



## **North Devon Council**

Report Date: 23 November 2022

Topic: Options for the Ilfracombe Dotto Land Train

Report by: Head of Place Property and Regeneration

### **1. INTRODUCTION**

- 1.1. North Devon Council purchased the Ilfracombe Dotto Land Train in October 2013 with a £170,000 grant from the Leader 4 programme.
- 1.2. For the last two years Ilfracombe Town Council (ITC) have run the Dotto contract. A temporary extension has been awarded to ITC to enable the train to run until January 6<sup>th</sup> 2023.
- 1.3. Beyond January 2023, a solution is required for Dotto. ITC have expressed an interest in extending the contract for a longer period or for ITC to become the legal owner.
- 1.4. This report asks members to consider the options available for Dotto.

### **2. RECOMMENDATIONS**

- 2.1. Members to determine whether they wish to offer to gift the Dotto Land Train asset to ITC, seek to re procure the contract or sell the asset.
- 2.2. If at 2.1 Members are minded to gift the Dotto Land Train asset to ITC, members to confirm agreement to rent the existing storage facility and agreement to the current route.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 The Dotto contract is due to end in January 2023 and so a way forward needs to be agreed
- 3.2 ITC have come forward with an informal proposal that requires a response. They have confirmed that formal agreement would then be required from their Full Council.
- 3.3 ITC do not have a storage solution and so would need to utilise the current facility owned by NDC and stored on NDC land and ITC would like to use the current route.

#### 4. REPORT

- 4.1. North Devon Council purchased the Ilfracombe Dotto Land Train in October 2013 with a £170,000 grant from the Leader 4 programme.
- 4.2. The Council purchased a 45' shipping container which houses the train and is located in the Hillsborough car park.
- 4.3. The aim of the Dotto was to run a service that helped to move people from the edge of town car parks (taking the pressure off the main hotspots), and also around the town. It was hoped that more visitors would experience other areas such as the High Street, and that the economic benefit of the visitor economy would be distributed throughout the town.
- 4.4. After an extensive procurement exercise to find an operator for the service, only one return was received, from Filers in Ilfracombe. Filers were awarded the contract (which they were not asked to pay for) for an initial two year period, and then a subsequent 2 year period.
- 4.5. Filers accounts show a limited income from the service, and after four years they no longer wanted to run the concession.
- 4.6. Another procurement process was undertaken, but we received no interest.
- 4.7. Ilfracombe Town Council expressed an interest in the contract, and we began direct negotiations with ITC to take over responsibility for the Dotto under a two year contract.
- 4.8. The Town Council quickly realised that they could not run the service themselves, and looked for a local company to run the train. When this failed, they finally contracted a company from up country to run the train throughout the season. The company specified a new, shorter route with a fixed pricing structure.
- 4.9. The Town Council have now approved through their Full Council to contract with a local service provider (Crabb Contractors) to run the service. The Town Council report that the service is well received and doing well.
- 4.10. The contract with ITC ended on 25<sup>th</sup> October 2022. Officers have granted a short extension to the contract, which will now end on the 6<sup>th</sup> January 2023.

- 4.11. The Dotto was discussed at Ilfracombe Town Council on 27<sup>th</sup> June 2022, and an e mail was received from them following this asking for NDC to consider a longer contract, or gifting/selling the Dotto to ITC for a nominal amount. They also asked for a short extension to the current contract to cover up to the end of this year as this ties in with their insurance etc. and means they can run the service up to, and including, Christmas (this has subsequently been granted).
- 4.12. ITC have since confirmed that any acceptance of a gift of Dotto would be subject to ITC (Full Council) approval.
- 4.13. When the previous idea of selling the Dotto was put to the Town Council and IRB, it was not well received.

The IRB minute of 15<sup>th</sup> December 2021 stated:

#### **1. Dotto**

*Cllr Crabb did not attend the meeting held recently, however he was under the impression that if the Dotto was sold, this could be reinvested into the town. However, he explained that the Dotto was purchased following the Terrance O'Rourke report, linking the High St to the seafront. Removing an efficiently ran Dotto service would disrupt the High St.*

*Cllr Prowse was disappointed that he was not informed of the Dotto plans prior to IRB and believed the Dotto belonged to Ilfracombe, ensuring the Dotto linked the High St with the Harbour. Cllr Pearson echoed Cllr Prowse' view regarding the lack of prior information, however supported the sale of the Dotto to reinvest back into the town. Cllr Gates stated that people have complained that Dotto can cause congestion within the town, however did not believe this notion and that the sale of the Dotto should not occur and not be debated.*

*Steve stated that from next year it can be ran by ITC with renegotiated terms, however if the Pier closure is to occur, new routes will have to be looked into.*

*Cllr Fowler explained that if ITC was in possession, the Dotto could be upgraded and make it more viable.*

- 4.14. When selling any asset NDC has a legal obligation to achieve best value. Best value is normally associated with seeking the best financial outcome but guidance associated with the obligation of Best Value provides that the Council should consider overall value, including economic, environmental and social value. Officers have not sought a formal valuation for Dotto, the train did not cost NDC anything financially as was fully funded

via the Leader 4 programme grant. Passing the Dotto Land Train to ITC at less than its full financial value or at nil value (i.e. gifting it to ITC) would need to be accompanied by a demonstration of how this meets such best value considerations, for instance to allow for its continued operation as a community asset in Ilfracombe and the economic, environmental and/or social value benefits this will (or will continue to) bring to the area which would not otherwise be possible. Such a transfer at an undervalue also engages subsidy control law and such law focuses on the impact to competition (e.g. against local transport or tourist services) of the provision of the gift of such an asset, which could potentially be justified on similar grounds as a the best value considerations, however this is likely to be well beneath the *de minimis* threshold in any event.

- 4.15. If the Dotto were to be gifted to ITC, decisions still need to be made regarding the siting of the shipping container (and the associated loss of parking spaces for the turning area) on Hilsborough car park. ITC have confirmed that they do not have an alternative storage provision and had assumed that the container would still be available for future use. If it was to be removed ITC have confirmed that it would cause significant issues.
- 4.16. ITC have also confirmed that they are content with the current route which is approved by the licencing agency. They consider it quick and connects the sea front / harbour with the high street. There has been some concern raised with conflict with Dotto and Quay road given the constrained nature of that access route. This has been partly mitigated by the recent widening improvements at the Pier entrance on the Harbour.
- 4.17. North Devon Plus have confirmed that there will be no claw-back of the Leader 4 grant money received which was used to buy the Dotto as it is now outside the 5 year contract period.
- 4.18. Should members wish not to gift Dotto to ITC (subject to their agreement) then alternatively officers can seek to re-procure the contract for a set period of time or look to sell the asset. If there is a gap between the current contract and new contract/sale then NDC would need to insure the asset and pay the necessary business rates.

## 5. RESOURCE IMPLICATIONS

- 5.1. Officer time to arrange the contracts and terms of any further lease or transfer of the asset and any associated leases for both the container and any rights over land required to facilitate the route. Economic Development, Legal, Procurement.

5.2. Depending on the decision whether to sell or gift the Land Train there are associated VAT considerations which will need to be discussed with any potential recipient.

5.3. As outlined above, if there was a gap between the current contract and any new contract or sale then NDC would need to insure the asset and pay the business rates.

## 6. EQUALITIES ASSESSMENT

6.1. There are not considered to be equality implications as a result of this report, which seeks to determine the future of Dotto.

## 7. ENVIRONMENTAL ASSESSMENT

7.1. Dotto is an existing asset and this report considers how it is run in the future. The train does run on diesel and so in that regard if the train was sold and not used in the town there would be environmental benefit. To the contrary, Dotto is considered to bring significant social and economic benefit to the town.

## 8. CORPORATE PRIORITIES

8.1. What impact, positive or negative, does the subject of this report have on:

8.1.1. The commercialisation agenda: If Dotto was sold it could release some income for the Council.

8.1.2. Improving customer focus - Dotto is considered an asset to Ilfracombe and helps connect parts of the town for our customers.

8.1.3. Regeneration or economic development – Dotto delivers social and economic benefit to the town.

## 9. CONSTITUTIONAL CONTEXT

9.1. Article 4.2.1

## 10. STATEMENT OF CONFIDENTIALITY

10.1. This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

## 11. BACKGROUND PAPERS

11.1. The following background papers were used in the preparation of this report: (The background papers are available for inspection and kept by the author of the report)

- The existing Dotto lease

## 12. STATEMENT OF INTERNAL ADVICE

12.1. The author (below) confirms that advice has been taken from all appropriate Councillors and Officers:

Cllr David Worden - Leader



Cllr Malcolm Prowse – Lead Member for Economic Development and Strategic Planning

Cllr Netti Pearson – Ilfracombe West

Cllr Paul Crabb – Ilfracombe East

Cllr Jim Campbell – Ilfracombe East

Cllr Dan Turton – Ilfracombe East

Cllr Geoff Fowler – Ilfracombe West

Jon Triggs – Director of Resources and Deputy Chief Executive

Adam Tape – Head of Governance

Simon Fuller – Senior Solicitor

Nikki Gordon – Head of Organisational Development