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

County Hall  
Topsham Road  
Exeter  
Devon  
EX2 4QD

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Date: 20 January 2021

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**CORPORATE INFRASTRUCTURE AND REGULATORY SERVICES SCRUTINY  
COMMITTEE**

Thursday, 28th January, 2021

A virtual meeting of the Corporate Infrastructure and Regulatory Services Scrutiny Committee is to be held on the above date at 2.15 pm to consider the following matters. A link to watch the meeting is available from [the agenda page on the web.](#)

Phil 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 Committee may also wish to review the content of the [Cabinet Forward Plan](#) and the Corporate Infrastructure and Regulatory Services [Risk Register](#) to see if there are any specific items therein it might wish to explore further.

5     COVID-19 update

Chief Executive to report.

6     Treasury Management and Investment Strategy 2021/22 (Pages 1 - 22)

Report of the County Treasurer (CT/21/14), attached.

7     Active Travel in Devon (Pages 23 - 38)

Report of the Head of Planning, Transportation and Environment (PTE/21/3), attached.

8     Libraries Unlimited Strategy (Pages 39 - 58)

Report of the Head of Communities and presentation from the Chief Executive of Libraries Unlimited, both attached.

9     Problem Gambling Update (Pages 59 - 72)

Report of the Head of Scrutiny, attached.

**MATTERS FOR INFORMATION**

10    Standing Overview Group: Community Support during Lockdown (Pages 73 - 76)

Notes from the Standing Overview Group on Community Support during lockdown, attached.

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:

- Correspondence with Nigel Huddleston MP re Problem Gambling (18/11/20)
- Headlines from the Guardian re Gambling (4/12/20)
- Interim Devon Carbon Plan (21/12/20)
- Post Consultation Briefing on the Local Flood Risk Management Strategy for Devon (20/1/21)

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

None

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## **TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2021-22**

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.

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### **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 2021/22.
- 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.

### **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 2021/22 are set out in the Treasury Management and Investment Strategy Overview section. These include:
  - a) Consideration of the need for prudent management of the Council's cash resources in order to support the capital strategy and repay external debt maturing in 2027.
  - 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) The target rates for 2021/22.

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- 2.3 In general, the strategy remains broadly similar to that for 2020/21, 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 2021/22 on 12 February, and will become part of the budget book to be approved by Council at its budget meeting on 18 February.
- 3.2 The Committee is invited to make observations on these proposals prior to their consideration by the Cabinet on 12 February.

Mary Davis  
County Treasurer

Electoral Divisions: All

Local Government Act 1972:

List of Background Papers: Nil

Contact for Enquiries: **Mark Gayler**

Tel No: **01392 383621** Room: **G97**

### **Treasury Management Strategy 2021/22 – 2024/25 and Prudential Indicators 2021/22 - 2025/26**

#### **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 2021/22.

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 2021/22 is broadly consistent with that adopted for 2020/21.

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 2021/22 – 2025/26, 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.

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## **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.

### **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 capital programme for 2021/22 requires borrowing of £17 million, which will be internal borrowing. This is offset by the MRP figure of £12 million which will leave the Council with total internal borrowing of £84 million, i.e. the Council has borrowed £84 million from its cash balances, in addition to the external debt of £507.85 million, to fund the capital programme. However, this is forecast to reduce in future years. The ability to internally borrow from the Council's cash has enabled the Council to fund its capital programme in recent years without taking out further external debt and incurring additional interest costs and other capital financing costs.

The potential impact of COVID 19 makes it very difficult to predict what the financial requirements of the Council will be over the next few years and the resources that will be available to it to meet those requirements. Funding will need to be flexible. It is difficult to know if the Council's own cash resources and the capital receipts that it can generate will be sufficient to provide the required level of flexibility.

Given the current economic climate and low interest rates, there may be an opportunity in the next few years to externally borrow or to restructure existing debt to ensure that cash resources are sufficient to support the future objectives of the Capital Programme. The Medium Term Financial Strategy (MTFS) continues to assume that, over the three year period, no new long-term borrowing will be required, but this will be kept under review. If key priorities cannot be delivered due to a reduced availability of external funding, the Authority's cash resources, or capital receipts, then external borrowing may be required. This will need to be balanced against the ability to support additional capital financing costs from within the revenue budget.

### **Target Rates for Investment**

For the 2021/22 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be 0.30% p.a. The target rate has been set based on the forecast that the Bank of England's base rate is likely to remain at 0.10% for the foreseeable future. It also takes into account the higher rates on some current deposits that extend into 2021/22.

The yield from investment in the CCLA Property Fund is assumed to be 3.80%. This assumes potential reductions in yield as a result of the pandemic. Further analysis will be required to identify short-dated bond funds and multi-asset income funds that

would meet the Council's requirements, should this option be taken up. 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. Any decision to invest in such funds would be subject to agreement by the Cabinet Member for Resource Management and a competitive process to identify suitable 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.

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## 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**

|                                        | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 | 2023/24<br>Estimate<br>£'000 | 2024/25<br>Estimate<br>£'000 | 2025/26<br>Estimate<br>£'000 |
|----------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Total Capital programme</b>         | <b>147,355</b>               | <b>129,962</b>               | <b>91,704</b>                | <b>65,417</b>                | <b>64,361</b>                |
| Funded by:                             |                              |                              |                              |                              |                              |
| <b>Gross borrowing</b>                 | 12,354                       | 10,030                       | 3,309                        | 1,604                        | 1,548                        |
| <b>Other capital resources</b>         | 135,001                      | 119,932                      | 88,395                       | 63,813                       | 62,813                       |
| <b>Total capital programme funding</b> | <b>147,355</b>               | <b>129,962</b>               | <b>91,704</b>                | <b>65,417</b>                | <b>64,361</b>                |
|                                        |                              |                              |                              |                              |                              |
| <b>Total capital expenditure</b>       | <b>147,355</b>               | <b>129,962</b>               | <b>91,704</b>                | <b>65,417</b>                | <b>64,361</b>                |

## 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 2021/22 and the following four years are shown in table 2 below.

**Table 2 – Capital Financing Requirement**

|                                      | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 | 2023/24<br>Estimate<br>£'000 | 2024/25<br>Estimate<br>£'000 | 2025/26<br>Estimate<br>£'000 |
|--------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Underlying borrowing requirement     | 602,208                      | 598,769                      | 587,984                      | 575,162                      | 562,046                      |
| Other long-term liabilities          | 118,485                      | 112,918                      | 106,854                      | 100,569                      | 94,950                       |
| <b>Capital financing requirement</b> | <b>720,693</b>               | <b>711,687</b>               | <b>694,838</b>               | <b>675,731</b>               | <b>656,996</b>               |



## 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 2021/22 – 2025/26.

**Table 3 – Authorised Limits**

|                                                  | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 | 2023/24<br>Estimate<br>£'000 | 2024/25<br>Estimate<br>£'000 | 2025/26<br>Estimate<br>£'000 |
|--------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Authorised limits for borrowing                  | 647,708                      | 644,269                      | 633,484                      | 620,662                      | 607,546                      |
| Authorised limit for other long-term liabilities | 118,485                      | 112,918                      | 106,854                      | 100,569                      | 94,950                       |
| <b>Authorised limit for external debt</b>        | <b>766,193</b>               | <b>757,187</b>               | <b>740,338</b>               | <b>721,231</b>               | <b>702,496</b>               |

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 2021/22 and following years.

**Table 4 - Operational Limits**

|                                                   | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 | 2023/24<br>Estimate<br>£'000 | 2024/25<br>Estimate<br>£'000 | 2025/26<br>Estimate<br>£'000 |
|---------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Operational limits for borrowing                  | 622,708                      | 619,269                      | 608,484                      | 595,662                      | 582,546                      |
| Operational limit for other long-term liabilities | 118,485                      | 112,918                      | 106,854                      | 100,569                      | 94,950                       |
| <b>Operational limit for external debt</b>        | <b>741,193</b>               | <b>732,187</b>               | <b>715,339</b>               | <b>696,231</b>               | <b>677,496</b>               |

The forecast opening balance for External Borrowing at 1 April 2021 is £507.85 million and remains unchanged at 31 March 2022.

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**

|                                                 | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 | 2023/24<br>Estimate<br>£'000 | 2024/25<br>Estimate<br>£'000 | 2025/26<br>Estimate<br>£'000 |
|-------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Capital financing requirement                   | 720,693                      | 711,687                      | 694,839                      | 675,731                      | 656,996                      |
| Gross borrowing and other long-term liabilities | 636,487                      | 631,738                      | 626,335                      | 620,768                      | 614,704                      |
| <b>Under/ (over) borrowing</b>                  | <b>84,206</b>                | <b>79,949</b>                | <b>68,504</b>                | <b>54,963</b>                | <b>42,292</b>                |

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The debt management strategy and borrowing limits for the period 2021/22 to 2025/26 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 2021/22 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**

|                                                                                               | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 | 2023/24<br>Estimate<br>£'000 | 2024/25<br>Estimate<br>£'000 | 2025/26<br>Estimate<br>£'000 |
|-----------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Minimum revenue provision                                                                     | 12,996                       | 13,469                       | 14,094                       | 14,427                       | 14,664                       |
| Interest payable                                                                              | 26,017                       | 26,017                       | 26,017                       | 26,017                       | 26,017                       |
| Recharges and other adjustments                                                               | (520)                        | (740)                        | (1,037)                      | (1,214)                      | (1,322)                      |
| Interest receivable                                                                           | (800)                        | (800)                        | (800)                        | (800)                        | (800)                        |
| Capital financing cost (excluding other long-term liabilities)                                | 37,693                       | 37,946                       | 38,274                       | 38,430                       | 38,559                       |
| 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                                 | 52,594                       | 52,582                       | 52,963                       | 52,858                       | 51,821                       |
| Estimated net revenue stream                                                                  | <b>501,949</b>               | <b>524,271</b>               | <b>530,725</b>               | <b>543,552</b>               | <b>543,552</b>               |
| <b>Ratio of financing costs (excluding other long term liabilities) to net revenue stream</b> | <b>7.51%</b>                 | <b>7.24%</b>                 | <b>7.21%</b>                 | <b>7.07%</b>                 | <b>7.09%</b>                 |
| Ratio of financing costs (including other long-term liabilities) to net revenue stream        | 10.48%                       | 10.03%                       | 9.98%                        | 9.72%                        | 9.53%                        |

## 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 2021/22 and beyond are set out in Table 7.

**Table 7 – Treasury Management Prudential Indicators**

| <b>Prudential Indicators</b>                   | <b>Upper Limit</b> | <b>Lower Limit</b> |
|------------------------------------------------|--------------------|--------------------|
|                                                | <b>%</b>           | <b>%</b>           |
| 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 2020 and 31 December 2020 (current).

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

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

**Table 8 – Analysis of Long Term Debt**

|                                 | <b>Actual<br/>31.03.20<br/>£'m</b> | <b>Interest<br/>Rate<br/>%</b> | <b>Current<br/>31.12.20<br/>£'m</b> | <b>Interest<br/>Rate<br/>%</b> |
|---------------------------------|------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| <b>Fixed Rate Debt</b>          |                                    |                                |                                     |                                |
| PWLB                            | 436.35                             | 4.99                           | 436.35                              | 4.99                           |
| Money Market                    | 71.50                              | 5.83                           | 71.50                               | 5.83                           |
| <b>Variable Debt</b>            |                                    |                                |                                     |                                |
| PWLB                            | 0.00                               |                                | 0.00                                |                                |
| Money Market                    | 0.00                               |                                | 0.00                                |                                |
| <b>Total External Borrowing</b> | <b>507.85</b>                      | <b>5.11</b>                    | <b>507.85</b>                       | <b>5.11</b>                    |

## Schedule of Investments

The following schedule shows the County Council's fixed and variable rate investments as at 31 March 2020 and as at 31 December 2020 (current).

**Table 9 – Schedule of Investments**

|                                                |              | <b>Actual<br/>31.03.20<br/>£'m</b> | <b>Interest<br/>Rate<br/>%</b> | <b>Current<br/>31.12.20<br/>£'m</b> | <b>Interest<br/>Rate<br/>%</b> |
|------------------------------------------------|--------------|------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|                                                | Maturing in: |                                    |                                |                                     |                                |
| <b>Bank, Building Society and MMF Deposits</b> |              |                                    |                                |                                     |                                |
| <b>Fixed Rates</b>                             |              |                                    |                                |                                     |                                |
| Term Deposits                                  | < 365 days   | 72.50                              | 1.00                           | 60.00                               | 1.09                           |
|                                                | 365 days & > | 20.00                              | 1.40                           | 18.00                               | 1.13                           |
| Callable Deposits                              |              |                                    |                                |                                     |                                |
| <b>Variable Rate</b>                           |              |                                    |                                |                                     |                                |
| Call Accounts                                  |              | 45.00                              | 0.65                           | 7.71                                | 0.06                           |
| Notice Accounts                                |              | 45.00                              | 0.90                           | 85.00                               | 0.24                           |
| Money Market Funds (MMFs)                      |              | 23.01                              | 0.48                           | 0.00                                |                                |
| <b>Property Fund</b>                           |              | 10.00                              | 4.28                           | 10.00                               | 4.04                           |
| <b>All Investments</b>                         |              | <b>215.51</b>                      | <b>1.04</b>                    | <b>180.71</b>                       | <b>0.82</b>                    |

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. The cash balance as at 31<sup>st</sup> December 2020 is lower than at the start of the year. This is consistent with current expectations that the cash balance will be lower at year end, as a result of the pressure on revenue budgets from the COVID pandemic, the impact of the growing deficit on the provision for Special Educational Needs (SEND) and the decision to pay three years' pension deficit contributions in advance. The cash balance may fall further by 31<sup>st</sup> March 2021.

The recent investment performance of the County Council's cash has been affected by the coronavirus pandemic which led the Bank of England to reduce its base rate firstly to 0.25% and then to 0.1% during March 2020.

Term deposits carried forward into 2020/21 that were made at the rates prevailing before the pandemic hit the economy have provided some mitigation against the rate cuts, as have forward deals totalling £20 million at rates above 1% that were made with local authorities that were seeking to bolster their cash balances in March 2020. However, as these deposits mature, the rates achievable on new deposits will be significantly lower.

The returns on the County Council's cash investments are therefore 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.

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the following forecast table, no increase in Bank Rate is expected in the foreseeable future as economic recovery is expected to be only gradual and, therefore, prolonged.

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Gilt yields had already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in Gilt yields and, therefore, PWLB rates have been at remarkably low rates during 2020/21, and as shown in the following table there is expected to be little upward movement in PWLB rates over the next two years. It will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

**Table 10 – Base Rate Forecasts and PWLB Rates**

|                            | Dec (act)<br>2020 | March<br>2021 | June<br>2021 | Sep<br>2021 | Dec<br>2021 | March<br>2022 | June<br>2022 | Sep<br>2022 | Dec<br>2022 |
|----------------------------|-------------------|---------------|--------------|-------------|-------------|---------------|--------------|-------------|-------------|
| <b>Base Rate Forecasts</b> |                   |               |              |             |             |               |              |             |             |
| Link Asset Services        | 0.10%             | 0.10%         | 0.10%        | 0.10%       | 0.10%       | 0.10%         | 0.10%        | 0.10%       | 0.10%       |
| Capital Economics          | 0.10%             | 0.10%         | 0.10%        | 0.10%       | 0.10%       | 0.10%         | 0.10%        | 0.10%       | 0.10%       |

|                              | Dec (act)<br>2020 | March<br>2021 | June<br>2021 | Sep<br>2021 | Dec<br>2021 | March<br>2022 | June<br>2022 | Sep<br>2022 | Dec<br>2022 |
|------------------------------|-------------------|---------------|--------------|-------------|-------------|---------------|--------------|-------------|-------------|
| <b>PWLB Rates</b>            |                   |               |              |             |             |               |              |             |             |
| Link Asset Services forecast |                   |               |              |             |             |               |              |             |             |
| <b>10 Year</b>               | 1.21%             | 1.10%         | 1.10%        | 1.10%       | 1.10%       | 1.20%         | 1.20%        | 1.30%       | 1.30%       |
| <b>25 Year</b>               | 1.75%             | 1.50%         | 1.60%        | 1.60%       | 1.60%       | 1.60%         | 1.70%        | 1.70%       | 1.70%       |
| <b>50 Year</b>               | 1.56%             | 1.30%         | 1.40%        | 1.40%       | 1.40%       | 1.40%         | 1.50%        | 1.50%       | 1.50%       |

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 2021/22 – 2024/25

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 for 2021/22 requires borrowing of £17 million, which will be internal borrowing. This is offset by the MRP figure of £12 million which will leave the Council with total internal borrowing of £84 million, i.e. the Council has borrowed £84 million from its cash balances, in addition to the external debt of £507.85 million, to fund the capital programme. However, this is forecast to reduce in future years. The ability to internally borrow from the Council's cash has enabled the Council to fund its capital programme in recent years without taking out further external debt and incurring additional interest costs and other capital financing costs.

While cash balances remain relatively high, the Council can continue to internally borrow to meet capital commitments and maintain a measured level of future capital investment. However, this may become more challenging if there continues to be growing pressure on both the Council's capital programme and revenue budget, and other calls on cash balances such as the deficit on Special Educational Needs.

No opportunities have arisen during this financial year to repay external debt without incurring substantial premium penalties, which would negate any benefit of repaying the debt. The PWLB sets premature repayment rates and, where the interest rate payable on a current loan is higher than the repayment rate, the PWLB policy imposes premium penalties for early repayment. With current low rates of interest these penalties would be of a significant cost. Therefore, it will only make financial sense to repay debt early if the PWLB changes its current policy, or if interest rates rise significantly and cancel out the repayment premiums. This is unlikely to happen in the short to medium term.

The earliest date on which any of the Council's external debt matures is 31 March 2027, when the Council is due to repay a PWLB loan of £33.8 million, with a further £5.8 million to be repaid later in 2027. While this may still seem a long time away, the Council has begun to consider plans for the repayment of these loans. Given that the Council's capital programme has borrowed from its internal cash resources, there will need to be careful management of future capital requirements to ensure that cash resources are available so that these loans can be repaid, otherwise there might be a future need to take out new external borrowing to re-finance the debt.

Given the current economic climate and low interest rates, there may be an opportunity in the next few years to externally borrow or to restructure existing debt to ensure that cash resources are sufficient to support the future objectives of the Capital Programme. The Medium Term Financial Strategy (MTFS) continues to assume that, over the three year period, no new long-term borrowing will be required, but this will be kept under review. If key priorities cannot be delivered due to a reduced availability of external funding, the Authority's cash resources, or capital receipts, then external borrowing may be required. This will need to be balanced against the ability to support additional capital financing costs from within the revenue budget.

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Active treasury management and the maintenance of levels of liquidity aim to ensure that no short term borrowing is required to fund cashflow. Cash positions are monitored daily and modelled over the financial year to ensure that anticipated liquidity levels are forecast accurately. Given current low interest rates, if short-term borrowing is required to aid cashflow, this will be targeted at an average rate of **0.1%**.

## **Investment Strategy 2021/22 – 2024/25**

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 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.**

In 2020/21 the Council made a pre-payment of deficit contributions into the Pension Fund of £32 million, which represented 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 provided a 4.5% discount on the payment required, resulting in a saving of £0.5 million in each of 2020/21, 2021/22 and 2022/23.

This reduced the balance available for investment via the Treasury Management Strategy in 2020/21, but this will be partly restored in 2021/22, as no payment will be required to meet the budgeted deficit contributions for the year. 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.



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**

| <b>Counterparty</b>            | <b>Counterparty Type</b> |
|--------------------------------|--------------------------|
| Standard Chartered             | UK Bank                  |
| Commonwealth Bank of Australia | Overseas Bank            |
| CCLA                           | Property Fund            |
| Aberdeen Standard              | Money Market Fund        |
| Insight                        | Money Market Fund        |

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

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

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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. Overseas banks that meet the criteria are included from countries with an ‘AAA’ Sovereign rating.

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

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

Money market funds must have an ‘AAA’ rating to be included on the counterparty list. They may be CNAV (Constant Net Asset Value), LVNAV (Low Volatility Net

Asset Value) or VNAV (Variable Net Asset Value). Yields and prices will be monitored on a daily basis to ensure that there is minimal risk of loss of capital.

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

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

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

**Table 12 – Specified Investments Counterparty Approved List Criteria**

| Counterparty Type                    | Fitch     | Moody's   | Standard & Poor's | Credit Limit |
|--------------------------------------|-----------|-----------|-------------------|--------------|
| <b>UK Banks</b>                      |           |           |                   |              |
| not below                            | AA- & F1+ | Aa3 & P-1 | AA- & A-1+        | £50 million  |
| not below                            | A- & F1   | A3 & P-1  | A- & A-1          | £30 million  |
| <b>UK Building Societies</b>         |           |           |                   |              |
| not below                            | AA- & F1+ | Aa3 & P-1 | AA- & A-1+        | £50 million  |
| not below                            | A- & F1   | A3 & P-1  | A- & A-1          | £30 million  |
| <b>Overseas Banks</b>                |           |           |                   |              |
| 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  |
| <b>UK Public Bodies</b>              |           |           |                   |              |
| <b>Central Government</b>            |           |           |                   |              |
| – Debt Management Office             |           |           |                   | Unlimited    |
| <b>Local Government</b>              |           |           |                   |              |
| – 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   |
| <b>Fire &amp; Police Authorities</b> |           |           |                   |              |
|                                      |           |           |                   | £5 million   |
| <b>Money Market Funds</b>            | AAA       | Aaa       | AAA               | £30 million  |

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

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

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

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

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

## **Non-Specified Investments**

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

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

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

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

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

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

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

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

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

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

**Table 13 – Non-Specified Investments Counterparty Approved List Criteria**

| <b>Counterparty Type</b>                                                                                        | <b>Credit Limit</b> |
|-----------------------------------------------------------------------------------------------------------------|---------------------|
| 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<br>(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 2021/22 financial year it has been assumed that the average interest rate earned on lending to banks and building societies will be **0.30%** p.a. The target rate takes into account that the Bank of England's base rate is likely to remain at 0.10% for the foreseeable future. It also takes into account the higher rates on some current deposits that extend into 2021/22.

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The yield from investment in the CCLA Property Fund is assumed to be **3.80%**. This takes into account potential reductions in yield as a result of the pandemic. 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 2021/22 are considered to be achievable.

Given the degree of uncertainty about future economic prospects and the future level of interest rates, MTFS forecasts have been based on the average rates for lending to banks and building societies continuing to be 0.30% 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 should the impact of the vaccination programme on the pandemic enable the economy to recover, but the uncertainty is likely to mean that it will be some time before 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's policy is not to make 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.

This will be important if at any stage the council decides to take out new external borrowing to fund its capital programme. The Government has been concerned for some time about the risk involved in local authorities taking out external debt to fund investments in commercial property to generate income. In November 2020, they announced a change in the PWLB's lending terms. This introduced a prohibition to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. Given the Council's policy, this should have no impact on our treasury management strategy.

The Council 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 2020 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.





## Active Travel in Devon

Report of the Head of Planning, Transportation and Environment

### 1 Background

This report provides an update on the County's active travel plans, namely reporting on progress in delivering the Cycling and Multi-Use Trail Strategy; updates on national policy and funding initiatives relating to walking and cycling<sup>1</sup>, and looking ahead to how this might impact on the planning and prioritisation of future infrastructure schemes.

In November 2018, Corporate Infrastructure and Regulatory Services Scrutiny considered a report on the County's walking and cycling strategy, with the following key discussion points highlighted:

- that the LEP funding allocation from the Local Growth Fund had been used;
- for reasons of safety, clear guidance would be needed for users on segregated walk/cycle ways;
- concerns that funding constraints would mean that routes would be delivered at a lower design standard and both Members and Officers agreed that caution was needed; and
- the recent publication of the Government's response to the Cycling and Walking Investment Strategy.

### 2. Current Strategy Overview

The County Council continues to make progress with delivering cycling and walking improvements in accordance with the Cycling and Multi Use Trail Network Strategy, which was approved by Cabinet in 2015. The strategy includes three core aims, which are to:

- Showcase Exeter, Newton Abbot and Barnstaple as premier cycling towns<sup>2</sup>
- Invest in Devon's leisure routes and trails, such trails designed to be multi-use trails which are accessible to all.
- Influencing the planning process to enable delivery of cycle aspirations in market and coastal towns.

The County's capital programme comprises Local Transport Plan, developer contributions and external grant funding. A significant proportion of the funding is for

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<sup>1</sup> "Walking and cycling" is used extensively in this report; however, the majority of our trails are designed to be 'multi-use'. In this context, the 'walking and cycling' term extends beyond pedestrians and cyclists and includes people with buggies, wheelchairs and mobility scooters, and equestrians (where appropriate).

<sup>2</sup> These 3 localities were selected as premier cycling towns as they are the largest settlements in Devon that also have significant strategic levels of housing and jobs planned. With the ability to secure sizeable developer contributions, which can be used as match funding, these towns have the greatest opportunity to deliver a step-change in the quality of walking and cycling infrastructure.

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forward design to develop schemes to a shovel-ready state so that we can take advantage of funding opportunities. There has been continued progress delivering a range of infrastructure, including two-way segregated cycle paths, shared use paths and low traffic streets.

The strategy sets out some of the financial constraints and the need to ensure our efforts are focused on delivering those routes and improvements, which have a tangible positive impact on people in Devon and offer the best value for money.

### **3. Latest National Policy and Guidance**

In recent years Government policy has strengthened its position on the importance of walking and cycling in positively addressing health and wellbeing, congestion, air quality and climate change.

In April 2017, the Government published its Walking and Cycling Investment Strategy, which aimed to deliver better safety; better mobility and better streets by 2040. Local authorities were encouraged to produce Local Cycling and Walking Infrastructure Plans (LCWIPs) for their localities, setting out a network plan, a prioritised programme of improvements and a report which provides the underlying analysis and local support for the measures. These documents are non-mandatory but authorities with these plans will be best placed for future investment. There is not the resource available to produce a LCWIP for every town in the County.

The July 2018 update of the National Planning Policy Framework includes repeated reference to pursuing the opportunities to promote and improve walking and cycling provision through the Local Plan and planning processes.

In July 2020, the Government announced £2bn funding for cycling and walking and released two key documents, seeking to create “a golden age for cycling” and influencing behaviour change through better quality and safer infrastructure as well as introducing policy changes and funding initiatives to encourage more participation in active travel modes.

#### *Gear Change - A bold vision for cycling and walking*

This document commits to building more protected cycle lanes but also covers a wider range of considerations, including proposals for cycle training, improving access to e-bikes, bicycle repair initiatives and strengthening the Highway Code around safety. It also described creating low traffic neighbourhoods, tackling air quality and prioritising areas where it can boost low levels of physical activity and poor mental health.

The document focuses around four themes:

- better streets for cycling and people,
- cycling and walking at the heart of decision-making,
- empowering and encouraging local authorities,
- enabling people to cycle and protecting them when they do.

## Local Transport Note 1/20: Cycle Infrastructure Design

Alongside the *Gear Change* document, LTN 1/20 outlines the health, wellbeing, congestion, air quality and climate change impacts of cycling as well as the benefits to local business and the economy. Essentially, it sets out 'how' to deliver the ambition, with tools, methods and new design guidance, setting out minimum standards for cycle infrastructure including cycle lanes, tracks, junctions and crossings.

The five main principles of LTN 1/20 are described below:

- Coherent - people must be able to reach their destinations easily, along routes that connect, are simple to navigate and are of consistent high quality.
- Direct - routes should provide the shortest and fastest way of travelling from place to place.
- Safe - routes must be safe and must also be perceived to be safe.
- Comfortable - routes should be good quality, well-maintained, smooth, have minimal stopping-starting and avoid steep gradients.
- Attractive - environment should be attractive, stimulating and free from litter.

There are a further 22 principles described (see pages 9-14 of the document<sup>3</sup>), and it states that "*inclusive design and accessibility should run through all of the principles*". Importantly, it also includes the principle "*As important as building a route itself is maintaining it properly afterwards*" therefore we must ensure provisions are in place for maintenance of the whole life of the asset.

One of the most useful tools it offers is a method for determining what sort of infrastructure may be appropriate for different localities, as summarised in Table 1:

| Speed limit (mph) | Motor Traffic Flow (pcu/day) | Fully Kerbed Cycle Track | Stepped Cycle Track | Light Segregation | Cycle Lane | Mixed Traffic |
|-------------------|------------------------------|--------------------------|---------------------|-------------------|------------|---------------|
| 20                | 0-2000                       | SFMP                     | SFMP                | SFMP              | SFMP       | SFMP          |
| 20                | 2000-4000                    | SFMP                     | SFMP                | SFMP              | SFMP       | ESPU          |
| 20                | 4000-6000+                   | SFMP                     | SFMP                | SFMP              | ESPU       | EMPU          |
| 30                | 0-2000                       | SFMP                     | SFMP                | SFMP              | ESPU       | ESPU          |
| 30                | 2000-4000                    | SFMP                     | SFMP                | SFMP              | ESPU       | EMPU          |
| 30                | 4000-6000+                   | SFMP                     | SFMP                | SFMP              | EMPU       | EMPU          |
| 40                | Any                          | SFMP                     | ESPU                | ESPU              | EMPU       | EMPU          |
| 50+               | Any                          | SFMP                     | EMPU                | EMPU              | EMPU       | EMPU          |

Table 1: Appropriate protection from motor traffic on highways, based on Figure 4.1 of LTN 1/20. SFMP = Suitable for most people; ESPU = Excludes some potential users; EMPU = Excludes most potential users.

The new guidance is very helpful in guiding our future scheme design and there are some examples in the County where we have already adopted this high-quality infrastructure; however, it requires generous amounts of land and is costly to deliver.

<sup>3</sup> LTN 1/20 report

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/906344/cycle-infrastructure-design-ltn-1-20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/906344/cycle-infrastructure-design-ltn-1-20.pdf)

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Some of our towns with historic road layouts do not have the land available to create segregated, protected paths. Much of the guidance appears to work well in metropolitan areas but we may wish to consider whether delivering protected cycle routes with segregation of pedestrians and cyclists is necessarily the most cost effective, appropriate solution, particularly if likely daily usage of both pedestrians / cyclists are going to be low.

In some cases, shared use paths might still be the best option – LTN 1/20 states *"Shared use routes in streets with high pedestrian or cyclist flows should not be used. Instead, in these sorts of spaces distinct tracks for cyclists should be made, using sloping, pedestrian-friendly kerbs and/or different surfacing. Shared use routes away from streets may be appropriate in locations such as canal towpaths, paths through housing estates, parks and other green spaces, including in cities. Where cycle routes use such paths in built-up areas, you should try to separate them from pedestrians, perhaps with levels or a kerb"*.

It will therefore be the local authority's role to interpret the guidance, considering a wide range of factors and constraints (e.g. land acquisition, affordability, predicted numbers of users etc). A useful starting point for all schemes will be to consider if the infrastructure meets the 5 key principles of being coherent, direct, safe, comfortable and attractive.

The first allocation of the £2bn was the £250m Emergency Active Travel Fund. Devon County Council secured £338,000 in the 1<sup>st</sup> tranche, primarily for pop-up, temporary measures focused on providing alternatives to public transport in urban areas and £1.283m for the 2<sup>nd</sup> tranche. These were allocated on a formula basis similar to tranche 1, with stricter guidance and criteria for the 2<sup>nd</sup> tranche, which were targeted at permanent measures and preferably delivering the level of ambition set out in the *Gear Change* and LTN 1/20 publications.

## *Other Considerations – legal status of infrastructure and maintenance implications*

The establishment of routes is a complex legal business which must take into account the legal definition of the infrastructure and landowner agreements, with design and associated maintenance implications. Further guidance of these considerations is included in the Cycling England *Legal Procedures* document<sup>4</sup>. Section 3 of that report explains the legal definitions of paths and rights of way, which have different rules for use by pedestrians, cyclists and people on horseback. In the planning of our infrastructure, decisions on route definition, land acquisition (for off-road routes) and ongoing maintenance costs need to be weighed up against the anticipated benefits of the route.

## **4. Progress Since 2018**

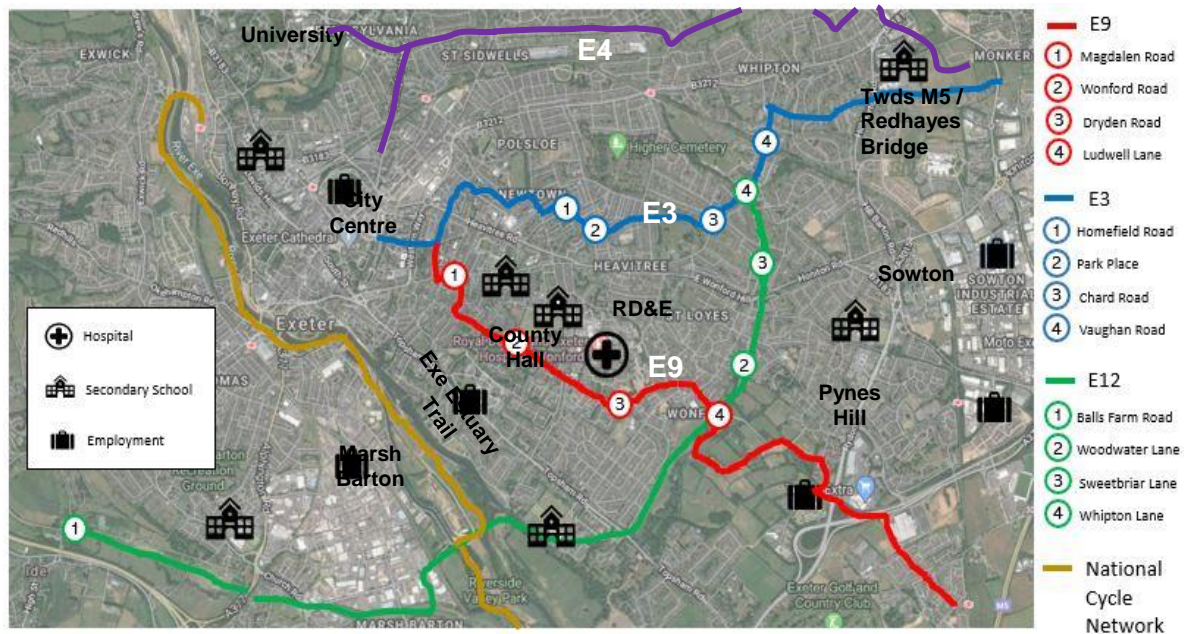
The County Council has continued to deliver cycling and walking projects, which are consistent with the approach set out in the approved Cycling and Multi Use Trail Network Strategy.

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<sup>4</sup> Cycle Schemes and Legal Procedures (Cycling England)  
[https://ciltuk.org.uk/Portals/0/Documents/The%20Hub/infrastructure/Cycle\\_Schemes\\_and\\_Legal\\_Procedures.pdf](https://ciltuk.org.uk/Portals/0/Documents/The%20Hub/infrastructure/Cycle_Schemes_and_Legal_Procedures.pdf)

## Urban Routes

### Exeter



Significant progress has been made with the E3, E4 and E9 strategic cycle routes. During 2020, the latest section of the high quality, largely segregated E4 route connecting the Redhayes bridge over the M5 with the city centre was delivered. This now means that over a 4km route between the edge of city and centre, cyclists only need to stop to cross 4 roads (2 x toucan crossings and 2 x lightly trafficked, minor roads). The route is characterised by side road priority crossings for cyclists, with cars needing to give way. Much of this route is in line with the latest LTN design guidance; however, the downside is that the cost per km is extremely high at approximately £1m per km. This has been funded by a combination of government grants and developer contributions.





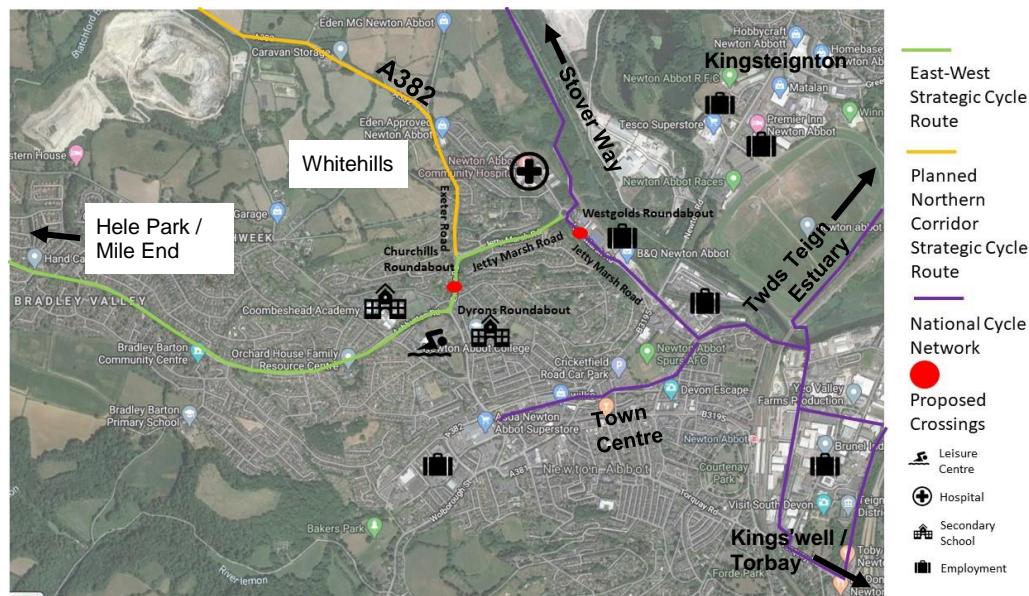
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## E4 segregated, bi-directional path

While the E4 route seeks to provide a fast, direct route from the edge of the city to the University and City Centre, the E3 and E9 routes take a different approach, using the Emergency Active Travel Funds (EATF) to create pop-up road closures (modal filters). These routes also provide connections from the eastern edge of the city to the city centre but pick up different neighbourhoods, the hospital, County Hall and Business Parks. The modal filters help create low traffic neighbourhoods, with through routes available for pedestrians, cyclists and public transport but with traffic needing to use the main radial and orbital routes. In comparison to the E4 route which provides full protection to cyclists, the cost of modal filters can be as low as £25,000 to permanently install a feature, with significantly lower ongoing maintenance costs. EATF tranche 2 funding is being used to make several of the temporary modal filters permanent on the back of positive support for the measures.

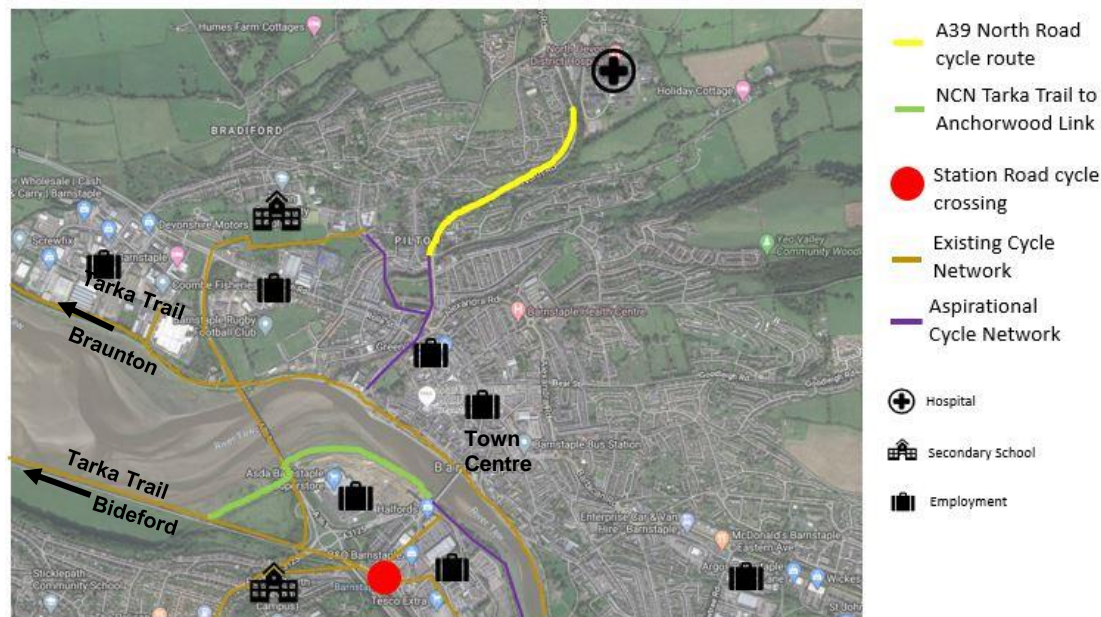
In Exeter, further walking and cycling measures will be delivered through the Sport England Local Delivery Pilot, which the County Council is providing the lead on the Active Travel theme. This 3-year programme will see community streets, school streets, play streets and a transformational neighbourhood scheme in Newtown delivered to boost active travel in parts of the city with the lowest levels of physical activity.

## Newton Abbot



In Newton Abbot, the County Council has recently delivered a shared use path linking the Mile End / Hele Park developments on the western edge of Newton Abbot with schools and the town centre. Through the EATF, three temporary crossings have been installed, which has enabled the continuation of the route via Jetty Marsh Road for access to the hospital and jobs on the eastern side of the town, including Kingsteignton. It also provides connectivity to wider leisure opportunities, whether it be the Stover Way / Wray Valley Trail, the A382 corridor via Whitehills (which is delivering a new shared-use path) or the proposed Teign Estuary Trail.

## ***Barnstaple***



In Barnstaple, the County Council delivered the A39 Roundswell pedestrian / cycle bridge (2017), which created a safe, segregated crossing of the A39 between employment land south of the link road and the Roundswell Business Park. The onward cycle links towards the town centre will include a new crossing of the A361 and improved connections to Station. As the A39/A361 link road forms a major barrier for short distance trips to be made on foot or by cycle, the North Devon Link Road project will be delivering two new segregated pedestrian and cycle crossings, linking the communities of Landkey and Bishops Tawton with the town.

Within the town itself, the EATF tranche 1 funds delivered extended pedestrianisation of the town centre and tranche 2 monies will be used to create a new parallel 'Tiger' crossing on Station Road to improve safety for pedestrians and cyclists crossing a busy commercial estate and with strong linkages between Barnstaple Rail Station and the town centre. The EATF funding will also complete a link between the Tarka Trail and the Anchorwood strategic housing allocation and retail development site to join with the A3125 Longbridge in the heart of the town. As well as providing an additional cycle connection to the Tarka Trail itself, this scheme will enhance the town's existing cycling network and provide improved cycling links for travel between retail, employment, education and leisure sites across the town.

## ***Rural Strategic Trails***

The approach with our rural strategic trails is to complete the missing links in our network so that we have coherent end-to-end routes, connecting our major market towns with attractive, preferably level trails that are accessible for all.

Following the completion of the Exe Estuary Trail, in December 2019 the 11km Wray Valley Trail between Moretonhampstead and Bovey Tracey was completed. In combination with the Stover Trail the route extends a further 8km to Newton Abbot

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and connects sizeable communities to a high-quality trail with access to Parke and Stover Country Parks.

Over the next two years, the County Council has committed to progressing the following strategic leisure trail projects:

- Complete construction of the Seaton to Colyford Multiuse Trail
- Complete Pegasus Way Bridleway\Multiuse Trail between Okehampton and Cookworthy Forest.
- Continue land acquisition and deliver missing sections of the Ruby Way between Hatherleigh and Holsworthy.
- Continue to progress design and land assembly to fill the gaps missing on the Tarka Trail in North Devon between Knowle & Willingcott and in West Devon between Meeth and Hatherleigh.
- Feasibility Design of the Drakes Trail between Yelverton & Roborough
- Consultation and Planning Application on the Teign Estuary Trail between Newton Abbot and Teignmouth

The section between Seaton and Colyford would, in combination with quiet lanes enable access between Axminster and the coast. When the Tarka Trail and Pegasus and Ruby Way projects are completed, it will mean that people living in the major West Devon, North Devon and Torridge market towns of Okehampton, Hatherleigh, Holsworthy, Torrington, Bideford, Barnstaple and Ilfracombe will have access to a variety of attractive multi-use trail options, including the Coast to Coast route between Plymouth and the North Devon coast.

Unfortunately, the cost and protracted land negotiations on many of these routes means that progress is slow, which delays progress with our other aspirational rural strategic trails (see Appendix 1). In the case of the final section of the Wray Valley Trail, we took a decision to use a combination of quiet lanes and lower cost surfacing to deliver a cost-effective route. This has enabled us to allocate funds to progress the next rural trail projects.

Appendix 2 compares the daily volumes of cyclists on the different County trails. Generally, this shows that the higher volumes are recorded on sections, which have sizeable population catchments with easy access to the route and offer impressive scenery (i.e. coastal / riverside views) and reasonably level topography. These ingredients appear to attract the widest range of users, including families, less experienced cyclists, people with disabilities and older people.

## ***Market and Coastal Towns***

The EATF funding provided a limited amount of funding to trial pop-up road closures (see Appendix 3) in a selection of towns. The County Council received over 100 suggestions which were sifted and prioritised against the DfT's criteria. A further £50,000 was made available through tranche 2 to support extension of these existing trials and/or make the measures permanent. This database of suggestions provides a useful record of locally supported interventions for future plans.

Local Transport Plan funding has also been identified to support new and improved crossing facilities in Axminster, Tiverton, Crediton and Newton St Cyres.



## 5. Financial Context

Between 2015 and 2020, the County Council has spent over £20m on cycle infrastructure, as detailed in the table below.

| AREA                        | 2015/16        | 2016/17        | 2017/18        | 2018/19        | 2019/20        | TOTAL           |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Exeter                      | £71K           | £229K          | £2,080K        | £1,235         | £1,584K        | <b>£5,199K</b>  |
| Barnstaple                  | £105K          | £648K          | £1,691K        | £27K           | £9K            | <b>£2,480K</b>  |
| Newton Abbot                | £551K          | £136K          | £357K          | £881K          | £469K          | <b>£2,394K</b>  |
| NA to Torbay                | £60K           | £616K          | £117K          | £0K            | £16K           | <b>£809K</b>    |
| Teign Estuary Trail         | £358K          | £1,332K        | £307K          | £86K           | £210K          | <b>£2,293K</b>  |
| Drake's Trail / Granite Way | £374K          | £36K           | £28K           | £80K           | £1K            | <b>£519K</b>    |
| Wray Valley / Stover Way    | £789K          | £1,013K        | £481K          | £473K          | £590K          | <b>£3,346K</b>  |
| Ruby Way / Pegasus Way      | £139K          | £119K          | £134K          | £127K          | £103K          | <b>£622K</b>    |
| Stop Line Way               | £399K          | £62K           | £107K          | £6K            | £11K           | <b>£585K</b>    |
| Sidmouth – Feniton          | £171K          | £102K          | £4K            | £0K            | £14K           | <b>£291K</b>    |
| Exe Estuary                 | £348K          | £277K          | £114K          | £124K          | £23K           | <b>£886K</b>    |
| Tarka Trail                 | £147K          | £153K          | £111K          | £63K           | £169K          | <b>£643K</b>    |
| M&CT / Misc / cycle parking | £197K          | £94K           | £152K          | £123K          | £272K          | <b>£838K</b>    |
| <b>TOTAL</b>                | <b>£3,709K</b> | <b>£4,817K</b> | <b>£5,683K</b> | <b>£3,225K</b> | <b>£3,471K</b> | <b>£20,905K</b> |

Such significant investment has been made possible through external grant funding and developer contributions to top up the core Local Transport Plan budget<sup>5</sup>. In recent years there has been no grant funding specifically aimed at walking and cycling, with grants instead generally targeted at schemes that unlock or deliver

<sup>5</sup> Annual budget of approx. £3.6m, which is for all capital transport including walking and cycling, public transport and highway improvements

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housing and jobs. Examples include the National Productivity Investment Fund (NPIF), Growth and Housing Fund, Growth Deal and Housing Infrastructure Fund. The sizeable sums in the major urban areas of Exeter, Barnstaple and Newton Abbot have benefitted from such grant funding as they have been able to match fund the grant funding with developer contributions.

The last grant funding available to support our rural leisure trails was in 2015 through the Coastal Communities Fund and DfT's National Parks Cycle Ambition Fund, which helped complete the Exe Estuary Trail to Dawlish and deliver over £7m of infrastructure improving access to Dartmoor National Park (supporting the Wray Valley Trail, Drake's Trail and Coast to Coast routes). Without developer contributions or external grant funding, we are reliant on using our limited Local Transport Plan funds and progress is therefore slow, particularly as many schemes are held up through protracted land negotiations. That said, this financial year the County Council allocated £1.473m of its £4.624m Local Transport Plan budget towards walking and cycling improvements across the County. At 32% of the core capital budget, this compares with the United Nations recommendations for 20% of budgets to be spent on safe walking and cycling.

## 6. Looking Ahead

Increasing walking and cycling levels has growing importance in tackling physical inactivity and encouraging individuals and households to rely less on their cars for short distance journeys, which can reduce their carbon footprint.

The Government's announcement of £2bn for walking and supporting publications to improve the quality and safety of infrastructure for pedestrians and cyclists are welcome; however, early experience suggests that funding is still being targeted at larger urban areas, with the high-spec design guidance also more applicable in larger urban centres. This all has implications for the future planning and prioritisation of our walking and cycling improvements, with potential for our aspirational rural leisure trails (costing in excess of £30m) to take decades to deliver. The table below captures some of the impacts of the national policy changes and potential responses, which can be incorporated into a refresh of the Cycling and Multi Use Trail Network Strategy.

| <b>Impact of LTN 1/20 and Gear Change: a bold vision publications</b> | <b>DCC Response</b>                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lack of experience in designing to new minimum standards              | <ul style="list-style-type: none"><li>- Ensure design and highways development management teams are using LTN 1/20 in their working practices</li><li>- Share learning from examples delivered in the County, which are compliant, e.g. E4 cycle route</li></ul> |

|                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Higher spec design standards could equate to rising costs of cycling and walking infrastructure impacting on affordability of schemes | <ul style="list-style-type: none"> <li>- Determine appropriate infrastructure in the local setting using LTN 1/20 table 4.1 which considers speed limit, traffic volume and different types of protection.</li> <li>- For rural schemes, consider classifying routes or even parts of routes as being i) flat, mainly segregated, good quality surface suitable for all people; ii) some on road and/or modest uphill sections therefore suitable for most people, including all terrain pushchairs and trampers</li> <li>- Consider whole life asset maintenance costs</li> </ul>                         |
| Increasing demand from market and coastal towns for more urban walking and cycling improvements                                       | <ul style="list-style-type: none"> <li>- Produce LCWIP for Exeter (near completion)</li> <li>- Produce LCWIP 'lite' for Newton Abbot (in progress)</li> <li>- Use 'lite' version as a template for other market towns to develop their own plans</li> <li>- Encourage consideration of low-cost infrastructure, i.e. modal filters or school streets to create low traffic neighbourhoods</li> <li>- Use DfT Rapid Cycleway Prioritisation and Propensity to Cycle tools</li> <li>- Continue to incorporate plans in Local Plan infrastructure plans in order to secure developer contributions</li> </ul> |
| Related to the above, a growing list of unfinished rural leisure trails                                                               | <ul style="list-style-type: none"> <li>- Prioritise routes based on meeting the LTN 1/20 principles of i) coherence; ii) directness; iii) safety; iv) comfort and v) attractiveness.</li> <li>- Depending on scoring of above, consider lower specification treatments or more on-road section and classify route according to being i) suitable for all people; ii) suitable for most people (as per categories suggested above).</li> </ul>                                                                                                                                                              |

## 7. Conclusions

The County Council has a strong track record in delivering walking and cycling infrastructure, with over £20m invested in a range of urban and rural leisure schemes all across the County over the past 5 years.

Government policy is changing and there is a drive to raise the ambition for increasing active travel in the interests of health, the environment and the economy. The key principles set out in LTN 1/20 offer an opportunity to better plan routes but also challenge the value and cost effectiveness of delivering schemes where the population catchment, topography, scenery or constraints of the route make it appealing only to a limited number of users. Surveys of some of our cycling and multi-use trail network have shown that some rural routes are not well used and we should learn from the factors contributing to this so that we spend our limited funds on the right schemes with the right ingredients to maximise its use and thereby justify the investment.

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While we remain hopeful that further Government funding will be allocated to local authorities to enable us to fulfil our potential for boosting cycling and walking, there remains a long list of rural leisure schemes and we need to find smarter, more cost effective ways of making progress with these and using the tools in LTN 1/20 to determine what type of infrastructure may be needed, looking at the end-to-end experience for pedestrians and cyclists.

For towns and villages with aspirations to boost walking and cycling, the planning process and developer contributions will be integral to their future delivery. The County Council will continue to work with local planning authorities to ensure that routes and infrastructure are included in future Infrastructure Delivery Plans, linked to the Local Plan process. Experience from the LCWIP 'lite 'process in Newton Abbot may also assist localities develop their own plans.

**Dave Black**  
**Head of Planning, Transportation and Environment**

Electoral Divisions: All

Cabinet Member for Highway Management: Councillor Stuart Hughes

**Local Government Act 1972: List of Background Papers**

Contact for Enquiries: Jamie Hlland

Tel No: 01392 383000      Room: County Hall, Exeter EX2 4QD

| Background Paper | Date | File Reference |
|------------------|------|----------------|
|------------------|------|----------------|

Nil

jh080121cirssc Active Travel in Devon - Final

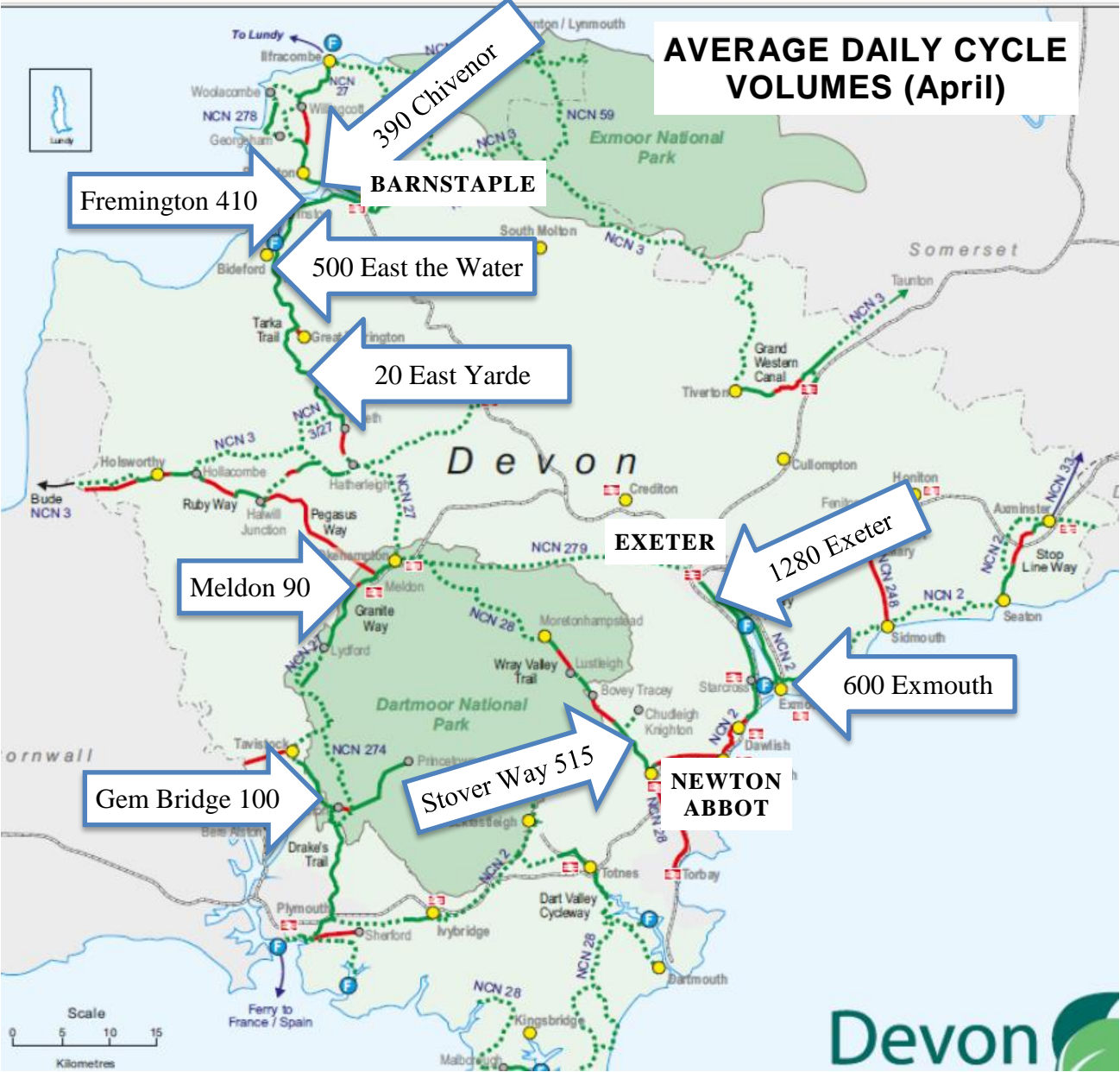
## **Appendix 1 to PTE/21/3: Aspirational list of Rural Strategic Cycle Routes (italicised schemes not currently in Transport Infrastructure Plan)**

1. Ruby Way: Bude to Hatherleigh
2. Pegasus Way: Okehampton to Halwill
3. Kenwith Trail: Bideford to Westward Ho!
4. Tarka Trail i) Knowle to Willingcott
5. Tarka Trail ii) Hatherleigh to Meeth
6. Tiverton to Tiverton Parkway
7. Boniface Trail: Crediton to Exeter
8. Feniton to Sidmouth
9. Stop Line Way: Seaton to Axminster
10. Teign Estuary i) Dawlish to Teignmouth (design in progress)
11. Teign Estuary ii) Teignmouth to Newton Abbot (design in progress)
12. Sherford to Langage
13. Tavistock to Plymouth: Roborough to Yelverton
14. Tavistock to Bere Alston
15. Clyst Valley Trail: Killerton to Clyst St Mary to Exe Estuary Trail
16. *Tavistock to Trails Centre*
17. *Totnes to Littlehempston to Newton Abbot*
18. *Exe Valley Trail: Tiverton to Exeter*
19. *Totnes to Stoke Gabriel (ultimately Torbay)*
20. *Braunton to Saunton*
21. *Uffculme and Willand*
22. *Primrose Trail: South Brent to Kingsbridge*
23. *Wray Valley Trail extension: Moretonhampstead to Chagford*
24. *Ivybridge connections*
25. *Cycle links from Exeter to outlying villages:  
Clyst St Mary, Clyst St George, Woodbury, Longdown, Shillingford, Starcross,  
Kenton, Exminster, Kennford, Whitestone, Ide*

*\*Italicised schemes indicate local aspirations for this trail from the community but are not formally included in County Council infrastructure plans.*

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## Appendix 2 to PTE/21/3: Daily Cycle Volumes on Strategic Leisure Trails



| Location       | Average Daily Cycle Volumes (April) |
|----------------|-------------------------------------|
| Chivenor       | 390                                 |
| East the Water | 500                                 |
| East Yarde     | 20                                  |
| Exeter         | 1280                                |
| Exmouth        | 600                                 |
| Fremington     | 410                                 |
| Gem Bridge     | 100                                 |
| Meldon         | 90                                  |
| Stover Way     | 515                                 |

## Appendix 3 to PTE/21/3: Tranche 1 Emergency Active Travel Fund Market Town Allocations

| Reference     | Scheme Name                                          | District         | Town         | Description                                                            | Amount |
|---------------|------------------------------------------------------|------------------|--------------|------------------------------------------------------------------------|--------|
| <b>EATF1</b>  | Lower Fore Street one way                            | East Devon       | Beer         | Installation of one-way scheme to allow active travel                  | £3,000 |
| <b>EATF3</b>  | Reallocation of road space                           | Teignbridge      | Bovey Tracey | Reallocation of road space to allow active travel                      | £1,500 |
| <b>EATF5</b>  | Sidmouth town measures                               | East Devon       | Sidmouth     | Vehicle prohibition and parking suspension                             | £3,850 |
| <b>EATF7</b>  | Road closure & parking removal                       | North & Torridge | Holsworthy   | Vehicle prohibition and parking suspension                             | £2,250 |
| <b>EATF10</b> | New signage in Ivybridge and cycle route diversion   | South Hams       | Ivybridge    | Cycle route signing and diversion                                      | £2,000 |
| <b>EATF12</b> | Road closure on Saturday mornings                    | South Hams       | Totnes       | Road closure to allow reallocation of road space for social distancing | £5,500 |
| <b>EATF13</b> | Improvements for pedestrians and cyclists in Dawlish | Teignbridge      | Dawlish      | Cycle parking and reallocation of road space                           | £2,000 |

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| Reference     | Scheme Name                                         | District             | Town            | Description                                       | Amount |
|---------------|-----------------------------------------------------|----------------------|-----------------|---------------------------------------------------|--------|
| <b>EATF14</b> | Road closure at Wellington Street and Regent Street | Teignbridge          | Teignmouth      | Reallocation of road space to allow active travel | £2,000 |
| <b>EATF15</b> | Cycle parking                                       | Teignbridge          | Across district |                                                   | £5,000 |
| <b>EATF16</b> | Ide / Cowick modal filter                           | Teignbridge / Exeter | Ide / Cowick    | Modal filter at Balls Farm Road                   | £5,000 |
| <b>EATF17</b> | Town Centre reallocation of road space              | West Devon           | Tavistock       | Cycle parking and reallocation of road space      | £2,000 |



## Update on Libraries Services during the Pandemic Report of the Head of Communities

### 1 DCC Commissioners overview

The last 10 months have proved challenging in the management and delivery of Library services across the County. The pandemic has forced upon us different approaches to the commission of services that naturally have had to be more flexible and responsive to demands and the constraints of changing Covid-19 guidance. Our commissioning priorities were:

- Public to access Covid-secure services where possible and within guidance
- Staff should not be placed at unnecessary risk
- Services should flex to meet changes in demand

Meetings between commissioners and Libraries Unlimited have been more frequent and our communications teams work very closely together jointly providing information to the public in a timely manner.

At the beginning of the pandemic we invested more funds into e-resources to help cope with the high demand for e-books and audio books and these services continue to be popular among residents.

During the first lockdown Libraries staff contacted many of their vulnerable members to check in on their wellbeing and provide help and information. In the summer Devon was one of the first authorities to re-open its doors to the public and provide Covid-19 secure access to valuable services including public access computers. The mobile libraries also restarted essential rural access.

We are now in a third set of tight restrictions and alongside Libraries Unlimited the decision was taken to temporarily suspend opening of libraries and the mobile library services across the county whilst we analysed the new guidance. I am pleased to report that from 18<sup>th</sup> January libraries will be offering the resumption of essential and lifeline services such as choose and collect and appointments to computers for essential internet access, for instance benefits applications. Together with Libraries Unlimited we will also be investing further in e-resources.

The data in the following sections reflect the demand on services throughout the year and we monitor this closely with Libraries Unlimited at our quarterly contract meetings. The data provides us with valuable learning from changes to the way libraries members interact with the services on offer and help us understand the impact the pandemic has had on customer behaviours.

Whilst adapting and reacting to the pandemic Libraries Unlimited have also begun to look at how to support residents in Devon post Covid restrictions. In a separate attached report, they have outlined some of the areas of focus in the coming months.

# Agenda Item 8

## 2 Monthly Comparative Data

### 2.1 Issues

During much of 2020-21 usual methods of accessing physical library materials has been restricted. Despite this library staff have worked creatively to ensure Devon residents can access the books and other materials that they would normally collect from their local library:

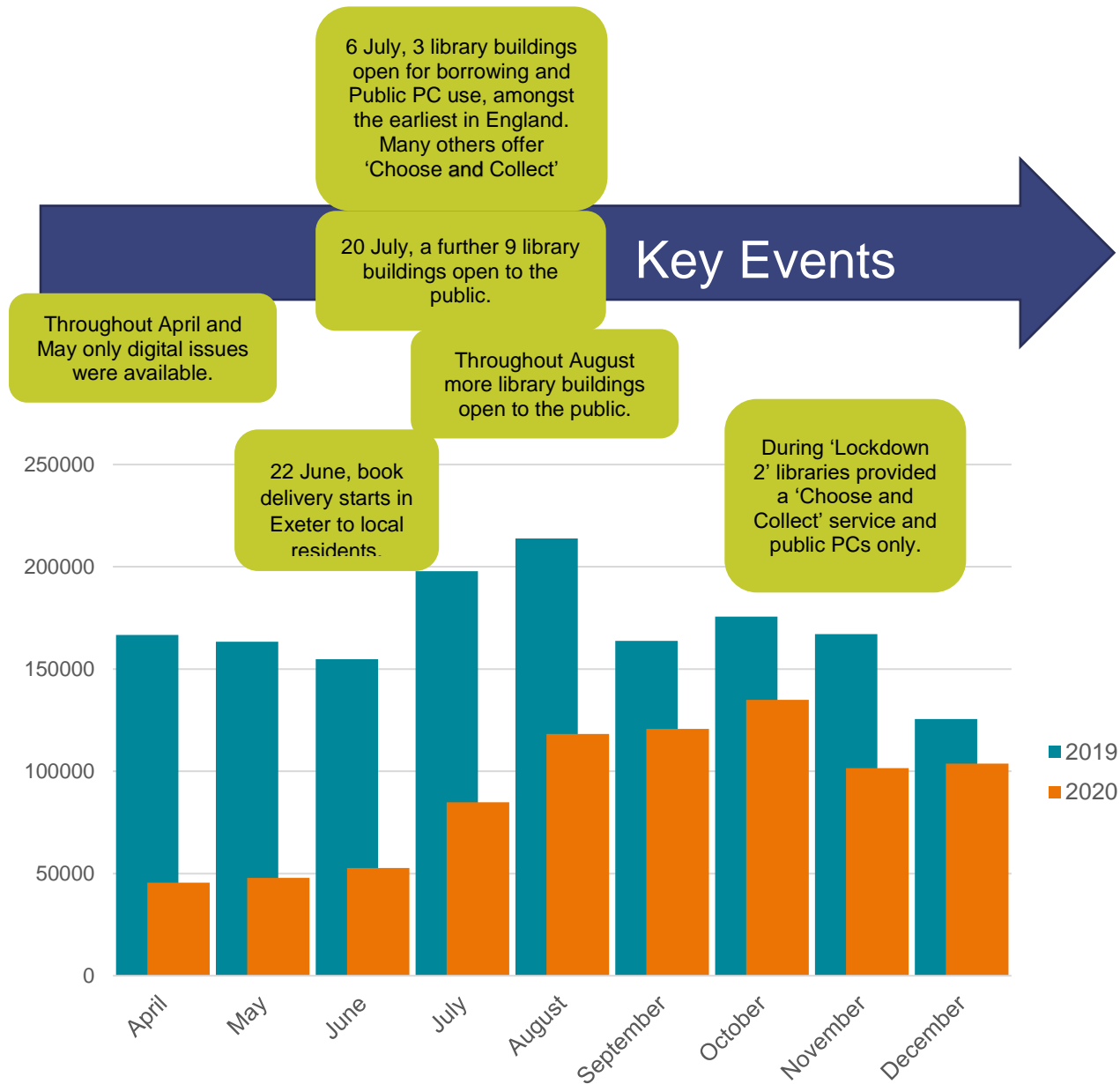
- In June Exeter Library offered a Book Delivery (by bike or by foot) service for those who live within 5 miles of Exeter Library, along with a postal service. A generous donation covered the cost of posting books to customers.
- Exeter Library linked with St Petrock's (Exeter) to provide 80 books for people who are temporarily accommodated due to lockdown, teaming up with the volunteer group FREEMOOVEMENT to deliver the books by bike.



- Choose and Collect launched on 6 July offering libraries across Devon the chance to get books to their customers again. Customers phoned/emailed their local library with a specific list of books or a general wish and staff collated the books, bundled them up and they were collected from front entrances.

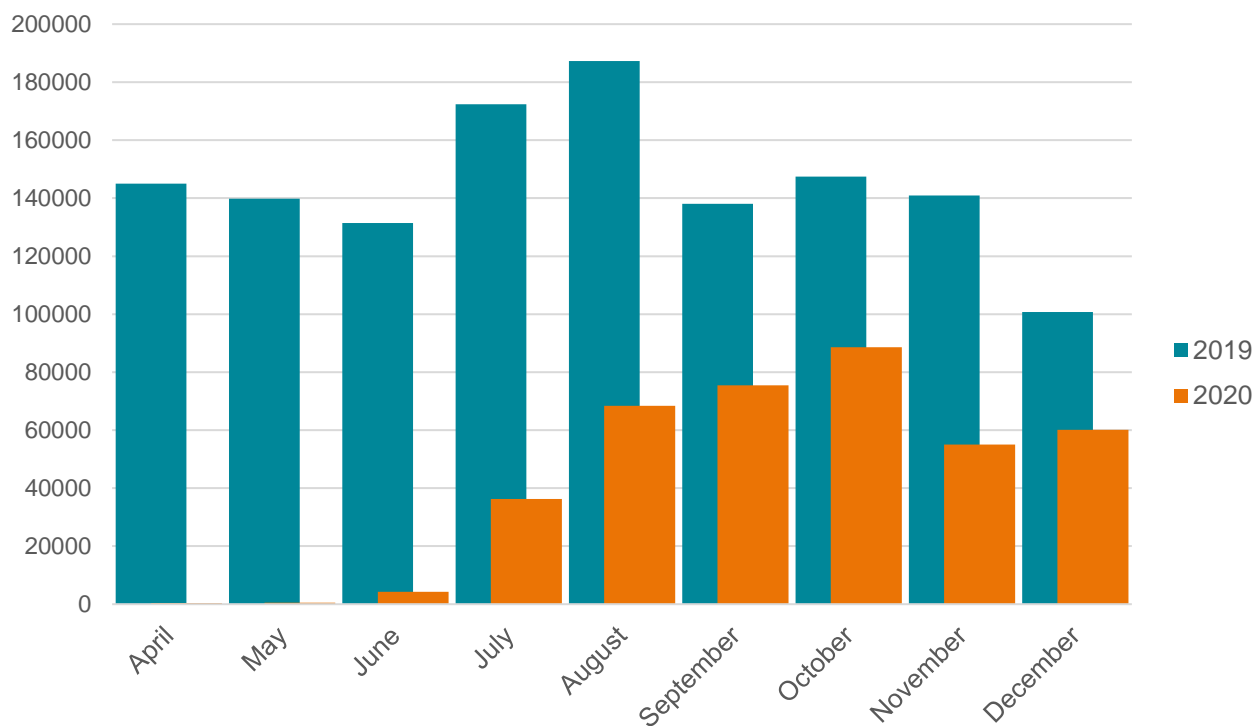
Digital issues have grown significantly over the last twelve months, but do not make up for the reduction in physical issues.

## 2.1.1 Total Issues (Physical and Digital combined)

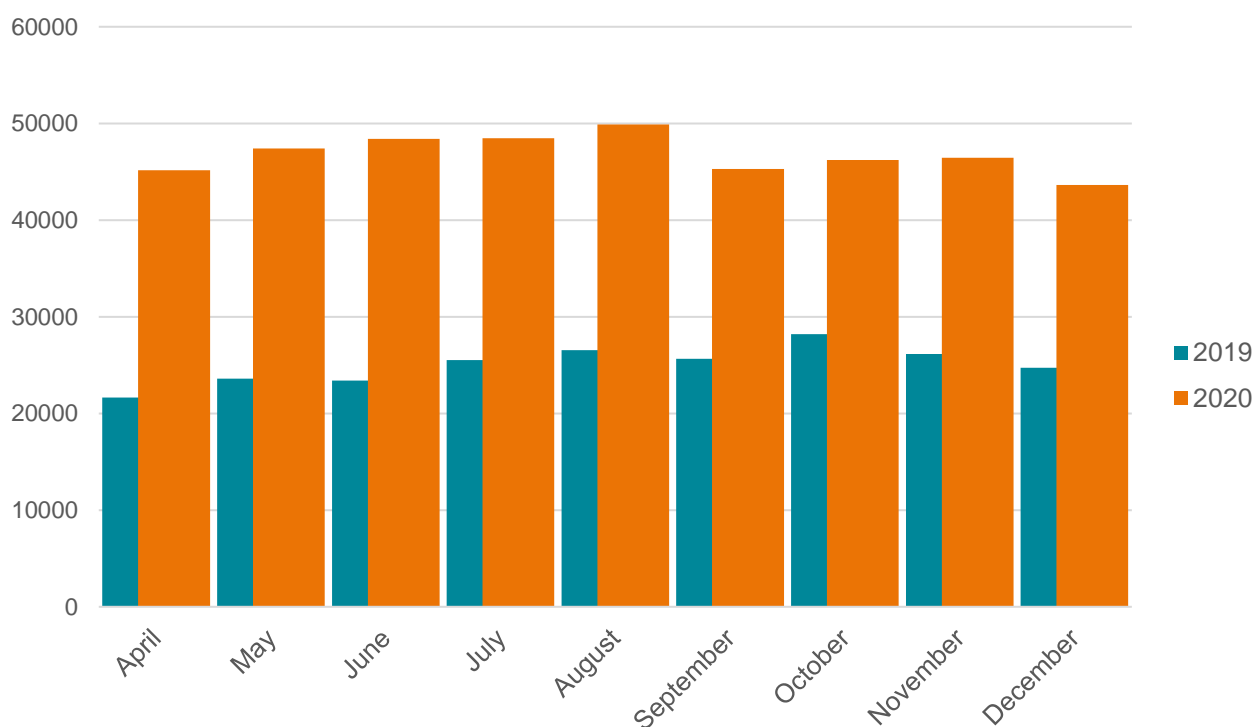


# Agenda Item 8

## 2.1.2 Physical Issues



## 2.1.3 Digital Issues



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“...reading eBooks from Libby has been my salvation and I’ve really enjoyed them.”

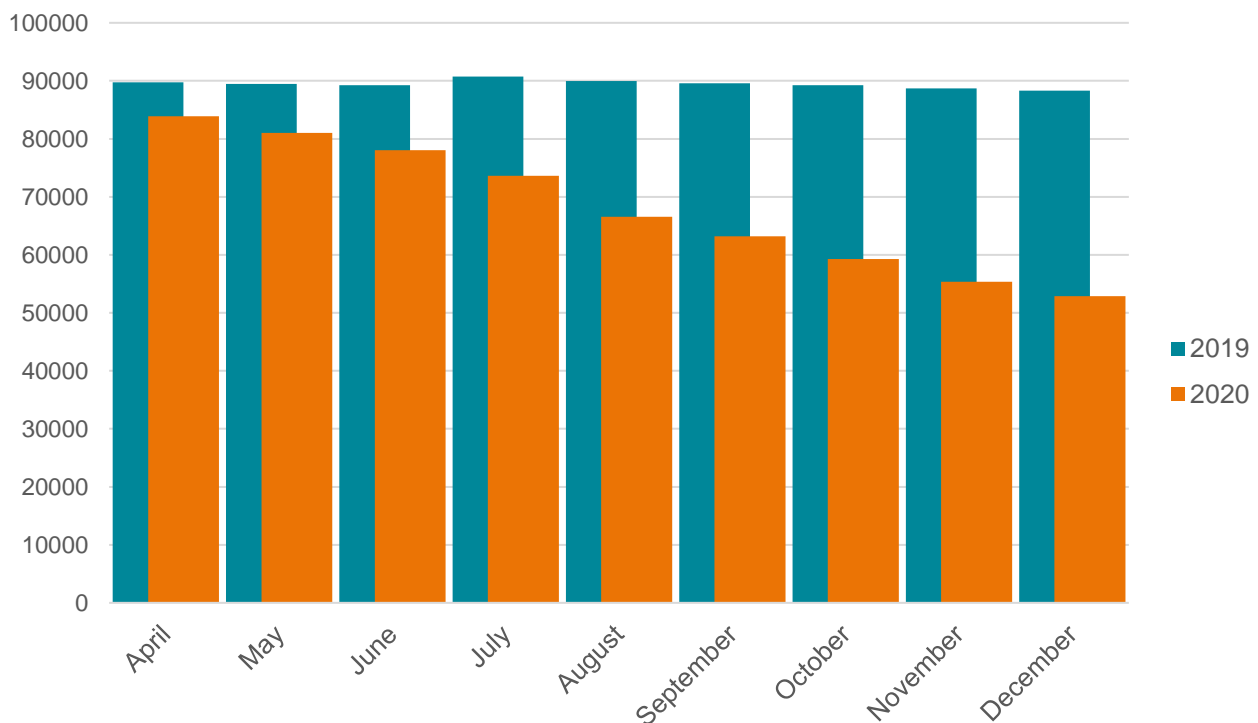
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## 3 Library Users

Library users in this section has a narrow definition. The Library Management System (LMS) defines a library user as either an Active Borrower; somebody who has borrowed a physical item from a physical library, or an Active User; somebody who has used their library membership number to access another service, e.g. an eBook, a public PC, or public printer. Users are counted based on the last service they used, i.e. if your last interaction was to borrow an eBook then you are an Active User. The LMS only counts you as a Borrower or User if your last interaction was in the last twelve months.

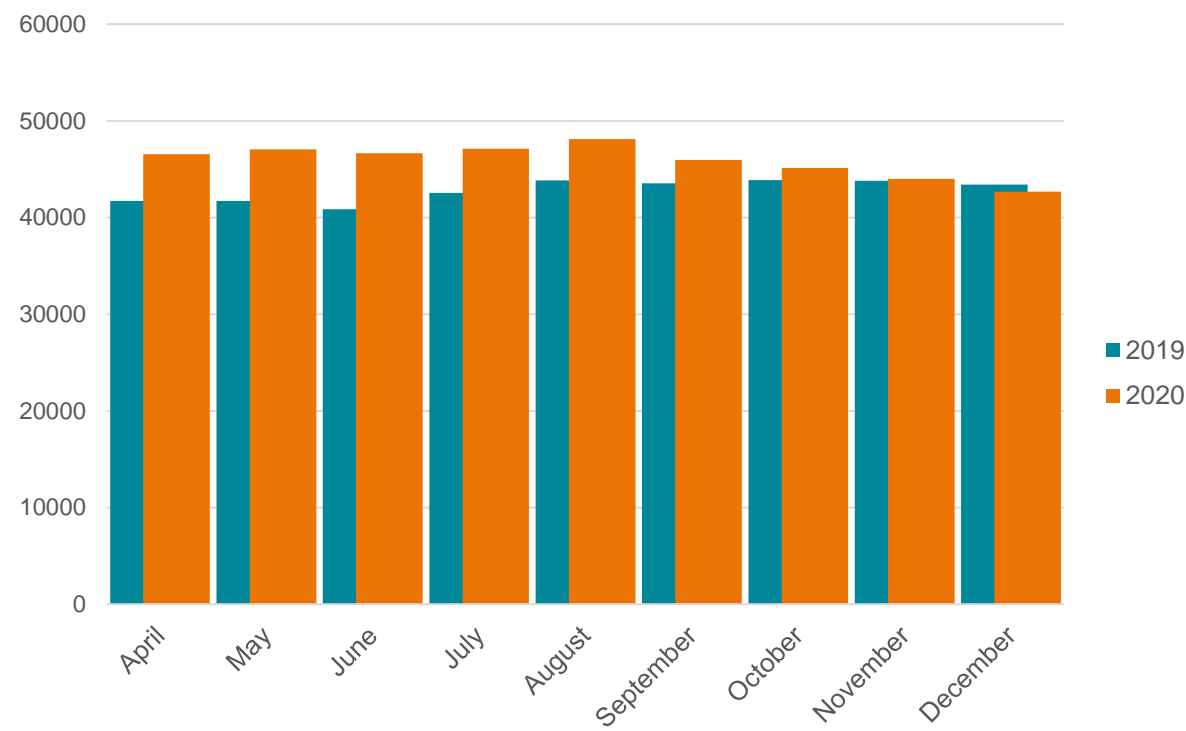
There are a lot of library users who are not counted using this system, for example those using the public Wi-Fi, room hire users and those attending events. See section 2.4 for more information about events specifically.

### 3.1.1 Active Borrowers

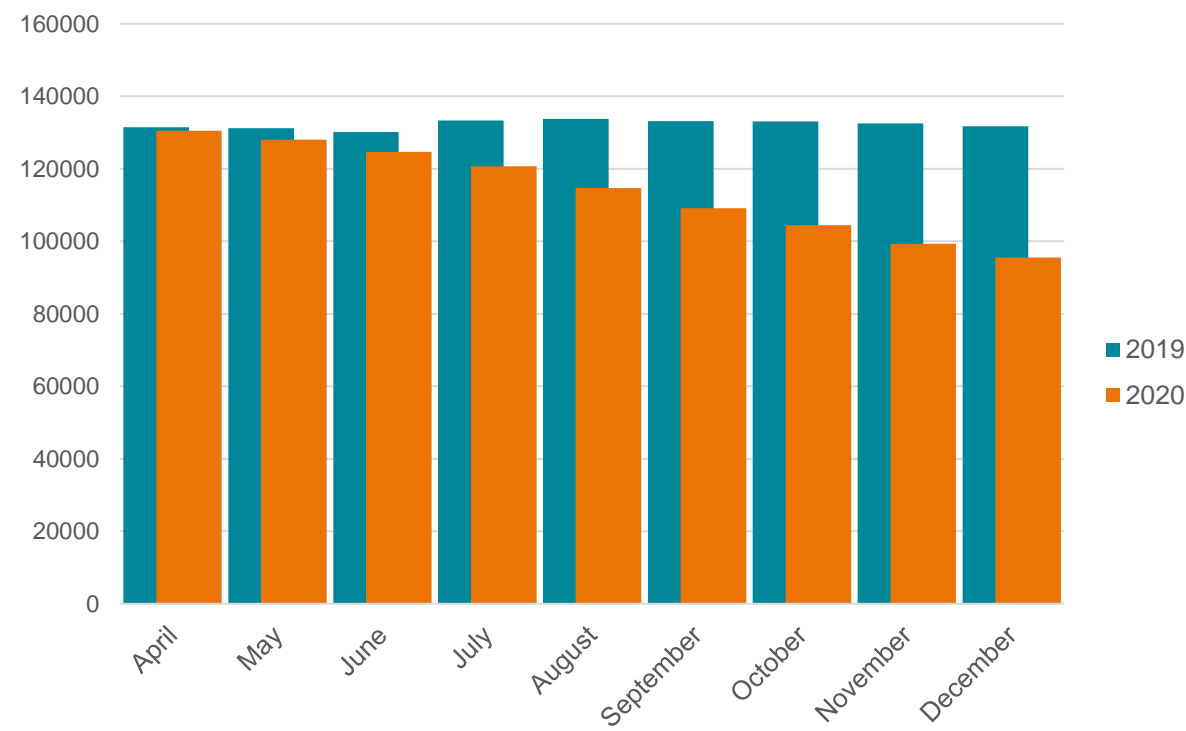


# Agenda Item 8

## 3.1.2 Active Users



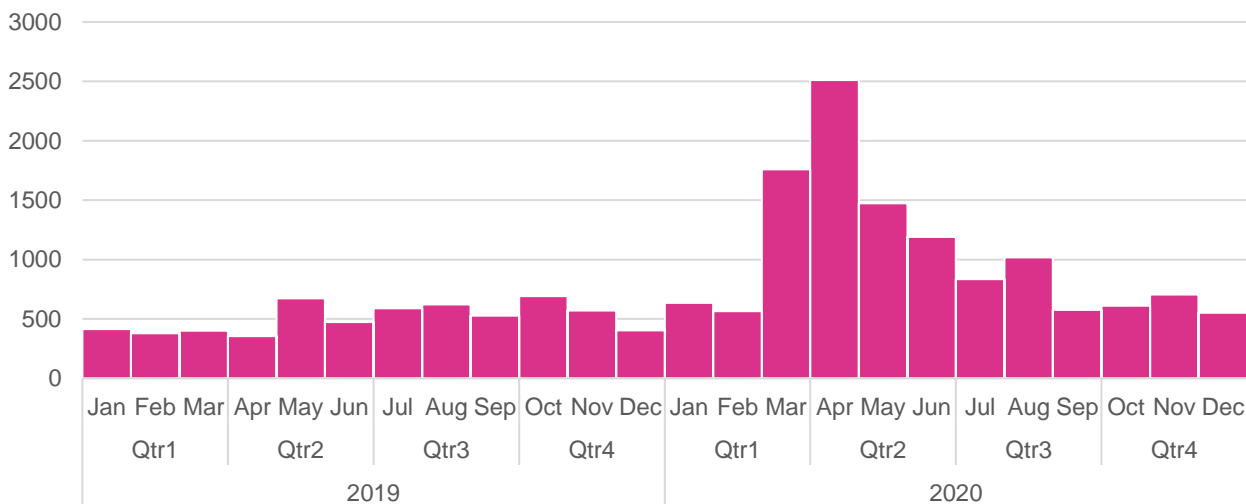
## 3.1.3 Total Library Users



## 3.1.5 Summary

The number of Active Borrowers has dropped throughout 2020. Access to library buildings has been limited for most of the year, therefore opportunities to borrow physical items has been restricted. Active Users have been consistent through the year. A significant contribution to this is existing and new users accessing eBooks, eAudiobooks and eMagazines for the first time. New users registering between 1 April and 1 July increased the total registered users of digital library services by 32%, higher than the national average of 27%.<sup>1</sup>

### eLibrary New Users



## 4 Public PC Usage

To enable libraries to offer public PC usage, careful placement of the computer to ensure a minimum of 2 metre distance between users has seen the number of PCs available reduced. Along with reduced opening hours and from November PCs only being available for 'essential' use has meant a drop in overall PC usage. The two measures presented here are the total time, measured in minutes, of PC usage, and the utilisation as the time used as a percentage of availability.

Honiton was one of the first libraries opened for public PC use, and staff their reported that customers had travelled from Exeter, Seaton and Axminster to use them.

In north Devon:

---

*"I didn't have access to emails or online services during lockdown...I walked for 2 hours to use the library when it reopened"*

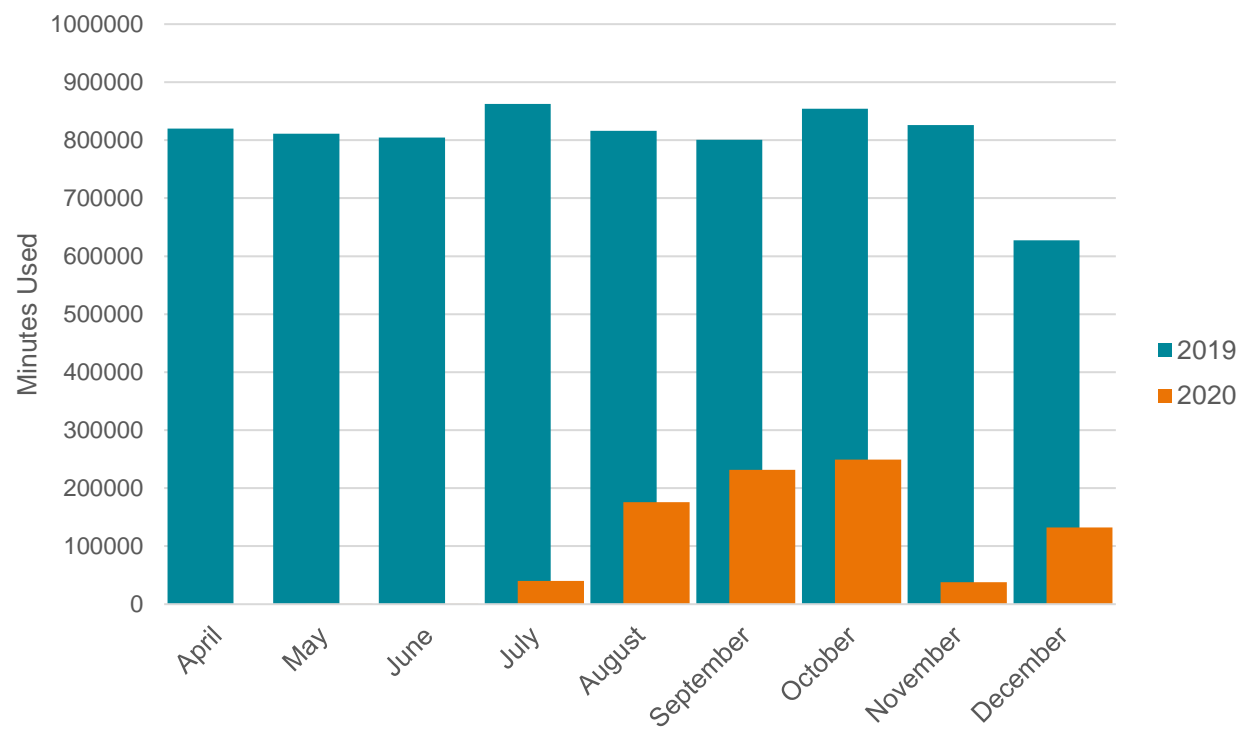
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<sup>1</sup> National Data from Libraries in Lockdown, Libraries Connected, October 2020.

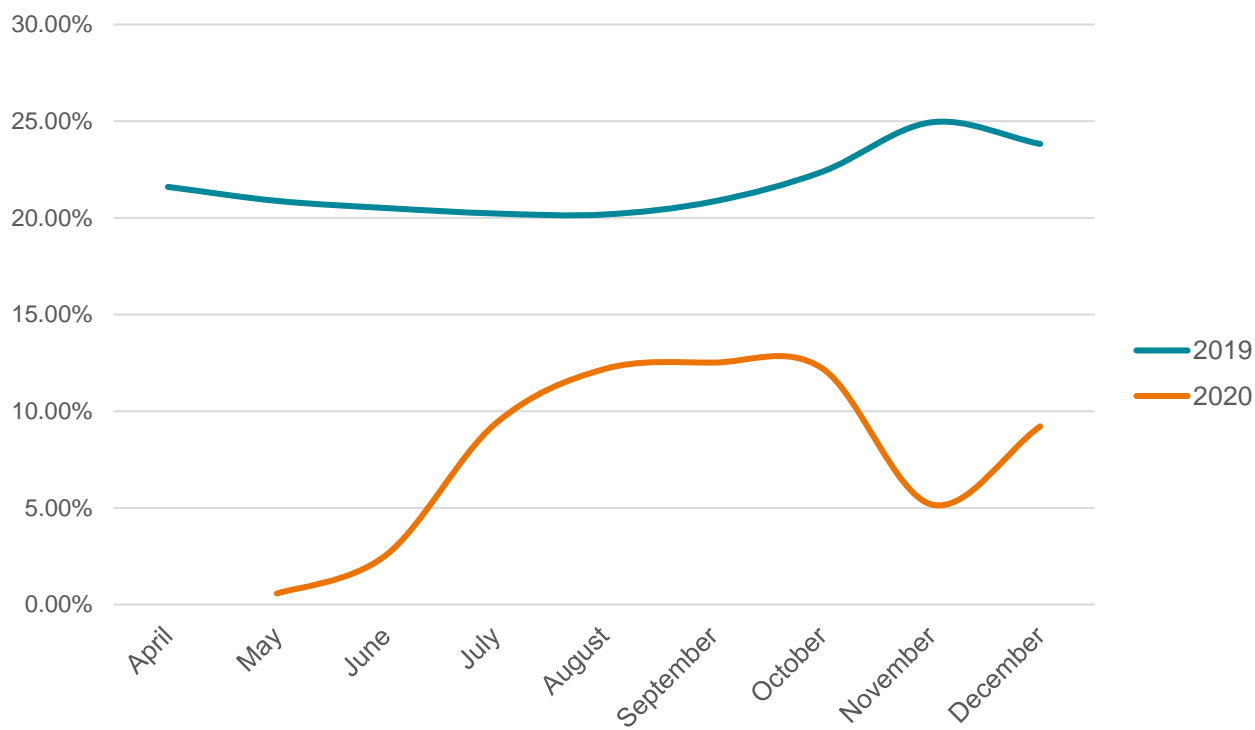
<https://www.librariesconnected.org.uk/news/library-services-online-events-lockdown>

# Agenda Item 8

## 4.1.1 Public PC Usage



## 4.1.2 Public PC Utilisation (Percentage of Public PC usage compared to total PC availability)

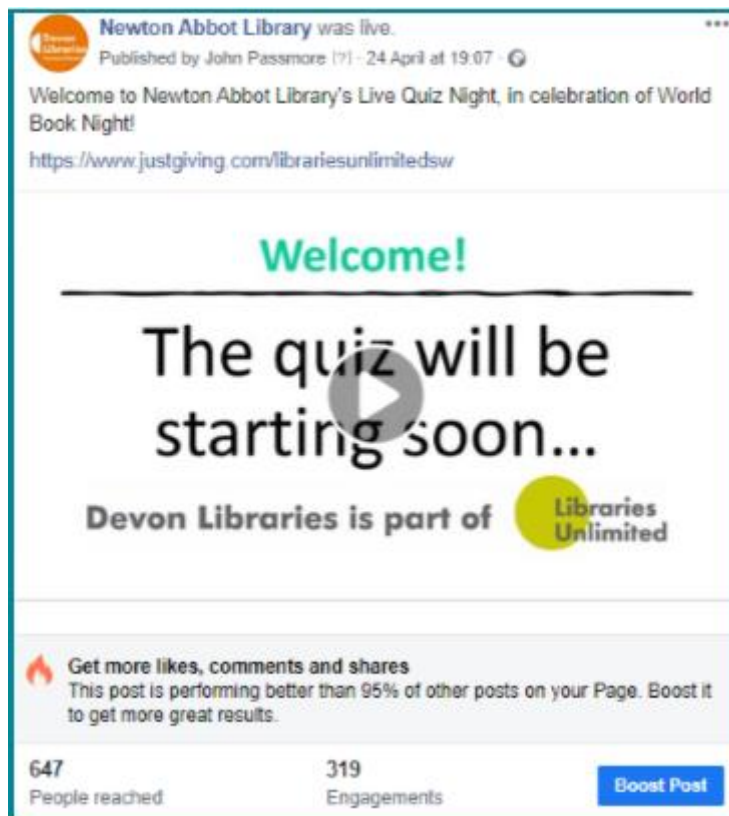




## 4.3 Events and Activities

In 2019-20 Devon Libraries organised 10,064 events attended by over 175,000 people. Almost all of these events took place in Library buildings, and very few took place online. Following the first lockdown in April, most of these regular events and activities have not been possible. Where these could transition to an online forum this has happened. During the first lockdown many libraries hosted online activities, for example:

- Exeter Library held weekly online Language Cafés via Zoom, with conversation sessions available in Spanish, Portuguese and Italian, and an ESOL Conversation Group at different times of the week.
- Crediton Library held the annual Crediton Literary Festival online this year. Being able to hold it for the whole day, instead of just the afternoon while the library building was closed, enabled the number of sessions to be increased. The online event broke down distance barriers so people could attend from further afield. 162 people enjoyed author talks, a crime panel and an interview with Veronica Henry about her new book.
- Dartmouth Library moved their popular Reader Group onto Zoom. By doing this they were able to welcome back previous members who had moved elsewhere in the country.
- A daily 3pm chat over a cuppa on Zoom has been hosted by Exeter Library throughout the first lockdown period
- Tavistock Library hosted virtual guided walks by local archaeologist Andrew Thompson. With images taken during his daily exercise in lockdown, there were also opportunities for questions in Zoom sessions.
- Many local libraries held quizzes and started reading or book groups.



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- Bounce and Rhyme sessions continued online during the first lockdown. Many libraries hosted their own local sessions.

In total over 1200 events were hosted online during the first lockdown. As library buildings reopened and services such as Choose and Collect started library staff returned primarily to serving customers in their library buildings. To maintain the online presence that had started during the first lockdown a centrally coordinated Bounce and Rhyme session was delivered for all libraries as well as other events. Some local libraries maintained their own local online events as well. In the second quarter the number of events had reduced to 328 but reached an audience of over 22,000 people.

## 4.4 Additional Services

### 4.4.1 Bideford and Barnstaple Work Hubs

During the first lockdown many Work Club customers found things difficult. Many were very isolated and with mental health challenges and contacting them was difficult.

In total we contacted 150 people during the first lockdown and 35 responded. As a result of these contacts, the Work Club coordinator has individually worked with 19 customers providing phone contact, texts, emails and Zoom calls. He is in contact regularly and offers support and information about job opportunities, practical advocacy and information about available training schemes.

Alongside the general sense of appreciation, we recorded several practical outcomes. In some cases, existing customers secured work, even during lockdown, including jobs as kitchen assistants, administrators, nurses, care workers, sale assistants and coronavirus response volunteer

### 4.4.2 Beyond the Horizon

An Evolve-curated series of talks with international Library pioneers and high-profile UK library figureheads, was launched. These talks have been promoted in partnership with the Wellcome Centre Exeter, Exeter UNESCO city of literature, Libraries Connected and Carnegie UK trust. Over 600 people have joined the Zoom talks so far, tuning in from countries around the world, and the online recordings have had over 400 views to date.



## 4.4.3 Fab Lab

Exeter FabLab 3D-printed over 75 visor headbands and reinforcement strips for frontline NHS staff during early April. A team of volunteers, led by Dr Rupa Chilvers of Tangerine Bee, collected and prepared the visor kits and the first deliveries of the visors went out on Monday 6th April to local doctor surgeries. DART (Devon Ambulance Response Team) also asked the FabLab to 3D print headbands as a trial for their crew to test. ITV Westcountry featured the story in their news programme. The FabLab continued to produce 3D printed visor parts during the lockdown period.



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## 4.4.5 Mobile Libraries

Devon Mobile Libraries were one of the first services in the country to go back on the road when restrictions were lifted. From 13 July, a special Choose and Collect service was offered. When Mobile Library Assistants rang their customers to say they were operating again they offered to pick 5 books for customers based on their reading preferences, which were collected from the door of the vehicles. The mobile Choose and Collect service was incredibly popular with staff, reporting around a 90% uptake.

From 7 September customers have been allowed to access the vehicles again, one person at a time, and choose for themselves, though due to quarantine requirements borrowing limits have been set at 3 items per person to ensure there is enough stock for all.

## 4.4.6 Customer Telephone Calls

To help reduce isolation during the first lockdown, library staff made 5,500 telephone calls to customers, all of whom were aged over 70, had a disability and/or were otherwise identified as vulnerable (most often through local staff knowledge of their customers). Once library staff returned to running services from the buildings, the capacity for these calls was lower, but a further 1,611 calls were made in the second quarter. Many of those customers may still not be venturing into public spaces due to shielding or other precautionary measures. Through an established relationship with Exeter City Community Trust (ECCT), who have received funding from DCMS to tackle isolation, we are now working in partnership to provide links to our customers in order that regular telephone-based contact can continue.

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*“We really thought your call yesterday was brilliant and so reassuring that the library is fulfilling its full role of a caring community resource and not just a place to borrow a book. THANK YOU...for just being there for those who need to feel they haven't been forgotten and left without a friendly chat and for being pro-active in contacting people.”*

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## LIBRARIES

## AN ESSENTIAL PART OF LOCAL RECOVERY & RENEWAL

"From one key worker to another, you are doing an amazing job. I enjoy visiting the library - it can be my only place of solace during this time."

**NHS worker  
Newton Abbot Library**

"I think everyone who visits feels that they are cared for individually and personally."

**Crediton Library**

"You're doing really well. This is one of the only places in town where I feel safe."

**Teignmouth Library**

Libraries Unlimited delivers public libraries across Devon and Torbay, providing a trusted network of community hubs. Our services and programmes connect communities, support wellbeing, secure digital inclusion and access for all, offer learning, exploration and skills, reach children and young people and enable business startups.

Libraries Unlimited continues to be strongly placed to act as an anchor organisation, building on the role of the library as a trusted community resource, to ensure no community is left behind. We support rural and coastal communities, the city and market towns through our network of 54 libraries and mobile libraries.

This document outlines how we are delivering our strategic objectives to support the recovery and renewal of our communities, and the economy, through the COVID-19 pandemic.

## Libraries Unlimited will provide support to people in Devon and Torbay who have been affected by COVID-19 and/or by lockdown

The pandemic has resulted in an increase in mental health issues including depression and loneliness. These in turn have a physical health impact; studies show that depression and loneliness decrease the rate of COVID-19 survival.



### Reading for rough sleepers

Exeter Library provided books to individuals in temporary accommodation during lockdown 2.



### Attending a funeral at the library

In CREDITON a customer attended an online funeral at the library as he had no computer at home.



### Boosting mental health

Books and reading boost mental health, support learning and reduce feelings of isolation. Libraries have maintained essential Choose and Collect services.

"You are the only people that have contacted me....my wife is undergoing cancer treatment."

Dawlish Library

### Calling vulnerable and isolated customers

To date we have made in excess of 6,000 calls during lockdowns, and continue to phone our most vulnerable and isolated customers.

"My daughter is absolutely thrilled to be able to receive books [despite shielding]."

Exeter Library

### Library coming to you

Where safe to do so library staff are delivering books to individuals, in addition to our range of e-books, digital newspapers and magazines.



### Positive impact on wellbeing

We are running an [A-Z of Wellbeing](#) across our social media channels during January. Each letter links to a range of resources.



## Libraries Unlimited will support disadvantaged children and families in Devon and Torbay to reduce educational inequalities resulting from the pandemic

The disruption to education caused by COVID-19 is hitting disadvantaged children hardest. We work with partner organisations to deliver services to children and families in an effort to improve educational outcomes and promote a love of reading.



### Inspiring a love of reading

Exploring new ways to work in partnership with schools. Virtual school visits via Zoom at Exmouth Library.



### Helping to make Christmas special

Friends of Ilfracombe Library purchased books to go in Christmas parcels delivered by local charity On the Doorstep to over 40 families in need.



### Celebrating different cultures

We celebrated World Nursery Rhyme Week with a [video of favourite rhymes](#) in a variety of languages, for families to join in via social media.



"A huge thank you for offering the Books by Bike service. The joy of new library books!"

Exeter Library

### Supporting children missing books at school

We've boosted non-fiction and Beginner Reads collections to support children's learning thanks to support from local councillor funding.



### Making reading fun

Promoting the Reading Agency's Winter Mini Challenge to reward children for reading while they are not in school.



### Book gifting for families with Under 5s

In partnership with BookTrust we have gifted more than 2000 books to families via pre-schools and the library.

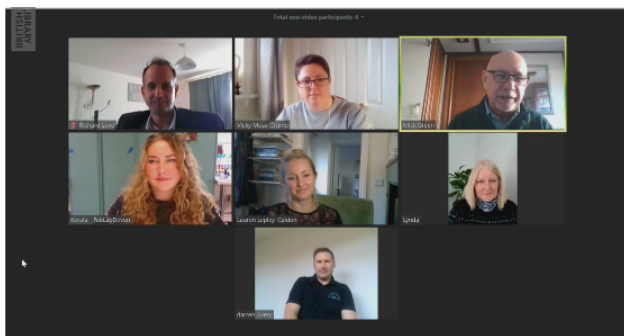
## Libraries Unlimited will support unemployed people and those starting small businesses in order to help the economy of Devon and Torbay recover from the pandemic

The economic and financial impacts of the crisis are already being felt. Many unemployed people will try to start their own small business and we will support them and others seeking work.

# Business & IP Centre Devon

### Targeted business support

Offering access to business experts, peer to peer networking and skills workshops, through funding from DCMS, via the British Library, to develop our Business and Intellectual Property Centre offer.



### Start Up Day

Over 80 attended our workshop as part of the national British Library conference inspiring a new and thriving community of start up business.



### Largest collection of business databases in the SW

Investing in business databases such as Mintel, COBRA, EMIS, British Standards, providing access to market research, risk profiles, global market data, guidance on setting up a business. Visit [BIPC](#) website for more information.

"I would never have got this job without you and I love it so much. Thank you so much."

**Barnstaple Work Club**

### Work Clubs

Our Work Clubs support clients to secure work, helping with CVs, joining online jobsites, and guiding online job applications.

"The contact and communication has been fantastic, you always go above and beyond in your efforts."

**Barnstaple Library**

### Improved employability

We are collaborating with Sunrise, to deliver Employability/English sessions to members of various ethnic communities in North Devon.



### Reset.Restart

Over 50 business owners engaging with this free local offer of experts, workshops and 1:1 support to help transform and future proof their companies.



## Libraries are hubs for community development and regeneration in Devon and Torbay

Lockdown and national restrictions continue to damage communities by breaking bonds and forcing people into isolation. Libraries provide lifeline services for communities through these difficult times.



### Digital Events Programme

Providing remote support and entertainment to communities across Devon and Torbay.

"We have a customer booked to use our computers in January to attend an online/virtual court hearing ... they do not have computer access anywhere else."

**Crediton Library**

### Providing support for changing needs

Meeting changing needs resulting from the pandemic, supporting communities in many unforeseen ways.

"I'm a carer and I've been using my tablet to complete a CV and take an online course on understanding autism. This just wouldn't have been possible before."

**Tiverton Library**

### Ensuring everyone is connected

Working with Devon Carers we distributed new tablet devices and ongoing digital support to isolated and digitally excluded carers.



### Impactful partnerships

Working with local health providers, community groups, and social prescribing networks. Baking for a foodbank supporting Exeter's homeless.



### Lifting community spirits

A Winter Wonderland, to cheer the Barnstaple community and inspire connections.

"The library has been such a godsend through the pandemic"

**Holsworthy Library**

### An essential part of the community

We frequently receive messages highlighting how vital the service is for communities.

# Lifeline services during Lockdown

During national lockdown we are offering local lifeline services to:

- Choose and Collect to support the mental wellbeing and reduce feelings of loneliness and isolation.
- Support learning, which is especially critical now, as the majority of children are learning from home.
- Computer services to support those who do not have a computer, device or internet at home to access essential online government services and job seeking support.

**Choose  
&  
Collect**



**and  
computer  
services**

"Reading books, disappearing into each different world the authors creates, is more important than ever for me at the moment."

**Braunton Library**

"We really thought your call was so reassuring that the library is fulfilling its full role of a caring community resource. THANK YOU...for just being there for those who need to feel they haven't been forgotten and left without a friendly chat and for being pro-active in contacting people."

**Paignton Library**

"You've been brilliant. Thank you for your help to get online. This library has been a life saver"

**Crediton Library**

We continue to offer a full range of online reading, research resources and a vibrant digital events programme for all ages and local business via our social media channels.

## Your library, wherever you are...

Your library card entitles you to free access to our digital libraries, 24/7.



## What's next...

- Virtual Writer in Residence at Exeter Library.
- Devon Libraries app launch, including self issue pilot.
- *What if YOU spoke?* programme of writing masterclasses for young people.
- A new year-round reading challenge for children aged 5-12.
- Bidding for funding to deliver a project to support individuals experiencing grief and loss.
- Arts Award *Discover at Home* to support the creativity of young people.
- Developing our Reminiscence Collection to support individuals with dementia and their carers.
- Creating loanable bags of items for individuals with visual impairments for whom their outdoor world has become unpredictable.
- Reaching out to individuals who are digitally excluded to promote our services to them.
- 'Poet In The City' helping people and places tell their stories across Exeter's libraries
- Launching a Reading Friends scheme aimed at new parents, tackling the social isolation many are feeling at this time.

## Can you help us?

## Contact us about our recovery and renewal work

Tabitha Witherick, Head of Library Service and Customer Experience

[tabitha.witherick@librariesunlimited.org.uk](mailto:tabitha.witherick@librariesunlimited.org.uk)

07976 584697

**Find out more** by visiting [librariesunlimited.org.uk](http://librariesunlimited.org.uk)



Business &  
IP Centre  
Devon



Registered Charity Number: 1170092

Registered Company Number (England and Wales): 9822597

Registered Office: Exeter Library, Castle Street, Exeter, Devon EX4 3PQ



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## Update on Problem Gambling

### Report by the Head of Scrutiny

This report outlines the steps the Scrutiny Committee has taken to influence the law and policy on gambling to safeguard protections for people who might be at risk of problem gambling.

#### Background

On the 7<sup>th</sup> August 2018 this Committee held a Spotlight review using round table discussion with structured questions clustered around three themes:

- Prevention;
- Understanding when gambling becomes a problem;
- Identifying support available when someone is struggling with problem gambling.

This Spotlight review was established following concerns from Councillors on problem gambling. A report by Devon Public Health was presented to the Corporate Infrastructure and Regulatory Services Scrutiny Committee in January 2018, with suggestions from the Scrutiny Team as to how this issue could be constructively reviewed.

Devon County Council is not responsible for the direct provision of gambling establishments, however the impacts of problem gambling are highly likely to have an impact on spend on services for vulnerable people.

Recognising the role that scrutiny can have in bringing different agencies together to collectively problem solve, the scope of this spotlight review was:

- To understand the underlying causes of problem gambling and the challenges associated with problem gambling.
- To explore the ways in which DCC and partners could work together to prevent people who are at risk of problem gambling reaching crisis point.
- To identify the ways in which DCC and partners could work together to support people in Devon who have gambling addictions.

Since this time the Committee has continued to lobby government on its concerns. This paper details the progression of this dialogue.

#### Latest government position

On the 8th December 2020 The Culture Secretary launched a major and wide-ranging review of gambling laws to ensure they are fit for the digital age as committed to in the manifesto. This included commitments to the following:



# Agenda Item 9

- National Lottery minimum age raised to 18 to protect young people
- Online stake limits, gambling advertising and age limits to be considered
- Gambling Commission's role and powers will also be looked at
- Online restrictions, marketing and the powers of the Gambling Commission will be looked at as part of a call for evidence, to examine in detail how gambling has changed over the past 15 years. Protections for online gamblers like stake and spend limits, advertising and promotional offers and whether extra protections for young adults are needed will all be explored

The call for evidence will run for 16 weeks and will close on 31 March 2021. Changes around the National Lottery minimum age will be brought into effect by October 2021 at the latest.

Summary of DCC correspondence and impact

## February 2020 – Letter to Nigel Huddleston MP

The letter outlined concern for problem gambling alongside an acknowledgement of a series of national initiatives. It asserted however that they do not address the underlying damage caused by gambling – particularly on vulnerable people and their families.

| Recommendation                                                                                                             | Addressed? | Response (March 2020)                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gambling online to not be possible                                                                                         | No         |                                                                                                                                                                               |
| Phase out fixed-odds betting terminals                                                                                     | No         |                                                                                                                                                                               |
| Risk-focused targeted advertising                                                                                          | No         | Strict advertising controls for ‘non-broadcast advertisements’ are in place to reduce harm, enforced by the Advertising Standards Authority                                   |
| Public Health to address mental health correlation with gambling (cf. video games, loot boxes, and impact on young people) | Partially  | Significant increase in funding for treatment has been announced July 2019 by five large gambling operators; 1% of their profits, i.e. £100 million over the next four years. |

Currently no plans to address these directly but currently considering a “review of the Gambling Act 2005 to make sure it is fit for the digital age.”

Additional “cross-government addiction strategy” to include gambling

Other work being done to reduce problem gambling, such as:

- From 31 March 2020, signing up to GAMSTOP is mandatory for all online gambling companies; this is a service that “allows individuals to self-exclude from all gambling operators in one go”
- Promotion of “targeted interventions” based on user data to minimise harm

## September 2020 – Letter to Nigel Huddleston MP

The letter expressed disappointment at the “lack of concrete support when looking for solutions around problem gambling.”

| Recommendation                                                                                                  | Addressed?                        | Response (November 2020)                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Urgent review of the Gambling Act 2005 to limit online gambling platforms’ predatory approach</b>            | Yes                               | “Currently finalising the scope of the...Review of the Gambling Act 2005” details forthcoming                                                                                                                                                                                                                                                                             |
| <b>Ensure stronger powers for the Gambling Commission</b>                                                       | No                                |                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Detailed steps to prevent targeted advertising (esp. for younger and high risk people)</b>                   | Partially<br>(detail not set out) | “Gambling advertising...must never be targeted at children or vulnerable people,” and the ASA / Gambling Commission can take action on breaches.<br><br>Additional efforts are being made “to reduce the likelihood of gambling ads being served to children or vulnerable people online.”                                                                                |
| <b>Direct Public Health to address mental health issues around problem gambling (esp. children, loot boxes)</b> | Yes                               | Problem gambling is complex and “tackling societal drivers of suicide, including problem gambling, is one of the priorities...of the National Suicide Prevention Strategy.”<br><br>Regarding loot boxes / gaming; on 23 <sup>rd</sup> September an “8 week call for evidence” was launched including a focus on the harm levels of loot boxes. Steps expected early 2021. |
| <b>Phase out use of FOBTs</b>                                                                                   | No                                |                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Require gambling bodies to contribute more than 1% of profits to treatment</b>                               | No                                |                                                                                                                                                                                                                                                                                                                                                                           |



In addition the Commission launched a series of consultations on proposals for:

- minimum spin speed for online slot games to reduce play intensity
- more detailed requirements on operators to combat overspending by gamblers
- mandated senior oversight and accountability r.e. VIP Schemes

The September 2020 letter also noted the Scrutiny's discussion of:

- Proliferation of advertising by the gambling industry
- More information needed regarding expenditure on gambling rehabilitation programmes
- The pandemic's impact on problem gambling
- Some forms of gambling being acceptable in their minimum impact and pleasure for non-problem gamblers.

These were not formal recommendations and as such were not addressed.

# Agenda Item 9

## Appendix – chronological correspondence



**Phil Norrey**  
**Chief Executive**

Nigel Huddleston MP  
Parliamentary Under Secretary of  
State (Minister for Sports, Tourism  
and Heritage)  
Department for Digital, Culture, Media  
& Sports  
100 Parliament Street  
LONDON SW1A 2BQ

County Hall  
Topsham Road  
Exeter  
Devon  
EX2 4QD

February 2020

Dear Nigel Huddleston MP

### **PROBLEM GAMBLING**

I am writing to you on behalf of the Corporate Infrastructure and Regulatory Services Scrutiny Committee at Devon County Council regarding the issue of problem gambling.

The Scrutiny Committee feels compelled to place on record its members' continued and extreme concern regarding people who have a gambling problem and the wider societal impact caused. This issue has been considered at some length - holding a spotlight review in 2018, looking at what the County Council and partners have within their powers to act upon and exploring and discussing the issue in public committee. (Spotlight review report attached to this letter.)

The Scrutiny Committee acknowledges that, stemming from the recent update to the Gambling Act in 2018, there has been a series of national initiatives to support responsible gambling, including:

- age verification of gamblers
- identity verification of gamblers
- reduction of maximum stake on Fixed Odds Betting Terminals from £100 to £2
- in-match advertising for games starting before the 9pm watershed (does not apply to horse racing)
- An end to remote gambling on credit cards

The Scrutiny Committee has also been made aware of the Gambling Commission's publication in April of last year of its three-year National Strategy to reduce gambling harms. In addition, the January 2019 NHS Long

# Agenda Item 9

Term Plan includes an element directed at gambling and the expansion of NHS specialist clinics to help more people with serious gambling problems.

The Scrutiny Committee, however, asserts that these developments, while valuable, do not address the underlying damage caused by problem gambling and in particular the disproportionate impact that gambling harm has on the most vulnerable in society and their families. Despite efforts at a local level to understand the scale of the problem and to work cross-agency to put services in place, gambling related harm is increasing and it is noted that this is at a time when profits from gambling are also increasing.

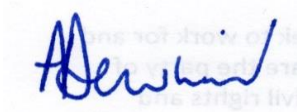
We welcome the Conservative Party manifesto pledge to 'make the UK the safest place to be online'. Devon County Council Scrutiny supports the extension of the remit of the Gambling Commission to cover 'loot boxes', a chance-based reward in exchange bought in online video games.

Problem gambling cannot be solved locally and the Scrutiny Committee therefore requests that the Government act nationally to tackle the escalating problem; specifically but not necessarily exclusively by:

- Moving to a position where it is not possible to gamble online.
- Taking detailed steps to prevent targeted advertising of gambling to the most vulnerable, including under eighteens, and those at higher risk of becoming problem gamblers.
- Acknowledgement and direction to Public Health to address the mental health and suicide correlation with problem gambling, particularly with children. To include the blurring of gamification of gambling for example with loot boxes.
- Phasing out entirely the use of fixed-odds betting terminals (FOBTs).

The Scrutiny Committee very much looks forward to your response to these issues and hopes that you find the attached report of interest.

Yours sincerely



Councillor Alistair Dewhirst,  
Chair: Corporate Infrastructure and Regulatory Services Scrutiny Committee

# Agenda Item 9



## Department for Digital, Culture, Media & Sport

Councillor Alistair Dewhirst  
Chair, Corporate Infrastructure and Regulatory  
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10<sup>th</sup> March 2020

Our Ref:  
MC2020/02903/GM

*Dear Cllr Dewhirst*

Thank you for your February letter in which you shared your authority's report and provided several suggestions on how to reduce gambling harms.

The government is aware of the concerns around gambling and the need to reduce gambling harms, which is why there is lots of work going on around this issue. Please be assured that protecting people from harm is of the utmost importance to government.

Regarding your suggestion to ban online gambling, Fixed Odds Betting Terminals and targeted advertising, I understand the concerns around these but there are currently no plans to ban them. However, we are currently scoping a review of the Gambling Act 2005 to make sure it is fit for the digital age, and more details will be announced about that in due course. In addition, the Secretary of State for Health and Social Care, the Rt Hon Matt Hancock MP, has announced a cross-government addiction strategy that will be published this year, which will include gambling.

There is other work being done to reduce problem gambling. All online gambling companies must allow players to self-exclude from their own gambling products. From 31 March it will be mandatory for online operators to sign up to GAMSTOP (<https://www.gamstop.co.uk/>), which allows individuals to self-exclude from all online gambling operators in one go. This is an important protection for people who recognise that they have a problem with gambling. When a customer self-excludes through GAMSTOP operators must take all reasonable steps to prevent that individual from gambling, and they should receive no marketing material. Failure to comply can result in regulatory action being taken by the Gambling Commission (the commission), which regulates the UK gambling industry. Information on how customers can self-exclude from online gambling platforms can be found at:

<http://www.gamblingcommission.gov.uk/for-the-public/Safer-gambling/Self-exclusion.aspx>.

Alongside this the commission have challenged operators to make progress on the issue of affordability and on customer interaction where they see indications of gambling harms. As all online gambling is account-based, operators know who their customers are, and their patterns of gambling. This provides opportunities for operators to develop solutions that use customer





play data to identify and minimise gambling-related harm. The government considers that targeted interventions based on real-time analysis of customers' patterns of play is a key area of opportunity for online operators to develop, with the aim of implementing more effective approaches to customer interaction and harm minimisation. The commission has published guidance for operators outlining its expectations for customer interaction and harm minimisation. In July 2019, following a consultation, the commission announced stronger requirements for identifying and interacting with consumers, as well as evaluating what works.

On targeted gambling advertising, we have placed strict controls over the content of non-broadcast advertisements. Gambling operators who advertise in the UK must comply with the advertising code of practice issued by the Broadcast Committee of Advertising Practice (BCAP) and the Committees of Advertising Practice (CAP), which are enforced by the Advertising Standards Authority (ASA). They apply across all advertising platforms, including broadcast, online and social media. A wide range of provisions in the codes are designed to protect children and vulnerable adults from harm. More information on the gambling advertising CAP code can be found here: [https://www.asa.org.uk/type/non\\_broadcast/code\\_section/16.html](https://www.asa.org.uk/type/non_broadcast/code_section/16.html).

The gambling industry has its own advertising code – The Gambling Industry Code for Socially Responsible Advertising, which prohibits gambling advertising on television before 9pm, except for bingo and lotteries. In August the ban was extended to include 'whistle-to-whistle' broadcasts of pre-watershed live sport, starting five minutes before the event begins, and ending five minutes after it finishes. This also applies to live streaming of events online. Additional measures include an end to betting adverts in highlight shows and re-runs, and no bookmaker sponsorship of sports programmes screened pre-watershed. The code also bans free sign up offers before 9pm and requires adverts to feature a responsible gambling message for the duration of the advert. The code can be accessed here: <http://igrg.org.uk/wp/index.php/industry-advertising-code/>.

Turning to public health, if the gambling industry fails to provide sufficient funds for treatment services then all options, including a mandatory levy, would be considered. However, it is important to recognise the significant increase in funding for treatment announced by five large gambling operators in July last year. The tenfold increase, from 0.1% to 1% of their profits, will result in £100 million being spent on treatment over the next four years. They have also committed to engage with government, treatment providers and regulators on how these funds are spent.

The NHS's Long-Term Plan announced that the government will expand the number of specialist clinics to help more people with serious gambling problems access support services. This includes up to 14 new NHS clinics being opened nationwide, two of which have already opened in Leeds and Sunderland.

*Yours,*



Nigel Huddleston MP  
**Parliamentary Under Secretary of State for Sport, Tourism and Heritage**



# Agenda Item 9



**Phil Norrey**  
**Chief Executive**

Nigel Huddleston MP  
Parliamentary Under Secretary of  
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September 2020

Dear Nigel Huddleston MP

## **PROBLEM GAMBLING**

Your Ref:MC2020/02903/GM

Thank you for your thoughtful response received on the 10<sup>th</sup> March.

We, as the Corporate Infrastructure & Regulatory Committee, feel dutybound to reply to your letter outlining our disappointment in the apparent lack of concrete support when looking for solutions around problem gambling.

We ask you, again, to show your commitment to eradicating problem gambling by taking the following actions:

1. An urgent review of the Gambling Act 2005, as planned, to include significant limitations on the influence of the predatory approach of online gambling platforms.
2. Stronger powers for the Gambling Commission following the Public Accounts Committee description of this body as 'toothless'. <sup>1</sup>
3. Taking detailed steps to prevent targeted advertising of gambling to the most vulnerable, especially under eighteens, and those at higher risk of becoming problem gamblers.
4. Acknowledgement and direction to Public Health to address the mental health and suicide correlation with problem gambling, particularly with children. To include the blurring of gamification of gambling for example with loot boxes, which particularly appeal to younger people.
5. Phasing out entirely the use of fixed-odds betting terminals (FOBTs).

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<sup>1</sup> <https://www.gov.uk/government/publications/gambling-related-harms-evidence-review/gambling-related-harms-evidence-review-scope> 30/04/20

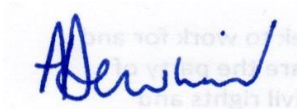
Problem Gambling is an addiction and needs to be treated as one. We certainly would not accept a drug cartel using this approach on national TV streams and online advertising. 1% of the gaming industry's profits for treatment clinics really will not get to the 'root causes' of gambling and we know that families are being ruined and lives are being lost through gambling and we cannot endorse the industry's approach. The digital world is ruthlessly encouraging accessibility to 24/7 gambling where people can lose a fortune in a work 'tea break'.

Please can you look again and demonstrate your leadership on an issue that increasing numbers of MP's are adding their collective concerns. Below are some of the comments that were aired at the last public meeting of our [scrutiny Committee](#):

- Your response did not address, issues relating to the proliferation of advertising by the gambling industry and indirect advertising before the watershed by TV coverage of horse racing;
- The need for further information relating to gambling related tax receipts and expenditure on rehabilitation programmes for problem gambling;
- The impact of the pandemic in terms of problem gambling;
- Noting that some forms of gambling were acceptable in terms of their minimum impact and pleasure it provided for non-problem gamblers.

Devon County Council Scrutiny intends to work with the Gambling Commission and the Centre for Public Scrutiny to continue to raise the profile of this important issue. We intend to be part of a proactive solution around problem gambling.

We look forward to your further thoughts on these matters,



Councillor Alistair Dewhirst,  
Chair: Corporate Infrastructure and Regulatory Services Scrutiny Committee

# Agenda Item 9



Department for  
Digital, Culture,  
Media & Sport

Nigel Huddleston MP  
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Councillor Alistair Dewhurst  
Chair, Corporate Infrastructure and Regulatory  
Services Scrutiny Committee  
Devon County Council  
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18 November 2020

Our Ref:  
MC2020/21852/GM

Dear Alistair,

Thank you for your September letter calling for action to tackle problem gambling. I apologise for the delay in responding to you.

As I set out in my previous response, the protection of children and vulnerable people from the risks of gambling related harm is a priority for government. We are currently finalising the scope of the forthcoming Review of the Gambling Act 2005 and will publish further details in due course, but both the government and the Gambling Commission continue to take action in the mean time to make gambling safer. You may be aware that the Gambling Commission launched a series of consultations in recent months, on proposals which include a minimum spin speed for online slot games to limit the intensity of play, more detailed requirements on operators to check whether customers are spending more than they can afford, and mandated senior oversight and accountability around VIP schemes. This work builds on the fulfilment of our manifesto commitment to ban gambling on credit cards and action to cut the maximum stake on B2 gaming machines from £100 to £2.

Your letter lists a number of concerns for government attention. Some of these were addressed in my previous response and I do not have more to add on those issues at this stage. Where there is further or new information on matters you raise which maybe of interest to you I have detailed it below.

## **Review of the Gambling Act 2005**

We are currently finalising the scope of the forthcoming review of the Gambling Act 2005. We will announce further details as soon as possible but I assure you that there will be an opportunity for you to feed in your views as part of that process.

## **The Gambling Commission**

The Gambling Commission, as independent regulator of the gambling industry, has broad powers to keep gambling fair, open and crime free. These powers include the ability to suspend and revoke operator licences, and to impose fines of an unlimited value where operators are found to have acted irresponsibly or otherwise breached their licence conditions.





You mentioned the Public Accounts Committee's recent report on gambling regulation. You may be interested to know that the government's response to the committee was published in October and can be accessed here:

<https://committees.parliament.uk/publications/2926/documents/28144/default/>

## **Targeted advertising**

You have asked that steps be taken to prevent gambling advertising being targeted at children and vulnerable adults. As set out in my previous letter, gambling advertising is subject to strict controls on content and placement. Adverts must never be targeted at children or vulnerable people and both the Advertising Standards Authority and the Gambling Commission can take action in the case of a breach of these rules. Guidance published by the Committee for Advertising Practice (CAP) and the Broadcast Committee for Advertising Practice makes clear that gambling ads must never appear in media created for children or for which children make up 25% or more of the audience. This applies to both broadcast media, including TV programs, and online.

In addition, at the Gambling Commission's urging, industry has recently committed to take additional action to reduce the likelihood of gambling ads being served to children or vulnerable people online. The latest edition of the Gambling Industry Code for Socially Responsible Advertising came into force at the beginning of October and requires that operators target ads only at those aged over 25 on social media, age-gate their Youtube content to exclude under 18s, and make efforts to ensure those who have self-excluded from gambling online or have been identified as potentially at risk of gambling harm be excluded from social media marketing activity. Further, industry body the Betting and Gambling Council has collated a comprehensive list of internet search terms often used by those looking for support or treatment for problem gambling, to ensure that vulnerable people using these terms are not served gambling ads. This built on existing rules on advertising during the day time and early evening on television, which mean only those products associated with the lowest rates of problem gambling like lotteries for good causes and Bingo can advertise before the watershed.

You may also be interested to know that CAP is currently consulting on strengthening rules on the content of gambling advertising for the protection of children and vulnerable adults. You can read more about that consultation and respond here:

<https://www.asa.org.uk/news/consultation-on-new-strengthened-rules-and-guidance-for-gambling-ads-to-protect-children-and-young-people.html>.

## **The impact of problem gambling on mental health**

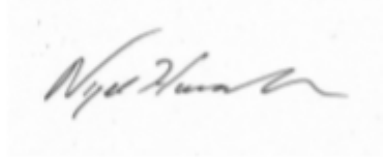
Problem gambling is a complex issue and the factors that contribute to its development vary from person to person. However, we know that there may be wider lifestyle factors associated with problem gambling that may link to poor mental health, and that problem gambling can create a cycle of debt that can also have a significant impact on mental health and wellbeing. Tackling societal drivers of suicide, including problem gambling, is one of the priorities highlighted in the fourth progress report of the National Suicide Prevention Strategy, published in 2019. The 2019 Cross-Government Suicide Prevention Workplan highlights work across government to explore the impact of problem gambling and suicide.

## **Loot boxes and gambling-like mechanisms in video games**

The government is aware of concerns that entertainment products, such as some video games, could encourage gambling-like behaviour, and takes these concerns very seriously.

# Agenda Item 9

We committed in our manifesto to tackle issues around loot boxes and on 23 September we launched an 8 week call for evidence which includes a focus on whether loot boxes cause harm and, if so, the nature of the harm. This will put us on the best footing to take any action that is necessary. We expect to set out next steps early next year.



Nigel Huddleston MP  
Parliamentary Under Secretary of State for Sport, Tourism and Heritage





## **Corporate Infrastructure and Regulatory Services Scrutiny Committee**

### **Community Support During Lockdown Standing Overview Group**

2:30pm, 30<sup>th</sup> November 2020  
Virtual Meeting on MS Teams  
Notes from the session

#### **Membership – all Members of CIRS Committee.**

Present:

Councillors A Dewhirst (Chair), P Colthorpe (Vice-Chair), Y Atkinson, J Berry, C Slade, C Whitton, P Crabb, (R Croad).

#### **Update on the Winter Grant Scheme By Councillor Croad**

(<https://www.gov.uk/government/news/new-winter-package-to-provide-further-support-for-children-and-families>)

Just over £2 million in funding has been provided to DCC by central government. 80% of this is to be used to provide food, with the remainder being linked with Local Authority responsibilities around the COVID-19 Hardship Fund which provides Council Tax relief.

(<https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance>).

This support will take the form of vouchers, distributed by email (or by post where email is not possible) that can be used primarily in supermarkets. As a secondary measure, where supermarket food is not suitable or desirable for the recipient, the vouchers can be used at eligible food kitchens, cafes, restaurants, and so on.

#### **Members' questions:**

Q: What would be the logistics of the voucher scheme for use in restaurants, cafes etc?

A: For pragmatic reasons, the voucher scheme is designed predominately to provide food for use in supermarkets which is the favoured medium, with the alternative only being in cases where, for example, a family does not have access to cooking facilities. There are grants available for local businesses to help vulnerable people outside the remit of the voucher system.

# Agenda Item 10

## **Community Support During Lockdown Presentation by Simon Kitchen**

Over the course of the COVID-19 pandemic and the first national lockdown there have been several lessons learned. Central government's primary concern when the March lockdown was enacted was concern about the 'clinically extremely vulnerable' and providing support so their basic needs could be met; primarily in terms of delivering food parcels. The lessons learned from this centralised approach included:

- The sheer logistical scale of the process.
- Data collection issues, where failure to maintain up to date contact detail especially for the vulnerable can cause big problems.
- A tailored approach is important – the government provided standard food parcels with little variety or input leading to issues around dietary requirements and preferences.

Devon County Council pushed back at local government with the message that 'local is best' – there is far more potential for such a vital system to work efficiently – there are many companies and organisations that demonstrated during lockdown the will to help the most vulnerable – but this needs to be backed up by funding and planning.

When considering a localised system there are a number of considerations borne out by the first national lockdown:

- Co-operation and communication are important. There were instances of people getting multiple food deliveries in a week which, at a base level, is an inefficient use of resources.
- Some longer-standing, larger companies were not willing to co-operate with others in providing food for the vulnerable.
- Many organisations were providing food in a manner that, long-term, was too costly and inefficient to be sustainable. The example given was a food bank approaching the Council and asking for their £25,000 per month outgoings in COVID response to be funded by the Council, which given the number of food banks in Devon would total to approximately £15m and would not address the underlying needs of the community.

The proposed solution to the above issues would be establishing food networks with the principle that within each community a network with a single food organisation at its centre could help alleviate some of the logistical issues. The hope with this system is that, over time, these organisations would serve to 'anchor' community support within these districts and promote longer term discussions about alleviating food poverty in a sensible, efficient and sustainable way – serving the environment and supporting the local community at the same time.

### **Members' questions:**

Q: How will the residents be informed / signposted to what support is possible and who will be the contact points for further information?

A: In terms of the food vouchers, the DCC website will provide a briefing for members and details publicly available for all parents. With reference to the 'food networks,' there will be a single point of contact in each district when this has been set up. The scheme will be announced at Full Council and further details to follow.

