



Town Hall, Castle Circus,
Torquay, Devon TQ1 3DR
Main Switchboard (01803) 201201
Fax (01803) 207006 DX 59006

Wednesday, 16 October 2019

Meeting of the Council

Dear Member

I am pleased to invite you to attend a meeting of Torbay Council which will be held in **Main Hall, Spires College, Westlands Lane, Torquay, TQ1 3PE** on **Thursday, 24 October 2019** commencing at **5.30 pm**

The items to be discussed at this meeting are attached.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Steve Parrock".

Steve Parrock
Chief Executive

(All members are summoned to attend the meeting of the Council in accordance with the requirements of the Local Government Act 1972 and Standing Orders A5.)

A prosperous and healthy Torbay

Download this agenda via the free modern.gov app on your [iPad](#), [Android Device](#) or [Blackberry Playbook](#). For information relating to this meeting or to request a copy in another format or language please contact:

June Gurry, Town Hall, Castle Circus, Torquay, TQ1 3DR

Email: governance.support@torbay.gov.uk - www.torbay.gov.uk

Meeting of the Council Agenda

1. **Opening of meeting**
2. **Apologies for absence**
3. **Minutes** (Pages 4 - 9)
To confirm as a correct record the minutes of the meeting of the Council held on 26 September 2019.
4. **Declarations of interests**
 - (a) To receive declarations of non pecuniary interests in respect of items on this agenda
For reference: Having declared their non pecuniary interest members may remain in the meeting and speak and, vote on the matter in question. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.
 - (b) To receive declarations of disclosable pecuniary interests in respect of items on this agenda
For reference: Where a Member has a disclosable pecuniary interest he/she must leave the meeting during consideration of the item. However, the Member may remain in the meeting to make representations, answer questions or give evidence if the public have a right to do so, but having done so the Member must then immediately leave the meeting, may not vote and must not improperly seek to influence the outcome of the matter. A completed disclosure of interests form should be returned to the Clerk before the conclusion of the meeting.

(**Please Note:** If Members and Officers wish to seek advice on any potential interests they may have, they should contact Governance Support or Legal Services prior to the meeting.)
5. **Communications**
To receive any communications or announcements from the Chairman, the Elected Mayor, the Overview and Scrutiny Co-ordinator, the Council's representative on the Heart of the South West Joint Committee or the Chief Executive.
6. **Public question time** (Pages 10 - 11)
To hear and respond to any written questions or statements from members of the public which have been submitted in accordance with Standing Order A24.
7. **Members' questions** (Pages 12 - 13)
To respond to the submitted questions asked under Standing Order A13.

8. **Torbay Adult Social Care April 2020 - March 2023** (Pages 14 - 23)
To consider the report and the recommendations of the Cabinet.
9. **Development or disposal of land at Garfield Road (part Victoria Centre), Paignton** (Pages 24 - 45)
To consider a report and the recommendations of Cabinet, that seek to release land at Garfield Road to, and delivery of a scheme by, a development partner.
10. **Port Masterplan (Addendum)** (Pages 46 - 74)
To consider the submitted report and recommendations of the Cabinet on a proposed addendum to the Port Masterplan (Policy Framework document).
11. **Treasury Management Mid-Year Review 2019/20** (Pages 75 - 87)
To note a report that sets out the Treasury Management decisions made during the first part of 2019/20.
12. **Appointment of Overview and Scrutiny Lead Member**
To appoint the Overview and Scrutiny Lead Member for Place.
13. **Standing Order D11 (in relation to Overview and Scrutiny) - Call-in and Urgency** (Page 88)
To note the schedule of Executive decisions to which the call-in procedure does not apply as set out in the submitted report.

Note

An audio recording of this meeting will normally be available at www.torbay.gov.uk within 48 hours.



Minutes of the Council **(Council decisions shown in bold text)**

26 September 2019

-: Present :-

The Worshipful The Mayor of Torbay (Councillor Douglas-Dunbar) (In the Chair)
Deputy Civic Mayor of Torbay (Councillor Manning)

Councillors Amil, Atiya-Alla, Barrand, Brooks, Brown, Bye, Carter, Cowell, Steve Darling, Dart, Doggett, Dudley, Ellery, Foster, Hill, Howgate, Kavanagh, Kennedy, Law, Barbara Lewis, Chris Lewis, Long, Loxton, Mills, Morey, O'Dwyer, Pentney, Sykes and John Thomas

55 Opening of meeting

The meeting was opened with a prayer.

56 Apologies for absence

Apologies for absence were received from Councillors Mandy Darling, Heyse, Stockman, David Thomas and Jacqueline Thomas.

The Monitoring Officer advised that Councillors Barrand and Sykes had indicated they would be leaving the meeting early.

57 Minutes

The Minutes of the Extraordinary meeting of the Council held on 22 August 2019 were confirmed as a correct record and signed by the Worshipful the Mayor of Torbay.

58 Declarations of interests

Councillor Loxton declared a non-pecuniary interest in respect of Minute 65 as he was associated with a tenant at the site.

Councillor O'Dwyer declared a pecuniary interest in respect of Minute 65.

59 Communications

The Worshipful the Mayor of Torbay welcomed Pat Teague, Trustee of Healthwatch Torbay to the meeting. Members then received a presentation from Mrs Teague on the results of Healthwatch Torbay's survey work on 'What does it feel like to be a young person living in Torbay?'

The Worshipful the Mayor of Torbay further announced that her Civic Lunch held on 9 August 2019 at the Riviera International Conference Centre was a success and thanked those who attended. The event raised over £200 towards the Worshipful the Mayor of Torbay's charities, Torquay Museum and the RNLI.

The Leader of the Council:

- a) thanked Healthwatch Torbay for their work on 'What does it feel like to be a young person living in Torbay?' and advised that he was keen to involve the young people of Torbay in the development of the Council's vision for Torbay;
- b) welcomed the fact that Torbay had achieved Future High Street funds for Paignton and had been invited to develop proposals for the Government's multi-million pound Towns Fund Scheme for Torquay; and
- c) thanked all those who participated in the Council's first Community Conference, particularly members of the community, and advised the Council would be changing the way it engaged with the community.

The Overview and Scrutiny Co-ordinator:

- a) thanked Councillor Kennedy for her work on reviewing the Land Release Fund which was presented to the Overview and Scrutiny Board on 19 September 2019; and
- b) advised that the Turning the Tide on Poverty and Climate Change Task and Finish Groups were due to commence and encouraged members' participation and involvement.

60 Members' questions

Members received a paper detailing questions, notice of which had been given in accordance with Standing Order A13. The paper also contained the answers to the questions which had been prepared by Councillors Carter, Cowell, Steve Darling and Morey, and was circulated prior to the meeting.

Supplementary questions were put and answered by Councillors Carter, Cowell, Steve Darling and Morey, arising from their responses to the questions.

61 Echo Building, St James Road, Torquay - Consideration of Community Proposal

The Council considered the recommendation of the Cabinet on a proposal for the disposal of the freehold interest of the Echo Building, Torquay, under the Council's Asset of Community Value Policy (as set out in the submitted report). It was noted the offer received for the building was below market value, but the purchaser had evidenced significant added benefit for the community through the projects and initiatives intended to be implemented at the property.

Councillor Long proposed and Councillor Law seconded a motion, which was agreed (unanimously) by the Council as set out below:

that the Interim Director of Place, in consultation with the Chief Executive, be authorised to dispose of the freehold interest of land and building known as the Echo Building, St James Road, Torquay, as shown on Plan EM3127 set out at Appendix 1 to the submitted report, at below market value to the King's Arms Church Charity. The disposal will include a first refusal buy back provision in favour of the Council and a suitable provision that will enable the Council to recover any uplift in value should the community group dispose of the building at a future point for any alternative use.

(Note: Councillor Barrand left the meeting after this item.)

62 Additional Funds for Special Educational Needs and Disabilities

Members considered the submitted report on proposals to extend funding to ensure the Council was meeting its statutory obligations under the Special Educational Needs and Disability Code (SEND). It was noted the SEND aimed to integrate education, social care and health support to improve outcomes for children and families. A revised officer recommendation was circulated prior to the meeting.

Councillor Law proposed and Councillor Steve Darling seconded a motion, which was agreed (unanimously) by the Council as set out below:

that the Education budget is allocated up to an additional £200,000 to support Special Educational Needs and Disabilities from the Comprehensive Spending Review Reserve in 2019/2020. The Education budget is rebased as part of the 2020/2021 budget proposals with an additional maximum investment up to £650,000.

63 Appointment of Independent Person for Audit Committee

The Council considered the proposal of the Audit Committee to appoint and co-opt an Independent Person on the Audit Committee as recommended by CIPFA's 'Audit Committees: Practical Guidance for Local Authorities and Police' 2018 edition. A revised officer recommendation was circulated prior to the meeting.

Councillor Carter proposed and Councillor Loxton seconded a motion, which was agreed (unanimously) by the Council as set out below:

- (i) that the advert and role profile as set out in Appendix 1 to the submitted report be approved;**
- (ii) that authority be delegated to the Employment Committee to appoint an Independent Person for the Audit Committee for an initial term of 5 years, in accordance with the role profile set out in Appendix 1 to the submitted report; and**
- (iii) that the Monitoring Officer updates the Constitution to reflect the appointment of an Independent Person to the Audit Committee and Employment Committee's role in the appointment process.**

64 Standing Order D11 (in relation to Overview and Scrutiny) - Call-in and Urgency

Members noted the submitted report setting out three executive decisions taken by the Cabinet (namely Investment Opportunities referenced 1/7/19, 2/7/19, 3/7/19, 5/6/19 and 6/7/19) to which the call-in procedure did not apply.

65 Compulsory Purchase of Crossways Shopping Centre, Paignton

The Council considered a proposal to progress the acquisition/compulsory purchase of land at Crossways, Paignton, to facilitate regeneration of the site for mixed use with retail units and extra-care residential accommodation, as set out in the submitted report.

Councillor Long proposed and Councillor Chris Lewis seconded a motion, which was agreed (unanimously) by the Council as set out below:

- (i) that delegated authority be given to the Chief Executive to continue negotiations with Gaelic Investment and their tenants, to acquire by agreement the land at Crossways identified red and blue on the plans attached at exempt Appendix 2 to the submitted report, and any other land, interests or rights subsequently required in consultation with the Cabinet Member for Economic Development, Tourism and Housing and Section 151 Officer on any Heads of Terms;**
- (ii) that, having taken into account the options to acquire the Crossways Shopping Centre, Paignton, the making of the Compulsory Purchase Order for the site be approved under section 226(1)(a) of the Town and Country Planning Act 1990, as outlined below, for land (as shown edged in red and blue on the plans attached at exempt Appendix 2 to the submitted report) and any other land, interests or rights subsequently required to deliver the redevelopment. The Chief Executive be given delegated authority to give effect to this decision, including:**

- (a) the taking of all necessary steps required to secure the making of the CPO and for the subsequent confirmation and implementation of the CPO including the publication and service of all notices, statement of reasons and presentation of the Council's case at public inquiry, if necessary, to secure confirmation of the Compulsory Purchase Order by the Secretary of State;**
 - (b) to carry out any surveys on the Order Land and enter as may be required in order to deliver the proposed development by Compulsory Purchase Order(s) which the Council is authorised to carry out either by consent of the relevant landowner or under section 172 to 179 of the Housing and Planning Act 2016;**
 - (c) to enter into agreement(s) with any person or body to secure the withdrawal of objections to the Compulsory Purchase Order(s) and/or to negotiate and agree terms for the acquisition by agreement of any land, interests or rights as may be required for the scheme; and**
 - (d) to pay all necessary compensation either as agreed or as determined by the Lands Chamber of the Upper Tribunal in relation to the acquisition of land and other interests or for the overriding or acquisition of rights.**
- (iii) that Council delegate to the Chief Finance Officer the approval of the expenditure of monies (including by prudential borrowing if necessary) required to cover the acquisition of the land at Crossways identified red and blue on the plan attached at exempt Appendix 2 to the submitted report, and any land, interests or rights as may be required for the scheme, either by agreement or by CPO, on the basis that there continues to be a clear business case for the provision of mixed use with retail units and extra-care residential accommodation, which demonstrates how the monies are to be used, and how any prudential borrowing (if necessary) is to be repaid;**
- (iv) that, once the land identified red and blue on the plan attached at exempt Appendix 2 to the submitted report has been acquired either by negotiation or via a CPO, Council approve the disposal of this land to the Council's Housing Company at Nil Value in return for nomination rights under the Local Government Act 1972: General Disposal Consent 2003; and**
- (v) that Council approve Prudential borrowing of up to £11million in order deliver the Project, and authorise a loan for a capital purpose to the Housing Company, with the terms of the loan to be delegated to the Chief Finance Officer in consultation with the**

Cabinet Member for Finance, on the basis that there continues to be a viable business case for the redevelopment of Crossways, Paignton.

(Note 1: Prior to consideration of Minute 65: Councillor O'Dwyer declared his pecuniary interest and left the meeting; and Councillor Loxton declared his non-pecuniary interest as detailed in Minute 58 above, took part in debate and voted on the item.)

(Note 2: During consideration of Minute 65, Councillor Sykes left the meeting.)

66 Cabinet Recommendation - Investment Opportunity

The Worshipful the Mayor of Torbay advised that there were no recommendations from the Cabinet and therefore this item was withdrawn from the agenda.

The Worshipful The Mayor of Torbay

**Meeting of the Council, Thursday, 24 October 2019
Public Question Under Standing Order A24**

Public Question (1) from Julie Harrison to the Cabinet Portfolio Holder for Adults and Public Health (Councillor Stockman).

I would like to again draw your attention to the subject of 5G frequency emissions, and its potential adverse health effects on our community in which I've lived for 55 years.

5G technology, which uses the "pulsed millimetre frequency spectrum" has had no adequate or credible long term health testing on anything organic that has life force energy. This, of course, includes human beings, and I urge you to very seriously consider whether you will allow the installation and operation of 5G in our town until there is further testing, and much more clarity and truth about its consequential health effects on human beings, especially children and the environment including trees, pollinators, animals, birds and insects. There is a massive worldwide resistance to the prospect of exposure to this unprecedented level of debilitating frequency emissions that has never had any finite health assurances from either the providers or from central government.

Other towns in the UK, Glastonbury and Frome have invoked the "Precautionary Principle" and Totnes Council have opted to declare a "Moratorium". There are also many other UK towns and cities that are currently and imminently deliberating to "press the pause button" in order to first fully understand and comprehend the ramifications of 5G in order to make a correct and informed decision. It would be commendable, and correct for this council to be seen to be proactive by demonstrating a 'duty of environmental care' to your community by at least taking the precautionary route. The subject of 5G has been, and is still a current debate in the "parliamentary halls" due to lack of health assurances, more and more MPs are expressing their concerns.

At some point in the near future, as a Council, you will be approached by government endorsed contractors to begin the process of 5G hardware and street furniture installation, (they no longer need planning consents or permissions for this work) I suggest and urge you to begin to formulate a policy and a stance for this eventuality, preferably, no to 5G is a good choice for health and wellbeing, especially for our current generations children who are certainly the most at risk from from the effects of this particular type of radiation.

In my own experience so far, the preliminary installation process will normally begin, with indiscriminate and selective tree felling, as trees inhibit the 5G signal. Also there maybe a compulsory directive for you to upgrade your street lighting and street furniture in order to host 5G urban aerals every 100 metres. You may well be asked to contribute to this cost of installation.

I was appalled to see the recent tree felling in Italy, of avenues of ancient trees in a semi-rural town reduced to stumps to make way for 5G, this is a typical and ongoing procedure worldwide, are you prepared to endorse this?

I would emphatically implore all of you here, who serve the community as their responsible representatives, to be proactive in this matter, and do please look at and read the information folders that I have left for each you.

Please do consult with the residents and listen to their wishes, fears and health concerns, because you as a council have the immediate responsibility for community health and wellbeing, and also the responsibility if you are negligent in not being proactive to address these concerns especially if there are then later consequences to be answered.

I am concerned enough to put myself at your disposal to explain 5G further at your leisure, or to arrange a presentation with peer-reviewed evidence and/or expert witnesses on the subject (both medical and scientific) to help you to have a better overview and understanding of 5G in order to make an informed and balanced decision of what this council should do next.

Agenda Item 7

Meeting of the Council, Thursday, 24 October 2019

Questions Under Standing Order A13

A member may only submit three questions for consideration at each Council Meeting. Each member will present their first question in turn, when all the first questions have been dealt with the second and third questions may be asked in turn. The time for member's questions will be limited to a total of 30 minutes.

Question (1) by Councillor Chris Lewis to the Leader of the Council (Councillor Steve Darling)	In the past the Conservatives have offered the role of Civic Mayor to opposition members on a number of occasions. The Partnership, according to their agreement, will not be offering the role of Civic Mayor to a Conservative Councillor whilst the partnership are in control of the Council. By taking this action the Partnership is excluding a number of long standing and distinguished Members from holding the non political office of Civic Mayor. Will the Leader of the Council please inform us why the Partnership has decided to take this action?
Question (2) by Councillor David Thomas to the Leader of the Council (Councillor Steve Darling)	Can the Leader of the Council please provide a 'line by line' document outlining the cost of the second phase of Town Council Consultation. The document should include officer time, printing of material, room hire, direct mailing, creation of videos, online promotions and any other items of expenditure.
Question (3) by Councillor O'Dwyer to the to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	Is the Council in breach of the Equalities Act, given there are some unpassable and inaccessible public pavements for elderly or disabled residents across the bay, when it is reasonable and reasonably easy to provide alternative options of widening said pavements or for example removing offending obstacles. What are the requirements of the Acts in this respect regarding public spaces and highways?

Second Round

Question (4) by Councillor O'Dwyer to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	Who are our independent sector specific advisors on the New Company that has recently been incorporated that will be taking over responsibility for the services currently delivered by Tor2 next July who are supporting both our creation and the implementation of that new business, and can you also provide the names of the legal and financial specialists supporting the authority on this project?
Question (5) by Councillor Chris Lewis to the Cabinet Member for Infrastructure, Environment and Culture (Councillor Morey)	The proposed Torquay Road zebra crossing opposite Preston Conservative Club and Pembroke Surgery is important to residents and vital for safety reasons. At Council on 18 July 2019 the Interim Director of Place in consultation with the Cabinet Member for Infrastructure, Environment and Culture were requested to consider a relevant business case for a pedestrian crossing on Torquay Road, Preston within 3 months. Can the Portfolio Holder for Infrastructure, Environment and Culture please provide an update on the proposed pedestrian crossing?

Third Round

<p>Question (6) by Councillor O'Dwyer to the Cabinet Member for Economic Regeneration, Tourism and Housing (Councillor Long)</p>	<p>The wholly owned housing companies were agreed in principle to be transferred in December 2018 to the TDA and building progressed at speed with the grant of funding, can you provide an urgent response on their progress and the current status of the new registered housing provider?</p> <p>What planning permissions have now been granted, what land has been transferred to them so far and for what consideration.</p> <p>A Chief Executive decision titled 'Allocation of Affordable Housing Budget' published on 7 December 2017, provides up to £100,000 from the Council's Affordable Housing budget to the Housing Company to fund the necessary works to obtain planning permissions on sites at Totnes Road and Redwell Lane, I believe only one of these sites was progressed to a full planning application and according to Companies House the Housing Companies themselves never spent any money. Could you advise the Council as to the current position with regards to this £100,000 allocation?</p>
--	---



Meeting: Cabinet/Council

Date: 15 October 2019/24 October 2019

Wards Affected: ALL

Report Title: Adult Social Care Risk Share April 2020 – March 2023

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately, for commencement April 2020.

Cabinet Member Contact Details: Cllr Jackie Stockman, Cabinet Member for Adult Services and Public Health, Jackie.stockman@torbay.gov.uk

Supporting Officer Contact Details: Joanna Williams, Interim Director of Adult Social Services, 01803 2017175, Joanna.williams@torbay.gov.uk

1. Proposal and Introduction

1.1 The Proposal

This report seeks Council's approval for the renewal of the integration of Adult Social Care in joint financial arrangements and a 'risk share' with Torbay and South Devon NHS Foundation Trust and Devon Clinical Commissioning Group.

1.2 Service Delivery and cost

The Council seeks to deliver Adult Social Care which is affordable to the Council, to protect the integrated arrangements and to maintain our focus on high quality services for the most vulnerable Torbay residents.

The proposed arrangements build on the well-established and successful shared services with Torbay and South Devon NHS Foundation Trust, acknowledging increasing need and demand for all partners. Practically, this means that Torbay and South Devon NHS Foundation Trust will continue to provide Adult Social Care for Torbay Council, via integrated locality community teams and, in the case of Mental Health, via the Devon Partnership Trust.

1.3 The NHS and Council's powers to pool health and social care budgets

Section 75 partnership agreements are legally provided by the NHS Act 2006. They allow budgets to be pooled between local health and social care organisations and Local Authorities.

Resources and management structures can be integrated and functions can be reallocated between partners. The legal flexibility allows a strategic and arguably more efficient approach to commissioning local services across organisations and a basis to form new organisational structures that integrate health and social care.

The current integrated arrangements, under Section 75, have been recognised as national best practice.

2. Reason for Proposal

2.1 Current Arrangements

Health and social care have been integrated in Torbay since 2005; with a long standing commitment to join staff and monies to do the best for patients and the system. The integrated services are embedded in joint locality teams in Torquay, Paignton and Brixham. With other joint back office functions to maximise efficiencies.

Most importantly, Torbay residents experience a good service. This can be evidenced by the fact that Torbay performs well in the following key NHS metrics, for example in Delayed Transfers of Care (DTC) - Torbay's DTC performance in June 2019 was second best in the South West, and 8.5 delays per day per 100,000, well under the England average of 10.1.

Torbay also does well in several key Adult Social Care performance indicators, particularly with regards to older people being supported to live independently for longer and the amount of people receiving integrated health and social care reablement.

2.2 Joint Services with the NHS

Our arrangements are atypical of most Local Authority arrangements for Adult Social Care and it is acknowledged that Adult Social Care appears to cost more in our system – but this has always been the intention with this system. This is because we behave differently, focussing on what's best for the person and what is the most efficient way of delivering services. Certain tasks and services are better for vulnerable people, cheaper and more convenient, when undertaken by Social Care rather than Health. For example, domestic carers are supported to safely undertake some tasks (such as putting cream on an older person's legs) which would be undertaken by a nurse elsewhere in the country. This means that the older person only sees one person, whom they trust, and the nurses are freed up to see more complex patients.

Under a joint arrangement with the NHS, general Adult Social Care behaviour and activity is broader than in a traditional local authority. Social Work establishment levels are higher, costs of Adult Social Care packages are higher than comparators due to earlier hospital discharge; our domestic care bill is higher and 'rapid response' in house domestic carers concentrate on very high acuity people.

In order to account for this, the Risk Share includes a contribution from the NHS, to cover the 'health premium' in Adult Social Care, which has been assessed as being at least £3m per year.

2.3 Understanding Adult Social Care Spend

Partly due to the reasons as outlined in 2.2 above Torbay's Adult Social Care spend benchmarks high in our CIPFA family group and there is a pressing need to manage and reduce the spend and control the risk to the Council.

In order to fully define costs, it's crucial to understand that both back office and operational functions have been integrated for a substantial period of time, and it is difficult to definitively categorise a substantial number of posts. In addition, there is an acknowledgement that the Integrated Care Organisation uses social care funding innovatively as outlined above; and future separation of these functions would not necessarily replicate this model and spend.

The Council has arranged for an LGA nominated expert to validate the ICO's accounting for Adult Social Care spend, and to make recommendations on benchmarking and improved governance of this area going forwards.

2.4 Managing cost

The first priority is to focus on maximising people's independence and quality of life, which will reduce the Adult Social Care spend and demand. This is particularly pressing in key areas where costs are high and we benchmark poorly – volume of people in the 18 to 64 age group.

The Council intends to commission Newton Europe to undertake a diagnostic, focussing on the 18-64 age group. It is anticipated that this will identify and release further savings, whilst protecting the support for these vulnerable people.

3. Recommendation(s)/Proposed Decision

That Cabinet recommend to Council:

- 3.1. That the continued integration of Torbay's Adult Social Care with Torbay and South Devon NHS Foundation Trust and Devon Clinical Commissioning Group be approved for the period 1 April 2020 to 31 March 2023 and that the Chief Executive be given delegated authority to finalise the arrangements for the same in consultation with the Leader of the Council and Cabinet Member for Adult Social Care on the following basis:

- 3.1.1. The Torbay Adult Social Care Risk Share 2020 to 2023 agreement will be under the powers outlined in S.75 NHS Act 2006. Under these arrangements, the Council retains legal responsibilities for the provision of Adult Social Care in accordance with the Care Act 2014, the Mental Capacity Act 2005 and the Mental Health Act 1983, but these be delegated to Torbay and South Devon NHS Foundation Trust; and

- 3.1.2 The agreement to be based upon the following conditions;

- A capped financial commitment from Torbay Council per year of £45 million for core spend, plus £2 million additional funding to acknowledge the spend is currently unacceptably over this level for the period of the agreement;

- A non-recurrent additional payment of £1 million in 2020/2021;
- An acknowledgement of the Torbay 'Health Premium' being at least £3 million per annum;
- An understanding that all parties need to work together to deliver savings of £2 million per year in respect of the costs of Adult Social Care; and
- That partners prioritise working together on an Adult Social Care Improvement Plan, and that the same is overseen by senior officers from all partners, which includes a review of governance so as to ensure the Council's appropriate involvement, and includes a joint approach to maximising estates and economic development opportunities in Torbay.

Background documents:

NHS Act 2006, Section 75

Adult Social Care Outcomes Framework (ASCOF) – including Adult Social Care survey results.

Adult Social Care benchmarking information (Local Government Association)

Section 1: Background Information

1.	What is the proposal / issue? The Council seeks to deliver adult social care which is affordable to the Council, protects the integrated arrangements and maintains our focus on high quality and joined up, services for the most vulnerable Torbay residents. The proposals are to continue the joint arrangements for a further three years, commencing 1 st April 2020. This will build on the successful shared services with Torbay and South Devon NHS Foundation Trust, acknowledging increasing cost, while delivering Torbay Council's continued commitment to vulnerable adults in Torbay.
2.	What is the current situation? Adult Social Care in Torbay is provided by Torbay and South Devon NHS Foundation trust. Social Workers are based in integrated locality teams and all management and back office functions are shared. These successful arrangements have been in place since 2005 in the community, underpinned more latterly by a financial risk share arrangement which allows the Trust to be flexible and innovative with resources.
3.	What options have been considered? The alternative option would be to return the services to Council provision, which is not currently being proposed as an option. If these proposals are not endorsed by Council, a full options appraisal for alternatives will be developed.
4.	What is the relationship with the priorities within the Partnership Memorandum and the Council's Principles? The shared arrangements for Adult Social Care support the council's priorities in terms of: Priorities: <ul style="list-style-type: none">• Thriving People and Communities – these proposals aim to deliver high quality services for people, maximise people's independence and support communities.• A Council Fit for the Future – these proposals are underpinned by a commitment to work with partners in order to address key priorities such as maximising support and independence for people of working age, developing the local care market and maximising the efficiencies of working together.

	<p>Principles:</p> <ul style="list-style-type: none"> • Use reducing resources to best effect – the proposals are supported by a shared delivery plan which will focus on key areas where we can improve services and efficiency. • Reduce demand through prevention and innovation – the Adult Social Care model embedded in this approach is one of co-design with local communities and looks to innovate across health and social care. • Integrated and joined up approach – these proposals are an exemplar of integration with health and social care, and seek to extend the partnership further with the community and voluntary sector (via the delivery plan).
5.	<p>How does this proposal/issue contribute towards the Council’s responsibilities as corporate parents?</p> <p>N/A</p>
6.	<p>How does this proposal/issue tackle poverty, deprivation and vulnerability?</p> <p>N/A</p>
7.	<p>How does the proposal/issue impact on people with learning disabilities?</p> <p>Services for people with learning disabilities, mental health issues and autism are included in the risk share arrangements. Via the existing services and delivery plan, there is a focus on quality of life, independence and support for people affected by these issues, including carers.</p>
8.	<p>Who will be affected by this proposal and who do you need to consult with? How will the Council engage with the community? How can the Council empower the community?</p> <p>People who may be eligible for care and support via The Care Act 2014 are affected. There is no requirement to consult because no changes to service delivery are being proposed.</p>

Section 2: Implications and Impact Assessment

9.	<p>What are the financial and legal implications?</p> <p>Torbay Council is proposing the arrangements are from 1 April 2020 to 31 March 2023. The agreement includes the following pre-requisite conditions:</p> <ul style="list-style-type: none">• A capped financial commitment from Torbay Council of £45 million core spend, plus £2 million additional to acknowledge the spend is currently unacceptably over this level.• A non-recurrent additional payment of £1million in 20/21 to acknowledge the spend is over the funding envelope. <p>This will be governed by a full legal agreement, under the powers outlined in the NHS Act 2006, Section 75.</p> <p>Under these arrangements, the Council retains legal responsibilities for the provision of Adult Social Care. Services delegated are to meet the Council's statutory duties as outlined by The Care Act 2014, the Mental Capacity Act 2005 and the Mental Health Act 1983.</p> <p>The delivery of these functions will be delegated to Torbay and South Devon NHS Foundation Trust as outlined in the agreement. Torbay and South Devon NHS Foundation Trust may choose to sub contract some services as agreed with Torbay Council. For example, mental health services are currently provided in Torbay by Devon Partnership Trust.</p>
10.	<p>What are the risks?</p> <p>The Adult Social Care Risk Share caps the financial risk for Torbay Council for the next three years.</p> <p>Without this the potential for increased cost to the Council is higher. Torbay and South Devon NHS Foundation Trust report that Adult Social Care spend is higher than the financial arrangements outlined in this document, but this can be accounted for by a 'health premium' – described fully in the body of the report above. To disaggregate joint arrangements would be complex, high risk and could impact negatively on the services received by vulnerable Torbay residents.</p>
11.	<p>Public Services Value (Social Value) Act 2012</p> <p>N/A</p>
12.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Adult Social Care Outcomes Framework (ASCOF) – including Adult Social Care survey results.</p>

	Adult Social Care benchmarking information (Local Government Association)
13.	<p>What are key findings from the consultation you have carried out?</p> <p>Torbay and South Devon NHS Foundation Trust and Torbay Council engage and co-design services on an ongoing basis.</p> <p>In addition, good relationships with Torbay Healthwatch mean that that organisation is able to provide constructive challenge and feedback and is a partner in developing and co-designing services.</p>
14.	<p>Amendments to Proposal / Mitigating Actions</p> <p>N/A</p>

Equality Impacts

15.	Identify the potential positive and negative impacts on specific groups		
	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	Vulnerable people will receive joined up services		
People with caring Responsibilities	Support and information will continue to be available to people with caring responsibilities		
People with a disability	Vulnerable people will receive joined up services		
Women or men			N/A Adult Social Care is available equally to the whole population, dependent on eligibility.
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			N/A Adult Social Care is available equally to the whole population, dependent on eligibility.
Religion or belief (including lack of belief)			N/A Adult Social Care is available equally to the whole population, dependent on eligibility.
People who are lesbian, gay or bisexual			N/A Adult Social Care is available equally to the whole population, dependent on eligibility.
People who are transgendered			N/A Adult Social Care is available equally to the whole population, dependent on eligibility.

	People who are in a marriage or civil partnership			N/A Adult Social Care is available equally to the whole population, dependent on eligibility.
	Women who are pregnant / on maternity leave			N/A Adult Social Care is available equally to the whole population, dependent on eligibility.
	Socio-economic impacts (Including impact on child poverty issues and deprivation)			N/A
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			N/A
16.	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	NONE		
17.	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	These joint arrangements are supported by TSDFT & Devon CCG with an acknowledgement that they benefit the NHS locally.		



Meeting: Cabinet

Date: 15 October 2019

Wards Affected: Roundham with Hyde

Report Title: Development or disposal of land at Garfield Road (part Victoria Centre), Paignton

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately following Council decision.

Cabinet Member Contact Details: Councillor Swithin Long - Cabinet Member for Economic Regeneration, Tourism and Housing, Swithin.Long@torbay.gov.uk

Supporting Officer Contact Details: Kevin Mowat – Interim Director of Place, (01803) 208433, Kevin.Mowat@torbay.gov.uk

1. Proposal and Introduction

- 1.1 The redevelopment of land on Garfield Rd (the site), currently occupied by one of the two multi-storey car parks at Victoria Centre, is supported by the Local Plan, Neighbourhood Plan, Paignton Town Centre Masterplan and the Council's Transformation Strategy for Torbay's Town Centres. Land Release Funding (LRF) (£900,000) has been secured and is being used to unlock the site for housing related development, with a target 'release' date of 31 March 2020.
- 1.2 Approval is sought for release of the site to, and delivery of a scheme by, a development partner. It is proposed that the Council will dispose of its freehold interest in the land at Garfield Road by way of entering into a development agreement with a housing delivery partner. The proposed procurement route will be an open OJEU compliant process and will include a requirement to offer the Council's Housing Company at least 20% of the resultant homes on site. This option is subject to procurement of the development partner, and signing of a development agreement, to meet the LRF timescales for release of the site. If the Council is unable to secure a delivery partner within the timescale prescribed by LRF conditions, the Council will offer the site to the market, as a freehold sale.
- 1.3 The intended outcomes are to ensure the Council complies with the conditions of the LRF grant funding, with a contract in place for development by the end of March 2020, and thereafter to deliver a fully planning policy compliant development, at pace.

1.4 The proposed development or disposal route will :

- (a) Ensure that the Council's strategic policies are fully adhered to.
- (b) Ensure that the Council's statutory requirements are fully adhered to.
- (c) Provide the Council with an opportunity to shape the development and its outputs.
- (d) Enable the Council to influence affordable housing provision.
- (e) Support the Council's aspiration for apprenticeships and other local employment benefits.
- (f) Provide the Council with a capital receipt.

2. Reason for Proposal and associated financial commitments

- 2.1 The site is identified in the Paignton Town Centre Masterplan, which was adopted by the Council as a Supplementary Planning Document (SPD) in June 2015. Development of the site is supported by the Torbay Local Plan (adopted in December 2015). The Council identified, in its Transformation Strategy for Torbay's Town Centres, dated April 2017, that various options were being considered for Victoria Centre, including re-use of the site of the older of the two car parks and demolition of the older car park, to be replaced by a residential development. The Paignton Neighbourhood Plan provides qualified support for development.
- 2.2 Torbay Council (the Council) was awarded £900,000 of Land Release Fund (LRF) grant aid by the Ministry of Housing, Communities and Local Government (MHCLG) on 8 March 2018 for the purposes of securing early release of the land at Garfield Road for residential development. The funding allocated to the Garfield Road site was part of a wider award of £3,976,000 to Torbay Council and constituted the highest award in the country to any Local Authority.
- 2.3 Upon receipt of the LRF award, the Council considered whether to accept the award and by doing so considered whether the release of the land was deliverable within required timescales. The grant award was accepted by the Chief Finance Officer I on 14 March 2018 following consultation with the Elected Mayor and Group Leaders.
- 2.4 The LRF grant requires that the sites are 'released' for development. . The definition of 'release' is as follows:
- (a) An unconditional contract, development agreement or building licence with private sector partner is signed or freehold transfer takes place (whichever is sooner);
 - (b) It has transferred the site to a development vehicle owned, or partly owned by the local authority, this could be a Local Authority wholly owned housing delivery vehicle or a public-private Joint Venture (JV);
 - (c) If (a) or (b) have not happened, the point at which development begins on site (which may include demolition).
- 2.5 Cabinet agreed, on 17 September 2019, to proceed with demolition of the car park on the site. A planning application for demolition will be submitted prior to Christmas 2019, with the intention of undertaking demolition work before the end of March 2020.

- 2.6 The Council has instructed the TDA on the following activities, using the LRF to unlock, add pace and enhance the value to the site:
- (a) Legal advice to map out and timetable what it is that needs to be done to secure vacant possession and meet LRF timescales;
 - (b) Undertake surveys, re ecology, contaminations, asbestos, ground conditions, topography and flood risk;
 - (c) Preparation of a development brief, which is proposed to form the basis of a Supplementary Planning Document, to guide development and improve value;
 - (d) Consider development options and secured valuation advice, so that the Council is better informed about whether to develop, sell or lease the land; and
 - (e) Negotiate terms with existing tenants and occupiers to obtain vacant possession, in order to meet LRF deadlines.
-

3. Recommendation(s) / Proposed Decision

That the Cabinet recommend to Council:

- 3.1 That the disposal of the freehold interest of land at Garfield Road, Paignton (identified in Appendix 1 to the submitted report), be approved and the Chief Executive be given delegated authority to agree and finalise any Heads of Terms in consultation with the Cabinet Member for Economic Regeneration, Tourism and Housing and the Section 151 Officer.
- 3.2 That delegated authority be given to the Chief Executive to select and then enter into a development agreement with a development partner for the effective delivery of the Scheme.
- 3.2 Alternatively if (3.1) above is not achieved within timescales required for the Land Release Fund, the Chief Executive be given delegated authority to dispose of the site at Garfield Road on the open market, as a straightforward freehold sale.

Appendices

Appendix 1: Site location plan - Garfield Road, Victoria Centre, Paignton

Appendix 2: Summary of Identified Delivery and Development Options

Background Documents

Torbay Local Plan: <https://www.torbay.gov.uk/media/6836/lp-2012to2030.pdf>

Paignton Neighbourhood Plan: <http://www.paigntonneighbourhoodplan.org.uk/>

Paignton Town Centre Masterplan:
<https://www.torbay.gov.uk/media/6895/ptcmasterplan.pdf>

Transformation Strategy for Torbay's Town Centres:

<https://www.torbay.gov.uk/media/10450/transformation-project-town-centre-regeneration.pdf>

Section 1: Background Information

1.

What is the proposal / issue?

The Council owns the freehold of the 0.39 hectares (1 acre) site, and the multi-storey car park that sits on it, at Garfield Road, Paignton. This is part of the Victoria Centre complex, also owned by the Council, which includes Victoria Square, Lidl, smaller unit shops and another multi-storey car park.

The Victoria Centre is included in the Adopted Local Plan (A Landscape for Success) 2012-30, as a housing site.

The Victoria Centre is included, for redevelopment, in the Paignton Town Centre Masterplan, which was adopted by the Council as a Supplementary Planning Document (June 2015). The production of that masterplan included significant community engagement.

The Council has identified, in its Transformation Strategy for Torbay's Town Centres, dated April 2017, that various options were being considered for Victoria Centre, including re-use of the site of the older of the two car parks and demolition of the older car park, to be replaced by residential development.

The Paignton Neighbourhood Plan supports housing and jobs growth, supports town centre regeneration and supports development of the Paignton Square Area (including the site) if it improves the area.

The Council was awarded a total of £3,976,000 of LRF grant aid by the Ministry for Housing, Communities and Local Government (MHCLG) on 8 March 2018 for the purposes of securing early release of three sites, including the site at Garfield Road, Victoria Centre. £900,000 of the grant aid was awarded to unlocking the Garfield Road site. A requirement of the funding is that sites are 'released' for development by end March 2020.

A site is considered as released when:

- a) An unconditional contract, development agreement or building licence with a private sector partner is signed or freehold transfer takes place (whichever is sooner);
- b) It has transferred to a development vehicle owned, or partly owned by the local authority, this could be a Local Authority wholly owned housing delivery vehicle or a public-private JV;
- c) If (a) or (b) have not happened, the point at which development (which may include demolition) begins on site.

Prior to the acceptance of the LRF Grant, the Elected Mayor and the Group Leaders were consulted and briefed on the outcomes expected from the LRF Grant. Following this consultation the Chief Financial Officer accepted the Grant.

	<p>There is a clear policy expectation in the Torbay Local Plan, augmented by the Town Centre Masterplan, the Council’s Transformation Strategy for Torbay’s Town Centres and the Paignton Neighbourhood Plan that the site will come forward for development.</p> <p>Good progress is being made to secure vacant possession of the site. This has been facilitated by having the LRF funding in place and the Council’s commitment to demolish the older car park. A planning application for demolition will be submitted in the near future and a demolition contractor is being procured.</p> <p>Approval is now sought for disposal of the site.</p> <ul style="list-style-type: none"> (a) To ensure that the site can be released in accordance with timescales set out by MHCLG for the LRF funding. (b) To ensure that any scheme brought forwards will be fully compliant with the Council’s housing and planning policies. (c) To facilitate the early release of the site for residential development, thereby assisting the Council in meeting its 5-year residential land supply targets and helping to protect more sensitive sites from development. (d) To provide a financial return for the Council. (e) To provide the Council’s proposed new housing company with an opportunity to develop the site or to acquire the S106 affordable housing stock at a market rate and reduce the number of households on the housing waiting list whilst providing critical mass to the housing company. <p>A tangible benefit of progressing via the development partner route is that the Council will be able to influence the scheme to be delivered to a greater extent than if the site were just sold on the open market. It is possible that any straight forward land disposal could see the developer apply to reduce their planning contributions and affordable housing obligations as part of their planning application.</p>
<p>2.</p>	<p>What is the current situation?</p> <p>The Government has repeatedly stated that increasing housing supply is a high priority.</p> <p>The National Planning Policy Framework (paragraph 73) requires the Council to maintain a supply of specific, deliverable sites sufficient to provide 5 years’ worth of housing to meet housing requirements set out in Local Plans. The Council currently has less than 3 years’ worth of supply. The Council is now required, by law, to take urgent action to deliver new homes.</p>

	<p>The Council is now in a position whereby, under the terms of the National Planning Policy Framework, it may have to accept development proposals on unallocated sites in poor / sensitive locations. The Council is no longer in a plan-led position (i.e. decisions led by the Local or Neighbourhood Plans), but in a development led position based on housing numbers and national policy. This could present a significant risk to Torbay’s natural environment,</p> <p>As such, it is important that sites with LRF funding are released for housing development.</p> <p>It is projected that the site at Garfield Road would deliver in the region of 75-100 new homes, enabling the Council to deliver housing growth in Torbay.</p> <p>The sale of the site and its development will provide capital and revenue funding to the Council, helping the Council to meet its corporate priorities.</p> <p>The site is currently occupied by 8 tenants, but work is well underway to secure vacant possession.</p> <p>All necessary site investigation and survey work (ecology, contamination, asbestos, ground conditions, tree, topographical and flood risk etc.) has been completed.</p> <p>Preparation of a development brief is well advanced, which will be given teeth as a Supplementary Planning Document, to guide development and improve value. The emerging development brief, which community leaders have already been involved in, will be the subject of public engagement event later this year and thereafter presented to Council for adoption.</p> <p>A parking capacity and needs study has been commissioned, focused on Paignton Town Centre, covering a range of regeneration sites, and the impact of development on current and future parking provision.</p> <p>Development options have been assessed and valuation advice received.</p>
<p>3.</p>	<p>What options have been considered?</p> <p>The development and disposal options available to the Council have been identified as:</p> <p><u>Disposal Options</u></p> <ul style="list-style-type: none"> • Option 1: Direct Development by Torbay Council • Option 2: Delivery by the Council’s Housing Company • Option 3: Public Private Partnership (Development Agreement) • Option 4: Straightforward Freehold Sale

	<p><u>Development Options</u></p> <ul style="list-style-type: none"> • Option A: Student accommodation • Option B: Care home, sheltered accommodation, extra care • Option C: 15 Town houses • Option D: 70 – 100 Apartments <p>An analysis of these options is provided at Appendix 2.</p> <p>Based upon the evidence available we conclude that the best delivery route for the Council, in order to fully meet its aims and objectives, is as follows:</p> <ul style="list-style-type: none"> a) Disposal of the site as per Option 3 entering into a development agreement with a private sector partner to deliver the development Option D. b) The development partner option could be or could include the Council’s Housing Company. c) If (a) is not secured - Open market freehold disposal of the site should be pursued – Option 4
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>The proposals meet the following Corporate Plan objectives:</p> <p>Ambitions: Prosperous and Healthy Torbay</p> <p>Principles:</p> <ul style="list-style-type: none"> • Use reducing resources to best effect • Reduce demand through prevention and innovation • Integrated and joined up approach <p>Targeted actions:</p> <ul style="list-style-type: none"> • Working towards a more prosperous Torbay • Promoting healthy lifestyles across Torbay • Ensuring Torbay remains an attractive and safe place to live and visit
<p>5.</p>	<p>How does this proposal tackle deprivation?</p> <p>The site is within Paignton Town Centre and within Roundham with Hyde, one of the most deprived wards / areas in Torbay.</p> <p>Delivery by the Council’s Housing Company or a public/ private partnership will allow the use of contracts, such as has been used for the delivery of a hotel at the Terrace Car Park, Torquay, to ensure delivery of socio-economic</p>

	<p>benefits, such as skills development, apprenticeships, local employment and targeted recruitment.</p> <p>The proposal will result in bringing forward the early delivery of 70 -100 new homes, 20% of which will be affordable housing for local people. At least 5% of the affordable provision will be adapted accommodation for households with mobility difficulties.</p> <p>A greater housing supply within the local market will help limit future house price growth.</p> <p>The proposals will help ensure a mixed and balanced community, supplying housing of the right type, size and design in the right locations.</p>
<p>6.</p>	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>There has been extensive consultation, with residents and businesses, as part of production of the Local Plan, Paignton Neighbourhood Plan and Paignton Town Centre Masterplan. The Transformation Strategy for Torbay's Town Centres is based on these plans and strategies.</p> <p>The community is and will continue to be engaged in the production of a development brief for the site.</p> <p>As part of the planning process the community will be fully consulted on the detail of any development proposed. There will be a benefit to the local community in terms of additional supply of good quality housing and an improved mix of units.</p>
<p>7.</p>	<p>How will you propose to consult?</p> <p>Briefings have been held with members and senior officers. The Cabinet and Group leaders will be briefed throughout the process. As part of the planning process the community will be fully consulted on the detail of any development proposed.</p>

Section 2: Implications and Impact Assessment

8. What are the financial and legal implications?

There are 968 parking spaces at Victoria Centre, 441 spaces within the newer of the two car parks (alongside the railway line / behind Lidl) and, in theory, 527 spaces within the older car park. In reality only 183 spaces are available for the majority of the year within the old car park, expanding to 210 spaces over the summer. There are, as such, 624 available parking spaces within the two car parks, expanding to 651 in summer. Demolition of the older car park would result in the loss of 19% of total spaces and 29% of available spaces.

The car parks have a mean occupancy of 117 spaces and are over 75% full on just 2 days a year. If there was a 20% growth in demand for parking (which is very unlikely) the car parks would have a mean occupancy of 163 spaces and would be more than 90% full on just 8 days per annum. Both car parks are at capacity during good events in Paignton. This shows that, for around 44 - 46 weeks of the year, there is significant spare capacity at present and also under a 20% growth scenario.

In 2017/18 the parking income to the Council, for the old car park, was £29,305. This figure is from ticket sales only. Permit holders may also have used the car park and there may have been Paybyphone transactions. Consequently it is not considered that loss of the old car park would have a significant financial impact on the Council. Parking related income is more likely to be displaced rather than lost. A capital receipt is expected to result from the disposal and redevelopment of the site.

The costs of obtaining vacant possession of the site and in undertaking additional site release activities, such as demolition, surveys and production of a development brief, have to date been covered, and will continue to be covered, by the LRF grant monies. There has been no financial impact on the Council from these activities.

Development and / or disposal of the site is expected to result in net capital receipt for the Council and revenue income from Council Tax, etc.

9. What are the risks?

If there is not ongoing support for the actions required to dispose of the site then the following risks apply:

- (a) The Council may have to repay the LRF monies received.

	<p>(b) There will be a reputational risk for the Council which may impact upon the Council's ability to access future funding, such as Future High Streets capital funding, etc.</p> <p>(c) Future grant income streams may be adversely affected.</p> <p>(d) In the absence of the LRF grant aid, the Council would need to fund all of the exploratory and enabling works required to bring the sites forward for development, much of which has already been spent.</p> <p>(e) If the sites are not brought forward for development they will not be able to contribute towards the Council's 5-year housing land supply. Consequently this increases the risk to the Council of unwelcome planning applications from sites not identified in the local plan.</p> <p>All risks are reported to and discussed by the OPE/LRF Board on a monthly basis.</p> <p>In making this decision the following risks have been identified, and mitigation strategies put in place accordingly:</p> <p>(a) If the Council is not in contract with a development partner by March 2020 there is a risk that unspent monies may have to be repaid to MHCLG. However, open dialogue has been maintained with MHCLG throughout the development process whom are supportive of the Council's aspirations and its progress achieved to date.</p>
<p>10.</p>	<p>Public Services Value (Social Value) Act 2012</p> <p>The Council's procurement team has been involved to date, and will be further involved if the Council decides to dispose of the site, to ensure that all works undertaken are in accordance with the Council's financial regulations and standing orders.</p> <p>Legal advice has been procured in accordance with the Council's financial regulations and standing orders.</p>
<p>11.</p>	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Evidence collected during production of the Local Plan, Neighbourhood Plan and Town Centre Masterplan – showing support for development of the site.</p> <p>Evidence was gained from soft market testing, before production of the Council's Transformation Strategy for Torbay's Town Centres.</p> <p>Evidence was provided to MHCLG to help secure the Land Release Fund grant.</p> <p>Testing of development options as part of the emerging development brief for the site.</p> <p>Assessment of values from commissioning Jones Lang Lasalle.</p>

	<p>The proposal will facilitate the delivery of 75 to 100 new homes. The project will help protect more sensitive sites from development, make a valuable contribution to the Council's 5 year land supply and will support town centre regeneration in Paignton.</p>
12.	<p>What are key findings from the consultation you have carried out?</p> <p>There is extensive support for delivery of housing on this site and, longer term, for delivery of a mixed use redevelopment at Victoria Centre.</p> <p>There is demand and need for good quality, affordable new homes in the area.</p> <p>The proposed development will be compliant with Torbay's Housing Strategy 2015 – 2020 and the Planning Contributions and Affordable Housing SPD.</p>
13.	<p>Amendments to Proposal / Mitigating Actions</p> <p>N/A</p>

Equality Impacts

14.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	The proposal shall result in the provision of better quality housing in Paignton town centre and shall deliver housing stock for all age groups. As per Council policy 20% of the development will be affordable housing thus helping to deliver housing stock for local people and serving to reduce the numbers of those on the waiting list.	Loss of public parking provision, but there is sufficient capacity in remaining car parks.	
	People with caring Responsibilities			There is no differential impact
	People with a disability	As per Council policy a percentage of affordable housing provided will be wheelchair adapted units.		
	Women or men			There is no differential impact
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact
	Religion or belief (including lack of belief)			There is no differential impact

People who are lesbian, gay or bisexual			There is no differential impact
People who are transgendered			There is no differential impact
People who are in a marriage or civil partnership			There is no differential impact
Women who are pregnant / on maternity leave			There is no differential impact
Socio-economic impacts (Including impact on child poverty issues and deprivation)	<p>The proposal is consistent with the Local Plan policies for planning for sustainable development in the Torbay area. This takes into account the overall level of housing and jobs growth to represent a balanced and sustainable approach to future growth.</p> <p>The local planning authority is required to maintain a 5 year land supply in order to deliver the strategy and policies contained in the Local Plan. Without a 5 year housing land supply, the local authority is subject to increased risk of development occurring in unsuitable locations, or being of a lower quality than that which might have otherwise been required through local policies.</p> <p>Significant socio-economic benefits will result from construction of the development and will be generated by the provision of a mix of dwelling types and tenures which will encourage mixed communities and provide a range of local facilities. It is envisaged that the new development will offer the opportunity to design out crime within residential layouts and will support the vibrancy of the town centre.</p>		

	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	<p>The scheme shall include provision of affordable housing which is likely to reduce poverty in the area and improve health.</p> <p>There is potential to incorporate energy efficiency and micro renewable measures. The location will encourage sustainable modes of travel.</p>		
15	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	None		
16	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None		

Appendix 1

Site Location Plan



Appendix 2

Summary of Development and Disposal Options

Disposal options considered when analysing the future development and disposal options for Garfield Road are set out as follows. These have been informed by valuation work by Jones Lang Lasalle.

Disposal Option 1: Direct Development by the Council

Advantages

- Council remains in control of the site and development;
- Council can ensure delivery at pace
- Council retains revenue income from operator

Disadvantages

- Council has to secure an operator (a pre-let), without which a development will not be possible
- Finding an operator, who wants to lease the space, has proven extremely difficult and is unlikely to be successful before the 'release' date of end March 2020.
- Council takes the risk of development, including securing planning permission and the construction cost borrowing risk
- The Council does not have the skills and capacity to deliver and sell residential units on the open market (as per a house builder)

Conclusion:

This is normally the preferred route for delivery, according to the Council's Transformation Strategy for Torbay's Town Centres, and it makes financial sense for the Council if this can be achieved. However, in practice it has not been possible to find a tenant / operator for any future development.

Disposal Option 2: Delivery by the Council's Housing Company

Advantages:

- Meets LRF criteria and release date
- Council Housing Co remains in control of the site and development;
- Council Housing Co can ensure delivery at pace

Appendix 2

Summary of Development and Disposal Options

- Council Housing Co retains income
- Council Housing Co can determine level of affordable housing to be provided (20% or above)
- Helps secure Registered Provider status for the Housing Co

Disadvantages:

- Likely small capital receipt for the Council
- Capacity of the Housing Company to deliver a development
- Housing Co takes on risk of development, including planning permission, construction cost, ability to sell units
- There are significant risks to the Housing Company in terms of attracting Homes England funding, ability to sell homes on the open market and provision of more affordable units than the market can sustain.

Conclusion:

This provides a good delivery option for the Council, in terms pace, momentum for town centre regeneration, retention of control of development and release of the site in LRF terms. But it is unlikely to secure a significant capital receipt for the Council. There are advantages for the Council's Housing Company, for example in relation to Registered Provider status, but also puts significant pressure on the Company in terms of resources and risks. The Council's Housing Company could in any event take on or deliver the affordable housing element of any scheme by working alongside a development partner.

Disposal Option 3: Public Private Partnership (Development Agreement)

Advantages:

- Maximises capital return to the Council
 - Achieves optimal Value for Money (VfM) in accordance with the principles set out in HM Treasury's Green Book.
 - Council can influence the scheme to be delivered, at pace
 - Benefits from optimum LRF funding.
 - The Council can enhance value of the site by offering to take the 20% affordable housing element.
- An open OJEU compliant procurement process will take around 4 months, allowing a contract to be signed before end March 2020 in accordance with LRF requirements.

Appendix 2

Summary of Development and Disposal Options

- The Council can include conditions in the agreement, covering for example pace of delivery, affordable housing mix and price per unit, affordable housing element to be offered first to the Council's Housing Company.

Disadvantages:

- A restricted OJEU compliant procurement process will take around 5 ½ months, which is unlikely to be completed within the timeframe required by LRF.
- The Council is reliant upon a 3rd party to sign a contract to satisfy LRF requirements.

Conclusion:

Delivers a reasonable financial return for the Council and fully meets the Council's strategic objectives and statutory requirements. The Council's Housing Company could still take on or deliver the affordable housing element of any scheme by working alongside a development partner. However, timeframe for delivery is tight.

Disposal Option 4: Freehold sale

Advantages:

- Straight forward and speedy disposal route.
- Complies with LRF funding.

Disadvantages:

- Reduced profitability.
- Loss of control over nature and design of final scheme
- Probable loss of control over pace of delivery

Conclusion:

Whilst a freehold sale might provide a faster, easier route and provide some good town centre regeneration benefits, it is unlikely to provide a sufficiently good financial return, even with a development brief in place. In addition, contract requirements on pace of delivery are likely to reduce the number of interested parties and the financial returns to the Council.

Appendix 2

Summary of Development and Disposal Options

Development Option 1: Student accommodation

Advantages

- Likely direct delivery by the Council, maximising revenue income
- Boost to the town centre
- Support for South Devon College's growth plans

Disadvantages

- No formal commitment yet (and likely delays) from South Devon College, so no operator sign up
- Would need commitment to a long site procurement process, that the Council may not win
- 120 student rooms would equate to 30 residential units, which may not be acceptable to MHCLG / OPE / LGA in terms of return on investment
- Long procurement process would extend well beyond the 'release' date of end March 2020, as defined by LRF funding.

Conclusion:

Student accommodation is an attractive option, and has been explored extensively with South Devon College, but a potentially long procurement period, the competitive nature of procurement and lack of commitment from SDC outweigh the benefits.

Development Option 2: Care home, sheltered accommodation, extra care

Jones Lang Lasalle have advised that 45 retirement flats, with vacant possession and cleared site, could generate a site value of £1.05m to £1.46m. However JLL have cautioned against this form of development as retirement operators are committed to other sites in Paignton. This was confirmed by a relatively low level of interest during soft market testing. But it does indicate the level of capital receipt should the Council chose to dispose of the site to a development partner that could deliver this form of development.

Advantages

- Likely direct delivery by the Council, maximising revenue income
- Boost to the town centre

Appendix 2

Summary of Development and Disposal Options

- Satisfy local demand for such accommodation

Disadvantages

- Council has to secure an operator (a pre-let), without which a development will not be possible
- Finding an operator, who wants to lease the space, has proven extremely difficult and is unlikely to be successful before the 'release' date of end March 2020.
- Council takes the risk of development, including securing planning permission and the construction cost borrowing risk

Conclusion:

This form of accommodation is an attractive option for the Council, and has been explored with partners, but there has been no formal commitment from partners / operators / tenants. The timescale for achieving this form of development, delivered by the Council, is highly likely to extend well beyond end March 2020. A development partner may well be able to deliver this form of development, thereby satisfying LRF requirements and delivering a good capital receipt for the Council.

Development Option 3: 15 town houses

Advantages

- Low key development that would fit, generally, with the style / nature of the immediate locality

Disadvantages

- Under-development of the site
- Low housing numbers in relation to meeting need generally and affordable housing specifically, and in relation to meeting 5 year land supply
- Lower financial return to Council
- May not secure planning permission for reasons given above
- Return (of 15 units) on investment (£900,000) may not be acceptable to MHCLG, OPE and LGA.

Conclusion:

This option has been tested in design terms, as a benchmark, but has no substantial benefits.

Appendix 2

Summary of Development and Disposal Options

Development Option 4: 70 – 100 apartments

Jones Lang Lasalle have advised that 100 apartments, with vacant possession and cleared site, could generate a value of £400,000 to £860,000. They have also advised that 100 apartments, with vacant possession, a cleared site and planning permission could generation a value of £650,000 to £1.15m. A Supplementary Planning Document will provide the equivalent of an outline planning permission.

Advantages

- Delivers a good number of units, on a brownfield site in the town centre
- Provides a good return on investment for MHCLG / OPE and LGA
- Likely to provide the Council with a greater capital receipt than other options
- Supports the Council's 5 year land supply, helps meet housing demand and affordable housing needs
- It is similar, in design terms, to the scale of building currently on the site

Disadvantages

- It may be more difficult to secure planning consent than other options (hence the production of a development brief to support a future planning application)
- Prospective purchasers of the site may be concerned about construction and sale of this number of units,

Conclusion:

This option has substantial benefits and, with input from the community on the development brief, should secure planning permission. It should also provide a good financial return to the Council and represents a good return on LRF investment.



Meeting: Cabinet
Council

Date: 15 October 2019
24 October 2019

Wards Affected: All wards in Torbay

Report Title: Port Masterplan (Addendum)

Is the decision a key decision? Yes

When does the decision need to be implemented? asap

Cabinet Member Contact Details: Councillor Mike Morey, Cabinet Member Infrastructure, Environment and Culture

Supporting Officer Contact Details: Adam Parnell
Head of Tor Bay Harbour Authority
Telephone: 01803 292429
Email: adam.parnell@torbay.gov.uk

1. Proposal and Introduction

1.1 This report presents the Port Masterplan (Addendum) which has been developed following extensive public consultation and sets out a practical and realistic strategy for Tor Bay Harbour from 2019-2024.

2. Reason for Proposal and associated financial commitments

2.1 The Port Masterplan (Addendum) is a policy framework document which requires it to have been considered by both Harbour Committee and Cabinet, before ultimately being approved by Full Council. This report seeks Cabinet's recommendation as part of that process to Full Council.

2.2 The proposals contained in this report does not commit the Council financially over and above the requirement to set a balanced Harbour Authority revenue budget annually (this is delegated to the Harbour Committee). It does however inter alia seek:

- grant funding from external agencies (e.g. Environment Agency and Central Government) to improve environmental protection of all three enclosed harbours e.g. further rock armouring of Victoria breakwater, Paignton's North and East Quay and Torquay's Haldon pier;
- grant funding for a northern arm floating breakwater to enhance the environmental protection of Brixham harbour, further land reclamation between the Fish Quay and Oxen Cove to provide additional landing berths; and,

- a limited dredging campaign to accommodate deeper-draught fishing vessels to be paid for from harbour revenue reserves (circa £70,000).
-

3. Recommendation(s) / Proposed Decision

- 3.1 That the Cabinet recommends to the Council that the Port Masterplan (Addendum) set out at Appendix 1 to the submitted report be approved.

Appendices

Appendix 1: Port Masterplan (Addendum)

Background Documents

Tor Bay Harbour Port Masterplan published 2013

Section 1: Background Information

1.	What is the proposal / issue? Tor Bay Harbour published its Port Masterplan in 2013 which for the first time set out a practical and long-term strategy for the future of Tor Bay Harbour for 20-25 years. It was designed as a 'living document' which was to be the subject of periodic updates to remain aligned with the evolving needs and wishes of harbour users, reinforce and build on achieved successes and to identify and react to new challenges and opportunities. Given that over 5 years have now passed, and following a number of public consultation events that took place throughout 2018, it was decided that the overall Port Masterplan had stood the test of time and required only an addendum to provide, in greater detail, the plans and intentions for the next 5 years between 2019-2024.
2.	What is the current situation? The Port Masterplan (Addendum) has been developed through extensive public consultation and Harbour Committee input, but requires Full Council adoption to become a policy framework document.
3.	What options have been considered? To continue with the original Port Masterplan and accept that it would become more out dated with time. To undertake a comprehensive review of the Port Masterplan and publish at approximately quinquennial intervals an Addendum to update the Masterplan, which would remain as a 'capstone' document.
4.	What is the relationship with the priorities within the Partnership Memorandum and the Council's Principles? The Port Masterplan (Addendum) ensures that the Harbour Authority's strategic plans and activities remain aligned with the needs of harbour users and has been designed to dovetail into a number of other frameworks including: <ul style="list-style-type: none">- The National Policy Statement for Ports- South Inshore and South Offshore Marine Plan- The Coastal Concordat- The Torbay Local Plan- Various Neighbourhood Plans- and deliver against the Council priorities of:

	<ul style="list-style-type: none"> - Thriving people and communities: <ul style="list-style-type: none"> o the Addendum recognises the cultural and historical context of Tor Bay and its enclosed harbours including its heritage fleet and world-famous vistas as well as its Geo-Park status o It enables commercial growth through expansion of fishing industry infrastructure ashore and afloat o It delivers a better stakeholder experience o It improves the visibility and access to the water o It reinforces the Bay as a safe, vibrant and attractive destination - A climate fit for the future: <ul style="list-style-type: none"> o The Addendum explicitly seeks better environmental protection to take account of climate change and seeks to make marine activities more sustainable - A Council fit for the future: <ul style="list-style-type: none"> o It seeks greater efficiencies in staff and, through facilitating commercial growth, increases revenue returns to the Council
5.	<p>How does this proposal/issue contribute towards the Council's responsibilities as corporate parents?</p> <p>Not applicable</p>
6.	<p>How does this proposal/issue tackle poverty, deprivation and vulnerability?</p> <p>The Addendum seeks to tackle poverty, deprivation and vulnerability through the facilitation of commercial growth and year-round skilled job opportunities throughout Torbay. It seeks to introduce presently lacking services through encouraging third parties to deliver them within the enclosed harbours e.g. better marine engineering facilities, greater access to the water.</p>
7.	<p>How does the proposal/issue impact on people with learning disabilities?</p> <p>There are no specific proposals that impact positively or negatively on people with learning disabilities.</p>
8.	<p>Who will be affected by this proposal and who do you need to consult with? How will the Council engage with the community? How can the Council empower the community?</p> <p>Comprehensive public and stakeholder consultation events were run in each of the 3 enclosed harbours in 2018 in which attendees were invited to 'design' a future vision of Tor Bay Harbour. Many of these proposals have been incorporated into this Addendum which reflects users' evolving needs and wishes.</p>

Section 2: Implications and Impact Assessment

9.	<p>What are the financial and legal implications?</p> <p>There are no financial implications over and above the annual setting of a Harbour Authority revenue budget. All plans requiring capital expenditure would be subject to a separate and stand-alone business case.</p> <p>There are no legal implications of this report.</p>
10.	<p>What are the risks</p> <p>There is a risk that if the climate adaptation measures contained within the Addendum are not enacted then Tor Bay harbour will more frequently and more powerfully experience significant adverse environmental changes e.g. more frequent and more powerful storms, flooding, sea-level rises.</p> <p>There is a risk that if the commercial growth measures contained within this report are not enacted then Tor Bay will not keep pace with future stakeholder needs.</p>
11.	<p>Public Services Value (Social Value) Act 2012</p> <p>The Addendum seeks the delivery of several work-streams each of which will require its own procurement processes within existing Government and Council regulatory guidelines. These will be the subject of separate and stand-alone procurement processes.</p>
12.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>A number of public and stakeholder consultation events were held throughout 2018 to develop this Addendum. Many of the ideas and suggestions proposed have been incorporated into this document.</p>
13.	<p>What are key findings from the consultation you have carried out?</p> <p>While the Port Masterplan (2013) has broadly stood the test of time it has diverged in parts from the evolving needs of 2019 and beyond. The Addendum provides an update to the over-arching capstone document to rectify this.</p>
14.	<p>Amendments to Proposal / Mitigating Actions</p> <p>None</p>

Equality Impacts

15.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	Greater employment opportunities Better access to the water		
	People with caring Responsibilities			No impact
	People with a disability			No impact
	Women or men	Greater employment opportunities Better access to the water		
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			No impact
	Religion or belief (including lack of belief)			No impact
	People who are lesbian, gay or bisexual			No impact
	People who are transgendered			No impact
	People who are in a marriage or civil partnership			No impact
	Women who are pregnant / on maternity leave			No impact

	Socio-economic impacts (Including impact on child poverty issues and deprivation)	Greater well-being and greater employment opportunities	
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	Better access to the water and marine activities	
16.	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	No	
17.	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	No	



PORT MASTERPLAN ADDENDUM 2019-2024



EXECUTIVE SUMMARY

In 2013 The Tor Bay Harbour Authority published its Port Masterplan which set out, for the first time, a practical and realistic long-term strategy for the future of Tor Bay Harbour over the following 20-25 years. The Masterplan was designed as a 'living document' and the subject of periodic updates to remain aligned with the evolving needs and wishes of Harbour users, reinforce and build on achieved successes, and to identify and react to new challenges and opportunities.

In the 5 years since its publication much has changed. Operationally, the Bay's popularity as a working and recreational harbour has increased with greater number of marine events held every year. The fishing industry based primarily in Brixham has expanded, and the Bay remains a regular destination anchorage for cruise ships and other merchant vessels.

Many of the projects identified to improve

the Bay and its 3 enclosed ports of Brixham, Paignton and Torquay have been successfully delivered, including improvements to Princess Pier and Beacon Quay in Torquay, improved fendering and other infrastructure for the fishing and shell-fishing industry in Paignton and Brixham. Inevitably a lot of the Port Masterplan has yet to be delivered but this is only to be expected: we are only 5 years into a 25-year programme.

There have been many changes to the operating environment, too: reductions to central government funding of Local Authorities, combined with increased demands upon its services, have left Torbay Council (among many others) facing severe financial pressures. The consequences of the 2016 Brexit vote have yet to crystallise but could present challenges for tourism, and the marine and environmental sectors which will have to be addressed quickly if business continuity is to be maintained. It might also result in greater opportunities eg for the fishing industry. It is probable that the administrative burden will increase eg as a result of increased customs checks of non-UK vessels landing to Torquay or Brixham, and proactive steps are being taken to mitigate this.

As part of ongoing efforts to minimise the impact of human activity on Tor Bay's natural environment – while also allowing, where possible, for those activities to take place - the Harbour Authority have been closely involved in several Bay-wide initiatives to improve sustainability. These have included monitoring the recently introduced Torbay inshore Marine Conservation Zone; working alongside Living Coasts and others by contributing to the design and installation of experimental eco-moorings to hopefully reduce scouring of the seabed caused by mooring and anchor chains; and working with the Community Seagrass Initiative and Fishing for Litter projects, among others.



INTRODUCTION

In 2012 the Tor Bay Harbour Authority commissioned Royal Haskoning DHV to consult on and draft a strategic Port Masterplan for Tor Bay and the three enclosed ports of Torquay, Paignton and Brixham. This document was published in 2013 by the Harbour Authority to set out, for the first time, a practical and realistic long-term strategy for the future of Tor Bay Harbour over the following 20-25 years.

The Port Masterplan was unashamedly ambitious in its reach and undoubtedly

comprehensive in its breadth: it considered not only the physical infrastructure requirements of the Harbour's ports and the wishes of its users, but it also encompassed the wider environmental and socio-economic aspects including tourism, transport links, employment opportunities, and its contribution to the health and wellbeing of residents and visitors.

When the Port Masterplan was published, the Torbay Local Plan and the towns' Neighbourhood Plans were still being developed, and thus a key purpose of the Port Masterplan was to inform, influence and assist their development by explaining to local communities and the marine industry how they could expect to see the Harbour and its

ports develop over time.

Pleasingly, the Port Masterplan has stood the test of time: although much has changed over the intervening period, it remains a valid and actionable document, requiring only a minor update – the purpose of this Addendum, which is designed to be read in conjunction with the original publication. Objectives and projects which have already been achieved are identified; those that are ongoing are critically reviewed against the current and foreseeable operating environment and modified as necessary to ensure that they can be delivered. New opportunities are identified and incorporated into the Addendum. Similarly, those objectives described in the 2013 publication which are either undeliverable or no longer pertinent are also categorised along with an explanation of why they will no longer be pursued.

This document has been developed after extensive consultation with stakeholders and the public to reflect their evolving aspirations and requirements. Consultation events were held on a number of throughout the summer of 2018 at each of the enclosed ports to ensure that as many views as possible could be captured and considered.

THE BAY AND ITS THREE PORTS

Tor Bay

Tor Bay Harbour, the waterfront, the three enclosed ports and the coastline all form the central part of Torbay's built and natural environment. The focal point is the wide and open bay which provides substantial protection from the prevailing south-westerly weather. It is truly a community resource. It is a 'working' harbour in which cruise ships and merchant vessels frequently anchor to land passengers, change crews or undertake at-sea hull inspections. In poor weather it is a 'port of refuge' for vessels seeking shelter. The Bay accommodates inshore passenger ferries to connecting the towns of Torquay, Paignton and Brixham to Teignmouth and Dartmouth.

The absence of strong tidal currents, rip-tides or eddies, as well as its gently shelving seabed make it an ideal and popular destination for recreational and leisure vessels and hosts

many maritime races and events each year. It is a regionally-significant tourist destination and also supports a fishing industry of national importance.

Tor Bay is also visited by cruise ships which anchor off Torquay Harbour both because of its location - it neatly links the destinations of Hamburg or Southampton in the east, to Cork or Dublin in the west, and the Iberian Peninsula to the south. It is also the ideal 'gateway' to Exeter, Dartmoor and many South Devon attractions as well as a popular destination in its own right. It is also the diversionary harbour of choice for cruise vessels which cannot safely make Plymouth or Dartmouth in poor weather.

A number of merchant vessels make use of Tor Bay's sheltered deep water anchorages to temporarily lay-over, to swap crews or to conduct under-water hull inspections. Historically they also used to conduct hull cleans and propeller polishing activities but these stopped several years ago due to concerns over the potential to introduce environmental pollutants into the Bay. A number of technological advances have addressed these reservations and it is hoped that these will recommence in the near future,

hopefully increasing the number of visiting merchant vessels.

Connectivity

Since the 2013 publication of the Port Masterplan the Bay has become increasingly well connected to the South Devon hinterland and beyond: recent large-scale road network improvement projects including the A380 South Devon Expressway have reduced journey times for the 30,000 vehicles which daily travel between Torbay and Newton Abbott by up to 40 minutes. This will be further improved if the Torquay Gateway Scheme is progressed.

Ongoing road widening works along the 'western corridor' are also improving Brixham's connectivity to Paignton, Torquay and beyond. However, immediate road connectivity to each of the three ports remains single-carriageway only, and there are competing pressures between resident, tourist and commercial traffic, all of which continue to increase in volume.

Intra-port connectivity has similarly improved with regular seasonal foot-passenger ferries which operate between the three ports of Tor Bay and also to Teignmouth and Dartmouth.

However the fast ferry service which commenced in 2015 was scrapped in 2017 due to lack of customer demand.

Rail connectivity for the Bay has similarly stalled despite the line at Dawlish being rebuilt after it was washed away in 2014, as the rail improvements outlined in the Local Transport Plan have been indefinitely delayed due to funding considerations.

Brixham

Brixham remains the 4th largest fishing port in the UK and the largest in England and Wales by value of catch landed; this is illustrated in the table below:

Type	Quantity (thousand tonnes)		Value (£m)	
	2012	2017	2012	2017
Demersal	4.2	4.7	11.9	15.6
Pelagic	2.1	1.6	0.7	0.5
Shellfish	7.4	8.7	13.5	24.6
total	13.7	15	26.1	40.7

Since the Port Masterplan was published in 2013 both the quantity and value of fish and

shell-fish product have increased and the fishing port is approaching capacity in terms of vessels that it can accommodate. Similarly, the fish market is reaching capacity shore-side regarding the number and size of lorries that it can safely accommodate. An objective of this Addendum is to address these capacity issues to ensure that the fishing industry can continue to grow and evolve into the future.

Brixham’s heritage fishing fleet continues to be an active and visible presence in and around the Bay and, along with the commercial fishing fleet described above, remains a key element of Brixham’s attraction as a tourist destination particularly during the main summer season when the town can become congested with both people and traffic. Parking within the town remains at a premium and the plans within this Addendum are, where practicable, cognisant of their impact on the availability of parking.

In addition to the MDL-operated marina, Brixham also hosts approximately 200 swinging moorings in the outer harbour. There is an aspiration to replace these with a piled ‘walk ashore’ pontoon system which would reduce their footprint and enable further development of the harbour; however the 2013 Masterplan

noted that this could not be undertaken without the further environmental protection provided by a northern breakwater arm.

Paignton

Paignton Harbour is a compact and enclosed working harbour which completely dries out at low tide. It is situated within an urban and mostly residential area of Paignton, lending it a strong community feel by virtue of its active dinghy sailing, rowing and Sea Scout groups. It is surrounded by several historic buildings, vibrant restaurants and café as well as some small commercial marine units, particularly on South Quay, including crab vivier tanks. It is spatially dislocated from the town centre and experiences reduced footfall and vehicle traffic as a result. Addressing the perceived gap will unlock the unlocked potential of Paignton Harbour, and this plan seeks to achieve just that.

The busy East and North Quays are used to store many dinghy-sized craft and canoes, some fishing-related stores and seasonal passenger-ferry boarding stations.

Ample car parking behind the buildings on South Quay exists but is underused except during the high season, and the harbour’s two

slipways are popular launching sites.

The harbour walls are aging but sound, however many of the buildings on South Quay require refurbishment. Many of the businesses and clubs wish to expand but are prohibited from doing so due to lack of space or inefficient building's design or layout. In particular the demand for storage outstrips supply due to spatial constraints.

The 2013 Port Masterplan noted the need to raise, and potentially to extend, the East Quay wall to improve environmental protection as well as the possibility of building a new slipway and quay wall on its outer (seaward) side. These have not yet commenced due to cost, but remain high priorities, however other Masterplan projects are being taken forward, particularly the redevelopment of the Harbour Light building and the redevelopment of South Quay.

Torquay

Torquay Harbour is a modern enclosed harbour from which a small but significant commercial fishing industry as well as a number of passenger ferry companies operate. Visually the harbour is dominated by pontoon-style berths for recreational vessels,

split approximately evenly between MDL and Local Authority ownership, and the harbour has almost reached capacity: there is very little room afloat for further berths.

The harbour is protected by the twin arms of Haldon Pier and Princess Pier, the latter being recently refurbished (2018) when the derelict landing stage was removed. Haldon Pier was historically a popular berth for small to medium sized coasters but is unlikely to ever operate in this capacity again for several reasons: rock armouring prohibits berthing along the outer face and the harbour entrance is too narrow to allow such vessels to manoeuvre safely alongside the inner face. Furthermore Haldon Pier requires substantial refurbishment if the current vehicle weight restriction is to be revoked, which presently curtails the volume of cargo that can be discharged alongside. Instead, the visitors' pontoon is moored alongside the inner face and provides walk-ashore access to the toilets, showers, shops and cafes situated along Beacon Quay on the harbour's northern side.

The Beacon Quay slipway is an extremely popular launching point for small vessels and in summer often requires active management to prevent congestion. Further west along

Beacon Quay are the historically significant, but despite their listed status are sadly dilapidated, WWII landing craft ramps from which some of the armed forces which participated in D-Day departed. Between the ramps and slipway is the Town Dock which is used by passenger ferries and cruise vessel tenders to land and pick up passengers.

There is a fuel berth on South Pier which vends both petrol and marine diesel but this needs substantial renovation before it can be permitted to recommence trading. This Pier, along with the adjoining bridge and cill, provides further protection for vessels moored in the Inner Harbour which dovetails into the lower part of the town and is surrounded by commercial premises as a consequence.

The route from the Town Dock to the town centre has been the focus of improvements in Torquay to reflect its 'gateway' status into and out of the town from the water. The focus in this Addendum will be the less conspicuous but equally important quay walls around other parts of the harbour as part of an ongoing programme of future-proofing and renovations.

THE NEED FOR PORT MASTER- PLANNING

The Harbour Authority is continuously responsible for improvements to the harbour facilities to accommodate changes in the needs and demands of port customers, port users, stakeholders and legislation in order to ensure continuing success.

Published in 2013, the main purpose of the Port Masterplan was to provide a practical and realistic long-term strategy for the future of Tor Bay Harbour over the following 20-25 years. It was designed as a 'living document' and is the subject of periodic updates (of which this document is the first) to remain aligned with the evolving needs and wishes of Harbour users, reinforce and build on achieved successes, and to identify and react to new challenges and opportunities.

This Port Masterplan is a high level framework document that provides overall strategic

spatial development guidance on the most sustainable future for Tor Bay Harbour and its three enclosed ports. It is not meant to include detailed plans of developments for implantation but instead provides flexibility for development over the longer term.

It is also designed to communicate the Harbour Authority's aspirations to the wider community and other planning bodies to ensure that future harbour development remains coherent with change delivered through the Torbay Local Plan, Neighbourhood Plans and other regional and local strategies.

THE APPROACH FOR THIS ADDENDUM

Designed to remain relevant for up to 20 years, much of the Port Masterplan remains permanent as a 'capstone' document which articulates the broader strategic setting. This Addendum, and each of those which follow will serve to update the contextual and other changes which have occurred since the 2013 publication and to provide greater levels of clarity and detail regarding priorities, proposed developments and a proposed delivery plan for the forthcoming 5-10 year timeframe.

Like the Port Masterplan, this and future Addendums are deliberately ambitious and, to a certain extent, aspirational: many of the plans are not currently funded and it may prove impossible to deliver these capabilities within the desired timeframe (or indeed at all if circumstances so dictate). However it is important to describe future plans and



projects in sufficient detail that future growth, however piecemeal, remains coherent. Each delivery plan should thus not be viewed as stand-alone project but instead a piece within a wider holistic 'jigsaw'.

The development of this Addendum followed closely to that employed for the original Port Masterplan. Stakeholder workshops were undertaken during the summer in each of the three harbours to understand what had changed since publication of the Port Masterplan and to identify future requirements and priorities. These workshops focused on 4 questions:

- What changes have taken place since publication of the Port Masterplan?

- What are the future requirements of Tor Bay Harbour that we must address?
- What are your ideas for the development of the harbour?
- What is your order of priority for future development?

Each workshop concluded with a plenary session to gauge areas of collective agreement. These were incorporated into a draft version of this document which was circulated amongst consultation attendees for feedback prior to its being presented to the Harbour Committee for endorsement and subsequent Council adoption.

THE STRATEGY FOR TOR BAY HARBOUR AUTHORITY

The overarching strategy for Tor Bay Harbour Authority remains unchanged from that published in the Port Masterplan:

‘to provide a high quality service that is committed to improve Tor Bay Harbour and provide a cleaner and safer environment by addressing the following objectives:

- Maintain Tor Bay Harbour and the three enclosed ports under the management of one Harbour Authority
- Review and use the statutory powers of the Harbour Authority to fulfil its statutory duties in a timely manner for the purpose of improving, maintaining and managing

the harbour while continuing to contribute, where possible, to the finances of the owning authority – Torbay Council;

- Develop robust partnerships with key maritime stakeholders to attract and deliver commercial port businesses, contributing to job creation and the local economy;
- Manage the harbour in a sustainable manner by supporting a variety of marine activities including fishing, shipping, marine-related businesses, heritage, eco-tourism and marine recreational activities;
- Balance the responsible stewardship of the marine environment with appropriate socio-economic development and use of Tor Bay;
- Measure and monitor the needs and wishes of harbour users, the local community and visitors through appropriate research; and,
- Improve connectivity between the enclosed ports by upgrading facilities for marine transport.’

These objectives remain unchanged from the original Port Masterplan because they were

designed with longevity in mind, and despite changes to the operating context they remain valid. That notwithstanding their priorities have undoubtedly changed: issues surrounding port governance have diminished in relative terms compared to the protection of the marine environment for example.

The plans and projects detailed later in this document each contribute towards one or more of these objectives.

WHAT HAVE WE ACHIEVED SINCE THE LAST PLAN?

Page 63
Much has been achieved since the original plan was published in 2013. These include:

The Bay

- The establishment of an inshore Marine Conservation Zone (MCZ) around the Bay in 2013 has enhanced the protection of the Bay's natural environment;
- The number of our beaches which have been granted the prestigious Blue Flag award standard has risen despite the threshold criteria for water quality having been substantially raised in 2015. This reflects the continuing improvement in our natural environment and also the facilities offered at the waterfront;
- New seasonal passenger ferry links to Teignmouth have reinforced the Bay's attractiveness as a tourist destination;

- The continuing use of the Bay as a place of refuge in inclement weather and also as a destination for cruise vessels provides an economic boost to the area.

Torquay

- The replacement of the swinging moorings in the Torquay inner harbour with walk-ashore pontoons. This has considerably improved safe access for harbour users to and from their vessels and enhanced the security of the vessels while berthed in the harbour;
- Permanent pontoons have been installed at the foot of Princess Parade for the commercial fishing fleet in Torquay, which has both increased the number of vessels which can be accommodated in the harbour and improved safe access for the fishermen;
- Seasonal pontoons have been installed along the inner face of Haldon Pier for visitors to improve the amenity and appeal of the port;
- The provision of improved pontoons and access brow for cruise ship passengers inside Haldon Pier;

- The obsolete landing stage on Princess Pier has been removed and the walkway refurbished to improve pedestrian access, particularly disabled access;

- The decking along Beacon Quay has been replaced with a composite surface, making it substantially safer especially in wet weather by improving its non-slip properties;

- The Harbour Authority has recently re-acquired the marine fuel station and investigating how best to refurbish it to ensure a future fuelling capability remains in Torquay;

- The wave screen in the outer harbour has been upgraded and is designed to better withstand any wave action during storms.

Paignton

- Refurbishment of the Harbour Light building is expected to commence in early 2019.
- Improved flood protection gates at the top of the slipway



Brixham

- Repairs to the Victoria breakwater following storm damage, the emplacement of more robust rock armouring along part of its seaward face as well as raising the breakwater's height by 50cm is expected to substantially improve its utility as a breakwater and future-proof it against rises in sea level due to climate change for up to 50 years.
- Better fendering of the Fish Quay's northern face will ensure that the more exposed landing berths remain operational in a wider range of inclement weather than at present;
- The expected installation of a shell-fish landing jetty in Oxen Cove will raise the

harbour's capacity will meet the growing demand by an increasing number of vessels to land a greater volume of stock.

Perhaps unsurprisingly (since we are only 5 years into a 25 year plan) a number of plans outlined in the Port Masterplan have yet to be delivered. While a few are no longer relevant, most are still needed although perhaps a few require modifying to reflect the changing operating environment, while other, new, requirements have emerged.

Those that will not be taken forward include:

- The extension to Haldon Pier to provide a deep water berth. This is not considered viable due to cost, the disruption to the inshore Tor Bay MCZ and also the lack of suitably deep water to attract sufficient

vessels alongside to justify the cost of construction. Moreover the fragile material state of the existing Haldon Pier would require costly and extensive maintenance works to bear the likely vehicular traffic and plant needed to make the pier a useful loading and unloading berth.

- Additional slipway on the seaward side of Paignton's East Quay and on the seaward side of Haldon Pier. Although these will be kept under review, there is sufficient launching capacity around the Bay to offset the need for the construction of additional slipways. Moreover the cost of construction is unlikely to ever be recouped from the launching fees they could generate and they would both be vulnerable to surge or flood damage in an easterly storm.
- A half-tide cill and lift bridge in Brixham. Experience from Torquay has shown that this would be very costly to build and require an increased number of harbour staff to manually lift and lower the bridge. Even if a pontoon berthing system similar to that in Torquay's inner harbour were built it is unlikely that the cost of the cill and bridge could ever be recouped.

SWOT ANALYSIS

The SWOT (strengths, weaknesses, opportunities and threats) analysis published in the Port Masterplan has been updated here to reflect the changes which have taken place over the intervening 5 years.

Strengths	Weaknesses
<p>Tor Bay Harbour is well protected with good anchorages for ships</p> <p>Significant Harbour Estate that makes the harbour sustainable</p> <p>English Riviera is a strong marketing and tourism brand</p> <p>Unique character of the individual ports</p> <p>Good provision of leisure and recreational boating facilities, including a number of active yacht clubs</p> <p>4th largest fishing port in UK with excellent reputation for quality</p> <p>Tor Bay is recognised as a port of refuge</p> <p>Attractive area for living and working</p> <p>All ports come under one governing Authority</p> <p>Outstanding natural environment with variety of designations eg MCZ</p> <p>Excellent water quality</p> <p>Safe road network which is continually improving</p> <p>Paignton and Torquay connected to national rail network</p>	<p>Some unused and derelict harbour facilities</p> <p>Aging critical harbour infrastructure eg piers, quays and harbour walls</p> <p>Lack of waterfront space to expand harbour businesses, particularly fishing industry</p> <p>Congested road networks, particularly in high season</p> <p>Lack of lift out/repair facilities for vessels eg MFVs</p> <p>Shortage of onshore marine leisure facilities</p> <p>Lack of cargo handling facilities</p> <p>Lack of cold storage and fish processing facilities</p> <p>No rail connections to the enclosed ports</p> <p>Tor Bay anchorages exposed to easterly weather</p> <p>Infrastructure & water depth are insufficient to accept cargo/ cruise vessels alongside</p> <p>Vulnerability to effects of climate change, particularly Paignton</p> <p>Paucity of car parking</p> <p>Shortage of maritime skills</p>

Opportunities	Threats
<p>Growth in 'green' tourism, investment and research</p> <p>Potential to run Tor Bay Harbour as an 'arm's length' company of the council similar to TDA</p> <p>Space for development in Brixham harbour</p> <p>Improvement potential for transport links</p> <p>Installation of climate change defences could enhance built environment</p> <p>Potential for further growth in visiting cruise and fishing vessel numbers</p> <p>Brexit may provide opportunities eg additional landing quota/TAC</p> <p>Introduction of electronic fish auction could increase volume/value of product landed</p> <p>Installation of a floating breakwater in Brixham would attract cargo and passenger vessels to the Bay</p> <p>Introduction of a hull-cleaning service would attract additional vessels into the Bay</p> <p>Potential for multi-storey parking</p> <p>Links to regional Higher and Further Education establishments</p> <p>External development funding opportunities</p>	<p>Climate change and coastal erosion</p> <p>Unknown consequences of Brexit on fishing and tourism industries (eg access to markets, loss of grant aid, disruption etc)</p> <p>Lack of finance to fund harbour infrastructure developments /size of financial contribution to the Council</p> <p>Risk of piecemeal development without a coherent overarching vision (eg like this document)</p> <p>Increasingly onerous legislative and regulatory environment could stifle development</p> <p>Competition from other harbours/ fishing ports/ cruise destinations</p> <p>Introduction of electronic fish market auction could result in product landed to other ports instead of Brixham</p> <p>Very lean staffing levels at each of the enclosed ports</p>

DEVELOPMENT PLANNING POLICY

This document, and the Port Masterplan which preceded it, have been developed with regard to the wider policy frameworks such as the National Planning Policy Framework (updated 2018), the National Policy Statement for Ports (2012), the Torbay Local Plan (2015) and the more recent Neighbourhood Plans. This document has also been written with reference to the DEFRA publications Coastal Concordat and the separate South Inshore and South Offshore Plan.

National Policy Statement for Ports

The Government policy for ports seeks to encourage sustainable port development to cater for long-term forecast growth in volumes of imports and exports by sea in order to (amongst other things):

- Contribute to local employment, regeneration and development;

- Preserve, protect and where possible improve marine and terrestrial biodiversity;
- Be adapted to climate change;
- Minimise use of greenfield land;
- Enhance access to port and the jobs, services and social networks they create, including for the most disadvantaged;
- Being an engine for economic growth.

South Inshore and South Offshore Marine Plan (known as the South Marine Plan)

This DEFRA-authored document was published in 2018 to introduce a strategic approach to planning within the inshore and offshore waters between Folkstone and the River Dart. It provides an evidence-based framework for marine users and regulators to shape and inform decisions over how the area's waters are developed, protected and improved over the next 20 years. It sits alongside other regional marine plans that are (or will be) published to encompass the whole of the UK coastline.

The South Marine Plan contains a number of

objectives and policies of which those below are the most relevant.

Objective 1: To encourage effective use of space to support existing and future sustainable economic activity through co-existence, mitigation of conflicts and minimisation of development footprints

S-CO-1: Proposals will minimise their use of space and consider opportunities for co-existence

Policy aim: Enables plans to be spatially planned to maximise use of limited space

S-PS-1: Proposals that have adverse impact on current activity and future port expansion should be avoided or minimised

Policy aim: Ensures proposals do not restrict current port activity or future growth

S-AQ-1: Sustainable aquaculture ... will be supported

Policy aim: Recognises importance of aquaculture industry

Objective 2: To manage existing, and aid the provision of new, infrastructure supporting marine and terrestrial activity

S-INF-1: Support to appropriate land-based infrastructure which facilitates marine activity

Policy aim: Supports integration between marine and land-use plans

S-AQ-2: Support for proposals that enable the provision of infrastructure for sustainable fisheries & aquaculture & related industries

Policy aim: Encourages supporting infrastructure for marine industries

Objective 3: To support diversification of activities which improve socio-economic conditions in coastal communities

S-FISH-1: Proposals that support diversification of sustainable fishing industry, or enhance its resilience to climate change should be supported

Policy aim: Enables fishing industry to manage climate change risks & maximise sustainable use of marine resources

S-TR-1: Proposals supporting tourism & recreation activities...should be supported

Policy aim: Enables greater range of employment opportunities and minimises economic risks

Objective 4: To support marine activities that increase or enhance employment opportunities

S-EMP-1: Development of marine related activities will be supported

Policy aim: Enables maximum sustainable activity, prosperity and opportunities for all

Objective 5: To avoid, minimise, mitigate displacement of marine activities, particularly where of importance to marine communities

S-SOC-1: Support to proposals that promote social benefits

Policy aim: Protects against displacement of activities which provide a social benefit

S-FISH-3: Proposals that enhance access to sustainable fishing or aquaculture sites should be supported

Policy aim: Enables support for sustainable fishing and aquaculture

Objective 7: to support the reduction of environmental, social and economic impacts of climate change

S-CC-2: Proposals should demonstrate resilience to climate change throughout lifetime of proposal

Policy aim: Enables climate change resilience of developments & activities

Coastal Concordat

The Coastal Concordat is one of a suite of actions the Government and regulatory bodies (eg DEFRA, DfT, DCLG, MMO, EA, NE) are taking to achieve more efficient and coordinated regulation to enable sustainable growth in the coastal zone. Although Torbay Council is not currently a signatory to the Concordat it nevertheless benefits from the application of its principles when applying for regulatory and other permissions to undertake maintenance or development activities.

The Torbay Local Plan: a landscape for success

The Torbay Local Plan recognises the importance of the harbours and commits to investment and regeneration of harbours and harboursides, including infrastructure for the fishing industry which it identifies as “vital to success”. In particular it articulates several ‘area’ policies thus:

SDB1 (Brixham)

Mixed use harbourside development with a focus on marine related employment uses.

SDB2 (Brixham)

The provision of a northern arm breakwater is

proposed to enable the creation of additional employment and leisure opportunities.

SDP1 (Paignton)

Mixed use schemes as part of harbourside, waterfront and town centre regeneration of Paignton.

SDT1 (Torquay)

Mixed use schemes as part of harbourside, waterfront and town centre regeneration of Torquay.

Neighbourhood plans

Although the Torquay Neighbourhood Plan identifies its seafront and harbour as the primary ‘core tourist investment area’ for Torquay which “should be the main focus for investment” it also seeks to “integrate water based sports and activities into the tourism offer” through:

- Easier access to the water for all users, including the storage and launching/recovery of small craft from beaches and harbours;
- Ensuring infrastructure investment to support Blue Flag/Quality awards for beaches;

- Linking the ports along the south west coast with coastal ferry services.

The Paignton Neighbourhood Plan seeks improvements to the harbour frontage (PNP3) which retains the ‘quaintness’ of the harbour, attracts more tourists and enables more use of the harbour for water sports.

The Brixham Peninsula Neighbourhood Plan seeks to sustain a vibrant harbourside economy (J5) by further developing it as a working harbour, utilising the land in Freshwater Quarry and Oxen Cove for marine related employment (J7) including engineering and boat repair facilities, boat storage and shellfish processing and a multi-level car park along with access to a northern arm breakwater.

IMPLEMENTATION AND DELIVERY

Tor Bay Harbour

A large number of ideas were collected during the consultation events and augmented those already captured in the Port Masterplan. Over the next 5 years the Harbour Authority will consolidate our recent achievements and also lay the foundations for future success through the delivery of three broad themes: improving visibility and access to the water; reinforcing the Bay as a safe, vibrant and attractive destination; and environmental stewardship. The activities which support their delivery are listed below:

Improving visibility and access to the water

- The use of enhanced signage of the enclosed harbours, and proposals to improve their footfall will raise their visibility from landward. In tandem the Authority will champion the retention of adequate nearby car parking.

- Outside of the enclosed ports the Authority will advocate the retention and maintenance of launching sites (eg slipways) around the Bay if the Shoreline Management Plan and their importance to the local marine community would make it appropriate to so.

Reinforcing the Bay as a safe, vibrant and attractive destination

- The number of maritime events that take place annually in the Bay is increasing annually and we will continue to support and facilitate these wherever possible.
- As the popularity of open water swimming grows there are an increasing number of swimmers who throughout the year are venturing further into the Bay where swimmers have not previously been encountered. A swimmers code of practice and an education campaign to encourage vessels to keep a better lookout will be introduced to ensure everyone's safety.
- Numbers of visiting cruise vessels have halved over the previous 5 years and the Authority will seek to reverse this decline by re-launching Tor Bay as a destination in its own right and also a gateway into the

heart of the south west. We will attempt to build a stronger regional profile by collaborating with other local ports which also accommodate cruise vessels.

Environmental stewardship

- We will work proactively with other agencies to identify where future climate change adaptations may be required, for example additional or augmented sea defences, and support efforts to attract external funding for such projects.
- The introduction of an Environmental Management Plan will enable the protection of the Bay's nationally acclaimed natural environment to be sensibly balanced against the growth of the Bay's tourist, fishing and other industries.

Brixham Harbour

The outcome of a very well attended and energetic stakeholder workshop was broad agreement with the ideas set out in the Port Masterplan albeit with some important refinements. There was universal agreement that the recent and welcome growth of the fishing industry required further port

expansion to allow the increased spatial demands of the fish market, equipment storage and MFV berths to be met; improved marine engineering support, with a boat hoist/lift-out facility for at least the majority of the MFVs; the replacement of the swinging moorings with 'walk-ashore' pontoon facilities; more space to host resident and visiting maritime event activities as well as winter boat storage; and perhaps most importantly better environmental protection in the form of a northern arm floating breakwater. This last item was seen as the sine qua non to ensure the future sustainability of Brixham harbour and lower town particularly given the forecast impact of future climate change as evidenced by the damage wrought by Storm Emma earlier in 2018. The importance of tourism generally, and the heritage fishing fleet in particular, was also reaffirmed.

The following projects are those which will be prioritised over the next 5-10 years:

Improving sea defences

- Grant funding will be sought to continue the improvements to Victoria Breakwater which have already commenced with the placement of additional rock armour on

the external face and raising the height of the wall to compensate for expected sea-level rises due to climate change.

- Funding and other approvals will be sought for a northern arm floating breakwater to enhance the environmental protection to Brixham harbour. This is a significant departure from previous plans which have sought the construction of a stone breakwater. While the latter undoubtedly has greater longevity and provides even better protection it has always been prohibitively expensive (approximately 6 times the expense of a floating breakwater) and has a very large 'footprint' on the fundus (seabed) and is thus environmentally very intrusive. Consideration of a floating solution has several advantages in that it provides the necessary environmental protection at significantly reduced cost, has a much reduced environmental footprint, allows medium sized vessels (and even small cruise liners!) to berth alongside and can accommodate vehicular traffic.

Enabling commercial growth

- Further land reclamation between the Fish

Quay and Oxen Cove to provide additional MFV landing berths and to allow road access between the two sites. It would also enable further fish cold/freezer storage, offices and fish market hall, and equipment storage spaces to be built, and reduce the traffic volume along Blackball Lane and Overgang Road and thus away from the closest residential areas neighbouring the western side of the harbour.

- Development of the derelict tanker berth at the end of Victoria breakwater into a marine engineering facility, possibly with a boat hoist capability, will be investigated and if cost-effective will be pursued.
- A limited dredging campaign to deepen the fairway, and landing and fuel berths, is seen as essential to keep Brixham harbour open for the deeper-draught vessels.
- Replacement of the existing swinging moorings in the outer harbour with walk-ashore pontoon berths, including dedicated visitor berths. This will require the northern arm floating breakwater to be installed first as otherwise the pontoons would be too environmentally exposed.

Recognising Brixham's heritage

- In the inner harbour an increased focus on heritage, including the Brixham heritage trawlers and the 'Golden Hind' with better berthing facilities.
- Installation of a boardwalk along the south western side of the inner harbour to support maritime events.
- Support efforts to increase the profile of the south-eastern part of the harbour, particularly that adjacent the MDL marina and breakwater slipway, as being predominantly recreational in nature. This may include further infrastructure for dinghies, gigs and other small vessels, and supporting those who wish to move out of Oxen Cove to do so.

Progressing these projects will have the effect of creating distinct 'zones' of differing character around the harbour: the inner harbour would be focussed on heritage and tourism; the western side of the outer harbour being the most 'industrial' and the south eastern side being focussed on recreation. Such deconfliction will ensure that safety of navigation remains paramount and avoids congestion as the harbour becomes busier.

Paignton Harbour

The consultation revealed a number of issues which the stakeholders wanted to address: the port is set away from the town centre and as a result its visibility within the community is lower than that of the other two harbours. Stakeholder consultation feedback indicated that some visitors are unaware that Paignton has a harbour and even some residents rarely or never visit. Commercial activity around the harbour has reduced as a result of the low foot-fall and even though the harbour is flanked by a multi-storey car park this is rarely more than half full except in the high season. In summary, connectivity and storage space would be transformational to the harbour's future.

The harbour stakeholders are proud of the harbour's continuing commercial nature and while landings from its small but locally important fishing fleet has increased, crab processing no longer takes place on site. Commercial vehicular traffic has also reduced. There was some concern that the imminent (in 2018) redevelopment of the Harbour Light building could presage a dilution of the harbour's distinct working character and which could instead become centred more on

retail and restaurants, but many felt that if this could be achieved without detriment to the existing commercial activities then it would be welcomed.

During the consultation concerns were raised about the reduced foot-fall, the lack of space generally but specifically the availability of storage for equipment, boats and trailers and greater environmental protection especially from easterly storms. Refurbishment of South Quay was also considered, particularly if such redevelopment could address some of these issues, and while all agreed that there was now a much reduced requirement for a second slipway off East Quay, there was strong demand to infill part of the western side of the harbour to generate more space around the harbour which most wished to see converted from swinging moorings to a walk-ashore pontoon-based system if the environmental protection along East Quay was improved and potentially extended. During the period of this Addendum the following deliverables will be sought:

Improving sea defences

- Subject to obtaining the appropriate planning and other regulatory clearances

and identifying funding (including grant funding) the Authority would seek to improve environmental protection from wind and wave damage by enhancing the sea defences.

- Installing rock armour along the East Quay's outer face to absorb some of the wave energy, thereby reducing the frequency that water 'over tops' the quay wall;
- Countering future sea-level rise brought about as a result of climate change by raising the height of the East and North Quay walls by up to 50cm;
- Conducting a feasibility study of extending East Quay northwards by up to 40m to provide greater protection of the harbour mouth and reduce the swell experienced in the harbour during poor weather.

Improving the visibility of the harbour

- Audit the existing signage on vehicular and pedestrian approaches to the harbour. Where necessary, liaise with Highways to improve signage. Fencing and other street furniture will also be studied to ensure

that it is not inadvertently discouraging footfall eg by directing footfall in the wrong direction.

- Many pedestrian visitors approach the harbour through the arch under the Harbour Light building, however their vista through the arch is limited by a number of wooden kiosks. It may be possible to improve this vista through a review of their number, sizing and location.
- There was a strong desire among stakeholders to reclaim land along the western edge of the harbour to connect North and South Quays. The land reclaimed would substantially address the existing (and increasing) demands for usable quayside space in Paignton, would improve connectivity around the harbour and make the best use of an area of currently under-utilised harbourside.
- As identified in the original Port Masterplan the buildings along South Quay require refurbishment and/or redevelopment. A development partner has been sought by the Council to determine the scope of these works and to identify appropriate solutions to ensure that

the built environment surrounding the harbour remains fit-for-purpose, sustains vibrant and financially sustainable marine recreational, commercial and youth communities, and becomes an attractive visitor destination.

Torquay Harbour

All sectors of Torquay's stakeholder community were represented at the consultation event held at the end of a busy summer. It was recognised that spatial constraints precluded large-scale change in Torquay, however there are a number of small but important enhancements to the infrastructure and services which will ensure that the harbour continues to meet the needs of its users to a high standard. The items which will be progressed over the next 5-10 years include:

Improving sea defences

- Seek grant funding for the refurbishment and repair of Haldon pier. This is vital as both a sea defence and a working quay where vessels load and unload. The pier is increasingly being 'over topped' by waves in inclement weather (a situation which is likely to become more frequent as the

climate changes) and at present there is a 20 tonne weight bearing restriction which limits the size and types of vehicles that can drive onto the pier.

Enabling commercial growth

- Recommissioning of the marine fuel station, particularly for the sale of petrol: while diesel can be obtained at Brixham, the next closest ports selling petrol are Dartmouth to the west and Portland to the east. Recommissioning is given a high priority because of the safety implications of hand-filling vessels from containers at their berth.
- Refurbishing North Quay: both the quay wall and surface are in a poor state of repair and require upgrading. Reorganising the lay-out to provide further (much-needed) storage space, and the aspiration to facilitate the provision of ice (eg by installing a small ice machine), will support Torquay's small but significant commercial fishing industry.

A better stakeholder experience

- Installation of more recycling bins.
- Install visitor pontoons along the inner face

of Princess Pier.

- Investigate the feasibility of recommissioning the inner harbour slipway.
- Where possible, enable the Royal Torbay Yacht Club's aspirations to establish a waterfront presence. Although there is a paucity of operational space, innovative design solutions may create the room for a small waterfront presence.
- Increase the quantity of available dinghy parking space.
- Investigate the feasibility of installing a slipway along the outer face of Haldon Pier.

Improving the visibility of the harbour

- Audit the existing signage on vehicular and pedestrian approaches to the harbour. Where necessary, liaise with Highways to improve signage. Fencing and other street furniture will also be studied to ensure that it is not inadvertently discouraging footfall eg by directing footfall in the wrong direction.



**Meeting: Audit Committee
Council**

**Date: 25th September 2019
24th October 2019**

Wards Affected: All Wards in Torbay

Report Title: Treasury Management Mid-Year Review 2019/20

Is the decision a key decision? No

When does the decision need to be implemented? Immediate

Executive Lead Contact Details: Councillor Darren Cowell,
Darren.Cowell@torbay.gov.uk

Supporting Officer Contact Details: Pete Truman, Principal Accountant,
pete.truman@torbay.gov.uk

1. **Proposal and Introduction**

1.1 This report provides Members with a review of Treasury Management activities during the first part of 2019/20. The Treasury function aims to support the provision of all Council services through management of the Council's cash flow and debt & investment operations.

1.2 The key points in the Treasury Management review are as follows:

- New borrowing of £32million taken in year to date (as at early September 2019)
- Substantial increases approved to the Capital Plan for the Torbay Economic Growth Fund (£100m) and Investment & Regeneration Fund (increased by £100m) but with spending assumed in later years
- Re-profiling of capital expenditure reducing the overall borrowing need in 2019/20 but no change to the approved borrowing limits
- Total borrowing currently over-borrowed ahead of completion of Investment Fund acquisitions. Primary strategy of internal borrowing remains in place.
- Revised interest rate forecast with delayed rise in Bank Rate.
- Investment performance exceeding the Benchmark

2. **Reason for Proposal**

2.1 The preparation of a mid-year review on the performance of the treasury management function forms part of the minimum formal reporting arrangements required by the CIPFA Code of Practice for Treasury Management.

forward thinking, people orientated, adaptable - always with integrity.

3. Recommendation(s) / Proposed Decision

Audit Committee

- 3.1 that the Audit Committee provide any comments and/or recommendations on the Treasury Management decisions made during the first part of 2019/20

Council

- 3.2 that the Treasury Management decisions made during the first part of 2019/20 as detailed in this report be noted;

4. Background Information

- 4.1 The original Treasury Management Strategy for 2019/20 was approved by Council on 7th February 2019.

- 4.2 The Council defines its treasury management activities as:

“The management of the authority’s investments and cash flows, it’s banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

- 4.3 This report is in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2017).

- 4.4 This mid-year review has been prepared in compliance with the CIPFA Code of Practice and covers the following:

- Economic and Interest Rate update;
- Review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council’s capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- Review of the Council’s Borrowing strategy 2019/20;
- Debt Rescheduling Opportunities 2019/20
- Review of the Council Investments 2019/20;
- Revenue Budget 2019/20 Performance
- Non-Treasury Investments

5. Economic and Interest Rate Update

- 5.1 The revised forecasts (as at August 2019) from the Council’s treasury advisors, Link Asset Services are detailed in the table below.

Link Asset Services Interest Rate View											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

5.2 It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit. In its last meeting on 1 August, the MPC became more dovish as it was more concerned about the outlook for both the global and domestic economies.

5.3 The above forecasts have been based on an assumption that there is some sort of muddle through to an agreed deal on Brexit. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months. If there were a no deal Brexit, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth.

5.4 An economic update by Link Asset Services is provided at Appendix 1 to this report

6 Treasury Management Strategy Statement and Annual Investment Strategy Update

6.1 There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

7 The Council's Capital Position (Prudential Indicators)

This following section is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

7.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure at Q1 (draft) 2019/20	2019/20 Original Estimate £m	Current Position £m	2019/20 Revised Estimate £m
Services	60	13	49
Commercial Activities/non-financial investments	31	15	30
Total capital expenditure	91	28	79

7.2 In July 2019 Council approved a capital provision of £100m for the creation of the Torbay Economic Growth Fund and an increase in the Investment and Regeneration Fund by £100m to £300m. The spend for these items has been profiled to future years and therefore not included in the above. However, actual spend and associated borrowing are likely to be fluid so above estimates will be adjusted in the event of any advance to the spend profile.

7.3 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure at Q1 (draft) 2019/20	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
Total capital expenditure	91	79
Financed by:		
Capital receipts	2	1
Capital grants	10	15
Capital contributions	2	2
Capital reserves	1	2
Revenue	2	0
Borrowing requirement	74	59

7.4 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The following tables show the CFR, which is the underlying external need to incur borrowing for a capital purpose, and the level at which that borrowing is not normally expected to exceed which is termed the Operational Boundary.

	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
Total CFR	411	375
Net movement in CFR	66	55

	2019/20 Original Estimate £m	Current Position £m	2019/20 Revised Estimate £m
Prudential Indicator – the Operational Boundary for external debt			
Borrowing	450	334	450
Other long term liabilities*	20	18	20
Total debt (year end position)	470	352	470

* On balance sheet PFI schemes and finance leases etc.

7.5 Borrowing levels are currently well within the Operational Boundary which was set in February prior to the approvals for the Torbay Economic Growth Fund and Investment & Regeneration Fund. Should expenditure be applied earlier than anticipated it is acceptable for the Operational Boundary to be exceeded for a temporary period (until approval of the next Treasury Management Strategy Statement) provided that the Authorised Limit (para 7.8 below) is not breached.

7.6 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose*. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

7.7 At the time of writing, the Borrowing activity estimates are as set out in the table below. However, these may be impacted by any reprofiling of capital spend outlined in para 7.2 above.

	2019/20 Original Estimate £m	Current Position £m	2019/20 Revised Estimate £m
Borrowing	285	334	357
Other long term liabilities*	18	18	18
Total debt	302	350	375
CFR* (year end position)	411		375

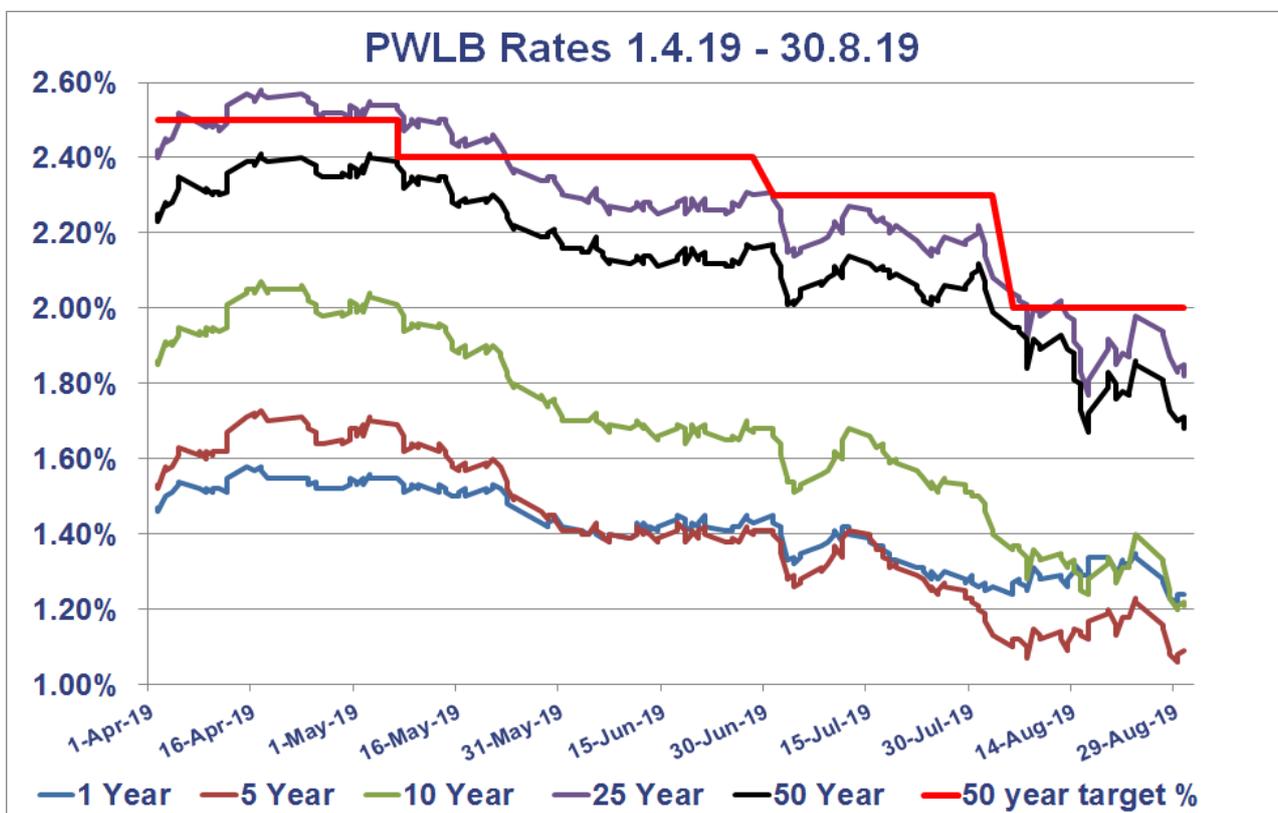
* Includes on balance sheet PFI schemes and finance leases etc.

7.8 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2019/20 Original Indicator	Current Position	2019/20 Revised Indicator
Borrowing	500	334	500
Other long term liabilities*	20	18	20
Total	520		520

8 Borrowing Portfolio 2019/20

8.1 The graph below illustrates the downward path of borrowing rates through the first part of the year, driven by political and economic uncertainties and with parliamentary turmoil driving levels to exceptionally low levels at the end of August.



8.2 The Head of Finance has approved new loans at successive low points along this downward path to fund. New borrowing taken during the first part of the year (as at early September) is summarised in the table below.

Total	£32 million
Lender	Public Works Loan Board
Average rate	2.00%
Average term	39 years

8.3 In light of the advantageous rate environment the CFO has suspended the primary strategy of using internal cash resources to fund capital, in order to maximise a

prudent level of borrowing at the prevailing low rates and ensuring affordability of the approved Capital Plan.

- 8.4 Overall borrowing stands at £334.5 million and at the point of this report is around £17M over-borrowed to the Capital Financing Requirement. The expected completion of two Investment & Regeneration Fund schemes in the next few weeks will see borrowing revert to an under-borrowed position.
- 8.5 The aim of utilising internal cash to fund part of the requirement in the short term remains the primary strategy but should borrowing rates continue at current levels the Head of Finance will continue to maximise external borrowing to a prudent level in line with actual and committed capital spend.
- 8.6 The lender of first resort remains the Public Works Loan Board and no alternative instruments offered any advantage to warrant consideration this year. The Council remains eligible to the discounted Certainty Rate (20 basis points below standard published PWLB levels) and the application to continue eligibility for the coming year has been successfully lodged.

9 Debt Rescheduling

- 9.1 Debt rescheduling opportunities have been prohibitive in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

10 Investment Portfolio 2019/20

- 10.1 In line with the primary strategy, cash has generally been kept in short term and instant access facilities to be available to fund revenue and capital outlay. Extensive use has been made of money market funds averaging around 0.75%.
- 10.2 Cash levels at the time of this report exceed £80million which reflect the normal elevated levels during the first few months of the financial year but which are higher than normal due to new borrowing pending completion of capital schemes. A fall in cash balances is expected down to around £50million by end of September from capital spend and should reduce further by year end.
- 10.2 The increase in cash levels and the forecast delay in interest rate rises prompted a shift to locking a proportion of cash into longer term deposits (i.e. up to 1 year) at an average rate of 1.13%
- 10.3 At the commencement of the year, £15 million of core cash was held within one-year term deposits and the CCLA Property Fund. The term deposits, averaging 1.03%, all mature in 2019.
- 10.4 The CCLA Property Fund continues to perform adequately with a Q1 return of 4.59%. The impact of new financial reporting standards (IFRS9) and the recent MHCLG consultation on a temporary override is a key consideration on future levels held in the Fund.
- 10.5 At the end of August 2019 the overall investment performance stood at 1.05% against the market benchmark rate of 0.57%.

10.6 Counterparties with which funds were deposited (April 2019 – August 2019):

Banks

Goldman Sachs International Bank
Lloyds Bank
Nat West Bank
Santander UK
Svenska Handelsbanken
Bank of Scotland

Other Approved Institutions

Public Sector Deposit Fund
Goldman Sachs Sterling Fund
Aberdeen Asset Management
Funding Circle

Local Authorities

Lancashire County Council
Slough Borough Council
PCC of Northumbria
Moray Council
Mid Suffolk District Council

10.7 The Head of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the period of this report.

11 Revenue Budget Performance

11.1 The net revenue budget for treasury management is projected to be underspent after additional interest payable on new borrowing, increased interest received on higher cash balances and adjustments to MRP.

As at end August 2019	Revised Budget 2019/20	Projected Outturn 2019/20	Variation
	£M	£M	£M
Investment Income	(0.4)	(0.7)	(0.3)
Interest Paid on Borrowing	10.0	10.4	0.4
Net Position (Interest)	9.6	9.7	0.1
Minimum Revenue Provision	5.0	4.5	(0.5)
Net Position (Other)	5.0	4.5	(0.5)
Net Position Overall	14.6	14.2	(0.4)

12 Non- Treasury Investments

12.1 The revised Code of Practice issued in December 2017 increased the scope to incorporate governance of Non-Treasury Investments (NTIs) following the increase in commercial activities by Local Authorities.

12.2 In line with this guidance the current activities being undertaken by Torbay Council are set out at Appendix 2.

Appendices

Appendix 1: Economic Update

Appendix 2: Non-Treasury Investments

Background Documents

Appendix 1

Economics update (provided by Link Asset Services, August 2019)

UK. This first half year has been a time of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on or 31 October, with or without a deal. However, so far, there has been no majority of MPs for any one option to move forward on enabling Brexit to be implemented. At the time of writing, (first week in September), the whole political situation in the UK over **Brexit** is highly fluid and could change radically by the day. The vote in the Commons on 3 September looks likely to lead to a delay in the date for Brexit to 31 January 2020, but there is also likelihood that there will be an imminent general election. In such circumstances, any interest rate forecasts are subject to material change as the situation evolves. At present, if the UK does soon achieve an agreed deal on Brexit, including some additional clarification wording on the Irish border backstop, then it is possible that growth could recover quickly. The MPC could then need to address the issue of whether to raise Bank Rate when there is very little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could falter and the MPC would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the MPC would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by way of tax cuts and / or expenditure on infrastructure projects, to boost the economy. However, infrastructure projects generally take a long time to plan and to start up, and so to feed through into impacting the economy; tax cuts would be much quicker in impacting the level of consumption in the economy.

The first half of 2019/20 has seen UK **economic growth** fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. This mirrored investor confidence around the world which is now expecting a significant downturn or possibly even a recession in some developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, (July 2.1%), and is likely to shift only a little upwards over the rest of 2019/20. It does not therefore pose any immediate concern to the MPC at the current time.

With regard to the **labour market**, despite the contraction in quarterly GDP growth of -0.2%q/q, (+1.2% y/y), in quarter 2, employment rose by 115,000 in the same quarter: this suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment has continued near to a 44 year low, edging up from 3.8% to 3.9% on the Independent Labour Organisation measure in June; however, that was caused by a rise in the participation rate to an all-time high. Job vacancies fell for a sixth consecutive month, hitting record levels, and indicating that employers are having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.8%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This could mean that the MPC will need to take action to raise Bank Rate if there is an agreed Brexit deal as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of strong growth to 2.9% y/y. Growth in 2019 has been falling back after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2. Quarter 3 is expected to fall further. The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not to be seen as the start of a series of cuts to ward off a downturn in growth. Financial markets are, however, expecting another cut in September. Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

BOND YIELDS. It is this souring of investor confidence that has largely contributed to the sharp fall in bond yields on government debt in mid-2019 in the major western economies as investors have switched out of risky assets - equities, fearing an impending recession, and buying into bonds, so pushing their prices up and correspondingly, pushing yields down. Investors have little confidence that the US China trade war will have a satisfactory outcome in the near future and both sides look as if they are digging in to entrenched positions. However, most domestic US economic indicators are not currently pointing to a recession in the US, only to a slowing of growth. Provided the major world economies do avoid recession, then it is likely that there will be some reversal of this flow from equities into bonds and, therefore, that bond yields will recover to a limited extent from recent truly exceptional lows. However, the near-term reality is that we have seen 10 year bond yields fall below 2 year yields in the US; this has historically been a prime indicator of impending recession in the US, though this correlation has been much weaker in the UK. All German bond yields between 2 and 30 years are actually negative while many other EZ countries have bond yields which are also negative, at least in some maturity years.

EUROZONE. Growth has been slowing from +1.9% during 2018 to +0.4% q/q (+1.2% y/y) in quarter 1 and then to +0.2% q/q (+1.0% y/y) in quarter 2; there appears to be little upside potential to the growth rate in the rest of 2019. German GDP growth fell to -0.1% in quarter 2; industrial production was down 5.2% y/y in June with car production especially being hit. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars. The ECB meeting in July expressed concern as to the weak outlook for growth and how low inflation was despite all the monetary stimulus the bank still has in place. The ECB is therefore expected to take action to cut its main rate of -0.4% further, but only marginally, and to look at the potential for more quantitative easing and/or other instruments of monetary policy to provide further stimulus to economic growth. On the political front, Spain and Italy are in the throes of trying to form coalition governments while the very recent results of two German state elections will put further pressure on the frail German CDU/SDP coalition government.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. The trade war with the US does not appear to have had a significant effect on GDP growth as yet as some

of the impact of tariffs has been offset by falls in the exchange rate and by transshipping exports through other countries, rather than directly to the US.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

Non Treasury Management Investments

11th September 2019

Investment Properties				
The criteria the Council has adopted for the recognition of an investment priorities is :-				
A property held primarily to generate rental income or for capital appreciation or both.				
A property that is used solely to facilitate delivery of services, or to facilitate delivery of services as well as rentals does not meet the definition.				
Asset	Value at 31.03.2019 *	Year Purchased	Purchase Price for investment and regeneration fund assets	Asset life for the calculation of MRP
	£ million		£ million	years
Distribution Warehouse at Medway	28.8	2017/18	31.4	50
Ferndown	26.1	2017/18	27.5	50
Fugro House	19.8	2017/18	20.6	50
Gadeon House	15.3	2017/18	16.9	50
Gala Bingo Club	0.3	n/a	n/a	n/a
Torquay Golf Course (Petitor)	1.2	n/a	n/a	n/a
Unit 3 Riviera Park	0.8	n/a	n/a	n/a
Waterside Caravan Park	2.5	n/a	n/a	n/a
Wren Retail Park	18.1	2016/17	21.1	50
Twyver House, Gloucester Purchase Price £12m	12.3	2018/19	12.5	50
Woodwater House Exeter Purchase Price £10m	9.3	2018/19	9.9	50
The Range, Babbacombe	8.8	2018/19	8.8	35
Lucknow Road, Bodmin	2.8	2018/19	3.0	35
SubTotal	146.1			
Investment Assets under construction				
Travelodge, Chippenham	0.1	2019/20	0.1	35
Distribution facility, Exeter	2.6	2019/20	2.3	35
Sub Total as at 31.3.19	148.8			
	Purchase Price			
	£ million			
2019/20 investments as at 11/9/19				
Crown Records, Exeter	1.8	2019/20	1.8	50
Total	150.6			

* Note: Valuation are made inline with the CIPFA Accounting Code as required for the Council's Statement of Accounts

Loans (over £50k balance outstanding)

All loans over £50k have received Council or Investment Committee Approval in line with Financial Regulations

Debtor	Value Principal	Loan Term (years)	Remaining term as at 31/03/19	Interest rate per annum	Outstanding Balance 31.03.2019	Draw Downs in 2019/20	Note	Mitigation of risk
	£ million				£ million			
Care Home Provider	1.3	10	8 years and 8 months	5%	1.1			legal charges in place
Parkwood Leisure	1.7	12	12 years	4.80%	1.7			asset leased from Council
South Devon college	4.0	25	23 years & 3 months	2.80%	3.7			None - Council decision to accept risk as public sector
TEDC - Cockington Car Park	0.6	n/a		n/a	0.0		Not yet taken up	Wholly owned subsidiary of the Council
TEDC - Kings Ash House	1.5	25	23 years & 3 months	4.50%	1.4			

Loans (over £50k balance outstanding)							
THAT Group	9.3	Capital repayment starts in 2025 (7 years after the agreement)	36 years from 2025	A margin of 4.5% plus B of E base rate at applicable date	0.0	5.1	Full amount of loan will be drawn down by 31/12/19 legal agreement and personal guarantee
Total	18.4				7.9		

Guarantees

None as at 31.3.19

Pension Guarantees (to Pension Fund not Employer)

Employer	Nature of Guarantee **	Fund Start Date	Bond Renewal Date	Existing Bond Amount £'000	***2017 Assessed Risk £'000	Mitigation of risk
Action for Children	A	01.08.2012	31.12.2016	80	22	Council contract
Mama Bears	A	08.12.2012	08.01.2018	22	9	Council contract
Healthwatch Torbay	A	01.05.2013	Cash held in Escrow A/C with DCC	13	21	Escrow a/c
Churchill Services (Sherwell Valley)	A	01.10.2014	30.09.2017	24	7	Low value
Torbay Community Development Trust	A	01.03.2014	Cash held in Escrow A/C with DCC	21	18	Escrow a/c
Sanctuary Housing (Intergrated Domestic Abuse)	A	02.09.2014	01.10.2019	10	39	Bond in place until 1.10.19
Torbay Coast and Countryside Trust	C	01.12.1999	n/a	n/a	223	linked charity
Tor 2 Waste (Kier PCG)	C	19.07.2010	n/a	n/a	324	pass through
Tor 2 Street Scene (Kier PCG)	C	19.07.2010	n/a	n/a	659	pass through
Tor 2 Asset Management (Kier PCG)	C	19.07.2010	n/a	n/a	632	pass through
Torbay Econ. Development Agency	C	01.07.2011	n/a	n/a	525	wholly owned subsidiary
The Childrens Society (Services) Ltd	C	01.01.2014	n/a	n/a	8	Low value
ISS Torbay Schools	C	01.08.2014	n/a	n/a	21	Low value

LEX Leisure (transfer of Velopark staff)	n/a	1.12.17	If deficit materialises, through LEX becoming insolvent, amount will be added to Council's existing deficit			
Libraries Unlimited (transfer of Libraries staff)	n/a	01.04.18	Any liability arising through Libraries Unlimited becoming insolvent, the amount will be added to the Council's existing fund deficit. In addition, any liability at the end of the contract will also be added to the Council's fund deficit			
CSW Group (Cornwall Local Government Pension Scheme)	n/a	2008	Torbay Council's liability limited to 8.1% based on population			

**A= Bond is required as part of the organisation's admission agreement

C= A bond is not in place and either the letting authority or a guarantor has responsibility for any residual deficit

***The summary shows the 2017 Assessed Risk Value as supplied by the Devon Local Government Pension Scheme

Subsidiary Companies (wholly owned by Torbay Council) - see Statement of Accounts 2018/19

<https://www.torbay.gov.uk/media/12919/soa-1819.docx>

**Standing Order D11 (in relation to Overview and Scrutiny) – Call-in and Urgency
Council Meeting, 24 October 2019**

In accordance with Standing Order D11, the call-in procedure does not apply where the executive decision being taken is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would prejudice the Council's or the public's interests.

Before deciding whether a decision is urgent the decision making person or body must consult the Overview and Scrutiny Co-ordinator, or in his absence either:

- (a) (if the decision is a Key Decision and Standing Order E14 (General Exception) applies) each member of the Overview and Scrutiny Board shall be consulted; or
- (b) (in all other cases) the Civic Mayor, or (if there is no Civic Mayor appointed) the Deputy Civic Mayor, shall be consulted.

Decisions taken as a matter of urgency shall be reported to the next available meeting of the Council, together with the reasons for urgency and a summary of the consultation undertaken.

The table below sets out this information:

Matter for decision	Decision-taker	Reasons for urgency	Consultation
Investment Opportunities 7/10/19	The Cabinet	<p>The Cabinet took an exempt decision, at its meeting held on 15 October 2019, to purchase a new investment from the Council's Investment and Regeneration Fund in accordance with the approved Investment and Regeneration Fund Strategy. The details of the investments are exempt as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).</p> <p>The decision taken by the Cabinet needed to be implemented immediately as any delay likely to be caused by the call-in process would prejudice the Council interests and result in the Council losing these investment opportunities.</p>	The Overview and Scrutiny Co-ordinator was consulted on 14 October 2019