

Public Document Pack

Mid Devon District Council

Economy Policy Development Group

Thursday, 23 January 2020 at 5.30 pm
Exe Room, Phoenix House, Tiverton

Next ordinary meeting
Thursday, 12 March 2020 at 5.30 pm

Those attending are advised that this meeting will be recorded

Membership

Cllr J M Downes
Cllr N V Davey
Cllr R J Dolley
Cllr Mrs S Griggs
Cllr T G Hughes
Cllr D F Pugsley
Cllr R F Radford
Cllr J Wright
Cllr A Wyer

A G E N D A

Members are reminded of the need to make declarations of interest prior to any discussion which may take place

- 1 **Apologies and Substitute Members**
To receive any apologies for absence and notice of appointment of substitutes.
- 2 **Declaration of Interests under the Code of Conduct**
Councillors are reminded of the requirement to declare any interest, including the type of interest, and reason for that interest, either at this stage of the meeting or as soon as they become aware of that interest.
- 3 **Public Question Time**
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
- 4 **Minutes (Pages 5 - 10)**
Members to consider whether to approve the minutes as a correct record of the meeting held on 28 November 2019.

- 5 **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
- 6 **John Sheaves - 'Taste of the West'**
To receive a presentation from John Sheaves from 'Taste of the West'.
- 7 **Performance & Risk Report** (*Pages 11 - 22*)
To receive a report from the Head of Planning & Economic Regeneration providing Members with an update on performance against the Corporate Plan and local service targets for 2019/20 as well as providing an update on the key business risks.
- 8 **Financial Monitoring**
To receive a verbal report from the Group Manager for Finance presenting a financial update in respect of the income and expenditure so far in the year.
- 9 **Revised draft GF budget 2020/2021** (*Pages 23 - 46*)
To receive a report from the Deputy Chief Executive (S151) reviewing the revised draft General Fund budget changes identified and discuss any further changes required in order for the Council to move towards a balanced budget for 2020/21.

This report will be considered by the Cabinet on 16 January 2020. The Economy Policy Development Group are asked to feed back any comments they may have to the Cabinet for their meeting on 13 February before the budget is finally agreed by Council on 26 February 2020.

- 10 **Leaving the European Union update** (*Pages 47 - 48*)
To receive a report from the Head of Planning, Economy and Regeneration updating Members on changes to the local economic situation relating to Brexit.
- 11 **Economic Development Service Update** (*Pages 49 - 52*)
To receive a report from the Head of Planning, Economy and Regeneration updating Members on progress with Economic Development Service activities.
- 12 **Identification of items for the next meeting**
Members are asked to note that the following items are already identified in the work programme for the next meeting:
- Crediton Heart Project – presentation
 - Performance and Risk
 - Financial Monitoring
 - Economic Development Service Update
 - Brexit update
 - Chairman's Annual Report 2019/20

Note: This item is limited to 10 minutes. There should be no discussion on the items raised.

Stephen Walford
Chief Executive
Wednesday, 15 January 2020

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Member Services Officer in attendance so that all those present may be made aware that is happening.

Members of the public may also use other forms of social media to report on proceedings at this meeting.

Members of the public are welcome to attend the meeting and listen to discussion. Lift access to the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, or

If you would like a copy of the Agenda in another format (for example in large print) please contact Sarah Lees on:

Tel: 01884 234310
E-Mail: slees@middevon.gov.uk

This page is intentionally left blank

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 28 November 2019 at 5.30 pm

Present

Councillors

J M Downes (Chairman)
N V Davey, R J Dolley, Mrs S Griggs, T G Hughes,
D F Pugsley, R F Radford, J Wright and A Wyer

Also Present

Councillors

G Barnell, R M Deed and R Evans

Present

Officers

Stephen Walford (Chief Executive), Jenny Clifford (Head of Planning, Economy and Regeneration), John Bodley-Scott (Economic Development Team Leader), Joanne Nacey (Group Manager for Financial Services), Catherine Yandle (Group Manager for Performance, Governance and Data Security), Chris Shears (Economic Development Officer) and Sarah Lees (Member Services Officer)

40 **Apologies and Substitute Members**

There were no apologies for absence.

41 **Public Question Time**

There were no members of the public present.

42 **Declaration of Interests under the Code of Conduct**

There were no interests declared under this item.

43 **Minutes**

The minutes of the meeting held on 26 September 2019 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

44 **Chairman's Announcements**

The Chairman had no announcements to make.

45 **Performance and Risk (00:02:18)**

The Group had before it, and **NOTED**, a report * from the Head of Planning & Economic Regeneration providing Members with an update on performance against the Corporate Plan and local service targets for 2019/20 as well as providing an update on the key business risks.

The contents of the report were outlined and a brief discussion took place regarding:

- It would be useful in the future to have a year on year analysis of the number of empty shops in each town.
- Lobbying Government to bring in a comparable business rate levy against on-line suppliers as there currently is with high street retailers. It was suggested that this was probably not the best time to be lobbying Government in advance of a general election. However, this could be something that the Group would like to pick up in the new year once things had settled down with the new Government.
- The Group were surprised to learn that nationally only 19% of retail sales occurred on line. This compared with 21% in 2018.

Note: * Report previously circulated; copy attached to the signed minutes.

46 **Financial update for the six months to 30 September 2019 (00:08:58)**

The Group had before it, and **NOTED**, a report * from the Group Manager for Financial Services which had been presented to the Cabinet on 21 November 2019 presenting a financial update in respect of the income and expenditure so far in the year.

The contents of the report were outlined with particular reference to the following:

- The Group were reminded that there were a lot of demand led services across the Council which meant that forecasts had to be caveated..
- The forecasted General Fund surplus for the current year was £29k. The table at 3.2 showed all the variances both positive and negative in relation to this.
- There had been a number of factors accounting for the improvement in forecast from Quarter One, most significant of which were a number of savings through the shared waste scheme with Devon County Council. A significant amount had also been received in relation to a recent planning application.
- The Treasury Forecast had also been updated to reflect the fact that we did not need to borrow from the PWLB in year as previously forecast.
- It was explained that managers had been asked to clarify what was deliverable in the capital budget for the current year in terms of expenditure. This had proved much less than had originally been predicted, giving us a better cash position and hence more investment income.
- The Council had not had to borrow this year externally so had not had to pay the additional 1% which has been levied on PWLB rates. Interest rates that it had been getting on investments were less than 1%, therefore it had been using its own internal resources which had given it a preferential position.

Discussion took place with regard to:

- The word 'impairment' in relation to 3 Rivers Development Ltd. was explained to the Group as an accountancy term meaning there was a possibility a loan would not be repaid. This was supplemented with an explanation that it was quite right to bring this into the budget monitoring process and that the council needed to keep a close eye on this over the entire life of any loan.

- It was confirmed that loans from the council to 3 Rivers Development Ltd. were secured and interest was charged at a market rate.
- It was confirmed that regular monitoring of 3 Rivers took place at Cabinet level and also the Audit Committee which had oversight of the financial and governance aspects. The Economy Policy Development Group could have an input into the process when it came to monitoring the outcomes of each project and whether or not they were having an impact on the wider economy of Mid Devon. It was not the responsibility of this Group to get involved with the 'nuts and bolts' of the company's operation. It was **AGREED** that this be placed on an agenda for a future meeting once there were outcomes to monitor.

Note: * Report previously circulated; copy attached to the signed minutes.

47 **Draft 2020/21 General Fund and Capital Budgets (00:26:48)**

The Group had before it, and **NOTED**, a report * from the Group Manager for Financial Services considering the initial draft 2020/2021 budget and the options available in order for the Council to set a balanced budget and agree a future strategy for further budget reductions for 2021/2022 onwards.

The contents of the report were outlined with particular reference to the following:

- The council was still waiting with some trepidation for the outcome of the Fair Funding Review and the Business Rate reset whilst Parliament had been suspended pending the result of the general election. The Review and Base Rates Reset will not now be announced until 2021/21. The Government had regrettably confirmed that they would issue a one year settlement in the meantime which had a significant negative impact on the council being able to forecast for future years.
- The initial aggregation of all pressures and savings currently indicated a General Fund budget gap of £346k.
- There were still a few key issues that had not been resolved or were still to be evaluated which might either improve or worsen the budgetary position for next year.
- The 'easy' efficiency savings had already been taken across all service areas of the council.

A more up to date report would be brought to the Policy Development Groups in January showing a much clearer position. The Group would be asked to consider the savings necessary to bring the budget into a balanced position by the February full Council meeting.

Note: * Report previously circulated; copy attached to the signed minutes.

48 **Draft Corporate Plan 2020 - 2024 (00:38:40)**

The Group had before it a report * from the Chief Executive considering the first draft text of a new Corporate Plan for the council which would replace the current plan (expiring in March 2020).

The Chief Executive explained that the report before the Group was being presented to each Policy Development Group with the comments and views from each Group being fed back to the Cabinet before a final draft was considered by full Council in February 2020. If Members had any views they wanted conveying following the meeting they could do so through the Clerk.

The report reflected all the hard work that had been undertaken by Members at an Away Day in September and subsequent comments made regarding the future direction and focus of the council.

Discussion took place regarding:

- The tension within the document at this early stage between competing priorities and competing objectives. It was likely that the final plan would not necessarily contain 'absolute' statements on definitive approaches, since the decisions on how to implement activity and actions would be taken at a more detailed level at the appropriate time. However, it was important that the Corporate Plan set what the council was trying to achieve for the good of the local community.
- It was stated that it would be good to know what the advantages and disadvantages were under each subject area, for example, the promotion of the Exe Valley as an Area of Outstanding Natural Beauty. It was explained that the word 'consider' was important in relation to this as the promotion of the AONB could be an aspiration but the implications of this needed to be fully 'considered'.
- It was suggested that incubation and start up space be moved as a specific ambition under the Economy column rather than remain in the overarching comment at the top of the draft document.
- Projects and ambitions that were impossible to achieve, for example, due to a lack of funds, would not be included in the draft or final document. The final approved Corporate Plan needed to include realistic goals and aspirations.
- It was felt that it was correct to include lobbying for the abolition of 'Right to Buy' in the Homes column of the draft document since this reflected the views of the Homes PDG in the previous council and appeared to have cross party support in the new council. However, it was reiterated that full Council would need to sign off the final document and agree all the aspirations within it.
- The Chairman commented that he felt that the overarching comment at the top of the draft document reflected a change in the council's commitment to the Climate Change Declaration as well as a number of green initiatives.

Note: * Report previously circulated; copy attached to the signed minutes.

49 **'Future High Street Fund' - more information on the unsuccessful bid (01:00:53)**

The Group had requested at the previous meeting that they receive additional information in relation to a bid which had been made to the 'Future High Street Fund'. The bid had been unsuccessful.

Further clarification had been sought from the funding body and the feedback received had indicated two issues that may have led to an unsuccessful bid.

These included:

- The way the application had been composed included a statistical review of the town and Tiverton had shown to be not “as in need’ as some of the other towns that had submitted a bid. One of the requested statistics had been an analysis of footfall and it had not been possible to provide this analysis at the time of submitting the bid. This may have hampered the application. This would be addressed for future project bids.
- The second element may have been around investment readiness. At the time of the bid process the Masterplanning exercise was in full swing with a lot of consultation work going on and even though projects were put forward other applications may have had projects that were ‘ready to go’.
- The Cabinet Member for Planning and Economic Regeneration reassured the Group that the Masterplanning process would be coming forward again in the spring. Partnership working was crucial and Tiverton Town Council had been very keen to relay what needed doing immediately plus longer term projects. This Group would be kept informed as the process progressed.

50 Economic Development Service Update (01:12:09)

The Group had before it, and **NOTED**, a report* from the Head of Planning, Economy and Regeneration updating Members on progress with the Economic Development Service activities.

Note: * Report previously circulated; copy attached to the signed minutes.

51 Identification of items for the next meeting (01:13:47)

In addition to the items already listed in the work programme, the following was requested to be on the agenda for the next or a future meeting:

- A presentation from the ‘Crediton Heart Project’ (to the March meeting).
- It was confirmed that John Sheaves from ‘Taste of the West’ would attend the next meeting in January and provide a presentation.

(The meeting ended at 6.50 pm)

CHAIRMAN

This page is intentionally left blank

ECONOMY PDG 23 JANUARY 2020

PERFORMANCE AND RISK REPORT

Cabinet Member Cllr Graeme Barnell
Responsible Officer Head of Planning & Economic Regeneration, Jenny Clifford

Reason for Report: To provide Members with an update on performance against the corporate plan and local service targets for 2019/20 as well as providing an update on the key business risks.

RECOMMENDATION(S): That the PDG reviews the Performance Indicators and Risks that are outlined in this report and feeds back any areas of concern to the Cabinet.

Relationship to Corporate Plan: Corporate Plan priorities and targets are effectively maintained through the use of appropriate performance indicators and regular monitoring.

Financial Implications: None identified

Legal Implications: None identified

Risk Assessment: If performance is not monitored we may fail to meet our corporate and local service plan targets or to take appropriate corrective action where necessary. If key business risks are not identified and monitored they cannot be mitigated effectively.

Equality Impact Assessment: No equality issues identified for this report.

Impact on Climate Change: No impacts identified for this report.

1.0 Introduction

- 1.1 Appendix 1 provides Members with details of performance against the Corporate Plan and local service targets for the 2019-20 financial year. The PDG is invited to suggest measures they would like to see included in the future for consideration.
- 1.2 Appendix 2 shows the section of the Corporate Risk Register which relates to the Economy Portfolio. See 3.0 below.
- 1.3 Appendix 3 shows the profile of all risks for the Economy at present.
- 1.4 All appendices are produced from the corporate Service Performance And Risk management system (SPAR).

2.0 Performance

- 2.1 An Economic Development Service Update which covers specific projects identified as priority activities to progress the Corporate Plan is a separate item on this agenda.
- 2.2 Regarding the Corporate Plan Aims: **Attract new businesses to the District and Focus on business retention and growth of existing businesses;** we record **Businesses supported**, this includes new and existing businesses and remains above target.
- 2.3 We also report the **Number of business rate accounts** which exceeds target increasing by almost 11% since we started reporting this figure in March 2016.
- 2.4 Regarding the Corporate Plan Aim: **Improve and regenerate our town centres with the aim of increasing footfall, dwell-time and spend in our town centres: car parking vends** are reported as a proxy for visitor numbers.
- 2.5 **Empty Shops;** it should be noticed that the vacancy count is done at the start of each quarter. Charts showing the trend over the last six years are included as appendix 4 as requested at the last meeting.
- 2.6 For the UK as a whole, during 2019 the number of shops which shut in the year rose by 10%, a further increase of 9% is expected in 2020 according to the Centre for Retail Research. Of our 3 main towns only Cullompton did better than this.
- 2.7 **Other:** The 6 week public consultation on the Local Plan main modifications runs from 6 January to 17 February 2020. The consultation documents and comments received will be subsequently sent to the Planning Inspectorate.

2.8 3.0 Risk

- 3.1 Risk reports to committees include strategic risks with a current score of 10 or more in accordance. (See Appendix 2)
- 3.2 Operational risk assessments are job specific and flow through to safe systems of work. These risks go to the Health and Safety Committee biannually with escalation to committees where serious concerns are raised.
- 3.3 The Corporate risk register is regularly reviewed by Group Managers' Team (GMT) and Leadership Team (LT) and updated as required.

4.0 Conclusion and Recommendation

- 4.1 That the PDG reviews the performance indicators and risks for 2019-20 that are outlined in this report and feeds back any areas of concern to the Cabinet.

Contact for more Information: Catherine Yandle, Group Manager for Performance, Governance and Data Security ext 4975

Circulation of the Report: Leadership Team and Cabinet Member

Corporate Plan PI Report Economy

Monthly report for 2019-2020
 Arranged by Aims
 Filtered by Aim: Priorities Economy
 For MDDC - Services

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
-------------------------	---------	-------------------	--------------	-----------	--------------	-------------------

* Indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Economy

Priorities: Economy

Aims: Attract new businesses to the District

Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Number of business rate accounts</u>	3,061 (8/12)	3,150	3,104	3,112	3,123	3,137	3,149	3,155	3,180	3,186					Andrew Jarrett, Fiona Wilkinson	

Aims: Focus on business retention and growth of existing businesses

Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Businesses supported</u>	201 (8/12)	250	21	57	84	107	124	141	157	169					Adrian Welsh	(November) 5 businesses assisted and 7 new enquires (MF), Number of businesses assisted

Aims: Improve and regenerate our town centres

Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Increase in Car Parking Vends</u>	51,821 (8/12)		51,120	51,775	48,697	50,894	51,261	50,325	53,392	52,568					Andrew Jarrett	
<u>The Number of Empty Shops (TIVERTON)</u>	20 (3/4)	18	n/a	n/a	17	n/a	n/a	21	n/a	n/a	21	n/a	n/a	n/a	Adrian Welsh	Number of vacant retail units, (Quarter 4) Oct 19: 21 vacant units representing 8.7% of the total units. (CY)
<u>The Number of Empty Shops (CREDITON)</u>	9 (3/4)	8	n/a	n/a	6	n/a	n/a	10	n/a	n/a	10	n/a	n/a	Adrian Welsh	(Quarter 3) Oct 19: 10 vacant units representing 8.4% of total units in Crediton. (MF), Number of vacant retail units	
<u>The Number of Empty Shops (CULLOMPTON)</u>	9 (3/4)	8	n/a	n/a	12	n/a	n/a	7	n/a	n/a	7	n/a	n/a	Adrian Welsh	(Quarter 3) Oct 19: 7 vacant units representing 7.9% of the total units. (MF), The number of vacant retail units	

Aims: Other

Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes

Corporate Plan PI Report Economy**Priorities: Economy****Aims: Other****Performance Indicators**

Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Funding awarded to support economic projects</u>	£160,395 (3/4)	£100,000	n/a	n/a	£10,000	n/a	n/a	£10,000	n/a	n/a	£25,000	n/a	n/a		Adrian Welsh	(Quarter 3) 15,000 Euros awarded from WiFi4EU Programme (JB), Funding actively sought for corporate priorities

Printed by: Catherine Yandle

SPAR.net

Print Date: 31 December 2019 11:48

Economy PDG Risk Management Report - Appendix 2

Report for 2019-2020

For Economy - Cllr Graeme Barnell Portfolio

Filtered by Flag: Include: * Corporate Risk Register

For MDDC - Services

Filtered by Performance Status: Exclude Risk Status: Low

Not Including Risk Child Projects records, Including Mitigating Action records

Key to Performance Status:

Mitigating Action:	Milestone Missed	Behind schedule	In progress	Completed and evaluated	No Data available
--------------------	-------------------------	------------------------	--------------------	--------------------------------	--------------------------

Risks:	No Data (0+)	High (15+)	Medium (6+)	Low (1+)
--------	---------------------	-------------------	--------------------	-----------------

Economy PDG Risk Management Report - Appendix 2

Risk: Economic Strategy Failure to deliver projects/outcomes in Economic Strategy

Service: Growth, Economy and Development

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Continue to seek out existing and new funding opportunities	To assist in ensuring adequate funding for delivery.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	partnership working	Continue to work closely with delivery partners to gain advance warning of difficulties so as to seek to mitigate	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	Project Management	Continue rigorous project management, monitoring and reporting	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jenny Clifford						

Economy PDG Risk Management Report - Appendix 2

Risk: Funding Insufficient resources (including funding) to deliver growth aspirations of Corporate Plan.

Service: Growth, Economy and Development

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Officers have reprioritised work programmes to explore new funding opportunities	End of European funding sources	Adrian Welsh	10/06/2019	10/06/2019	Satisfactory (2)
Current Status: High (16)		Current Risk Severity: 4 - High		Current Risk Likelihood: 4 - High		
Service Manager: Adrian Welsh						

Risk: Infrastructure delivery Inability to deliver, or delay in delivering, key transport infrastructure to unlock planned growth

Service: Growth, Economy and Development

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Partnership working with infrastructure providers and statutory bodies	Reduce risk of delays and communication.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	target funding opportunities	To seek to bring forward delivery	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jenny Clifford						

Economy PDG Risk Management Report - Appendix 2

Risk: Tiverton Pannier Market Failure to maximise the economic potential of Tiverton Pannier Market

Service: Growth, Economy and Development

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Continue to retain and prioritise market budget	To ensure most efficient use of resources	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	continue to work with traders on promotion	To increase footfall.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	Implement and review market strategy	Implementation of strategy will increase market's financial success and help fulfill its function as a key driver for the town.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	Masterplan Implementation	To realise benefits from the Masterplan to increase visibility of market and increase footfall.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jenny Clifford						

Printed by: Catherine Yandle

SPAR.net

Print Date: 30 December 2019
13:03

This page is intentionally left blank

Risk Matrix Economy Appendix 3

Report
 For Economy - Cllr Graeme Barnell Portfolio
 For MDDC - Services
 Current settings

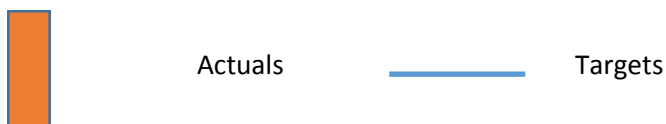
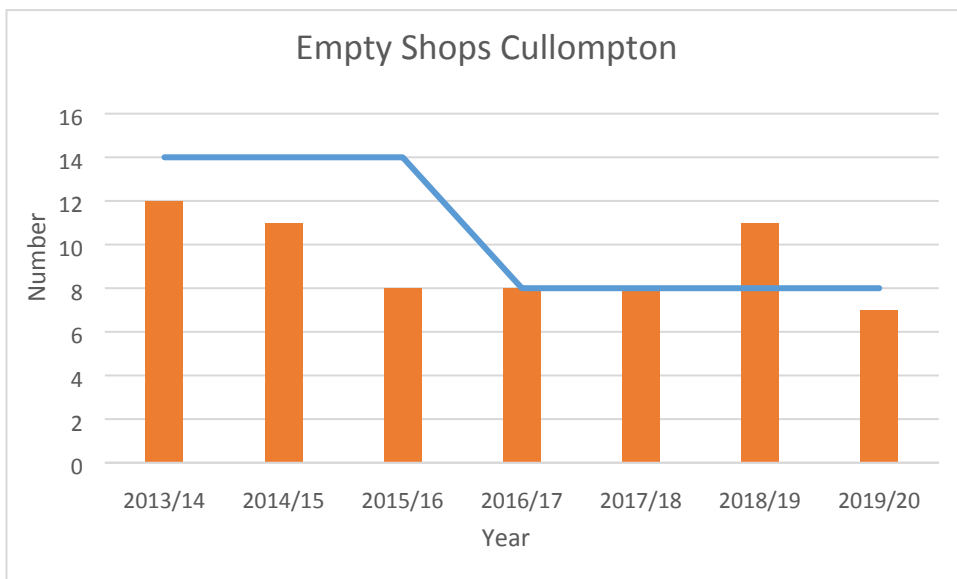
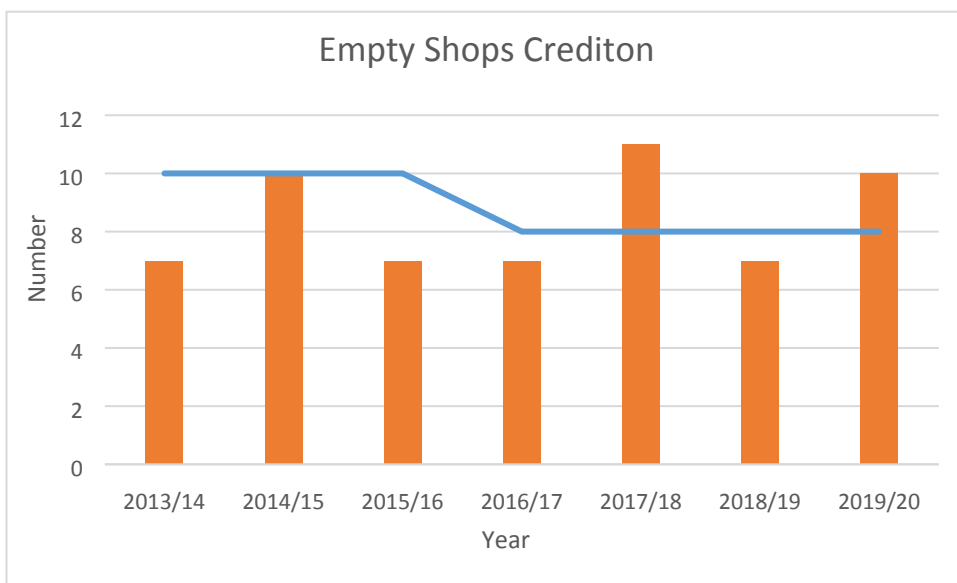
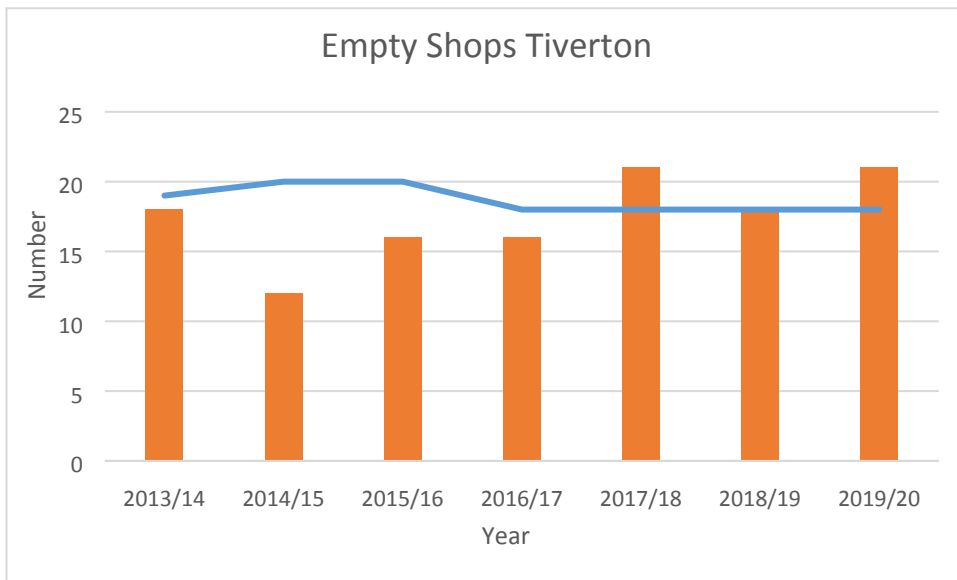
Risk Likelihood	5 - Very High	No Risks	No Risks	No Risks	No Risks	No Risks
	4 - High	No Risks	No Risks	No Risks	1 Risk	No Risks
	3 - Medium	No Risks	No Risks	No Risks	3 Risks	No Risks
	2 - Low	No Risks	No Risks	No Risks	2 Risks	No Risks
	1 - Very Low	No Risks	No Risks	No Risks	No Risks	1 Risk
		1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High
		Risk Severity				

Printed by: Catherine Yandle

SPAR.net

Print Date: 30 December 2019 13:08

This page is intentionally left blank



This page is intentionally left blank

**HOMES PDG
21 JANUARY 2020**

BUDGET 2020/21 - UPDATE

Cabinet Member Cllr Alex White
Responsible Officer Andrew Jarrett, Deputy Chief Executive (S151)

Reason for the report: To review the revised draft budget changes identified and discuss any further changes required in order for the Council to move towards a balanced budget for 2020/21. Also, to highlight the impact of the proposed changes on the Medium Term Financial Plan (MTFP).

RECOMMENDATION:

- 1) To consider and agree the updated budget proposals for 2020/21 included in Appendix 1 and 2 and the Capital Programme included in Appendix 4.**
- 2) To agree to the payment in advance of the next 3 Years' Pension Deficit (see Section 4)**
- 3) To note the revised Medium Term Financial Plan (MTFP).**
- 4) To agree a minimum General Reserves (General Fund) limit of £2m see Section 5 and Appendix 6.**

Relationship to the Corporate Plan: To deliver our Corporate Plan's priorities within existing financial resources.

Financial Implications: The current budget for the General Fund shows a deficit of £177k. In addition we have predicted a funding deficit of £1.483m on our General Fund in 2021/22. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

Legal Implications: None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

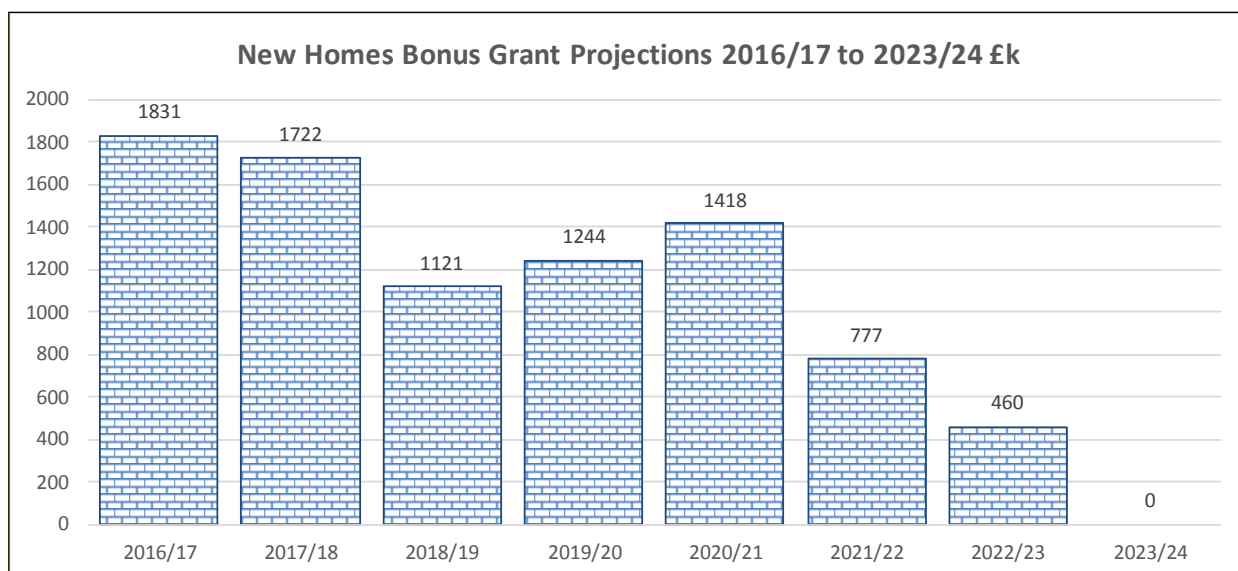
Risk Assessment: In order to comply with the requirement to set a balanced budget, management must ensure that the proposed savings are robust and achievable. We must also ensure that the assumptions we have used are realistic and prudent. Failure to set a robust deliverable budget puts the Council at risk of not being able to meet its commitments and casts doubt on its "going concern" and VFM status.

Equality Impact Assessment: There are no Equalities Impact implications relating to the content of this report.

Climate Change Assessment: The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years.

1.0 Introduction

- 1.1 As this Report has been compiled, we have just received the Provisional Settlement from Central Government for 2020/21. The Provisional Settlement has confirmed the assumptions we have made in our budget setting. Members will recall that we are expecting only a one-year settlement as the Fair Funding Review and Business Rates Baseline reset has been delayed by a year. The Provisional Settlement has brought us an additional £88k in Business Rates in relation to previous years' assumptions. Due to the uncertainty of the baseline reset in 21/22 and the fact that we do not confirm our Business Rates levels until the end of January, we are proposing to put these funds in the Business Rates Smoothing Reserve which helps address the volatility of Business Rates and the impact of appeals.
- 1.2 Within our assumptions we have increased the Council Tax on a Band D property by £5. The Provisional Settlement has confirmed this will be within the referendum limits which have previously stood at 1.99% but in recent years have been higher with an additional choice of £5 for Shire districts. This would give us an extra £28k over the 1.99% limit
- 1.3 We have also based our New Homes Bonus (NHB) income on the current methodology. Although we are prudent in limiting the amount of NHB we use to support our revenue services, we need the future funding stream to support our capital projects.
- 1.4 The Provisional Settlement confirmed our fears that NHB will be eliminated over the next 3 years and there is no confirmation of a replacement. This is a significant risk to our Capital Programme funding. Below is a table showing how NHB has reduced over the last few years.



NB. 16/17 was the first and only year we received 6 years' payment. Followed by 5 years' in 17/18; 4 years' in 18/19, 19/20 and 20/21. We believe we will receive 2 years' in 21/22; 1 in 22/23 and then nil 23/24. From 17/18 councils have also suffered a 0.4% top-slice of growth.

2.0 2020/21 General Fund Budget – Revised Position

- 2.1 Since the first round Cabinet and PDG meetings the Finance team and Group Managers have been revisiting a range of budgets to deliver more savings or increase income levels. These options will have been discussed with the relevant portfolio holders.
- 2.2 The table below shows the position that was reported to Cabinet in October 2019 and highlights the movements since then to arrive at the current budget gap position. A more detailed view is shown in Appendix 2.

Table 1 – Reconciliation of Major 2020/21 Budget Variances

Movements	Amount £k
20/21 Budget Shortfall (Cabinet Report 17/10/19)	346
Further Cost Pressures identified	293
Additional Savings identified	-613
Change in Pensions Lump sum and rate	41
Additional Rural Services Delivery Grant	-92
Reduction (net) recharge to HRA	100
Minimum Revenue Provision (MRP) reduction	-10
Pensions Deficit – upfront payment	-32
Impairment of 3Rs loan	131
Business Rates Forecast adjustment	261
Use of Earmarked Reserves – for specific pressures	-248
Draft budget gap for 2020/21	177

3.0 Consultation

- 3.1 Members will be aware that we undertook a Public Consultation alongside our budget setting process to capture the priorities of our communities. This has helped inform our deliberations and ensure that we understand what is most important to our council taxpayers and in particular, the services they want us to protect wherever possible.

4.0 Pension Fund

- 4.1 We have been notified by the Devon Pension Fund that the employers' contributions for 20/21 will need to increase from 14.7% to 16.6% this adds £177k to our costs but is partly offset by a reduction in our lump sum payment of £134k. This is reflected in the detailed Gap Tracker (Appendix 2).
- 4.2 We have also been given two options by the Pension Fund to reduce our future lump sum payments by paying in advance. Option 1 allows us to make an advance payment but this would be spread over the whole of the deficit period. Option 2 which is our preferred option allows us to pay 3 years' deficit lump sum payments in advance and to take a 4.5% reduction in the lump sum cost. With our return on investments generally providing less than 1%, this is an attractive proposal to reduce costs. In-keeping with accountancy practice, the benefit and cost would be spread across the 3 years although the cash will be paid in one tranche. This would reduce our budget gap by c£32k for each of the next 3 years.

4.3 Members are asked to approve Option 2 in the recommendations.

5.0 Minimum Level of Reserves

5.1 Budget Setting is a good time to consider the level of reserves required to fund known pressures (from earmarked reserves) and adhoc pressures which would need to be found from General Reserves.

5.2 We have undertaken a review of General Reserves. The methodology used and recommendation of a minimum level of £2m is shown in Appendix 6.

6.0 Medium Term Financial Plan (MTFP)

6.1 The table below shows the effect of the proposals in this budget report on the MTFP over the next four years.

MDDC MTFP Document Table - MTFP Summary					
	2020/21	2021/22	2022/23	2023/2024	2024/2025
	£	£	£	£	£
Net Service Costs	10,309,779	10,709,427	10,207,699	10,348,281	10,376,677
Net Interest Costs	-158,104	-100,416	-7,082	-5,082	-3,082
Provision for Repayment of Borrowing	767,540	842,140	841,420	1,100,830	1,202,884
Earmarked Reserves - New Homes Bonus	1,418,190	776,750	460,260	0	0
Earmarked Reserves - Other	-615,013	24,787	80,887	465,067	360,483
General Reserves	0	0	0	0	0
Total Budget Requirement	11,722,392	12,252,688	11,583,184	11,909,096	11,936,962
Funded By:					
Retained Business Rates	-3,142,727	-3,014,940	-3,061,859	-3,114,850	-3,246,052
Business Rates prior year surplus/deficit	-95,230	0	0	0	0
Pooling Dividend	-150,000	-150,000	-150,000	-150,000	-150,000
Revenue Support Grant	0	0	0	0	0
Rural Services Delivery Grant	-466,695	-466,695	-466,695	-466,695	-466,695
BR Levy Surplus Grant	0	0	0	0	0
New Homes Bonus	-1,418,190	-776,750	-460,260	0	0
Council Tax–MDDC	-6,064,831	-6,272,132	-6,482,973	-6,697,396	-6,915,467
Council Tax prior year surplus/deficit	-112,000	0	0	0	0
Total Funding	11,544,903	10,680,517	10,621,787	10,428,941	10,778,214
Gap – Increase/In-year	177,488	1,394,682	-610,774	518,758	-321,407
Gap – Cumulative	177,488	1,572,171	961,397	1,480,155	1,158,748

7.0 SW Mutual Bank

7.1 Members will recall that we invested £50k alongside other District councils to facilitate the first stage of a proposal by SW Mutual to establish branches across the South West. Please see Appendix 5 for an update from the founders.

8.0 Conclusion

8.1 It is encouraging that the Council has managed to significantly close the budget gap of £346k discussed at earlier meetings, considering the factors that have been outside of our control such as inflation; the increase in Employers' pension contribution rates and business rates volatility.

8.2 Moving forward Members and officers need to look to the pressures over the next few years reflected in our recently updated MTFP and our need to address ongoing pressures which cannot be satisfactorily addressed by the one-off use of reserves.

8.3 In order to conclude the statutory budget setting process, this updated draft budget position will go through Cabinet, another round of PDG's, Scrutiny, and a final meeting of the Cabinet before being agreed at Full Council on the 26 February 2020. During this period officers will continue to identify and examine further savings possibilities that can reduce the current budget gap.

Contact for more information: Andrew Jarrett – Deputy Chief Executive (S151) / ajarrett@middevon.gov.uk / 01884 234242

Background Papers: Draft 2020/21 Budget Papers
Provisional Settlement Email

Circulation of the Report: Leadership Team, Cabinet Member for Finance,
and Group Managers

This page is intentionally left blank

GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2020/21

	2019/2020 Annual Budget	Movement	2020/2021 Proposed Budget
Notes	£	£	£
Cabinet	4,864,030	80,231	4,944,261
Community	3,526,058	(153,413)	3,372,645
Economy	(466,080)	(134,290)	(600,370)
Environment	2,735,050	(27,660)	2,707,390
Homes	1,169,080	166,120	1,335,200
TOTAL NET DIRECT COST OF SERVICES	11,828,138	(69,012)	11,759,126
Net recharge to HRA	(1,571,110)	89,480	(1,481,630)
Provision for the financing of capital spending	333,280	466,541	799,821
NET COST OF SERVICES	10,590,308	487,009	11,077,317
PWLB Bank Loan Interest Payable			
Finance Lease Interest Payable	44,420	3,920	48,340
Interest from Funding provided for HRA	(49,000)	-	(49,000)
Interest Receivable / Payable on Other Activities	167,580	272,298	439,878
Interest Received on Investments	(442,540)	(154,782)	(597,322)
Transfers into Earmarked Reserves	2,267,363	329,687	2,597,050
Transfers from Earmarked Reserves	(2,146,050)	352,180	(1,793,870)
Proposed Contribution from New Homes Bonus Reserve	(253,350)	253,350	-
TOTAL BUDGETED EXPENDITURE	10,178,731	1,543,662	11,722,393
Funded by: -			
Revenue Support Grant	-	-	-
Rural Services Delivery Grant	(466,695)	(5)	(466,700)
New Homes Bonus	(1,243,503)	(174,687)	(1,418,190)
BR Levy Re-distribution	(33,408)	33,408	
Retained Business Rates	(3,213,597)	(24,360)	(3,237,957)
Business Rates Deficit	778,906	(874,136)	(95,230)
Business Rates Pooling Dividend	(100,000)	(50,000)	(150,000)
CTS Funding Parishes	-	-	-
Collection Fund Surplus	(71,330)	(40,670)	(112,000)
Council Tax (£29,040.60 x £208.84)	(5,829,104)	(235,723)	(6,064,827)
TOTAL FUNDING	(10,178,731)	(1,366,173)	(11,544,904)
REQUIREMENT TO BALANCE THE BUDGET	-	177,489	177,489

Current Assumptions: -

- Council Tax has been increased by £5 from £203.84 to £208.84 with an increased property growth of 444.
- 2020/21 Salary budgets include an increase of 2% for all scales.
- All earmarked reserves have been reviewed and adjustment made based upon existing need.
- All income flows have been reviewed and adjusted for changes in demand and unit price.
- Investment income has been based upon the existing lending criteria now in force.
- Support services have been calculated in accordance with the annual process.
- New Homes Bonus receipts based on existing legislation changes.
- BR Retained - The movement between the two years reflects 100% retention to 50% retention of growth.
- BR Deficit - 18/19 Significant increase in appeals provision resulted in a 19/20 Deficit. 19/20s growth although not reflected in year, results in a surplus in 20/21.

This page is intentionally left blank

Appendix 2 – Budget Movements since Cabinet Meeting 17 October 2019

	£k
Budget Gap as reported to Cabinet 17 Oct 2019	346
Cost Pressures	
Interest income decrease	27
Replacement of Etarmis – Flexi recording system	25
Planning - FTE Housing Enabling role	22
Reduction in the drawdown of vehicle reserve	12
Rental income - rent reduction - Market Walk	13
Devon Rural Housing Partnership - Support Enabling role	8
Paving at Pannier Market	20
Revs and Bens - CT Software – new modules	28
Various alignments of budgets	34
Carlu Close - Business Rates	11
Membership of SWEEG - Climate change £5k per annum	5
Vehicle Contract reduction of EMR - pressure	16
General fund housing projects – Rough sleeping - to be funded from EMR	72
Sub-Total	293
Proposed Savings	
Public Health - Scores on Doors revisits	-2
Public Health - Private water supplies extra income	-2
Public Health - Chargeable enforcement for housing standards	-4
Street cleansing - Emptying bins on canal	-10
Grounds maintenance - Review of rates to 3rd parties - full cost recovery	-10
Rationalisation of DMS onto IDOX - Funding from EMR as saving not ready	-7
Bus station - increase 5p per visit - Property	-2
Play area inspections - increase cost to parishes reduce grass cutting	-4
Reduce flat time leisure	-11
Trade waste - increase customer base and charges - net	-60
Waste - mini-round reschedule - vacancy removal	-25
Round 2 - Interest costs decrease (reduction in number of lease vehicles)	-19
Increase in CT base following growth forecasts - from Revenues	-33
Econ Dev - Non-renewal of Exe Rail Grant	-3
Planning Performance agreements	-4
Econ Dev - Pre-App Advice - agreed at Cabinet 17 Oct 2019	-2
Waste Shared savings with Devon CC	-50
Grounds Maintenance restructure	-35
Leisure - 5% increase and growth -	-30
Collection calendars	-16
Bulky waste charges	-2
Increase GW charge	-10
Remove weed team	-53
Reduce flower beds	-13
Shared transport manager with ECC	-20
Cut remaining Public Convenience budget	-10
Rental income - Fore Street letting vacant properties	-16
New mgt arrangements	-51
Dual use recharge to DCC	-50

Restructure - Revs and Bens	-59
Sub-Total	-613
Change in Pension Lump Sum and contribution rates	
Pensions lump sum reduction	-134
Uplift in Ers contribution rate to 16.6%	175
Sub-Total	41
General	
Additional Rural Services Delivery Grant	-92
Reduction in HRA Recharge - TBC	100
MRP movement	-10
Pension Deficit Saving by paying upfront	-32
Impairment of 25% of 3Rs working capital	131
Sub-Total	97
Business Rates - Fluctuations	
BR - Renewables surplus/deficit adjustment - follows appeals	90
Business Rates – latest forecast	249
Prov Settlement - BR Improvement	-89
Reduction in BRR due to change in multiplier	11
Sub-Total	261
Use of Earmarked Reserves	
Net transfer from BR Smoothing	-135
Other various transfer from EMRs – Appendix 3	-113
Sub-Total	-248
<i>Budget Gap as at Cabinet 16 Jan 2020 = £177,489</i>	177

2020-21 BUDGETS

Transfers into Earmarked Reserves

SERVICE	EMR		MAINT 20/21 BUDGET	PLANT 20/21 BUDGET	EQUIPMENT 20/21 BUDGET	VEHICLES 20/21 BUDGET	OTHER 20/21	NEW HOMES BONUS	
CP540	EQ686	PAYING CAR PARKS (MACHINE REPLACEMENT SINKING FUND)			3,000.00				
IT800	EQ754	PHOENIX HOUSE PRINTING			2,200				
ES100	EQ766	CEMETERIES	25,000						
ES450	EQ767	PARKS & OPEN SPACES	25,000						
GM960	EQ760	GROUNDS MAINTENANCE - PLANT		14,360					
LD201	EQ720	ELECTION COSTS - DISTRICT					25,000		
LD300	EQ721	DEMOCRATIC REP & MANAGEMENT					5,000		
PR810	EQ728	STATUTORY DEVELOPMENT PLAN					100,000		
PS880	EQ765	BUS STATION	5,000						
PS990	EQ685	FORE STREET MAINT S.FUND	5,000						
PS992	EQ685	MARKET WALK MAINT S.FUND	20,000						
RS140	EQ837	LEISURE SINKING FUND			75,000				
WS725	EQ761	KERBSIDE RECYCLING		20,000					
WS725	EQ763	RECYCLING MAINT SINKING FUND (DEPOT FLOOR)	2,700						
WS710	EQ839	WASTE PRESSURE WASHER			2,500				
IT400	EQ755	ICT EQUIPMENT SINKING FUND			189,500				
IE435	EQ653	NEW HOMES BONUS GRANT						1,418,190	
PS980	EQ837	PROPERTY MAINTENANCE	100,000						
FM100	EQ756	FLEET CONTRACT FUND				559,600			
TOTAL			182,700	34,360	272,200	559,600	130,000	1,418,190	2,597,050
2019/20			182,700	34,360	272,200	409,600	125,000	1,243,500	2,267,360
Movement			-	-	-	150,000	5,000	174,690	329,690

Transfers from Earmarked Reserves

SERVICE	Reserve		UTILISE NHB	OTHER	
EQ638	EQ638	DEV CONT LINEAR PARK		(4,170)	
EQ640	EQ640	W52 POPHAM CLOSE COMM FUND		(1,950)	
EQ641	EQ641	W67 MOORHAYES COM DEV FUND		(1,630)	
EQ642	EQ642	W69 FAYRECROFT WILLAND EX WEST		(4,620)	
EQ643	EQ643	W70 DEVELOPERS CONTRIBUTION		(6,650)	
EQ644	EQ644	DEV CONT WINSWOOD CREDITION		(3,080)	
ES733	EQ652	PUBLIC HEALTH		(52,090)	
PR225	EQ824	GARDEN VILLAGE PROJECT		(55,360)	
PR400	EQ653	BUSINESS DEVELOPMENT - GRAND WESTERN CANAL	(45,000)		
PR400	EQ653	BUSINESS DEVELOPMENT - ECONOMIC DEVELOPMENT PROJECTS	(80,000)		
IT400	EQ653	ICT EQUIPMENT SINKING FUND	(189,500)		
PR810	EQ728	STATUTORY DEVELOPMENT PLAN		(61,890)	
IE440	EQ659	NNDR EMR		(150,500)	
FM100	EQ756	FLEET CONTRACT FUND		(521,770)	
RS100	EQ837	PROPERTY MAINTENANCE		(347,000)	
PS992/PS995	EQ838	GENERAL FUND SHOPS		(30,000)	
Various	EQ653	NHB TO FUND ADDITIONAL PROJECTS FLAGGED IN CAPITAL - DEEMED REVENUE IN NATURE	(110,000)		
FP100	EQ755	ICT EQUIPMENT SINKING FUND		(20,000)	
CS900	EQ753	CENTRAL COPY EQUIPMENT FUND		(7,000)	
HG320	EQ752	HOMELESSNESS EMR		(101,660)	
		RELEASING OF RESERVES TO FUND THE 20/21 GF BUDGET			
TOTAL			(424,500)	(1,369,370)	(1,793,870)
2019/20			(587,850)	(1,811,550)	(2,399,400)
Movement			163,350	442,180	605,530

	Estimated Capital Programme 2020/21 £k	Estimated Capital Programme 2021/22 £k	Estimated Capital Programme 2022/23 £k	Estimated Capital Programme 2023/24 £k	Total £k
<u>Estates Management</u>					
<u>Leisure - Site Specific</u>					
<u>Lords Meadow Leisure Centre</u>					
Dance Studio space challenge		220			220
Passenger lift upgrade		30			30
<u>Exe Valley Leisure Centre</u>					
Hanovia UV unit		35			35
Tennis court dome / multi purpose area			150		150
ATP replacement				250	250
Boilers and CHP		90			90
Mansafe roof harness point access				40	40
Fitness Studio equipment				214	214
<u>Culm Valley sports centre</u>					
Reception and managers office extension		90			90
Remodelling dance studio		150			150
External doors		50			50
ATP replacement			250		250
<u>Leisure - Other</u>					
Reception infrastructure review - all sites	120				120
All Leisure Etarmis - Security Wipe - (linked to security project).	30				30
Total Leisure	150	665	400	504	1,719
<u>Other MDDC Buildings</u>					
<u>Phoenix House</u>					
Cooling options AHU				150	150
Etarmis - Security Wipe - (linked to security project).	50				50
Mansafe roof harness point access				60	60
Automatic doors		80			80
Boiler replacement & controls	90				90
<u>General Car parks</u>					
MSCP Capital Project - Phase 2	589				589
<u>MDDC Depot sites</u>					
Carlu Close - Water containment for Waste Transfer Station	80				80
Carlu Close - Fuel tank			75		75
Industrial Estate- Kings Mill		100	100		200
Hard surfacing - Kings Mill		50			50
Land acquisition for operational needs	400				400
Depot Design and Build		250	3,500		3,750
<u>MDDC Shops/industrial Units</u>					
Market Walk - Flat roof replacement	30	30			60
Market walk - Phase 2 of landscaping improvements			55		55
<u>Play Areas</u>					
Open Space infrastructure		50	50		100
<u>Public Conveniences</u>					
West Exe South - Remodelling - additional parking spaces	90				90
<u>Other Projects</u>					
Fire dampeners - Corporate sites	80				80
MDDC CCTV Review & replacement		50			50
Total Other	1,409	610	3,780	210	6,009
<u>HIF Schemes</u>					
Cullompton Town Centre Relief Road (HIF) bid	3,705	4,141	6,504		14,350
Tiverton EUE A361 Junction Phase 2 (HIF) (bid)	250	4,700	3,200		8,150
Total HIF Schemes	3,955	8,841	9,704	-	22,500
<u>ICT Projects</u>					
Final phase of Desktop estate replacement/refresh	50				50
Hardware replacement of Network Core Switch which provides all voice and data connectivity for PH and remote sites.			80		80
Workstation refresh				50	50
Secure WIFI Replacement				25	25
MPLS Remote site contract ends July 2021 - Install costs		20			20

Other ICT Service related projects

Replacement Access Database - Property Services		100			100
---	--	-----	--	--	-----

Total ICT	50	120	80	75	325
------------------	-----------	------------	-----------	-----------	------------

Private Sector Housing Grants

Disabled Facilities Grants-P/Sector	572	577	581	586	2,316
-------------------------------------	-----	-----	-----	-----	-------

Wessex Reinvestment Trust Grants Scheme	75				75
---	----	--	--	--	----

Total PSH Grants	647	577	581	586	2,391
-------------------------	------------	------------	------------	------------	--------------

TOTAL GF PROJECTS	6,211	10,813	14,545	1,375	32,944
--------------------------	--------------	---------------	---------------	--------------	---------------

Other General Fund Development Projects

Other projected 3 Rivers Borrowing	10,889	19,709	21,335	25,500	77,433
------------------------------------	--------	--------	--------	--------	--------

3 Rivers Scheme - Riverside Development (rear of Town Hall) Tiverton	2,746	177			2,923
--	-------	-----	--	--	-------

3 Rivers scheme - Knowle Lane, Cullompton	7,192	3,598			10,790
---	-------	-------	--	--	--------

Waddeton Park, Post Hill, Tiverton	3,605	4,895	3,605	220	12,325
------------------------------------	-------	-------	-------	-----	--------

TOTAL GF OTHER DEVELOPMENT PROJECTS	24,432	28,379	24,940	25,720	103,471
--	---------------	---------------	---------------	---------------	----------------

GRAND TOTAL GF PROJECTS	30,643	39,192	39,485	27,095	136,415
--------------------------------	---------------	---------------	---------------	---------------	----------------

HRA Projects

Existing Housing Stock

Major repairs to Housing Stock	2,260	2,260	2,260	2,260	9,040
Renewable Energy Fund	150	250	250	250	900
Home Adaptations - Disabled Facilities	300	300	300	300	1,200

* Housing Development Schemes

HRA regeneration scheme 1	2,000				2,000
HRA regeneration scheme 2		1,500			1,500
HRA regeneration scheme 3			3,000		3,000
Garages Block - Redevelopment		800			800
Affordable Housing/ Purchase of ex RTB	500	500	500	500	2,000
* Proposed Council House Building / Other schemes subject to full appraisal					
Depot rationalisation		850			850

Total HRA Projects	5,210	6,460	6,310	3,310	21,290
---------------------------	--------------	--------------	--------------	--------------	---------------

HRA ICT Projects

Mobile working Hardware		25			25
-------------------------	--	----	--	--	----

Total HRA ICT Projects	-	25	-	-	25
-------------------------------	----------	-----------	----------	----------	-----------

GRAND TOTAL HRA PROJECTS	5,210	6,485	6,310	3,310	21,315
---------------------------------	--------------	--------------	--------------	--------------	---------------

GRAND TOTAL GF + HRA Projects	35,853	45,677	45,795	30,405	157,730
--------------------------------------	---------------	---------------	---------------	---------------	----------------

MDDC Funding Summary

General Fund

	2020/21	2021/22	2022/23	2023/24	Total
	£k	£k	£k	£k	£k
EXISTING FUNDS					
Capital Grants Unapplied Reserve	792	577	706	711	2,786
Capital Receipts Reserve	70	70	70	69	279
NHB Funding	1,047	1,013	442	477	2,979
Other Earmarked Reserves	92	62	123	118	395
HIF Funding	430	8,358	8,857	-	17,645
Subtotal	2,431	10,080	10,198	1,375	24,084

NEW FUNDS					
PWLB Borrowing	28,212	29,112	29,287	25,720	112,331
Subtotal	28,212	29,112	29,287	25,720	112,331

Total General Fund Funding	30,643	39,192	39,485	27,095	136,415
-----------------------------------	---------------	---------------	---------------	---------------	----------------

Housing Revenue Account

	2020/21	2021/22	2022/23	2023/24	Total
	£k	£k	£k	£k	£k
EXISTING FUNDS					
Capital Receipts Reserve	1,861	1,711	2,161	707	6,440
NHB Funding	21	21	21	21	84
HRA Housing Maintenance Fund	846	2,146	1,546	-	4,538
Other Housing Earmarked Reserves	2,482	2,582	2,582	2,582	10,228
Subtotal	5,210	6,460	6,310	3,310	21,290

NEW FUNDS					
Revenue Contributions		25			25
Subtotal	-	25	-	-	25

Total Housing Revenue Account Funding	5,210	6,485	6,310	3,310	21,315
--	--------------	--------------	--------------	--------------	---------------

TOTAL FUNDING	35,853	45,677	45,795	30,405	157,730
----------------------	---------------	---------------	---------------	---------------	----------------

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Appendix 6

Minimum Level of Reserves Review

Background Information

It is particularly pertinent when there are significant challenges to councils' budgets and when Central Government funding is falling at an exceptional rate, to consider how this risk is being mitigated and how exposed the Council is to adhoc events, risks and pressures.

With this in mind, the Deputy Chief Executive (S151) requested a review of reserves and for the minimum acceptable level of General Reserves to be challenged to establish whether it is appropriate and to benchmark against other councils to see how we compare and whether we are over-exposed to risk.

Approach and Methodology

Reserves are reviewed by this Council on an annual basis to give assurance that they are appropriate and adequate. Due to the constraints on the Council's budget it is not possible to mitigate every eventuality and it would be imprudent to set aside funds simply as a percentage of net expenditure "just in case" without any further scrutiny. With the current challenges associated with setting a balanced budget, earmarking reserves is an important exercise and each year a review is done to challenge the levels and intended use of these reserves. In some cases, earmarked reserves are deemed to be no longer required/too high and are returned to general reserves.

In order to arrive at an appropriate level for General Reserves (GF), various publications were reviewed and the Council was benchmarked against its nearest neighbours in terms of size, demography, Business Rates (NDR) value per head etc.*.

- LAAP Bulletin 99 Local Authority Reserves and Balances
- CIPFA Stats Nearest Neighbours Model*
- Audit Commission "Striking a Balance" Questionnaire
- CIPFA Delivering Good Governance in Local Government
- Financial Diagnostic Report - LGA

Mitigating Risk – General Reserves

The CIPFA LAAP Bulletin says "When reviewing their medium term financial plans and preparing their annual budgets, local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:

- A working balance to help cushion the impact of uneven cashflows and avoid unnecessary temporary borrowing – this forms part of general reserves
- A contingency to cushion the impact of unexpected events or emergencies – this forms part of general reserves.

- A means of building up funds to meet known or predicted requirements – via earmarked reserves (legally part of the General Fund).

As part of the review of the adequacy of the general reserves balance, it is prudent to consider the particular risks that the Council faces and how these are mitigated by earmarked reserves and other mechanisms.

There are a number of general risks which are relevant to all or most councils and for the most part are mitigated by a robust approach to budget setting within the MTFP. These include inflation and interest rates; the timing of capital receipts; demand led pressures; the delivery of efficiency savings; the availability of Government grants and general funding; and the general financial climate. These risks are considered at every stage of the budget setting process and the experience of the S151 Officer and senior finance officers will be fundamental in identifying and addressing the pressures relating to these risks.

An indicator of the risks particular to the Council is the Risk Register. This captures those risks which need to be managed and monitored as they can potentially have a very detrimental effect on the financial or reputational standing of the Council. We have therefore used the Council's risk register as the starting point for the risk matrix.

Quantifying the Financial Risk

The risk-based assessment gave a range of appropriate "minimum" general reserves levels as £1.7m to £2.2m. With consideration to the Council's challenges in setting a balanced budget it is considered that the level currently held in General Reserves is adequate and it would not be necessary to increase this amount in line with an arbitrary percentage.

Striking a Balance Questionnaire

The Audit Commission's (though now defunct) questionnaire is a good aide memoire to highlight the areas a Council should consider when assessing the minimum level of reserves. It also draws on benchmarking to establish how other councils mitigate their risks. This questionnaire and the CIPFA stats Nearest Neighbour Model were used to benchmark against 12 other councils which have similar attributes. The average minimum level of general reserves for the 13 councils for which budget levels were available, was 8.73% as opposed to the 18.74% that Mid Devon Council currently holds. It was also significant that Mid Devon's level of Earmarked Reserves stand at 124.57% of Net Expenditure which is the highest of the 13 councils included. This should give assurance over our ability to mitigate risks without having to over-inflate our General Reserves level,

Conclusion and Next Steps

The risk assessment and Audit Commission questionnaire are useful tools in establishing Mid Devon's minimum level of general reserves. This must be caveated with the assertion that if the Council relies on reserves to address a budget gap it will be immediately exposed to a heightened risk if it does not remain above the minimum level.

With reference to the analysis that has been undertaken and with attention to the risks that the Council faces and its limited ability to mitigate risk, a recommendation is made to adjust the minimum level of reserves to £2m.

This page is intentionally left blank

**ECONOMY PDG
23RD JANUARY 2020**

REPORT OF THE HEAD OF PLANNING, ECONOMY AND REGENERATION

LEAVING THE EUROPEAN UNION- UPDATE

Cabinet Member(s): Cllr Graeme Barnell

Responsible Officer: Mrs Jenny Clifford, Head of Planning, Economy and Regeneration

Reason for Report: To update members on changes to the local economic situation relating to Brexit.

RECOMMENDATION:

1. **That Members note the report.**

Financial Implications: There are no financial implications as a result of this information report. It is envisaged that business support mechanisms will be funded through partner organisations and through use of existing budgets.

Approved by Finance: [yes/no – include name/post title, eg Group Manager for Financial Services]

Legal Implications: None.

Approved by Legal: [yes/no – include name/post title, eg Group Manager for Legal Services]

Risk Assessment: This report is for information to provide an update on this important issue as it relates to business support, therefore there are no significant risks identified.

Approved by Performance/Governance: [yes/no – include name/post title, eg Group Manager for Performance, Governance and Data Security]

Equality Impact Assessment: No equality impacts are foreseen.

Impact on Climate Change: This report is for information and therefore no climate change impacts have been identified.

Relationship to Corporate Plan: The Economic Development team helps to deliver the Council's objectives for the Economy:

- Bringing new businesses into the district
- Business development and growth
- Improving and regenerating our town centres
- Growing the tourism sector

1.0 Introduction

- 1.1 At the request of members at the previous Economy PDG meeting, this report gives a brief update on matters relating to Brexit.
- 1.2 Following the previous PDG Brexit Report, the national picture relating to Brexit changed whereby the UK government agreed with Europe to extend the deadline for leaving the EU until the 31st of January 2020. This has been confirmed by the newly formed Government following the general election at the end of 2019.
- 1.3 Other than the extension for leaving from October 2019 to January 2020, there has been little change in the expected potential impact of Brexit. Government departments have now delivered a number of events across the Heart of the South West (HotSW), and presentations from these events have been made available through the HotSW Local Enterprise Partnership website.
- 1.3 The Growth Hub business support service and local agencies continue to point businesses to the Government website to determine what actions they will likely need to take in order to prepare for Brexit. The Growth Economy & Delivery Team will continue to monitor what is happening and will take any action necessary as further information becomes available.
- 1.4 On 13th January 2020, the Secretary of State for Housing & Local Government wrote to all council leaders and chief executives to thank them for their council's focus and commitment in working with government throughout 2019 to get ready for EU Exit. The Secretary of State also confirmed that, following the successful vote on the second reading of the Withdrawal Agreement Bill, the Prime Minister agreed for Operation Yellowhammer (the cross-government planning in readiness for a potential 'no deal' Brexit) to be terminated with immediate effect.

Contact for more Information: Chris Shears; Economic Development Officer
cshears@middevon.gov.uk 01884 244646

Circulation of the Report: Cllr Graeme Barnell

List of Background Papers:

Supporting information from Government Website
<https://www.gov.uk/brexit>

HotSW LEP website link for Brexit Event presentations
<https://heartofswlep.co.uk/news/get-ready-for-brexit/>

ECONOMY PDG
23RD JANUARY 2020

REPORT OF THE HEAD OF PLANNING, ECONOMY AND REGNERATION

ECONOMIC DEVELOPMENT SERVICE UPDATE

Cabinet Member(s): Cllr Graeme Barnell

Responsible Officer: Mrs Jenny Clifford, Head of Planning, Economy and Regeneration

Reason for Report: To update members on progress with Economic Development Service activities.

RECOMMENDATION: That the report be noted

Relationship to Corporate Plan: The work of the Growth, Economy and Delivery team supports the corporate objectives for the economy:

- Bringing new businesses into the District
- Business development and growth
- Improving and regenerating our town centres
- Growing the tourism sector

Financial Implications: There are no additional financial implications arising from this information report.

Approved by Finance: [yes/no – include name/post title, eg Group Manager for Financial Services]

Legal Implications: There are no legal implications arising from this information report.

Approved by Legal: [yes/no – include name/post title, eg Group Manager for Legal Services]

Risk Assessment: Risks related to the individual projects are noted in the update spreadsheet

Approved by Performance/Governance: [yes/no – include name/post title, eg Group Manager for Performance, Governance and Data Security]

Equality Impact Assessment: None anticipated

Impact on Climate Change: The impact of individual projects on climate change will need to be factored into their business plans.

1.0 Introduction

1.1 The report provides members with an update on progress with Economic Development projects as identified in the Council's Economic Strategy Year 1 Action Plan. The spreadsheet gives a summary of the latest activities, next steps and key risks / issues relating to each project. Projects have been given a RAG (Red, Amber, Green) rating according to whether they are on track (Green), generally on track but delayed or facing issues that might delay their

implementation (Amber), not on track and facing issues that will jeopardise their implementation (Red).

Contact for more Information: John Bodley Scott, Economic Development Team
Leader 01884 234363
jbodleyscott@middevon.gov.uk

Circulation of the Report: Cllr Graeme Barnell
Leadership Team

List of Background Papers: None

	Theme	Econ Strategy Targets	Update 28/11/19	Next Action	Risks / Issues	Status
Employment & Skills	Investment and Growth Packages	Develop a core business support 'offer' by Sept 2019 & develop sector specific investment packages by Apr 2020 (including identifying possible financial incentives)	MDDC webpages have been reviewed.	Collect information on Commercial properties.	Further work is needed on identifying business needs.	AMBER
Employment & Skills	Business Champions Group	Business Champions Group established by Dec 2019	List of strategic businesses has been created	To discuss with SW	Businesses unwilling to engage	AMBER
Employment & Skills	Incubation Space	Develop a detailed business plan by Sept 2019	MDDC supported a bid which was submitted at the end of September. Though we are not directly involved in the project, it is of strategic importance to the District and to ensure the delivery of supported employment space for small, growing businesses.	At the time of writing this report we are still awaiting the outcome of the ERDF bid.	Bids may not be successful, which will mean other options will have to be considered	GREEN
Employment & Skills	Business Awards	To undertake a Mid Devon Business Awards Event by Dec 2019	Following the decision not to hold the awards event in 2019, and instead to postpone and develop an event for 2020, it is proposed that this project be moved into the second year action plan.	Early discussions to take place in Jan/Feb 2020 to determine the way forward with an events ceremony.	It will be delayed / postponed / cancelled	RED
Place	Cullompton Historic England Bid	Develop a partnership scheme with Historic England to commence April 2020	Detailed Delivery Plan submitted by 20th December 2019.	Now awaiting final decision from Historic England	A successful bid is contingent on progress to delivering the Eastern Relief Road	GREEN
Place	Future High Streets Fund	To submit a Future High Streets Bid for Tiverton (Cabinet decision 16th March)	Future High Streets Fund bid submitted on 22nd March	COMPLETE - Bid Unsuccessful	Other opportunities for will be sought	GREEN
Place	Tiverton Public Realm	Scope and costing exercise to commence with a view to produce a public realm plan	Stakeholder consultation to take place in January 2020, with implementation expect in Mar/Apr 2020.	Delivery of quick wins, while wider delivery plan is developed	Ensuring S106 monies are spent within the requisite time period. Ensuring appropriate consultation is undertaken prior to member sign off.	GREEN
Place	Crediton and Cullompton Town Centre Partnerships	To work with local town centre bodies in Cullompton and Crediton to set up functioning town centre partnerships by April 2020	Crediton - has a successful Town Team which leads on several popular events and projects. Cullompton also has a Town Team delivering a number of projects including the food and drink festivals in the highstreet. Cullompton Food and Drink	In Cullompton it is proposed to have a Town Centre Regeneration Partnership to advise on HAZ bid and masterplanning exercises (Draft TOR to be circulated).	Dependent on the willingness of partners to participate	AMBER
Place	Tiverton Masterplan	Deliver early milestones for Tiverton Town Centre Masterplan	Draft masterplan being reviewed by Officers prior to Stage 2 public consultation.	Stage 2 public consultation to take place over March / April 2020	Less coordinated development & uncertainty over delivery	AMBER
Place	Cullompton Masterplan	To complete a masterplanning process in Cullompton with adoption in June 2020	Stakeholder event undertaken 04.09.19 (48 attendees). Comments collated ahead of Stage 1 public consultation.	Stage 1 public consultation in Feb/Mar 2020	Less coordinated development & uncertainty over delivery. Less co ordination with the HAZ bid	GREEN
Place	Tiverton EUE. Area B Masterplan	To complete a masterplanning process for Area B of the Tiverton Eastern Urban Extension with adoption in Spring 2020	Landowner and stakeholder consultation event (Sept 2019). Stage 2 public consultation Feb/Mar 2020	Stage 2 public consultation to take place over Feb/Mar 2020	Less coordinated development & uncertainty over delivery	GREEN

Place	Shopfront Schemes	Deliver shopfront grant schemes in Tiverton, Cullompton and Crediton	The shop front scheme is operational in Tiverton (£30k from S106). Funding is being sought through the HSHAZ bid to further the scheme in Cullompton, and other opportunities are being explored to try to bring back the scheme to Crediton.	Identify match funding to support a shopfront grant scheme in Crediton.	Cullompton and Crediton are dependant on match being successfully secured.	GREEN
Place	Destination Website	Develop a destination website to promote the district by Jun 2019	The website is now live, but still going through a final testing and tweaking stage before the launch event in January.	Website launch in January, Cllr Barnell (portfolio holder) to attend.	Errors may be found on the site over the next month. This poses only a minimal risk, as they can still be amended at any point.	AMBER
Place	Connecting the Culm	Deliver three year Interreg funded partnership programme	Work on a whole catchment survey is underway to provide a baseline for further studies. A stakeholder engagement plan is being developed. D8		ON TRACK	GREEN
Infrastructure	Town Centre Wi-fi	Develop a clear project plan for delivering a free public wi-fi network in Tiverton by Sept 2019	Meetings have now taken place with a number of potential providers to steer the development of the project and to explore making the project viable while avoiding future on costs.	Tender document still being considered while also considering a potential partnership approach to the project.	Avoiding on-costs is critical to making the project successful. This has required a slightly different approach to the project to a standard procurement approach.	GREEN
Infrastructure	Broadband - Gigabit Voucher	Promote Gigabit Voucher Scheme from Jan 2019	Promotional materials produced and Gigabit Voucher Scheme advertised through social media campaign	COMPLETE	COMPLETE	GREEN
Ti-Tech, Innovation and Green Energy	Hydromills Project Tiverton Weir	Deliver a hydro-project on Tiverton Weir by 2022	Pre-Application Planning meeting has taken place. This has provided guidance for taking forward the full planning application. Aim to submit planning application by end of Feb 2020	Discussion to take place with architects relating to the building design, taking into account feedback from the pre-app.	There is a risk that EA permissions might not be granted. This is something we have no further control over (now that the applications have been submitted) but in the preparation work we have done everything possible to give the applications every chance of success.	GREEN
Agriculture / Food & Drink	Food and Drink Promotion	Create a database of local food and drink businesses by Dec 2019; Work with partners to create two Food & Drink campaigns by Jun 2020; Organise a Mid Devon Food and Drink forum event by Dec 2020.	The database is populated and entering its completion ready for December 2019.	End point of research: Exploring the district to ensure all businesses are included. We are creating a questionnaire to take out with topics to discuss with businesses e.g to identify the need etc.		GREEN