Devon County Council

Phil Norrey
Chief Executive

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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 : 20 January 2020
Please ask for : Wendy Simpson 01392 384383

Email: wendy.simpson@devon.gov.uk

CORPORATE INFRASTRUCTURE AND REGULATORY SERVICES SCRUTINY COMMITTEE

Tuesday, 28th January, 2020

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 Chair 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 Scrutiny Work Programme

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

5 Devon & Somerset Fire and Rescue Service (Pages 1 - 12)

Extract from the Devon & Somerset Fire & Rescue Service Agenda dated 10 January 2020.
The full document can be seen here.

6 Treasury Management and Investment Strategy 2020/21 (Pages 13 - 32)

Report of the County Treasurer (CT/20/18), attached.

7 A Resilient Economy (Pages 33 - 44)

Report of the Head of Economy, Enterprise and Skills (EES/20/1), attached.

8 Highways Dashboard Performance (Pages 45 - 56)

Report of the Chief Officer for Highways, Infrastructure Development and Waste (HIW/20/1), attached.

9 Climate Change Standing Overview Group (SOG) (Pages 57 - 58)

Report of the Climate Change SOG, attached.

10 Energy from Waste Visit (Pages 59 - 60)

Notes of the Exeter Energy from Waste Unit Visit on 27 November 2019

MATTERS FOR INFORMATION

11 Items Previously Circulated

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

- Information on Data Protection and Cyber Security (26/11/19)
- Task Group report on Welfare Reform (26/11/19)

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

None

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 (Vice-Chair), Y Atkinson, K Ball, J Berry, R Bloxham, J Brook, P Crabb, A Eastman, R Edgell, I Hall, J Hook, R Radford, M Shaw, C Slade and C Whitton

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.
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Public Participation

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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/

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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.

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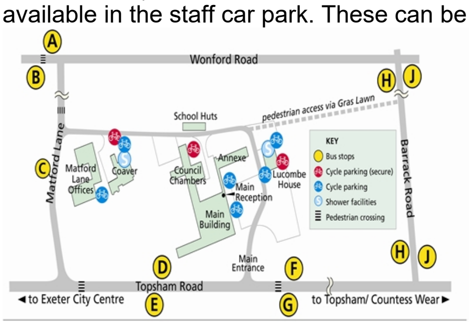

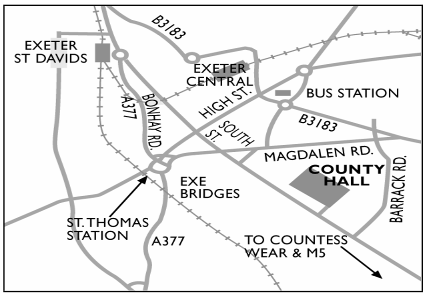

NB A J **Denotes bus stops**

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First Aid

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

2.8. Prior to commencing the consultation, the Service engaged with the Consultation Institute (a well-established, not-for-profit best practice institute promoting public and stakeholder consultation in the public, private and voluntary sectors). The Institute quality assured the proposed consultation methodology thereby enabling the Service to proceed with confidence and demonstrate to interested parties that independent evaluation had been sought. Subsequently, the Institute has issued the Service with a certificate of consultation readiness which is now attached as Appendix A to this report.

3. CONSULTATION RESPONSES

3.1. In total, 3,818 responses were received:

- 3,232 completed questionnaires;
- 205 written submissions; and
- 381 email responses.

In addition, five petitions were submitted with a total of 43,644 signatures opposing the proposals.

3.2. Due to the large volume of responses and following public feedback the Service engaged an independent organisation, Opinion Research Services (ORS), to collate and theme the consultation responses.

3.3. The full ORS report is available as a background paper to this report. The summary ORS report is attached at Appendix B to this report. This summary themed responses through both the text comments provided on consultation questionnaires and the written responses received by the 6 individual elements. The emerging themes were:

- Negativity around the majority of station closures, mainly due to slower response times
- No strong opposition on the removal of second and third appliances
- Aggregation of options 1-6 may have compounded negativity to other options
- Some limited support for roving vehicles with more information requested on how the model works

3.4. It should also be noted that ORS expressed a different view to that expressed by the Consultation Institute regarding the way in which the options were presented. This shows that there are varying professional views on consultation methodology. The Consultation Institute advises that, from its experience, issues likely to be found unpalatable by consultees will inevitably be criticised no matter how any options on those issues are presented. The Service acknowledges that the options were likely to cause an emotional response but nonetheless is confident that the consultation undertaken met the key principles of consultation (also known as the Gunning Principles) and that members of the public, staff and stakeholders were afforded the opportunity to express their views. The views so expressed have been subject to thorough analysis and used to further shape Service thinking.

3.5. The Service was keen to support alternative options suggested by staff in line with its vision of ‘involving communities and colleagues in designing our services.’ The Service was pleased to receive responses that showed an appreciation of the objectives of the proposals whilst supporting pragmatic and realistic alternatives. Key suggestions advanced during the consultation period were:

- For the Service to try all possible options before considering closure;

- To adapt the Whole-time duty system to release resources rather than day crew stations;
- To consider alternative crewing models to keep the appliance available, such as crewing fire appliances with fewer than four riders;
- To replace some larger, traditional fire appliances with smaller Rapid Intervention Vehicles that can be crewed with fewer staff;
- To merge some stations that are close together rather than close them; and
- For staff to be able to volunteer as an alternative to closing a station.

4. <u>HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE AND RESCUE SERVICES (HMICFRS) REPORT 2018 - 2019.</u>

4.1. In June 2019, HMICFRS undertook an inspection of the Service and publicly reported its finding in December. In relation to the effectiveness and efficiency of the Service's current Service Delivery model, HMICFRS formed the following conclusions:

- The Service should improve the availability of its on-call fire engines;
- The Service should improve performance against its response standards;
- The Service needs to assure itself that its prevention, protection and response resources are allocated to where they have identified the risk; and
- The Service needs to establish if operational crews are productive and used efficiently to support prevention, protection and response activities.

5. <u>EMERGENCY RESPONSE STANDARDS (ERS)</u>

5.1. The Service's current response standard of the first appliance being in attendance within 10 minutes for a house fire and 15 minutes for a road traffic collision was set out in the "Devon and Somerset Corporate Plan 2008/09 to 2010/11" and agreed by the Authority following public consultation. At the time this standard was agreed, it was estimated that around 80% of the population could theoretically be reached within the 10 minute attendance time. This was based on the existing fire station locations and that the fire appliance would be available 24/7. Whilst it was not intended (or indeed possible) to be able to reach everyone within this time period, it was recommended that a single response time for attendance (regardless if a house is in a rural or urban area) be an aspiration; "we should aim to make a first attendance in 10 minutes with all resources arriving within 13 minutes". Appendix C shows the areas where the 10 minute (dwelling fire) and 15 minute (road traffic collision) Emergency Response Standards could be achieved based on existing fire station locations.

5.2. During its inspection, HMICFRS benchmarked performance against other fire and rescue services and it compared the first fire appliance response times. Those services that have been graded as 'good' in the effectiveness category have been able to clearly demonstrate good average response times together with their performance against their agreed response standards (expressed as a target percentage).

5.3. HMICFRS reported that "In the year to 31 March 2018, the Service's average response time to primary fires was 10 minutes and eight seconds. The service's average response time is quicker than the average for other predominantly rural services (10 minutes 32 seconds in year to 31 March 2018)".

5.4. However, because the Authority has not set a target percentage performance measure by which it is able to hold the Service to account, HMICFRS reported that the Service only met its response time for the first attending appliance to a dwelling fire incident on 72.4% of occasions and on 75.4% of occasions for Road Traffic Collisions. Compared to other predominately rural services, the Service's performance is good but the absence of an agreed target percentage measure resulted in HMICFRS assessing the Service's performance against 100% of incidents, resulting in the Service receiving a lower performance rating than other fire and rescue services that had lower levels of response times. In can clearly be seen from the ERS map at Appendix C that it is not possible to meet the agreed aspirational response times on all occasions i.e. 100% of the time.

5.5. It is therefore recommended that, should the Authority agree to the new Service Delivery Operating Model, the existing response standards should be maintained and that in addition an explicit performance target for meeting the first appliance attendance times for both incident types (house fires and road traffic collisions) on 75% of all occasions should be set. Performance against this measure would then be publicly reported through the Audit & Performance Review Committee.

6. <u>PROGRESS AGAINST INTEGRATED RISK MANAGEMENT PLAN AND FIRE & RESCUE PLAN</u>

6.1. Since the public consultation was launched in June 2019 the landscape has changed for the Service:

On-call terms and conditions

6.2. Discussions with staff and their Representative Bodies (the Fire and Rescue Services Association (FRSA) and the Fire Brigades Union (FBU) have culminated in an 'in principle' agreement for a new On-call duty system that pays for availability by the hour, enhancing the pay of firefighters. This level of payment has previously been trialled across the Service and the results have shown increased availability of appliances. Academic research validated by the University of Gloucester in September 2019 has indicated that an increased payment would also improve retention of staff. Current levels of staff turnover costs the Service approximately £1.5m each year.

6.3. The proposed new 'Pay for Availability' duty system removes the need for a defined level of establishment, i.e. the number of On-call staff required at each fire station. This is because payment by the hour is only for the exact number of firefighters required to crew the fire engines. Staff will have freedom of choice and flexibility in how many hours of cover they provide. The cost of delivering the pay for availability system is therefore dependent upon the number of firefighters required to maintain availability of the specific number of fire engines required at any one time across the Service. Adopting the 'Pay for Availability' duty system would be a large net investment for the Service of £1.8 million (representing a 16% increase to the On-call budget).

6.4. However, evidence gained from trials within this Service demonstrated that 'Pay for Availability' significantly improved appliance availability and the emergency response service to our communities. During the trials the average availability of the seven fire engines that were trialled increased from 81.7% to 91.6%, a 10% improvement in availability. This also resulted in a corresponding decrease in risk in those areas. The 'Pay for Availability' duty system is a key enabler for the introduction of a variable, risk-based fire engine availability model that is detailed in section 9 below

Aggregate crewing

6.5. Feedback from staff and through research projects indicate that On-call Firefighters want to be available to attend incidents in their area and to have the opportunity to earn more money. The Service is currently in discussions with trade unions for some fire engines to be crewed with fewer than four firefighters to keep the appliance available, with these firefighters being paid the new hourly rate.

6.6. The Service has been successfully trialling aggregate crewing at two stations, Porlock since August 2015 and Princetown since Sept 2016, because the firefighters were frustrated by the fire appliance being made unavailable as a result of failure to achieve the minimum crewing level of four firefighters. Since implementation of aggregate crewing, these two stations have increased the availability of the fire appliance by riding with two or three firefighters. During the trial period the fire appliances at Porlock and Princetown were able to attend more incidents (20% Porlock and 30% Princetown). These are incidents that they would not have been able to attend prior to the use of aggregate crewing. While it remains an aspiration to have fire appliances crewed with a minimum of four firefighters it is not always possible to achieve this due to the difficulty of recruiting and retaining sufficient numbers of On-call firefighters, particularly in less populated communities. The FRSA has agreed in principle to adopt aggregate crewing and talks are continuing with the FBU.

Whole-time

6.7. The Service has also been discussing possible changes to the existing Whole-time rota system with staff. Whilst the Day Crewing option presented in the consultation is supported by the Authority's Integrated Risk Management Plan, the Service has been discussing an alternative working pattern with representative bodies that could provide more flexibility for firefighters and at the same time release capacity (comparable to the Day Crewing option) to support the delivery of increased prevention and protection work and enhance the emergency response to incidents. Under this alternative working pattern, day duty firefighters would use roving vehicles to carry out work that would increase preventative activities by a minimum 50,000 hours per annum. Although no formal agreement is in place with the FBU at this time, the Service is encouraged by the willingness of the FBU to continue discussions and remains optimistic that a new duty system agreement should be reached by the end of the financial year.

Medium Term Financial Plan

6.8. The Authority's Medium Term Financial Plan for 2020-21 identified a potential funding gap of between £5.3m and £7.8m for 2020-21, which included a projected reduction in grant funding of 5% and pension cost pressure of £3.9m. This meant that resources would need to be reallocated to meet risks and invest in key areas of improving On-call availability and Prevention and Protection work.

6.9. In December 2019, the Provisional Local Government Finance Settlement showed that grant funding will increase by 1.7% in line with inflation and the Home Office confirmed that the Government will partially fund pension cost pressures, meaning that the overall financial picture has improved for 2020-21.

6.10. The effective and efficient delivery of prevention, protection and response services is the most critical element of the Service. Whilst the future remains uncertain, the Service is committed to improving performance through innovate practices such as 'Pay for Availability,' and seeks to fund the investment required by using Reserves in the short-term. Further work will be needed to identify the savings required to fund the investment beyond the short-term and a new Medium Term Financial Plan will be developed as part of the 2020-21 budget preparation to be considered by the Authority in February 2020.

7. OPTIONS APPRAISAL

'Do Nothing'.

7.1 Whilst doing nothing is an option, it will not address the drivers for change as outlined within the Integrated Risk Management Plan, or the improvements as outlined in the HMICFRS report and is therefore not recommended for consideration.

'Options 1-6' of original consultation.

Option 1: Close Appledore, Ashburton, Budleigh, Colyton, Kingston, Porlock, Topsham, Woolacombe

Option 2: Option 1 plus Remove 3rd appliances from Bridgewater, Taunton, Torquay & Yeovil

Option 3: Option 2 plus Remove 2nd appliances from Crediton, Lynton, Martock & Totnes

Option 4: Option 3 plus Day crew Barnstaple, Exmouth & Paignton

Option 5: Option 4 plus Move to night cover only on second appliance at Brixham, Chard, Dartmouth, Frome, Honiton, Ilfracombe, Okehampton, Sidmouth, Tavistock, Teignmouth, Tiverton, Wellington, Wells & Williton

Option 6: Option 5 plus Introduce 6 roving appliances

7.2 Whilst the underpinning risk and evidence presented in the consultation remain valid, it is clear that the extent of station closures and day crewing is not something that many who responded to the consultation wish to see progressed at this stage. Respondents, particularly in more remote communities, were concerned about extended response times and suggested that prior to any changes being agreed, the reliability of the 'On-call' system should be improved. Respondents also suggested that an assessment of other approaches, such as merging of fire stations, should be considered before station closures were made. Discussions with the trade unions have been progressive and the Service remains optimistic that agreement will be reached that will allow for new ways of working to be introduced by the end of this financial year. The agreement will bring about improved availability of our fire appliances, a significant increase in the level of preventative activity and greater emergency response resilience. Consequently, the options 1 to 6 as consulted on are not recommended at this stage.

Option 7

7.3 The purpose of consultation is to listen to views and consider alternative approaches. Having done this, a revised model is now presented for consideration by the Authority.

7.4 Given the alternative options put forward by staff and the new ways of working agreed in principle with trade unions, together with the strong feedback from the public and other organisations, the following option has been developed for consideration by the Authority. This can be considered as ‘Option 7’ as it is made up of components from the June 2019 consultation “mix and match” option. The various elements of Option 7 outlined below will address the risks outlined in the Integrated Risk Management Plan as well addressing many of the areas for improvement identified by HMICFRS in terms of improving efficiency and effectiveness. Future Integrated Risk Management Planning will not preclude any of the original options being brought forward for review.

7.5 Option 7 is derived from the options consulted on and the consultation responses and aims to strike the balance between driving reform and enabling reallocation of resources to risk, specifically providing more prevention and protection activity. The model demonstrates how we have used public responses as part of the consultation– this will build further trust and confidence in the approach when the public and staff are next asked for their views. Effectiveness and efficiency will be improved, as whilst there will be fewer fire stations and fire appliances, those that remain will have better availability and be more resilient. This, in turn, will enhance prevention, protection and response performance. It is anticipated that the improved terms and conditions for firefighters will have a positive impact on the ‘People’ areas identified in the recent HMICFRS report.

8. OPTION 7 SUMMARY

- Defer the decision to implement day crewing at Barnstaple, Exmouth & Paignton, ***subject to*** a revised 24/7 crewing model being agreed with the Fire Brigades Union, including roving appliances, before the end of the 19/20 financial year.
- Close Budleigh Salterton fire station and allow affected firefighters to respond from Exmouth fire station.
- Relocate Topsham fire station to Service Headquarters with one fire appliance and relocate one of the fire appliances to Middlemoor fire station (both fire appliances to be relocated to Service Headquarters until an On-call crew can be established at Middlemoor).
- Remove the third fire appliances from Bridgwater, Taunton, Torquay & Yeovil
- Remove the second fire appliances from Crediton, Lynton, Martock & Totnes
- Introduce variable fire appliance availability dependant on risk

9. OPTION 7 DETAIL

Introduction of new shift/rota instead of moving Exmouth, Paignton and Barnstaple to day crewing.

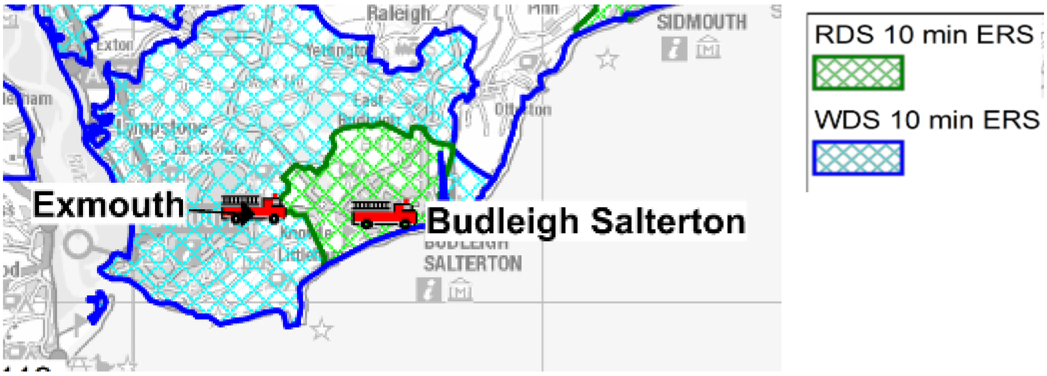
9.1. Rather than move to a day crewed system for Exmouth, Paignton and Barnstaple, positive discussions with representative bodies indicate that an alternative Whole-time shift and a new Day Duty shift would result in the Service significantly increasing staff productivity in prevention and protection activity. Therefore, any decision to move to a day crewed model can be deferred until the end of the 2019/20 financial year. In the event that it is not possible to reach agreement with representative bodies to a new way of working the option of moving to a day crewing arrangement will be reconsidered post April 2020.

9.2. This proposed alternative shift system will improve the productivity of firefighters across the Service and will maintain 24/7 operations at the three fire stations. Response times and risk will be positively affected as increases in preventative work will reduce risk and the increased availability of firefighters during the daytime will provide for improved emergency response resilience at times when On-call availability is at its lowest.

9.3. The proposed alternative shift system would also directly support the use of ‘roving vehicles’. These roving vehicles would not be additions to the fleet but would be existing vehicles, some of which are those identified 2nd fire appliances that are not risk prioritised during the daytime. This approach, as consulted on, will ensure that additional operational staff are available during the day to respond to emergency calls whilst significantly increasing the volume of prevention and protection activity.

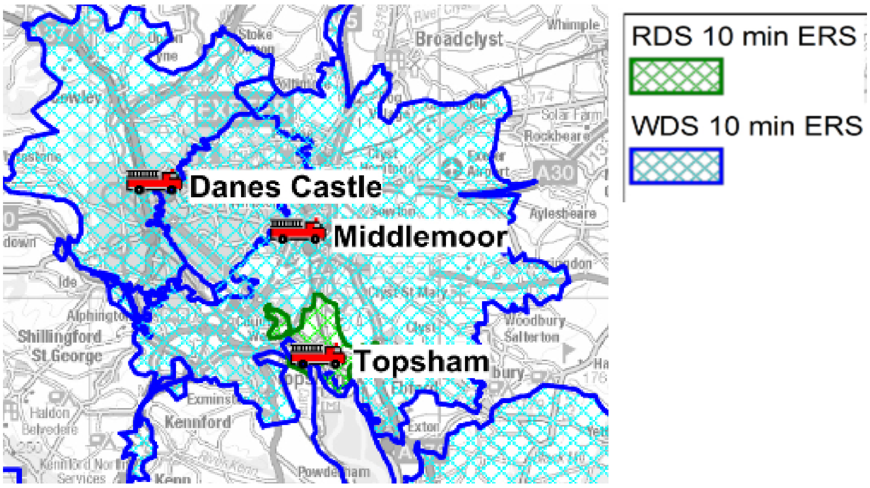
One fire station closure and one fire station relocation

9.4. ***Close Budleigh Salterton fire station***. As the response area for Budleigh Salterton fire station falls completely within the 10 minute emergency response area of Exmouth fire station (see map below), it is proposed that Budleigh Salterton fire station is closed and existing firefighters from Budleigh Salterton respond instead to Exmouth fire station. Under this proposal, the fire station at Budleigh Salterton will be sold and one fire appliance removed. It is not anticipated that this proposal will result in compulsory redundancies being necessary.



(RDS stands for Retained Duty System, now known as On-call. WDS stands for Whole-time Duty System)

9.5. ***Relocate Topsham fire station***. As the response area for Topsham fire station falls completely within the 10 minute emergency response area of Middlemoor fire station (see map below), it is proposed that Topsham fire station site is closed and the appliances and firefighters are relocated. Under this proposal Topsham fire station will be sold and one of the fire appliances relocated to Station 60 (Service Headquarters) in Clyst St George. The other fire appliance from Topsham would be located at Middlemoor fire station (Exeter) as soon as a new ‘On-call’ crew can be recruited or existing Topsham staff relocated. In the meantime, both fire engines would be located at Station 60. There would be no reduction in the number of fire appliances under this option. Response times during the working week will improve further as ‘On-call’ Firefighters who work in other roles at Service Headquarters would be able to respond immediately rather than having to travel to the existing Topsham fire station first. It is not anticipated that this proposal will result in compulsory redundancies being necessary.



(RDS stands for Retained Duty System, now known as On-call. WDS stands for Whole-time Duty System)

9.6. ***Other Stations***: Appledore, Ashburton, Colyton, Kingston, Porlock and Woolacombe would remain open under this proposal but will be subject to periodic review. The payment for availability for 'On-call' staff that has been agreed in principle with trade unions will improve availability of 'On-call' fire appliances. It is also agreed (with one trade union and discussions ongoing with another) that 'aggregate crewing', where firefighters can be sent to incidents with fewer than four firefighters, be adopted. The decision to defer the closures of these fire stations will be dependent on stations improving their availability, for example by adopting the aggregate crewing model.

9.7. The Service will also share more information with the public on availability at these fire stations to encourage recruitment of additional On-call staff where there are vacancies.

9.8. During the consultation a number of suggestions were put forward relating to potential amalgamation of fire station locations. These will be considered further and any proposals, if appropriate, will be brought forward for separate consultation and decision by the Authority.

Removal of third appliances

9.9. It is proposed that removal of the third fire appliances at Torquay, Bridgwater, Yeovil and Taunton is progressed as originally consulted. The Service will explore further how it might best ensure use of existing staff to support operational incidents where required, rather than reducing the number of firefighters within the Service.

9.10. The removal of four fire appliances means that the Service will not need to buy as many new fire engines in the future to replace them. As a new fire engine costs around £0.3m, this cost will be saved from the fleet replacement programme and further benefits will be realised through reduced servicing and maintenance costs.

Removal of second fire appliances

9.11. Often additional firefighters, not additional fire appliances, are required at larger incidents. Therefore, on many occasions a fire engine is only used to transport firefighters from a fire station to the incident as the amount of equipment available on the first attending vehicles is sufficient.

9.12. It is recommended that removal of the second fire appliances at Crediton, Martock and Totnes is progressed, with Lynton's second fire appliance being replaced with a new wildfire 4x4 and All-Terrain Vehicle (ATV). With the exception of Martock, alternative vehicles that can transport firefighters are either in place, or due to be provided in the near future. Should this option be agreed, an additional light vehicle will be provided for Martock.

9.13. The Firefighters on the alternative vehicles would be mobilised when available to respond. However, as it is only the first fire appliance at these stations that have been identified as risk prioritised fire appliances, firefighter payment for availability will not be offered for crewing of these alternative vehicles. However, should firefighters make themselves available on a voluntary basis, the full hourly rate will be applied for any incidents that are attended.

Introduce variable fire appliance availability dependant on risk

9.14. It is recommended that risk-based availability is initially introduced for second fire appliances at the following fire stations: Brixham; Dartmouth; Honiton; Ilfracombe; Okehampton; Sidmouth; Tavistock; Teignmouth; Tiverton; Wells; and Williton.

9.15. The risk and the nature of incidents that the Service attends changes throughout the day. Service data shows that during night time hours fires often go undetected for longer and therefore develop more significantly prior to a 999 call being made. When this happens, the Service will often utilise a greater number of firefighters and equipment to deal with incidents. During the daytime hours, people are generally awake and fire is often detected in the very early stages allowing for it to be extinguished before it develops significantly. However, people tend to be significantly more mobile during the daytime, moving from their homes to places of work increasing road related risk. The second fire appliances at these fire stations are often not reliably crewed during the daytime due to On-call staff leaving the communities where they live to undertake their primary employment. The Service proposes to increase the use of these fire appliances by crewing them when required during the daytime hours with roving crews that will undertake preventative activities whilst providing immediate additional emergency response capability.

9.16. Where these vehicles are not being used as roving fire appliances, they will remain available at their fire stations and can be crewed by firefighters at these fire stations if they are available to do so. As these have not been identified as risk prioritised fire appliances, firefighter payment for availability will not be offered. However, should firefighters make themselves available on a voluntary basis, the full hourly rate will be applied for any incidents that are attended.

9.17. It is also proposed that the second fire appliances at Chard and Wellington remain available to provide additional resilience for Yeovil and Taunton should the Authority agree to remove the third appliances at these locations. Frome's second fire appliance will also remain available due to its distance from other Service fire stations.

10. **<u>RISK APPRAISAL</u>**

10.1. Existing performance comparison based on all fire appliances being available.

Category	**As is**	**Option 6**	**Option 7**
Risk – Approximate Fire Deaths per year	7.61	7.76	7.65
Risk – Approximate RTC deaths per year	33.14	33.14	33.02

11. **<u>OPTIONS APPRAISAL</u>**

Category	**Do Nothing**	**Option 6**	**Option 7**
Risk – Approximate Fire Deaths per year	✗	✓	✓
Risk – Approximate RTC deaths per year	✗	✓	✓
Risk improvement	✗	✓	✓
Resources to risk	✗	✓	✓
Availability improvement	✗	✓	✓
Re-Investment in Prevention and Protection	✗	✓	✓
Station Savings (e.g. Rent, Utilities, Vehicle maintenance and equipment, retaining fees)	✗	£0.985m	£0.486m
Investment in On-call	✗	Not factored into the option at consultation stage	+£2.334m
Net budget impact	-	£0.985m savings	+£1.848m investment
Capital Receipts	-	£0.925m	£0.385m
Capital Savings	-	£4.800m	£4.031m
Aligns to HMICFRS recommendations	✗	✓	✓

12. CONCLUSION

12.1. The Service has recognised through the Integrated Risk Management Planning process that significant change to the service delivery operating model is required to enable reform and improve our service to the public of Devon and Somerset.

12.2. HMICFRS has inspected the Service and identified areas for improvement that support the findings of the Authority's Integrated Risk Management Plan. HMICFRS will be returning in late 2020/early 2021 and will be expecting to see how those areas for improvement have been addressed.

12.3. The outcomes of the public consultation have been independently reviewed and have been considered, with the purpose of the consultation to allow the public and staff an opportunity to comment on the proposals and present other ideas as to how the Service may be able to meet those requirements, outcomes and benefits. Option 7 aligns with the Service Vision, in particular 'involving communities and colleagues in designing our services.'

12.4. At its meeting on 28 June 2019, the Authority agreed to include an Option 7 for consultation. This gave a valuable opportunity for consultees to respond within the confines of the proposals identified by the Service as meeting the Integrated Risk Management Plan requirements, mixing and matching the elements to allow the public to influence the outcomes. The options appraisal section of this paper reflects that feedback and demonstrates that implementation of a revised set of proposals based on those elements that have been subject to consultation will satisfy the risks identified in the Integrated Risk Management Plan, many of the HMICFRS findings and the objectives of the Fire and Rescue Plan.

12.5. The adoption of Option 7 will result in the following benefits, helping us become 'Safer Together:'

- An efficient, effective delivery model that actively reduces community and commercial risks whilst improving the response to emergencies;
- Improved fire appliance availability;
- Increased flexibility, reward, recruitment & retention of the On-call workforce;
- A choice of duty systems for Whole-time staff;
- Cultural reform;
- Increased productivity; and
- Increased public safety

LEE HOWELL
Chief Fire Officer

CT/20/18
Corporate Infrastructure & Regulatory Services Scrutiny Committee
28 January 2020

TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2020-21

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 2020/21.

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 strategy for 2020/21 is broadly consistent with that adopted for 2019/20.

2. Treasury Management and Investment Strategy – Key Points

2.1 The Treasury Management and Investment Strategy is shown in draft at Appendix 1. It sets out the minimum revenue provision (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.

2.2 The key issues for 2020/21 are set out in the Treasury Management and Investment Strategy Overview section. These include:

a) Continuation of the policy of taking out no new external debt.
b) The continued inclusion of higher yielding investments, which would only be used subject to further consultation with the Cabinet Member for Resources Management.
c) A proposal to make prepayments of employer deficit contributions into the Pension Fund.
d) The target rates for 2020/21.

2.3 In general, the strategy remains broadly similar to that for 2019/20, with no changes, for example, to the MRP policy, or approved counterparty criteria.

3. Conclusion

3.1 The Treasury Management and Investment Strategy will be considered by Cabinet along with the draft budget for 2020/21 on 14 February, and will become part of the budget book to be approved by Council at its budget meeting on 20 February.

4.1 The Committee is invited to make observations on these proposals prior to their consideration by the Cabinet on 14 February.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers – Nil
Contact for Enquiries: Mark Gayler
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Appendix 1

Treasury Management Strategy 2020/21 – 2022/23 and Prudential Indicators 2020/21 - 2024/25

Introduction

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 2020/21.

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 strategy for 2020/21 is broadly consistent with that adopted for 2019/20.

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 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 2020/21 – 2024/25, 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.

Treasury Management and Investment Strategy Overview

The Treasury Management and Investment Strategy 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.

Appendix 1

External Borrowing

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 are limited to those that are 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 and internal borrowing over the capital programme timescale.

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. In October 2019 HM Treasury increased the margin over gilt yields for new borrowing by 1%; however, the premature payment rates have been left unchanged. 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.

Higher Yielding Investments

The 2019/20 Treasury Management Strategy included for the first time 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.

Thus far, this provision has not yet been utilised, as Brexit uncertainty has suggested a more prudent approach, given that higher yielding investments will inevitably mean that there is an increased risk of loss of capital. However, the provision remains in the strategy, and once the Brexit uncertainty is resolved, it may make sense to invest a small proportion of the Council’s cash in higher yielding investments.

Before any investment is made in either short-dated bond funds or multi-asset income funds a rigorous process will need to 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.

Pension Fund Contributions

The County Treasurer has also reviewed whether it would make sense to use cash balances to make additional payments or pre-payment of deficit contributions into the Pension Fund. It is proposed to pay £32 millions into the Pension Fund during April 2020, which represents the total deficit contributions set for the Council for the next three years. In return for making an advance payment of three years’ deficit contributions the Pension Fund will give a 4.5% discount on the payment required, resulting in a saving of £0.5 million in each of the next three years.

The Pension Fund is able to invest the pre-paid sum and achieve a higher rate of return than the Council would achieve due to its higher risk appetite. This justifies the discount provided. The saving achieved represents a slightly higher return than the Council could achieve by investing more in the CCLA Property Fund or in a multi-asset income fund for arguably less overall risk, although there is a risk that if the Pension Fund does not achieve the required returns there could be an adverse impact on Devon County Council’s contribution rates from 2023/24 onwards.

Target Rates

The Bank of England’s base rate has remained at 0.75% since November 2018. Therefore, the target return for 2020/21 for deposits with banks and building societies will remain the same as for 2019/20, at 0.75%. In practice, it should be possible to achieve an average rate in excess of the base rate, but a target of 0.75% builds in an element of prudence, given the uncertainties around the impact of Brexit. 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.

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 'asset life: annuity' method. This approach was adopted by the authority in 2018/19 and delivered significant revenue savings. MRP is calculated by dividing the existing debt over the estimated life of the asset, but reflects the fact that an asset's deterioration is slower in the early years of its life and accelerates towards the latter years. In order to calculate MRP under the annuity method, an appropriate annuity rate needs to be selected. The percentage chosen corresponds with the Bank of England Monetary Policy Committee's inflation target rate of 2.1%. MRP will increase by this percentage each year

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 'asset life: 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/PPP contracts and finance leases coming 'on Balance Sheet'. The MRP policy for PFI/PPP 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.

Appendix 1

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

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Total Capital programme	**114,493**	**132,249**	**101,096**	**81,685**	**63,940**
Funded by:					
Gross borrowing	8,347	11,573	3,360	9,299	1,709
Other capital resources	106,146	120,676	97,736	72,386	62,231
Total capital programme funding	**114,493**	**132,249**	**101,096**	**81,685**	**63,940**
Total capital expenditure	**114,493**	**132,249**	**101,096**	**81,685**	**63,940**

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.

The forecast Capital Finance Requirement for 2020/21 and the following four years are shown in table 2 below.

Table 2 – Capital Financing Requirement

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Underlying borrowing requirement	620,584	623,932	633,217	634,914	669,188
Other long-term liabilities	123,888	118,485	112,918	106,854	100,569
Capital financing requirement	**744,472**	**742,417**	**746,135**	**741,768**	**769,757**

Appendix 1

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 2020/21 – 2024/25.

Table 3 – Authorised Limits

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Authorised limits for borrowing	657,084	660,432	669,717	671,414	705,688
Authorised limit for other long-term liabilities	123,888	118,485	112,918	106,854	100,569
Authorised limit for external debt	**780,972**	**778,917**	**782,635**	**778,268**	**806,257**

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 2020/21 and following years.

Table 4 - Operational Limits

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Operational limits for borrowing	632,084	635,432	644,717	646,414	680,688
Operational limit for other long-term liabilities	123,888	118,485	112,918	106,854	100,569
Operational limit for external debt	**755,972**	**753,917**	**757,635**	**753,268**	**781,257**

The forecast opening balance for External Borrowing at 1 April 2020 is £507.85 million and remains unchanged at 31 March 2021.

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

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Capital financing requirement	744,472	742,417	746,135	741,768	769,757
Gross borrowing and other long-term liabilities	636,487	631,738	626,335	620,768	614,704
Under/ (over) borrowing	**107,986**	**110,679**	**119,800**	**121,000**	**155,053**

Appendix 1

The debt management strategy and borrowing limits for the period 2020/21 to 2024/25 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 2020/21 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

	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Minimum revenue provision	12,704	12,415	12,869	13,176	13,845
Interest payable	26,017	26,017	26,017	26,017	26,017
Recharges and other adjustments	(321)	(470)	(702)	(945)	(1,260)
Interest receivable	(1,550)	(1,550)	(1,550)	(1,550)	(1,550)
Capital financing cost (excluding other long-term liabilities)	36,849	36,413	36,634	36,698	37,052
Capital financing costs of other long-term liabilities	14,901	14,636	14,689	14,428	13,262
Capital financing costs including other long-term liabilities	51,751	51,048	51,323	51,127	50,314
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	**7.34%**	**6.95%**	**6.90%**	**6.75%**	**6.82%**
Ratio of financing costs (including other long-term liabilities) to net revenue stream	10.31%	9.74%	9.67%	9.41%	9.26%

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 2020/21 and beyond are set out in Table 7.

Appendix 1

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
35 years and within 50 years	75	20

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.

Analysis of Long Term Debt

The following Table 8 shows the County Council's fixed and variable rate debt as at 31 March 2019 and 31 December 2019 (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.

Appendix 1

Table 8 – Analysis of Long Term Debt

	Actual 31.03.19 £'m	Interest Rate %	Current 31.12.19 £'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 2019 and as at 3 January 2020 (current).

Table 9 – Schedule of Investments

	Maturing in:	Actual 31.03.19* £'m	Interest Rate %	Current 03.01.20* £'m	Interest Rate %
Bank, Building Society and MMF Deposits					
Fixed Rates					
Term Deposits	< 365 days	147.50	1.01	110.00	0.99
	365 days & >	10.00	1.00	20.00	1.40
Callable Deposits					
Variable Rate					
Call Accounts		0.00	0.00	0.00	
Notice Accounts		12.50	1.01	40.00	1.04
Money Market Funds (MMFs)		46.83	0.77	52.52	0.72
Property Fund		10.00	4.23	10.00	4.32
All Investments		**226.83**	**1.10**	**232.52**	**1.12**

The Council's cash balance available for investment varies during the year, with peaks when Government grants and Council Tax precepts are received, which then taper down as expenditure is incurred. While the figure at 3rd January is higher than at the 31st March 2019, it includes the January Council Tax precept income, and it is now anticipated that the cash balances at 31st March 2020 will be lower than those at the start of the year.

* The figures as at 31 March 2019 and 3 January 2020 include respectively around £11.7m and £6.8m related to the Growing Places Fund (GPF). Devon County Council 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 1

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 during 2019/20 continued 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.

On 9th October HM Treasury announced an increase in interest rates for borrowing from the Public Works Loan Board (PWLB). Some local authorities have substantially increased their use of the PWLB, as the cost of borrowing has fallen to record lows. HM Treasury was concerned about the level of local authority borrowing and therefore announced that they would restore interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms. However, this has no impact on the rates applicable to the Council's current long term debt, which were set at fixed rates when the loans were taken out.

Link Asset Services are forecasting that the overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. These forecasts are summarised in the following Table 10.

Table 10 – Base Rate Forecasts and PWLB Rates

	Dec (act) 2019	March 2020	June 2020	Sep 2020	Dec 2020	March 2021	June 2021	Sep 2021	Dec 2021	March 2022
Base Rate Forecasts										
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%
Capital Economics	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	-

	Dec (act) 2019	March 2020	June 2020	Sep 2020	Dec 2020	March 2021	June 2021	Sep 2021	Dec 2021	March 2022
PWLB Rates										
Link Asset Services forecast										
10 Year	2.60%	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%
25 Year	3.20%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%
50 Year	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%

Appendix 1

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% throughout 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent".

Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate during 2020 as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

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 2020/21 – 2022/23

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.

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.

Appendix 1

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. While HM Treasury has increased the margin over gilt yields for new borrowing, the premature payment rates have been left unchanged. 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 2020 the Council will have cash balances of around £190m. 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 **0.7%**.

Investment Strategy 2020/21 – 2022/23

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.

Appendix 1

For 2020/21 the Council is proposing to make a pre-payment of deficit contributions into the Pension Fund. It is proposed to pay £32 millions into the Pension Fund during April 2020, which represents the total deficit contributions set for the Council for the next three years. In return for making an advance payment of three years' deficit contributions the Pension Fund will give a 4.5% discount on the payment required, resulting in a saving of £0.5 million in each of the next three years.

Initially this will reduce the balance available for investment via the Treasury Management Strategy, but represents payments that are due over the next three years, so will not have a long term impact on balances. The saving achieved represents a slightly higher return than the Council could achieve by investing more in the CCLA Property Fund or in a multi-asset income fund for arguably less overall risk, although there is a risk that if the Pension Fund does not achieve the required returns there could be an adverse impact on Devon County Council's contribution rates from 2023/24 onwards.

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.

Appendix 1

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".

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.

Appendix 1

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.

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.

Appendix 1

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.

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)

Appendix 1

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.

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 2020/21 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 that the Bank of England's base rate has remained at 0.75% since November 2018. In practice, it should be possible to achieve an average rate in excess of the base rate, but a target of 0.75% builds in an element of prudence, given the uncertainties around the impact of Brexit.

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 2020/21 are considered to be achievable.

Appendix 1

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 2021/22 and 2022/23. However, these will be reviewed in the light of changes to the rates on offer from the Council's counterparties over the MTFS period. It may be possible to increase the target rate once the continuing uncertainty around the impact of Brexit has been resolved and the Bank of England is in a position to consider rate rises.

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.

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 of £1.881 million. At 31 March 2019 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.

EES/20/1

Corporate, Infrastructure and Regulatory Services Scrutiny Committee
28 January 2020

A Resilient Economy

Report of the Head of Economy, Enterprise and Skills

1. Summary

This report provides a summary of the current state of the Devon economy. It highlights the current structure of the County's economy, trends, opportunities and challenges. The report also sets out the direction of travel for the Councils' new Strategy for Growth 2020-2030.

2. Background/Introduction

Devon has a very varied economy, with a broad sectoral mix, and no really strongly identified specialisms. The county does perhaps have an over-representation within Healthcare; Food and Drink; Tourism; Agriculture; Construction, plus Manufacturing in certain Districts. This breadth of economy is a strength in terms of providing resilience to shocks in any one sector, but a weakness in having no nationally significant concentration of businesses in dynamically performing sectors. Two sectors where the county has strong representation – retail and construction - are vulnerable to economic fluctuations and disruptive innovations.

Devon's economy is larger in size than Bristol and is currently worth around £17bn per year, with many successful and dynamic businesses. It is home to significant companies in many sectors including aerospace; financial; food and drink; digital and advanced manufacturing. Companies such as Supacat, Riverford Organics, Crowdcube Eaton Aerospace; Helitune and Goodridge are market leaders both nationally and globally. It also has one of the largest visitor economies in Britain, drawing in visitor spend of almost £2.5bn per year, primarily driven by the quality of its natural environment, and is home to the Met Office.

Devon has a small and micro business focused economy. Some of these enterprises focus on servicing local markets and others focus more nationally and globally, yet all of these operate within the context of a fast changing national and global economy. We have some growing sectors spread across Devon such as digital, advanced manufacturing, agri-tech and environmental science which provide scope for a launchpad for economic growth. The digital sector locally as a whole is yet to compete nationally, or globally, although some digital businesses, especially in the Exeter area and pockets elsewhere like Ashburton and East Devon are tapping into new markets and performing well, helping to create clusters of growth and opportunity.

The skills levels of our workforce in many areas remain one of our strengths and the County is blessed with strong Further and Higher Education provision, which helps to provide the people that our employers need.

Employment levels in Devon remain very high and generally unemployment levels are historically very low and lower than nationally, despite an upturn in the unemployment claimant count across Devon since 2018, compared with many other parts of the UK.

Whilst close to full employment is welcome, Devon continues to face a number of growing labour shortages and in key skill sets. Whilst overall the employment market has seen a period of sustained growth, Devon has seen a reciprocal increase in demand for core skills.

This includes a 30% increase in demand for qualified nurses, 20% increase in the demand for skilled construction operatives, and a 20% increase in engineering and aligned vacancies in the past three years. The relative structure and demography of our workforce is also of concern, with 30% of engineers in parts of the marine industry, or 25% of existing medical practitioners due to retire in the next decade.

Devon has suffered a number of blows to its economy in the last few years with some major employers such as Appledore Shipyard; British Ceramic Tiles and Wolf Minerals closing their operations. Devon County Council has been and will continue to work closely with partner organisations to help bring back jobs in these areas and work to mitigate the effects of these closures by focusing on new opportunities. Virgin Connect (previously Flybe) also recently stated that there will be some potential loss of office-based jobs in its operation at Exeter Airport. Subsequently and at the time of going to print, Devon County Council is monitoring and engaging with partners, related to ongoing news regarding the future of Flybe/Virgin Connect and potential Government support. Within much of the retail sector, businesses are also finding trading conditions difficult, which provides a very visible cause of concern to residents using local high streets, although some smaller towns with a diverse offer combined with aesthetic and environmental appeal are holding up better, such as Totnes and Sidmouth (High Streets Vitality Index 2019).

The County's sectoral mix comes with a very differing picture in terms of the performance of the economy in different parts of the County. Labour productivity in most of Devon outside of Exeter remains low (For example, in Torridge productivity per head is just 60% of the national average whilst in Exeter it is 118%). Skills levels are generally average-to-high in much of Devon and provide a platform for growth (in some areas such as Exeter skills levels are on a par with places such as Reading and Brighton). Earnings levels are close to the national average in Exeter and both there and in East and Northern Devon have been increasing at a faster rate than nationally in recent years to begin to close the gap. Earnings however, remain very low for people working locally in Northern Devon; West Devon; South Hams and Teignbridge, where they are among the lowest in the UK.

House prices in large parts of the County remain high compared with earnings. Housing is less affordable in every Devon District when compared to the national average. In particular South Hams remains the least affordable district in Devon, requiring over 10 times the average earnings to purchase a property in the district.

Increased commuting for higher pay and to an increasing degree flexible working practises, appear to be significant factors in sometimes large wage differentials between those living in parts of Devon and working in local businesses and those living locally, but earning incomes from further afield. This is a trend which has increased since 2010. One remarkable District level trend is a rapid increase in pay in Torridge, albeit from being what was previously the lowest paid place in Great Britain (originally 372nd out of 372 Local Authority areas).

Deprivation within communities is one factor that is measured every four years by Government, with the latest iteration published in 2019. In the latest published findings it is clear that overall there are fewer neighbourhoods in Devon in the most deprived areas nationally than in 2015, but the picture is not uniform and there continue to be areas in need of additional targeting and help. At a ward level there are 18 Lower Super Output Areas (neighbourhoods) in the bottom 20% nationally. Pockets of deprivation persist, particularly in our urban settlements, but also in some rural and coastal areas. Ilfracombe for instance has one ward in the most deprived 5% nationally. Many other coastal towns also suffer from significant deprivation. Even close to areas of prosperity, for example in Exeter and Dartmouth, there are several wards which suffer from deprivation and a lack of linkages to opportunities for residents and many issues remain to be tackled.

Evidence on social mobility in Devon paints a similar picture to that of deprivation and earnings. Torridge and North Devon are the two districts where social mobility is the weakest, whilst South Hams (despite recent slow earnings growth), East Devon and Exeter do the best on this indicator. This also appears to be a commentary on accessibility and peripherality and is arguably an overarching challenge to address.

Devon County Council is currently developing its Strategy for Growth 2020-2030, which will help provide the context and framework to enable the County to capitalise on its strengths and opportunities as a launchpad for the future prosperity of our residents, businesses and communities. It will seek to achieve, working in partnership with a range of public and private sector partners sustainable and inclusive growth, responding to opportunities of moving to a low-carbon economy, and the changing way in which we will work, live and learn. The Strategy will be based on a comprehensive evidence-base and set out clear objectives, actions and measures of success.

It is clear that Devon's economy is in the process of changing, with some of these trends difficult to predict, but with patterns emerging. As a County we need to grasp the opportunities and mitigate the risks, so that our businesses and residents feel the benefits. Flexible and responsive delivery of interventions are likely to be needed to respond to some emerging challenges.

Our economic modelling suggests that Devon's economy will grow by just under 14% and we will add a further 23,000 jobs between now and 2030. These projections are based on a policy neutral scenario and do not completely factor in any changes relating to the UK policy direction in the next few years. 8 sectors that have the potential to expand over the coming years all of which are showing strong growth in GVA between 2019 – 2030.

- Digital Technologies – 43%
- Professional, scientific and technical – 40%
- Transformative Healthcare – 24%
- Tourism – 23%
- Advanced Manufacturing – 23%
- Agritech and Food and Drink - 17%
- Environmental Industries – 16%
- Construction – 9%

A variety of interventions are planned to be included within the Strategy for Growth's delivery plan to address issues identified through evidence gathered. These are expected to include delivery such as:

- Business support focused on helping small and micro-businesses, particularly those who often don't know how to ask for help, or are too busy with the day job and are in rural areas.
- Investment in strategic infrastructure to help reduce the effects of peripherality and also to support localities and sectors that are growing (examples include road, broadband and rail)
- Joined up careers support and advice that looks at the whole variety of opportunities and pathways available to young people and that supports the needs of the local labour market
- Skills and labour market interventions that upskill our workforce to be able to capitalise on new working opportunities, such as in the digital, environmental and healthcare sectors. These will also aim to help groups who are sometimes excluded, or distant from the labour market to better participate and at the same time improve their lives.

- Working with sectors such as Health, Social Care, Construction and others who experience difficulties in recruitment of staff, particularly those with skills, to find new solutions to filling vacancies.
- The Clean Growth challenge will affect every business in every sector. There are also significant market opportunities associated with a move to a low carbon economy, which we aim to help Devon's businesses capitalise upon.
- Supporting innovation and upskilling our workforce to help to ensure that Devon's economy keeps pace with global economic change helping our businesses to survive, compete and excel.
- Working with growing sectors to ensure they are able to compete and deliver benefits across our County
- Helping to ensure Devon is an attractive location for people of all age-groups to live in and work, helping to improve graduate retention.
- Ensuring Devon is an attractive location for dynamic businesses

See Appendix I for a summary of some of the additional recent evidence and data Devon County Council is using to inform its strategy and interventions and to monitor its economy.

3. Consultations/Representations/Technical Data

Not applicable. The most recently available data and evidence will be used on an ongoing basis to update and monitor the emerging Devon County Council Strategy for Growth.

4. Financial Considerations

Interventions recommended through the Strategy for Growth will be funded from a range of different sources and identified within delivery plan actions. These will, subject to approval, include the 2020/21 Devon County Council Economy, Enterprise and Skills Team Core Budget and those of external partners, including capital programme budgets.

5. Environmental Impact Considerations (Including Climate Change)

Devon's emerging Strategy for Growth identifies Devon's unique high-quality environment and recognises that climate change will have wide-ranging implications on the whole economy due to the increase in severe weather events. We also aim to include specific reference to the Climate emergency declared by Devon County Council and work in partnership with other teams within the Council.

Devon has one of the largest visitor economies in Britain, drawing in visitor spend of almost £2.5bn per year, primarily driven by the quality of its natural environment. It also recognises the essential role farmers and the forestry sector play in terms of guardianship of the environment, which in turn acts as a powerful attractive element to the visitor economy (around 69% of all visitors to Devon are attracted by its environment).

Evidence gathered from recent inward investors, have pointed to quality of life, the environment and a wide variety of activities available to residents being some of the key drivers for locating in Devon. Devon towns often score highly in surveys measuring quality of life.

The Environmental Industries sector in Devon is forecast to grow by around 16% between 2019 and 2029. Devon is also home to the highest concentration of climate scientists in the world, the County has seen a 367% increase in the number of environmental consultancies and businesses since 2010, with a 400% increase in the number of individuals working in the sector.

The County Council recognises those sectors where Devon has an opportunity to focus its efforts to provide economic benefits through investments towards achieving a low carbon economy. This is in addition to recent investments, such as in Broadband, which help towards achieving carbon reductions from transport, as well as reaping economic benefits. It also recognises that we will work in conjunction with the LEP as part of its Local Industrial Strategy to help achieve investment in clean technologies to deliver environmental improvements through technological solutions.

6. Equality Considerations

Ongoing monitoring and evidence supporting the Devon County Council Strategy for Growth will aim to ensure a broad picture of how the economy is performing for all of Devon's residents, which includes use of the most recent Indices of Deprivation 2019 and in particular also notes the significant impacts of Devon's ageing population.

As part of the implementation of the strategy we envisage no obvious impact that will disadvantage any particular group, and interventions and activities that support groups with protected characteristics will be supported through skills and employment activity as part of the related developing programme of work and activities. Where relevant, individual projects will be required to undertake an assessment of their impact on equalities, some of which is also required as a gateway-criteria to access funding.

We will continue to monitor the ongoing impact of the Strategy's proposed work programme and how this affects Devon's residents and make necessary adjustments as appropriate to ensure no adverse impacts on particular groups.

7. Legal Considerations

There are no specific legal considerations.

8. Risk Management Considerations

This proposal has been assessed and all necessary safeguards or action have been taken to safeguard the Council's position.

No immediate risks have been identified.

Where potential longer-term risks have been identified such as delivery of the Strategy for Growth in a potentially different national, or global economic environment, Devon County Council's Economy, Enterprise and Skills Team will be undertaking regular monitoring and updating of the Strategy. Should conditions change which require differing interventions, the Strategy will be updated as appropriate to reflect this.

The corporate or community risk registers have been updated as appropriate.

9. Discussion

A number of key sectoral opportunities and emerging economic trends are being explored in the Strategy for Growth, with highlights and headlines identified within this paper and appendices. These will continue to be monitored through a variety of up-to-date evidence and data, to be taken forward as interventions and actions in partnership. These will be updated in light of emerging impacts such as the recent increase in claimant count from a low base in parts of Devon and the difficulties being experienced in some town centres, partly linked to the performance of the retail sector.

10. Options/Alternatives

The alternative option is to not develop, publish, deliver and monitor actions related to a Devon County Council Strategy for Growth.

11. Conclusion

Devon's economy currently remains relatively buoyant overall, but there is a continuing need to intervene in a targeted way to help address market failure in a number of communities and sectors, which Devon County Council's Strategy for Growth will aim to achieve. We will continue to monitor the economy, including more vulnerable sectors such as retail and construction and work in partnership with other public, private and third sector organisations to help ensure economic growth benefits are shared by the County's residents and businesses. We will also work towards ensuring Devon's businesses and residents are able to share in the opportunities that emerge from growing sectors and trends, locally, nationally and globally.

Keri Denton
Head of Economy, Enterprise and Skills

Electoral Divisions: All.

Cabinet Member for Economy and Skills: Councillor Rufus Gilbert

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

Local Government Act 1972: List of Background Papers

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Tel No: 01392) 383000

Background Paper	Date	File Reference
Nil		

je100120cirssc A Resilient Economy
hk 07 150120

Appendix I
To EES/20/1

Particular evidence and data to note which highlights both the state of play and the direction of travel of Devon's economy is listed below:

Earnings

Total residence based pay	**2010**		**2019**		**Change 2010-19**
	£	**% of England average**	**£**	**% of England average**	**% (red below national average; green above)**
East Devon	354.3	86.2	426.5	88.5	**20.38**
Exeter	364.3	88.6	437.9	90.9	**20.20**
Mid Devon	352.4	85.7	440.8	91.5	**25.09**
North Devon	293.8	71.5	374.0	77.6	**27.30**
Plymouth	*383.7*	*93.3*	*427.0*	*88.6*	**11.28**
South Hams	369.0	89.8	393.3	81.6	**6.59**
Teignbridge	343.1	83.5	392.9	81.5	**14.51**
Torbay	*322.1*	*78.4*	*392.6*	*81.5*	**21.89**
Torridge	293.7	71.4	412.7	85.6	**40.52**
West Devon	327.5	79.7	384.3	79.7	**17.34**
Devon	**344.3**	**83.8**	**415.3**	**86.2**	**20.62**
England	*411.1*	*100*	*482.0*	*100*	*17.25*

Total workplace based pay	**2010**		**2019**		**Change 2010-19**
	£	**% of England average**	**£**	**% of England average**	**% (red below national average; green above)**
East Devon	335.4	81.9	400.3	83.0	**19.35**
Exeter	414.9	101.3	474.8	98.5	**14.44**
Mid Devon	356.6	87.0	359.9	74.7	**0.93**
North Devon	298.6	72.9	397.0	82.3	**32.95**
Plymouth	*387.1*	*94.5*	*433.1*	*89.8*	***11.88***
South Hams	325.8	79.5	379.4	78.7	**16.45**
Teignbridge	328.9	80.3	384.3	79.7	**16.84**
Torbay	*319.8*	*78.1*	*360.1*	*74.7*	***12.60***
Torridge	263.3	64.3	391.7	81.2	**48.77**
West Devon	300.7	73.4	326.8	67.8	**8.68**
Devon	**347.1**	**84.7**	**409.5**	**84.9**	**17.98**
England	*409.7*	*100*	*482.1*	*100*	*17.67*

Sectors

We have identified the following strengths and opportunities in these growth sectors:

- Digital industries – Devon is home to one of the fastest growing ICT clusters in the UK, with the number of companies operating within the sector having grown 36% since 2010 and a 100% increase in staffing including the creation of over 2,000 new computer programmers post since 2010.

- Advanced Manufacturing – Devon's manufacturing sector is its hidden strength. Directly employing 8.4% of the County's workforce and contributing £1.3bn in GVA to the UK economy in 2016, this sector has grown by 22% in the past 6 years alone.

- Agri-Tech / Food and Drink - With 4 times more agricultural businesses then the UK average, and exports of both our expertise and our finished products to over 200 countries, the sector annually contributes over £750m per annum to the UK economy.

- Transformative Health Care – Devon has a large and innovative health sector, employing around 14% of its workforce (including 26,000 posts in the private sector alone), and contributing around £1bn to the national economy.

- Construction – The construction sector underpins many of the key economic opportunities likely to emerge in the next decade. Devon has a central role to play in enabling this, with 3 of the 5 largest construction firms based in and around Exeter and home to 22,000 construction operatives in total (1.2% of the UK total).

- Environmental Science – Home to the highest concentration of climate scientist in the world, the County has seen a 367% increase in the number of environmental consultancies and businesses since 2010, with a 400% increase in the number of individuals working in the sector.

- Professional Services – Exeter is the 2nd largest centre for legal and engineering services in the South West, and one of the UK's top 25 centres for financial and professional capability. Output from the sector has grown 233% since 2010, one of the fastest rates of growth within the UK, and professional services firms are increasingly attracted to Devon's more rural areas

- Tourism – Devon remains one of the UK's favourite destinations, with a highly competitive environmental and coastal offer, the County attracted 24 million overnight stays from visitors from across the UK and the world in 2016, contributing £2.5bn to its economy and employing 12% of the County's workforce. There are twice as many tourism business in Devon than the national average

Claimant count analysis – HotSW and component areas – 2018 to 2019

A recent article in the Sunday Times highlighted that within the Devon District of Teignbridge (which contains Newton Abbot), the number of people out of work and claiming unemployment related benefits has had the largest percentage increase in the year to September 2019 amongst all local authority areas in the country.

Since this article was released, further claimant count data has been released for October 2019. From September 2018 to October 2019, the percentage rate of increase for residents in Teignbridge claiming unemployment related benefits rose 129%, the claimant count rate itself, however, remains below the national average.

Within the Heart of the South West (HotSW) LEP area all Districts in Devon, plus Torbay have shown a significant increase in the level of claimants of unemployment related benefits at a faster rate of increase than nationally, which is a worrying direction of travel. Rates in Teignbridge, East Devon and Exeter have all risen particularly fast.

Rates in Plymouth and all Somerset Districts have risen much more slowly at increases below the national average. Actual claimant rates within the HotSW area remain below the national average in all Local Authority areas, apart from Torbay and Plymouth.

District	% increase Sep 18 to Oct 19	% Claimant count rate Oct 2019
Teignbridge	**129%**	**1.6**
East Devon	**100%**	**1.4**
Exeter	**88%**	**1.5**
North Devon	**80%**	**1.8**
Torbay	*72%*	*3.1*
Mid Devon	**67%**	**1.5**
South Hams	**63%**	**1.3**
Torridge	**43%**	**2.0**
West Devon	**40%**	**1.4**
England	*33%*	*2.8*
UK	*32%*	*2.9*
Plymouth	*14%*	*3.2*
Somerset West and Taunton	*10%*	*2.2*
South Somerset	*6%*	*1.9*
Mendip	*4%*	*2.4*
Sedgemoor	*0%*	*2.7*

Ward and town analysis

We have undertaken further analysis at a finer grained ward level of the claimant count to determine any particular areas, or clusters of concern.

A significant number of wards across the area, especially in Teignbridge, East Devon, Exeter, North Devon and *Torbay* have shown large increases in the claimant rate. In many, however, due to very low claimant count levels, overall rates still remain low.

We have therefore analysed those wards which have claimant count rates above the national average – all of which are a concern, highlighting those which have also experienced an increase in claimant count rates above the national average to highlight any particular areas of note.

Particular clusters of concern which have above average rates and increases are located in:

- *Torquay and Paignton (Torbay)*
- *Minehead and Williton (West Somerset)*
- Barnstaple, Ilfracombe and Bideford (North Devon and Torridge)
- Newton Abbot and Teignmouth (Teignbridge)

The rural ward of Taw Vale covering Chawleigh area in Mid Devon also appears to be an outlier, which is surrounded by areas of much lower claimant count and lower increase in claimant rates. The overall number of claimants in this ward is around 35, up from 10 a year previously. This is much lower than in some wards in *Torbay* and Exeter where numbers of claimants exceed 200.

Claimant count – wards where rate is above the national average, with year on year percentage change.

Ward	October 2019 claimant count rate %	% Change Sept 2018 to Oct 2019
Bridgwater Westover	*7.7*	*8*
Tormohun	***6.5***	***51***
St Peter and the Waterfront	*6.4*	*7*
Ellacombe	***5.5***	***104***
Devonport	*5.5*	*12*
Bridgwater Hamp	*5.4*	*6*
Roundham-with-Hyde	***5.1***	***65***
Sutton and Mount Gould	*5.0*	*16*
Central Town (Barnstaple)	**4.9**	**88**
Frome Market	*4.6*	*7*
Taunton Eastgate	*4.6*	*12*
Williton	***4.3***	***65***
Glastonbury St Benedict's	*4.2*	*2*
Honicknowle	*4.2*	*14*
Highbridge and Burnham Marine	*4.2*	*-7*
Glastonbury St Edmund's	*4.1*	*21*
Stoke	*4.1*	*5*
Bridgwater Eastover	*4.1*	*-2*
Taunton Halcon	*4.1*	*-5*
Yeovil East	*4.0*	*29*
Bridgwater Fairfax	*4.0*	*-5*
Wells Central	*3.9*	*18*
Ilfracombe Central	**3.9**	**77**
Efford and Lipson	*3.9*	*22*
Yeovil Central	*3.9*	*3*
Taw Vale	**3.7**	**208**
Watcombe	***3.7***	***95***
Glastonbury St Mary's	*3.6*	*-12*
Chard Combe	*3.6*	*29*
Frome Keyford	*3.5*	*-5*
Shepton East	*3.5*	*3*
Ham	*3.5*	*25*
St Budeaux	*3.5*	*-3*
Bridgwater Dunwear	*3.5*	*-5*
Taunton Lyngford	*3.4*	*3*
Bideford North	3.4	21
Budshead	*3.3*	*6*
Glastonbury St John's	*3.2*	*19*
Wells St Cuthbert's	*3.2*	*-11*

Bridgwater Victoria	*3.2*	*3*
Wellswood	***3.1***	***63***
Frome Oakfield	*3.1*	*-21*
Bushell	**3.0**	**131**
Minehead South	***3.0***	***58***
Wellington East	***3.0***	***36***
Wellington North	*3.0*	*7*
Blatchcombe	***2.9***	***81***
Bideford East	**2.9**	**93**
Bideford South	**2.9**	**81**
Watchet	*2.9*	*26*
Chard Avishayes	*2.9*	*16*
Chard Holyrood	*2.9*	*-17*
Taunton Pyrland and Rowbarton	*2.9*	*-9*
Holsworthy	2.9	12
St David's	**2.8**	**100**
Teignmouth East	**2.8**	**133**

We have picked out those wards below where the quantity of claimants as a proportion of residents has increased significantly and is above the national average. These also include actual numbers of claimants for reference.

Claimant count – wards in Devon where rate is above the national average, with percentage increase since Sept 2018 also above the national average.

Ward	**Claimants as a proportion of residents %**			**Claimant count**	
	Sep 18	Oct 19	Increase	Sep 18	Oct 19
Taw Vale	1.2	3.7	208%	10	35
Teignmouth East	1.2	2.8	133%	35	75
Bushell	1.3	3	131%	60	135
St David's	1.4	2.8	100%	115	240
Bideford East	1.5	2.9	93%	60	120
Central Town	2.6	4.9	88%	80	155
Bideford South	1.6	2.9	81%	60	105
Ilfracombe Central	2.2	3.9	77%	60	110
UK	*2.2*	*2.9*	*32%*	*917,560*	*1,194,310*
England	*2.1*	*2.8*	*33%*	*751,880*	*996,325*

HIW/20/1

Corporate, Infrastructure and Regulatory Services Scrutiny Committee
28 January 2020

Highways Performance Dashboard

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

1. Introduction

In response to the recommendations of the Planned & Reactive Maintenance: Potholes & Drainage Task Group presented to the Corporate, Infrastructure and Regulatory Services (CIRS) Scrutiny Committee in March 2019 an updated Performance Dashboard Report has been produced. The intention of this report is to provide Members with an overview of the performance of Devon Highways on key seasonal aspects of delivery.

This report considers the following areas;

- Winter service;
- Cyclical drainage works;
- Carriageway safety defects;
- Civil parking enforcement.

2. Winter Service

The period to the end of December has been very wet but has also experienced a significant number of marginal nights requiring treatment. The lowest temperature so far has been -4.2°C on 1st December. This has resulted in the overall level of treatments being about 80% of the average expected by this stage in the winter (see graph in Appendix A). The longer-range forecast is currently suggesting that a severe snow event or prolonged freeze is less likely this winter than average but that does not rule out cold spells.

Skanska have been challenged in resourcing the winter service this year, due to the reduction in the overall scale of the work being passed through the contract affecting the size of their workforce and their plant. Subsequently more emphasis has been placed on sub-contract resources, to fill in the gaps. Whilst this has the potential to limit their flexibility in responding to unexpected changes in the forecast, to date they have responded to all the instructed service requests. We are working with Skanska to look for opportunities to increase the resilience of the service.

Four gritters have been replaced this winter with a further two expected to be delivered early in the new year. The saturators (which produce brine for the pre-wet system) in our Rydon and Tiverton depots have now been replaced.

3. Cyclical Drainage Works

3.1. Gully Emptying

An update on the progress of the gully emptying programme can be seen in Appendix B. The works are slightly behind programme.

Following the prolonged wet period Skanska moved away from the programmed works for the week before Christmas to address any outstanding issues prior to the two-week shutdown. Skanska have introduced two further machines and will continue to monitor the situation.

3.2. Drainage Cleaning

An update on the progress of the drainage cleaning programme can be seen in Appendix B.

The wet weather through Autumn has been challenging and placed significant demand on the Service and our contractor, particularly in the Neighbourhood Teams. At the peak of the demand, Skanska were operating with an additional five jetting units provided through their supply chain. The aim is to address the additional work though the supply chain without diverting resources away from the programmed works and failing to meet the annual programme.

As a result of the above approach the drainage cleaning workstream has moved slightly ahead of programme and we remain confident that the additional gangs previously introduced will ensure completion this financial year.

4. Carriageway Safety Defects

Analysis of the number of recorded potholes can be found on the previously published electronic dashboard. The headline figures are provided in Appendix C.

The weather since August has resulted in a steady increase in reported potholes, up to 3,395 in December. The continued increase in demand plus the Christmas break has been a challenge to manage. We continue to work with Skanska to prioritise resources to reduce the risk to the travelling public.

Despite the current difficulties the number of potholes recorded in 2019 were a third less than recorded in 2018.

5. Civil Parking Enforcement

5.1. Service Performance

Since April 2014 Devon County Council's Traffic Management Team has provided an in-house on-street Civil Parking Enforcement service. The team provides a sustainable and business-like service in order to meet the needs of our communities and network. The service continues to exceed expectations set out for it when considering delivery models in 2013.

The service provides a county wide service deploying staff to over 120 communities and provides public facing information on our web pages showing a monthly breakdown of Penalty Charge Notices (PCNs) issued by community (see Appendix D), this information, along with previous years is also available online at;
https://www.devon.gov.uk/roadsandtransport/parking/how-parking-is-regulated/

Appendix E contains information regarding the processing of PCNs; appeals received and processed, penalty charge issue numbers, payments received and cancellations during the period commencing over that period.

Whilst our larger communities, urban areas and arterial routes receive regular scheduled attendances, the service is reliant on intelligence gathered through customer feedback, online "report it" forms and social media to review deployment, beat patterns, and further enhance the service.

6. Annual Reporting

The Parking and Traffic Regulations Outside London (PATROL) Joint Committee comprises 313 local authorities that undertake civil parking and traffic enforcement in England (and Wales) and requires each to report their service figures on an annual basis. The Parking Annual Reports by Councils (PARC) Awards recognise excellence in annual reporting by local Authorities.
In 2019, Devon County Council received the award for best practice in "Customer Service" reporting at the PARC Awards.

This is the fourth year that we have been shortlisted, and the third in which an award has been received. In 2017, Devon picked up the "Customer Service" award, and in 2018, we won "Best Overall" report.

Since the inception of the Civil Parking Service the group has published an annual report providing residents and businesses with information on how the service has performed and where any revenue has been spent. Our annual reports dating back to 2014/15 are available online here: https://www.devon.gov.uk/roadsandtransport/parking/how-parking-is-regulated/

Meg Booth
Chief Officer for Highways, Infrastructure Development and Waste

Electoral Divisions: All

Cabinet Member for Highway Management: Councillor Stuart Hughes

Local Government Act 1972: List of Background Papers

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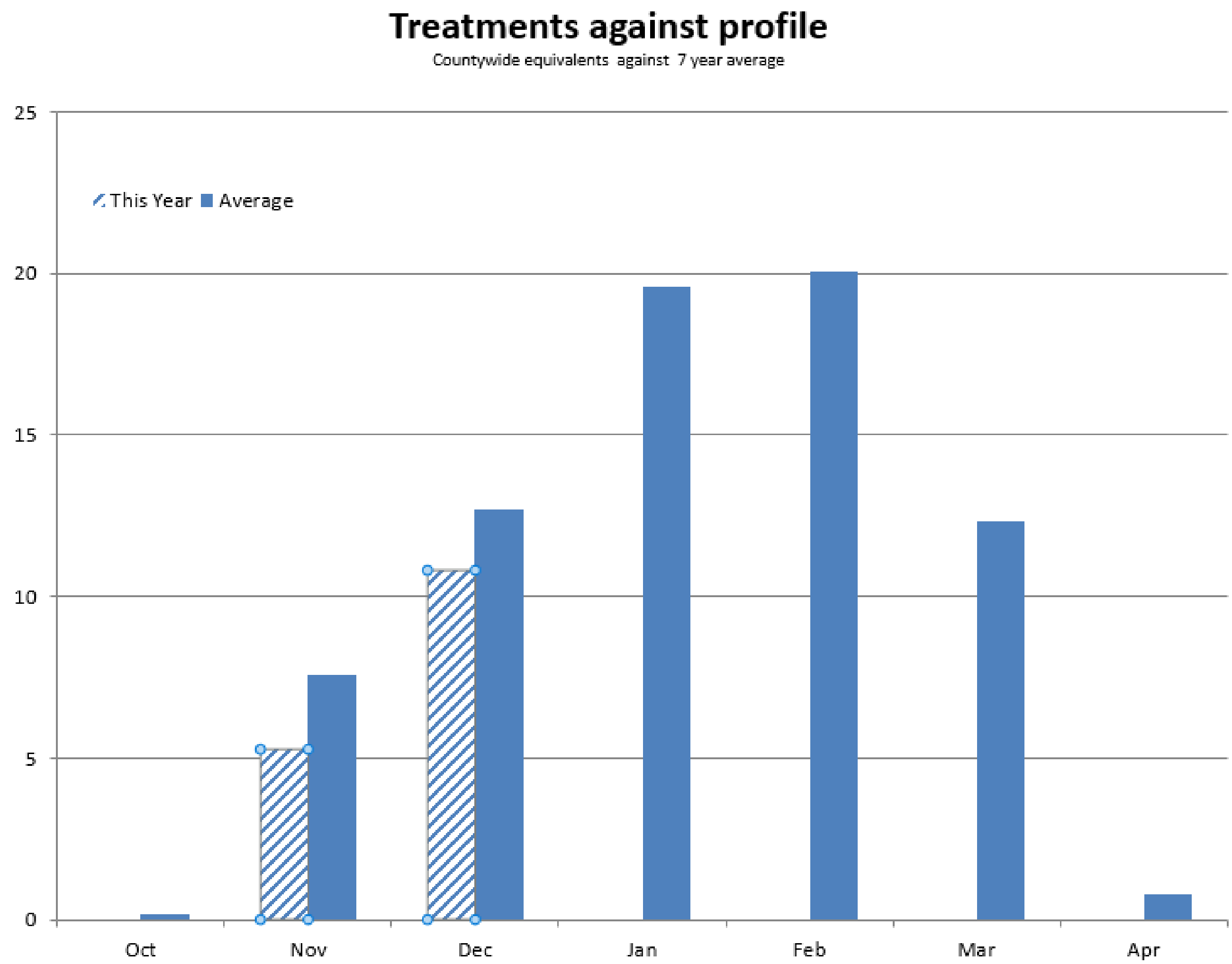
Background Paper	Date	File Reference
Nil		

rr070120cirssc Highways Performance Dashboard
hk 05 150120

Agenda Item 8

Appendix A
To HIW/20/1

Winter Treatments



Drainage Cleaning - Gully emptying

As at 3/1/2020			77% Through the year		
	% Complete Overall	Total Programmed	Attended	Cleaned	Remaining
Honiton	92%	23,630	21,658	21,303	1,972
Exeter and Mid	60%	33,662	20,229	18,524	13,433
Rydon	77%	23,394	18,036	17,579	5,358
Ivybridge	64%	19,030	12,094	10,991	6,936
Okehampton	72%	15,207	11,002	10,435	4,205
Torrington	67%	11,632	7,824	6,994	3,808
South Molton	65%	21,149	13,656	12,539	7,493
Additional 1	-	-	1,188	939	-
Additional 2	-	-	1,436	1,320	-
Summary	**71%**	**147,704**	**104,499**	**98,365**	**43,205**

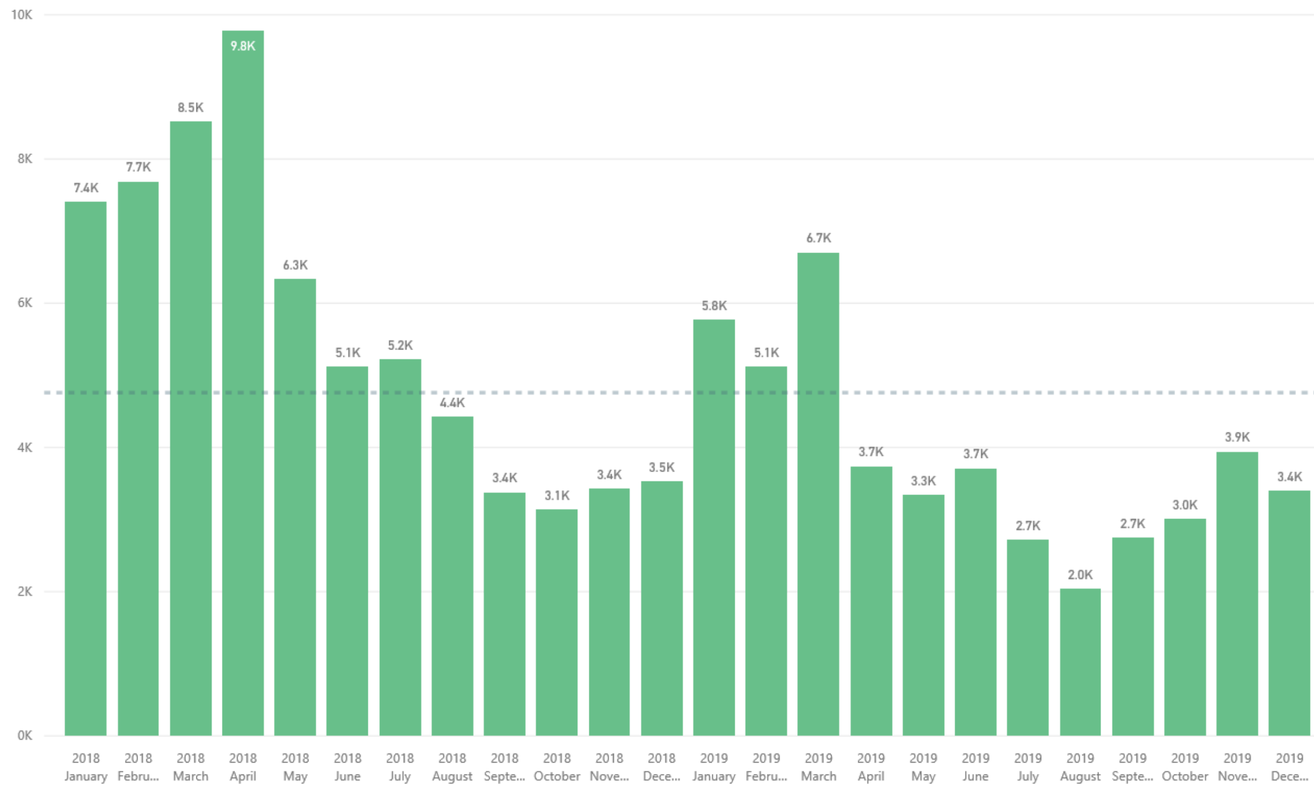
Grips, Easements and Buddleholes

As at 3/1/2020		77% Through the year		
	Total Assets Programmed	**New Asset Added**	**Total Assets Cleaned**	**Left to Attend**
Exeter/Mid machine gang	12165	505	11511	1159
South hand clean gang	2503	705	2926	282
North/West hand clean gang	7839	917	6585	2171
Honiton machine gang	29398	2081	17983	13496
West machine gang	16949	2753	14348	5354
North machine gang	9554	583	6885	3252
South machine gang	9994	2556	11315	1235
Exeter/Mid machine gang	3978	167	2427	1718
Roaming machine gang	66	436	2620	0
Roaming machine gang	43	1671	4044	0
Roaming machine gang	0	2	698	0
Summary	**92,380**	**10,267**	**73,980**	**28,667**

	Programmed (m)	**Cleaned (m)**	**Additional Cleaned (m)**	**% Complete**
Exeter/Mid machine gang	35,229	34,390	4,356	**91%**
South hand clean gang	14,090	7,993	1,206	**117%**
North/West hand clean gang	16,651	21,993	7,489	**84%**
Honiton machine gang	109,594	50,228	3,108	**61%**
West machine gang	35,998	52,258	20,700	**85%**
North machine gang	51,398	27,837	4,337	**72%**
South machine gang	25,811	33,816	10,686	**113%**
Exeter/Mid machine gang	6,875	5,919	241	**61%**
Roaming machine gang	-	14,264	-	
Roaming machine gang	-	25,096	-	
Roaming machine gang	-	2,489	-	
Summary	**295,649.30**	**234,438.26**	**52,125.46**	**80%**

Appendix C
To HIW/20/1

Carriageway Safety Defects



Appendix D
To HIW/20/1

Penalty Charge Notices Issue by Community by Month 2019

Community	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Appledore	5	1	8	9	12	2	5	14	0	7	0	0	63
Ashburton	31	33	29	16	31	36	22	27	30	42	58	12	367
Aveton Gifford	0	2	1	0	0	0	4	0	0	3	3	0	13
Axminster	5	2	11	5	4	6	7	7	7	3	5	3	65
Bampton	0	0	0	0	2	0	0	0	1	1	0	0	4
Bantham	0	0	0	0	0	0	1	1	0	0	0	0	2
Barnstaple	239	218	272	244	273	170	170	280	224	238	186	88	2602
Beer	4	3	1	8	5	9	2	1	9	5	1	0	48
Bere Alston	0	1	0	0	0	1	1	4	1	6	1	0	15
Berrynarbour	0	0	0	0	0	1	0	0	0	0	0	6	7
Bickington	0	1	0	0	0	0	0	0	0	0	0	0	1
Bideford	180	139	144	222	194	100	136	196	138	155	105	111	1820
Bishopsteignton	3	4	17	11	4	1	6	0	1	10	8	2	67
Bishops Tawton	1	1	0	0	0	0	0	0	0	0	0	0	2
Bovey Tracey	31	28	42	22	21	15	33	20	34	33	29	24	332
Bow	5	3	3	7	3	2	3	1	4	2	5	0	38
Bradninch	0	0	0	0	0	0	0	0	0	0	0	1	1
Braunton	19	24	13	12	8	2	3	15	14	22	19	11	162
Brixton	0	0	0	0	0	1	0	0	0	0	0	0	1
Broadclyst	0	0	0	0	0	0	0	0	0	1	0	0	1
Buckfastleigh	13	14	16	10	12	4	10	18	25	21	35	16	194
Budleigh Salterton	47	20	19	32	31	25	22	23	25	12	14	8	278
Chagford	9	23	21	15	21	18	23	23	37	37	21	24	272
Chillington	0	0	0	0	0	1	0	1	0	0	0	0	2
Chudleigh	22	20	34	18	24	12	17	26	19	31	10	6	239
Clovelly	0	0	0	0	4	1	0	2	0	0	0	0	7
Clyst Honiton	0	0	0	0	0	0	0	0	0	0	10	0	10

Clyst St Mary	1	0	30	16	4	4	2	7	4	6	9	4	87
Colyton	0	0	3	4	2	2	0	1	0	0	0	0	12
Combe Martin	21	22	32	23	27	3	5	16	17	9	10	13	198
Copplestone	2	0	0	0	0	0	2	1	0	1	1	1	8
Crediton	67	58	77	127	106	78	45	63	113	62	89	83	968
Croyde	0	0	0	0	10	4	7	12	1	0	0	0	34
Cullompton	82	33	41	44	58	46	25	53	38	34	40	36	530
Dartmouth	88	82	100	129	195	176	151	128	146	138	108	101	1542
Dawlish	92	59	99	90	72	73	83	102	77	85	85	84	1001
Dawlish Warren	0	0	0	0	0	1	2	1	0	0	0	0	4
East Budleigh	0	0	0	2	0	0	0	0	0	0	0	0	2
East the Water	5	12	7	8	6	3	1	3	4	7	0	0	56
Exeter	2893	2476	2728	2701	2828	2778	2538	2603	3418	3549	3219	2837	34568
Exminster	0	3	2	0	1	0	0	1	0	0	0	0	7
Exmouth	374	355	455	563	420	441	397	378	323	402	422	404	4934
Fremington	0	0	1	0	0	0	0	0	0	0	0	0	1
Great Torrington	36	35	41	45	53	15	22	13	19	23	27	9	338
Hartland	0	0	0	0	2	2	0	0	0	0	0	0	4
Harbertonford	2	0	0	2	0	0	0	0	0	0	1	1	6
Heathfield	0	0	1	0	0	0	0	0	1	1	0	0	3
Holbeton	1	1	0	0	0	1	20	10	0	0	0	0	33
Holsworthy	16	12	13	20	13	8	13	11	12	28	13	12	171
Honiton	24	42	57	69	66	41	50	106	62	74	45	50	686
Horrabridge	0	0	0	2	1	1	0	0	2	0	0	0	6
Hope Cove	0	0	0	0	0	0	3	2	0	0	0	0	5
Ide	6	0	0	0	0	1	2	0	1	0	3	0	13
Ilfracombe	131	104	123	98	84	51	58	67	76	149	85	65	1091
Instow	4	4	9	0	5	6	4	12	0	5	1	7	57
Ipplepen	1	0	0	0	0	0	1	0	0	0	0	0	2
Ivybridge	20	33	25	27	30	18	26	21	15	47	30	34	326
Kingsbridge	67	91	94	91	103	73	97	84	97	100	137	115	1149

Kingskerswell	1	0	7	1	7	4	1	10	4	2	5	0	42
Kingsteignton	3	3	11	10	1	3	7	7	2	8	8	6	69
Kingswear	15	5	8	11	18	12	15	61	16	16	19	10	206
Lee Mill	13	14	6	5	6	7	8	5	6	6	4	3	83
Loddiswell	0	1	0	0	1	0	0	1	1	0	0	0	4
Longcombe	0	0	1	0	0	0	0	0	0	0	0	0	1
Lympstone	6	0	0	0	0	0	0	12	6	6	1	5	36
Lynmouth	0	0	0	0	6	1	4	16	1	0	0	0	28
Lynton	0	0	0	0	22	7	9	15	5	0	0	0	58
Marlborough	0	0	0	0	0	0	3	0	0	0	0	0	3
Marldon	1	0	5	0	0	1	0	0	0	1	0	0	8
Modbury	14	10	9	5	8	7	7	15	7	13	25	13	133
Moretonhampstead	8	17	10	10	25	10	19	11	15	26	16	22	189
Mortehoe	0	0	0	2	1	4	4	2	1	0	0	0	14
Newton Abbot	326	308	414	391	462	360	379	405	395	436	474	354	4704
Newton Ferrers	0	1	2	1	1	2	3	0	5	1	2	0	18
Newton Poppleford	0	0	0	0	0	0	0	0	0	0	1	0	1
Newton St Cyres	0	0	0	0	0	0	0	0	0	2	0	0	2
North Tawton	5	3	3	6	11	3	5	3	12	19	6	11	87
Northam	9	13	12	10	10	13	6	22	0	12	4	8	119
Okehampton	46	27	46	67	74	29	21	27	34	40	67	51	529
Otterton	0	0	0	0	0	1	0	0	0	0	0	0	1
Ottery St Mary	39	36	39	45	44	29	25	51	32	57	42	26	465
Plympton	0	4	0	1	0	3	3	0	0	0	1	0	12
Poundsgate	0	0	0	24	1	13	45	47	0	0	0	0	130
Princetown	0	0	0	0	0	0	0	0	0	0	0	2	2
Roundswell	0	0	0	0	0	0	0	0	0	1	0	0	1
Salcombe	35	54	49	56	93	63	96	103	69	87	54	48	807
Sandford	1	0	0	3	4	1	0	0	1	0	0	2	12
Seaton	32	31	16	46	19	37	30	13	26	23	5	4	282
Shaldon	15	16	24	30	28	21	45	17	11	37	31	7	282

Sidbury	2	0	0	1	0	0	0	0	0	0	0	0	3
Sidford	0	0	0	1	0	1	0	0	1	0	0	0	3
Sidmouth	25	40	22	54	57	32	34	212	40	29	21	26	592
Silverton	1	2	0	1	2	0	0	2	1	3	0	2	14
Slapton	0	0	0	0	0	0	0	1	0	0	0	0	1
South Brent	6	5	5	8	13	3	7	10	3	10	7	19	96
South Milton	0	0	0	0	0	1	0	0	0	0	0	0	1
South Molton	84	68	61	45	68	14	22	19	17	19	30	19	466
South Zeal	0	0	0	0	0	0	0	0	0	2	0	0	2
Starcross	0	0	1	0	0	0	0	0	0	0	0	0	1
Sticklepath	39	12	16	21	16	8	9	9	10	10	18	13	181
Stoke Fleming	0	0	0	0	0	0	0	2	1	1	0	0	4
Stoke Gabriel	1	0	0	0	0	2	0	0	0	0	1	0	4
Tavistock	42	71	133	77	81	83	42	72	79	70	90	54	894
Teignmouth	219	211	273	259	280	256	330	246	250	322	290	263	3199
Tiverton	111	80	135	127	104	135	97	115	165	80	96	107	1352
Topsham	44	24	44	44	62	44	66	50	69	24	56	43	570
Torcross	0	0	0	0	0	0	0	1	0	0	0	0	1
Totnes	201	140	146	239	226	166	165	156	161	222	187	181	2189
Uffculme	0	0	0	1	0	0	0	0	1	0	0	0	2
Wembury	0	0	0	0	0	2	0	7	0	0	0	0	9
West Alvington	0	1	1	2	0	0	0	0	0	0	1	0	5
Westward Ho!	2	8	5	0	4	5	5	9	2	5	1	3	49
Widecombe in the Moor	0	0	0	0	0	0	0	0	0	0	0	1	1
Woodbury	0	0	0	0	0	1	1	0	0	0	0	0	2
Woolacombe	0	0	0	56	48	35	57	69	38	1	2	0	306
Yealmpton	4	5	2	0	3	0	0	6	6	5	3	8	42
Yelverton	1	0	0	0	0	10	8	5	2	3	3	1	33
Totals	5898	5169	6075	6352	6541	5662	5597	6188	6490	6948	6406	5480	72805

Appendix E
To HIW/20/1

Penalty Charge Notices Processing Statistics

Yearly Between 01/01/2019 and 31 /12/2019

Penalty Charge Notices - Off-street contraventions only

Number of PCNs issued for parking contraventions:		81
Number of PCNs paid within 14 days:		46
Number of PCNs paid after 14 days but before charge certificate:		9
Number of PCNs paid after charge certificate served:		1
Number of cases going for adjudication:		0
Number of charge certificates registered:		3
Number of cases where no further action is taken:		17
Number of vehicles wheelclamped:		0
Number of vehicles removed:		0

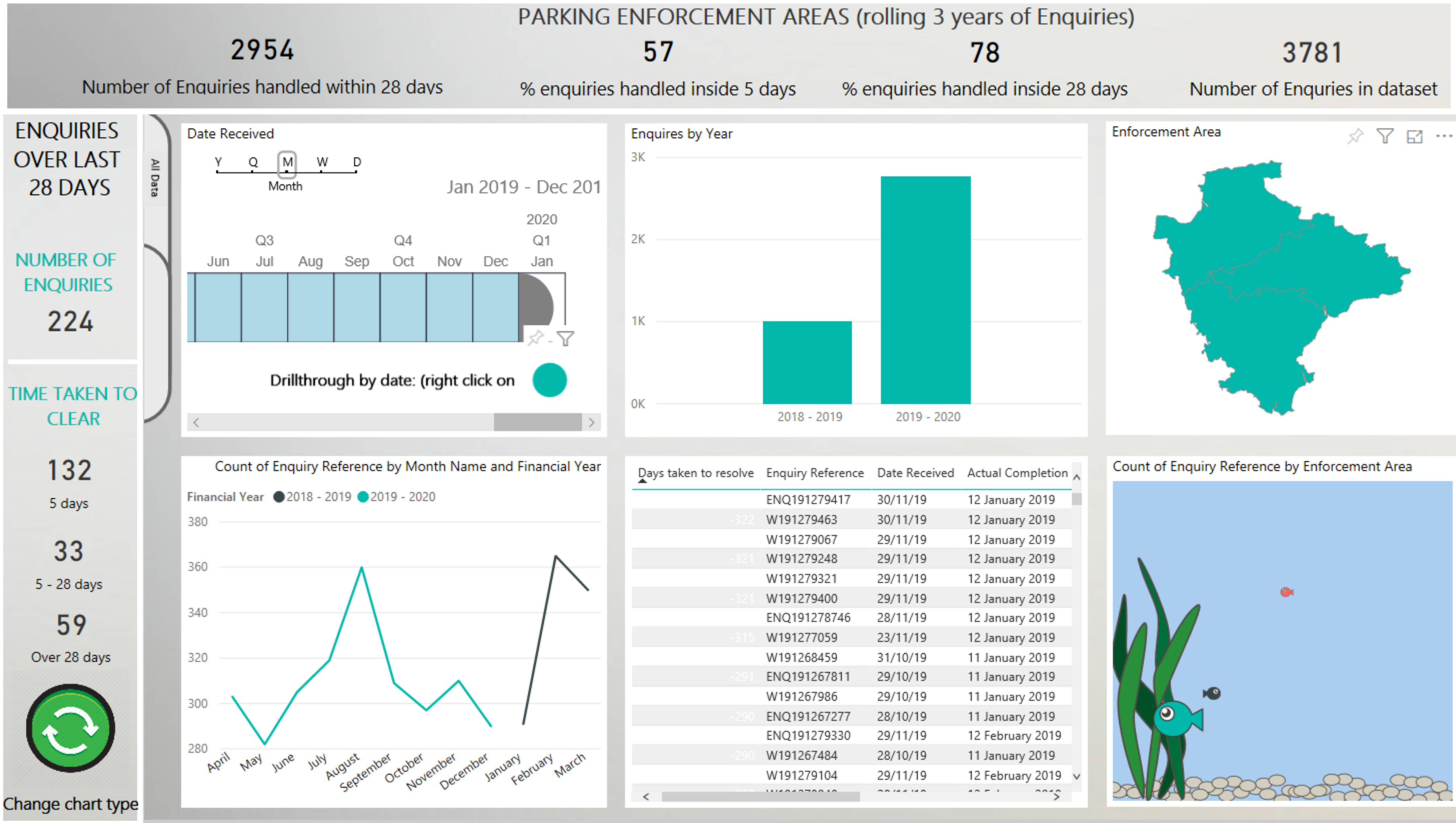
Penalty Charge Notices - On-street contraventions only

Number of PCNs issued for parking contraventions:		73,301
Number of PCNs paid within 14 days:		45,302
Number of PCNs paid after 14 days but before charge certificate:		5,949
Number of PCNs paid after charge certificate served:		909
Number of cases going for adjudication:		83
Number of charge certificates registered:		3,673
Number of cases where no further action is taken:		8,353
Number of vehicles wheelclamped:		0
Number of vehicles removed:		0

Appendix F
To HIW/20/1

Agenda Item 8

Civil Parking Enforcement Customer Contact 2019



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CIRS Scrutiny Committee
28 January 2020

6 December 2019

Climate Change Standing Overview Group – Corporate, Infrastructure and Regulatory Services Committee

Developing a Net Zero Citizens' Assembly for Devon Meeting

Recommendations

The Climate Change SOG recommends to Devon Climate Emergency Response Group that:

1. In order to get the right balance of rural/urban areas across Devon, need to go beyond the local super output areas designated as rural/urban to look at types of settlement.
2. Scrutiny SOG supports the openness of webcasting the citizens assembly but recommend that;
   - 2.1 the sessions are recorded but not live streamed to protect participants with the publication of the webcasts after the conclusion of the process.
   - 2.2 Provide support/training for people who may not be confident speaking in front of many people or on a webcast.
3. Identify the 'lead juror' role to have a longer-term relationship in discussion and dissemination of the resulting conclusions and recommendations form the citizens assembly.
4. Suggest the chair should be an independent person who is a judge, a coroner or from the planning inspectorate, or similar, who does not live or work in Devon, but is from the West Country.

Members discussed the following

Background

Following the previous SOG meeting, the SOG met to discuss and comment on the recommendations from the University of Exeter on the development and operation of the Devon Net-Zero Citizens' Assembly. The final design will be decided by the Devon Climate Emergency Response Group.

The SOG was invited to review the recommendations and provide comments for Phil Norrey, Devon County Council's representative on the Devon Climate Emergency Response Group.

Report

The SOG broadly supported the recommendations of the report and were appreciative of the University of Exeter report that has drew on a variety of sources including peer-reviewed academic literature, 'grey' literature, and official documentation, evaluations and reports produced by previous citizens' assemblies. Members also noted the helpful advice and comments provided by a group of experts who attended a workshop on the design of the citizens' assembly that was held at the University on 14th November 2019.

Issues Identified by Members

Representation
The SOG felt that to accurately represent Devon's geography, a system that reflected different settlement types would be more effective than, for example looking at the different Council areas.

Livestreaming
Members were somewhat concerned by the possibility of livestreaming and the effect it may have on those who may not wish to have a large live audience, particularly with the risk of internet harassment.

Longer term involvement of the Citizens Assembly
The SOG felt it would be important to make provision for some kind of longer-term involvement of the Citizen's assembly to, for example, aid in the presentation of the Recommendations of the Assembly.

Appropriate Chair
The SOG was interested in ensuring the Chair of the Citizens Assembly is both impartial and had the appropriate professional skillset for the role.

Actions

The CC SOG broadly supports the recommendations in the university of Exeter Report with the addition of the recommendations above and asks the Chief Executive of DCC to present these to the Devon Climate Emergency Response Group

Present

Councillors Alistair Dewhirst (Chair), Atkinson, Bloxham, Brazil, Colthorpe, Hodgson, Slade, Whitton
Doug Eltham, Environment and Sustainability Policy Officer DCC

Next meeting

To be arranged

COUNCILLOR DEWHIRST
CHAIR

CIRS Scrutiny Committee
28 January 2020

Exeter Energy from Waste Unit Visit, 27th November 2019

Present: Councilors Dewhirst (Chair), Colthorpe, Radford, Slade and Whitton

Members met with Wendy Barratt (County Waste Manager), Rod Jakeman (Plant Manager of Exeter Energy Recovery Facility) and Lucy Mottram (DCC Waste Management Officer (Education & Communities)).

The Energy from Waste Unit was built in 2013 and became fully operational by July 2014. The plant has an annual capacity of 60,000 tonnes with a calorific value of 9.3 Mj/Kg. This results in a throughput of 7.7 tonnes per hour which produces 4.2 - 4.7 MW electricity per hour and 1,996 MWh per month (June 2019). This can power approx. 5000 homes, i.e. 1 in 10 homes in Exeter. Emissions are regularly tested for over 11 types of pollutants. The mean daily average in 2019 of all these pollutants were well under the maximum permitted daily average emission.

DCC owns the site and supplies residual waste to plant. Viridor is DCC's contractor for waste disposal for this area. Dalkia are EfW specialists contracted to design and build the plant. Cyclerval-UK are contacted by Dalkia contracted to operate the plant until 2019.

The plant operations are licensed and regulated by The Environment Agency. The plant operates for 8,000 hours a year with around 18 people work in shifts at the plant 24 hours per day.

The waste is burned in an oscillating kiln at a temperature of at least 850ºC. The resulting heat is used to heat water to steam which turns a turbine, producing electricity. The plant has the potential for further heat recovery in the future. The residual bottom ash and fly ash are both recycled after the process. Metal is removed and also recycled.

Related articles:

https://www.devon.gov.uk/wasteandrecycling/the-exeter-energy-from-waste-facility/

https://www.exetercityfutures.com/exeter-energy-recovery-facility/

Future steps:

Continued communication with the DCC Waste Team regarding further visits to other units, such as Plymouth.