Limit
CCLA Property Fund	£30 million
Short-dated bond funds	£20 million
Multi-asset income funds	£20 million
Bank and Building Society Deposits over 1 year (meeting credit rating criteria as per Specified Investments)	£30 million

Where a bank or building society is considered for an investment of over one year, the credit limit will be applied to the total investments with that institution, including specified and non-specified investments, i.e. deposits above and below one year.

Interest Rate Targets

For the 2019/20 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be **0.75%** p.a. The target rate takes into account the November 2018 increase in the Bank of England base rate, which has resulted in increased rates being available compared to those available before the increase.

The yield from investment in the CCLA Property Fund is assumed to be **4.50%**. Further analysis will be required to identify short-dated bond funds and multi-asset income funds that would meet the Council's requirements. The targeted yield from those funds would be **2.00%** for short dated bond funds and **3.50%** for multi-asset income funds. Currently these are not factored into the budget for investment income.

The targets we have set for 2019/20 are considered to be achievable.

Given the degree of uncertainty about future economic prospects and the future level of interest rates, MTFS forecasts have been based on the average rates for lending to banks and building societies continuing to be 0.75% for 2020/21 and 2021/22. However, these will be reviewed in the light of changes to the rates on offer from the Council's counterparties over the MTFS period.

Investments that are not part of treasury management

The revised Treasury Management Code also requires the authority to report on investments in financial assets and property that are not part of treasury management activity, but where those investments are made primarily to achieve a financial return.

The Council does not currently have a policy of making commercial investments outside of its treasury management activity for mainly financial reasons. All capital investments outside of treasury management activities are held explicitly for the purposes of operational services, including regeneration, and are monitored through existing control frameworks.

Appendix 2

The Authority does not generally invest in equity shares but does have two £1 shares in NPS (SW) Ltd, valued at £247,000 and an equity investment in Exeter Science Park Ltd to £1.881 million. At 31 March 2018 these shares were recognised in the balance sheet at £2.128 million. However, these are not held as financial investments, but for the purposes of providing operational services, including economic regeneration.

Performance Targets

The primary targets of the Treasury Management Strategy are to minimise interest payments and maximise interest receipts over the long term whilst achieving annual budgets, without taking undue risk. Where there are comparative statistics available for individual aspects of the Strategy these will be used to monitor performance. The Council will continue to review best practice at other authorities and work with its treasury advisors (Link Asset Services) to assess performance.

HIW/19/6

Corporate, Infrastructure and Regulatory Services Scrutiny Committee
29 January 2019

Transport & Engineering Professional Services - Delivery Model Review

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

1. Background

The current Transport & Engineering Professional Services (TEPS) contract between Devon County Council and the private sector consultant Jacobs UK will end on March 31st, 2020. This report is a summary of the review process undertaken to establish the most appropriate future delivery model beyond 2020. The detailed report is at Appendix 1.

2. Introduction

Devon County Council (DCC) currently has an internal engineering services delivery group known as the Engineering Design Group (EDG) who are responsible for the design, project management, procurement, supervision and contract management associated with the delivery of infrastructure schemes across the authority. Such projects are primarily funded from DCC's Capital Programme although revenue schemes are also undertaken.

Since 2001, the EDG has had a Transport and Engineering Consultancy Services (TECS) contract in place which allows it to manage the fluctuating workload resulting from a varying capital programme and to provide specialist services which are not available in-house.

The current contract with Jacobs Engineering commenced in 2010 and was initially for a 5-year period, with the option to extend incrementally until 2020 subject to satisfactory performance. The contract with Jacobs has now been extended to its maximum and is currently due to expire on 31 March 2020.

3. Delivery Model Review

A project was initiated to consider the different delivery models that are available across the UK for the provision of TEPS and to recommend a preferred model for DCC.

The delivery model objectives should reflect the key operating principles of the EDG which, in the 2017/18 Business Management Plan, are identified as:

- **Agility and flexibility** to meet changing needs;
- Delivering **value for money** in programme and project management, design and contract supervision;
- **Understanding, and helping deliver DCC's strategies**, and achieving **high customer satisfaction** levels;
- **Managing DCC's exposure to the risks** associated with changing staff resource requirements and funding changes

Additionally, the retaining of internal intelligence especially when making value for money procurement decisions and the importance of the two following objectives were identified internally in discussions with the two principal users of the contract from Highways, Infrastructure Development and Waste (HIDW) and Communities, Public Health, Environment and Prosperity (CoPHEP).

- To provide a stable platform to enable the recruitment, retention, training and development of staff;
- To create an environment which effectively identifies and manages project risks.

To identify a preferred delivery model, the following approach was adopted:

a) Identify the objectives that the preferred delivery model should seek to achieve;

b) Identify a broad range of delivery model options;

c) Undertake an initial ‘sift’ of delivery model options to create a shortlist for further evaluation – this is explained in depth in the background paper (Appendix 1);

d) Undertake market engagement with other Local Authorities, who have similar delivery requirements;

e) Undertake engagement with the supplier market;

f) Evaluate shortlisted delivery model options in terms of strategic alignment, quality, needs, income opportunity/business growth, setup and operation costs, overall sustainability and resilience;

g) Recommend a preferred delivery model for DCC;

h) Consider whether there is any benefit within Devon, or more widely, to commission or undertake services with partner organisations.

4. Delivery model options appraisal

There are various delivery model options open to the Council. These include common industry approaches and part of the review was to assess the relative merits of each, in relation to the Council’s likely future needs.

The following delivery models were examples that were considered, in no order of preference:

1 Full in-house service delivery

2A In-house team with single top-up consultant

2B In-house team with several top-up consultants

3A Local Authority Trading Company (LATC)

3B Public-Public Joint Venture (JV)

4 Public-Private Joint Venture (JV)

5A Fully externalised service with single external consultant

5B Fully externalised service with several external consultants.

For more detail on the delivery models see section 5 of Appendix 1. Following the initial sift analysis the following models were taken forward for additional appraisal:

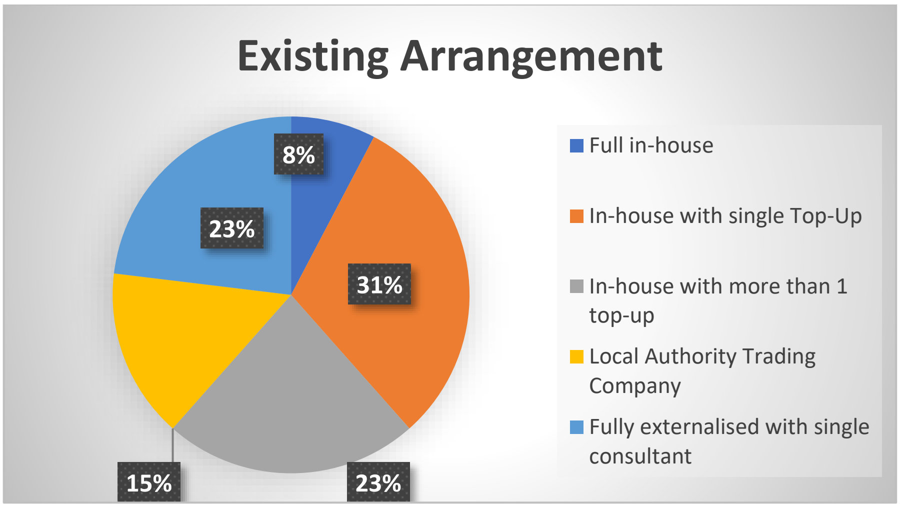
2A and 2B In-house team with top-up consultant(s)

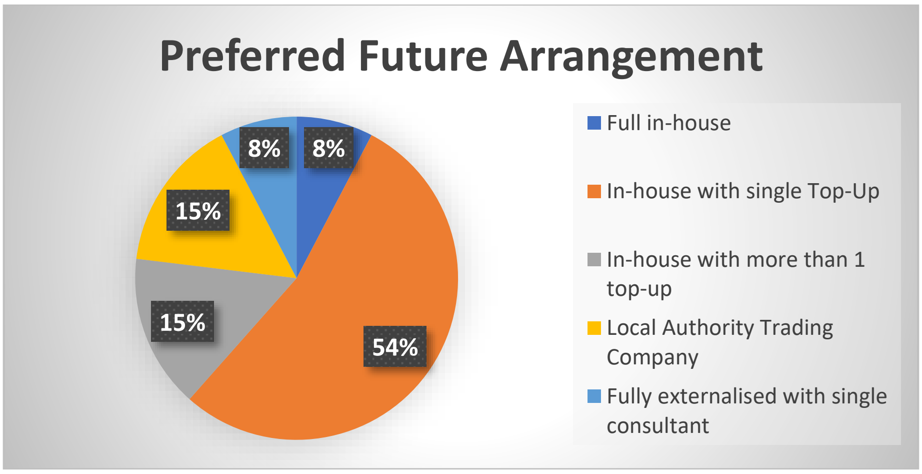
Full details of the reasons for the reasoning behind the sift is found at Section 6 of Appendix 1. Option 1 Full in-house service delivery whilst aligning well with many of the delivery model objectives was discounted - full detail of the reasoning can be found in section 8.3 of the background paper (Appendix 1), but in summary, there were concerns whether this gave the amount of flexibility required to deal with fluctuating workloads.

5. Consultation

5.1 Other Local Authorities

A survey questionnaire was sent to 16 large councils across the UK with 59% responding. The two tables below show the current models being used and the future 'preferred' models:





5.2 Supply chain

A total of 14 supplier organisations provided feedback, either through face-to-face meetings or in response to an electronic survey. The questions were wide ranging from the simple, "are you interested?", to the more detailed regarding TUPE. The feedback is at Section 10.2 of Appendix 1.

8 suppliers felt that DCC's needs would be best served by delivery model 2A whilst 5 suppliers favoured delivery model 2B. It was unclear which option was favoured by one of the suppliers.

5.3 Internal to DCC

Internally within DCC, colleagues from COPHEP, legal services and procurement have assisted in carrying out and advising the review.

6. Proposed Delivery Model

In view of the above considerations, it is proposed that DCC adopt Delivery Model 2A (internal team with single top up consultant) rather than Delivery Model 2B (internal team with several top up consultants) for the following reasons:

- It has the best alignment with the delivery model objectives;
- The majority of other local authorities favour this delivery model;
- The supplier market feel that it would best serve DCC's needs;
- It has played a key role in successfully delivering DCC's significant infrastructure programme since its inception in 2001;
- If the incumbent supplier were to be unsuccessful with their tender, it would potentially allow their staff who have been engaged on DCC projects to TUPE to the new supplier – bringing with them an inherent knowledge of DCC.

It would be helpful for the Corporate, Infrastructure and Regulatory Services Scrutiny Committee to consider and support the proposal of adopting an internal team with top up consultant as the preferred model for delivery of the transportation and civil engineering design services from 2020 onwards.

Meg Booth
Chief Officer for Highways, Infrastructure Development and Waste

Electoral Divisions: All

Cabinet Member for Infrastructure Development and Waste: Councillor Andrea Davis
Cabinet Member for Highway Management: Councillor Stuart Hughes

Local Government Act 1972: List of Background Papers

Contact for enquiries: Kevin Dentith

Room No. Matford Offices, County Hall, Exeter. EX2 4QD

Tel No: 01392) 383000

Background Paper	Date	File Reference
Nil		

kd121118cirssc Transport & Engineering Professional Services - Delivery Model Review
hk 08 170119

Appendix 1
To HIW/19/6

Transport & Engineering Professional Services (TEPS) Beyond 2020

Delivery Model Review for Committee

Devon County Council
Engineering Design Group
Matford Lane Offices
County Hall
Topsham Road
Exeter
Devon
EX2 4QD

Document Control Sheet

Document Reference:	ENVEDGZ18001-DOC-003

Rev	Date	Purpose	Author(s)	Project Sponsor Authorisation
0	13/12/2018	Appendix to committee reports.	J Stanley except for Local Authority Feedback (K Dentith) & Market Engagement (M Sullivan).	K Dentith
1				

Contents

1 Background

1.1.1 Devon County Council (DCC) currently have an internal Engineering Design Group (EDG) who are responsible for the design, project management, procurement, supervision and contract management associated with the delivery of infrastructure schemes across the authority. Such projects are primarily funded from DCC's Capital Programme although revenue schemes are also undertaken.

1.1.2 Since 2001, the EDG has had a Transport and Engineering Consultancy Services (TECS) contract in place which allows it to manage the fluctuating workload resulting from a varying capital programme and to provide specialist services which are not available in-house.

1.1.3 The current contract with Jacobs Engineering commenced in 2010 and was initially for a 5-year period, with the option to extend incrementally until 2020 subject to satisfactory performance. The contract with Jacobs has now been extended to its maximum and is currently due to expire on 31 March 2020.

1.1.4 The initial TECS contract for the period 2001 to 2010 was with Parsons Brinckerhoff who were taken over by WSP in 2014. Since 2010, a diminishing volume of work has been allocated to WSP, initially through a residual services contract and more recently through a collaboration agreement with Somerset County Council.

1.1.5 Over this period, the EDG and its private sector partners have worked together to commission a substantial value of infrastructure works as summarised in the table below. This data has been obtained using PPlan reports of Finest year to date.

Financial Year	Commissioned Works (£k)
2002/03	4,896
2003/04	11,755
2004/05	24,375
2005/06	34,279
2006/07	24,218
2007/08	16,735
2008/09	17,836
2009/10	15,004
2010/11	24,412
2011/12	16,787
2012/13	26,763
2013/14	53,627
2014/15	40,446
2015/16	31,859
2016/17	29,630
2017/18	22,596

Table 1: Value of Works Commissioned by EDG and PSP

2 Introduction

2.1.1 This report has been prepared in order to consider the different delivery models that are available for the provision of Transport and Engineering Professional Services (TEPS) and to recommend a preferred model for Devon County Council.

2.1.2 Whilst the intention of this report is to recommend a preferred delivery model, it will be for the Highways, Infrastructure Development & Waste (HIDW) Senior Management team to make recommendations to Cabinet, and for Cabinet to consider these recommendations.

2.1.3 In order to identify a preferred delivery model, the following approach shall be adopted:

a) Identify the objectives that the preferred delivery model should seek to achieve;

b) Identify a broad range of delivery model options;

c) Undertake an initial 'sift' of delivery model options, giving consideration to alignment with delivery model objectives, in order to create a shortlist for further evaluation;

d) Undertake market engagement with other Local Authorities, who have similar delivery requirements, and with the supplier market;

e) Evaluate shortlisted delivery model options in terms of strategic alignment, quality, needs, income opportunity/business growth, setup and operation costs, overall sustainability and resilience;

f) Recommend a preferred delivery model for DCC;

g) Consider whether there is any benefit within Devon, or more widely, to commission or undertake services with partner organisations;

3 Infrastructure Programme

Introduction

3.1.1 DCC's Capital Programme has become increasingly reliant upon the availability of external funding and will therefore be largely dependent upon the priorities of government departments.

3.1.2 The future infrastructure programme is therefore uncertain but is expected to grow and evolve with the passage of time. This statement is supported by the government's funding announcements that have been made since DCC's budget book was prepared in January 2018.

3.1.3 At the time of writing, the future programme can be understood by considering DCC's confirmed Medium Term Capital Programme and subsequently announced funding together with the County Council's longer-term aspirations as set out in the Transport Infrastructure Plan to 2030.

Medium Term Capital Programme (MTCP)

3.1.4 Devon County Council's Medium-Term Capital Programme was reported to the January 2019 Scrutiny Committee.

3.1.5 A number of schemes identified within the MTCP could require transport and engineering professional services, particularly those identified under the following service areas:

- Planning, Transportation & Environment (PT&E) and
- Highways, Infrastructure Development & Waste (HIDW).

Housing Infrastructure Fund

3.1.6 Additionally, in February 2018, the Ministry of Housing, Communities & Local Government announced the allocation of £44.7m Housing Infrastructure Funding (Marginal Viability Funding) towards schemes in Devon. Although this funding will be allocated to the Lower Tier Authorities it is expected that the County Council, as the Highway Authority, will play a key role in delivering a number of these schemes.

3.1.7 A further £2.3b is available nationally through the Housing Infrastructure Fund (Forward Fund) with an announcement expected early 2019. This fund is available until 31 March 2021 and shall be awarded directly to Uppermost Tier Local Authorities such as DCC.

3.1.8 More specifically, DCC submitted an Expression of Interest to the Ministry of Housing, Communities and Local Government (MCHLG) for a package of infrastructure developments totalling approximately £45m to the south west of Exeter. This was approved by the MHCLG in March 2018 and DCC have since submitted a full bid totalling £55m for these proposals.

Transport Infrastructure Plan (to 2030)

3.1.9 DCC has also developed a Transport Infrastructure Plan which sets out its aspirations to 2030, a copy of which is available in Appendix A.

3.1.10 This plan supports the Local Transport Plan and outlines a wide range of major infrastructure schemes across the County which have been identified primarily to facilitate economic and residential growth.

4 Delivery Model Objectives

4.1.1 The delivery model objectives should reflect the key operating principles of the Engineering Design Group which, in the 2017/18 Business Management Plan, are identified as:

- Agility and flexibility to meet changing needs;
- Delivering value for money in programme and project management, design and contract supervision;
- Understanding, and helping deliver DCC's strategies, and achieving high customer satisfaction levels;
- Managing DCC's exposure to the risks associated with changing staff resource requirements and funding changes.

4.1.2 The suitability of these operating principles were discussed with Senior User, Dave Black (Head of Planning, Transportation & Environment), on 30 May 2018 and the following additions were agreed:

- To provide a stable platform to enable the recruitment, retention, training and development of staff;
- To create an environment which effectively identifies and manages project risks;

4.1.3 These operating principles have also been discussed with the Senior User from the Highway Management Service, Joe Deasy, who agreed to these principles whilst emphasising the importance of retaining internal intelligence especially when making value for money procurement decisions.

4.1.4 These delivery model objectives are considered to be aligned with DCC's Operating Model, which encourages commissioning whilst recognising the importance of being flexible, responsive and building a strong base of commercial knowledge (i.e. intelligent client).

5 Delivery Model Options

5.1.1 The following table outlines a range of different delivery models that could be adopted for the provision of transport and engineering professional services.

Option	Description	Internal Provision	External Provision	Example
1	**Full in-house service delivery.**	Full in-house service delivery.	None, other than occasional ad-hoc commissions.	Devon Property, prior to externalisation in April 2007. EDG prior to TECS contract in 2001.
2A	**In-house team with single top-up consultant.**	In-house consultancy & client.	Single consultant providing top-up and specialist services.	This is the Engineering Design Group's current operating model.
2B	**In-house team with several top-up consultants**	In-house consultancy & client.	Consultancy framework providing top-up and specialist services.	Lancashire County Council.
3A	**Local Authority Trading Company (LATC)**	None, other than Client function.	Local authority owned company, potentially allocated work under regulation 12 of the Public Contracts Regulations (PCR) 2015.	Cormac (for Cornwall Council).
3B	**Public-Public Joint Venture (JV)**	None, other than Client function.	Consultancy works undertaken by external JV company who are under the shared ownership of DCC and another public-sector organisation. JV company would be awarded works under regulation 12 of PCR2015.	NPS South-West. Via East Midlands.

Option	**Description**	Internal Provision	External Provision	Example
4	**Public-Private Joint Venture (JV)**	None, other than Client function.	Consultancy works undertaken by external JV company who are under the shared ownership of DCC and a private sector organisation.	Babcock LDP – range of services for DCC Education & Learning.
5A	**Fully externalised service with single external consultant.**	None, other than Client function.	Single external supplier providing a fully externalised service.	Atkins for Swindon Borough Council & Jacobs for Worcestershire CC.
5B	**Fully externalised service with several external consultants.**	None, other than Client function.	Consultancy framework providing a fully externalised service.	Transport for Greater Manchester (TfGM) consultancy framework 2016-2020.

Table 2: Delivery Model Options

6 Initial Sift of Delivery Model Options

6.1 Option 1 - Full In-House Service Delivery

6.1.1 In order to successfully deliver the capital programme through a fully in-house service DCC's current staffing levels would need to be significantly increased.

6.1.2 It is likely that a number of staff employed by DCC's current private sector partner would be eligible to transfer to DCC under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

6.1.3 Depending upon the number of TUPE transfers and future workload, it is likely that an initial recruitment exercise would also need to be undertaken and this would need to be funded from revenue budgets.

6.1.4 In theory this delivery model could offer good value for money, as it would be non-profit making, although this would be difficult to benchmark without the presence of a private sector comparator.

6.1.5 A fully internal team could develop a deep understanding of DCC's strategies, policies and priorities and would offer DCC greatest control over the allocation and prioritisation of resources.

6.1.6 However the lack of any 'reach-back', that could be offered by large private sector organisations, would significantly reduce DCC's agility and flexibility. This would compromise DCC's ability to cope with peaks in the infrastructure programme and would make the procurement of ad-hoc specialist services more cumbersome.

6.1.7 Adopting this model would also require DCC to significantly increase internal resources which, in the event of a downturn in workload, could leave DCC with employment liabilities. In theory, this risk could be mitigated through the use of short term employment contracts and/or agency workers, however, the offer of such contracts could serve to deter potential applicants.

6.1.8 In view of the inherent inflexibility and employment complexities outlined above, it is recommended that this delivery model be discounted from further evaluation.

6.2 Option 2A – In-House Team with Top Up Consultant

6.2.1 Since 2001/02 Devon County Council has adopted delivery model 2A which consists of a strong internal team with a single 'top-up' professional services partner.

6.2.2 During this time a significant programme of construction works have been delivered including most notably the South Devon Link Road, Barnstaple Western Bypass and Crediton Link Road along with a host of infrastructure developments to the East of Exeter.

6.2.3 Comparative data suggests that, when compared with the private sector partner, the internal team generally delivers projects more cost effectively and with greater levels of client satisfaction.

6.2.4 Procurement of a 'top-up' service provider, who has significant reach-back ability and access to specialist services, provides Devon County Council with the flexibility and agility needed to successfully deliver a fluctuating programme of works.

6.2.5 The presence of both internal and external teams drives efficiency through comparative performance monitoring whilst also encouraging continual improvement by allowing each party to learn from one another. Appendix B includes the latest Key Performance Indicators (KPI) report for projects delivered across the partnership during 2017/18.

6.2.6 The internal team provides a strong understanding of DCC's strategies, policies and priorities and the presence of a 'top-up' consultant helps to minimise the County Council's employment liabilities in the event of a reduction to the infrastructure programme.

6.2.7 The current contract has been in operation for 10 years during which the 'top-up' service provider has developed an understanding of DCC's direction of travel. The contract length has also provided a stable platform for both the internal and external teams to recruit, train and develop professional staff. This is likely to be one of the reasons behind the general upward trend in KPI scores throughout the duration of the partnership.

6.2.8 If there was a change to the incumbent private sector partner all HR legislation, including the TUPE Regulations 2006, would need to be adhered to.

6.2.9 For the reasons outlined above it is recommended that this delivery model be <u>shortlisted</u> for further evaluation.

6.3 Option 2B – In-House Team with Top Up Consultants (i.e. framework)

6.3.1 In high level terms this delivery model would be similar to option 2A albeit with multiple private sector service providers.

6.3.2 A procurement exercise would need to be undertaken to procure a framework of service providers. Unless there are exceptional and justifiable circumstances, Regulation 33 (3) of the Public Contracts Regulations 2015 limits the maximum duration of a framework arrangement to 4 years.

6.3.3 This relatively short duration would make it difficult for the private sector providers to recruit, train and develop staff for DCC. Furthermore, when combined with a reduced proportion of the work, the contract duration would present a barrier to the service providers from fully understanding DCC's needs, policies and strategies. These considerations would likely result in reduced client satisfaction and a concomitant erosion of KPI scores.

6.3.4 The procurement documents would need to set out a clear and transparent procedure for awarding call-offs that would adhere with the Public Contracts Regulations 2015. Three approaches could be used:

(1) Direct Award;

(2) Mini-Competition;

(3) A combination of the above.

6.3.5 For a direct award, the terms of the framework must set out all of the terms governing the provision of the works and the objective conditions for determining which framework supplier will be awarded the work must be clearly set out in the procurement documents. This must be precise and would require a lot of forward planning in order to remain compliant during the life of the agreement.

6.3.6 In practical terms there would be several ways to undertake direct awards. Direct awards on a rotational basis are not considered appropriate as this approach would not demonstrate value for money or be a fair objective criteria. Alternatively, direct awards could be undertaken using a ranked system, with the highest ranked supplier being given first refusal of the work, and then the second highest ranked supplier and so on and so forth.

6.3.7 Direct Awards would need to be done in a method that allows for the successful candidate to be identified using the published objective criteria. It is not about whether other suppliers can or cannot meet the requirements and does not allow for self-selection based on subjective opinion and knowledge.

6.3.8 Direct Award from framework agreements are considered most suited to simple commoditised products rather than complex services as are being considered here.

6.3.9 The mini-competition approach would reduce DCC's agility as the formation of the invitation to mini-compete, preparation and submission of the mini-competition bids and their evaluation would be required for each call-off before the professional services could be awarded. This would increase the consultant's overheads which would need to be recovered through their successful tenders. The mini-competition process would also require greater DCC resources in order to organise, manage and evaluate the mini-competitions whilst also recording each call-off in Contracts Finder.

6.3.10 It is also recognised that the mini-competition approach may not always result in good value. Framework providers could be selective about which projects they bid for and thus a competitive value for money exercise may not always be achieved.

6.3.11 Lump sum payments may also increase the risk of quality issues, particularly if the tendered price is later found to be unsustainable. This risk can be considerably reduced where payment is made on the basis of time charge as the suppliers do not have to take the risk on the duration of the professional services. Conversely, payment on a time charge basis could equate to higher costs as all work would be charged.

6.3.12 The lump sum payment mechanism would also increase demands upon each Project Sponsor as each brief would need to be well developed for pricing purposes and any changes to this evaluated in accordance with the contract (NEC Compensation Events). This approach could potentially lead to an adversarial relationship that would be detrimental to partnership working and continuous improvement.

6.3.13 In view of framework duration limitations and operational issues associated with this delivery model, it is recommended that this delivery model option be discounted from further evaluation.

6.4 Option 3A & 3B – Local Authority Trading Company/Public-Public Joint Venture Company

Background

6.4.1 In order to establish a company, DCC would need to rely on s4 of the Localism Act 2011 or s93 of the Local Government Act 2003. In either case, DCC would need to prepare a detailed business case to ensure that the company would be viable.

6.4.2 The business case would need to consider practical issues including staffing, accommodation, ICT, intellectual property and branding. The complexity in establishing this delivery model would almost certainly require specialist legal support which would need to be budgeted for in the business case.

6.4.3 Staff currently involved in the delivery of the county council's professional services would most likely be eligible to TUPE to the company and a Local Government Pension Scheme (LGPS) admissions agreement would be required to protect the pensions of transferred DCC employees. Such agreements allow scheme members who are TUPE transferred from their local government employment, to remain in the Local Government Pension Scheme (LGPS) for so long as they are employed in connection with the delivery of the outsourced service.

6.4.4 The differences between a jointly controlled company (public-public joint venture) and a company wholly owned by DCC are, in high level terms, minimal. However, the establishment of a jointly owned company would be more complex and would require close co-ordination, trust and alignment between the partners which would need to be secured through a Shareholder's Agreement. This would set out how risks and rewards are shared between the partners.

6.4.5 State aid is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade[1].

6.4.6 State Aid is generally not permissible in the EU and it would therefore be essential that the company was not given any advantage over its private sector competitors. This would mean that the company's public-sector owners must recover the costs of any support provided at market rates (e.g. accommodation, equipment, staff, overheads, support services etc) through transparent invoicing systems such that the independence of the company can be demonstrated.

6.4.7 In practical terms, this would increase the financial and administrative overheads associated with business operations and/or require the organisation to operate at arms-length from DCC with its own support services (IT, facilities management, HR, administration, legal etc).

6.4.8 The company would be subject to Companies House filing requirements. In terms of tax, the company would be subject to corporation tax on its trading profits and would be subject to less generous V.A.T. rules than are available to local authorities.

Procurement

6.4.9 Regulation 12 of the Public Contracts Regulations 2015 allows public-sector contracting authorities such as DCC to award contracts directly to other organisations provided that the following three conditions are met:

[1] https://www.gov.uk/guidance/state-aid

- the contracting authority exercises over the legal person concerned a control which is similar to that which it exercises over its own departments;
- more than 80% of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority or by other legal persons controlled by that contracting authority; and
- there is no direct private capital participation in the controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled legal person.

6.4.10 Such an organisation may be owned by one or more public sector entities.

6.4.11 For procurement purposes, the company would be classed as a ‘contracting authority’ and be subject to all of the same public procurement rules as DCC.

Evaluation

6.4.12 When comparing this option against options 1, 2A or 2B, the additional set-up costs, operating costs, tax and State Aid considerations need to be considered against the potential benefit of being able to trade with the private sector (up to 20% of the company’s turnover).

6.4.13 The benefits of being able to trade with the private sector would be most tangible in circumstances where the County Council’s own infrastructure programme is forecast to diminish beyond that which could be accommodated by reducing the professional services undertaken by the private sector.

6.4.14 However, as outlined in section 4, the government’s infrastructure investment programmes and DCC’s established success in securing external project funding, has created a significant demand for the currently available professional services - with this demand expected to grow as additional funding is announced and existing major projects develop.

6.4.15 It is therefore considered that the ability to trade with the private sector is unnecessary and would be detrimental to the delivery of the County Council’s own infrastructure programmes and projects.

6.4.16 It is also recognised that a professional services company owned solely by DCC would be a relatively small organisation that, when compared with the current delivery model, would have reduced flexibility to ‘reach back’ in the event of an upturn to the infrastructure programme. It would also be uneconomic for a small company to retain the range of specialists that are currently available through the private sector partner.

6.4.17 An external company controlled by DCC could potentially have a weaker understanding of DCC’s strategies and policies, which could be further compounded by the company’s pursuit of private sector work.

6.4.18 Taking all of the above factors into consideration, it is recommended that these delivery models be discounted from further consideration.

6.5 Option 4 – Private-Public Joint Venture (JV)

Procurement

6.5.1 This option would require an OJEU compliant procurement exercise in order to set up a JV company or LLP that is jointly owned by DCC and the private sector provider(s). The duration of this arrangement would need to be clearly stated in the OJEU Contract Notice.

6.5.2 The complexity of the contractual arrangements would mean that an ‘open’ or ‘restricted’ procurement procedure would be inappropriate, and instead a more complex procedure such as the ‘Competitive Dialogue’ or ‘Competitive Procedure with Negotiation’ would be recommended. When compared with the ‘open’ or ‘restricted’ procedures both of these procedures would require greater resourcing and longer timescales.

Background

6.5.3 DCC would need to be very clear and precise at the procurement launch as to the terms of the arrangement, what DCC is offering, what the partner would be providing and precisely how the JV company would be providing services to DCC. Advanced and detailed market research would therefore be crucial to develop a set of clearly defined arrangements.

6.5.4 Staff currently involved in the ongoing delivery of the county council’s professional services would most likely be eligible to TUPE to the JV company and a Local Government Pension Scheme (LGPS) admissions agreement would be required to protect the pensions of transferred DCC employees. Such agreements allow scheme members who are TUPE transferred from their local government employment, to remain in the Local Government Pension Scheme (LGPS) for so long as they are employed in connection with the delivery of the outsourced service.

6.5.5 State Aid is generally not permissible in the EU and it would therefore be essential that the company was not given any advantage over its wholly private sector competitors. In practical terms, this would require the organisation to operate externally to DCC with its own support services (IT, facilities management, HR, administration, legal etc) and its own premises (or paying DCC market rates for occupying DCC premises offered as part of the procurement process).

6.5.6 In theory, when compared with internal service delivery, this delivery model could be more costly as the JV company would need to make a profit, a proportion of which would be lost to the private sector.

6.5.7 The company would be subject to Companies House filing requirements. In terms of tax, the company would be subject to corporation tax on its trading profits and would be subject to less generous V.A.T. rules than are available to local authorities.

6.5.8 The JV partners would be expected to share the risks and rewards associated with business operations.

6.5.9 The complexity of the arrangements associated with this delivery model would almost certainly require specialist legal support which would need to be budgeted for in the business case.

6.5.10 Private-Public Joint Ventures can be most beneficial where the public-sector organisation wishes to carry out activities in an area where it has identified a lack of internal expertise. In these circumstances, the public-sector organisation may benefit from working with an experienced commercial partner in the private sector.

Evaluation

6.5.11 When comparing this option against option 2A, the additional set-up and operating costs, tax and State Aid considerations need to be considered against the potential benefits of establishing a JV company with the private sector (as opposed to the partnership arrangements established through the current delivery model).

6.5.12 The Engineering Design Group is a well-established business unit within the County Council and has successfully delivered many major infrastructure schemes over the years. Internal expertise is considered to be well developed and the benefits of establishing a deeper partnership with the private sector are considered limited.

6.5.13 In managing performance of the current delivery model, Key Performance Indicators (KPIs) are sought from Clients on an annual basis and have continually demonstrated higher scores for schemes that are delivered by the internal team.

6.5.14 In addition to these KPIs, the cost effectiveness of both the internal and external elements of the current delivery model are benchmarked by comparing professional fees with overall project costs. This data indicates that the internal team are more cost effective than the private sector.

6.5.15 The establishment of a JV company, remote to DCC, could result in a weaker understanding of DCC's strategies, priorities and policies which would have a detrimental impact upon Client satisfaction. It would also fail to address the Client's request for an internal intelligence on value for money procurement.

6.5.16 When compared with option 2A, this delivery model would be less agile due to the absence of an internal team and the need to allocate projects to the JV company through a contractually defined commissioning process.

6.5.17 A JV company would be established for a defined period of time through a procurement process. The defined contract period would provide some stability to encourage the recruitment, training and development of staff but this would need to be considered alongside the need to be flexible for a varying workload. It would also be important for DCC to have an exit strategy in place for the end of the services.

6.5.18 In terms risk and issue management, the JV company may be more likely to withhold information about project issues from the Client until the consequences of the issue are properly understood. This may result in an increased frequency of surprises for clients and the potential loss of opportunity to mitigate the issue.

6.5.19 Taking all of these considerations into account it is recommended that this delivery model option be discounted from further consideration.

6.6 Options 5A & 5B – Fully Externalised Service

Procurement

6.6.1 The procurement of a fully externalised service would involve entering into contract(s) with one of more professional service providers.

6.6.2 'Open' or 'Restricted' procurement procedures could be used, although the use of a more complex procedure, such as the 'Competitive Procedure with Negotiation' (CPN), may be desired such that commercial issues can be discussed before tenders are finalised. As previously stated, the CPN procedure would involve greater time and resources than the 'open' or 'restricted' procedures.

Background

6.6.3 With option 5A, staff currently involved in the ongoing delivery of the county council's professional services (staff of DCC and the incumbent supplier) would most likely be eligible to TUPE to the successful tender. In these circumstances a Local Government Pension Scheme (LGPS) admissions agreement would be required to protect the pensions of transferred DCC employees. Such agreements allow scheme members who are TUPE transferred from their local government employment, to remain in the Local Government Pension Scheme (LGPS) for so long as they are employed in connection with the delivery of the outsourced service.

6.6.4 Option 5A would involve procurement of a single service provider with payment for professional services likely to be made on the basis of tendered hourly rates.

6.6.5 Contrastingly, option 5B would most likely involve a framework of service providers receiving work through direct awards, mini-competitions or a combination thereof.

6.6.6 As suggested in the evaluation of option 2B, the framework option with mini-competition does not necessarily guarantee best value, and a lump sum payment mechanism may result in over inflated quotations depending upon the complexity and risk associated with each commission.

6.6.7 In theory, delivery models 5A and 5B could both be more expensive than internal service provision as the commercial organisation(s) would need to generate profit. Appendix D summarises turnover and profit margins for a random selection of professional services suppliers, with profit margins ranging from negative values up to 12.64%.

6.6.8 Lump sum payments may increase the risk of quality issues, particularly if the tendered price is later found to be unsustainable. This risk is considerably reduced where payment is made on the basis of time charge as the tenderers do not have to take the duration risk. Conversely, payment on a time charge basis could equate to higher costs as all work would be charged.

6.6.9 The procurement of a single or multiple service providers would provide considerable 'reach back' to additional resources or specialisms.

Evaluation

6.6.10 Complete outsourcing of DCC's professional services would result in a loss of intelligence to the private sector, which would reduce DCC's ability to act as an intelligent client.

6.6.11 In terms of flexibility, these delivery models would offer access to significant 'reach back' resources and specialisms however, when compared with option 2A, the lack of an internal team would reduce agility due to the contractual commission process inherent with external service provision.

6.6.12 The adoption of a framework arrangement would reduce agility due to the mini-tender process that would be involved unless a carefully prepared direct award procedure was incorporated within the procurement documents. This would be detrimental to DCC, particularly in emergency situations where a rapid response is required (e.g. Grand Western Canal failure or Slapton Line erosion).

6.6.13 Competitive procurement processes would ensure that value for money was achieved however this could, in theory, remain more costly than internal service provision. This statement is supported by KPI and cost data gathered since establishment of the current operating model in 2001.

6.6.14 When compared within internal service provision, a fully externalised service would be less aligned with DCC's strategies and could have a weaker understanding of DCC's policies and priorities. This would be further compounded by the external service providers other commitments which would be balanced across multiple clients, rather than being solely focused on DCC.

6.6.15 Following the procurement process, the external organisation would carry the risk associated with changing staff resource requirements although DCC's transfer of this risk would effectively be built into the successful tenderers rates.

6.6.16 A framework arrangement would likely be limited to 4 years and would not provide a stable platform from which to encourage the recruitment, retention, training and development of staff. This would undoubtedly have an adverse impact on client satisfaction levels and associated KPI scores.

6.6.17 Creation of a long-term relationship with a single supplier would allow for the creation of a more stable platform, although this would be less stable than that offered by internal provision through options 1 or 2A.

6.6.18 In terms risk and issue management, an external provider may be more likely to withhold information about project issues from the Client until the consequences of the issue are properly understood. This may result in an increased frequency of surprises for clients and the potential loss of opportunity to mitigate the issue.

6.6.19 In view of the reduced agility, reduced value for money and lower client satisfaction levels that would likely result from implementation of this delivery model, it is recommended that options 5A and 5B be discounted from further evaluation.

7 Delivery Models Objectives Alignment

7.1.1 The table below sets the current delivery model as the baseline, and compares each of the alternative delivery models against this baseline.

7.1.2 For each delivery model, each objective has been scored on a scale of -1 to 1. A score of 1 represents a benefit over the baseline, a score of 0 represents a minor difference with the baseline and a score of -1 represents a dis-benefit over the baseline.

7.1.3 The scores for each delivery model are then totalled to identify if any of the alternative delivery models have better alignment with the objectives. A positive score indicates greater alignment whilst a negative score indicates less alignment.

Delivery Model Objective	**Delivery Model**							
	2A (Baseline)	**1**	**2B**	**3A**	**3B**	**4**	**5A**	**5B**
Agility & Flexibility	*0*	-1	-1	-1	-1	-1	-1	-1
Value for Money	*0*	1	-1	-1	-1	-1	-1	-1
Understanding DCC's strategies & client satisfaction	*0*	1	-1	-1	-1	-1	-1	-1
Managing DCC's exposure to the risks associated with changing staff resource requirements and funding changes	*0*	-1	0	-1	-1	0	0	0
Stable platform for staff recruitment, retention, training & development	*0*	-1	-1	1	1	-1	-1	-1
Effective project risk management	*0*	-1	0	0	0	-1	-1	-1
TOTAL	***0***	**-2**	**-4**	**-3**	**-3**	**-5**	**-5**	**-5**

Table 3: Alignment of Delivery Models with Objectives

7.1.4 Table3 indicates that the current delivery model, option 2A, has the best alignment with the delivery model objectives followed by delivery model option 1. However, it would be inappropriate to shortlist delivery models on the basis of this table alone as delivery model objective alignment is just one of the many factors that need to be considered. Shortlisting of the delivery models is considered in the following section of the report.

8 Shortlisted Delivery Models

8.1.1 The Project Board met on 18 July 2018 and considered the above sections of this report in draft format.

8.1.2 During this meeting it was decided to shortlist delivery model options 2A and 2B for further evaluation whilst also discounting delivery model option 1. The reasons for these decisions are summarised in the following sections.

8.2 Delivery Model Options 2A and 2B – In-house Team with Top Up Consultant(s)

8.2.1 Delivery model option 2A was shortlisted for the reasons set out in section 6 of this report and because it offers the best alignment with the delivery model objectives as demonstrated by Table3.

8.2.2 This decision recognises the valuable role that the current delivery model has played in successfully delivering a significant infrastructure programme since its establishment in 2001, together with the importance of remaining an intelligent client.

8.2.3 The Project Board also decided to shortlist delivery model 2B which, at a high level, is most similar to option 2A such that further investigations around the framework option could be undertaken.

8.3 Delivery Model Option 1 - Full In-house Service Delivery

8.3.1 It was decided against shortlisting delivery model option 1, despite it having second best alignment with the delivery model objectives, for the following reasons:

<u>Agility and Flexibility:</u>

8.3.2 Full in-house service delivery would reduce DCC's ability to cope with a fluctuating infrastructure programme.

8.3.3 It is recognised that external providers can complement internal resources whilst also providing significant reach-back potential and specialist services that are not currently available in-house.

<u>Managing DCC's exposure to the risks associated with changing staff resource requirements and funding changes:</u>

8.3.4 The agility and flexibility issues outlined above could be mitigated through the expansion of the internal team however this would increase DCC's exposure to employment liabilities in the event of a downturn in the infrastructure programme.

8.3.5 To limit this exposure, temporary employment contracts could be used however this could detract potential applicants in what is currently a challenging recruitment market. Agency workers could also be considered for short term assignments however this would adversely affect quality, due to an increased staff turnover, and would also add cost due to the associated agency fees.

<u>Stable platform for staff recruitment, retention, training & development</u>

8.3.6 Provision of a stable platform for staff recruitment, retention, training and development is important to enable organisations to plan for the future and to support staff recruitment and development in what is currently a challenging recruitment market.

8.3.7 Whilst delivery model option 1 would avoid the need for a cyclical change of external providers, there are many other considerations.

8.3.8 The fluctuating infrastructure programme is largely dictated by central government's funding priorities over which DCC has very little control.

8.3.9 Selection of delivery model option 1, would require the EDG to take on significantly more staff in order to meet the demands of DCC's current infrastructure programme. Staffing levels would need to be constantly monitored and aligned with the anticipated demands of the forthcoming infrastructure programme, and the outcomes from DCC's funding bids could result in the need for drastic changes within short time periods.

8.3.10 Adoption of delivery model option 1 would therefore be detrimental to this delivery model objective.

9 Feedback from Other Local Authorities

9.1.1 The Project Board agreed at an early stage that engagement with other Local Authorities would be beneficial in helping to identify the most appropriate delivery model.

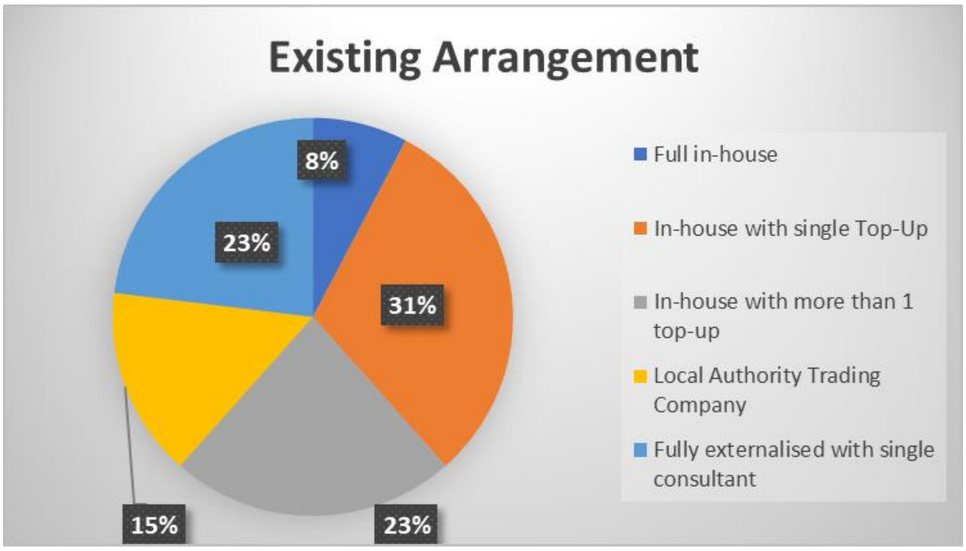
9.1.2 The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) provides an ideal network for establishing contacts with other Local Authorities.

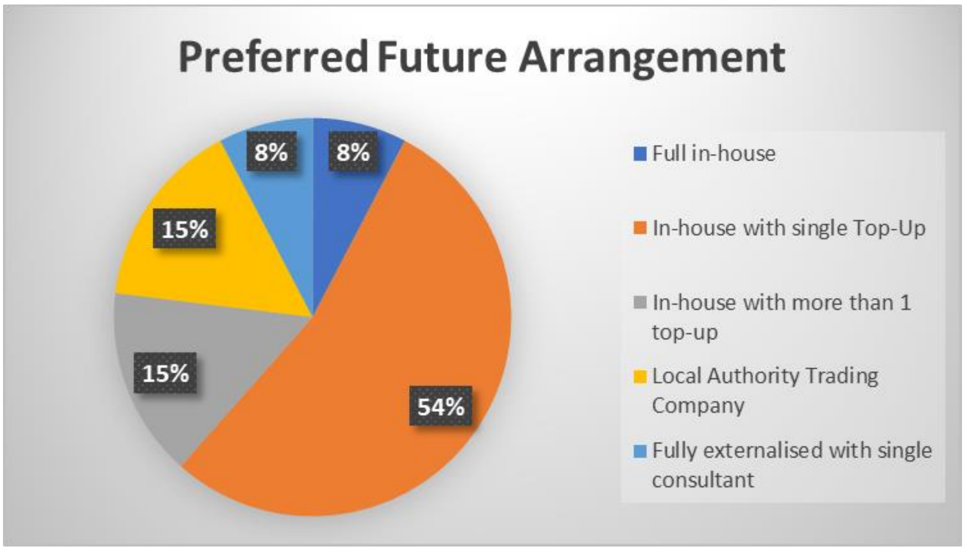
9.1.3 The questionnaire that is shown in Appendix E was sent to a number of ADEPT contacts, with responses being received from the following organisations.

1. Cumbria Council
2. East Essex County Council
3. Gloucestershire County Council
4. Gwynedd Council
5. Hampshire County Council
6. Lincolnshire County Council
7. Newcastle City Council
8. Nottinghamshire County Council
9. Perth & Kinross Council
10. Salford City Council
11. Somerset County Council
12. South Gloucestershire Council
13. Sussex County Council
14. Transport for London
15. Warrington Borough Council
16. Worcestershire County Council

9.1.4 Response to the survey was 59%.

9.1.5 The pie chart below shows the spread of options and indicates Option 2A as the model used by most responders and the preferred model for future delivery.





9.1.6 A face to face meeting with Worcestershire County Council (WCC) was also undertaken when we identified that WCC use a NEC3 Term Service Contract which is one option we will be considering. The delivery model at WCC is different from DCC's current one as the professional and technical service has been fully externalised. The discussions did reveal that WCC use Target Cost (as opposed to Time Charge) for much of their scheme delivery which is something the evaluation team will investigate.

10 Market Engagement

10.1 Scope of Market Engagement

10.1.1 As part of the Market Engagement exercise, the evaluation team developed a questionnaire template for completion by interested organisations, a copy of which is available within Appendix F.

10.1.2 The purpose of the questionnaire was to identify any issues which could deter the market from expressing an interest in the planned procurement and to identify issues which the market could or could not provide solutions to. This would assist the Council in determining the most appropriate procurement strategy to use and to ensure that the specification and tender documents would be written in a way that would bring as much interest as possible to the procurement opportunity.

10.1.3 The initial market engagement plan was to meet face to face with up to 8 suppliers of different sizes to work through the questionnaire. In the event, the evaluation team met separately with 6 supplier representatives during the period 30 August – 19 October 2018.

10.1.4 To enable the market to provide feedback electronically, a Prior Information Notice (PIN) with the market engagement questionnaire was also published through the ProContract procurement portal. The PIN was published on the portal on 6th September 2018, and the closing date for submissions of the completed questionnaires was 8th October 2018.

10.1.5 Devon County Council obtained a total of 14 questionnaires, with 3 of these completed by EDG and Procurement Officers following face-to-face meetings with those organisations.

10.2 General Trends emerging from Market Engagement

10.2.1 The following Market Engagement questions are considered pertinent to selection of the most appropriate Delivery Model. General trends emerging from each of these questions shall be summarised within this section of the report.

Question Category:	Question Reference:
Delivery Model	D1, D2, D3, D4
Contract	C1, C3
Risks	R1
Location	L1, L3
Innovation	I1

D1. Would you be interested in tendering for this work with DCC?

All suppliers that the Council met face to face and those that submitted questionnaires stated that they would be interested in expressing an interest in this opportunity. One supplier indicated a willingness to tender as part of a consortium with a Tier 1 supplier or lead a consortium that includes a Tier 1 supplier.

D2. Do you have any thoughts on our proposed delivery model objectives?

There was a mixture of thoughts here. Some suppliers considered that the Option 2A model would provide the best outcome to the Council, while others considered Option 2B would provide more scope in terms of skills, value for money and flexibility.

Other thoughts to include under the objectives were:

- Add ‘safety’ as a key requirement when delivering value for money.
- Place some emphasis on providing a platform to enable the recruitment, retention, training and development of locally based staff.
- Consider including further thinking around partnership/collaboration, safety & wellbeing, innovation and social value.
- Place some emphasis on continuous improvement.
- Suggest an objective to support SME’s.

Overall, the objectives were considered to be in alignment with those produced by other public-sector organisations.

D3. How would your organisation cope with potential peaks and troughs in workload from DCC?

The majority of responses accepted that the nature of the business across the wider public sector resulted in fluctuations of workload. Many of the responses referred to the use of resource management tools to identify how best to allocate resources at appropriate times. Others stated they had dedicated staff at a senior level that would take an overview to allocate resources as required.

It was interesting that nearly all the responses stated that they would be able to transfer work across their organisation in the event of workload fluctuations. In the case of a number of suppliers that favoured Option 2B (internal team with framework of suppliers), it was considered this could be a very flexible approach to manage those resources as required.

D4. Do you have a view on whether the Council's business need would be best suited by a single 'top-up' consultant or a framework of multiple consultants?

From the 14 questionnaires, 8 favoured Option 2A, 5 favoured Option 2B, while one was undecided.

Those that selected Option 2A were consistent in their reasons:

- Early engagement.
- Rapid commissioning.
- Cost and Quality consistency.
- Ability to develop long term and mutually beneficial relationships.
- Frameworks would reduce the amount of investment to be made locally.
- Limited pipeline of opportunities with frameworks.
- Different values and approaches would make collaborative working challenging and inconsistent.

Those that selected Option 2B were also consistent in their reasons:

- Price and quality competitiveness
- Alternative supplier options in the event one supplier's performance deteriorates
- Access to a larger and diverse resource pool through multiple suppliers
- Allows DCC to be flexible in its approach as individual opportunities may require specialisms unavailable to a main supplier

C1. What are your thoughts on contract duration and extension options? Would, for example, an initial 5 years duration with an option to extend annually to provide an overall 10 years be appropriate? What extension options would incentivise consultants to deliver an ever-improving service?

From a procurement perspective, it was interesting to note that for those suppliers that favoured Option 2B (internal team with framework of suppliers) there seems little appreciation of the current Public Contracts Regulations (2015) which generally limits the use of frameworks as defined by Regulation 33 to a maximum of 4 years, as a number of these supported durations of frameworks in excess of that stated in Regulation 33.

For Option 2A, the general view is that an initial duration of 5 years is the minimum that would make the opportunity effective, as there needs to be an adequate period to allow any successful tenderer time to recoup any investment costs and to make a reasonable profit.

In regard to any extension periods, these ranged from 3 to 6 years. Generally, if the initial contract period is 5 years, then there should be the possibility to extend by up to an equal duration subject to satisfactory performance based on effective key performance indicators.

C3. <u>The fluctuating infrastructure programme would make it very difficult for DCC to guarantee a minimum workload? What are your thoughts on this?</u>

All bar one of the responses indicated that they all had experience of working in this sector where there was no guarantee of a minimum workload. Many suppliers indicated that they would be able to redeploy staff or transfer work across their organisations to ensure the right allocation of resources at the appropriate time using various resource management techniques.

A key issue to assist with the management of resources would be the exchange of information relation to the Council's pipeline of planned works.

R1. <u>Has your organisation any experience of TUPE and what do you think are the key considerations for both the Client and Professional Services Provider?</u>

The majority of suppliers have extensive experience in TUPE management however two responses indicated a lack of experience in implementing TUPE.

Key considerations for a successful TUPE implementation were identified as follows:

- Provision of accurate TUPE data at tender stage from the incumbent supplier.
- Clear and consistent communications through the tender stage and during the mobilisation period.
- Robust consultation with affected staff by both the incumbent & incoming supplier.

L1. <u>What would your organisations thoughts be on co-locating within DCC's offices?</u>

Co-location at DCC offices was generally considered to be the best approach to develop strong working relationships, but mainly on a project-by-project basis rather than having a full-time presence at DCC offices. This would enable building strong business relationships.

Some suppliers expressed their strong presence within the Exeter area which would provide a greater level of flexibility in support of projects.

L3. <u>Do you see a remote location being an advantage, disadvantage or would make no impact on delivery?</u>

Generally, there seemed to be no consensus as to whether this was an advantage or disadvantage. However, many of the suppliers indicated that remote working would have no impact on service delivery and would not be a barrier in delivering results. One supplier provided an example of undertaking design work in the UK for a client in Australia.

The issue of making potential savings based on working locally was questioned as rates may have to include costs relating to travelling time and associated costs for staff that may have to travel to Devon to perform their role in a co-location environment.

I1. <u>Are there any innovations or efficiencies that you think DCC should be considering as part of this project?</u>

There were no consistent innovations or efficiencies that suppliers identified. As such, a number of those identified were:

- Weight the tender scoring to promote and encourage innovation, added value and efficiencies.
- Use the principles of the Highways England Lean Maturity Assessment.
- Use of drone surveys to save time and improve safety.
- Use of virtual reality to test environments and review designs.
- Integration of asset database into a 3D BIM compliant environment.
- Implementation of BIM and digital systems.
- Establishment of a continuous improvement forum to share lessons learned on DCC projects and the wider industry.

11 Detailed Evaluation of Shortlisted Delivery Models

11.1 Introduction

11.1.1 Section 5 of this report identified a range of delivery model options which were subsequently sifted in section 6 and then compared against their alignment with the delivery model objectives in section 7.

11.1.2 Based upon this analysis and for the reasons documented in section 8, the Project Board decided to shortlist the following delivery models for further evaluation as part of the market engagement exercise:

- Delivery Model 2A – In-house team with top-up consultant;
- Delivery Model 2B – In house team with top-up consultants (i.e. framework).

11.1.3 In addition to the market engagement exercise outlined in section 10, the project team have obtained feedback from a range of other local authorities. The results of this feedback are presented in section 9.

11.1.4 This section of the report therefore focuses on the shortlisted delivery models, taking into consideration the following:

- Alignment with Delivery Model Objectives;
- Feedback from other Local Authorities;
- Findings from Market Engagement;
- Other Relevant Factors

11.2 Alignment with Delivery Model Objectives

Agility and Flexibility

11.2.1 When comparing the shortlisted delivery models, option 2A was found to offer greater agility and flexibility than option 2B. The reasons for this are as follows:

- Agility - the commissioning of work packages under option 2A could be done more swiftly, without the need for a fully developed brief or mini-competition process.
- Flexibility – option 2B could require work packages to be awarded following a mini-competition process. This would require the scope (i.e. design brief) to be more fully developed by the Clients in advance of the mini-competition, and would require the cost and time implications of every scope change to be assessed (i.e. multiple NEC Compensation Events).

Value for Money

11.2.2 Delivery model 2A is considered to offer better value for money than delivery model 2B for the reasons outlined below:

- Option 2B would involve additional resources. DCC would need additional resources to manage the mini-competition process, to evaluate the tender submissions and to publish each call-off on Contracts Finder. Similarly, the mini-competition process would involve framework consultants spending time and money bidding for work which they may not win, with these costs being recouped from the Client through their successful tenders.

- Option 2B is more likely to involve the use of a lump sum payment mechanism. Use of this payment mechanism could adversely affect quality of the professional services which would affect whole life costs. During construction, design changes would be compensation events and during operation maintenance issues may arise.

Understanding DCC's strategies & client satisfaction

11.2.3 Alignment with this delivery model objective is more likely to be achieved by establishing a long-term relationship with a single partner, rather than by commissioning a range of suppliers to undertake smaller values of work.

11.2.4 Delivery model 2A is therefore better aligned with this objective, particularly seeing as the Public Contract Regulations 2015 limit framework arrangements to a maximum of 4 years unless there are exceptional and justifiable circumstances.

Managing DCC's exposure to the risks associated with changing staff resource requirements and funding changes

11.2.5 Delivery models 2A and 2B are considered to offer similar alignment with this objective. Both options would retain a similarly sized internal team and would secure the additional 'top up' resources from the private sector.

Stable platform for staff recruitment, retention, training & development

11.2.6 Delivery model 2B would involve a framework arrangement which, as previously stated, would typically be limited to a maximum of 4 years whereas delivery model 2A could enable the establishment of a longer-term partnership.

11.2.7 The framework constraint, along with the smaller proportion of DCC's professional service work, would make it harder for framework suppliers to recruit, train and develop staff for DCC's benefit.

Effective Project Risk Management

11.2.8 On balance, delivery models 2A and 2B were considered to offer similar alignment with this delivery model objective.

11.2.9 A single supplier who has a long-term relationship with DCC is more likely to gain a better understanding of DCC's risk management strategy and its appetite for risk whilst also feeling more willing to share project issues with DCC's Client teams.

11.2.10 Conversely, a framework of suppliers may offer a greater pool from which to resource projects which could help to minimise the risk of insufficient project resources.

11.3 Feedback from Other Local Authorities

11.3.1 Sixteen other Local Authorities completed questionnaires about their current and preferred future delivery models.

11.3.2 From the responses received, 31% of these authorities currently use delivery model 2A whilst only 23% use delivery model 2B.

11.3.3 When asked to advise which would be their preferred future delivery model, 54% of the Local Authorities would favour delivery model 2A whilst only 15% would favour delivery model 2B.

11.4 Findings from Market Engagement

11.4.1 A total of 14 supplier organisations provided feedback, either through face-to-face meetings or in response to the advertised PIN.

11.4.2 8 suppliers felt that DCC's needs would be best served by delivery model 2A whilst 5 suppliers favoured delivery model 2B. It was unclear which option was favoured by one of the suppliers.

11.4.3 Importantly, none of the suppliers that favoured delivery model option 2B seemed to appreciate the maximum time period for framework arrangements imposed through the Public Contract Regulations 2015.

11.5 Other Relevant Factors

Moving from Delivery Model 2A to 2B

11.5.1 Should DCC chose to alter their current delivery model then all appropriate HR legislation would need to be followed.

11.6 Recommendation for DCC

11.6.1 In view of the above considerations, it is recommended that DCC adopt Delivery Model 2A (internal team with top up consultant) rather than Delivery Model 2B (internal team with top up consultants) for the following reasons:

- It has the best alignment with the delivery model objectives;
- The majority of other local authorities favour this delivery model;
- The supplier market feel that it would best serve DCC's needs;
- It has played a key role in successfully delivering DCC's significant infrastructure programme since its inception in 2001.
- If the incumbent supplier were to be unsuccessful with their tender, it would potentially allow their staff who have been engaged on DCC projects to TUPE to the new supplier – bringing with them an inherent knowledge of DCC.

12 Consideration of Wider Synergies

12.1 Opening up Contract(s) to Other Local Authorities

12.1.1 Some of Devon's other Local Authorities (LAs) are likely to require professional services, such as those offered by the EDG, on an occasional basis depending upon the scale of their infrastructure programme and assets.

12.1.2 The Local Authorities (Goods & Services Act) 1970 allows local authorities to trade in goods and services provided that the trade is with a public body. This has previously enabled the EDG to provide professional services to other public bodies such as Highways England and Exeter City Council.

12.1.3 It would also be possible for other LAs to access DCC's professional services contract(s) provided that certain conditions are met, although there are practical considerations that need to be weighed up.

12.1.4 The procurement documents, including the published contract, would need to clearly set out / reflect the arrangements with the LAs, which would basically consist of one of two options:

- Option A - LAs will be able to access the services being procured only if they enter into their own contracts with the successful bidder (which would be on equivalent terms); or
- Option B - DCC will enter into the contract(s) on behalf of itself and the LAs.

12.1.5 In terms of risk exposure, Option A would be preferable from DCC's perspective – the supplier and LA would have a direct contractual link and DCC could expressly carve out its own liability in relation to the LA contract(s). The OJEU Contract Notice would need to clearly state which other LAs could access the contract and the advertised value would need to include an allowance for their spend. This approach has been adopted for Torbay Council's involvement in both the current and previous partnerships.

12.1.6 Option B would make DCC the contracting authority and the LA would not have a direct contractual relationship with the supplier. DCC would therefore need to establish a back-to-back user/access agreement with each LA, to protect DCC and to govern the arrangement between DCC and the LA. In this scenario, the TEPS Specification should make it clear that from time to time DCC may be providing engineering support to other local authorities and, as part of that support, DCC may require the TEPS Provider to deliver certain services to DCC to enable/assist DCC in providing those engineering support services to the other local authorities. It would also be advantageous to make mention of this in the OJEU Contract notice.

12.1.7 For both Options A and B, all relevant Procurement Legislation would need to be followed in order to achieve a compliant process.

12.1.8 If DCC wished to open up its contract to other Local Authorities, the recommendation from DCC's Legal Services team is for DCC to enter into a legally binding Pre-Procurement Collaboration Agreement with each LA. This would help to mitigate some of the issues outlined above by setting out each parties obligations, levels of commitment and the consequences of failing to comply (e.g. indemnities). This would add additional complexity and risk to the project.

12.1.9 Allowing Devon's other LAs to access DCC's contract(s) would increase the local workload of the professional services supplier(s) which could mean that projects commissioned by other LAs are given priority over some of DCC's lower priority projects. This should be considered against the backdrop of skills shortages and recruitment difficulties within the profession.

12.1.10 Conversely, a greater workload may allow the successful provider(s) more stability and the opportunity to expand local service provision with positive impacts for DCC itself.

Recommendation

12.1.11 The current professional services contract is due to expire in March 2020 and the procurement of a replacement supplier(s) is of strategic importance to DCC, particularly when considered alongside its emerging capital programme and its ongoing recruitment difficulties.

12.1.12 Opening up the contract to other local authorities in the region, such as District councils, may be beneficial to Devon when commissioning works. In these instances, a legal agreement with the relevant district council(s) would be needed to indemnify DCC.

12.1.13Torbay Council have been part of a tripartite arrangement with DCC and the top-up consultants since establishment of the current delivery model in 2001. The Project Board may therefore wish to make special dispensation to include this LA or they may be treated similarly to other LAs described in paragraph 12.1.12.

12.2 Wider Collaboration

12.2.1 DCC have procured professional services, for delivery model 2A, on two previous occasions and have successfully managed these contracts since 2001. The organisation is therefore considered to have a substantial base of knowledge, experience and documentation which can be used throughout the project.

12.2.2 In addition to this, there is the potential to collaborate with Hampshire County Council (HCC). HCC currently deliver their professional services through the following Delivery Model:

- Internal Engineering Consultancy (approximately 100 staff, c. £7m/annum);
- Strategic Supplier currently Atkins, (c. £5m/annum. Due to expire in 2020 with option to extend by a further 2 years, extension to be decided in 2019);
- Technical Resources Framework (TRF) (c. £5m/annum, due to expire in 2020).

12.2.3 It is understood that HCC are not undertaking a review of their current delivery model, and that they shall be seeking Cabinet Member approval to commence re-procurement of their TRF in November 2018.

12.2.4 HCC's Contract's Team have advised that their current Gen3 TRF comprises 17 no. SMEs who are available to support its in-house team through bespoke commissions and secondments across a variety of disciplines.

12.2.5 It has been agreed with HCC to share documentation at the various stages of our respective projects and a copy of HCC's procurement documents from their 2012 to 2016 TRF have been received. DCC have also requested a copy of HCC's contract documents for their Strategic Supplier.

12.2.6 Lancashire County Council have also provided DCC with copies of their procurement documents for their Professional/Technical Services framework contract. This commenced in May 2017 and is due to expire in 2020, with the option to expend until May 2021.

Appendix A – Transport Infrastructure Plan to 2030

Transport Infrastructure Plan
Delivering Growth to 2030

March 2017

Contents

Introduction

Devon County Council has an important role in developing transportation strategies to shape the future growth of the county. By working with district authorities, developers and members of the public it ensures that future development is provided for and managed in a way that takes full account of its social, economic and environmental needs.

This Infrastructure Plan sets out planned investment in transport infrastructure across Devon covering the period 2014 to 2030. It complements the Local Transport Plan 2011-2026 which sets out the transport strategy for the county and the detailed infrastructure delivery plans relating to district council Local Plan development.

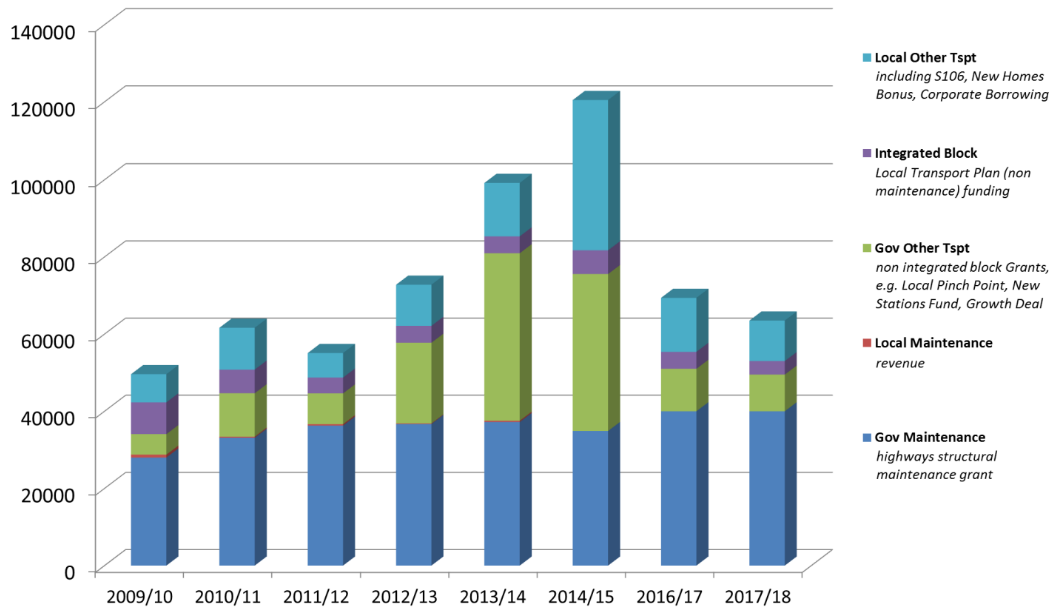
The key purpose of this document is to set out planned delivery of infrastructure to 2030, concentrating on those schemes that deliver economic growth. This plan will guide the focus and prioritisation of resources within the authority and provide longer term clarity on the county's transport infrastructure delivery. There will be other schemes related to local planning applications that aren't included. It is expected that this document will be updated periodically to ensure the strategy is up to date and reflects current policy and funding direction.

The approach to funding transport infrastructure has changed substantially over the last couple of years, with the aim of enabling greater local decision making. These changes, along with substantially reduced budgets have significant implications for the delivery of transport schemes, and this will be discussed in the document.

Background

The financial landscape for funding transport infrastructure has changed following a significant reduction in the level of flexible funding available

DCC Transport Capital Expenditure Sources (£,000)



to local authorities. The Local Transport Plan Integrated Block has been almost halved to help fund Growth Deals, which is the Government's new process of funding infrastructure across the country. Indications from the DfT suggest that all non-maintenance capital funding will for the foreseeable future be delivered through this process. The figure on the previous page shows the change in Devon County Council Capital Funding sources for local transport. Responsibility for allocating funds through Growth Deals for major transport and pinch point schemes has been devolved to Local Enterprise Partnerships (LEPs). The purpose of the change is to enable decision making on transport schemes to be made at a local level with influence from the business community. Local Transport Boards (LTBs) manage this process on behalf of LEPs, and local authorities are required to present potential schemes to the board and bid for a share of the money allocated to the relevant LEP[1].

The way in which developer contributions are secured has also altered, moving from individual negotiation of financial sums through section 106 agreements to a Community Infrastructure Levy (CIL) in some districts. CIL is an agreed fixed rate generally applied to new development in a district based on floor area, and rates have not been secured at the levels previously envisaged, so there will be less money available for infrastructure through development. This brings a challenge for local authorities in working with districts to ensure that development is supported by investment in the transport system.

In order to successfully bid through Growth Deals authorities will need to contribute approximately 30% of the scheme cost as match funding. This means there will be increased pressure on the remaining reduced integrated block funding (also being used for forward design of schemes). It will also place competing demands on CIL and will require local planning authorities to work closely with the county to identify when and where match funding is needed.

These elements contribute to a difficult financial landscape regarding delivery of new transport infrastructure. The authority will need to look ahead, preparing schemes despite uncertainties in order to ensure new or enhanced transport infrastructure continues to be delivered across the county.

New funding initiatives and opportunities are likely to be created by changes in Government policy in the period to 2030. In order to be responsive to these changes, the Transport Infrastructure Plan will be a 'living document' and will be updated periodically.

Policy Context

The policy context sets the scene for the Transport Infrastructure Plan and has shaped those schemes included within the proposed programme.

Devon

County Strategic Plan

The Infrastructure plan supports the priorities of the authority, as set out in the County Strategic Plan (www.devon.gov.uk/bettertogether). *Better Together Devon 2014 – 2020* reflects the changing expectations of Devon's citizens and communities in the significantly reduced financial landscape for local authorities. The strategic plan sets out how Devon will be resilient, healthy, prosperous, well connected and safe. Relating to transport, this involves:

- Planning for growth and promoting investment in Devon;
- Maintaining essential roads and supporting a wide range of travel options;
- Working together to develop and maintain cycle paths and public rights of way; and,

[1] More detail on LTB membership can be found at www.heartofswlep.co.uk/ltb-membership

- Maintaining key roads to a safe standard and promoting cycle ways and footpaths.

Devon and Torbay Local Transport Plan

The *Devon and Torbay Local Transport Plan 3 2011 – 2026* (www.devon.gov.uk/ltp3) sets out the transport strategy for the two authorities and aims to deliver a transport system that meets economic, environmental and social challenges. It provides a sustainable framework for transport and access to jobs, goods and services people need such as schools, health centres and shops. Planning ahead is a major focus for the plan, particularly in terms of the infrastructure to support future growth.

Local Plans

District authorities must prepare Local Plans which set out planning policies in a local authority area.

Plans are reviewed by independent Planning Inspectors at an examination before documents are adopted. Local Plans in Devon (see relevant district websites) are at varying stages of completion, as indicated in the table below.

District	Local Plan Stage*
East Devon	Adopted
Exeter	Adopted
Mid Devon	Adopted and under review
South Hams and West Devon	Adopted and under review
Teignbridge	Adopted
Torridge and North Devon	Submitted to Secretary of State

*March 2017

Work is progressing on the Greater Exeter Strategic Plan comprising Exeter City Council, East Devon District Council, Teignbridge District Council and Mid Devon District Council. Similarly, there is Joint Local Plan in production, covering Plymouth City Council, South Hams District Council and West Devon Borough Council.

Heart of the South West LEP

The Heart of the South West LEP Strategic Economic Plan (www.heartofswlep.co.uk) sets out the economic priorities for the area. The vision is to 'transform the reputation and positioning of our area nationally and globally by 2030'. The document sets out challenges that need to be overcome and priorities for action, and has three core interdependent aims:

- Creating the conditions for growth
  - Infrastructure and services to underpin growth (transport infrastructure, broadband and mobile connectivity, skills infrastructure)
- Maximising Productivity and Employment
  - Stimulating jobs and growth across the whole economy to benefit ALL sectors (including tourism, agriculture and food and drink)
- Capitalising on our Distinctive Assets
  - Utilising our distinctive assets to create higher value growth and better jobs (transformational opportunities, strengthening research, development and innovation, environmental assets)

Strategic Connectivity

Connecting the county to key markets in London and the rest of the UK is vital to supporting business growth and investment, and to support the tourism market. The schemes included below are considered to be strategic connections for Devon.

A30/A303

The A30/A303 provides a second strategic route into the South West. Devon County Council, supported by Somerset County Council has worked with the Highways Agency to help develop improvement options.

Exeter St David's Station

St David's station marks a key arrival point into the capital of Devon. The scheme is part of a masterplan intended to meet growth challenges and build on recent improvement works.

Honiton Passing Loop

A passing loop on the Waterloo Line alongside additional signalling infrastructure would provide opportunities for more frequent trains to Cranbrook and Honiton. The scheme would also provide resilience in times of extreme weather. It is included in the Peninsula Rail Task Force Strategy - https://peninsularailtaskforce.co.uk/.

Cranbrook Station Opening - December 2015

Rail Resilience Improvements

Significant improvements are required at Cowley Bridge, Dawlish and Teignmouth to protect railway from extreme weather. These improvements are outlined in the Peninsula Rail Task Force Strategy (see link above)

Cliffs at Teignmouth

M5 (Junction 29) to A38/A380

Highway improvements to facilitate growth and prevent bottlenecks, including junction schemes and managed motorway.

North Devon Link Road

The North Devon Link Road is the key strategic link between Northern Devon and the M5. Improvements to the route (including Borners Bridge) will ensure it continues to function as a safe and convenient gateway to northern Devon. £1.5m has been allocated to develop a business case for improvements by December 2017.

North Devon Link Road

Infrastructure by Area

This section lists transport infrastructure which has been identified as necessary to deliver economic growth across the County. Organised into growth areas, it outlines estimated delivery timescales as well as likely funding mechanisms and the level of funding certainty.

The table below sets out the funding streams and associated abbreviation for the following tables.

Abbreviation	Funding
CIL	Community Infrastructure Levy
DCC	Devon County Council capital
DfT	Department for Transport
GD1	Growth Deal 1: 2015/16 (schemes approved)
GD2	Growth Deal 2: 2016/17 to 2020/21
GD3	Growth Deal 3: 2020/21 onwards
HAPPF	Highways Agency Pinch Point Fund
HRL	Habitats Regulation Levy
H+GF	Housing & Growth Fund
IDA	Infrastructure Development Account
LPPF	Local Pinch Point Fund
LTB	Local Transport Board
LTP	Local Transport Plan
LPSA	Local Public Service Agreement
LSTF	Local Sustainable Transport Fund
NHB	New Homes Bonus
NPIF	National Productivity Investment Fund
NSF	New Stations Fund
NSIP	National Station Improvement Programme
RGF	Regional Growth Fund
RSF	Road Safety Fund
S106	Section 106 - developer contribution
TC	Torbay Council
TDC	Teignbridge District Council

The key below clarifies the stage each scheme in the following tables are at.

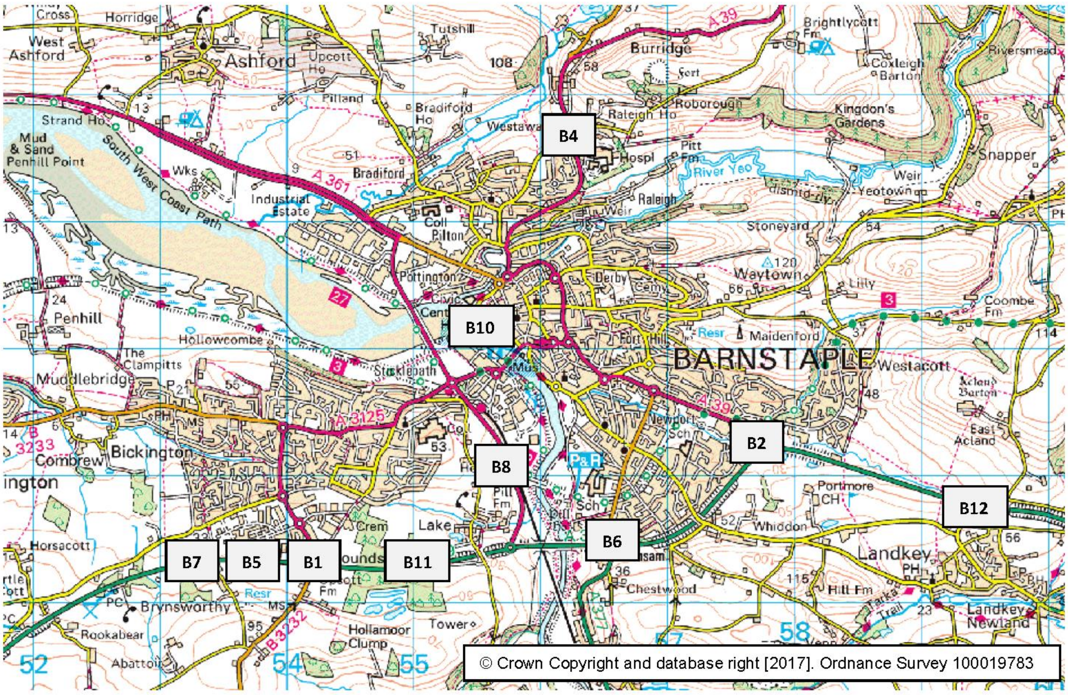
	Stage of Scheme
(light green)	Complete
(yellow)	Contract awarded/on site
(orange)	In development
(white)	Long-term

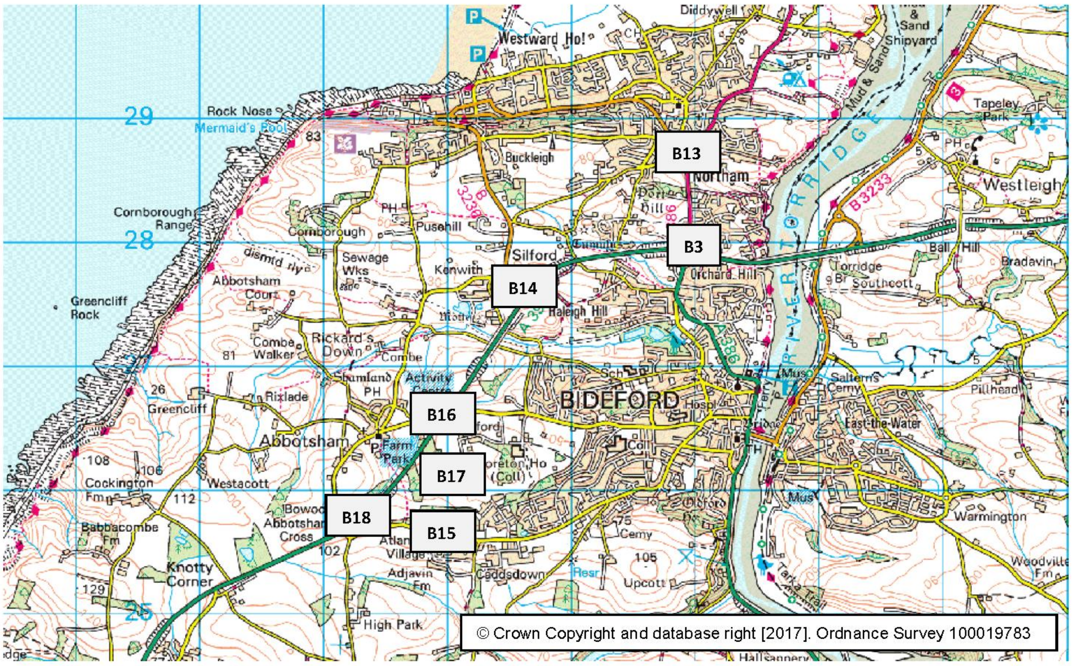
Exeter and East Devon Growth Point

Transport Infrastructure Plan: Delivering Growth to 2030 March 2017

Code	Scheme Name	Location	Description	Estimated Cost	Funding mechanism	Delivery Period
E1	Newcourt Rail Station	Exeter	New railway station on Exmouth to Exeter line	£2.0m	COMPLETE – June 2015	
E2	Cranbrook Rail Station	Cranbrook	New rail station, Car Park and associated access	£4.6m	COMPLETE – December 2015	
E3	B3184 Airport Access Road	West End	Widen road to improve gateway to the airport	£1.5m	COMPLETE – March 2015	
E4	Phase 1 Tithebarn Link Road	Exeter	Cumberland Way to Tithebarn Bridge	£3.4m	COMPLETE – August 2015	
E5	M5 J30 SB off-slip	West End	M5 J30 improvements to widen southbound off-slip	£900k	COMPLETE – September 2015	
E6	North Exeter Park & Ride	North of Exeter	New P&R / P&C site north of Exeter	TBC	Not secured	
E7	Moor Lane Improvement	Exeter	Widening works to increase capacity Honiton Road westbound	£900k	S106	2018/19
E8	A379 Sandy Park access	Exeter	New all movements junction onto the A379 (i.e Newcourt east of railway)	£2.5m	GD1, LTP, CIL	March 2017
E9	Bridge Road	Exeter	Widening of Bridge Road to two lanes plus ped / cycle improvements	£13.5m	GD1, RGF, LTP, S106	June 2017
E10	Phase 1a Tithebarn Link Road	West End	Pedestrian / cycleway alongside existing bridge	£1.5m	H&GF	Winter 2017/18
E11	Marsh Barton Rail Station	Exeter	New rail station	£7.4m	LTP, S106, CIL, GD1	2017
E12	Phase 2 Tithebarn Link Road	West End	Phase 2 Tithebarn Link Road. Tithebarn Bridge to Blackhorse	£6.1m	S106, H&GF	Winter 2017/18
E13	SW Exeter Infrastructure	SW Exeter	Footbridge over A379 incorporating level access to ensure suitability for wheelchairs, cyclists and parents with prams. Also includes Chudleigh Road realignment	£4m	CIL, S106	2018
E14	Ide Park and Ride	Exeter	New park and ride on Alphington corridor plus bus priority measures	£6m	CIL, S106	
E15	Airport Forecourt	West End	Improvements to airport entrance	TBC	GD3	
E16	Crannaford Crossing	Cranbrook	Works to avoid HGVs grounding	£0.3m	S106	2018
E17	Clyst St Mary roundabout	East Devon	Alterations/ Improvements to roundabout (A3052/ A376 junction)	£1m	S106, CIL	
E18	Cranbrook to City Centre bus priority	Growth point area	Bus priority measures including signal upgrades, dedicated bus lanes and bus only access	Delivered by developer / S106		
E19	Exeter Strategic Cycle Routes	Exeter	Improvements to strategic cycling and walking routes in Exeter connecting major growth areas	£10m	GD3, NPIF	2017-22
E20	A379 improvements	SW Exeter	SW Exeter junction improvements	£4m	S106, CIL	
E21	Clyst Valley Way	West End	Multi-use trail linking Exe Estuary to 'Broadclyst to Killerton' trails	£2m	HRL, S106	
E22	Langaton Link Road	West End	Link road connecting Pinhoe developments to Science Park	£2m	S106	
E23	Long Lane	West End	Widening to improve access to street employment site	£0.7m	TBC	
E24	Countess Wear roundabout	Exeter	Improvements to address pedestrian/cycle access	TBC	TBC	
E25	Science Park - Park & Change	West End	Facility linked to Tithebarn Green development/employment access	£1.8m	S106	2018/19

Barnstaple and Bideford Area





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Transport Infrastructure Plan: Delivering Growth to 2030 March 2017

Code	Scheme Name	Location	Description	Estimated Cost	Funding mechanism	Delivery Period
B1	Roundswell Roundabout Improvement	Barnstaple	A39 Roundswell Roundabout Improvement	£1.6m	**COMPLETE – June 2014**	
B2	Portmore Roundabout	Barnstaple	A361 Portmore Roundabout Improvement	£3m	S106, GD1	2015/16
B3	Heywood Road roundabout	Bideford	Capacity improvement on A39/A386 Heywood Road roundabout	£1.2m	S106, GD1	2015/16
B4	Hospital junction improvement	Barnstaple	Junction improvement to allow access and mitigate development impacts	£1m	S106	2015/16
B5	Roundswell Ped / Cycle Bridge	Barnstaple	Linkage to new industrial / employment site	£2.6m	S106, GD1	2015/16
B6	A361 Bishops Tawton Roundabout	Barnstaple	A361 Bishops Tawton (Rumsam) Roundabout Improvement – part of North Devon Link Road	£750k	S106	2020
B7	A39 junction	Barnstaple	A39 additional junction and Tews Lane link – part of North Devon Link Road	£4m	S106	
B8	Larkbeare Bridges	Barnstaple	Larkbeare Bridges and access routes for cycle / pedestrian route	£2m	S106	
B9	Park & Change and Industrial Estate Access	Area wide	P&C at Roundswell, Whiddon Valley, Pottington & Braunton / Wrafton	£2m	S106, CIL, GD3	
B10	Anchorwood to Strand Bridge	Barnstaple	Anchorwood to Strand pedestrian & cycle bridge	£4m	S106	
B11	A39 widening	Barnstaple	Safeguarding of land and construction of additional lane alongside A39 between Roundswell Roundabout and Lake Roundabout (part of North Devon Link Road)	£4m	TBC	
B12	A361 Landkey Junction Improvement	Barnstaple	Redesign junction	£2.5m	S106	
B13	Junction Improvements	Northam	Improvement to junction of A386 and B3236	£800k	S106	
B14	Junction Improvements	Northam	Upgrade of junction of B3236 Buckleigh Road and A39	£2m	S106	
B15	Clovelly Road Caddsdown link	Bideford	Highway link suitable for use by buses and a shared use foot / cycleway	To be delivered by developer		
B16	A39 / Abbotsham junction	Bideford	Improvement to the A39/Abbotsham Road junction	To be delivered by developer		
B17	Abbotsham Road Clovelly Road link	Bideford	Highway suitable for use by buses and a shared use foot / cycleway	To be delivered by developer		
B18	Winsford access junction	Bideford	Creation of a new junction on Clovelly Road for access into the West Bideford development site (Winsford)	To be delivered by developer		

** Emerging individual schemes for A39/A361 will be added to this table following completion of the North Devon Link Road (see p.6) feasibility study work and prioritisation of schemes*

Newton Abbot Area

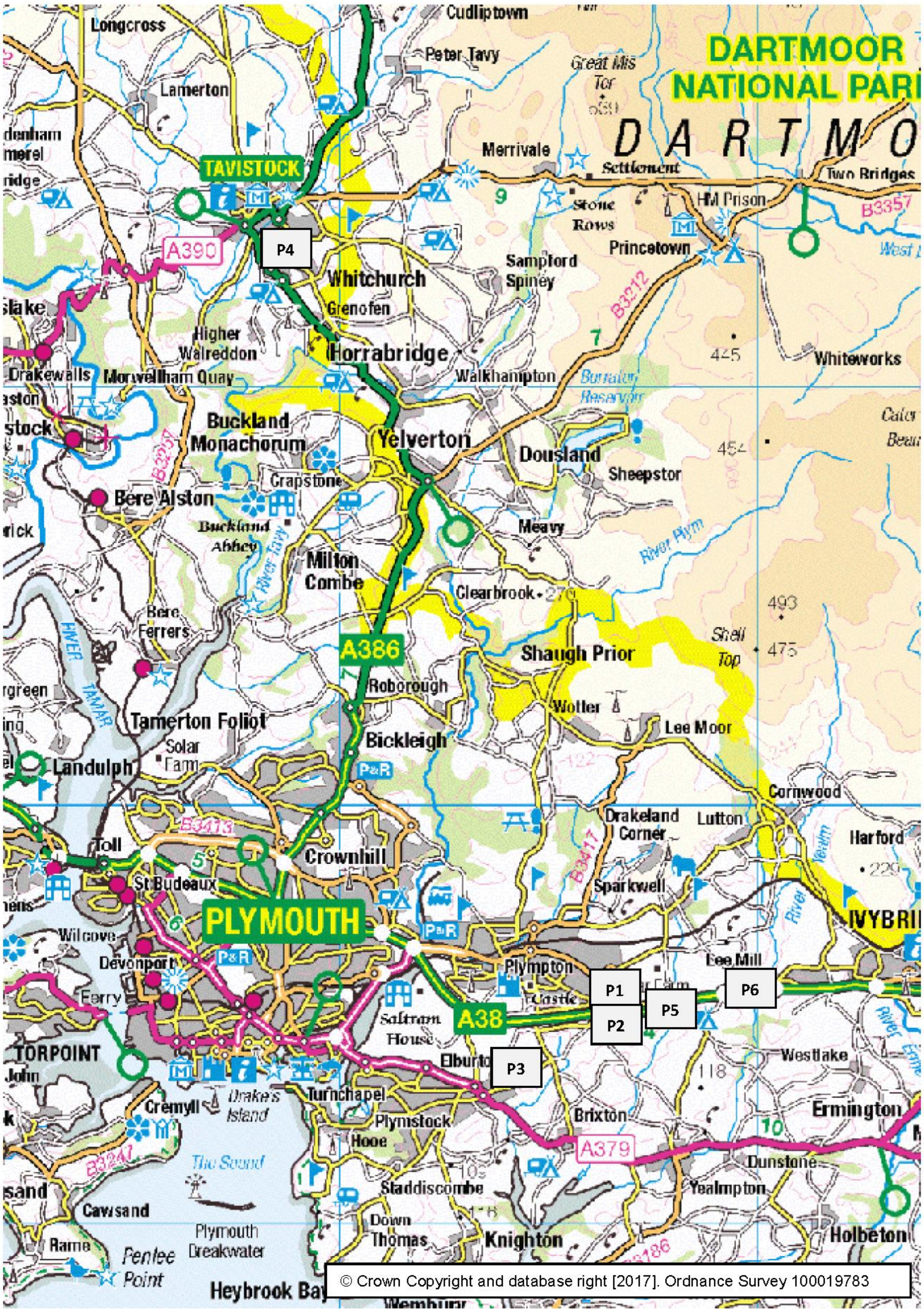
Transport Infrastructure Plan: Delivering Growth to 2030 March 2017

Code	Scheme Name	Location	Description	Estimated Cost	Funding mechanism	Delivery Period
N1	Decoy-Aller (Phase 1)	Newton Abbot	Decoy-Aller Access (Phase 1); Capacity improvements for access to Decoy industrial estate	£1.9m	**COMPLETE - May 2015**	
N2	Drumbridges roundabout	Drumbridges	Drumbridges Roundabout improvements	£5.5m	**COMPLETE - December 2015**	
N3	South Devon Link Road	Newton Abbot	5.5km bypass of Kingskerswell on A380 (Newton Abbot to Torbay)	£110m	**COMPLETE - December 2015**	
N4	NA1 Link Road – Houghton Barton	Newton Abbot	In development 'Link Road' from A382 (Forches Cross) - A383 (Seale Hayne)	£5.2m	S106, GD3	2018/19
N5	Decoy-Aller (Phase 2)	Newton Abbot	Decoy-Aller to Langford Bridge improvement	£3m	S106	
N6	Park and Change	Newton Abbot	P&C facilities at Forches Cross – part of A382 package	£600k	S106, CIL	2019
N7	A382 corridor improvements	Newton Abbot	Improvements to A382, including widening / junction works to improve traffic flow, causeway & routes via Jetty Marsh and segregated cycle and pedestrian routes	£13.5m	S106, LTP	2019/20
N8	Newton Abbot Strategic Cycle Routes	Newton Abbot	Improvements to strategic cycling and walking routes in Newton Abbot connecting major growth areas (including Brunel Bridge link to stn)	£6m	S106	
N9	NA3 Southern Avenue access	Newton Abbot	Site access and links to site from Kingskerswell Road to A381	To be delivered by developer		

Opening of new Foot and Cycle Bridge over the A38 – July 2015

13

Plymouth and Urban Fringe Area

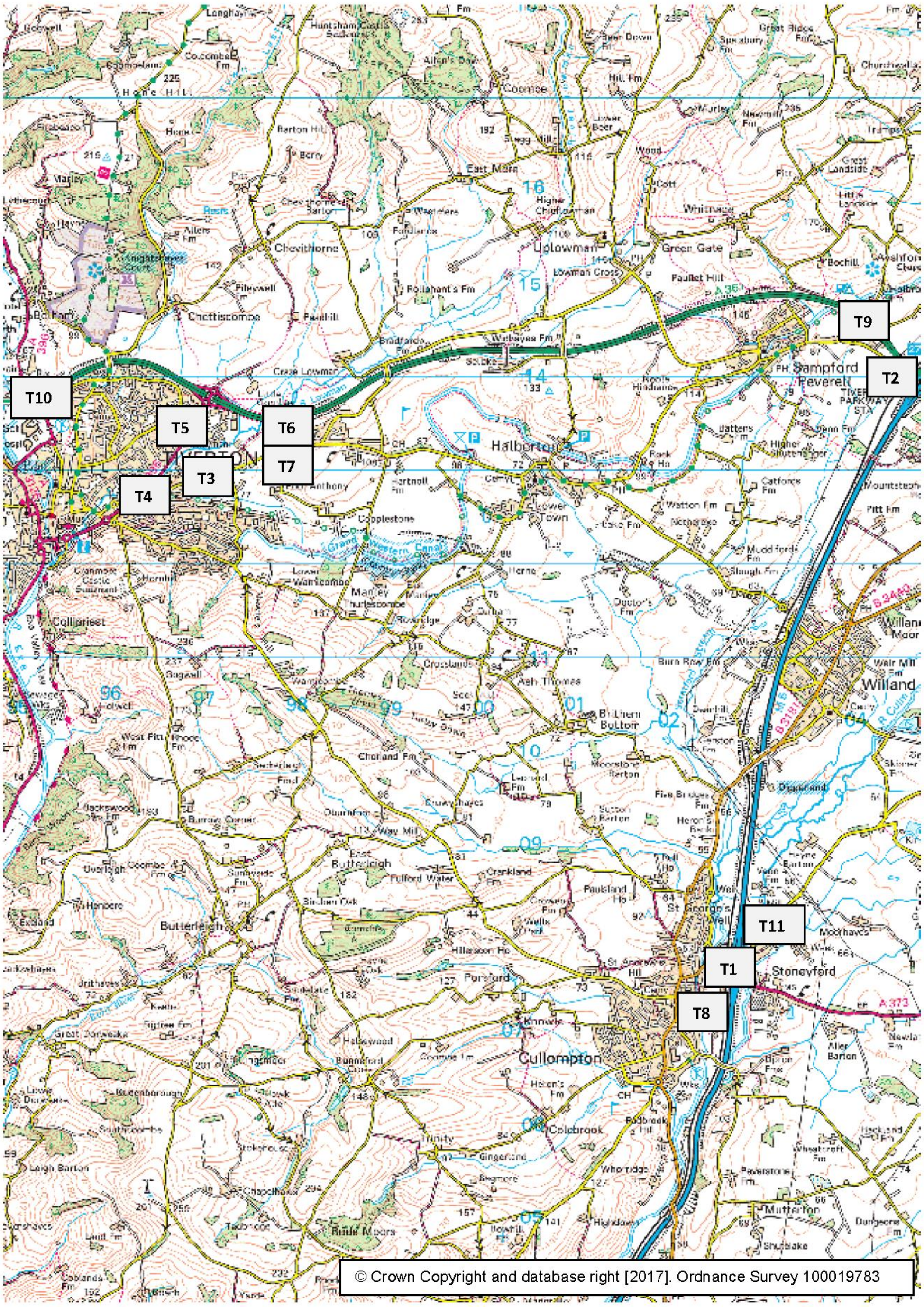


Transport Infrastructure Plan: Delivering Growth to 2030 March 2017

Code	Scheme Name	Location	Description	Estimated Cost	Funding mechanism	Delivery Period
P1	Deep Lane junction (North)	Sherford	Deep Lane Junction Northbound	£3m	S106, GD1	June 2017
P2	Deep Lane junction (South)	Sherford	Deep Lane Junction Southbound	£8m	S106, GD3	2020
P3	Sherford Park and Ride	Sherford	Park and Ride	£3m	S106, GD3	2020-25
P4	Tavistock Package	Tavistock	Reinstatement of railway line between Tavistock and Bere Alston including Park and Change and cycle link to Tamar Trail Centre	£33m	S106	
P5	Ped / Cycle Bridge	Sherford / Langage	Pedestrian / cycle bridge over A38 connecting strategic sites	£5m	TBC	
P6	Lee Mill slip roads	Urban Fringe	Strategic road network access improvements to strategic employment site	TBC	TBC	

Gem Bridge (near Tavistock) Pedestrian / Cycleway 2013

Tiverton and Cullompton Area



Transport Infrastructure Plan: Delivering Growth to 2030 March 2017

Code	Scheme Name	Location	Description	Estimated Cost	Funding mechanism	Delivery Period
T1	J28	Cullompton	Improvement to M5 J28 to provide signals to accommodate development to 2026	£1.3m	**COMPLETE – February 2016**	
T2	J27	Tiverton	Widening of southbound offslip to 3 lanes and signalisation of both off slips	£2.5m	**COMPLETE – May 2015**	
T3	Blundell's Road	Tiverton	Public realm / traffic calming improvements to Blundell's Rd to discourage through traffic	£2m	**COMPLETE – October 2016**	
T4	Blundell's Rd / Heathcoat way roundabout	Tiverton	Improvements to increase capacity	£130k	S106	2016
T5	Lowman Way / Heathcoat way roundabout	Tiverton	Improvements to increase capacity	£420k	S106	2016
T6	Tiverton EUE	Tiverton	Access to new development off A361	£15m	S106, GD2	2018
T7	Tiverton EUE phase 2	Tiverton	Secondary access from Tiverton EUE to Heathcoat Way	£10m	TBC	
T8	Cullompton Eastern Relief Road	Cullompton	Town centre relief road	£8m	TBC	
T9	Sampford Peverell junction	A361	West facing slips to remove u turns at J27 and through traffic from Sampford Peverell and Halberton	£3m	TBC	
T10	Bolham Junction	A361	Improvements to increase capacity	TBC	TBC	
T11	J28/Kingsmill Industrial Estate Access	Cullompton	Improvements to junction to facilitate access to M5 from industrial estate	S106	TBC	2018

** Emerging individual schemes for A39/A361 will be added to this table following completion of the North Devon Link Road (see p.6) feasibility study work and prioritisation of schemes*

Completed Blundell's Road traffic calming improvements – October 2016

Rest of County

Code	Scheme Name	Location	Description	Estimated Cost	Funding mechanism	Delivery Period
East Devon						
RC1	Axminster Relief Road	Axminster	Axminster relief road	£15.5m	S106, CIL	
RC2	Avocet Line Improvements	Exmouth	Extension of platforms along the Avocet Line	£1m	S106, rail industry bid	
RC3	Dinan Way	Exmouth	Completion of Dinan Way to the A376	£8.5m	S106, CIL	
RC4	Public Transport Interchange	Exmouth	Improved walking / cycling links to town centre, revised entrance to rationalised bus station	£2m	S106, NSIP, LSTF, LTP, LTB	2015/16
RC5	Turks Head Junction	Honiton	Improvement to Turks Head junction	£200k	**COMPLETE – March 2016**	
North Devon						
RC6	B3230 Corridor Improvements	Ilfracombe	Upgrade to an A road, including improvements at the Two Potts and Lynton Cross junctions	£1.4m	S106	
RC7	Western Access Route	South Molton	New link road connecting expanded Pathfields employment site to B3226	£2m	S106	
Teignbridge						
RC8	Splatford Split junction	Splatford	A38 / A380 Road Improvements at Splatford Split: To improve traffic flow and safety at this strategic junction	£5.5m	**COMPLETE – July 2015**	
RC9	Mamhead to Starcross	Dawlish	Improvements to mitigate impacts of growth on A379	£3m	CIL	
Torridge						
RC10	Agri-Business centre access	Holsworthy	Pedestrian / cycle route and junction improvements to provide safe access	£900k	NHB, LTP	2014
West Devon						
RC11	Exeter Rd – Crediton Rd Link	Okehampton	New road link between Exeter Road and Crediton Road	£3m	S106	2017 / 2018
RC12	Access Road	Okehampton	Town centre second access road	£8m	TBC	

New mini-roundabout at Turks Head Junction in Honiton - March 2016

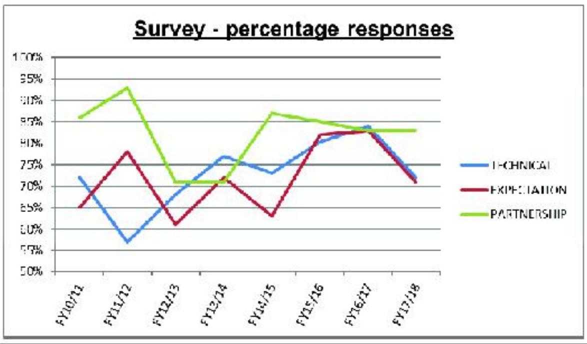
Road Safety

Code	Scheme Name	Location	Description	Estimated Cost	Funding mechanism	Delivery Period
RS1	A3121 Avonwick to Ermington	South Hams	Safety schemes aimed at reducing risk of accidents leading to fatalities and serious injuries	£9.5m	RSF	2019/20
RS2	A3123 Aller Cross towards Woolacombe	North Devon	Safety schemes aimed at reducing risk of accidents leading to fatalities and serious injuries	£11.0m	RSF	2019/20

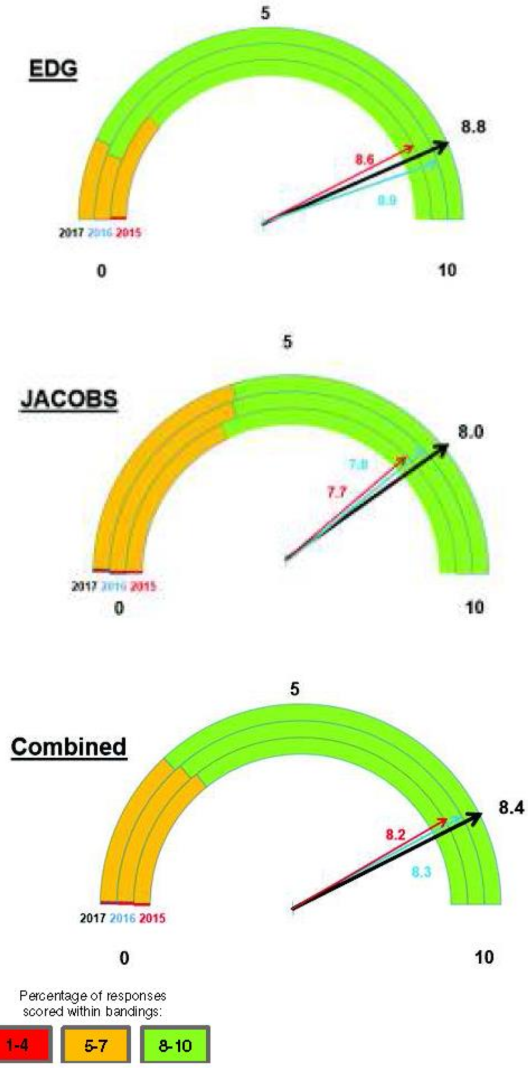
Appendix B – 2017/18 KPI Report Executive Summary

Devon County Council and Jacobs Partnership
Transportation and Engineering Consultancy Services (TECS) Contract

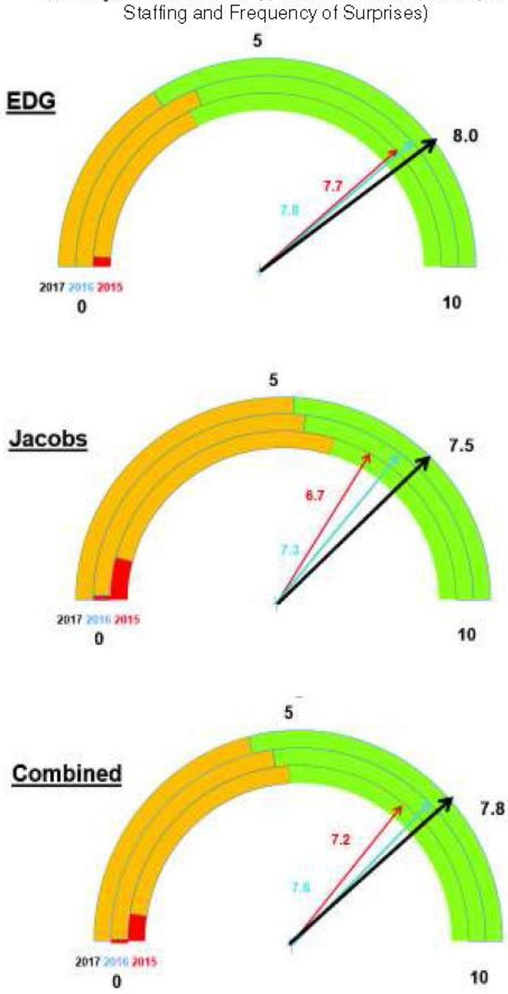
KPI Executive Summary



Technical Scores
(Average – Product, Service and Cost)



Meeting Expectation Scores
(Average – Cost vs Quality, Communications, Quality of Staffing and Frequency of Surprises)



Appendix D – Company Profit Margins

Company	Summation of 5 years Accounts*		Profit Margin (%)
	Profit/Loss before Tax (£k)	Turnover (£k)	
A	70,480	N/A	N/A
B	145,831	4,272,276	3.41
C	35,252	1,156,195	3.05
D	274,600	4,205,300	6.53
E	188,422	2,971,354	6.34
F	18,924	446,380	4.24
G	2,557	20,226	12.64
H	142,463	7,492,347	1.90
I	-30,385	N/A	N/A
J	-22,084	853,596	-2.59
K	21,359	361,224	5.91
L	5,747	96,311	5.96
M	-60	480,084	-0.01

(* Information supplied by DCC Procurement Services from Mint credit reports)

Appendix E – Local Authority Feedback

Devon County Council

Transport & Engineering Professional Services (TEPS) Contract

Introduction

Devon County Council's current Professional Services Contract ends in 2020 and this information gathering exercise is to assist in determining which professional services delivery model provides the best option for Devon County Council. A number of local authorities of similar size to Devon will be asked to complete a short questionnaire asking what delivery model they currently use and, if they were to change in the next two years, what their preferred option would be and why.

Background to current delivery model

Devon County Council (DCC) currently have an internal Engineering Design Group (EDG) who are responsible for the design, project management, procurement, supervision and contract management for a range of infrastructure schemes across the authority. Such projects are primarily funded from DCC's Capital Programme although revenue schemes are also undertaken. The EDG consists of 83 full-time professional and technical staff capable of delivering a wide range of highway related engineering activities.

Since 2001, the EDG has had a Transport and Engineering Consultancy Services (TECS) contract in place which allows it to manage the fluctuating workload resulting from a varying capital programme and to provide specialist services which are not available in-house (mainly relating to railways, environmental assessments and hydraulic & transport modelling)

The current contract commenced in 2010 and was initially for a 5-year period, with the option to extend this incrementally until 2020. The contract with has now been extended to its maximum and is currently due to expire on 31 March 2020.

Why a questionnaire? The purpose of the questionnaire is to establish from others within the industry if the current delivery model remains the best option for Devon County Council and will continue to deliver the key operating principles of:

- **Agility and flexibility** to meet changing needs;
- Delivering **value for money** in programme and project management, design and contract supervision;
- **Understanding, and helping deliver DCC's strategies**, and achieving **high customer satisfaction** levels;
- **Managing DCC's exposure to the risks** associated with changing staff resource requirements and funding changes.
- To provide a **stable platform to enable the recruitment, retention, training and development of staff**;
- To create **an environment which effectively identifies and manages project risks**

Option	Description	Please indicate your Current Model	Please indicate Your preferred model if you were renewing in 2020	Reasons for stating preference
1	**Full in-house service delivery.**			
2A	**In-house team with single top-up consultant.**			
2B	**In-house team with several top-up consultants**			
3A	**Local Authority Trading Company (LATC)**			
3B	**Public-Public Joint Venture (JV)**			
4	**Public-Private Joint Venture (JV)**			
5A	**Fully externalised service with single external consultant.**			
5B	**Fully externalised service with several external consultants.**			
6	**Other…….(please state)**			

Specific Questions

1) How satisfied are you with the performance of your current delivery model?	Not satisfied Satisfied Very satisfied
2) What were your organisations reasons for adopting your current delivery model?	
3) What do you consider to be the key considerations if DCC were to consider adopting your current delivery model?	
4) Which of the other delivery models has your authority previously used and what was your experience of it/them?	
5) Please provide any other comments you feel would be appropriate for this assessment	

Survey Results

Existing Arrangement		**Preferred Future Arrangement**	
Model	Number	Model	Number
1	1	1	1
2A	4	2A	7
2B	3	2B	2
3A	2	3A	2
5A	3	5A	1

Responses Received

Local Authority	Current Model	Preferred Model 2020
1	No response	
2	2A	2A
3	No response	
4	No response	
5	3A	3A
6	2A	2A
7	2B	
8	2B	2A or 2B
9	2A	2A
10	2B	2B
11	3A - Teckal	3A
12	1 In-house when possible	Assume 1
13	No response	
14	No response	
15	No response	
16	No response	
17	5A	2A
18	No response	
19	No response	
20	2A	2A
21	5A	2A
22	5A	5A

Appendix F – Market Engagement Questionnaire

TEPS – Market Engagement Questions

Introduction to DCC

- EDG is DCC's in-house engineering service with approx. 80 engineers and technicians – we deliver schemes with values from a few thousand to multi-million highway improvement projects. We also have a large structures team who have an asset management function so undertake bridge inspections and assessments. The current consultant is heavily involved in these areas. We also have a Waste management and flood risk management role and will deliver new recycling centres and flood defence schemes

- Clients are Planning and Transportation, Highway Management, Bridges asset Management and Waste Manager

- This will be the third Professional services Contract we have let and the purpose is really to provide flexibility for the Council so as well as being a top-up service for EDG it also provides access to skillsets that we may not have, ie Railways expertise.

- Other information will be available with the ITT

Delivery Model:

D1	Would you be interested in tendering for this work with DCC?
D2	Do you have any thoughts on our proposed delivery model objectives?
D3	How would your organisation cope with potential peaks and troughs in workload from DCC?
D4	Do you have a view on whether the Council's business need would be best suited by a single 'top-up' consultant or a framework arrangement of multiple consultants?

Procurement:

P1	Which of the procurement procedures described in the Public Contracts Regulations (2015) do you consider to be most appropriate and are there any of those procedures that may deter you from bidding?
P2	Are there any other potential risks or issues that we should be aware of that may deter you from bidding?

Tender Evaluation Criteria:

T1	What are your thoughts on tender evaluation criteria (i.e. cost and quality split)? What, in your view, is the most appropriate percentage split, e.g. 50/50 or something different, and why?
T2	Are there any areas that you think we should explore as part of a quality questionnaire?

Contract:

C1	What are your thoughts on contract duration and extension options? Would, for example, an initial 5 years duration, with an option to extend annually to provide an overall 10 years be appropriate? What extension options would incentivise consultants to deliver an ever-improving service?

C2	DCC is considering using the NEC3 or NEC4 Professional Services or Term Service contract. Which standard form of professional services contract do you consider to be most appropriate and why?
C3	The fluctuating infrastructure programme would make it very difficult for DCC to guarantee a minimum workload. What are your thoughts on this?
C4	From your experience in delivering these services elsewhere, what do you consider to be the appropriate Key Performance Indicators to use and why? What do you consider are appropriate levels of performance that would determine if DCC would offer an extension to the initial contract duration?

<u>Risks:</u>

R1	Has your organisation any experience of TUPE and what do you think are the key considerations for both the Client and Professional Services Provider?

<u>Payment:</u>

P1	What should DCC consider when deciding upon the payment mechanism?

P2	If payment were to be made on the basis of hourly rates, how do you think DCC could best structure this arrangement?
P3	Are there any specialisms or circumstances that you think should warrant special rates (e.g. railways, night working etc)?
P4	Are there any specific indices that you consider should be used in determining price increases during the lifetime of the contract?

Location:

L1	What would your organisations thoughts be on co-locating within DCC's offices?
L2	How do you think this would affect the cost effectiveness of your tendered rates?
L3	Do you see a remote location being an advantage, disadvantage or would make no impact on delivery?

Transition Arrangements:

T1	Do you have any suggestions as to how DCC could best handle the transition to a potentially new consultant?
T2	What sort of mobilisation timescales do you consider appropriate?

Innovation:

I1	Are there any innovations or efficiencies that you think DCC should be considering as part of this project?
I2	How does your organisation manage both professional fees and total project costs?
I3	What opportunities do you consider there are to offer apprenticeships to people as part of delivering these services to DCC? How would you advertise these and where?

James Stanley
6 September 2018

Corporate Infrastructure & Regulatory Services Scrutiny Committee

Planned & Reactive Maintenance: Potholes & Drainage Task Group

January 2019

29th January 2019
Corporate Infrastructure & Regulatory
Services Scrutiny Committee

1. Recommendations

The Task Group asks the Corporate Infrastructure & Regulatory Services Scrutiny Committee and Cabinet to endorse and action the recommendations below. The Task Group requests that an update on the progress of the recommendations should be brought back to the Corporate Infrastructure & Regulatory Services Scrutiny Committee in six months' time.

RECOMMENDATION 1
CLOSER MONITORING OF GULLY CLEANING, OTHER CYCLICAL DRAINAGE WORKS AND PLANNED MAINTENANCE PROGRAMMES

a) Countywide monitoring through the regular reporting of Highways progress and performance through a dashboard/performance report, to include gully cleaning and drainage works, at each meeting of the Corporate Infrastructure & Regulatory Services Scrutiny Committee, starting in March 2019.

b) Highways & Traffic Order Committees (HATOCs) to have closer oversight of the delivery and performance of local cyclical and planned maintenance programmes. Methods to be determined by individual HATOCs but suggestions include:

- Asset Management Team to report annually on local cyclical and planned maintenance programmes for the year ahead;
- Asset Management Team to provide Mid-Year progress reports on the delivery of these programmes;
- Regular attendance at HATOC by Skanska and other relevant contractors to report on the progress of programmes.

RECOMMENDATION 2
CONTINUED FOCUS ON DELIVERING HIGHWAYS MAINTENANCE FROM THE POINT OF VIEW OF COMMUNITIES

a) A report be brought to Corporate Infrastructure & Regulatory Services Scrutiny Committee in March 2019 on the findings of the East and Mid Devon trials for further scrutiny, before formal adoption

b) If after consideration of the report referred to in recommendation 2a) the Scrutiny Committee are not convinced that the trial is delivering improvements for the public, that a new trial is established in part of the County, whereby the Skanska pothole gangs are given flexibility and autonomy to take pragmatic/common sense decisions to the repair of 'service defects' for those rural roads, not covered in the trial

c) Further work be undertaken to improve the user experience of the Public Information Portal and accurate and informative alerts and updates to be provided to members of the public who report potholes.

RECOMMENDATION 3
A CLEAR SET OF PRIORITIES FOR MAINTENANCE DURING WINTER
a) Skanska's approach to prioritise cyclical drainage works early in the year, freeing up resources to manage reactive works in the winter, be fully supported and endorsed
b) DCC and Skanska to establish a joint protocol for the prioritisation of highways maintenance works during peak winter periods. The protocol should focus on maintaining a safe road network, acknowledging that before, during and after more extreme weather conditions, emergency and reactive works will have to take priority over planned works; the highest priority should be snow clearance, followed by gritting, repairing safety defects, and then cyclical/planned works.

RECOMMENDATION 4
ESTABLISH A MORE JOINED UP APPROACH BETWEEN HIGHWAYS TEAMS, CONTRACTORS AND COMMUNITIES
a) Highways Teams to pilot different ways of collaborative working with town and parish councils and report findings back to the Corporate Infrastructure & Regulatory Services Scrutiny Committee in the Autumn
b) Highways to continue to develop a user friendly, online facility, to include historic works and contractor details, searchable by electoral division, to be completed by Summer 2019

RECOMMENDATION 5
IMPROVE SKANSKA'S MANAGEMENT OF POTHOLE CLAIMS, INLINE WITH THE AGREED INSURANCE PROTOCOL
a) Skanska to clear the backlog of DCC claims and be managing all claims in line with the timescales in the agreed insurance protocol by 1st April 2019
b) Skanska's progress in this area continue to be monitored through the Devon Highways Board, and that the Corporate Infrastructure & Regulatory Services Committee be informed of progress as part of a highways performance report (see recommendation 1a)

2. Background

Delivering Highways Maintenance in Devon

2.1 'Highways Maintenance' can refer to a wide range of works and services, from pothole repairs, to surface dressing, to streetlighting. Devon County Council (DCC) has commissioned Skanska Construction UK Ltd, to deliver a large proportion of these services through a Highways Term Maintenance Contract (TMC), running from 1 April 2017 to 31 March 2024 (with the option of extension for a further 3 years). The key components of the TMC are:

1) Planned & Reactive Maintenance
2) Winter Service
3) Emergency Response

2.2 It is important to acknowledge that DCC's relationship with Skanska is more 'employer/supplier' in nature than the 'virtual joint venture' partnership held with South West Highways (SWH) prior to April 2017. This has been a significant and sometimes challenging cultural shift for all staff, including those operational staff who have transferred from SWH to Skanska and for DCC staff.

2.3 'Devon Highways' is the collective name for the DCC and Skanska partnership.

2.4 For 2018/19, around 40% of highways maintenance spend is with Skanska through the TMC. The remaining 60% is being delivered through other contractors. 2018/19 is a slightly unusual year in that DCC received additional capital funding from government through the Pothole Action Fund, and for the rebuild of the road at Slapton, and additional highways revenue budget (as recommended by Scrutiny), and much of this by nature has to be delivered outside of the TMC. In a normal year DCC might expect to spend around 60% of its highways maintenance budget with Skanska and around 40% with other contractors. Through the TMC, Skanska are however responsible for delivering all safety defect (pothole) repairs, gully cleaning/emptying and drainage works.

2.5 As referenced above, the 2018/19 budget scrutiny process identified a need to allocate additional highways revenue budget to areas such as drainage, patching and pothole repairs. Following agreement at Cabinet and adoption by the full Council in February 2018, an additional £6.5 million has been successfully allocated to these areas and will spent by the end of the 2018/19 financial year. This has been allocated as follows:

- £1.69 million Cyclic drainage
- £380,000 Routine drainage
- £150,000 Public Rights of Way drainage
- £500,000 Jetting and camera surveys
- £400,000 Grass cutting
- £1.5 million Safety defect trials (initially East Devon)
- £2 million Routine patching

Scope of the review

2.6 In view of concerns raised by both Members and the public relating to the high number of issues around planned and reactive maintenance (predominantly potholes and blocked gullies), and concern surrounding the performance of Devon Highways, the Corporate Infrastructure and Regulatory Services Scrutiny Committee agreed on 27 March 2018 that a Task Group be set up to:

- Investigate Devon Highways' (DCC and Skanska) performance over the past year in terms of planned and reactive maintenance, and how this should be managed going forward;

- Examine the robustness of DCC's contract management of Skanska;

- Examine issues of communication and feedback failure with the public, councillors and parish councils, and communication between DCC and Skanska;

- Review issues with the online 'report a problem' system and steps being taken to address these;

- Make recommendations as appropriate to the Corporate Infrastructure & Regulatory Services Scrutiny Committee on how Devon Highways' performance could be improved to deliver a better service for Devon residents.

3. Findings

Communication

3.1 Throughout this review, issues around communication have arisen in a number of areas, including how DCC's highways teams, Skanska and other contractors interact with each other and work together. This has a huge impact on how communities and local Members receive information about highways works, and how local people are able to influence the works and services which affect them. Not all issues are experienced universally across the County, however specific issues in a number of areas include:

- Neighbourhood and Asset Management Teams knowledge of timing and detail of work being planned/undertaken by Skanska;
- Neighbourhood Teams knowledge of works being planned/undertaken by other contractors;
- Lack of information/poor communication of local works and issues from highways teams and contractors to the local Member;
- Lack of information/poor communication of local works and issues from highways teams and contractors to communities
- Complexities of the integration of different IT systems

3.2 Many of these issues are explored in more detail later in this report, and communication problems are a theme which run throughout the Task Group's findings. Reflecting this, many of the recommendations in this report aim to improve how DCC highways teams, contractors, local Members and communities communicate with each other.

Drainage systems

3.3 Gullies, ditches, grips and buddle holes (see glossary for definitions) allow rainwater to drain away from the highway and aim to keep the road surface free of standing and flood water. Drainage systems need to be properly maintained and kept clear to prevent blockages and subsequent flooding. Under the TMC, Skanska are responsible for emptying or flushing gullies annually, or once every three years (dependant on the type of gully and the location). Grips, easements and buddle holes in problem areas should also be cleaned on an annual basis.

3.4 Towards the end of their first year of operation, it emerged that Skanska had failed to complete their scheduled gully cleaning programme, with 30% of works still outstanding on 31st March 2018. One of the key factors associated with the backlog was the transition from the previous contractor South West Highways to Skanska. Despite Skanska having a detailed mobilisation plan in place, it took longer than expected to manage issues such as staff consultation and TUPE arrangements. Problems with plant availability and reliability and the March snow events contributed to delays.

3.5 Issues around the monitoring of the gully cleaning programme also emerged, with Skanska and DCC contract managers only becoming aware of the full extent of delays two weeks before the end of the financial year, meaning that little action could be taken to address problems at that time.

3.6 A number of steps have already been taken by Skanska and DCC to address the issues and mitigate against similar delays in the current year. Actions include:

- Prioritisation of gullies still outstanding at the end of March 2018;
- Purchase and use of a new fleet of vehicles to improve reliability;
- Changes to line management and increased resources in gully clearing;
- Improved communication and monitoring of performance by contract managers;
- Prioritisation of resources into gully cleaning in the spring and summer, to get ahead of schedule going into the autumn and winter months.

3.7 The maintenance of roadside ditches is the responsibility of whoever owns the land adjacent to the ditch. Where the landowner fails to maintain a ditch, DCC has the power to take enforcement action against the landowner, however, there are times when Devon Highways will clear ditches in order to keep the highway free of water. A DCC working group is being established to review how the Council is dealing with ditches, and whether greater enforcement of landowner responsibility is needed.

3.8 The Task Group accepts that the failure of Skanska to complete its gully cleaning programme in 2017/18 was predominantly related to issues surrounding the transition of the contract and is reassured by the steps taken by DCC and Skanska to mitigate against this backlog reoccurring. Members remain concerned however about the approach to the performance monitoring of Skanska in terms of cyclical and planned works and as such, seek greater oversight by elected Members.

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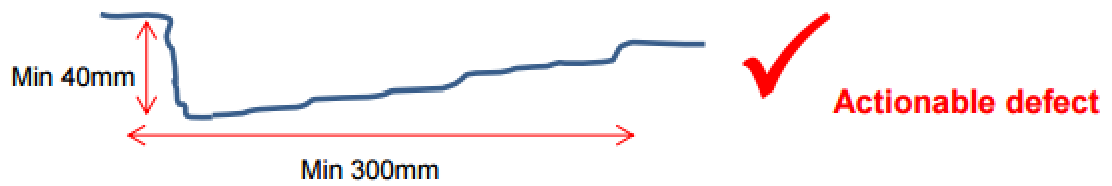
b) Highways & Traffic Order Committees (HATOCs) to have closer oversight of the delivery and performance of local cyclical and planned maintenance programmes. Methods to be determined by individual HATOCs but suggestions include:

- Asset Management Team to report annually on local cyclical and planned maintenance programmes for the year ahead;
- Asset Management Team to provide Mid-Year progress reports on the delivery of these programmes;
- Regular attendance at HATOC by Skanska and other relevant contractors to report on the progress of programmes.

Pothole reporting and repairs

3.9 DCC has to prioritise resources in terms of how it manages potholes identified through planned safety inspections or reports from the public. Under current policy and practice, only potholes which meet the 'safety defect' criteria, based on the National Code of Practice[1], will receive a repair. To be considered a safety defect a carriageway pothole must be a 'large 40mm vertical-edge hole that is also greater than 300mm wide'. See diagram below.



3.10 This practice has some advantages for the public and the Council; it ensures that the potholes most likely to cause damage to a vehicle are repaired and it gives the Council a clear defence in terms of responding to damage claims.

3.11 However, there are also disadvantages to this very 'black and white' approach; potholes which do not meet the 'safety defect' criteria are left unrepaired, and over time tend to worsen until they do meet the safety defect criteria and then require repairing. This is both inefficient for the Council and its contractor Skanska, and extremely frustrating for the public.

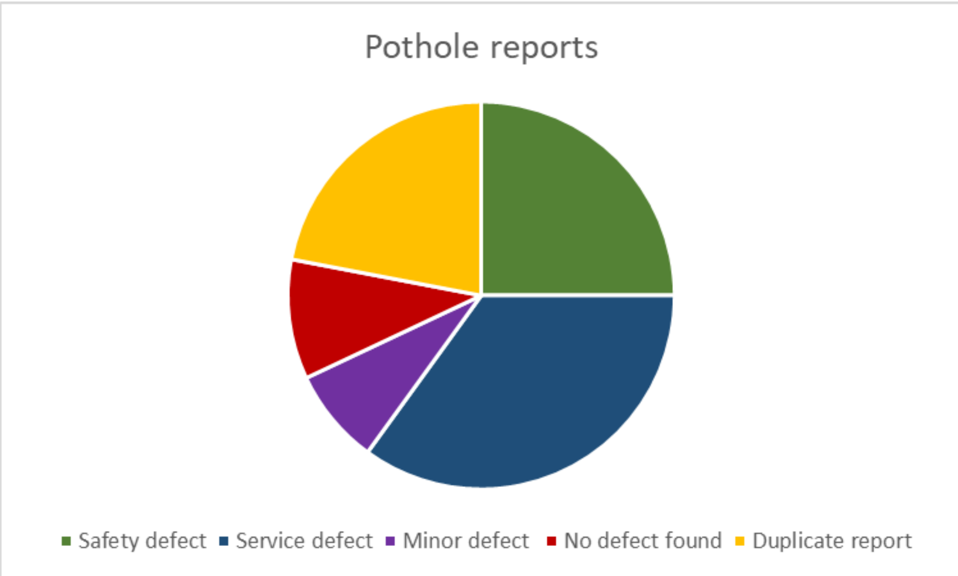
[1] http://www.ukroadsliaisongroup.org/en/utilities/document-summary.cfm?docid=4F93BA10-D3B0-4222-827A8C48401B26AC

3.12 The Public Information Portal (PIP) allows members of the public to report potholes online[2] and is also used by the Council's Customer Service Centre to log reports from members of the public which arrive by phone or email. But the way that this information is currently passed to Skanska also results in inefficiencies.

3.13 Under the current process Skanska's highway maintenance gangs receive pothole reports directly from the PIP. They then visit the location of each report to assess whether a pothole is present and whether it meets the 'safety defect' criteria, repairing as required by policy.

3.14 By its nature, public reporting results in duplicate reports and inaccurate locations, and this combined with the Council's current policy to only carry out repairs on 'safety defects' means that only around a quarter of 'jobs' that Skanska currently 'complete' actually involves a repair. Over a third of reports relate to a defect which doesn't currently meet the 'safety defect' criteria, but if very likely to worsen to that state if left unrepaired for a period of time (shown in the chart below as 'service defect').

3.15 The remaining reports are either very minor defects, where no defect has been found (probably due to the report giving an inaccurate location) or are duplicate reports (often relating to potholes which have already been visited and/or repaired). The latter two categories, making up around a third of all reports, mean that resources are wasted through gangs visiting areas unnecessarily.



3.16 In addition, alerts or updates provided to members of the public who have reported potholes come directly from the PIP, and due to the number of duplicate and inaccurate reports, much of the feedback that members of the public receive is confusing, inaccurate and completely unsatisfactory.

[2] https://new.devon.gov.uk/roadsandtransport/report-a-problem/report-a-pothole/

3.17 As part of the County Council's 'Doing What Matters' work, which is taking a 'systems thinking' approach to service delivery across the Council, a trial to manage pothole reporting and repairs more efficiently and from the public's view point, is currently ongoing in East Devon. Under the trial, a safety inspector works to triage pothole reports by visiting the location and assessing which of the categories (as per the chart above) the report falls in to. Only those reports which are considered 'safety defects' are sent directly to Skanska's gangs to visit and repair. Those categorised as 'service defects' are added to a future programme of works to be completed in the coming weeks, and the remaining categories, where no further action is required are simply closed off.

3.18 To date the trial is looking to be practical and cost efficient and a similar pilot is beginning in the Mid Devon area, with plans to roll out this way of working on category 3-6, and potentially more rural roads, countywide if successful.

3.19 Communities have long expressed frustration at the Council's blanket approach to repairing only 'safety defects' on the highway, and the Task Group therefore welcomes the ongoing trials in East and Mid Devon to take a more pragmatic approach through a triage process, which should be both more efficient for Devon Highways, and provide a better service for communities. The Task Group would like to see a pragmatic, common sense approach taken to 'service defects' on all roads, and would like the results of these trials to be subject to scrutiny before progressing further. Members also ask that additional focus is put on accurate, two-way communication with the public around pothole reporting and repairs.

RECOMMENDATION 2
CONTINUED FOCUS ON DELIVERING HIGHWAYS MAINTENANCE FROM THE POINT OF VIEW OF COMMUNITIES
a) A report be brought to Corporate Infrastructure & Regulatory Services Scrutiny Committee in March 2019 on the findings of the East and Mid Devon trials for further scrutiny, before formal adoption
b) If after consideration of the report referred to in recommendation 2a) the Scrutiny Committee are not convinced that the trial is delivering improvements for the public, that a new trial is established in part of the County, whereby the Skanska pothole gangs are given flexibility and autonomy to take pragmatic/common sense decisions to the repair of 'service defects' for those rural roads, not covered in the trial
c) Further work be undertaken to improve the user experience of the Public Information Portal and accurate and informative alerts and updates to be provided to members of the public who report potholes.

Resilience, Flexibility and Prioritisation

3.20 DCC's current TMC with Skanska has a reduced scope compared to the TMC held with the previous contractor South West Highways, which delivered up to 90% of the Council's highways maintenance works.

3.21 The decision to commission a smaller TMC was taken on the basis that tying up a smaller percentage of the highways maintenance budget with a single contractor would give DCC more flexibility, provide better value for money and allow smaller and more local contractors to bid for work. Deciding on the right size of the TMC requires the balancing of financial viability and value for money against the ability of the contract to be flexible and resilient enough to manage periods of increased demand in winter. As we approach the end of the second year of the contract with Skanska, an officer working group is reviewing the current size of the TMC to establish if the current balance is right.

3.22 Skanska has a flexible workforce and during periods of peak demand is able to redistribute staff from planned and cyclical works to deal with reactive works. As mentioned in paragraph 2.11, Skanska have also taken the approach this year to 'frontload' the programme of cyclical drainage works earlier in the year, providing greater capacity to react to issues caused by winter weather later on. Both of these approaches give Skanska a greater level of resilience.

3.23 Increasing the size of the TMC could provide Skanska with more resilience during the winter, however there will always be a need to prioritise works during peak periods. Skanska have requested through the Task Group, and to Council officers directly, that they be provided with clearer guidance on prioritisation of finite resources, particularly around how reactive and planned works should be balanced.

3.24 The Task Group welcomes Skanska's approach to prioritising cyclical drainage works and acknowledges the challenges in determining the most appropriate size of the TMC. The approach of the working group to reviewing the TMC size is welcomed, but the Task Group is clear that where the prioritisation of resources is needed during winter months, this protocol should be set by DCC with input from Skanska, and based around keeping the road network safe to travel on.

RECOMMENDATION 3
A CLEAR SET OF PRIORITIES FOR MAINTENANCE DURING WINTER
a) Skanska's approach to prioritise cyclical drainage works early in the year, freeing up resources to manage reactive works in the winter, be fully supported and endorsed
b) DCC and Skanska to establish a joint protocol for the prioritisation of highways maintenance works during peak winter periods. The protocol should focus on maintaining a safe road network, acknowledging that before, during and after more extreme weather conditions, emergency and reactive works will have to take priority over planned works; the highest priority should be snow clearance, followed by gritting, repairing safety defects, and then cyclical/planned works.

Joined up working across Highways Teams, contractors & communities

3.25 The Asset Management Team are responsible for the development and delivery of local maintenance programmes at an operational level, in accordance with the Asset Management Plan. Neighbourhood Highways Officers (NHOs) work closely with Town and Parish Councils and local Members and are the main link between communities and DCC on highways maintenance matters. NHOs aim to work closely with Skanska and hold monthly meetings discussing programme delivery and works.

3.26 Feedback from Members indicates that NHOs often (but not always) have good knowledge of works being undertaken by Skanska in their locality, and they tend to have less information about works being delivered by other contractors, which are managed by DCC's Asset Management Team. Local Members and communities report that they often have difficulties in getting information about upcoming works, or even finding out who the right person or organisation is to contact, sometimes having to make enquiries with the Asset Management Team or with the contractor directly. Local Members and communities find this longwinded process extremely confusing and frustrating.

3.27 Inconsistencies have also been identified in the way in which contractors interact with local Members and Town and Parish Councils, with some contractors contacting local Members directly to inform them when works are about to take place, but the majority do not do so.

3.28 Members have heard that there has been a historical disconnect between the way that Neighbourhood and Asset Management Teams work, but acknowledge also that both teams have been subject to budget and staff reductions over recent years and are managing increased pressure and workloads. The Western Neighbourhood Team has also experienced higher than average levels of sickness, which in a small team, puts additional pressure on remaining staff. This environment can mean that there is less time and space for teams and individuals to think more strategically about the way they work and can lead to a lack of joined up working and overview.

3.29 However there are areas of good practice where pragmatic approaches have been taken across highways teams and with communities. In Beaworthy (West Devon), the NHO, Asset Management Team and the Parish Council have begun meeting to agree maintenance priorities for the parish and provide feedback to communities on planned works and progress.

3.30 Online platform roadworks.org[3] also provides some useful information for communities about current and planned works; location, type of works and expected timeframe. However it doesn't include details of the contractor carrying out the works and is limited to current and future works. DCC Highways are developing an online database which is intended to provide improved roadworks information, including historic works. This is hoped to be completed by Summer 2019. The Scrutiny Task Group have been invited to comment on the draft and feed into the final design.

3.31 Members of the Task Group recognise the increased pressure that highways teams are under and highly value the work of NHOs and Asset Management staff. However the way in which teams work can appear siloed and improved working across teams and greater availability of information is essential if DCC is to improve how it communicates with communities on highways issues.

RECOMMENDATION 4
ESTABLISH A MORE JOINED UP APPROACH BETWEEN HIGHWAYS TEAMS, CONTRACTORS AND COMMUNITIES
a) Highways Teams to pilot different ways of collaborative working with town and parish councils and report findings back to the Corporate Infrastructure & Regulatory Services Scrutiny Committee in the Autumn
b) Highways to continue to develop a user friendly, online facility, to include historic works and contractor details, searchable by electoral division, to be completed by Summer 2019

Pothole claims management

3.32 As this Task Group review progressed, it came to the attention of Members that there were some significant issues with the way in which pothole claims were being managed by Skanska.

3.33 The County Council may be held liable for damage to vehicles and/or personal injury as a result of safety defects on the highway, where:

- a safety inspection has not been carried out in line with the timeframe laid out in Council policy;
- a safety defect has been missed and therefore not repaired following a safety inspection;
- a safety defect identified through routine safety inspections or reported by the public has not been repaired within the timeframe laid out in policy;
- a safety defect has been repaired within the relevant time frame but the repair has not held.

3.34 As the Council's term maintenance contractor, Skanska hold the indemnity for the liability and costs under their contract with the Council, and therefore a proportion of claims are redirected to them to manage and settle. Under the agreed insurance protocol, Skanska have a responsibility to respond to damage claims within seven working days and injury claims within three working days. However the reality of this proved to be quite different, taking at least two weeks for the Council to receive an acknowledgement of the claim, with many liability decisions taking up to four months, and some longer.

3.35 Consequently these long delays leave many members of the public who are entitled to compensation out of pocket for months and extremely frustrated. Not only does this leave the Council at risk of reputational damage, it also creates additional work for the Customer Service Centre, Insurance Team and Customer Relations Team, fielding calls, following up on claim enquiries and dealing with complaints.

3.36 Since this matter was raised with the Task Group, the Council has begun to address this problem with Skanska, issuing an early warning notice, following which steps towards improvement were agreed between both parties, namely the recruitment of an additional member of staff to assist with the claims management. Performance in this area is being closely monitored by senior officers and through the Devon Highways Board, which meets on a monthly basis.

3.37 The Task Group was extremely disappointed as it emerged that Skanska were failing to manage pothole claims in line with the agreed protocol, and consider the impact on claimants, staff and DCC's reputation as a result to be completely unacceptable. However, Members do feel reassured that appropriate steps are now being taken to address the issues, but urge Skanska to make timely improvements in this area and request that Skanska's performance be closely monitored by DCC going forward.

RECOMMENDATION 5
IMPROVE SKANSKA'S MANAGEMENT OF POTHOLE CLAIMS, INLINE WITH THE AGREED INSURANCE PROTOCOL
a) Skanska to clear the backlog of DCC claims and be managing all claims in line with the timescales in the agreed insurance protocol by 1st April 2019
b) Skanska's progress in this area continue to be monitored through the Devon Highways Board, and that the Corporate Infrastructure & Regulatory Services Committee be informed of progress as part of a highways performance report (see recommendation 1a)

4. Conclusion

4.1 When Members of the Corporate Infrastructure & Regulatory Services Scrutiny Committee first discussed the need for this Task Group review, key concerns were initially around the performance of Devon Highways in delivering planned and reactive maintenance works, and particularly the failure of Skanska to complete their gully cleaning programme in 2017/18.

4.2 As the Task Group progressed, other related issues emerged and were included in the review; some such as DCC's policy to repair only 'safety defects' and problems with the reliability of the PIP were ongoing issues, very familiar to Members through their community casework and scrutiny roles. Other issues, such as Skanska's management of pothole claims had emerged more recently under the new contractor.

4.3 As the Task Group interviewed witnesses and gathered evidence, it became clear that the transfer of the contract from SWH to Skanska had contributed towards many of the problems that the Task Group had set out to review, and although steps had been taken to respond, Members were disappointed that these issues had taken so long to be resolved .

4.4 In addition, communication blockages and difficulties in sharing information between DCC highways teams, contractors, local Members and communities had such a noticeable impact, not only on service delivery but also on communities' confidence in DCC and partners to deliver the services they need.

4.5 Throughout this review, The Task Group has also uncovered some excellent efforts to improve the delivery of highways services, including the work to address smaller potholes, the early prioritisation of drainage programmes and the bringing together of highways staff and communities to address local issues.

4.6 Members of the Task Group also acknowledge that reducing budgets and rising demand has put increased pressure on highways teams and operational staff, and the Task Group would like to put on record their thanks to all those who work hard to keep the County moving throughout the year.

4.7 DCC staff and partners are clearly working hard to make improvements, but there is more still to be done, and the Task Group puts forward the recommendations in this report to support further change and progress in these areas.

5. Membership

Councillors Kevin Ball (Chair), Alistair Dewhirst, Richard Edgell, Linda Hellyer, Andrew Saywell and Martin Shaw

6. Contact

For all enquiries about this report or its contents please contact:
Vicky Church (Scrutiny Officer) victoria.church@devon.gov.uk 01392 383691

7. Sources of Evidence

Witnesses

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

Robert Richards	Highways and Traffic Management Group Manager, DCC
Tom Vaughan	Neighbourhood Highways Manager (East), DCC
John Fewings	Neighbourhood Highways Manager (West), DCC
Meg Booth	Chief Officer for Highways, Infrastructure Development & Waste, DCC
Simon Kane	Contract Manager, Skanska
Joe Deasy	Asset Management Group Manager, DCC
Emily Wilkins	Corporate Insurance Manager
Craig Jackson	Highway Maintenance & Drainage Manager, Bath & North East Somerset Council

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8. Glossary of Terms

Asset Management
The coordinated activity of an organisation to realise value from its assets. Devon's Highways' assets include 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

Devon Highways
The collective name for the Devon County Council (DCC) and Skanska partnership.

Ditch
An open channel used to discharge surface water

Buddle holes
A hole or pipe that carries water through a hedge or bank

Grips
A ditch across the verges which drains water into a back ditch

Gullies
Collects and removes excess surface water from roads

Highways and Traffic Orders Committees (HATOCS)
Devon has eight HATOCs made up of representatives from Devon County Council and each of Devon's District Councils. They are responsible for the way in which the Council delivers its responsibilities as the Highway Authority.

Key Performance Indicators (KPIs)
Performance measures which, for highways, have a focus on monitoring the key assets which keep the county moving

Neighbourhood Highways Officers (NHOs)
Each electoral division within Devon has a designated Neighbourhood Highway Officer to provide local support and information on highway matters

Safety Defect
A pothole that is deeper than 40mm, wider than 300mm and has a vertical edge

Service Defect
A pothole which doesn't meet the criteria of a 'safety defect', but is likely to increase in size and become hazardous if left unrepaired

Skanska
Skanska Construction Ltd is a construction company, which DCC has a highways maintenance contract with running from 1 April 2017 to 31 March 2024

South West Highways (SWH)
DCC's previous highways maintenance contractor

PTE/19/4

Corporate, Infrastructure and Regulatory Services Scrutiny Committee
29 January 2019

Congestion and Air Quality Task Group: Update

Report of the Head of Planning, Transportation and Environment

1. Introduction

1.1 The purpose of this report is to provide an update on DCC's work regarding the 5 recommendations made by the Air Quality & Congestion Task Group on 12th June 2018[1]. It also reports on the Air Quality Management Areas (AQMAs) in Devon and provides an update on changes to the wider social, political, and technological contexts in which Devon County Council operates.

2. Background/Previous Work

2.1 In December 2017, an overview report was provided to the Air Quality & Congestion Task Group summarising the current Air Quality and Congestion conditions in Devon[2].

2.2 The report focussed on 4 AQMAs in Devon County: Ivybridge, Crediton, Braunton and Exeter. In many of these locations, key factors affecting local air quality included the topography of the area and stop start traffic caused by variables such as on street parking, pedestrians interrupting traffic flow and roads nearing capacity during peak hours. The report also discussed the national policy and technologies that are significant drivers in changes to air quality.

2.3 Following the presentation of this report, the task group requested further information regarding workplace parking levies, stacked car parking at existing P&R sites, Devon County Council's work in schools, and data on congestion at the AQMAs identified in the previous report. This information was provided in the supplementary note titled 'Supplementary Highways Note 02: Congestion & Task Group Meeting 26/02/2018'[3]. The report noted several existing DCC initiatives, and its current position on some of the proposed options such as stacked car parking and workplace parking levies.

2.4 The task group considered the two reports amongst evidence from several others. In June 2018 the task group published 5 recommendations:

1. That Devon County Council (DCC) engages in a targeted communications campaign to promote behaviour change in children's and adult's travel habits to reduce congestion and air pollution.
2. That DCC reviews further opportunities for collaborative working between Public Health, Children's Services and Transport within DCC in responding to air quality and congestion issues.

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[1] http://democracy.devon.gov.uk/documents/g2814/Public%20reports%20pack%2012th-Jun-2018%2014.15%20Corporate%20Infrastructure%20and%20Regulatory%20Services%20Scrutiny%20.pdf?T=10

[2] Devon County Council, "Overview of Highways Data at AQMA'S in Devon County"
[3] Devon County Council, "Supplementary Highways Note 02: Air Quality & Congestion Task Group Meeting 26/02/2018"

3. That with partners, DCC to review what options can incentivise active travel to promote behaviour change surrounding transport habits in schools.
4. That DCC consider funding a bus pass for young people aged 16 to 20.
5. That DCC continues to implement the measures outlined in the Devon and Torbay Local Transport Plan (2011-2026) and continues to review the progress of the measures implemented

2.5 DCC welcomed the recommendations, though noted that initial estimates for a young person's bus pass would cost in the region of several millions of pounds to implement and run.

3. Changes in social, political and technological context

3.1 The position of central government regarding air quality in the UK has remained fairly consistent since the publication of the task group's recommendations, however there have been several notable publications.

3.2 In August 2018, the consultation on the governments draft air quality strategy closed, with the final version due to be published soon[4]. The draft Air Quality Strategy focuses on transport alongside other sources of air pollution such as intensive agriculture food production, heating homes and the use of solvents. Transport related measures in the plan largely revolve around cleaner fuels and vehicles, micro plastics and emissions measurement rather than congestion management. It also looks to incentivise active travel through the existing investments outlined in the Cycling and Walking Investment Strategy, and shift freight from road to rail[5].

3.3 In addition to the Air Quality Strategy, the Department for Transport (DfT) published the 'Road to Zero' strategy in July 2018[6] which outlines plans to shift towards cleaner road transport. It outlines the ambition to see at least 50% of new car sales being ultra-low emission by 2030 and commits to taking steps to accelerate uptake amongst all users, including the private car owner, through campaigning and incentives. The report notes its previous commitment to infrastructure, particularly the availability of charging infrastructure through the £400m Charging Infrastructure Fund, the Electric Vehicle Homecharge Scheme, Workplace Charging Scheme and plans to introduce a requirement for all new homes to be Electric Vehicle (EV) ready.

3.4 To support the development of electric vehicle infrastructure and autonomous vehicle technologies, the Government approved an Automated and Electric Vehicles Act in July 2018. This Act lays down the legal framework for future legislation which will allow the Government to regulate and improve electric vehicle charging infrastructure in the UK.

3.5 Technology is also progressing, with more manufacturers providing a wider range of Electric Vehicles. New models are being introduced to the market every year. Technological developments are typically offering increased battery range which will make them a viable choice for more motorists to consider. Including both pure electric

[4] https://www.gov.uk/government/consultations/air-quality-draft-clean-air-strategy-2018
[5] https://consult.defra.gov.uk/environmental-quality/clean-air-strategy-consultation/user_uploads/clean-air-strategy-2018-consultation.pdf
[6] https://www.gov.uk/government/publications/reducing-emissions-from-road-transport-road-to-zero-strategy

and plug-in hybrid vehicles, there are now 120 different models of plug in vehicle to choose from in the UK, offering a low emissions alternative to most types of internal combustion powered vehicle. Ownership of plug in vehicles has been increasing rapidly from around 3,500 registered vehicles in 2013 to 182,000 in October 2018[7]. However, surveys such as the OVO Energy survey (2018)[8] highlight that despite improving technology and a range of subsidies there are still concerns over the affordability of EVs and the availability of supporting infrastructure.

3.6 Transport providers are also making changes, for example locally Stagecoach are actively considering ways to improve the emissions of their vehicles and one way of doing this is to convert them to electric. To enable this process to gain momentum there is a need for some seed corn funding. As a consequence, DCC is working with Stagecoach in a bid to government to support a modest fleet of electric busses.

3.7 The bid aims to convert Exeter cross City Park & Ride service to run with full electric vehicles, including heating. Matford Park & Ride is a unique bus depot and Park & Ride site offering the potential to store solar energy for overnight charging. In addition, it has the ability to make the charging facilities available to the public during the daytime. The service operates through Exeter's historic High Street and four areas with poor air quality and links two of the South West's largest industrial areas with the city centre in addition to traditional Park & Ride connections. Funding is requested for the additional cost of purchasing nine vehicles, which includes one spare, along with the infrastructure cost for an innovative battery/solar changing solution.

4. An Update on Local Air Quality Management Zones

4.1 Since DCC produced the technical notes outlined above, 2017 data has been made available for AQMAs across Devon County. This data shows that air quality in many of the areas highlighted in the previous supplementary task group reports have seen a general overall improvement in air quality.

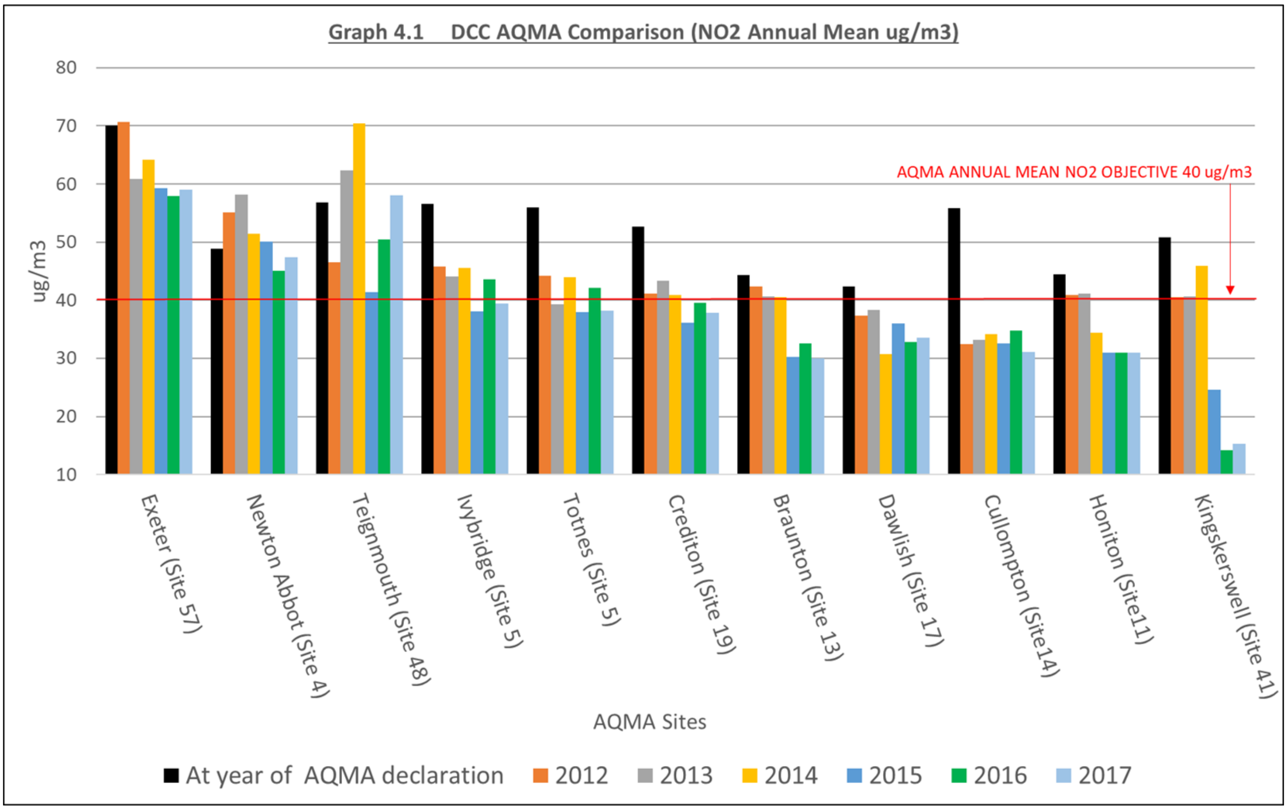
4.2 Graph 1 summarises air quality performance over the last 6 years within the eleven AQMAs that have been declared within the Devon County Council managed highway area.

4.3 It should be noted that the Totnes AQMA area was extended in 2016 to encompass an additional monitoring site on the A385 to the east of the town at the True Street junction, Berry Pomeroy. This site has higher recorded NO2 measurements at 56.19 ug/m3. But this site is at a point where a residential property directly abuts the A385. The figures shown in the graph represent the worst performing site within Totnes is at Bridgetown Hill.

4.4 It should also be noted that new monitoring sites were introduced in 2017 within the Newton Abbot AQMA. Some of these sites will monitor the impacts for AQ of planned road improvements. But one new site at Exeter Road has higher recorded NO2 measurements at 52.84 ug/m3. For comparison with other AQMAs, the table currently

[7] https://www.nextgreencar.com/electric-cars/statistics/
[8] https://www.ovoenergy.com/blog/ovo-news/whats-stopping-the-electric-vehicle-revolution.html

identifies the next worst performing site within the Newton Abbot AQMA that is located within Wolborough Street.



4.5 From the eleven AQMAs that were declared within Devon, eight are currently showing 2017 NO2 monitoring levels below the national objective for an annual mean of 40 ug/m3. Under current DEFRA guidance, if annual monitoring shows air quality levels remain consistently below the threshold level for two years, then the AQMA can be considered for revocation. The AQMA at Honiton has now been revoked (April 2018). The AQMAs at Dawlish and Kingskerswell have been identified for revocation in 2019. AQMAs at Cullompton, Crediton and Braunton are all being considered for a revocation or reduction subject to future monitoring performance.

5. Task Group Recommendations 1 & 3

Targeted Behavioural Campaigns & Incentivising Active Travel Habits in Schools

5.1 The Task Group made a recommendation for a targeted behaviour change campaign, focussed on two areas:

- The reduction of short distance car journeys undertaken by parents to transport children to school
- The reduction of engine idling, particularly outside schools.

5.2 The group made a further recommendation to deploy a dedicated officer directly into schools in heavily congested areas, and to make funding available for small capital projects in the vicinity of schools.

5.3 There is an on-going programme of support for schools provided through the Access Fund and other previous funds such as the Local Sustainable Transport Fund (LSTF) since 2012. The current Access Fund is a 3-year programme of engagement and events funded by a £1.5million grant won by DCC through a competitive bid process to encourage and support active travel in schools, workplaces and communities. Since its start in March 2017, the Access Fund has:

- Engaged with 40 education establishments in our target areas of Exeter, Newton Abbot and Barnstaple
- Delivered over 500 events and activities in schools, organised by officers, schools and SUSTRANS volunteers
- Held events for a total of over 40,000 attendees
- Organised several larger community events.

5.4 It should be noted that due to the Access Fund's limited budget that there is a focus on providing officer support and events over infrastructure to maximise the reach of the fund.

5.5 Some events support active travel such as cycle confidence sessions, walking buses and bike maintenance workshops, whilst some actively incentivise it such as the recent 'Leg it to Lapland' campaign. Much of DCC's Access Fund work in schools (carried out largely through SUSTRANS) already targets the short distance car journey. Activities range from fun competitions to event days, to cycle confidence sessions. These encourage children to become ambassadors for sustainable travel, and influence both their own and their guardians travel decisions in the long-term.

5.6 Devon also has a thriving Bikeability programme, which sees DCC working with schools to provide practical skills and understanding how to cycle on today's roads. Bikeability gives children the skills and confidence for all kinds of cycling.

5.7 There are three Bikeability levels, each designed to improve cycling skills, no matter what is known already. Levels 1, 2 and 3 take trainees from the basics of balance and control, all the way to planning and making an independent journey on busier roads. More information can be found at: https://www.traveldevon.info/cycle/cycle-training/

5.8 Paragraph 5.5 of the task group report notes that social media is an effective way to influence behaviours. DCC run two officer led twitter accounts (Travel Devon and Cycle Devon) with a combined total of over 6000 followers and an online newsletter with over 8,000 subscribers. Travel Devon is a benchmark sponsor of the 'Grow Green' initiative and has supported Clean Air Day for the last two years; promoting a 'leave your car at home day' and highlighting positive local case studies of sustainable travel such as IKEA Exeter.

5.9 In the future, it may be possible to further utilise the established online comms channels outlined above to promote targeted communications directly related to the two campaigns recommended by the task group. Indeed, Devon County Council is in the process of planning a campaign with a specific environmental message to be rolled out across communications channels in FY 19/20.

5.10 With current constraints to funding, the number of schools involved and the increasing demands for projects and studies has led to DCC adopting a proportional level of expenditure approach. Unfortunately, with these constraints it is not currently possible to employ further officers to work directly in schools. The road network is very mature so there are few campaigns for infrastructure, however any request will be considered on its merits per the task groups recommendations.

6. Recommendation 2: Opportunities for Collaborative Working

The Access Fund & Public Health

6.1 The Access Fund team works closely with Public Health. There are regular meetings between the two groups to share progress and identify opportunities for collaborative working to achieve common goals.

6.2 One such common goal is to increase the amount of active travel in the county. From the Access Fund's perspective an increase in active travel represents a move away from the private car and a reduction in congestion. For Public Health the focus is likely to be more on the health benefits of undertaking regular exercise. Meeting regularly helps the two organisations understand each other's objectives.

6.3 An example of collaborative working is at Cranbrook. The town has been developed as one of 10 'Healthy New Towns' in a programme run by the NHS that aims to rethink the way places are designed to provide an innovative approach to the delivery of public services in new housing developments. As such, Cranbrook is a key Access Fund target area for encouraging the uptake of active modes. The town is also one of 12 national Sport England Local Delivery Pilot locations which aims to make Cranbrook an example of best practice in encouraging families to be active together. Though the Sport England Pilot is in its early phases, Public Health are already heavily involved.

6.4 It has been identified that the objectives of the Access Fund and Public Health align in for these two projects in Cranbrook. A collaborative approach is being taken to reach the mutual objective of increasing physical activity in the town.

DCC & District Councils

6.5 Officers work closely with colleagues from the District Councils in all aspects of planning. This takes account of congestion and air quality. The location of development is key to this process. Sites which have good public transport and cycle connections are strongly supported in the Local Planning process. These tend to be in or adjacent to the built-up areas.

6.6 Where there is an AQMA the collaborative approach has resulted in the delivery of several measures to improve air quality as set out in section 5. A good example of this is in Ivybridge where the District Council have purchased a property which, when demolished, is a key element of improving air quality on the main road into Ivybridge.

6.7 An innovative example of this collaborative approach is the progress that has been made on the District Heating system at Cranbrook and how it is being rolled out though the East of Exeter Growth area.

7. Recommendation 4: Funding a Young Persons Bus Pass

7.1 Recommendation 4 states that DCC should consider funding a young person's bus pass. Whilst this may seem straight forward in theory as there is already a well-established system for the existing bus pass scheme, in practice there are some significant differences which make the introduction of a young person's bus pass more challenging.

7.2 The older persons bus pass is a statutory requirement, meaning that all bus providers are required to sign up to the scheme and provide free travel at the point of use which can then be recharged to the local Council. As there is no national requirement for a young-persons pass DCC would need to negotiate with providers, with no guarantee that they would sign up for such a scheme. As such, introducing a county wide young person's bus pass would likely be a complex and resource intensive process.

7.3 There are existing programmes in place to help young people to access public transport. Many educational institutions and employers (including Devon County Council) in Devon already have individual agreements with local transport service providers that offer discounted travel. As noted in the Task Groups report Stagecoach already offer a discount card for young people and students. The Access Fund also offer free taster travel vouchers to encourage people to try using public transport and create a shift away from the private car in the long term.

7.4 The cost of introducing a Young Person's bus pass is estimated to be in the region of £5m per year. As noted in 'Supplementary Highways Note 02: Congestion & Task Group Meeting 26/02/2018', young people's travel habits already tend to display low proportions of car use therefore the benefit of further incentivising public transport is likely to be relatively low.

7.5 In the absence of a statutory requirement for transport providers to accommodate a pass, the existing support available to young people to access public transport, and the limited expected impact of introducing a new bus pass, Devon County Council at this time does not consider that providing a young person's bus pass as recommended by the Task Group presents good Value for Money. DCC will continue to work with schools, colleges and places of employment to support young people in accessing education and jobs through sustainable modes and will continue to look for opportunities to incentivise public transport use that provide good value for money to the public.

8. Recommendation 5: Continue to implement and review progress of the Local Transport Plan

8.1 Prior work supported through the Local Transport Plan (LTP) has been important in delivering air quality improvements within the eleven Devon AQMAs identified under Section 4.

8.2 The completion of the A380 South Devon Highway in 2017 provided a bypass route for Kingskerswell. This, in conjunction with streetscape improvements within the village centre that support sustainable travel, has resulted in a significant drop in air quality pollution levels. It is anticipated that this AQMA will be revoked this year (2019).

8.3 In Crediton the worst performing monitoring sites were located around Exeter Road. The completion of the Crediton Link Road in 2015 that connected the A377 to the Lords Meadow industrial estate has delivered a significant drop in pollutant levels in this area. Part of the High Street area remains close to objective limits and DCC is currently supporting the community in developing streetscape proposals for the A377 route through the town centre. Air quality pollution levels within the town are currently below the annual objective and the AQMA is being considered for reduction or revocation.

8.4 At Honiton air quality levels have been improving consistently since the AQMA was first declared. A scheme to improve the Turks Head junction for town traffic joining the A30 was completed in 2016. A new roundabout at this junction has delivered reductions in peak time congestion, reduced journey times and has contributed towards achieving air quality improvements for the town centre. This AQMA has now been revoked (2018).

8.5 At Cullompton junction improvements on the High Street\Fore Street were made to both the Station Road and Tiverton Road junctions in order to reduce congestion and support air quality. Microprocessor Optimised Vehicle Actuation (MOVA) control and pedestrian crossing improvements were introduced at the Station Road junction in 2013 and a right turn ban was trialled and introduced at the Tiverton Road junction in 2014. Further work is continuing to support future development growth around the town. The AQMA is being considered for revocation.

8.6 At Dawlish the AQMA has been performing well over the last 6 years and is being identified for revocation this year. However further development growth is identified to the west of the community and DCC has been working in partnership for the early delivery of a new link road, bridge and cycle infrastructure to support and mitigate the impacts from this development.

8.7 At Ivybridge the LTP is supporting a scheme proposal to provide a new parking facility close to Western Road. This will enable on street parking to be removed and footpath improvements to be introduced on Western Road. Air quality monitoring for 2017 shows pollution levels just below the objective, but the described proposals are aimed at maintaining reductions in pollutant levels and managing the impact of development growth within the AQMA.

8.8 Work at Braunton is being planned to support and maintain air quality levels in the village centre. Parking management and car park access improvements were completed in 2013 and 2017 respectively. Further short term and long-term measures have been identified to support the Air Quality Action Plan (AQAP) and are being discussed with the parish council. In the most recent dataset (2017) pollutant levels within the original AQMA boundary were below the objective level.

8.9 Within Totnes the highest pollutant levels occur on the A385 at Bridgetown Hill, where there are limited opportunities for significantly improving the flow of traffic along the corridor. DCC will support the District with delivery of a revised strategy and AQAP following consultation, however viable measures may need to be focused on supporting sustainable travel for longer term air quality benefits. Potential improvements may include increased car-club provision, walking\cycling improvements including e-bike club hubs, public transport improvements and exploring opportunities for Electric Vehicle Infrastructure.

8.10 Similarly, there are limited opportunities for significant highway improvements to improve traffic flow at Teignmouth on the A379. In Teignmouth the area with the highest monitored AQ exceedances is on A379 Bitton Park Road, though other measurements recorded nearby still show exceedances (the next highest annual mean of 42.68 ug/m3 recorded in 2017). A revised AQAP for Teignbridge and Teignmouth is currently awaiting approval by DEFRA. This identifies 25 generic measures that will need to be developed for each AQAP within Teignbridge and include common themes like cycle networks, public\community transport and sustainable travel links. There has been considerable investment to date in the strategic cycle links connecting Dawlish to the Exe Estuary Trail and work has been continuing to build on this to develop the Teign Estuary Trail between Newton Abbot and Dawlish.

8.11 Within Newton Abbot a package of transport measures has been progressed to support traffic management, new developments and air quality in the town. Improvements to the A38\A382 Drumbridges roundabout were completed in 2015 and further road widening and public transport improvements to the A382 corridor are expected to commence in 2020. An associated scheme is being progressed for delivery of an A382-A383 link road through the Houghton Barton development, and work is currently being undertaken to develop a business case for the delivery of a new Wolborough link road connecting the A381 to the A380 via Decoy.

8.12 In conjunction with works for the South Devon Highway; access improvements were introduced in 2015 for the Decoy industrial estate, the Heart of Teignbridge walking and cycling strategy is being progressed to support sustainable travel choices around the town, the A38 Heathfield cycle bridge opened in 2015, construction of the A383 sections of the East-West cycle corridor is due to be completed in summer 2019, and other cycle links under the strategy including links at Ogwell, Kingsteignton and in the town centre are either in development or completed.

8.13 Within Exeter pollution levels are reducing but remain high at several monitoring sites. Key highway improvements have been delivered in recent years including the A379 Bridge Road widening scheme to increase radial route road capacity, the Cumberland Way link and a Moor Lane junction improvement scheme is planned to commence in 2019. Further transport infrastructure improvements have been delivered to support the East of Exeter growth point. These are outside of the city boundary and AQMA but contribute to improving air quality by supporting sustainable travel into the city centre. The investment includes the strategic cycle route corridor E4 and a new Park & Change planned for Science Park in 2019/20.

8.14 New rail stations have been delivered at Cranbrook and Newcourt in 2015 and work is progressing to deliver a further station at Marsh Barton. A new Exeter AQAP was adopted by Exeter City Council (ECC) in 2018. The new measures identified by the AQAP reflect work packages being developed for the GESP (Greater Exeter Strategic Plan), Exeter SUMP (Sustainable Urban Mobility Plan), Sport England Pilot Projects and the Devon and Exeter Low Carbon Energy and Transport Technology Initiative (DELETTI). A key area of future action for air quality in the city includes developing a traffic management solution for the B3138 Heavitree Road\Wonford Hill corridor to reduce vehicular emissions.

Across the county DCC is currently engaged in supporting three grant projects to deliver plug in vehicle infrastructure. This includes providing charge points adjacent to major roads through a Highways England grant for the provision of Rapid Electric Vehicle Charge Points. Providing new public charge points in partnership with District Councils at off street public parking locations across the County. Sites have been identified within towns with AQAP's at Exeter, Honiton, Totnes, Ivybridge, Teignmouth and Newton Abbot. And DCC is a partner in the feasibility stage of a government funded Innovate UK project that could facilitate the roll out of on-street residential charging infrastructure around Exeter.

9. Summary

Recommendation	Action Plan	Progress to date
1) That Devon County Council (DCC) engages in a targeted communications campaign to promote behaviour change in children's and adult's travel habits to reduce congestion and air pollution.	Possible recalibration of the Access Fund	The Access Fund has continued to work with children through our education strand, and employees through our workplace strand to encourage and promote behaviour change. We have ensured that the message is targeted to cover congestion and/or air quality. During FY17/18, it has been calculated that initiatives from the Access Fund programme saved in excess of 850,000 kg $CO2$. We are planning a specific communications campaign with an environmental message that will be rolled out across our networks and the public.
2) That DCC reviews further opportunities for collaborative working between Public Health, Children's Services and Transport within DCC in responding to air quality and congestion issues.	Contribute to review if required and investigate opportunities for collaborative working where they are identified.	The Access Fund programme collaborates with Public Health and seeks opportunities to ensure that delivery of our projects responds to air quality and congestion issues.
3) That with partners, DCC to review what options can incentivise active travel to promote behaviour change surrounding transport habits in schools.	Review current work with SUSTRANS for opportunities to promote and incentivise sustainable behaviour change in schools	We have a team of officers currently working with over 20 schools across Exeter, Newton Abbot and Barnstaple to encourage pupils (and staff) to walk, cycle or scoot to school. Since March 2017, we have: - Engaged with over 40 schools - Delivered over 500 sustainable travel events - Reached over 40,000 pupils directly through our activities

Recommendation	Action Plan	Progress to date
4) That DCC to consider funding a bus pass for young people aged 16 to 20.	Estimates suggest that a bus pass would cost in the region of £4m per annum. There is already a high relative proportion of bus users in this age category and a low relative proportion of car users (even as passengers) so targeting limited funds here would require additional evidence of the benefits of such a scheme.	Through the Access Fund, there is the opportunity to apply for public transport taster tickets to help people into work or education. This scheme is available on our website (https://www.traveldevon.info/bus/tickets/bus-taster-tickets/). Whilst only a taster ticket, it does encourage individuals to try the bus for their travel.
5) That DCC continues to implement the measures outlined in the Devon and Torbay Local Transport Plan (2011-2026) and continues to review the progress of the measures implemented.	Continue to progress work for LTP	In progress…

Dave Black
Head of Planning, Transportation and Environment

Electoral Divisions: All

Cabinet Member for Community, Public Health, Transportation and Environmental Services: Councillor Roger Croad

<u>Local Government Act 1972: List of Background Papers</u>

Contact for enquiries: Katie Pearce

Room No. County Hall, Exeter. EX2 4QD

Tel No: 01392) 383000

Background Paper	Date	File Reference
Nil		

kp090119cirssc Congestion and Air Quality Task Group Update
hk 04 150119

HIW/19/5

Corporate, Infrastructure and Regulatory Services Scrutiny Committee
29 January 2019

Waste & Resource Management Strategy for Devon – an update

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

1. Summary

This report outlines the progress with implementing the Devon Waste & Resource Management Strategy to date, including key milestones that have been achieved and looking at the way ahead.

2. Background

The Waste and Resource Management Strategy for Devon was originally published in March 2005 and reviewed in 2013 (https://new.devon.gov.uk/wasteandrecycling/waste-management-strategy-for-devon/). It is now undergoing its 5-yearly review following the recent publication of the Government's Our Waste, Our Resources: A Strategy for England in December 2018.

The document was published in partnership with the District Councils of Devon and Torbay. Responsibility for waste management under the Environmental Protection Act 1990 is shared between two tier councils, and Torbay is responsible for its own waste. Torbay remains a partner on the Devon Authorities Strategic Waste Committee, with Plymouth having decided to leave the partnership in April 2014.

The original Strategy set out key policies with regard to managing municipal waste in Devon with clear targets to be met (https://new.devon.gov.uk/wasteandrecycling/waste-management-strategy-for-devon/). A review was carried out in 2013 with policies reviewed and new targets set.

3. Proposal

Waste hierarchy

The foundation of waste management in Devon is based on aiming to meet the waste hierarchy. The aim being to deal with as much waste as possible at the higher levels of the hierarchy.

Significant progress has been made in terms of moving the treatment of waste up the waste hierarchy. In 2012/13, 46% of Devon's waste went to landfill. Five years on in 2017/18 only 17% went to landfill with 29% going to Energy Recovery Facilities (ERFs). See Appendix I.

Devon Aligned waste collection service and Shared Savings Scheme

A key target of the 2013 Strategy was to work in closer partnership with the district councils of Devon. The County Council has been working closely with the districts to achieve the "aligned" kerbside collection service. This consists of a weekly dry recycling collection, a weekly food waste collection, a fortnightly residual waste collection and charged for garden waste. The reason for this is to achieve a degree of consistency and to reduce the amount of waste going for disposal. For example, Torridge has just changed from a weekly residual collection to a fortnightly one which will encourage householders to use their recycling boxes more efficiently. The more aligned the services are the easier it is to communicate the service to householders across Devon. The difference between services offered over the last 5 years is shown in the diagrams at Appendix II.

In order to incentivise the districts to modify their services the County Council has been offering a Shared Savings Scheme whereby the County Council shares the savings it makes on waste treatment or disposal costs when a district makes significant changes to their collection service, on a 50:50 basis https://democracy.devon.gov.uk/mgAi.aspx?ID=677.

In addition to aligning the key elements of the service the districts are gradually collecting the same materials (see recycling section below). This is critical in reducing the confusion that residents experience when friends, relations and neighbours in different districts have different services. In 2017/18, the County Council shared over £700,000 with the District Councils through the Shared Savings Scheme.

Recycling targets, growth and Performance Indicators

The Government has not set any recycling targets for local authorities for many years. However, EU targets are in place and member states have been set a target of 50% recycling by 2020. More recently the EU Circular Economy package has also set targets of 55% recycling by 2025, 60% by 2030 and 65% by 2035. Devon met the 50% and 55% targets in 2008/09 and 2010/11 respectively.

The original Devon Resource and Waste Strategy target of 60% recycling by 2019/20 is not likely to be achieved. This was set in 2005 in an era of rapidly increasing recycling rates. The recycling rate increased up to 2010/11 but has remained stagnant at 55% over the last 6 years. Recently it reduced by 1% due mainly to changes at Household Waste Recycling Centres (see HWRC section below). The stagnation is a nationwide phenomenon. To some extent this is related to light-weighting of packaging, and reduced numbers of newspapers bought with people reading news on line. Also, the main heavy components in a typical bin (glass, paper, food waste and garden waste) have all been part of the collection services over the last few years and the indicators are weight-based measures. In addition, austerity has limited budgets for new services and particularly for behavioural change work, with a number of districts having reduced their education and communication resources which means the householders are not regularly reminded about what they can recycle. This situation is particularly evident in West Devon where their recycling rate has decreased year on year following the loss of their Waste Education Officer.

However, there are a number of district council service changes still to be made which will assist with improving performance including North Devon Council offering a 3-weekly residual waste collection and South Hams and West Devon collecting mixed plastics. The results of Torridge changing to a fortnightly service in June 2018 will also begin to show in the 2018/19 statistics. Other District Councils are also considering a less frequent residual waste collection.

Growth predictions are notoriously difficult to make and although there have been periods of growth in waste quantities in the last 5 years the trend is generally downward and below the 1% yearly increase predicted to account for the increase in house building. Factors that are considered to influence waste arisings include austerity; household sizes; HWRC policy; bin size, type, and collection frequency; side waste and garden waste collection policy and weather for garden waste; political priorities; tourism; technology and light-weighting of packaging; socio economics and effective communications. Depending on which of these has greatest influence at any point in time can affect waste arisings.

Although there have been no performance indicator targets set by Government in the last 5 years, county, district and unitary councils continue to measure a number of indicators themselves. These are as follows:

- BVPI84a – kgs of household waste collected
- NI191 – kgs residual waste per household
- NI192 – Recycling rate %
- BVPI82a-d – recycling, composting, landfill and recovery rates.

It can be seen from the graph of BVPI84a in Appendices III and IV that the amount of kg of waste collected per household has reduced over time. This is of key significance because the less waste there is to deal with the less waste management costs and the less impact on the environment and on resources. In the national league table Devon was positioned at the 'wrong' (high) end of the league but is now mid-way. This shows that a number of initiatives including behavioural change work and service modifications have resulted in reduced waste arisings. Further graphs showing the various waste performance indicators are detailed at Appendix IV.

Behavioural Change

The County Council and the districts and Torbay continue to influence householders to change their behaviour in respect of reducing, reusing and recycling their waste by implementing a number of initiatives. The focus for this is the Waste Prevention and Reuse Strategy and also the Schools Waste Education Strategy https://new.devon.gov.uk/wasteandrecycling/waste-management-strategy-for-devon/.

The Devon Authorities Strategic Waste Committee has invested in a Waste and Recycling Advisor's Contract which is focussed on talking to householders face to face to assist them to improve their recycling habits (see infographic in Appendix V). Over the last 18 months advisors have spoken to more than 7000 people, given out more than 5000 recycling boxes and in this time period there has been a 3% increase in people's confidence levels in what they can put out for recycling.

The award winning Don't let Devon go to waste campaign work (see Appendix VI) has continued under the RecycleDevon banner with the website www.recycledevon.org being the knowledge base. The campaign work has concentrated on food waste reduction, home composting, reduction of plastics and recycling across the range of materials. The messaging is targeted at relevant audiences using appropriate methods which are determined by research carried out by WRAP and also our own market research. Much of the messaging is transmitted via social media. Recent campaign work has included:

- Food waste prevention project “Guilty Food Waste Secrets” which provided helpful tips and advice on reducing food waste;
- recycling in the bathroom reminding people to recycle their shampoo bottles and toilet rolls for example;
- promoting less use of single use plastic with “Refill Devon” where retailers/cafes sign up to offering free water fill ups for those with their own water bottles, thereby reducing plastic bottle usage.

A Reuse Officer has been in place for 3 years now originally funded by the Government’s Waste and Resources Action Programme, then the Devon Authorities Strategic Waste Committee and now the County Council. This is a key post given the place of Reuse in the waste hierarchy. This year the project has focussed on organising 6 Repair IT events where people bring their broken electrical items for repair at locations across Devon including a number of libraries. The www.recycledevon.org/reuse pages have been updated and are a valuable source of information. The project has involved a range of initiatives which can be seen at Appendix VI.

A relatively new project is the Devon Community Action Group (CAG). The CAG is based in Tiverton and aims to encourage groups and individuals to put on events & develop initiatives to encourage the community to be more sustainable, e.g. Give and Take, Clothes Swishing and Repair cafes. Resource Futures are the contractor delivering this work on behalf of the County Council. The infographic at Appendix VII shows their achievements in the first year of the contract.

Ecowaste4food is a 4 year EU funded project aimed at reducing food waste in the supply chain by innovative means. Phase 1 has been about exchanging and sharing knowledge and experience of innovative ways of reducing food waste from ‘farm to fork’ with 6 EU partners. The County Council has visited the 6 partner countries accompanied by stakeholders who operate in the food waste reduction field, and the partners have twice visited Devon where Devon showcased our best local innovations - for example, Grocycle who use spent coffee grounds to grow gourmet mushrooms. In September 2018 a Food Waste Conference was held where delegates discussed the innovative ideas and food waste prevention strategies. An Action Plan is being developed which will be implemented over the next two years subject to further funding being in place.

Schools Waste Education

The Schools Waste Education Strategy and Action Plan is complementary to the Devon Waste and Resource Strategy. It forms the basis of the work with schools in Devon. This has just been reviewed and updated. The contract for schools’ education provides a range of workshops, visits to waste management facilities and useful information on the Zone website at http://zone.recycledevon.org/ for teachers and pupils alike. Recently new workshops have been added on litter and in particular marine litter with 23 workshops on this popular subject provided in one summer term. There is also a new ***Litter Pack*** made available to schools on http://zone.recycledevon.org/lesson-plans.

Recent results show that Totnes St John’s CofE Primary have increased their recycling and composting rate from 37% to 81% and Uffculme Primary School have increased their recycling and composting rate from 11% to 84%.

In the last 6 months 351 children and 151 adults have visited the Exeter Energy Recovery Facility as part of the schools and community work.

Devon Authorities Strategic Waste Committee (DASWC)

DASWC was initiated in 2016 and replaced its predecessor the Devon Authorities Waste Reduction and Recycling Committee.

A joint waste committee in Devon has been in existence for more than 25 years. It consists of membership by the waste portfolio member from each District, Torbay and County Council. It has enabled close working between the Districts, Torbay (and Plymouth until 2014), mainly on reducing, reusing, recycling and composting waste initiatives. Its budget is sourced from a pooling of a topslice from recycling credits and has supported a range of initiatives over the years from Community Composting, Reuse, communications and behavioural change initiatives.

The new DASWC was set up to take a more strategic approach to waste management across Devon encouraging more collaborative working as waste collection authorities move towards the Devon aligned collection service.

Residual Waste Analysis

In October 2017 a residual waste analysis was commissioned by DASWC. This involved the analysis of 1800 residual bins across Devon and Torbay. The results showed that there was still 30% food waste in the bins even although all residents except for Exeter have a food waste collection. The pie chart at Appendix VIII shows that plastics and paper were the next most prevalent materials. M.E.L. who carried out the analysis also calculated how much of the material found in the bins was recyclable under current collection regimes (See Appendix VIII). This shows that 40% of what was in the bins would be recyclable if the householders had put the right items in the right bin. This amounts to 50,000 tonnes of waste costing around £6.7m to dispose of. This shows how much more needs to be done to educate the householders to put the right waste in the right bin. The current Waste & Recycling Advisers contract will help residents to recycle more. For example, more than 5000 recycling boxes have now been distributed over the 18 months of the contract showing that people just need a bit of help to improve their recycling practices including having the right bins.

Household Waste Recycling Centres (HWRCs)

The HWRCs have always been high performing in terms of their recycling rate. This reached a high in 2016/17 of 82%. In 2017/18 it reduced to 73% due to no longer being able to recycle mattresses and carpets as part of the new contract and tightening restrictions on recycling of wood such that only high-grade wood could continue to be sent for recycling, with low grade wood being sent for recovery.

A scheme to charge for non-household waste (soil and rubble, asbestos, tyres and plasterboard) was introduced in 2011. Further charging was introduced in 2015 (DIY plastic waste, plastic sanitary ware) and vehicle restrictions tightened in 2017. Savings made as a result of taking these actions has enabled the County Council to keep all of its permanent HWRCs open whereas other councils have closed sites or drastically reduced opening hours.

In the past 5 years the following initiatives have been completed:

- New replacement site opened at Sidmouth (See Appendix IX)
- New replacement site opened at Ivybridge, which won the LetsRecycle Awards for Excellence Civic Amenity site of the year 2018 (see Appendix IX)

- Improved levels of re-use with the Reuse shops provided with new signs and donation stations.

A Recycling Centre Improvement Strategy was agreed by Cabinet at its meeting on 9 March 2011https://democracy.devon.gov.uk/CeListDocuments.aspx?MID=566&RD=Minutes&DF=09%2f03%2f2011&A=1&R=0 (Report EEC/11/38/HQ and Minute *321 refer)
Whilst a number of sites have now been either improved or replaced there is currently no further funding in the capital programme and there is still much needed investment to develop new modern sites. Some of the older sites were developed ancillary to landfilling operations whilst others developed on small areas of industrial sites and are no longer fit for purpose. They are at times heavily congested, and still rely on the public climbing steps to place their waste in skips as well as having to close whilst containers are swapped over. This leads to frustration from the public, H&S issues and does not help encourage the public to recycle their waste.

The Recycling Centre Improvement Strategy is currently being reviewed and it is intended to refer back to Cabinet later this year to seek further capital funding to continue to invest in this key infrastructure.

Organic waste

The strategy for manging organic waste in the 2000s was to collect mixed garden, card and food waste fortnightly for treatment at In Vessel Composting (IVC) Plants developed adjacent to Heathfield, Broadpath and Deep Moor Landfill sites. This was new cutting-edge technology with the IVC at Heathfield being one of the first plants to operate nationally. These plants enabled the County Council to meet its statutory targets as set out in the Landfill Allowance Trading Scheme Regulations to divert biodegradable waste away from landfill. Failure to have done so could have resulted in the County Council having to meet fines of £150/tonne for every tonne of biodegradable waste landfilled over its statutory targets.

At the time Anaerobic Digestion (AD) was a relatively new technology for domestic food waste treatment. However, as it became evident that separating food waste for AD was better for the environment and for encouraging greater public participation, the districts began to consider weekly food waste collections. This was in line with the Devon aligned collection service and was encouraged by the County Council through the Shared Saving Scheme as it would enable kitchen and garden waste to be treated more cost effectively. This would also give the District Councils the opportunity to charge for the collection of garden waste thereby covering the cost of offering the service.

All the districts except Exeter and South Hams now collect weekly food waste separately and charge for garden waste collections. The three IVC plants have now closed. New contracts for composting garden waste and AD of food waste have significantly reduced the cost of organic waste treatment. South Hams currently still collect mixed food and garden waste which is processed in Oxfordshire but this contract will expire in 2020 when it is anticipated that the council will move to separate food and garden collections.

Residual Waste

The County Council commissioned two Energy Recovery Facilities (ERFs) to meet the EU Landfill Directive targets. One was built in Exeter and one procured in partnership with Torbay and Plymouth which was built in Devonport Dockyard. As a result, waste from Exeter, East Devon and parts of Mid Devon and Teignbridge has been going to the Exeter ERF since 2014 and waste from parts of Teignbridge, South Hams, West Devon, Torbay and Plymouth has been going to Plymouth ERF since 2015. Photographs of these plants can be seen at Appendix X.

From 2019, domestic waste from North Devon and Torridge which currently goes to landfill at Deep Moor, Torrington, will be treated at an ERF plant in Avonmouth. This will leave only around 5% of Devon's domestic waste going to landfill. This will be residual waste that is unsuitable for energy recovery which will predominantly be bulky residual waste from the Household Waste Recycling Centres.

Landfill

The EU Landfill Directive and subsequent Government policy & legislation including the Landfill Tax Escalator have encouraged a huge national shift away from landfill for all types of waste. There are currently only two active landfill sites left in Devon and one of these is set to close early next year as it will be full. Both active landfill sites in Devon are owned and operated by commercial waste management companies.

From February 2019 only a fraction of Local Authority Collected Waste in Devon will be sent for landfill. This will be primarily bulky household type waste from the Household Waste Recycling Centres that cannot be recycled and is unsuitable for the energy recovery facilities. There will always be a need for some landfill capacity within Devon as there are some wastes that cannot be managed any other way. In addition, landfill capacity will be required as a contingency disposal point when the energy recovery plants are down for either planned or unplanned maintenance.

Tipping at the Viridor owned Heathfield landfill site ceased in 2016 due to declining landfill tonnages following opening of energy recovery facilities at Exeter and Plymouth, and there being insufficient waste to support two landfill sites in the south and east of the County. Viridor took the commercial decision to close their Heathfield site and concentrate landfilling operations at their Broadpath site near Uffculme.

Since the cessation of tipping at Heathfield, landfill tonnages have not declined as quickly as anticipated for commercial and industrial type waste. At its meeting 19th September 2018, the Development Management Committee gave approval to Viridor to recommence tipping at Heathfield landfill site https://democracy.devon.gov.uk/documents/s20723/rt300818dma%20Heathfield%20Farmhouse%20and%20existing%20offices%20and%20workshops%20at%20Heathfield%20Landfill%20Site%20John.pdf

With Broadpath landfill closing early next year the remaining capacity at Heathfield is therefore required to accommodate further landfill arisings. Otherwise waste would need to be hauled further afield at greater cost and environmental impact. This issue has arisen due to the lack of local capacity for commercial waste, the need for contingency disposal when the ERFs are offline (planned and unplanned maintenance) and some waste types not being suitable for energy recovery. It is not due to any rise in domestic waste quantities. Viridor intend to reopen Heathfield landfill to coincide with the closure of Broadpath.

Recycle@work

The County Council needs to lead by example and has had a recycle@work initiative in place for many years, aimed at reducing, reusing and recycling waste at County Council properties and encouraging staff to follow the waste hierarchy. The County Council has recently published its own plastic strategy https://democracy.devon.gov.uk/documents/s17223/Environmental%20Policy%20-%20New%20Strategy%20and%20Action%20Plan%20for%20Plastics.pdf and good progress is being made on its implementation.

Clean Devon

Although the County Council is not responsible for collecting litter or clearing fly tipping on public land, it does meet the disposal costs of these wastes collected by the districts. Given the impact of litter and fly tipping on tourism, healthy living and crime the County Council is talking to partners such as the District Councils, the Environment Agency, the National Parks, Highways England, and the Office of the Police and Crime Commissioner about the potential for a multi-agency approach to litter and fly tipping across Devon.

Looking forward

The EU Member States adopted a Circular Economy Package earlier this year and it is anticipated that the Government will implement it within the UK.

The Government has just published its own waste and resource strategy – Our Waste, Our Resources: A Strategy for England. This sets out at high level a blueprint for reducing and managing waste in England and moving away from a linear economy towards a circular economy and includes proposals set out in the EU Circular Economy Package.

Many of the proposals put forward in the Strategy will be subject to consultations prior to implementation.

Key proposals and targets are:

- Extend Producer Responsibility for packaging to cover full net costs of recycling or disposal & to consider extending this to other materials – eg textiles, tyres
- Introduce a Deposit Return Scheme for all single use drinks containers including disposable coffee cups
- Specifying a core set of materials to be collected by all councils at the kerbside for every household
- New targets for recycling and packaging (recycling 65% by 2035 and packaging target of 75% by 2030)
- Requiring weekly separate food waste collections for all households and appropriate businesses & offering free garden waste collections to householders.
- Eliminate food waste from landfill by 2030
- Reviewing provision of HWRC services including potential introduction of minimum service standards, improving re-use, charging for non household waste and revision to the Controlled Waste Regulations 2012
- Introduce mandatory electronic waste transfer details, reformation of duty of care including international waste shipments, setting up a joint unit for waste crime and launching a web based fly tipping toolkit
- Introduce mandatory food waste reporting, targets and distribution by food businesses
- Require hospitality and public sectors to produce food waste strategies
- Undertake a review of date labelling & packaging of fresh produce
- Work towards all plastic packaging being recyclable, reusable or compostable by 2025, and eliminate plastic waste over the lifetime of the 25 Year Environment Plan
- Introduction of a tax on plastic packaging not containing at least 30% recycled content in 2022 and increasing the plastic bag charge to 10p including small shops
- Ban problematic plastics including straws, cotton buds and stirrers
- Invest in R&D to tackle plastics and develop standards for alternatives including bioplastics

- Review the effectiveness of two tier working and payment of recycling credits
- Move away from weight based metrics using carbon, natural capital and others
- Continue to invest in new waste treatment facilities - £3 billion investment to 2042.

Consultations on Extended Producer Responsibility, a Deposit Return Scheme and Consistency of waste collections are due to be launched in January 2019 and the outcome of these may be included in draft legislation as part of the Environment Bill which is anticipated in spring 2019.

The Devon Authorities are also set to review the Devon Resource and Waste Strategy, and this will be influenced by the Government's own publication. It is anticipated that the County Council will respond directly to the Government consultations as a Waste Disposal Authority as well as be part of the joint response from the Devon Authorities Strategic Waste Committee.

Implementation of DRS and EPR has the potential to radically change the way that household waste is collected and managed and in particular for how the costs would be met by the producers. Scrutiny may well wish to input into the County Council response to the consultations.

4. Consultations/Representations/Technical Data

The 2013 Strategy Review was consulted upon in 2012 prior to publishing. The 2019 Strategy Review will be subject to public consultation.

5. Financial Considerations

The current waste budget is approximately £38 million per annum. The breakdown of this is given in the chart in Appendix XI. Most of the waste services are contracted out including the waste behavioural change and education work. This includes two long term residual waste contracts for both the Exeter Energy Recovery Facility and the South West Devon Waste Partnership Combined Heat and Power facility.

Savings in excess of £6 million have been delivered over recent years. These have largely been achieved by retendering of contracts, working more collaboratively with partners, changes to the HWRC service including the introduction of charges for non-household waste and vehicle restrictions and reductions in the behavioural change and education budget.

6. Environmental Impact Considerations

The Strategy is founded upon the Waste Hierarchy which ensures as far as economically and practically reasonable that the management of Devon's waste will have the minimal impact on the environment.

7. Equality Considerations

The 2019 Strategy review will be subject to a full Impact Assessment.

8. Legal Considerations

Management of waste is highly regulated and governed by waste legislation. The lawful implications/consequences of the policies within the Strategy are taken into account when implementing them.

9. Risk Management Considerations

The corporate risk register is regularly updated to ensure risks relating to waste management are identified and controlled.

10. Public Health Impact

When dealt with efficiently and effectively waste should not have an impact on public health.

11. Discussion

This report details the progress made on implementing the Resource and Waste Management Strategy for Devon 2013. The Strategy will be reviewed in 2019 & will be influenced by the publication of the Government's own Strategy.

The Scrutiny Committee may wish to note the progress made on the Waste and Resource Management Strategy for Devon and the proposal to review it in 2019.

Meg Booth
Chief Officer for Highways, Infrastructure Development and Waste

Electoral Divisions: All

Cabinet Member for Highways, Infrastructure Development and Waste: Councillor Andrea Davis

Local Government Act 1972: List of Background Papers

Contact for enquiries: Wendy Barratt

Room No. Matford Offices, County Hall, Exeter. EX2 4QD

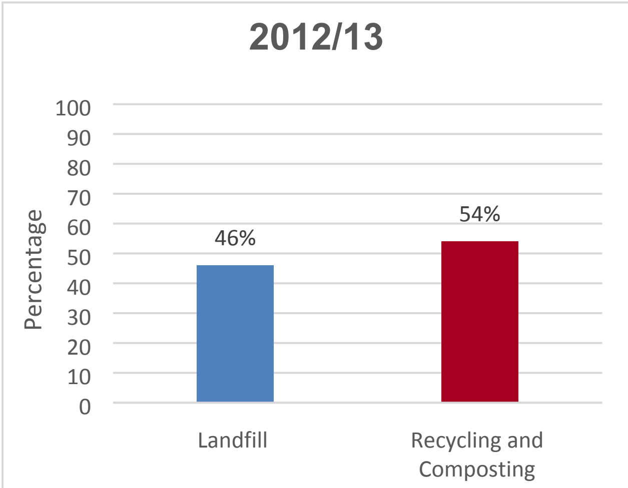
Tel No: 01392) 383000

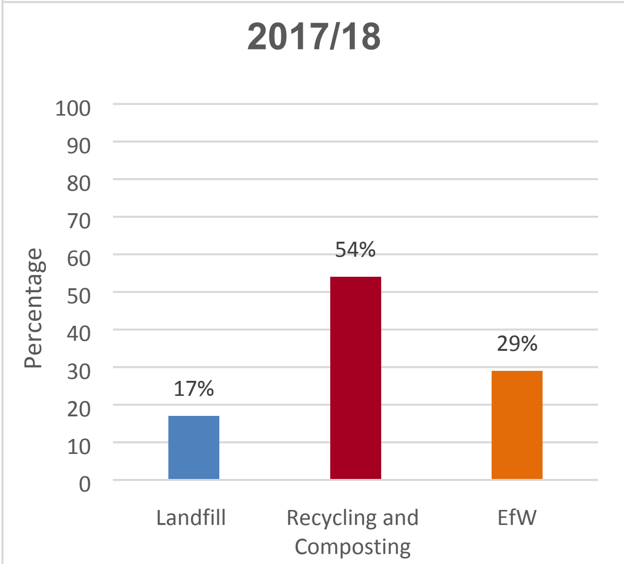
Background Paper	Date	File Reference
Nil		

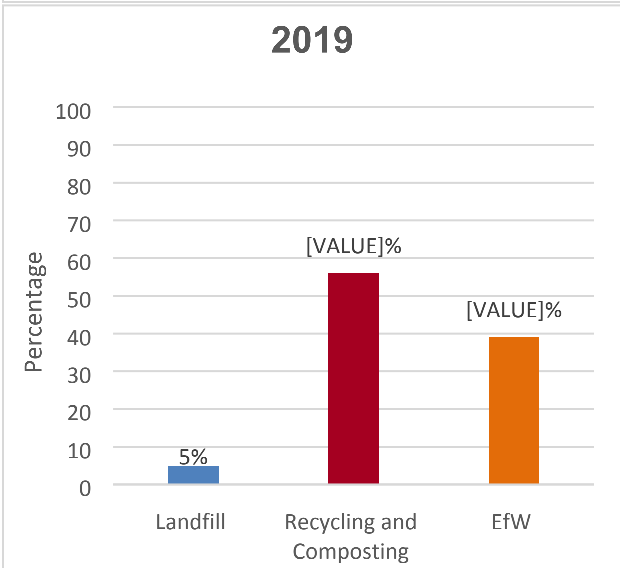
wb090119cirssc Waste & Resource Management Strategy for Devon – an update
hk 06 160119

Appendix I
To HIW/19/5

Changes in waste treatment in Devon 2013 - 2019







Agenda Item 9

Appendix II
To HIW/19/5

Progress towards the aligned option 2013

Progress toward the 'Aligned Option' — Version: 2013 (WRMS)

	Food Waste (Weekly)	Garden Waste (£/fortnightly)	Dry Recycling (Weekly)	Residue (fortnightly)
East Devon ✓	✓	(£/O)	✓	✓
Exeter	(X)	✓	(f)	✓
Mid Devon	(m/f)	(m/f)	(f)	✓
North Devon	(m/f)	(m/f)	✓	✓
South Hams	(m/f)	(m/f)	(f)	✓
Teignbridge	(m/f)	(m/f)	(f)	✓
Torridge	(m/f)	(m/f)	✓	(w)
West Devon	✓	(m/f)	✓	✓
Torbay	✓	(X)	✓	✓

YELLOW = aligned option / £ = charged service / m = mixed collection / f = fortnightly / w = wkly / X = N/A / O = Other

Devon Authorities Strategic Waste Committee

Progress towards the aligned option 2018

Progress toward the 'Aligned Option' — Version: October 2018

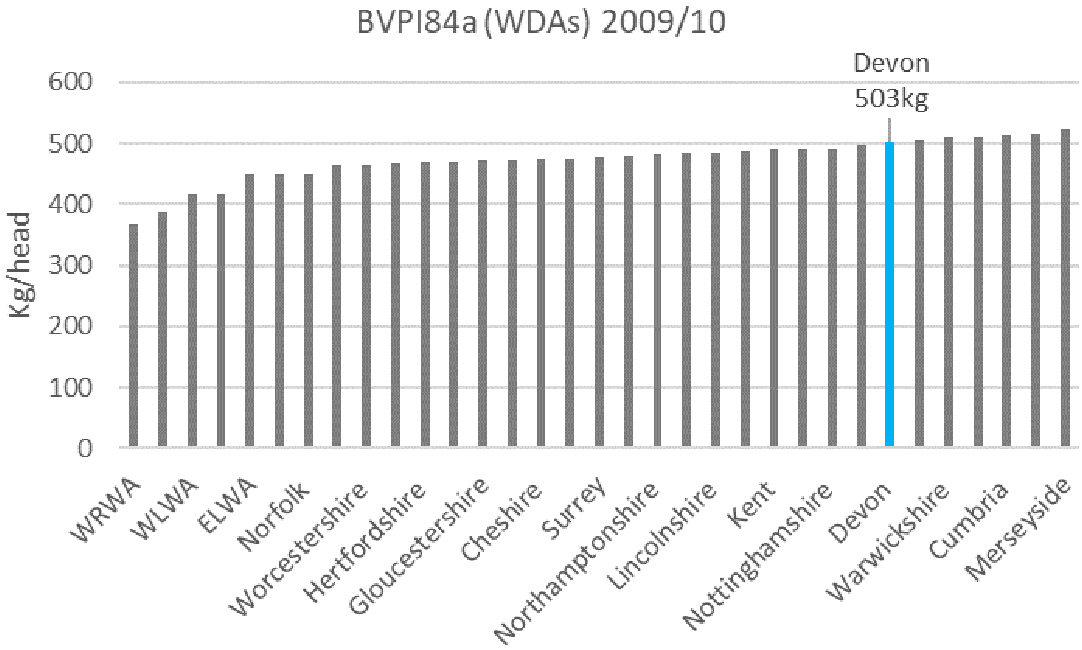
	Food Waste (Weekly)	Garden Waste (£/fortnightly)	Dry Recycling (Weekly)	Residue (fortnightly)
East Devon ✓	✓	✓	✓	✓ (3)
Exeter	(X)	✓	(f)	✓
Mid Devon	✓	✓	(f)	✓
North Devon ✓	✓	✓	✓	✓
South Hams	(m/f)	(m/f)	(f)	✓
Teignbridge ✓	✓	✓	✓	✓
Torridge ✓	✓	✓	✓	✓
West Devon ✓	✓	✓	✓	✓
Torbay ✓	✓	(£/O)	✓	✓

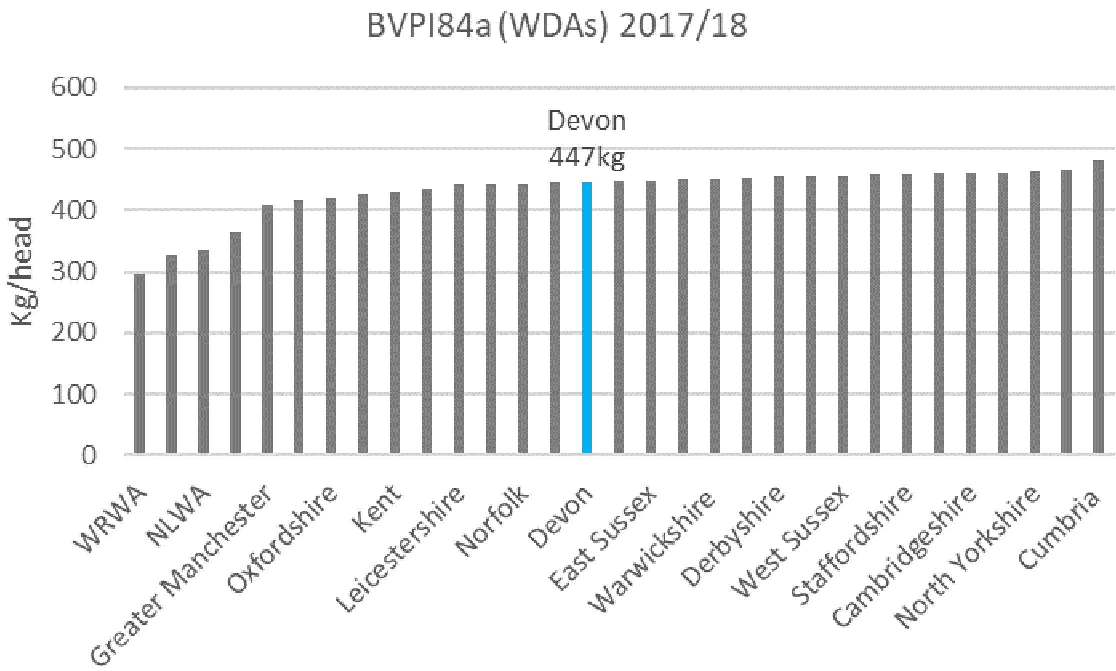
YELLOW = aligned option / £ = charged service / m = mixed collection / f = fortnightly / 3 = 3wkly / X = N/A / O = Other

Devon Authorities Strategic Waste Committee

Appendix III
To HIW/19/5

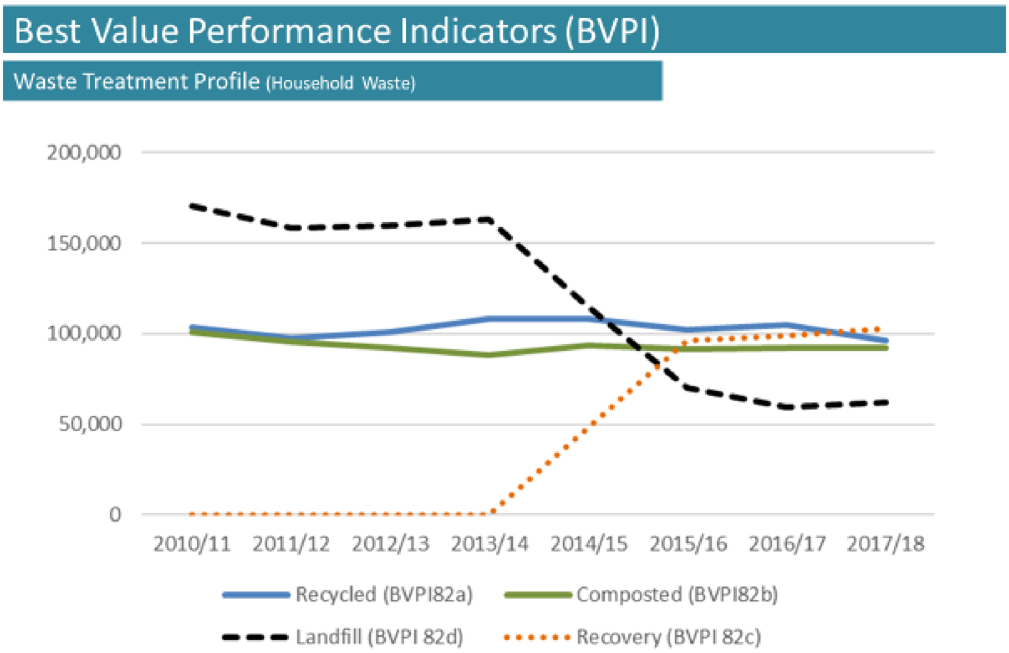
Comparison graphs of English WDAs showing BVPI84a in 2009/10 and 2017/18 (kg of household waste collected per head per year)

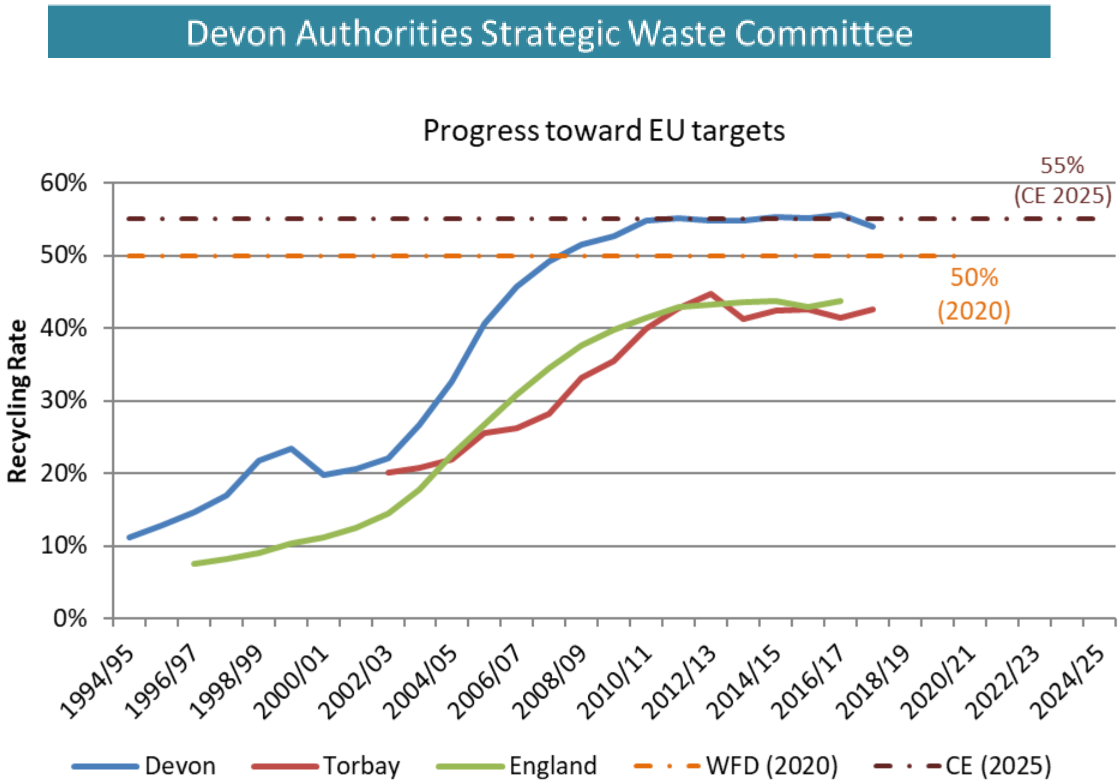


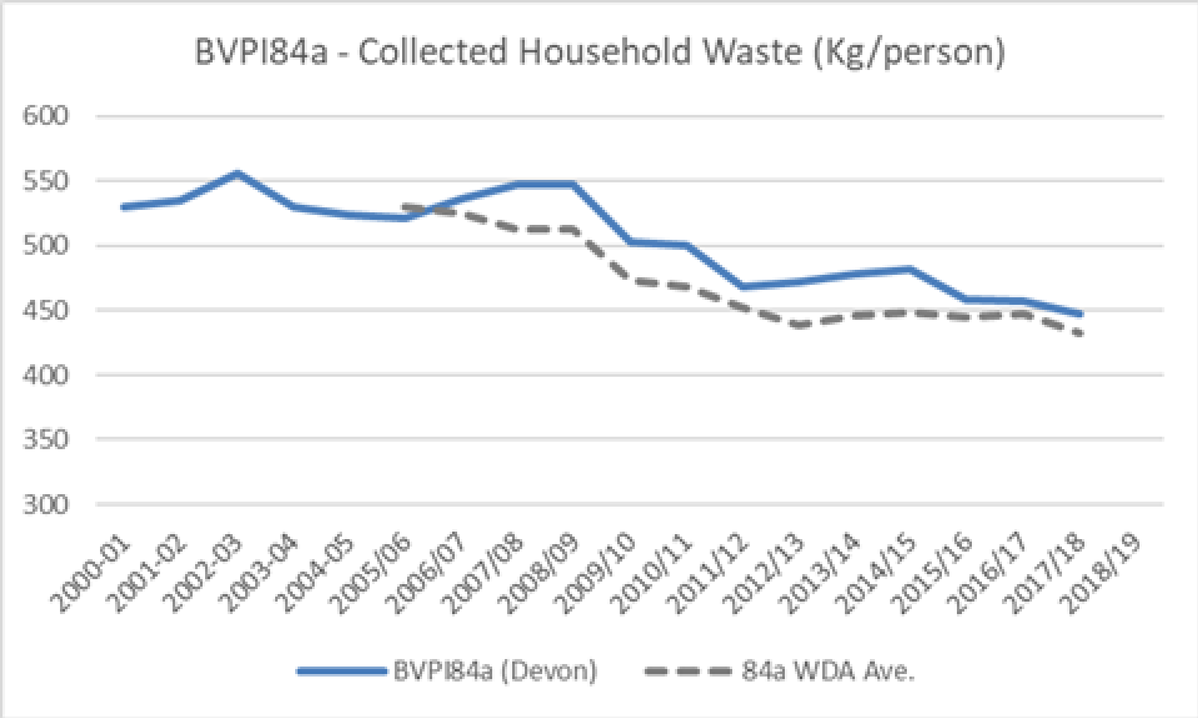


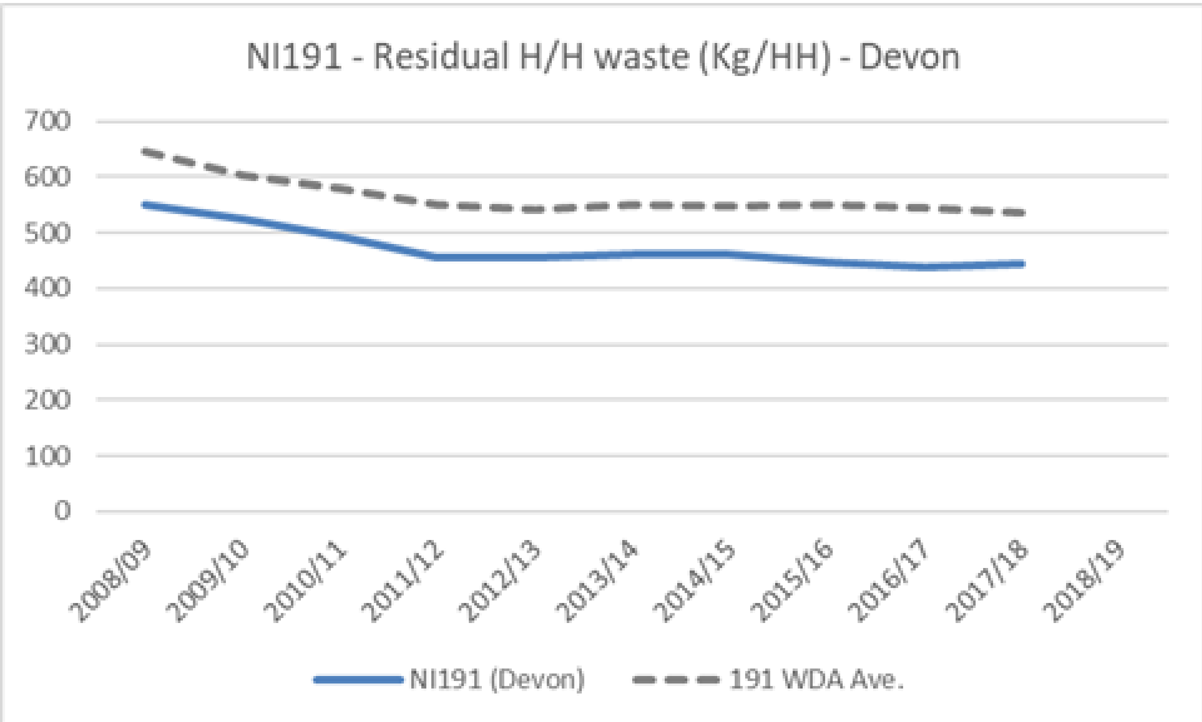
**Appendix IV
To HIW/19/5**

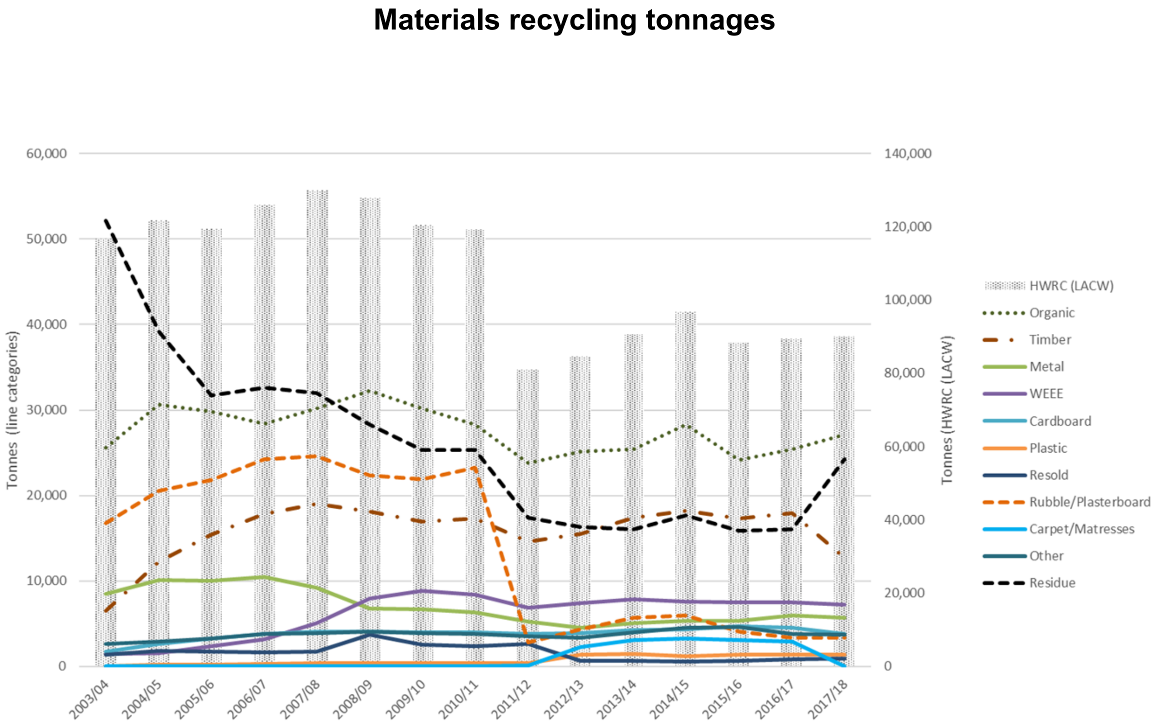
Graphs showing waste performance indicators

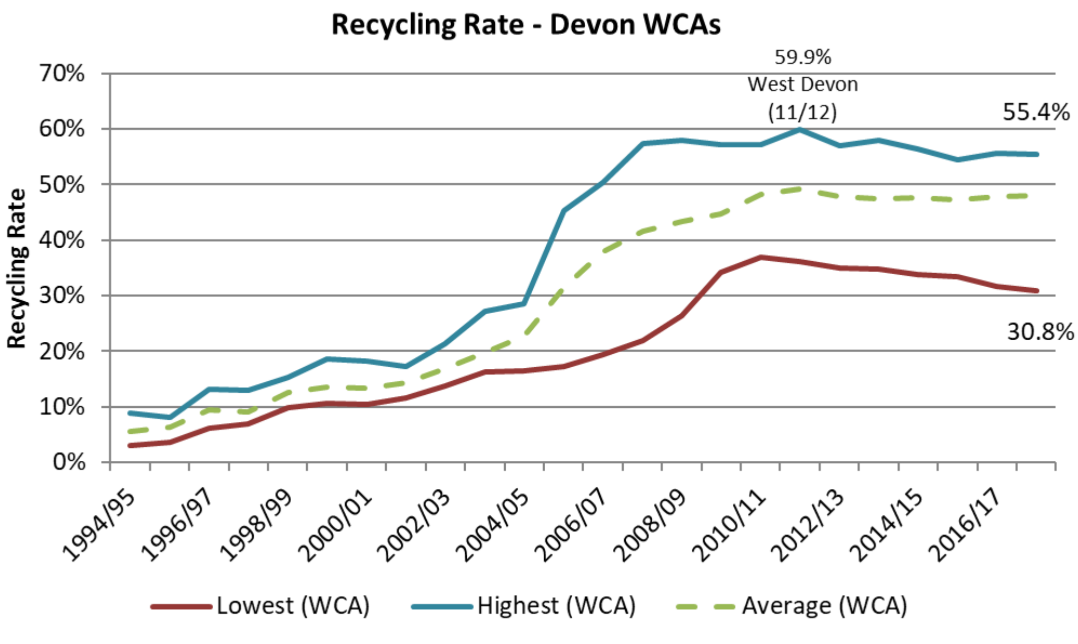





BVPI84a - Collected Household Waste (Kg/person)
600
550
500
450
400
350
300
2000-01
2001-02
2002-03
2003-04
2004-05
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18
2018/19
BVPI84a (Devon)
84a WDA Ave.

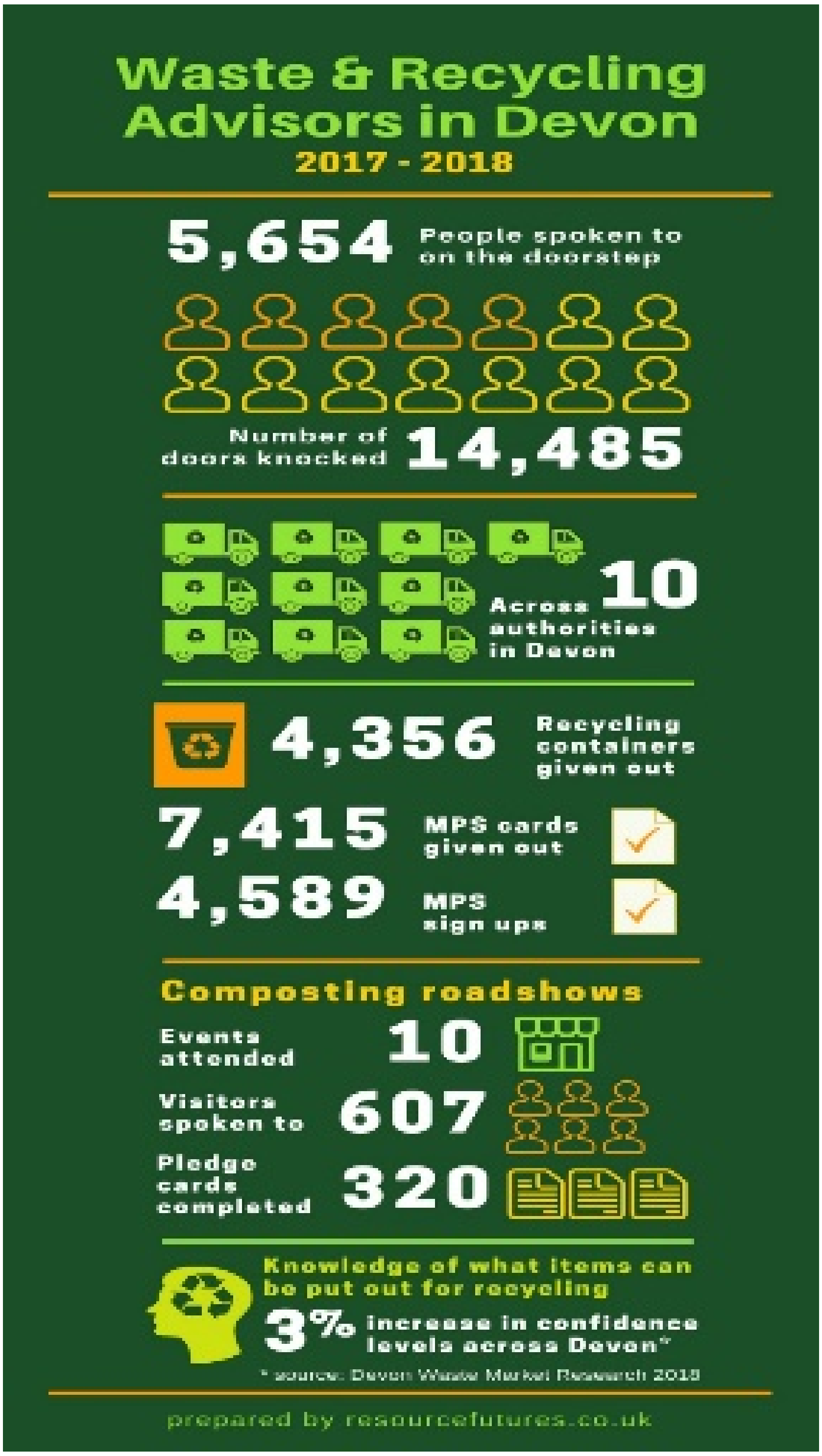

NI191 - Residual H/H waste (Kg/HH) - Devon
700
600
500
400
300
200
100
0
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18
2018/19
NI191 (Devon)
191 WDA Ave.


Materials recycling tonnages
Tonnes (line categories)
Tonnes (HWRC (LACW))
HWRC (LACW)
Organic
Timber
Metal
WEEE
Cardboard
Plastic
Resold
Rubble/Plasterboard
Carpet/Matresses
Other
Residue


Recycling Rate - Devon WCAs
Recycling Rate
59.9%
West Devon
(11/12)
55.4%
30.8%
Lowest (WCA)
Highest (WCA)
Average (WCA)

Appendix V
To HIW/19/5

Behavioural Change - Waste and Recycling Advisors Contract



Appendix VI
To HIW/19/5

Behavioural Change – Don’t let Devon go to waste

Behavioural Change – Reuse project

Repair IT events
A schools WEEE amnesty
A scratch card competition at HWRCs
Reuse week
Reuse Art trail
Repair Cafes
Give and Takes
Clothes Swishes
Estate Agent referrals
On line Reuse IT directory
Swish kits for loan
Donation stations at HWRCs
HWRC Resale shop signs

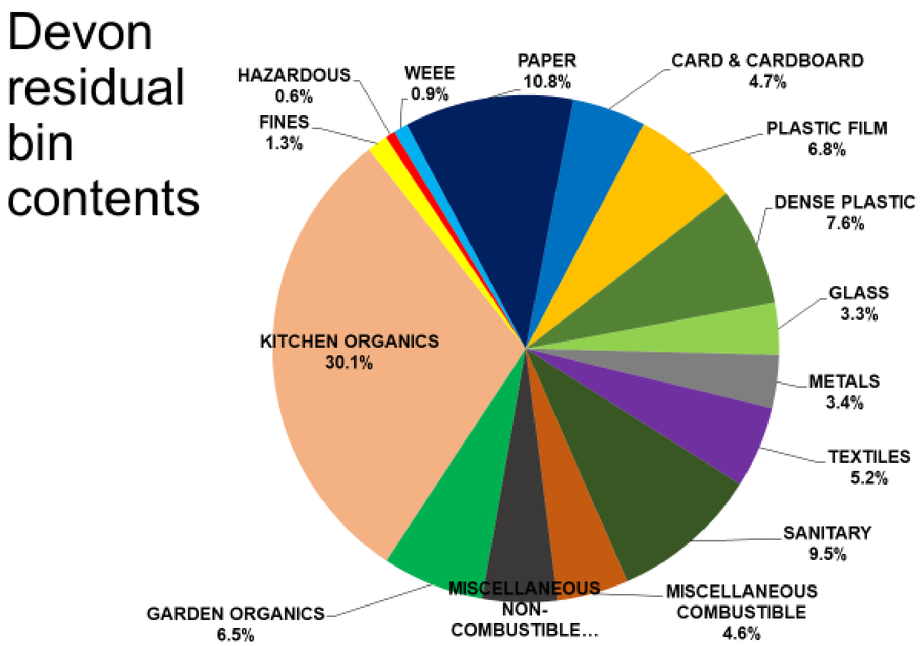
Appendix VII
To HIW/19/5

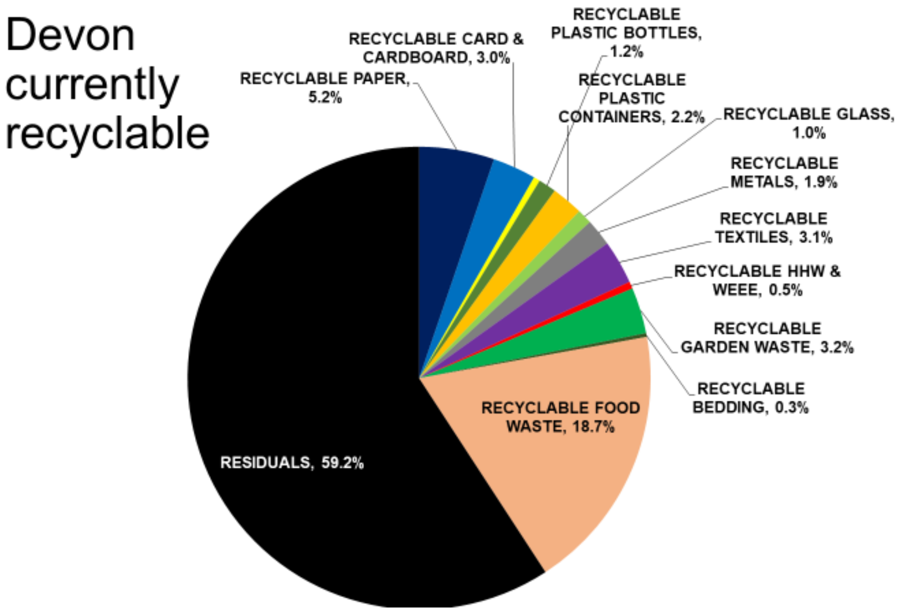
Behavioural Change – Devon Community Action Group

Agenda Item 9

Appendix VIII
To HIW/19/5

Contents of Devon dustbin 2017





Appendix IX
To HIW/19/5

Household Waste Recycling Centres

Ivybridge

Sidmouth

Appendix X
To HIW/19/5

Energy Recovery in Devon

Exeter Energy Recovery Facility

Plymouth Energy Recovery Facility

Appendix XI
To HIW/19/5

Waste Management Budget