



North Devon Council

Report Date: Monday, 4 November 2024

Topic: NDC Corporate Strategies

Report by: Jon Triggs, Director of Resources and Deputy Chief Executive

1. INTRODUCTION

1.1. The Council's Corporate Plan was refreshed in 2023 to reflect the changing landscape the local authority now faces. The Corporate Plan identified five key priority areas, which are:

- Achieving Financial security
- Housing
- Climate and Environment
- Pride of Place and Prosperity
- People Matter

1.2. Councils are currently dealing with unprecedented, complex and often difficult to predict financial pressures. We have experienced the consequences of the Covid-19 pandemic, coupled with the outcomes of Brexit and new trade deals and rules. Set against a backdrop of already established cuts in government funding, rising demand for services and economic growth challenges and with further funding cuts on the horizon, we have to take control of our future viability by becoming commercially focused to help **achieve financial security**, which is one of our 5 corporate objectives.

1.3. Part of our drive towards financial security will include identifying new opportunities to generate income and investment in projects that provide positive financial returns as part of our service investment and regeneration plans. Whilst undertaking these commercial activities we should not lose sight of our values and our ambitions for our communities to achieve a promising future.

1.4. Members approved the Commercialisation Strategy in November 2020 and this report brings along a refreshed Commercialisation Strategy for member consideration and approval. Sitting alongside and complementing this document is an Asset Management Strategy as the two key documents go hand in hand in achieving these outcomes and obtaining best use out of current and future assets the Council holds.

1.5. Housing is a fundamental key priority within the Corporate Plan and our objective is that we will strategically plan and deliver housing provision to try to meet local needs and to tackle the widening imbalance between supply and demand and increase the availability of decent, affordable and accessible accommodation for residents in need. Underpinning this will be a new Housing Strategy which we will shortly be consulting on. This report provides an update on the work being carried out with Members and the next stage in the process for member consideration.

2. RECOMMENDATIONS

- 2.1. That members note the context of the financial parameters the Council is currently working within and recommend to Full Council the adoption of the Commercialisation Strategy as set out in Appendix A.
- 2.2. That members recommend to Full Council the adoption of the Asset Management Strategy as set out in Appendix B.
- 2.3. That members recommend to Full Council that a consultation is commenced on the draft Housing Strategy and those 3 emerging themes of: (1) Prevent Homelessness; (2) Provide New Housing Supply; and (3) Make Homes Healthy; and that such consultation is carried out in Quarter 4 of 2024/25, for a six-week period using Engagement HQ and social media. This consultation will be aimed at a wide range of stakeholders noted in section 4.27 of the report.

3. REASONS FOR RECOMMENDATIONS

- 3.1. It is important that there is a clearly defined strategy that the Council must work within when exploring commercial opportunities in order to generate additional revenue.
- 3.2. It is important that there is a clearly defined strategy in terms of how the Council manages its existing and future land and property assets and that it is achieving best value on these corporate assets to deliver against the Corporate Plan.
- 3.3. Consulting and engaging with our citizens and stakeholders gives local people a voice and an opportunity to have a say on our strategy and approach to housing.

4. REPORT

Commercialisation Strategy

4.1. In February 2024, Members approved the Revenue Budget for 2024-25 year and adopted the Medium Term Financial Plan (MTFP) 2024-2030 which set out the forecast budget gaps for the 2025-26 to 2029-30 financial years.

4.2. The cumulative budget gap that was being forecast back in February 2024 was;

Years	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Budget gap / (surplus)	0	0.487	2.945	3.306	3.044	3.263

- 4.3. Clearly this creates a large budget gap to bridge moving forwards however it is crucial that both Officers and Members understand the potential financial context that we 'could' end up with, subject to any transitional arrangements the government put in place following the planned funding review announced for Spring 2025. This clearly focuses minds on becoming more efficient within the services we currently provide and becoming entrepreneurial in the way we deliver services into the future and move towards a more commercially minded Council to generate additional income for the revenue budget
- 4.4. Members took the first step in this new approach in 2021 by approving to proceed with the acquisition of Green Lanes Shopping Centre; which the Council completed the purchase in November 2021. The purchase of Green Lanes Shopping Centre was a once in a lifetime opportunity to acquire this strategic asset and complement other significant regeneration improvements being delivered within the Barnstaple town centre through the Future High Streets project. The financial modelling demonstrated that revenue income generated from the centre would cover both the repayment of the loan and asset management costs and would return a contribution to the Council which could be used towards mitigating future risks on income volatility, investment back into the centre and the overarching council budget.
- 4.5. The financial outturn for the Centre produced a net return (income less costs) for:
- 2021/22 year of (£243,600) due to minimal borrowing costs as these commenced in 2022/23
 - 2022/23 trading position produced a net return of (£291,000), including borrowing costs
 - 2023/24 trading position produced a net return of (£237,000), this includes £150,000 from the income volatility reserve due to the financial impact of losing Wilko in August 2023. This reserve having been created in 2021/22 for this purpose to protect the council in the event of a tenant loss and smooth the budgetary impact
- 4.6. We are awaiting the Government's Comprehensive Spending Review which is scheduled to take place in the spring of 2025 and announcements on Government funding for Local Authorities which we hope will see a multi-year funding settlement to provide some certainty into the medium term from 2026-27 year onwards.
- 4.7. However, one certainty we can be assured of is that we will still have a significant funding gap for future years to bridge and we need to ensure that we have clear parameters and strong governance in place within the financial

context we are operating to look at exploring opportunities and business cases when they arise.

4.8. A Commercial Strategy sets these parameters and the original 2020 strategy has been refreshed and is set out in **Appendix A**.

4.9. Setting clear outcomes are important when devising any strategy and these have been defined as;

- Commercial operating is increasing across the Council
- The efficiency of the Council continues to be improved
- Generating additional and sustainable income streams for the Council
- Reducing the net budget of a service by reducing controllable costs of a service whilst still achieving service outcomes.
- Having staff with a commercial ‘mind-set’ across the organisation through developing and upskilling our staff to be more enterprising and innovative.
- Reducing reliance on the Governments core funding grant

Asset Management Strategy

4.10. The Council currently holds £143million of assets within its balance sheet, a large proportion of these being land and property related.

31 st March 2023 £000		Notes	31 st March 2024 £000
121,855	Property, Plant and Equipment	15	136,071
923	Heritage Assets	16	923
5,183	Investment Property	17	5,831
188	Intangible Assets	18	230
668	Long Term Debtors	19	47
128,817	Long Term Assets		143,102

4.11. It is fundamental that the Council continually reviews how we use these assets to ensure we are maximising their use and achieving best value out of existing and future land and property holdings to deliver against the priorities set out in the Corporate Plan.

4.12. Sitting alongside and complementing the earlier strategy discussed, is the Asset Management Strategy.

4.13. The fundamental basis for the Asset Management Strategy is to;

- Maintain and improve our asset base
- Support service provision
- Maximise the value and performance of our estate
- Invest to save
- Invest to generate revenue and capital growth
- Invest to promote other services and opportunities – whether for economic, social or environmental benefit

- 4.14. We need to encourage staff to employ our management behaviours to actively seek out opportunities outside our day-to-day activities and find creative delivery mechanisms to achieve our goals.
- 4.15. Ensuring our land and property asset portfolio is fit for purpose, secures increased income generation, maximises capital receipts, stimulates growth and investment in the district, and reduces costs. Through master planning of key strategic projects to promote the delivery of housing and economic growth.
- 4.16. The Asset Management Strategy has 5 overarching objectives;
- i. To generate new and additional income via property and land to complement the Council's medium term financial plan. To use our assets to optimise returns and look for new income generating opportunities.
 - ii. To plan and manage property as a corporate resource to deliver against NDC's Corporate Plan priorities in a balanced way.
 - iii. To assess potential enhancement in asset value and identifying how investing allows us to influence within our district.
 - iv. To contribute positively to support growth of employment or provision of good quality homes to help assist housing needs through the strategic use of the councils assets.
 - v. We will use our land and buildings in order to build attractiveness for visitors; strengthen the economy; and strengthen community values.
- 4.17. Using this structure will enable us to determine how we work, where we work, who we work with and influence how we take investment decisions in relation to property. How the strategy will be delivered will be set out in more detailed actions within our Asset Management Plan (AMP).
- 4.18. The Asset Management Strategy aligns very closely with the aforementioned Commercial Strategy and is set out in **Appendix B**.

Housing Strategy

- 4.19. There is a national and local focus on housing issues. Nationally, the government elected in 2024 has stated that its focus will be on delivering more housing, an ambition that is going to be reflected in national planning policy. North Devon Council recognises that the local housing market is failing to deliver sufficient numbers of appropriate housing including insufficient levels of affordable housing and a reduced supply of homes to rent, due to increased pressures and regulations imposed on landlords and the short term holiday let market. This insufficiency of supply has caused house prices and rents to increase substantially, resulting in more people being unable to afford a home and more people being made homeless.
- 4.20. National planning policy is likely to impose substantially increased targets for housing delivery on the authority when we have traditionally struggled to maintain an adequate supply of new buildings.

- 4.21. All of the Devon authorities came together and commissioned the University of Exeter to hold a Devon Housing Commission led by Lord Best, to examine the local housing market and to make recommendations. That report, and the recommendations made within it, have influenced this strategy and many of the recommendations made by the Commission are contained within the document.
- 4.22. The purpose of this strategy is to guide future actions in relation to housing matters and also to tie in with and influence other strategies such as the Council's Commercialisation Strategy and its Asset Management Plan. It will also influence the new North Devon and Torridge Local Plan which both councils will be working on shortly. A particular challenge for the authority is that much of the North Devon area is within the Exmoor National Park and so this strategy should also influence policies relating to housing delivery and housing standards which are adopted by the Exmoor National Park Authority.
- 4.23. The draft Housing Strategy has been based around 3 themes: (1) Prevent Homelessness; (2) Provide New Housing Supply; and (3) Make Homes Healthy all of which set out what we have done so far and what more we can do.
- 4.24. This initial draft has been shared with all Members for feedback.
- 4.25. There is a planned Housing Strategy Workshop for the end of November 2025 to finalise that draft for consultation.
- 4.26. Consultation will then take place around February 2025 over a 6 week period, asking specific questions about the draft Strategy but also giving our stakeholders other opportunities to feedback their views.
- 4.27. The following list have been identified as Stakeholders but these can be added to during the next few months, plus this consultation will be promoted via social media giving many more an opportunity to comment on the themes and content.
- MP for North Devon | Lead Member for Housing | Torridge District Council | Devon County Council | North Devon Futures Board | North Devon Homes | Other Registered Providers | Customers on Devon Homes Choice | Encompass South West | Freedom Centre | Social Services (Young Persons and Adult) | Citizens Advice Bureau | Salvation Army | North Devon Housing Crisis Group | Letting Agents | One Northern Devon | Town and Parish Councils | Community Land Trusts | Middlemarch | MikMat Devon | Sunrise Diversity | The Olive Project | Pickwell | NDADA | ND Voluntary Services | Gypsy and Travellers | Van Dwellings | Landlords | Mental Health Services | Probation Services | Belles Place | Developers.
- 4.28. Feedback from that consultation exercise will be independently analysed and the draft report amended to reflect that feedback.

5. RESOURCE IMPLICATIONS

- 5.1. There are no revenue implications relating to the adoption of these core strategies, however individual projects to deliver upon their outcomes will come forwards in the normal process.
- 5.2. Capital business cases relating to individual projects will come forwards separately as part of the normal funding application process. These will be scored through the Project Appraisal Group accordingly and proceed to Members for approval.
- 5.3. Delivery against the Commercialisation Strategy, the Asset Management Strategy and the Housing Strategy will be reported to Members through the programmes and quarterly performance reports to Strategy and Resources, Policy Development and Full Council meetings.

6. EQUALITIES ASSESSMENT

- 6.1. There are no equalities implications anticipated as a result of this report in relation to the Commercialisation Strategy or the Asset Management Strategy. An Equality Impact Assessment will be completed for the draft Housing Strategy when this is produced following the above mentioned member workshop.

7. ENVIRONMENTAL ASSESSMENT

- 7.1. There are not any environmental implications anticipated as a result of this report, as the purpose of this report is to present the Council's overarching corporate strategies. Projects within the Capital Programme will have highlighted any specific environmental impacts associated with those individual schemes when they came forwards for initial funding.

8. CORPORATE PRIORITIES

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

- 8.1.1. The commercialisation agenda: Positive; this report sets out the overarching Commercialisation Strategy of which projects will be delivered in line with this objective.
- 8.1.2. Improving customer focus: Positive; this report sets out the current work towards the production of a draft Housing Strategy of which future work streams and projects will be driven to deliver for our customers.
- 8.1.3. Regeneration or economic development: Positive; this report sets out the overarching Asset Management Strategy of which projects will be delivered in line with this objective.



9. CONSTITUTIONAL CONTEXT

9.1. Save as provided in paragraph 9.2 below, the decision in respect of the recommendations in this report can be made by this Committee pursuant to delegated powers provided in Part 3 Annexe 1 paragraph 1 of the Constitution.

9.2. As noted in the report, the power to decide on one or more of the recommendations in this report is reserved to Council pursuant to Article 4.5.19 and as such the recommendation must be referred to Council to ratify.

10. STATEMENT OF CONFIDENTIALITY

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

11. BACKGROUND PAPERS

The background papers are available for inspection and kept by the author of the report.

12. STATEMENT OF INTERNAL ADVICE

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

Jon Triggs, Director of Resources and Deputy Chief Executive