

Public Document Pack

Mid Devon District Council

Economy Policy Development Group

Thursday, 12 March 2020 at 5.30 pm
Exe Room, Phoenix House, Tiverton

Next ordinary meeting
Thursday, 21 May 2020 at 5.30pm

Those attending are advised that this meeting will be recorded

Membership

Cllr J M Downes (Chairman)
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 23 January 2020.

- 5 **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
- 6 **Crediton Heart Project**
To receive a presentation from the Crediton Heart Project trustees.
- 7 **Performance and 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 update for the nine months to 31 December 2019** (*Pages 23 - 44*)
To receive a report of the Deputy Chief Executive (S151) presenting a financial update in respect of the income and expenditure so far in the year.
- 9 **National Non-Domestic Rates (Business Rates) summary report** (*Pages 45 - 76*)
Following discussion at the last meeting, the Group to receive a briefing paper setting out the background behind the current Business Rates scheme.
- 10 **'Shaping the Future - Petroc 2020 - 2025' consultation - briefing paper** (*Pages 77 - 80*)
To receive a briefing paper providing information on the consultation Petroc is currently undertaking with staff and stakeholders in order to shape their future strategic plan.
- 11 **Economic Development Service Update** (*Pages 81 - 86*)
To receive a report from the Head of Planning, Economy and Regeneration providing Members with an update on progress with the Economic Development Services activities.
- 12 **Chairman's Annual Report for 2019/20** (*Pages 87 - 90*)
To receive the annual report from the Chairman of the Policy Development Group for 2019 / 2020.
- 13 **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:
- Election of Chairman for 2020 / 2021
 - Election of Vice Chairman for 2020 / 2021
 - Performance and Risk Outturn for 2019 / 2020
 - Revenue and Capital Outturn 2019 / 2020
 - Hydro Mills Project

- Economic Development Service update
- Start time of meetings for the remainder of the municipal year

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

Stephen Walford
Chief Executive
Wednesday, 4 March 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

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 23 January 2020 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

Councillor

R Evans and G Barnell

Present

Officers

Jenny Clifford (Head of Planning, Economy and Regeneration), Adrian Welsh (Group Manager for Growth, Economy and Delivery), John Bodley-Scott (Economic Development Team Leader), Joanne Nacey (Group Manager for Financial Services), Catherine Yandle (Group Manager for Performance, Governance and Data Security) and Sarah Lees (Member Services Officer)

52 **Apologies and Substitute Members**

There were no apologies for absence.

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

There were no interests declared under this item.

54 **Public Question Time**

There were no members of the public present.

55 **Minutes**

The minutes of the meeting held on 28 November 2019 were confirmed as a correct record and **SIGNED** by the Chairman.

56 **Chairman's Announcements**

The Chairman had the following announcements to make:

- Following the recent sad passing of Cllr John Daw, he wished to pass on the Group's condolences to the family. Cllr Daw would be sorely missed.
- There would be an informal meeting of the Group at 5.30pm on Thursday 20th February 2020 to discuss year two actions. All members of the Group were encouraged to attend if they were able to.

57 John Sheaves - 'Taste of the West' (00:06:25)

Mr John Sheave was welcomed to the meeting and provided the Group with a presentation regarding the work of 'Taste of the West'. This included reference to how the brand was established, how far it had extended, the membership, the prestigious awards available to retailers and the distribution connections with 'Ocado' delivering high quality food and drink products to various outlets across the South West.

Following the presentation discussion took place regarding:

- How the brand was funded which was through membership fees, a creative business model and sponsorship.
- Trading members were able to claim a discount at trade shows.
- The process necessary for businesses to attain a 'Taste of the West' award, from a standard award through to a gold or even 'Champion' award, however, it was explained that the criteria used was very robust.
- Sustainable high quality produce, singly sourced, was a key to success.
- The national, local and industry led reaction to the climate change crisis would have a huge impact on the sector going forwards.

The question was asked as to how 'Taste of the West' and the Council could benefit each other moving forwards? It was explained that much could be achieved through the Business Forum if the will and enthusiasm was there. If the Council wanted to set something up where the focus was on the consumer then 'Taste of the West' could help to support that especially given that developing the food and drink sector was a common aim of both parties. They could also help with local roadshows and support markets (although they would not run them). It was also suggested that perhaps 'Taste of the West' could be approached to be a consultee within the master planning process.

58 Performance & Risk Report (00:53:18)

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

The contents of the report were outlined with reference to the fact that the report provided results up to the end of November 2019. The report also now included a chart showing the trend of empty shops across the three towns, as had been requested at the previous meeting

Discussion took place regarding:

- What actions were being taken to achieve the aims stated in the report? It was explained that more detail in relation to particular projects could be found in the Economic Development Update report which would be discussed later in the meeting. In addition to this, the new Corporate Plan, which would be approved by Council in February, would create new key performance indicators linked to its objectives. However, Members were encouraged to suggest alternative measures of performance wherever possible.

- How footfall figures were attained within the town centres.
- The use of the word 'satisfactory' within the risk report and whether the software could be adjusted to provide alternative wording.

Further discussion took place regarding Business Rates and their effect upon businesses. It was felt that they often had a negative effect forcing businesses to close down. However, it was explained that the Council did provide support where it could through the use of the Business Rate Reduction Scheme and discretionary relief. The Group Manager for Financial Services explained that businesses with a rateable value of less than £12k received a 100% reduction in Business Rates. Of the 1,200 businesses we have in the district, 414 received reliefs. Despite this, it was felt that there were many factors working against the high street retail sector although it was not all 'doom and gloom' as some shops were opening and potential business enquiries were being made.

It was **AGREED** that a report be brought to the next meeting providing background information on Business Rates to facilitate a better understanding of this source of funding. The report could provide information on the Government's position and the effect of this upon local authorities. Particular service areas within the Council could also feed into this report. The report would be an important first step towards a deeper understanding of the issues involved and inform what actions Members may wish to take in terms of lobbying going forwards.

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

59 **Financial Monitoring (01:18:20)**

The Group Manager for Financial Services provided the following verbal update with regard to the income and expenditure so far in the current financial year explaining that a full suite of reports would be provided to the next meeting.

In October a variance of £95k deficit had been reported, this had increased to a deficit of £243k for November.

The main areas of movement since October monitoring included the following:

- **Environmental Services** – net S106 expenditure was slightly less than previously forecast (£9k) this was offset by Earmarked Reserves.
- **Waste** – (£15k) garden waste and permit sales were down against budget, however, it was noted that numbers might pick up before year end.
- **Cemeteries** – income was below that which was previously forecast (£10k)
- **Planning** – S106 expenditure had increased by £82k, however, this was offset by Earmarked Reserves transfer. Planning income was a further £20k less than forecast at the October monitoring.
- **IT** – a salary pressure had been reduced by £11k.
- **Revenues and Benefits** – Housing Benefit Overpayments Recovery forecasts had dropped another £60k. The forecast had been revised following identification of some duplication.
- **NNDR** – Retained Business Rates were forecasted to be £48k lower than forecasted in October following appeals.
- **HRA** – a favourable variance of £486k remained.

Consideration was given to:

- The effect of Universal Credit on Revenues and Benefits which had not impacted significantly yet.
- Concern at the increase in the deficit figure since the previous meeting

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

60 Revised draft GF budget 2020/2021 (01:24:19)

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) presenting the revised draft budget changes identified and discussing any further changes required in order for the Council to move towards a balanced budget for 2020/21. This report had been considered by the Cabinet at its meeting on 16 January 2020, however, the Group were asked whether they wished to feed back any further comment to the Cabinet for them to consider at their meeting on 13 February before the budget was finally approved by Council on 26 February.

The following was highlighted within the report:

- The budget gap had been £177k but had risen to £235k following the decision of the Cabinet on 16th January in relation to car parking. Time was running out in order to find the necessary savings to close this gap.
- The budget for 2020/21 was predicated on the proposed savings listed in Appendix 2 of the report.
- There had been a general increase in the required pension contributions from employers.
- The Business Rate forecast would need to be finalised by the end of January.
- The final settlement was awaited but was not predicted to be significantly different from the provisional one received in December.
- New Homes Bonus was at serious risk.
- The Medium Term Financial Plan was already showing a gap in 2023/24 of c£1.5m.
- There were significant concerns about the budget for 2021/22.

Discussion took place with regard to:

- The Homes PDG had made a recommendation to the Cabinet to retain the weed team budget meaning, if approved, that the budget gap would worsen by a further £53k.
- The property maintenance budget.
- An increase in the number of newly built properties would mean additional Council Tax income but there would be a corresponding extra strain on services. The Council would not see a benefit from New Homes Bonus as no new payments were being made, only ones based on previous years.
- The effect of the delay with the Local Plan and the subsequent effect upon income to the Council.
- Using reserves to balance the budget was the least preferred option and could not be sustained.

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

61 Leaving the European Union update (01:50:47)

The Group had before it, and **NOTED**, a report * from the Head of Planning, and Economic Regeneration updating Members on changes to the local economic situation relating to Brexit.

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

62 Economic Development Service Update (01:52:13)

The Group had before it, and **NOTED**, a report * from the Head of Planning and Economic Regeneration updating Members on progress with Economic Development Service activities. This included the following key projects:

Discussion took place regarding:

- Some targets were not being met and therefore the wording against those particular projects needed to be adjusted to more realistically reflect this.
- The Destination website would be officially launched on 26 February 2020. Petroc were providing a free venue. A Members briefing would be held in March to demonstrate the website. It was felt to be regrettable that this project had suffered delay for various reasons.
- A question had been asked at the previous meeting about whether anything could be done about shop rears, some were in a very poor visual state. It was explained that officers had checked the guidance of the shop front scheme and the grant did not cover the rear of shops therefore another source of funding would need to be found to address this. A further question was asked about whether the shop front scheme could extend to the market stall holders outside of the Pannier Market to enhance the appearance of their business. The officer would check the guidance again but felt that the criteria for funding was primarily based on traditional 'shops'.
- It was explained that town centres were required to be 'health checked' on a regular basis and that the results of the latest one for Tiverton would be circulated.
- The Group were informed that the Tiverton Town Centre Partnership would be meeting next week to discuss promotions such as a food and drink event involving the whole town as well as discussing other issues.

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

63 Identification of items for the next meeting (02:04:13)

The following was identified for the agenda for the next meeting (as well as the items already identified in the work programme):

- Business Rate background report

(The meeting ended at 7.40 pm)

CHAIRMAN

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ECONOMY PDG 12 MARCH 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.
- 2.3 We also report the **Number of business rate accounts** which exceeds target increasing by over 4% since this time last year.
- 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. The total number of units in each town @ Q3 are as follows: Tiverton 242, Cullompton 89 and Crediton 118. This will be added to the notes for the Pls.
- 2.6 **Other:** The 6 week public consultation on the Local Plan main modifications ran from 6 January to 17 February 2020. 75 representations were received, these were sent to the Inspector for his consideration on 28 February.

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
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* 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
Number of business rate accounts	3,081 (10/12)	3,150	3,104	3,112	3,123	3,137	3,149	3,155	3,180	3,186	3,205	3,218			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
Businesses supported	218 (10/12)	250	21	57	84	107	124	141	157	176	192	207			Adrian Welsh	(January) 10 Feb: 7 new businesses enquiries and 15 businesses assisted (MF), Number of businesses assisted

Corporate Plan PI Report Economy

Priorities: Economy

Aims: Focus on business retention and growth of existing businesses

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
Increase in Car Parking Vends	45,893 (10/12)		51,120	51,775	48,697	50,894	51,261	50,325	53,392	52,568	52,388	48,961			Andrew Jarrett	
The Number of Empty Shops (TIVERTON)	18	18	n/a	n/a	17	n/a	n/a	21	n/a	n/a	21	n/a	n/a	21	Adrian Welsh	Number of vacant retail units, (Quarter 4) Jan 17: 21 vacant units out of 242 units representing 8.7% of the total units. (MF)
The Number of Empty Shops (CREDITON)	7	8	n/a	n/a	6	n/a	n/a	10	n/a	n/a	10	n/a	n/a	9	Adrian Welsh	Number of vacant retail units, (Quarter 4) JAN 31: 9 vacant units out of 118 units representing 7.6% of total units in Crediton (MF)

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Corporate Plan PI Report Economy

Priorities: Economy

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
The Number of Empty Shops (CULLOMPTON)	11	8	n/a	n/a	12	n/a	n/a	7	n/a	n/a	7	n/a	n/a	7	Adrian Welsh	The number of vacant retail units, (Quarter 4) JAN 31: 7 vacant units out of 89 units, representing 7.9% of the total units. (MF)

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
Funding awarded to support economic projects	£160,395 (3/4)	£100,000	n/a	n/a	£10,000	n/a	n/a	£10,000	n/a	n/a	£29,637	n/a	n/a		Adrian Welsh	(Quarter 3) £12,637 (euros 15,000) awarded from WiFi4EU Programme £7,000 LGA Advisors Programme (JB), Funding actively sought for corporate priorities

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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
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Risks:	No Data (0+)	High (15+)	Medium (6+)	Low (1+)
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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	31/01/2020	Fully effective (1)
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	31/01/2020	Positive(2)
In progress	Project Management	Continue rigorous project management, monitoring and reporting	Adrian Welsh	10/06/2019	31/01/2020	Positive(2)
In progress	Review and reprotisation	Part of review of projects for Year 2 actions. This will consider maximising investment and prioritising officer time.	Adrian Welsh	31/01/2020	31/01/2020	Positive (2)

Economy PDG Risk Management Report - Appendix 2

Current Status: Medium (12) **Current Risk Severity: 4 - High** **Current Risk Likelihood: 3 - Medium**

Service Manager: Jenny Clifford

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	31/01/2020	Positive(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	Positive(2)
In progress	target funding opportunities	To seek to bring forward delivery	Adrian Welsh	10/06/2019	17/09/2019	Positive(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	Positive(2)
In progress	continue to work with traders on promotion	To increase footfall.	Adrian Welsh	10/06/2019	17/09/2019	Positive(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	Positive(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	Positive(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 Town Centre Masterplan Failure to adopt and implement the Tiverton Town Centre Masterplan

Service: Planning

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Community and political engagement	Through the masterplanning process engagement is taking place with key stakeholders over the emerging masterplan. A further period of public consultation is also yet to take place.	Adrian Welsh	07/10/2019	31/01/2020	Positive(2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jenny Clifford						

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Print Date: 17 February 2020
18:43

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	1 Risk	4 Risks	No Risks
	2 - Low	No Risks	No Risks	No Risks	1 Risk	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				

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Print Date: 17 February 2020
 18:43

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ECONOMY POLICY DEVELOPMENT GROUP

12 March 2020

FINANCIAL UPDATE FOR THE NINE MONTHS TO 31 DEC 2019

Cabinet Member Cllr Alex White

Responsible Officer Andrew Jarrett – Deputy Chief Executive (S151)

Reason for Report: To present a financial update in respect of the income and expenditure so far in the year.

RECOMMENDATION(S):

- 1. The PDG note the financial monitoring information for the income and expenditure for the nine months to 31 December 2019 and the projected outturn position.**

Relationship to the Corporate Plan: The financial resources of the Council impact directly on its ability to deliver the Corporate Plan; prioritising the use of available resources brought forward and any future spending will be closely linked to key Council pledges from the updated Corporate Plan.

Financial Implications: Good financial management and administration underpins the entire document.

Legal Implications: None.

Risk Assessment: Regular financial monitoring information mitigates the risk of unforeseen over or underspends at year end and allows the Council to direct its resources to key corporate priorities.

Equality Impact Assessment: It is considered that the impact of this report on equality related issues will be nil.

Impact on Climate Change: There are no direct impacts from the content of this report.

1.0 Introduction

- 1.1 The purpose of this report is to highlight to Cabinet our current financial status and the likely reserve balances at 31 March 2020. It embraces both revenue, in respect of the General Fund; the Housing Revenue Account (HRA), and Capital and aims to focus attention on those areas which are unlikely to achieve budget. It is particularly important for next year's budget setting and, looking further ahead, for the medium term financial plan.
- 1.2 Favourable variances generating either increased income or cost savings are expressed as credits (negative numbers), whilst unfavourable overspends or incomes below budget are debits (positive numbers).

2.0 Executive Summary of 2019/20

2.1 The table below shows the opening position of key operational balances of the Council, the forecast in year movements and final predicted position at 31 March 2020:

Usable Reserves	31/03/2019	Forecast in year movement	31/03/2020
	£k	£k	£k
Revenue			
General Fund (see paragraph 3.2)	(2,501)	270	(2,231)
Housing Revenue Account (see paragraph 4.2)	(2,000)	0	(2,000)
Capital			
Capital Receipts Reserve	(3,620)	(1,047)	(4,667)
Revenue Contribution to Capital Earmarked Reserve	(415)	235	(180)

3.0 The General Fund Reserve

3.1 This is the major revenue reserve of the Council. It is increased or decreased by the surplus or deficit generated on the General Fund in the year. This reserve held a balance of £2.501m as at 31/03/19.

3.2 The forecast General fund **deficit** for the current year is £270k after transfers to and from Earmarked Reserves as shown at Appendix A.

The **most significant variances** comprise:

	£k
Waste Services – Shared savings scheme and vacancies	(151)
Trade Waste and recycling - Increase in customers and reduced discounts etc.	(64)
New vehicle contract – Funded by EMR (Not an overspend on the contract)	67
Public Health – Air Quality S106 (covered by EMR) and legal costs	92
Planning – Downturn in Planning income less salary savings	154
Garden Village project – funded by EMR	23
Garden Village – Capacity funding	(150)
S106 spend re Public Open Space – funded by EMR	178
Cullompton Master Plan – funded by EMR	56
Local Plan – Funded by EMR	32
Tiverton Town Centre Regen – abortive capital costs	87
Bank charges – Additional charges	10
Cemeteries – Income below anticipated in budget	25
Car Parking – Shortfall Premier Inn; extra security and electricity usage	33
Private Sector Housing – legal costs of prosecution	19

General Fund Housing - Grant funding – to be earmarked	(127)
Property – Loss of income; etc. partly offset by salary savings	61
Customer services – Vacancy and overtime savings	(48)
HR – Review of service needs - restructuring	24
Legal – Various including consultancy budget saving	(53)
Democratic Services – District Elections shortfall	25
Electoral Registration – Increase in IER funding and delayed boundary review	(69)
Member Services – Vacancy saving	(7)
Leisure – Vacant posts, growth in membership etc. offset by utilities overspend and reduction in casual swim	47
Revs and Bens – Various including reduced overpayment recovery and software costs	65
3 Rivers Impairment – Partly offset by a statutory reversal of £757k	883
Statutory Adjustments – Reversal of Capital impairment 3 Rivers	(757)
Statutory Adjustments – Reduction in Minimum Revenue Provision (less borrowing than anticipated)	(50)
Interest income – additional income	(100)
Interest Payable – reduction in charge	(60)
Earmarked Reserves transfers	(120)
Net Business Rates retention – more levy due to growth (benefit in future year)	88

3.3 The major variances are highlighted at Appendix B. The current incomes from our major funding streams are shown at Appendix C, whilst current employee costs are shown at Appendix D.

4.0 Housing Revenue Account (HRA)

4.1 This is a ring-fenced account in respect of the Council's social housing function. Major variances and proposed corrective action are highlighted at Appendix F.

4.2 It is anticipated that the forecast variance of £668k surplus will increase the budgeted transfer to the Housing Maintenance Fund and so the HRA reserve balance will remain at £2m.

4.3 Overall, the HRA is forecast to underspend by £668k in 2019/20, made up of several deficits and surpluses, the most significant of which comprise the following:

- £70k estimated surplus in Affordable Rents (tenancy)
- £50k forecast increase in revenue from rechargeable works (DLO)
- £50k underspend relating to planned revenue works – Building Services (DLO)
- £150k underspend in relation to staffing within repairs team, Building Services (DLO)
- £100k forecast reduced activity (reduced income) on DFG works – Building Services (DLO)
- £90k underspend relating to staffing within Housing Services (tenancy)
- £230k underspend relating to future HRA Projects

- £125k underspend on an external contract for modernisation works (Capital) which is funded by the MRA
- £60k overspend

5.0 Capital Programme

- 5.1 Capital projects, by their very nature, often overlap financial years. The status of this year's capital programme is shown at Appendix G.
- 5.2 The approved Capital Programme amounts to £35.193m (this includes the approved 2019/20 Budget £14.597m, slippage rolled forward from 2018/19 of £12.077m, additional projects detailed in quarter 2 of £4.874m and projects approved since Q2 amounting to £3.645m). These additional projects are as follows:

(£0.266m)	Adjustment to 3 Rivers Loan – Orchard House
£3.714m	3 Rivers Loan – Knowle Lane
£0.197m	RTB Buyback

£3.645m Total

- 5.3 The revenue monitoring report reflects the fact that the 3 Rivers project, Rear of Town Hall development (Riverside) is likely to overspend by c£757k (£519k excluding contingency provision). We have therefore impaired this loan by an equal amount. As this is a capital loan it is reversed in the revenue account but it will have an impact in 2020/21 when it will trigger Minimum Revenue Provision (MRP) payments over 3 years of £252k per annum. This is an increase of £127k per annum from the September forecast.
- 5.4 We also have a "working capital loan" with 3 Rivers which is currently at risk (£504k). This was due to be repaid over 5 years but as there is doubt over the ability of the company to repay this in this timescale, it is prudent to impair it over the remaining life of the loan, 4 years at £126k per annum. This is a real cost to the revenue account. Both the £757k and the £126k are shown against Corporate Management.
- 5.5 As stated in 5.1, some of these projects will overlap financial years. Managers have therefore given their best estimate of what is 'deliverable' for 19/20; this amounts to £15.701m (£11.782m in Quarter 2). Therefore, committed and actual expenditure will be monitored against this revised 'deliverable' budget for the remainder of the year.
- 5.6 The deliverable budget has been established following meetings with managers to determine a realistic forecast of spend based on known information at this point in the year. This will continue to be revisited for material changes.
- 5.7 Committed and Actual expenditure is currently £13.374m against a 'deliverable' Capital Programme of £15.701m leaving a variance of £2.327m uncommitted at this point in time.

- 5.8 Additional work has been undertaken to establish forecast slippage and potential underspends against the approved Capital Programme and are also detailed on Appendix G.
- 5.9 Forecast slippage amounts to £7.078m, which mainly relates to: £0.638m in relation to the 3 Rivers Project at the rear of the Town Hall which is forecast to be completed in 21/22, £0.236m for the 3 Rivers Project at Orchard House that will be completed in 20/21, £0.600m in relation to Land Acquisition for operational needs, £2.1m related to the GP Practice NHS Hub and £1.450m in relation to Council House building at Round Hill, Tiverton. For further detail, please refer to Appendix G.
- 5.10 A comprehensive review of projects has also been undertaken to either remove them from the 19/20 Programme where no longer required or re-profile into the 20/21 to 23/24 MTFP that will also be presented at 13th February 2020 Cabinet. The forecast net underspend amounts to £13.521m, this mainly relates to: £3.953m for the District Wide Redevelopment Project, £2.0m for Waddeton Park, (this is now included in future years in the Capital MTFP presented at the October Cabinet), £2.1m to enable Social Housing projects and two Council House Building Projects at £2.0m each which have been further quantified in the forward MTFP. In addition to these £1.2m for the Tiverton Redevelopment Project which has now been aborted & forecast 'sunk' costs of £87k will be coded to Revenue. Again, for further detail please refer to Appendix G.

6.0 Revenue Contribution to Capital EMR

- 6.1 The Capital Earmarked Reserve has been set aside from Revenue to fund Capital Projects; the movement on this reserve is projected below:

	£k
Capital Earmarked Reserve at 1 April 2019	(415)
Funding required to support 2019/20 Capital Programme	235
Forecast uncommitted Balance at 31 March 2020	(180)

7.0 Capital Receipts Reserve (Used to fund future capital programmes)

- 7.1 Unapplied useable capital receipts are used to part fund the capital programme, the movement on this account for the year to date is given below:

	£k
Unapplied Useable Capital Receipts at 1 April 2019	(3,620)
Net Receipts to Q3 (includes 23 "Right to Buy" Council House sales)	(1,617)
Current Balance	(5,237)

(This includes £1.710m of ring fenced 1:4:1 receipts and £3.527m of general Capital Receipts)

Forecast further capital receipts in year	(100)
Forecast capital receipts required to support 2019/20 Capital Programme	670
Forecast Unapplied Capital Receipts 31 March 2020	(4,667)

7.2 The ring fenced “1:4:1 receipts” need to be spent within 3 years of receipt; otherwise they need to be returned to MHCLG with interest. These can be used to fund up to 30% of new social housing developments or repurchased right to buy properties.

7.3 The forecast reserve balance for the Revenue Contribution to Capital Reserve and the Capital Receipts Reserve includes the associated funding of the 19/20 Capital Programme, as these monies are committed. In reality, much of this will slip to 20/21. It is also important to note that these balances need to be almost fully utilised in order to balance the Capital Medium Term Financial Strategy.

8.0 Treasury Management

8.1 The interest position so far this financial year can be summarised as follows:

Interest Receivable:

	Budget £k	Forecast outturn £k	Forecast variance £k
Investment Income Received	(443)	(543)	(100)
Interest from HRA funding	(49)	(49)	0
Total Interest Receivable	(492)	(592)	(100)

8.2 There is an interest payable saving (£60k) due to the fact we have not taken out external borrowing (PWLB), as expenditure has been lower than anticipated and we have funded initially from internal resources.

9.0 Conclusion

9.1 Members are asked to note the revenue and capital forecasts for the financial year. Managers are working hard to offset overspends, some of which are unavoidable, with budget savings to deliver an outturn close to the budget. Members will be aware that management action has improved the position from Quarter 1 which was showing a projected overspend of £427k.

9.2 The work undertaken to produce this monitoring information to 31 Dec 2020 will be used to inform the 2020/21 Budget setting process where required.

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Circulation of the Report:

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GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019

General Fund Summary	Note	2019/2020	Full Year	Actuals	Full Year	Variance (0 = On budget)	Variance %
		Annual Budget	Forecast	£	Variance		
		£		£	£		
Clr Bob Deed							
Corporate Management	A	1,696,520	2,589,520	1,200,436	893,000		52.6%
Clr Luke Taylor							
Grounds Maintenance	E	596,740	588,740	399,731	(8,000)		-1.3%
Cemeteries & Bereavement Services	D	(86,540)	(61,540)	(24,368)	25,000		-28.9%
Waste Services	H	1,743,650	1,596,477	961,678	(147,173)		-8.4%
Clr Dennis Knowles							
Community Development	I	108,875	103,055	103,595	(5,820)		-5.3%
Environmental Services incl. Licensing	D	770,010	878,753	611,662	108,743		14.1%
IT Services	Q	972,610	974,024	763,150	1,414		0.1%
Land charges	N	(20,530)	(30,530)	(26,620)	(10,000)		48.7%
Open Spaces	F	91,800	123,356	111,076	31,556		34.4%
Recreation And Sport	J	740,302	786,988	543,619	46,686		6.3%
Clr Alex White							
Finance And Performance	K	707,320	707,320	527,947	0		0.0%
Revenues And Benefits	L	430,400	495,477	797,874	65,077		15.1%
Car Parks	C	(535,210)	(502,210)	(366,732)	33,000		6.2%
Clr Simon Clist							
Private Sector Housing	D	(6,070)	12,820	24,042	18,890		-311.2%
General Fund Housing	M	212,630	85,650	(132,206)	126,980		-59.7%
Property Services	G	884,060	944,660	653,159	60,600		6.9%
Clr Graeme Barnell							
Community Development: Markets	I	50,180	65,180	27,186	15,000		29.9%
Planning And Regeneration	N	1,347,195	1,730,008	1,053,414	382,813		28.4%
Clr Mrs Nikki Woollatt							
Customer Services	O	778,871	730,771	564,391	(48,100)		-6.2%
Human Resources	P	465,090	489,090	352,456	24,000		5.2%
Legal & Democratic Services	B	1,136,206	1,027,636	970,528	(108,570)		-9.6%
Public Health	D	(4,890)	(4,890)	(5,248)	0		0.0%
All General Fund Services		12,079,219	13,330,355	9,110,769	1,251,136		10.4%
Net recharge to HRA		(1,534,110)	(1,534,110)	6,000	0		
Statutory Adjustments (Capital charges)		333,280	(473,720)	0	(807,000)		
Net Cost of Services		10,878,389	11,322,525	9,116,769	244,136		4.1%
Finance Lease Interest Payable		44,420	44,420	0	0		
Interest from Funding provided for HRA		(49,000)	(49,000)	0	0		
Interest Receivable Payable on Other Activities		167,580	107,580	51,358	(60,000)		
Interest Receivable on Investments		(442,540)	(542,540)	(299,776)	(100,000)		
Transfers into Earmarked Reserves	APP B	2,267,363	2,606,605	2,316,625	339,242		
Transfers from Earmarked Reserves	APP B	(2,099,631)	(2,545,212)	(2,480,496)	445,581		
Contribution from New Homes Bonus Reserve	APP B	(587,850)	(601,110)	(587,850)	(13,260)		
Total Budgeted Expenditure		10,178,731	10,343,268	8,116,630	164,537		1.6%
Revenue Support Grant		0	0	0	0		
Rural Services Delivery Grant		(466,695)	(466,695)	(466,695)	0		
New Homes Bonus Grant		(1,243,503)	(1,243,503)	(932,627)	0		
Retained Business Rates		(3,247,005)	(3,081,675)	(2,089,584)	165,330		
Business Rates Deficit		778,906	778,906	0	0		
Business Rates Benefit from Devon Pool		(100,000)	(177,590)	0	(77,590)		
CTS Funding Parishes		0	0	0	0		
Collection Fund Surplus		(71,330)	(71,330)	(71,331)	0		
Council Tax		(5,829,104)	(5,829,104)	(5,829,104)	0		
Total Budgeted Funding		(10,178,731)	(10,090,991)	(9,389,341)	87,740		-1%
Forecast in year (Surplus) / Deficit		0	252,277	(1,272,712)	252,277		
General Fund Reserve 31/12/2019					(2,483,294)		
Forecast General Fund Balance 31/03/2020					(2,231,017)		

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GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019

Note	Description of Major Movements	Full year variance (net of transfer to EMR)	PDG
A	Corporate Management		
	Forecast overspend on bank charges	10,000	Cabinet
	3 Rivers - Working capital impairment - IFRS 9 the risk of non-repayment of the loan	126,000	Cabinet
	3 Rivers - Riverside impairment - Relates to the potential overspend on the project leading to non-repayment of loan	757,000	Cabinet
		893,000	
B	Legal & Democratic Services		
	Legal Services-estimated under recovery of S106 income	10,000	Cabinet
	Legal Services-fees and charges income higher than budget	(13,000)	Cabinet
	Legal Services-software budget not required in 19/20	(15,400)	Cabinet
	Legal services consultancy budget not all required in 19/20	(35,000)	Cabinet
	Member Services-estimated savings against the salary budget due to carrying a vacancy for a number of months	(7,000)	Cabinet
	Electoral Registration-increase in IER funding above budget	(16,800)	Cabinet
	District Elections- After utilising earmarked reserves estimate of £25k shortfall in covering election spend	25,000	Cabinet
	Electoral Registration-saving against the salary budget due to vacancy	(5,000)	Cabinet
	Parish Elections- Recharging more of the costs to parishes than previously forecast	(7,500)	Cabinet
	Democratic Rep-savings on internet access payments and Members registration	(3,870)	Cabinet
	Electoral Registration- Budget for boundary review no longer required	(30,000)	Cabinet
	Electoral Registration- Underspend on Computer Software	(5,000)	Cabinet
	Electoral Registration- Sale of Electoral Register not budgeted for	(5,000)	Cabinet
		(108,570)	
C	Car Parks		
	P&D Income shortfall forecast in MSCP of £24k due to ongoing Premier Inn works, forecasting increased income in some of our P&D car parks of £5k.	19,000	Economy
	MSCP - Increased Security patrols to protect users and property from anti-social behaviour, has resulted in a budget overspend.	6,000	Economy
	Increased Electricity usage due to 24 hour opening of the MSCP and increased usage from contractors.	8,000	Economy
		33,000	
D	Public Health combined		
	Net of S106 Air Quality expenditure & income, covered by transfers from EMRs	91,843	Environment
	One off unavoidable Employment costs in Public Health	4,900	Community
	Licensing - Salary overspend due to JE regrades. We will be able to adjust fees going forward and hope to recover some of this overspend this year.	7,000	Community
	External Legal costs associated with major Housing prosecution, some costs awarded by the Courts but remain outstanding.	18,890	Homes
	Cemetery Income below profile for 3rd Qtr, will review month by month.	20,000	Environment
	Reduced income on Regulatory Services	5,000	Environment
	Licensing income - unpredictability on licence numbers under the new Animal Licensing regulations.	5,000	Environment
		152,633	
E	Grounds Maintenance		
	Salary savings - vacant Team Leader post not recruited to whilst service structure is being reviewed	(25,000)	Environment
	New vehicle contract - funded from vehicle earmarked reserve in year	17,000	Environment
		(8,000)	
F	Open Spaces		
	S106 Expenditure funded by transfer from an EMR	31,556	Environment
		31,556	
G	Property Services		
	New vehicle contract - funded from earmarked reserve in year (Not an overspend on the contract)	8,000	Environment
	Public Conveniences Utility charges are lower than budgeted due to reduction in the number of PC's and more accurate billing from	(12,000)	Environment
	Historic Business Rates reduction applied to Phoenix House due to office mergers have resulted in a rates underspend.	(43,000)	Environment
	Un-budgeted costs for the upgrade of communication equipment in the Exe Room, off-set against underspend on Rates	14,000	Environment
	Security costs higher than budget for Phoenix House	6,600	Environment
	Salary savings within Property Services due to vacant posts (partially off-set by Agency costs)	(70,000)	Environment
	Agency overspend covering vacant posts within Property Services	25,000	Environment
	Loss of income from Fore Street Flats and rates from vacant shop unit	23,890	Economy
	Loss of rental income and increased costs from rates and service charges due to vacant units within Market Walk	38,500	Economy
	Rate revaluation on Carlu Close has seen an unbudgeted increase in costs that has been backdated to 2017	56,350	Environment
	Maintenance overspend due to Capital project for air conditioning units being under £20k (funded from NHB)	13,260	Environment
		60,600	
H	Waste Services		
	Vacant posts part offset by agency	(38,000)	Environment
	Additional overtime in Recycling due to operational issues	16,000	Environment
	Waste - Shared Saving Scheme increase from budget. 2018-19 additional £79k and estimating an additional £50k for 2019-20	(129,000)	Environment
	S106 income, transferred to an EMR	827	Environment
	Trade Waste - Increase in customer base and reduced discounts - leading to increased income	(89,000)	Environment
	Trade Waste - Purchase of additional bins	20,000	Environment
	Trade Waste - Disposal costs up due to an increase in customer base	17,000	Environment
	Garden waste, permit sales down against budget. Numbers may pick up before year end.	8,000	Environment
	Recycling containers	5,000	Environment
	Recycling materials, paper tonnage and price is down	16,000	Environment
	Recycling materials, mixed plastics tonnage and price is up against budget	(83,000)	Environment
	Recycling materials, price for cardboard and glass is down	42,000	Environment
	New vehicle contract - funded from the vehicle earmarked reserve in year (Not an overspend on the contract)	67,000	Environment
		(147,173)	
I	Community Development		
	Community Development grant funding	(5,820)	Community
	Salaries - job evaluation and additional cover over the busy Christmas period	15,000	Economy

		9,180	
J	Recreation And Sport		
	Salaries - vacant posts.	(61,250)	Community
	Dryside - loss of income due to local competition offering similar facilities at lower cost, termination of contract with a 3rd party and recruitment issues re qualified staff.	36,000	Community
	Over achieving membership targets for fitness.	(40,000)	Community
	Vouchers cashed in against fitness and wetside income.	8,000	Community
	Wetside - reduction in casual swim as per the national trend within the industry	20,000	Community
	Feasibility Study	18,936	Community
	Utilities overspend due to Energy provider invoicing now is more accurate	84,000	Community
	Underspend on Car Mileage, Stationery, Advertising & Vending Supplies	(19,000)	Community
		46,686	
K	Finance And Performance		
		0	
L	Revenues And Benefits		
	Housing Benefit Subsidy & Overpayment recovery	120,000	Cabinet
	Estimated income from Single Occupancy Discount penalties (not budgeted)	(17,000)	Cabinet
	Additional Forecast C/Tax Annexe Grant	(7,738)	Cabinet
	Revenues and Benefits forecast salary savings; in the main due to vacant posts in HB in part offset by additional overtime & temporary increases for supervisors acting up	(11,100)	Cabinet
	Software costs associated with Citizens Access	33,950	Cabinet
	Software costs associated with new CTR scheme	11,000	Cabinet
	Various New Burdens grants from DWP in respect of Housing Benefits initiatives delivered within existing resource	(49,160)	Cabinet
	Adjustment to CTB entitlement (re pre 01/04/13 CTB old scheme) not required to be repaid to DCLG & additional CTB admin grant than budgeted	(5,650)	Cabinet
	Additional New Burdens NNDR Grant for the administration of Retail Rate Relief delivered within existing resource	(9,225)	Cabinet
		65,077	
M	General Fund Housing		
	Community Alarms: estimated surplus due to underspend on service overheads	(10,000)	Homes
	GF Housing: grant funding received will be earmarked towards future service sustainability	(126,980)	Homes
	GF Housing: Discretionary Rent Allowance lower than forecast	10,000	Homes
		(126,980)	
N	Planning And Regeneration		
	Net of S106 Public Open Space expenditure & income, covered by transfers from EMRs	177,963	Community
	Garden Village project consultancy spend funded by transfer from EMR	23,000	Community
	Garden Village Capacity Funding for 2019-20	(150,000)	Community
	Salary savings due to not recruiting for the secondment of the graphics technician, a delay in recruitment of the monitoring information officer and maternity savings	(21,000)	Community
	Statutory Plan - saving on budgeted GESP contribution	(5,000)	Cabinet
	Statutory Plan - Local Plan costs funded by transfer from EMR	32,000	Cabinet
	Development Management - planning income. Consistently over the last 12 mths there has been a downturn in fees, this has been driven by external circumstances affecting the submission of larger fee earning applications. Officers are working with developers to try and bring forth applications via the pre application process. Most recently the forecast shortfall has in part been offset through a major fee bearing application	175,000	Community
	Development Management - supplies & services. Main contributor being required advertising.	22,000	Community
	Cullompton Town Centre Masterplan, funded by transfer from EMR	56,000	Economy
	Business Development Grant funding	(3,500)	Economy
	Income from Section 97 work	(10,650)	Community
	Land charges Devon County Council searches - Listed separately	(10,000)	Cabinet
	Tiverton Town Centre Regeneration - aborted capital project costs, also see underspend on Capital Programme	87,000	Economy
		372,813	
O	Customer Services		
	External Contractors budget not required this year	(4,000)	Community
	Overtime budget not required	(8,100)	Community
	Vacancy Savings	(36,000)	Community
		(48,100)	
P	Human Resources		
	Realignment of basic establishment prior to review of service needs	24,000	Cabinet
		24,000	
Q	I.T. Services		
	Digital services cloud software licence - expenditure covered by salary savings in the CS codes	7,500	Cabinet
	Software Training	8,614	Cabinet
	Idox support fees more than budgeted. Migration work to new hardware required as operating system reaching end of life	11,800	Cabinet
	Central Government have delayed moving towards utilising the public internet for submission of statutory returns - meaning the Council has to pay for a private sector network connection to submit its returns	9,600	Cabinet
	Vacant posts	(8,300)	Cabinet
	Client access licence. This is a perpetual licence. Indicative prices used for budget setting included a licence for per user and device, only a user licence is required to deliver applications.	(27,800)	Cabinet
		1,414	
	FORECAST (SURPLUS)/DEFICIT AS AT 31/03/2020	1,251,136	

Cabinet	891,921
Community	220,979
Homes	(108,090)
Environment	(3,563)
Economy	249,890
	1,251,136

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019

Fees and Charges	2019/20	2019/20	2019/20	2019/20	Full Year	Variance %
	Annual Budget	Profiled Budget	Actual	Variance	Forecast	
	£	£	£	£	Variation £	
Building Control Fees	(240,000)	(180,000)	(210,422)	(30,422)	0	0%
Planning Fees	(946,500)	(709,875)	(636,133)	73,742	175,000	-18%
Land Search Fees	(120,000)	(90,000)	(89,367)	633	0	0%
Car Parking Fees - See Below	(733,290)	(571,482)	(563,769)	7,713	19,000	-3%
Leisure Fees & Charges	(2,881,030)	(2,133,914)	(2,052,374)	81,539	31,500	-1%
Trade Waste Income	(699,000)	(696,903)	(784,473)	(87,570)	(89,000)	13%
Garden Waste	(482,100)	(412,180)	(408,514)	3,666	8,000	-2%
Licensing	(145,190)	(116,402)	(113,144)	3,258	5,000	-3%
Market Income	(83,350)	(64,707)	(64,720)	(13)	0	0%
	(6,330,460)	(4,975,463)	(4,922,917)	52,547	149,500	-2.4%

Car Parking Fees		2019/20	2019/20	2019/20	2019/20	Bud Income	
						Spaces	pa per space
Beck Square, Tiverton	(79,500)	(62,233)	(61,050)	1,183	40	(1,988)	
William Street, Tiverton	(26,280)	(20,078)	(19,167)	911	45	(584)	
Westex South, Tiverton	(49,000)	(37,367)	(38,142)	(775)	51	(961)	
Wellbrook Street, Tiverton	(14,000)	(10,275)	(11,396)	(1,121)	27	(519)	
Market Street, Crediton	(37,500)	(30,026)	(27,152)	2,874	39	(962)	
High Street, Crediton	(75,000)	(57,555)	(62,826)	(5,271)	190	(395)	
Station Road, Cullompton	(33,500)	(26,689)	(30,394)	(3,705)	112	(299)	
Multistorey, Tiverton	(126,980)	(97,952)	(80,263)	17,689	631	(201)	
Market Car Park, Tiverton	(210,000)	(160,218)	(160,879)	(661)	122	(1,721)	
Phoenix House, Tiverton	(5,500)	(4,327)	(3,979)	348	15	(367)	
P&D Shorts & Overs	0	0	543	543	0	0	
Total Pay and Display	(657,260)	(506,720)	(494,704)	12,016	1,272	(7,995)	
Day Permits	(16,000)	(12,827)	(13,553)	(726)			
Allocated Space Permits	(41,500)	(36,022)	(36,022)	0			
Overnight Permits	(200)	(130)	(773)	(643)			
Day & Night Permits	(10,700)	(8,660)	(7,087)	1,573			
Other Income	(7,630)	(7,123)	(11,630)	(4,508)			
Total Permits	(76,030)	(64,762)	(69,065)	(4,303)			
Total Car Parking	(733,290)	(571,482)	(563,769)	7,713			
Standard Charge Notices (Off Street)	(48,000)	(36,000)	(32,472)	3,529	0	0%	

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GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019

Employee Costs	2019/20 Annual Budget £	2019/20 Profiled Budget £	2019/20 Actual £	2019/20 Variance £
General Fund				
Community Development	49,220	36,915	43,999	7,084
Corporate Management	1,457,520	1,093,140	1,082,237	(10,903)
Customer Services	688,440	516,330	469,965	(46,365)
Environmental Services	864,660	648,495	665,761	17,266
Finance And Performance	548,850	411,638	394,685	(16,953)
General Fund Housing	272,190	204,143	189,321	(14,822)
Grounds Maintenance	490,260	367,695	319,048	(48,647)
Human Resources	374,760	281,070	289,983	8,913
I.T. Services	548,920	411,690	405,452	(6,238)
Legal & Democratic Services	482,960	362,220	363,899	1,679
Planning And Regeneration	1,799,200	1,349,400	1,254,489	(94,911)
Property Services	628,270	471,203	449,812	(21,391)
Recreation And Sport	2,017,338	1,513,004	1,449,200	(63,804)
Revenues And Benefits	727,810	545,858	528,737	(17,121)
Waste Services	2,509,789	1,882,342	1,671,759	(210,583)
Total General Fund	13,460,187	10,095,143	9,578,346	(516,797)
Housing Revenue Account				
BHO09 Repairs And Maintenance	852,900	639,675	577,930	(61,745)
BHO10 Supervision & Management	1,508,730	1,131,548	1,049,085	(82,463)
BHO11 Special Services	0	0	0	0
Total Housing Revenue Account	2,361,630	1,771,223	1,627,015	(144,208)
Total Employee Costs	15,821,817	11,866,366	11,205,361	(661,005)

Agency Staff (within Employee costs)	2019/20 Annual Budget £	2019/20 Profiled Budget £	2019/20 Actual £	2019/20 Variance £
General Fund				
Car Parks	0	0	0	0
Community Development	0	0	0	0
Corporate Management	0	0	0	0
Customer Services	0	0	0	0
Environmental Services	0	0	0	0
Finance And Performance	0	0	0	0
General Fund Housing	0	0	0	0
Grounds Maintenance	25,000	18,750	44,796	26,046
Human Resources	0	0	12,462	12,462
I.T. Services	0	0	0	0
Legal & Democratic Services	0	0	0	0
Planning And Regeneration	0	0	23,110	23,110
Property Services	0	0	20,142	20,142
Recreation And Sport	0	0	0	0
Revenues And Benefits	0	0	3,788	3,788
Waste Services	121,641	91,231	244,537	153,306
Total General Fund	146,641	109,981	348,834	238,853
Housing Revenue Account				
BHO09 Repairs And Maintenance	0	0	0	0
BHO10 Supervision & Management	0	0	0	0
BHO11 Special Services	0	0	0	0
Total Housing Revenue Account	0	0	0	0
Total Agency Costs	146,641	109,981	348,834	238,853

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HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO
31 DECEMBER 2019

Planned Works extract				
Planned Works - Capital		2,285,000	(125,000)	-5.5%
Planned Works - Revenue		1,325,500	(50,000)	-3.8%
Housing Revenue Account (HRA)	Notes	2019/2020 Annual Budget £	Forecast £	Variance %
Income				
SHO01 Dwelling Rents Income	A	(11,977,170)	(70,000)	0.6%
SHO04 Non Dwelling Rents Income	B	(564,870)	0	0.0%
SHO06 Tenant Charges For Services	C	0	0	0.0%
SHO07 Leaseholders' Service Charges	D	(21,640)	0	0.0%
SHO08 Contributions Towards Expenditure	E	(27,720)	(50,000)	180.4%
SHO09 Alarm Income - Non Tenants	F	0	0	0.0%
SHO10 H.R.A. Investment Income	G	(83,000)	(3,230)	3.9%
SHO11 Miscellaneous Income	H	(7,350)	0	0.0%
Services				
SHO13A Repairs & Maintenance	I	3,174,000	(100,000)	-3.2%
SHO17A Housing & Tenancy Services	J	1,732,360	(320,000)	-18.5%
Accounting entries 'below the line'				
SHO29 Bad Debt Provision Movement	L	53,000	0	0.0%
SHO30 Share Of Corporate And Democratic	M	199,100	0	0.0%
SHO32 H.R.A. Interest Payable	N	1,178,580		0.0%
SHO34 H.R.A. Transfers between earmarked reserves	O	1,713,350	(60,000)	-3.5%
SHO36 H.R.A. Revenue Contribution to Capital	P	0	0	0.0%
SHO37 Capital Receipts Reserve Adjustment	Q	(26,000)	0	0.0%
SHO38 Major Repairs Allowance	R	2,285,000	(125,000)	-5.5%
SHO45 Renewable Energy Transactions	S	(139,000)	60,000	-43.2%
		(2,511,360)	(668,230)	-26.6%

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**HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD
FROM 01 APRIL TO 31 DECEMBER 2019**

Note	Description of Major Movements	Corrective Action	Forecast
			Variance £
A	Affordable rental income estimated to make a surplus of £70k at year end, this is principally due to the number of properties we collect rent on being more than originally budgeted	N/A	(70,000)
E	Rechargeable works undertaken by Building Services greater than anticipated	N/A	(50,000)
G	Interest received on cash balances higher than anticipated	N/A	(3,230)
I	Planned Revenue works estimated to underspend by £50k across various areas. Salary underspend is principally due to vacant posts, a number of staff on maternity leave and new staff starting on reduced spinal points (estimated circa £150k). Forecast reduced activity on DFG works of circa £100k	N/A	(100,000)
J	There is an underspend (£90k) due to a number of retirements and posts not being filled immediately. In addition, provision for two posts was made in the budget to ensure that there was capacity to mitigate the impact of welfare reform and legislative changes to tenure. These posts remain unfilled and a watching brief is being kept on performance and workloads. Additionally a budget for new projects is forecast to be underspent by £230k, this budget will then be refreshed in 20/21	N/A	(320,000)
O	(see S below) this in effect reduces our year end transfers to reserves	N/A	(60,000)
R	MRA is expected to underspend by an estimated £125k on an external contract for modernisation works	N/A	(125,000)
S	Budget for Renewables will be less than anticipated due to the number of solar panel contract terminations on RTBs	N/A	60,000
		TOTAL	(668,230)

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Code	Scheme	Approved Capital Programme 2019/20	Total Slippage B/fwd & Adj to Approved Capital Programme 19/20	Budgeted Capital Programme 2019/20	Total Deliverable Programme 19/20	Actual Expenditure 2019/20	Committed Expenditure 2019/20	Total Actual & Committed Expenditure 2019/20	Variance to Deliverable Capital Programme	Forecast (Underspend)/ Overspend	Forecast Slippage to 20/21	Notes
		£	£	£	£	£	£	£	£	£	£	
General Fund Projects												
Exe Valley Leisure Centre												
CA633	Lords Meadow - Replace main pool filters	0	80,000	80,000	55,000	0	6,652	6,652	(48,348)	(8,000)		Project complete.
CA639	Spinning Room - New window - improve light	20,000	0	20,000	20,000	0	0	0	(20,000)	(20,000)		Project Complete Q2 19/20. Under £20k Capital diminish therefore recharged to Revenue & funded through a contribution from NHB
CA640	Leisure Spinning Bike Replacement - all sites	60,000	0	60,000	60,000	60,000	0	60,000	0			Project Complete Q2 19/20
Culm Valley Leisure Centre												
CA641	Fitness Gym Kit Replacement	185,000	0	185,000	185,000	7,951	177,307	185,257	257	257		Project complete
MDDC Depot Sites												
CA829	Carlu Close - Air Conditioning units	25,000	0	25,000	20,000	0	0	0	(20,000)	(25,000)		Project Complete but Under £20k Capital diminish therefore recharged to Revenue & funded through a contribution from NHB
CA830	Carlu Close - Interceptor upgrade	30,000	0	30,000	30,000	371	1,430	1,801	(28,199)		22,000	Subject to EA - Anticipated project completion by Q2 20/21
CA831	Carlu Close - Solar PV options	20,000	0	20,000	20,000	308	600	908	(19,092)			Forecast project completion Q4 19/20
Play Areas												
CA472	Open Space Infrastructure (incl Play Areas)	0	50,000	50,000	50,000	1,360	0	1,360	(48,640)		48,640	Forecast project completion Q2 20/21
CA632	Play area refurbishment District wide - Amory Park Tiverton	0	50,000	50,000	50,000	0	0	0	(50,000)		50,000	Forecast project completion Q3 20/21
CA628	Play area refurbishment - West Exe Recreation Ground Tiverton	0	50,000	50,000	50,000	0	0	0	(50,000)		50,000	Forecast project completion Q1 20/21
Other Projects												
CA473	Land drainage flood defence schemes - St Marys Hemyock	0	25,000	25,000	25,000	0	0	0	(25,000)		25,000	Forecast project completion Q3 20/21
CA420	Land drainage flood defence schemes - Ashleigh Park Bampton	0	87,000	87,000	87,000	0	0	0	(87,000)		87,000	Forecast project completion Q3 20/21
CA574	Fore Street Flats refurbishment	0	47,000	47,000	47,000	150	268	418	(46,583)		45,000	Forecast project completion Q3 20/21
CA709	MSCP improvements (refer to Matrix condition report)	0	136,000	136,000	136,000	2,982	0	2,982	(133,018)			Project forecast to be complete by 31/03/20
CA718	MSCP-Top Deck surfacing	70,000	50,000	120,000	70,000	0	0	0	(70,000)		120,000	Forecast project completion Q2 20/21
CA476	Tiverton Cemetery - Infrastructure extension	80,000	0	80,000	80,000	0	0	0	(80,000)		40,000	Forecast project completion Q2 20/21
CA477	Land drainage flood defence schemes	25,000	0	25,000	25,000	0	0	0	(25,000)		25,000	Forecast project completion Q3 20/21 - This will be required to fund project CA473 St Mary's Hemyock Project
CA202	Flexible Temporary Accommodation	75,000	0	75,000	75,000	0	0	0	(75,000)			
CA576	Tiverton Town Centre improvements	0	40,000	40,000	20,000	0	0	0	(20,000)		40,000	Forecast project completion Q1 20/21
CA579	Tiverton Town Centre - Street scene improvements	100,000	0	100,000	100,000	0	0	0	(100,000)		100,000	Forecast project completion Q1 20/21
CA832	Land acquisition for operational needs	600,000	0	600,000	0	0	0	0	0		600,000	This will be slipped into 2020/21
CA482	Contribution to South West Mutuals Bank	0	50,000	50,000	0	49,995	0	49,995	49,995			Per Cabinet report 07/03/19 to be funded by NNDR EMR
General Fund Development Schemes												
CA575	District Wide Redevelopment project - Asset acquisition	0	3,953,000	3,953,000	45,000	0	0	0	(45,000)	(3,953,000)		Detailed schemes identified as part of forthcoming MTFP
CA462	Rear of Town Hall Development site (Riverside) - 3 Rivers Loan	0	3,679,000	3,679,000	3,040,990	1,662,990	1,378,000	3,040,990	0		638,010	This Project will cross financial years and be completed in 21/22
CA483	3 Rivers Loan - Threwstones, Tiverton	0	468,000	468,000	468,000	445,000	23,000	468,000	0			This project will complete in 19/20
CA484	3 Rivers Loan - Orchard House, Halberton	0	958,000	958,000	722,000	385,000	337,000	722,000	0		236,000	This Project will cross financial years and be completed in 20/21
CA486	3 Rivers Loan - Knowle Lane, Cullompton	0	3,714,000	3,714,000	3,714,112	3,454,500	259,612	3,714,112	0			Project will continue & complete in 21/22
CA580	Tiverton redevelopment project	1,200,000	0	1,200,000	1,200,000	0	0	0	(1,200,000)	(1,200,000)		Project aborted therefore costs re charged to Revenue
CA581	Waddeton Park	2,000,000	0	2,000,000	0	0	0	0	0	(2,000,000)		This project is now detailed in its entirety in the MTFP that was presented to Cabinet on 17/10/19
CA719	Cullompton Town Centre Relief Road	0	650,000	650,000	0	191,812	58,188	250,000	250,000			
CA720	Tiverton EUE A361 Junction Phase 2	0	50,000	50,000	0	0	0	0	0			
CA485	GP Practice NHS Hub Building Crediton	0	2,100,000	2,100,000	0	0	0	0	0		2,100,000	It is now anticipated that this project will slip into 20/21
Economic Development Schemes												
CA582	* Hydro Mills Electricity Project * All Economic Development schemes are subject to acceptable Business Case	680,000	0	680,000	0	0	0	0	0		680,000	It is now anticipated that this project will slip into 20/21
ICT Projects												
CA421	Desktop states replacement/refresh	0	6,000	6,000	6,000	6,594	0	6,594	594	594		Project complete
CA456	CRM replacement	0	175,000	175,000	175,000	0	0	0	(175,000)		175,000	It is anticipated that this project will slip into 20/21
CA474	Data centre hardware refresh servers/storage	0	120,000	120,000	100,000	99,354	0	99,354	(646)	(20,646)		Project complete
CA433	Unified Communications/telephony	0	107,000	107,000	32,000	32,554	0	32,554	554	554		Project complete
CA464	Parking System Replacement (enforcement)	0	40,000	40,000	0	0	0	0	0	(40,000)		Project no longer required as coded to Revenue
CA465	Replacement Queue System	0	30,000	30,000	0	0	0	0	0	(30,000)		Project no longer required
CA423	Continued replacement of WAN/LAN	0	60,000	60,000	60,000	0	0	0	(60,000)	(60,000)		Project no longer required
CA425	Server farm expansion/upgrades	0	84,000	84,000	84,000	0	0	0	(84,000)			Project to be delivered by Q4 19/20
CA437	Digital Transformation	0	33,000	33,000	0	4	0	4	4		29,000	Project to be delivered during 2020/21
CA478	UPS Power supplies refresh	25,000	0	25,000	20,000	19,925	0	19,925	(75)	(5,075)		Project complete
CA479	Continuous replacement/Upgrade of WAN/LAN (networking hardware switches)	100,000	0	100,000	0	0	0	0	0	(100,000)		Project no longer required. Core switches project will be flagged in MTFP that will be presented at 17/10/19 Cabinet
CA480	Lalpac Licensing System replacement (SN)	80,000	0	80,000	0	0	0	0	0		80,000	It is anticipated that this project will slip into 20/21
CA481	Replacement Access Database - Property Services	100,000	0	100,000	0	0	0	0	0	(100,000)		This Project is timetabled for delivery in 21/22 & will be flagged as part of the forthcoming MTFP

Replacement Vehicles											
CA717	Van Tipper (Grounds Maintenance)	0	25,000	25,000	25,000	25,330	0	25,330	330	330	Project complete
CA715	Van Tipper (Grounds Maintenance)	0	25,000	25,000	25,000	25,330	0	25,330	330	330	Project complete
CA712	Iveco Tipper (or equivalent) 3.5T Tipper	0	28,000	28,000	28,000	27,830	0	27,830	(170)	(170)	Project complete
CA822	7.5T Tipper	0	45,000	45,000	45,000	44,773	0	44,773	(227)	(227)	Project complete
CA825	3.5T Tipper	0	28,000	28,000	28,000	27,830	0	27,830	(170)	(170)	Project complete
CA827	3.5T Tipper	0	28,000	28,000	28,000	27,830	0	27,830	(170)	(170)	Project complete
		5,475,000	17,071,000	22,546,000	11,051,102	6,599,775	2,242,057	8,841,832	(2,209,270)	(7,560,393)	5,190,650
Private Sector Housing Grants											
CG217	Empty homes and enforcement	108,000	0	108,000	30,000	0	0	0	(30,000)	(108,000)	} Any underspends will remain in relevant EMR for future prioritisation }
CG201	Disabled Facilities Grants-P/Sector	562,000	0	562,000	530,000	281,076	306,991	588,067	58,067	(139,000)	
CG208	Wessex					25,000		25,000	25,000	25,000	
		670,000	0	670,000	560,000	306,076	306,991	613,067	53,067	(247,000)	0
Affordable Housing Projects											
CA200	Grants to Housing Associations to provide units (funded by commuted sums)	117,000	0	117,000	17,000	13,151	0	13,151	(3,849)	(100,000)	This forecast underspend will remain in EMR
		117,000	0	117,000	17,000	13,151	0	13,151	(3,849)	(100,000)	0
Total General Fund Projects		6,262,000	17,071,000	23,333,000	11,628,102	6,919,001	2,549,048	9,468,049	(2,160,053)	(7,907,393)	5,190,650
HRA Projects - Existing Housing Stock											
CA100	Major repairs to Housing Stock	2,285,000	0	2,285,000	2,285,000	1,308,152	684,611	1,992,762	(292,238)		125,000
CA111	Renewable Energy Fund	250,000	0	250,000	150,000	0	0	0	(150,000)	(100,000)	Recruited an additional FTE to deliver but will be in an underspend for 19/20
CG200	Home Adaptations - Disabled Facilities	300,000	0	300,000	300,000	213,527	0	213,527	(86,473)		
Housing Development Schemes											
CA119	Palmerston Park - Additional budget required	0	634,000	634,000	634,000	1,161,896	58,888	1,220,784	586,784	586,784	Additional spend on this project will be in part offset by additional Homes England Grant of £441k
CA135	Land acquisition for affordable housing	0	2,100,000	2,100,000	0	0	0	0	0	(2,100,000)	Detailed schemes identified as part of forthcoming MTFP
CA124	Queensway (Beech Road) Tiverton (3 units)	0	287,000	287,000	0	0	0	0	0		287,000
CA126	Sewerage Treatment Works - Washfield	0	25,000	25,000	25,000	0	0	0	(25,000)		25,000
CA139	Replace end of life HRA Assets	2,000,000	0	2,000,000	0	0	0	0	0	(2,000,000)	Forecast project completion Q1 20/21
CA140	Council Housing building schemes to be identified	2,000,000	0	2,000,000	0	0	0	0	0	(2,000,000)	Detailed schemes identified as part of forthcoming MTFP
CA141	Round Hill Tiverton- Site	1,500,000	0	1,500,000	200,000	0	0	0	(200,000)		1,450,000
CA142	RTB Buyback - 6 Cherry Gardens	0	153,000	153,000	153,000	152,438	0	152,438	(562)	(562)	It is anticipated that the majority of the spend on this project will slip into 20/21
CA143	RTB Buyback- 39 Cameron Close	0	129,000	129,000	129,000	128,940	0	128,940	(60)	(60)	
CA144	RTB Buyback- 130 Butts Parks	0	197,000	197,000	197,000	197,098	0	197,098	98	98	
Total HRA Projects		8,335,000	3,525,000	11,860,000	4,073,000	3,162,051	743,499	3,905,550	(167,450)	(5,613,740)	1,887,000
CAPITAL PROGRAMME GRAND TOTAL		14,597,000	20,596,000	35,193,000	15,701,102	10,081,052	3,292,547	13,373,599	(2,327,503)	(13,521,133)	7,077,650

National Non-Domestic Rates (Business Rates) Summary Report

Economy PDG

Introduction

Rating in one form or other has been in place since 1601, the current system was brought in by the Local Government Finance Act 1989, known as National Non Domestic Rates, also known as 'Business Rates'.

Rateable Values (RV) are calculated by the Valuation Office Agency (VOA) in many ways but mainly by the open market rental value at a certain date, the current date is 01/04/2015.

Bills are calculated by multiplying the (RV) by the Multiplier (rate in the £) issued by the Government, some organisations may qualify for reductions to help reduce the amount to pay. (refer to table)

Example: £5000 (RV) x £0.499 = £2,495 (business rates payable)

Current Funding Scheme

In April 2013 the Business Rates Retention Scheme commenced, where instead of all business rates being transferred to Central Government for redistribution local authorities would keep 50% of the business rates they collected, plus a share of any additional income received through the growth of new business. The scheme was introduced by Central Government to encourage local authorities to promote economic growth and reduce dependency on Central Government with the added incentive for Councils to keep a share of the business rates collected. Current tier split,

Government 50%, Billing Authority 40%, County Council 9% and the Fire Authority 1%

A Billing Authority such as Mid Devon District Council would also have to pay tariffs and levy it doesn't keep 40% of the net collectable debt. All reductions other than fully funded cost a billing authority currently 40%

Pooling – Mid Devon is part of a Pool

A Business Rate Pool allows the Authorities within the pool to reduce the amount of levy payable to the MHCLG on any business rate growth agreed above a baseline, it also helps to share the risk in income fluctuation..

A pool can be made up of any Authorities, although it does need to include at least one top-up Authority (i.e. the County Council)

Appeals Risk

The large volume of appeals, the time it takes to deal with them and the lack of information made available to authorities by the VOA has made it extremely difficult for authorities to forecast their business rates income to fund local services.

To fund local services they need to make a provision to help smooth the volatility of reducing (RVs). This can be a substantial amount of money, Mid Devon has set aside c£1.4m.

The Billing Authority is also required to look at what might be appealed and try and work out the financial risk this is both complex and time consuming.

Reliefs

Legislation tells us what reliefs can be applied for and how much can be awarded, such as Mandatory Charity Relief, a qualifying organisation would attract an 80% reduction off their bill.

The Government under s47 allow Billing Authorities to agree a 'Discretionary Relief Policy' this helps award further relief based on local rules rather than regulatory. For example a charity receiving 80% relief can apply for a 'top-up' of 20% this would be decided via local policy.

All reliefs other than fully funded come at a cost of 40% to the public purse.

Over the last few years fully funded reliefs have been brought in by the Government our direct cost of 40% is paid back via section 31 grants every year. These schemes are temporary and removed or extended each year. Two examples would be, Revaluation Relief and Retail Relief. (refer to table)

Business Rates: Reform

The Government for several years now have been consulting on rates retention, the rules around appeals and reliefs, basically the fundamentals of the business rates system. Previous consultations have been issued and answered after which progress stopped due to other more significant pressures brought on the Government.

Due to the delays a further consultation may be issued towards the end of quarter 1 2020 – May/June, details are not yet know. However it would be fair to refer to previous papers where it was suggested that 100% retention is likely. To bring this significant change in the funding rules would need to be overhauled as 100%

retention is never really the case, tariff payments are likely reducing the amount that a Local Authority can actually keep.

As part of the overhaul there would be a need to review reliefs both funded and unfunded, questions around section 31 grant would need to be answered.

When the next paper has been received a briefing paper can be issued to give a high level summary of changes being consulted up.

Financial Summary – Taken from NNDR1 Return 2020/21

<u>Mid Devon Non-Somestic Rates</u>		
Total Properties	3206	
Gross Rateable Value	£45,278,449	
Gross Rates	£22,593,946	
Est Net Rates	£15,600,410	
Tier Split Funding (Using Net Rates)		
Gov 50%	£7,800,205	
MDDC 40%	£6,240,164	
DCC 9%	£1,404,036.90	
Fire Auth 1%	£156,004.10	
Est Net Rates	£15,600,410	
<u>Reliefs</u>	<u>Count</u>	<u>Relief Awarded</u>
<i>Small Business Rate Relief</i>		
100% Relief RV Below £12k	1588	£3,908,236
Tapered Relief RV £12k - £15k	65	£227,460
<i>Discretionary Relief(Unfunded)</i>		
Charity Top Up	130	£78,171
Non Profit Making	2	£18,608
<i>Discretionary Relief(funded)</i>		
Revaluation Relief All Yrs	109	£202,000
Supporting Small Businesses	15	£28,298
Rural Rate Relief	20	£29,878
Retail Relief	151	£340,620
<i>Empty Property Relief</i>		
All Types	234	£452,343
Total Reliefs	2314	£5,285,614

Business Rates & the High Street

Concerns around the impact of Business Rates and our High Streets have been and continue to be raised at a 'national' level. The Government have brought in 'temporary relief schemes' (refer to table above), to supplement reliefs awarded by local schemes other reductions can be granted such as;

- Retail Relief – for 2020/21 a 50% can be awarded on qualifying properties to reduce the amount they pay. They may also get, Pub Relief, Revaluation Relief, Transitional Relief, Small Business Rates Relief, help for small businesses relief.
- Pub Relief – those that qualify could get up to £1000 off their bill in 2020/21, they could also get Retail Relief & Small Business Rates Relief
- Rural Rate Relief: those that qualify would get a top up relief of 50% as such nothing to pay

Small Business Rates Relief

This statutory scheme has been in place for many years, qualifying properties with a rateable value of £12,000 or below would receive 100% relief off their business rate bill (refer to table above). Between £12,001 & £15,000 the relief award is on a sliding scale 0-100%, closer to £12k the higher the relief.

More than one type of relief can be awarded depending on the qualifying rules.

Referring to the table above organisations (including those in our high streets) are receiving c£5,285m in reductions that's c2,314 properties of the c3200 on our list, c72%.

Whilst some organisations get little or no relief from business rates it cannot be the only factor that is contributing to our diminishing high streets, other cost pressures such as, rent and service charges, utility bills, wholesale prices are impacting organisations. Not forgetting how customers now want to shop, that being 'on-line'.

The Government recognise that business rates does need to be overhauled as such billing authorities are waiting to be consulted. This work will be very complex and take some time to make sure any changes made will deliver the right results for businesses and local authority income.

Retained Income Table

As noted above a Billing Authority like Mid Devon also pays a 'tariff and levy' back to the Government, this goes towards supporting other Authorities that find themselves in 'safety net' position due to lack of or no growth. The table below shows the movement from standard share to retained funding estimate.

	2020/21 £000
40% Standard share of net business rates income	-6.240
100% renewable energy schemes business rates income	-98.00
S31 grant compensation for Government-funded reliefs	-1,528
Tariff payment	4,030
Levy cost	625
Safety net income	0
Net Retained Business Rates Funding	-3,211
Estimated Pooling Gain	-150
Total BRR Funding Estimate	-3,361

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Business Rates NNDR1 Return and Discretionary Relief Policy for 2020/21

Cabinet Member: Cllr Alex White

Responsible Officer: Andrew Jarrett - Deputy Chief Executive (S151) and Dean Emery - Group Manager for Revenues and Benefits

Reason for Report: To provide Members with an update of the income generation and financial implications of the number of Business Rate properties in Mid Devon and to approve the NNDR1 (estimated income to be generated in 2020/21 from business rates). To also introduce the refreshed Business Rates Discretionary Relief Policy.

RECOMMENDATIONS:

- a) **That the calculation of the NNDR1 net yield of £15.600m from 3206 Business Rated properties is noted and approved for 2020/21;**
- b) **That the proportions distributed to the respective authorities and Central Government be allocated as per the statutory regulations;**
- c) **That Members note that Central Government will reimburse the Council through a Section 31 grant to compensate it for the reduction in collectable business rates as a result of introducing reliefs; and**
- d) **That the revised Business Rates Discretionary Relief Policy be approved**

Relationship to Corporate Plan:

1. This report sets out the estimated net business rates for 2020/21; the estimate will then be used in the calculation of future Council business rates budgets.
2. This report is in line with the Council's Corporate Plan objectives and is essential to delivering the necessary funding to balance the 2020/21 General Fund Revenue budget.

Financial Implications: Mid Devon District Council is a Statutory Billing Authority and has a duty to carry out this task each year as part of the budgetary process. Discretionary Reliefs are awarded in accordance with section 47 of the Local Government Finance Act 1988. Section 47(9) restricts Councils including Parish Councils awarding relief to themselves. Where relief is imposed via Governmental request they can become fully funded by and Mid Devon's share of the costs is returned through section 31 grants.

Legal Implications: This is a statutory function and is a legal requirement. The Council must set its budget annually based on the tax base and the NNDR1 projected values. Discretionary Relief is awarded via section 47, the Government also use this section to allow Billing Authorities to award fully funded reliefs.

Noting a Ministerial Statement made 28/01/2020 where new and extended reliefs were confirmed. These are shown with the main policy Appendix 2.1.

Risk Assessment: If the Council fails to carry out this duty, then it will not be able to forecast its future budget positions. The calculation of the NNDR1 involves a number of estimates made by professional officers, but due to the volatility and uncertainty of Business Rates appeals and Central Government retention policies, the Council holds a Business Rates Smoothing Reserve which can be used to mitigate fluctuations in Business Rates receipts.

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

1.0 Introduction / Background

- 1.1 Prior to 1 April 2013, all billing authorities collected the business rates in their area and passed this money onto a Central Government pool. The pool was then redistributed to local authorities throughout the country based on their needs, resources and the services they provide to their community. For example, one billing authority may collect £15m and only require £10m to run its services, whereas another billing authority may collect £10m and require £15m to run its services. The shortfall and excess was then redistributed by Central Government through a fixed sum as part of the Formula Grant Settlement.
- 1.2 The Discretionary Relief policy helps to award financial assistance to organisations in controlled and consistent way. Appendix 2.1 refers.

2.0 Business rates retention scheme

- 2.1 From 1 April 2013, Central Government changed the way this financing is distributed. Each billing authority now has to forecast the amount of revenue it will generate from business rates and then redistribute that income between Central Government, the county council, the fire authority and itself, based on a centrally prescribed formula (see below). The Business Rates Retention Scheme as it is now known, also allows the billing authority to keep a share of the increase in revenue it generates, therefore encouraging billing authorities to encourage business growth in its area. However, the converse of this applies and if a billing authority's business rates decline, the District Council (i.e. MDDC) will see a proportionate drop in revenue.
- 2.2 This is the key difference between the old and new schemes. As under the old business rates scheme, the level of funding was determined at the beginning of the year and was fixed thereafter.
- 2.3 In order to assist local authorities in retaining revenue within the counties, Central Government allowed county councils and district councils to join together to pool their growth and offset the growth of one area against a decline in another area. Effectively, this creates a larger critical mass across the county

to alleviate exposure to individual authority losses, thus enabling counties and districts to retain more of the rates collected instead of contributing this money to the central pool. Mid Devon District Council joined the Devon County-wide pool in 2014 and will remain in the pool for 2020/21.

2.4 This report details the calculations necessary to determine the estimated debit the Council is expected to collect in business rates for the 2020/21 year. The net collectable debit is then split proportionally in accordance with the provisions of the Local Government Finance Settlement issued in December 2018 which enables the whole of Devon to have a 50% rates retention, subject to tariffs or levies. The Council continues its Pool membership with the other Devon councils to maximise the amount of Business Rates it can retain. As detailed in 3.5, the Pool was given “Pilot” status in 2018/19 and we were able to retain 100% of Business Rates growth income but unfortunately this was a one year only arrangement and we were unsuccessful in our bid for a 75% Pilot in 2020/21. Therefore, we revert to the 2017/18 distribution arrangements. The tier split for Devon is as follows:

- 9% is distributed to Devon County Council
- 40% is kept by Mid Devon District Council
- 1% is distributed to the Devon & Somerset Fire & Rescue Authority

2.5 The New 2017 Valuation list took effect from 1st April 2017 and the overall effect of these changes is settling down now.

3.0 S31 grant and reduced business rates income

3.1 The Chancellor of the Exchequer announced changes to the Business Rates system in his Autumn Statement for 2018, and councils once again will be compensated for the loss by means of a “S31” Government grant in recognition of the lower amount of business rates that would otherwise become due.

3.2 The main changes/announcements are as follows: See Appendix 2(2).

3.2.1 **A Retail Discount scheme** for occupied retail properties with a rateable value (RV) of less than £51,000 in each of the years 2019/20 and 2020/21. The Retail Discount scheme will reduce rates payable by one third in 2019/20 and 50% from 2020/21 for that year only after all other reliefs including transition relief has been applied, subject to state aid limits. Fully funded Relief under s31 grant

3.2.2 The Government will continue the £1,500 business rates discount for office space of **local newspapers** in 2020/21 until 2025 as per the ministerial statement 28/01/2020. Fully funded Relief under s31 grant

3.3 The following reliefs will continue:

3.3.1 The **Discretionary Rate Relief** scheme introduced from 1st April 2017 will continue for 2020/21.

3.3.2 **Rural Rate Relief** which was previously doubled will continue.

3.3.3 The **Small Business Rate Relief** scheme has seen the eligible RV threshold doubled to £12,000 and is now permanent. These ratepayers will receive 100% relief. All ratepayers whose RV is between £12,000 and £15,000 will receive tapered relief and all those ratepayers between RV £15,000 and RV £51,000 will pay their rates based on the lower multiplier.

3.4 Appendix 1 shows the estimated net yield from business rates for 2020/21 set out in the NNDR1 return. The Council is notionally able to keep 40% of the total business rates it collects and this would generate an estimated £6.600m (i.e. £15.600m - 40%) Part 1 of the NDR1 return at line 6 shows cost of collection calculated by the government of £110,909

3.5 As part of the Provisional Settlement received in December 2019 from the Ministry of Housing, Communities and Local Government, it was determined that MDDC's Business Rates Funding Baseline would be £2.2m (i.e it's financial need). This reflects the 50% Government share arrangement. The Business Rates baseline will be reset in 2020 for year 2021/22 and the anticipated 2021 valuation list.

4.0 **Possible amendments to grant and reduced business rates income**

4.1 A new budget is due on 11 March 2020 in which it is likely that the ministerial statement of the 20/01/2020 will be confirmed and it is worth noting that other changes are possible. These will be known on the day.

4.2 Former Pub Relief will be reinstated without any major changes to the previous formula. Both this and the possible increase in Retail Discount will be funded by Central Government via the Section 31 Grant should they be brought in.

5.0 **Conclusion**

5.1 Due to the associated volatility and significant sums of revenue involved, we will continue to maintain a Business Rates Smoothing Reserve and provide Members with regular updates on the level of business rates being collected during 2020/21.

Contact for more information: Dean Emery 01884 234328 / demery@middevon.gov.uk

Background Papers: NNDR1 and supporting documentation

Circulation of Report: Cllr Alex White, Cabinet, Leadership Team

13 FEBRUARY 2020

BUSINESS RATES DISCRETIONARY RATE RELIEF POLICY

Cabinet Member(s): Alex White – Finance
Responsible Officer: Dean Emery GM/Andrew Jarrett s151/Deputy CEO

Reason for Report: To introduce a refreshed Business Rates Discretionary Relief Policy

RECOMMENDATION: The content of this report and the revised policy to be adopted by Mid Devon District Council

Financial Implications: Unless reliefs are fully funded by the Government under section 31 the cost of these reductions are split as follows. Government 50%, Mid Devon 40%, Devon County Council 9% and Fire Authority 1%. Reliefs currently awarded are **£5,395,361m** (Mandatory Relief), **£95,739** (Discretionary Relief) and **£405,159,000** (Discretionary Funded s31). This revised policy aims to better manage reliefs and also gives some protections. Figures taken from Q3 NDR3 Financial Review.

Legal Implications: Policy in line with LGFA 1988 s47 & s49 – Section 31 Funded Reliefs (temporary changes) are paid via s47

Risk Assessment: Low Risk

Equality Impact Assessment: This equality impact assessment considers the impact of this policy on the relevant protected characteristics, as defined by the Equality Duty, which are:

- Age (including children and young people)
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage or civil partnership status (in respect of the requirement to have due regard to eliminate discrimination)

Relationship to Corporate Plan: To help drive Aim 1 (Economy) to also help local organisations to remain in the area delivering services to the Local Community

Impact on Climate Change: There are no known impacts.

1.0 Introduction/Background

1.1 Mid Devon District Council Refreshed Policy makes sure that public funds are used and protected in a measured and consistent way

1.2 The policy helps advertise financial help for Business Rate Payers

1.3 The policy meets with Government guidance and expectations on the promotion of reliefs for business rates

1.4 Each application for Discretionary Relief, funded or unfunded are required to satisfy EU State Aid Rules.

1.5 Should Britain leave the EU the Government are advising that the rules on State Aid will be brought into our legislation, as such it appears this test will remain.

2.0 Recommendations

- 2.1 Rateable Value (RV) capped at £80,000
- 2.2 Where a local organisation would normally qualify for 100% Small Business Rates Relief but for the “Interaction of Reliefs” rules (point 12) Mid Devon Council will award discretionary relief “top up” of 100%.
- 2.3 Continuation of Rural Rate Relief Top up of 50% - this is also subject to the Government allowing this to happen. Fully fund relief under s31 grant.
- 2.4 Continuation of all special measures fully funded under s31 grant, i.e. help for Small Businesses, Revaluation Relief, and Retail Discount for year 2020/21. Note all reliefs will legally stop as of 01/04/2021 unless Government advise otherwise
- 2.5 Maximum amount of relief to be set at 80% of the net payable amount
- 2.6 Approval of fully funded reliefs to be delegated to Revenues and Benefits Managers or as directed by the s151 Officer
- 2.7 Approvals of Discretionary Relief (non-funded) to be delegated to Revenues and Benefits Managers or as directed by the s151 Officer
- 2.8 Local Discretionary Relief for Young / New Businesses approval of agreed amounts to be approved by s151 or Deputy only
- 2.9 Approval of (2.8) 9.1 within the policy can only be approved by s151 or Deputy or delegated to the Group Manager
- 2.10 Changes or new reliefs to be agreed by ‘Executive Order’ or as required by the s151 Officer and Government Guidance
- 2.11 Reliefs are brought in as required by the ministerial statement 28/01/2020
 - 2.11.1 Retail Relief increases to 50% from 33%
 - 2.11.2 Pub Relief awarding a maximum of £1,000 to those that qualify
 - 2.11.3 Local Newspaper Relief of £1,500 is awarded to those that qualify from 2020/21 to 2025
- 2.12 **Cabinet recommends this revised policy is adopted by Mid Devon District Council**

Contact for more Information: Dean Emery, demery@middevon.gov.uk, Tel: 01884 – 234945 or Fiona Wilkinson, fwilkinson@middevon.gov.uk, Tel: 01884 - 234329

Circulation of the Report: Cabinet Member seen and approved Yes – Alex White, Leadership Team





List of Background Papers: Report and Policy, appendix papers attached to this policy, EIA

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DISCRETIONARY RATE RELIEF POLICY

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1. Introduction and scope

Mid Devon recognises that both the community and voluntary sectors make an important contribution to the local economy, health and well-being of the residents who live and work in Mid Devon. However, Discretionary Rate Relief granted by Mid Devon is paid for by the Council Tax Payers and the Council has a duty to ensure that public funds are spent wisely and there is due transparency and accountability.

This policy document outlines the areas of local discretion and Mid Devon's approach when awarding Discretionary Rate Relief. This approach has regard to the impact:

- On the Council's wider financial position and how that affects Council Tax payers
- On the organisations and businesses that currently receive or may apply for Relief in the future
- On Mid Devon residents, if relief is awarded and the regeneration benefits to the local community
- Of funding made available by Central Government to provide full financial support for the awarding of relief such as but not restricted to: Revaluation Relief, Rural Rate Relief and Help for Small Businesses, Retail Relief.

The principal consideration when making an award is that any Relief is in the best interests of the taxpayers of Mid Devon and gives a local benefit.

2. Discretionary Rate Relief Scheme

Discretionary Rate Relief is granted in accordance with:

- Section 43 of the Local Government Finance Act (LGFA) 1988; and
- Section 47- 49 of the Local Government Finance Act (LGFA) 1988 as amended by the Localism Act 2011

Clause 69 of the Localism Act amended section 47 of the Local Government Finance Act (LGFA) 1988 to allow local billing authorities to fund their own local discounts entirely as it sees fit within the limits of the primary legislation and European Rules on State Aid. These powers can be used to encourage new business and investment, regeneration projects, as well as to support local shops or community services.

The cost of awarding Discretionary Rate Relief is split between Central Government (50%), Mid Devon (40%) the County Council (9%) and Devon Fire (1%). However in certain circumstances Central Government fund 100% of the cost of awarding relief.

Regulations state that hereditaments cannot qualify for relief if they are occupied by precepting authorities which includes **town and parish councils**. Discretionary relief cannot be awarded in respect of any properties where Mid Devon, town or parish councils are in occupation, unless acting as 'trustee' LGFA 1998 s47(9)

Other organisations that would not normally receive discretionary relief

Educational organisations that are not registered charities (including universities, further education colleges, voluntary aided, voluntary controlled, church or grant-aided schools, public schools, foundation schools and academies).

Guidance was given to local authorities in 1990 and 2002 recommending that the authority should have readily understood policies for deciding whether or not to grant relief, and for determining the amount of relief to certain organisations which operate within specified criteria. This criteria covers:

- Charitable bodies already in receipt of Mandatory Relief at 80% the Council has further discretion to “top up” this Relief on a case by case basis
- Registered community amateur sports clubs already in receipt of Mandatory Relief at 80% - the Council has further discretion to “top up” this Relief on a case by case basis.
- Not for-profit organisations - the Council has discretion to grant Discretionary Rate Relief in accordance with local policy on a case by case basis.
- Where a local organisation would normally qualify for 100% Small Business Rates Relief but for the “Interaction of Reliefs” rules (point 12) Mid Devon Council will award discretionary relief “top up” of 100%.

The Council will consider applications for a Discretionary Rate Relief “top up” on a case by case basis. The principal consideration is that any Discretionary Relief is granted in the best

interests of the taxpayers of Mid Devon and produces a local benefit as the Council must bear a percentage of the cost of any Relief granted. However, it is Council policy that no Discretionary Relief will be awarded to National Charity Shops they will only receive the 80% Mandatory Relief.

Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.

2.1 Rural Rate Relief

In all three scenarios listed below 100% Rural Rate Relief should be applied.

The 2016 Autumn Statement confirmed the doubling of rural rate relief from 50% to 100% from 1st April 2017. Local authorities are expected to continue to use their local discount powers to grant 100% rural rate relief to eligible ratepayers.

Local authorities will be compensated in full for their loss of income as a result of this measure. This compensation will be paid by section 31 grant and calculated on the basis of individual council NNDR returns under the rates retention scheme.

The Council may award Rural Rate Relief to qualifying businesses in designated rural settlements (settlements identified with a population of less than 3,000). Qualifying businesses include Post Offices and Food Shops with a rateable value of less than £8,500 or the only Public House, or the only Petrol Filling Station in the designated rural settlements with a rateable value of less than £12,500.

Post Offices

Post Offices are an important component of many local communities, and particularly so in rural areas and qualifying Post Offices, in designated rural areas with an Rateable Value of less than £8,500 will receive 100% Rural Rate Relief.

Village Stores, Filling Stations, Public Houses and Village Halls

Village Stores with a rateable value of less than £8,500, and Filling Stations and Pubs with a rateable value of less than £12,500, will receive 100 % Rural Rate Relief.

It is Council policy that all "Village Halls" will be awarded 100% Discretionary Top-Up relief after any Mandatory Relief has been applied. No applications will be required.

Other Rural Businesses with Rateable Values under £16,500

Such businesses get no Mandatory Relief and can only be considered for Discretionary Rural Rate Relief each case is treated on its own merits by reference to the contribution and importance of the business to the local community.

A maximum of 80% Discretionary Rate Relief can be awarded the Council will assess all applications by using the scoring matrix shown in Appendix 1

Rural Settlements – Maintenance of Lists – Appendix 3

It is further agreed that a review is undertaken of qualifying rural settlements 3 months before the new financial year begins. Further information to aid this process will have to be obtained from census records where possible. To help with the review information will be used from Electoral Registration to try and obtain population numbers. The populous of an area doesn't have age boundaries all are included in the 3000 population amount.

If it is found that the population is greater than 3000 and a business no-longer qualifies advice will be given on alternative reliefs that could be claimed. It would be assumed that in most cases the organisation/business would claim Small Business Rates Relief

3. Charitable Organisations

Mandatory Rate Relief of 80% is granted to charities in the following circumstances:

Where the:

- Ratepayer of a property is a charity or the trustees of a charity;
and
- The property is wholly or mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purpose of the charity)

Registration under the Charities Act 1993 is conclusive evidence of charitable status. Bodies which, under the 1993 Act, are exempted from registration or are exempt charities are also eligible for Mandatory Relief.

It is agreed that in cases where a charity is in receipt of Mandatory Rate Relief of **80%** the Council will consider applications for a Discretionary Rate Relief "top up" on a case by case basis. If, but for an award of Mandatory Relief, a charity would qualify for 100% small business rate relief, Discretionary Rate Relief "top up" will be awarded at 100% of any remaining business rate bill. This only applies to local charities and not national charities, accept for Citizens Advice Bureaux where 100% 'top up' will be granted.

The principal consideration is that any Discretionary Relief is granted in the best interests of the taxpayers of Mid Devon and delivers a local benefit as the Council must bear a percentage of the cost of any Relief granted Mandatory and or Discretionary at 40%.

However, it is Council policy that no Discretionary Rate Relief will be paid to National Charity Shops.

For a consistent approach the maximum of relief will be calculated as shown in Appendix 1

4. Registered Community Amateur Sports Clubs (CASC's)

Mandatory Rate Relief of 80% is granted to registered CASC's.

To qualify as a CASC, the club must fulfil ALL of the following criteria. It must be:

- On the CASC register (<https://www.gov.uk/government/publications/community-amateur-sportsclubs-casc-registered-with-hmrc--2>)
- Open to the whole community
- Run as an amateur club
- A non-profit making organisation; and
- Aiming to provide facilities for, and encourage people to take part in, eligible sport

The Council will consider applications for a Discretionary Rate Relief “top up” from CASC’s on a case by case basis. If, but for an award of Mandatory Relief, a CASC would qualify for 100% small business rate relief, Discretionary Rate Relief “top up” will be awarded at 100% of any remaining business rate bill. This only applies to local organisations not national companies, however, all applications will be looked at on a case by case basis.

The principal consideration is that any Relief is granted in the best interests of the taxpayers of Mid Devon and produces a local benefit as the Council must bear a percentage of the cost of any Relief granted at 40%. However, it should be noted that sports clubs and other organisations which run a bar will have this assessed along with other criteria. For a consistent approach on the maximum of **10%** Discretionary Rate Relief awarded the Council will assess all applications by using the scoring matrix as shown in Appendix 1

5. Not for-profit making organisations including Community Interest Companies

Such organisations do not qualify for Mandatory Relief and can only be considered for Discretionary Relief each case is treated on its merits by reference to the contribution and importance of the business to the local community.

The main objectives of the organisation must be related to:

Relief of poverty, Advancement of Religion, Advancement of Education, Social Welfare, Science, Literature, Fine arts and Recreation or otherwise beneficial to the community.

A Community Interest Company (“CIC”) is a type of company, designed primarily for social enterprises that want to use their profits and assets for the public good. CIC’s are particularly attractive to those wishing to enjoy the benefits of limited company status and want to make it clear that they are established for the benefit of the community, but are not able, or do not wish to become charities. They vary in size from small community-based organisations to multimillion pound enterprises. CIC’s are relatively easy to set up, with all the flexibility and certainty of the company form, but with some special features which ensure that they work for the benefit of the community.

However, it should be noted that sports clubs and other organisations which run a **bar** will have this assessed along with other criteria.

It is agreed that the Council will consider applications for a Discretionary Rate Relief for ‘Not For-Profit’ Organisations and Community Interest Companies on a case by case basis. The principal consideration is that any Discretionary Relief is granted in the best interests of the taxpayers of Mid Devon and produces a local benefit as the Council must bear a percentage of the cost of any Relief granted of 40%.

Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis and not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.

For a consistent approach on the maximum of **80%** Discretionary Rate Relief awarded the Council will assess all applications by using the scoring matrix as shown in Appendix 1

6. Hardship Relief (Section 49)

The Council has the power to reduce or remit the Business Rates charged in certain circumstances where the Ratepayer is enduring temporary financial difficulties, this is known as Hardship Relief.

The principal purpose of an award of Hardship Relief is to provide short term assistance to businesses that are suffering "exceptional" hardship arising from circumstances beyond the control and outside of the normal risks associated with running a business of that type to the extent that the viability of the business would be threatened if an award were not made. Applicants must have and be able to demonstrate they have investigated all other avenues of financial assistance prior to making a claim for Hardship Relief.

The Council may grant Hardship Relief if it is satisfied that:

- The Ratepayer would sustain financial hardship if the Council did not do so:
and
- It is reasonable for the Council to grant Relief, with regard to the interests of its residents and Council Tax payers

Hardship Relief will only be applied to the actual balance outstanding in the year the application was made.

No Hardship Relief can be awarded where payment has been made in part or full.

Hardship Relief is a temporary measure which can only be awarded once because it should not be used to artificially sustain a failing business. Hardship Relief maybe awarded where the ratepayer is facing temporary financial difficulties and where the community would be significantly disadvantaged if the business were to close. The maximum award period is 12 months.

Applications for Hardship Relief must be accompanied by a full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available for the current financial year, projected figures certified as being a 'true and fair view' by the company secretary or company accountants may be used. It is recommended that applicants submit audited accounts dating back further than two years, if such information is available.

For a consistent approach on the amount of Discretionary Rate Relief awarded the Council will assess all applications by using the scoring matrix as shown in Appendix 1

Due to the nature of this relief Mid Devon will not apply the £80,000 (RV) restriction. When reviewing the application all current case law will be taken into account when assessing any award.

7. Section 44a Relief (partly occupied properties)

The Council has discretion under section 44a of the Local Government Finance Act to award Rate Relief where part of a property is unoccupied for a temporary period. The definition of 'temporary period' is not prescribed within the law and therefore Mid Devon has the discretion to decide the period of Relief to be awarded. The amount of Rate Relief that is awarded is determined by statute and is calculated by reference to the Rateable Value attributed to the unoccupied area by the Valuation Office Agency, part of Her Majesty's Revenue and Customs (HMRC).

Applications will only be considered in respect of unoccupied parts of a property and must be made within the year that the reduction was required. Clearly defined areas that are reasonably segregated from the occupied part of the property must be evidenced.

No award shall be made where it appears to the Council that the reason that part of the property is unoccupied is wholly or mainly for the purposes of applying for Rate Relief.

Rate Relief under this section will not be awarded in respect of partly occupied property where the partial occupation of the property may arise due to the ordinary day to day nature of the business (for example the operation of a warehouse).

Where a backdated application is received, the customer will be required to produce evidence to prove the area was unoccupied for the period the relief relates to. Acceptance of such evidence is at the discretion of Mid Devon. A reason as to why the application wasn't made at the time of need must also be given.

The period of Relief will not exceed either 3 or 6 months depending on the type of property the claim has been made for, in line with the current legislation and guidance for part-occupied properties. Relief will be awarded on a 'case by case' basis; this may result in a period being longer than 3 or 6 months on a case by case basis.

8. Temporary Measures (Fully Funded by Central Government)

Supporting Small Businesses

At the Spring Budget, the Chancellor announced that a scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of Small Business or Rural Rate Relief.

The transitional relief scheme does not provide support in respect of changes in reliefs. Therefore, those ratepayers who are losing some or all of their Small Business or Rural Rate Relief may be facing very large percentage increases in bills from 1 April 2017

To support these ratepayers, the Supporting Small Businesses Relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- a. a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief , or
- b. a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something.

Those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement to fund Small Business Rate Relief while they are eligible for the Supporting Small Businesses Relief scheme.

Ratepayers remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the Supporting Small Businesses Relief scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club

8.1 Revaluation Relief – Policy Agreed

In the Budget on 8 March, the Chancellor announced that the Government would make available a discretionary fund of £300 million over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation. Local government is best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need

The DCLG published a consultation on the design of the discretionary relief on 9 March, seeking views on the allocation of the fund, arrangements for compensation for local authorities, and the operation of local schemes. This can be accessed at: <https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>.

Mid Devon proposed share of the £300m is as follows:

- 2017/18 - £118k
- 2018/19 - £57k
- 2019/20 - £24k
- 2020/21 - £3k

Other Reliefs -

Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for Supporting Small Businesses Relief. And, for the avoidance of doubt, small business rate relief or rural rate relief should not be applied to further reduce the bill found under Supporting Small Business Relief.

All other discretionary reliefs, including those funded by section 31 grants, should be considered after the application of Supporting Small Businesses Relief. Supporting Small Business Relief will be applied after the TR amount.

8.2 Local Newspaper Relief

The Council has the discretion to discount business rate bills by up to £1,500 in 2017/18 2018/19 and 2019/20 for office space occupied by journalists and reporters of local newspapers.

This is a temporary measure to support local newspapers adapting to technological changes within the industry. The relief is only for local newspapers and will be delivered through local authority discretionary powers (under section 47(3) of the Local Government Finance Act.

There is a maximum of one discount for each local newspaper title and premises. The discount is subject to European State Aid de minimis rules. This bars a company from receiving more than €200,000 in State Aid across a rolling three year period.

This relief does not apply to:

- Local council newspapers
- On-line publications
- Local Magazines

See '**backdating**' for applications received outside of the financial year in which the relief was allowed to be paid.

8.3 Retail Discount

The Council has discretion to discount business rate bills by one third of the daily chargeable amount in 2019/20 and in 2020/21 for retail premises with a rateable value below £51,000. Retail premises must be occupied and wholly or mainly used to sell goods, services or food and drink to visiting members of the public.

As a guide, qualifying businesses may include: See Appendix 4

These lists are not exhaustive as it is impossible to list the many and varied retail uses that exist. We will consider retail rate relief for businesses that are broadly similar to those above. Retail Rate Relief is discretionary, we may decide not to award it.

How much relief will be available?

Retail Rate Relief for each property in 2019/20 and 2020/21 will be one third, we will assess eligibility and calculate relief on a daily basis. We will award Retail Rate Relief to the net business rates bill after we have applied any other relief.

Ratepayers occupying more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

We must be satisfied that awarding discretionary rate relief will not result in a business receiving more than €200,000 of De Minimis aid. This will limit the scope for multi-site retailers to get this retail rate relief for all their shops, especially if their business already gets other forms of State Aid. For more information see:

Applications and Review Process- Retail Discount

To enable the relief to be awarded quickly to businesses the Council will invite application by applying the relief and issuing adjustment notices. To retain the relief businesses **must** sign and return the state aid form, or make a declaration by using the online form. Relief will be awarded for the financial years, 2019/20 & 2020/21. Relief will be withdrawn in accordance with regulations should there be a change of circumstances that affect the relief applied.

New applications for Retail Rate Relief should be made via Citizen Access or by email.

An Officer will consider all applications and will make recommendations based on this policy, on whether to grant an award and if so at what rate.

Backdating: Relief can be granted if the application is received by 30 September in the preceding year.

9. Local Business Rate Discretionary Discount

Section 69 of The Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988 and allows the Council to grant locally determined Business Rate Discounts (in addition to the already available Discretionary Rate Reliefs).

The new power recognises that the current business rates scheme is broadly prescribed by central government and its aim is to provide increased flexibility to local authorities to support organisations, recognising the variations in economic conditions across and within local authority boundaries.

Any ratepayer applying for a Local Business Rate Discount who does not meet the criteria for Discretionary Rate Relief under any other part of this policy, must meet all of the following criteria and any award will be based on these factors:

- The ratepayer must not be entitled to Mandatory Rate Relief (Charity or Rural Rate Relief)
- The Rateable Value must be less than £80,000 (RV)
- The ratepayer must not be an organisation that could receive relief as a non-profit making organisation or as Community Amateur Sports Club.
- The ratepayer must occupy the premises – no relief will be granted for unoccupied properties. The premises and the organisation must be of significant benefit to the taxpayers of Mid Devon.
- Provide facilities to certain priority groups such as elderly, disabled, minority or disadvantaged groups, and OR
- Provide significant employment or employment opportunities to residents of Mid Devon
- Provide residents of Mid Devon with such services, opportunities or facilities that cannot be obtained locally or are not provided by another organisation

- The ratepayer must show that the organisation will comply with all legislative requirements and operate in an ethical, sustainable and environmentally friendly manner at all times

Where a ratepayer can demonstrate that all of the above criteria are met, any award must have due regard to:

- the financial status of the applicant when determining the level of relief to be granted, and the impact and best interests of the Council Tax payers of Mid Devon
- It must be noted that the Council will only pay a maximum of **80%** relief, 100% relief will only be considered in the most exceptional circumstances and via the formal appeals process.

Relief will not be given to those organisations where a bar is the main activity. It would be expected that any bar profits would be used to offset any expenses thus negating the reliance on public funds.

9.1 Local Discretionary Relief for Young/New Businesses

There is an expectation that an occupier receiving discretionary relief on their business rates under this criterion would engage and work positively with Mid Devon on helping to support corporate priorities and bring benefits for residents and the local area. Before making the offer of relief, an initial meeting will be arranged between appropriate Council officers (with an economic development and regeneration focus) and the occupier to discuss how both parties can work together going forward to bring value and benefits for local residents

- A new Business in its first year of trading can receive rate relief of **60%** in the first year or pro-rata of relief, **30%** in second year, from year 3 a full charge would be due, unless agreed otherwise.
- The proposal is to treat communal or co-working space in premises Designed for the incubation and growth of young businesses as first year start up space, providing **65%** rates relief on such space.

Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis and not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.

9.3 Community Library Partnerships or Similar

Where a Library has been set up as a Charity or Community Interest Company Mid Devon will award Mandatory Relief of 80% and 20% top up, as such no business rates would be payable.

As directed by regulation LGFA 1988 Regulation 47(9) should a Parish Council become a 'trustee' to the Library Mid Devon will award 100% relief.

9.4 – Other

Applications could be considered, for example, where the property is used for purposes which are of benefit to the local community but do not fall in any other categories for relief, and it would be in the interests of the Council Tax Payer to make an award, as the Council has to meet a percentage of the cost of 40%. It could also be used to support regeneration projects within Mid Devon to bring empty properties back into use by way of 'staged occupation'

Mid Devon Council recognises that the Government want to help "child care providers" – Applications are welcome awards will be calculated in-line with local policy.

10. Period of Relief

Where an application is successful, the following will be notified in writing:

- The amount of relief granted and the date from which it has been granted;
- If relief has been granted for a specified period, the date on which it will end;
- The new chargeable amount;
- The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
- All change in circumstances should be notified to the Authority

- ***Please note the "state aid" declaration must be signed and returned. Failure to do so will mean the loss of discretionary relief.***

11. Backdating

Section 47 (7) of the Local Government Finance Act 1988 stipulates that a decision to grant relief for a specific day is invalid if it is made more than 6 months after the end of the financial year in which the day falls. This means that:

- Applications decided before 1 October can be backdated to the start of liability or 1 April of the previous financial year (whichever is the most recent)
- Applications decided after 30 September can only be backdated to the start of liability or 1 April of the current financial year (whichever is the most recent).

12. Interaction of Relief Rules

S43 (8B) LGFA 1988 says that where the ratepayer qualifies for both charitable and small business rates relief then the chargeable amount is calculated using the formula for charitable relief not small business rates relief

Certain properties may be eligible for other types of relief. Under section 61(4) of the Local Government Act 2003:-

- If a property is eligible for charitable relief and small business rates relief, it shall receive charitable relief;

- If a property is eligible for rural rate relief and small business rates relief, it shall receive rural rate relief;
- If a property is eligible for all three reliefs it shall receive charitable relief

13. Organisations Receiving Funding from Mid Devon

Funding includes grants, contracts (including funding from joint commissioning arrangements between the Council and other public agencies) and discounted rent under a community building model lease.

The Council will use its discretion on a case by case basis to offer up to 80% relief to organisations receiving funding from the Council.

The case by case assessment for offering 80% relief to organisations that are funded by the Council will be based on the following information that will be requested on the application form, the Council reserves the right not to award any further relief if it feels the funding already received is sufficient.

1. Their funding arrangement with Mid Devon, including the date when the funding arrangement will come to an end, plus amount received.
2. To outline how the additional discretionary relief applied for would directly support and be reinvested in the activities or initiative that Mid Devon is funding the organisation to undertake
3. The social value for local residents and taxpayers

Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis and not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.

14. Applications

Applications must be made via Citizen Access (enter website address link) – or by email, supporting information must be uploaded or attached to the email.

15. State Aid

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However the Supporting Small Businesses relief scheme will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)7.

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a rolling three year period (consisting of the current financial year and the two previous financial years)

To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations

The Council will issue a declaration form with all awards of discretionary relief, failure to return will result in relief being removed.

15.1 State Aid & Brexit (this could be to governmental change)

<https://www.gov.uk/government/publications/state-aid-if-theres-no-brexite-deal/state-aid-if-theres-no-brexite-deal>

16. Approvals

Any Officer or Councillor involved in the decision-making process for Discretionary Rate Relief or Hardship Relief must declare if they have an interest in or an association with any ratepayer applying.

Upon receipt of the application the initial assessment to award or refuse Discretionary Rate Relief will be made by an "officer" their recommendations must be agreed by an 'approved Manager or the s151 / deputy. Relief awarded under **9.1** can only be approved by the s151 or Deputy s151.

Applicants will be notified in writing of all decisions. A revised Business Rates bill will be issued with a letter informing them of how much relief has been awarded and the dates the relief will be awarded between.

The applicant will be required to apply for further relief when the current period of relief expires; there will be no 'reviews'

Approvals will not be required for reliefs given under 'temporary measures' the Revenues Manager or another approved officer such as s151 or deputy will have the delegated authority to award relief as per local policy and the legal process.

17. Appeals

There is no statutory right of appeal against a decision made by the Council in respect of Discretionary Rate Relief. However, a nominated officer in consultation with the Portfolio Holder will review the case where it is believed that the policy has not been applied correctly.

The applicant will be allowed to submit in writing additional or new information/evidence to support the application.

If an unsuccessful applicant requests an appeal, they will still need to continue to pay their business rates. Once the appeal has been heard, the ratepayer will be informed, in writing, of the decision.

Although the amount of relief is restricted to a maximum of **10%** 'top up' if receiving 80% Mandatory Relief and **80%** for Discretionary awards (non-funded), in very exceptional circumstances, **100%** Discretionary Rate Relief may be awarded. This would be assessed on a case by case basis.

Every appeal for Discretionary Rate Relief must be supported by their ward Councillor via letter or email as part of the appeal process. This must be sent for the attention of the Revenues Manager or the officer taking ownership of the case.

The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a Judicial Review.

18. Policy Review / Amendments

- The Council reserves the right to review the policy at any time.

19. Communications

The Council will publicise Discretionary Rate Reliefs available on its Website

20. Fraud

The Council is committed to reducing fraud in all its forms. An organisation which tries to fraudulently apply for discretionary rate relief by falsely declaring their circumstances, or providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspect that such a fraud may have occurred, the matter will be investigated in line with the Council's Anti-Fraud Strategy. This may lead to criminal proceedings being instigated.

21 . Future Changes (these may change)

- **Public Toilets – The Government have advised that they intend to allow “100% Mandatory Relief on “stand alone” public toilets- The date of this legal change has not yet been advised. The relief could apply to public and privately owned toilets. Further details still required**
- **Rural Rate Relief – The Government intend to change the law allowing 100% relief to be award. Currently Billing Authorities are allowed to pay the 50% top up using their discretionary relief powers under s47. The Government will be required to confirm the ‘continuance’ of this change if Primary Legislation remains unchanged for 2020/21**
- **Governmental budget changes brought in from Autumn / Spring Statements**

- **Queens Speech December 2019**
 - **Retail Relief to increase from 33% to 50% from 01/04/20 – formal confirmation still required and whether the increase will be covered by s31 grant**
 - **Public House Relief – Further details required (Government may use previous scheme where RV was below £100,000, Pubs could get relief of up to £1,000**
 - **Local Newspaper Relief, £1,500 relief for a single title paper**

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Briefing Note – “Shaping the Future – Petroc 2020-25”

Petroc is currently undertaking a consultation with staff and stakeholders in order to shape their future strategic plan. The first stage of the consultation, called "Shaping the Future - Petroc 2020-25", is a listening exercise around four scenarios exploring the key themes for their future development. The scenarios are purposely provocative to stimulate 'blue-sky' thinking about the potential role of Petroc within the education and training sector in 2025 and beyond. The four scenarios are based on the possible outcomes in a high growth versus low growth economy, combined with a high technology versus low technology environment. It would be difficult to summarise the scenarios as they are extremely detailed, but they can be viewed at <https://sites.google.com/petroc.ac.uk/petroc-consultationstaffviews/home>.

As an important stakeholder, we are being asked for our input into the consultation process. Mid Devon's Corporate Plan 2020-24 recognises working in partnership 'to deliver outcomes and improvements to the area' as a core value, and identifies working "with education providers to secure appropriate post-16 provision within the district to minimise the need to commute out for A/T level studies" as a specific objective under the Community theme.

The consultation is in three stages:

- Scenario planning
- Identification of Key Themes
- Consultation on the draft strategy

Looking at the scenarios they seem more directed to staff and those directly involved with the college, and the Council may have limited input we can provide into this stage. It would seem most appropriate to input the Council's comments at the second and third stage of the consultation. However, if members want to respond at the scenario planning stage, the consultation can be found at:

<https://sites.google.com/petroc.ac.uk/petroc-consultationstaffviews/home>

In responding, members should consider the following:

- Petroc is a 'not-for profit' organisation operating in a market in which there is competition not only from other FE colleges (e.g. Exeter College, Richard Huish, Bridgewater and Taunton College, Cannington, Bicton College) and other local education / training providers but increasingly from national private sector 'for-profit' businesses.
- Post 16 education is a market in which 'consumer choice' is driven not only by the range of courses available, but increasingly by the whole educational, social and leisure offer to students. This includes the learning environment and facilities available, the social and leisure opportunities available, the attractiveness of the place, and, as the scenarios point out, the green credentials of the provider.
- Petroc, specifically the Tiverton campus, finds it difficult to compete with Exeter (and Taunton) both in the comprehensiveness of its courses and the attractiveness of its wider offer – the perceived lure of 'the big city'.

- Exeter and Taunton, because of their much larger catchment, benefit from economies of scale to maintain a broader range of qualifications and topics.
- The landscape of educational and training qualifications is changing, with the introduction of T levels, and increasing focus on higher-level apprenticeships. Given the uncertainties over the direction of the national and local economy post Brexit, and wider pressures such as automation and the zero carbon economy, the needs of the future workforce is rapidly changing.
- Improvements in technology over the next few years will potentially lead to a revolution in how education / training is provided, leading to greater opportunities for remote learning and virtual campuses. The speed, extent and affordability of these technologies will shape the market in which Petroc functions – but will potentially make physical presence tied to a specific location less important.
- Uncertainty over the direction of the national economy post-trade negotiations with the EU, and the value of tax-revenues will determine not only on the demand on work-based courses, but also on the amount of funding the government has available to invest in education and training
- Since Devon County Council does not provide universal subsidised transport for post-16 education, the cost of transport remains an important factor in students choices, particularly in a rural district like Mid Devon.

Letter from Petroc, dated 26th February 2020

Dear Stakeholder

We are embarking on a process to formulate and draft our next strategic plan.

We are calling our process As one of our key strategic stakeholders, we would like to invite you to be part of our process and are seeking your views as to the role you would like to see Petroc play in the coming five years.

The Process

We are adopting an approach that involves three stages: scenario planning; identifying strategic themes; and producing a written strategic plan and would welcome your input at all or any of these stages.

For the scenario planning stage, we have devised four different hypothetical scenarios for how the world might be in 2025 and are working through exercises with our staff, learners and stakeholders, to consider how Petroc would be successful if that scenario were to occur.

Our strategy will seek to consider what we will need to be successful in relation to our customers, our partners, our products, our staff and our resources. Your input into this process will be invaluable in ensuring that both internal and external factors are fully considered.

Details of the scenarios and notes for how to work with them can be found by clicking on this [link](#) to open the consultation.

<https://sites.google.com/petroc.ac.uk/petroc-consultationstaffviews/home>

Your Input

We would welcome your input in any or all of the following ways:

First, by reviewing any of our four scenarios and outlining what points you feel the College should explore, under the five areas: customers, partners, products, staff and resources between now and the end of March.

Equally, when we have drawn strategic themes from the inputs to the scenarios, we would welcome your thoughts on those strategic themes. I will write to you again at this stage.

Finally, we will consult you on the draft written Petroc Strategy 2025 and would welcome your input at that stage too.

We would welcome your thoughts or ideas at any stage of the process. Please send these to the Strategy Project lead Sheena Murphy-Collett, Director of HR & Organisational Development, by email s.murphy-collect@petroc.ac.uk

Thank you for considering contributing to Petroc's strategy development and thank you too for your continued support of the College.

Best wishes
Sean

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**ECONOMY PDG
12TH MARCH 2020**

AGENDA ITEM:

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

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

Budget and Policy Framework: The projects identified in this update report have been included within the EDR budget (2019-20, and 2020-21) under Mid Devon's Economic Strategy 2019-24

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

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

Equality Impact Assessment: None anticipated

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

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 This 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).

1.2 At an informal meeting of the Policy Development Group on the 20th February 2020, members looked at the work programme for the Growth, Economy and Delivery team over the coming year. Cabinet will be reviewing the priorities for delivery of strategic development projects.

1.3 In addition to these strategic development projects members of the Economy PDG were asked to consider a number of smaller scale projects under the Economic Strategy's key themes of Employment and Skills, Place, Infrastructure, 'Hi-Tech, Innovation and Green Energy' and 'Agriculture, Food and Drink' for inclusion in the Year 2 action plan. These included:

- Shopfront Enhancement Scheme, Tiverton
To deliver a shopfront enhancement scheme to improve the appearance of shopfronts within the town centre through grant assistance.
- Shopfront Enhancement Scheme, Cullompton
To deliver a shopfront enhancement scheme to improve the appearance of shopfronts within the town centre through grant assistance.
- Shopfront Enhancement Scheme, Crediton
To deliver a shopfront enhancement scheme to improve the appearance of shopfronts within the town centre through grant assistance.
- Tiverton Wi-Fi Project
To provide a free Wi-Fi network in Tiverton Town Centre
- Cullompton Wi-Fi Project
To provide a free Wi-Fi network in Cullompton Town Centre
- Tiverton Public Realm Project (Phase 2)
Improvements to street furniture in the town centre, including seating
- Mid Devon Promotional Campaigns
To promote Mid Devon (for example through the Visit Mid Devon website)
- Incubation / Flexible workspace
Site and detailed development option testing, to find financially viable models
- Food Trails / Festivals
Work with local food producers to develop food trails and promote on Visit Mid Devon website; Support for Food Festivals in each of the three towns
- Food and Drink Action Plan
Research needs of the sector and develop action plan to act on identified needs of the sector
- 'Love your High Street' scheme
*Scope a 'Love your High Street' Programme (cf. East Riding) for Tiverton, Cullompton and Crediton, combining small grants for:
Business owners looking to start up a new sustainable business;
New events that will increase interest and footfall in the town;
Groups of businesses wanting to create a stronger high street community; Property owners wanting to improve shop-frontages; Pop-*

up shops or temporary displays in vacant shops, in order to increase interest and footfall in the town centres.

- Championing a Low Carbon Sector in Mid Devon
Develop activities to support the low carbon sector
- Events to support and promote strategic sectors
Develop and deliver a number of events to support and promote key strategic sectors in the District

These projects will form the basis for the Council's Economic Strategy Year 2 Action Plan.

- 1.4 Members are asked to note that the above list of projects are considered deliverable with existing staff resources. At the time of writing this report a part time Growth and Regeneration post is vacant. Should staff resource be reduced, the impact upon the projects identified above would be as follows:

Postponement of the following by a year until 21/22:

- Crediton town centre masterplan
- The Crediton shopfront scheme
- The incubator/ flexible workspace project
- 'Love your High Street' scheme could not then be pursued for all towns

There would also be diminished capability to pursue external funding sources and deliver on championing the low carbon sector.

- 1.5 Members also discussed at the Informal Economy PDG meeting the possibility of working across the Council to take forward further corporate projects including initiatives such as a green cemetery, EV charging points, reforestation, cycling infrastructure, promoting town trails, capturing more of the M5 holiday traffic, farm-based tourism, 24 hr towns, promotion and advertising.

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

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	Theme	Econ Strategy Targets	Update 20/02/20	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)	It has proved difficult to take this project forward given the other priorities on staff time. The project will therefore be rescope and refocused. on supporting and promoting Low Carbon Construction Sector	A refocused project will be included in the year 2 action plan		RED
Employment & Skills	Business Champions Group	Business Champions Group established by Dec 2019	Capacity within the team has not allowed for this activity to be taken forward. It is proposed that it be taken forward in tandem with other investment related projects in the 2nd year action plan.	Project to be approved by PDG to go into the Yr2 action plan	Lack of business interest could hamper the ability of the Council to create a strategic business group.	RED
Employment & Skills	Incubation Space	Develop a detailed business plan by Sept 2019	A strategic outline business case has been written laying out the case for incubation space. MDDC supported a bid to ERDF which was submitted at the end of September. This bid was not successful. Alternative options are being discussed with Petroc and other partners.	Developing a feasibility study for incubation / flexible workspace project will be included in the Year 2 action plan.	Potential options remain unfeasible and / or financially unviable	RED
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 questioned whether further pre-work should be done to engage with businesses and get their support	Work on engaging with businesses and gain their interest in a Award Scheme before proceeding	That businesses do not engage with an award scheme	RED
Place	Cullompton Historic England Bid	Develop a partnership scheme with Historic England to commence April 2020	A detailed Delivery Plan was submitted on 20th December 2019, and we are just waiting for confirmation of funding from Historic England.	Awaiting final decision in late March 2020		GREEN
Place	Future High Streets Fund	To submit a Future High Streets Bid for Tiverton	Future High Streets Fund bid was submitted but was unsuccessful	COMPLETE - Bid Unsuccessful		GREEN
Place	Tiverton Public Realm -	<i>Scope and costing exercise to commence with a view to produce a three phased delivery of: i) Signage ii) Street Furniture iii) Monoliths and actions from Tiverton Masterplan</i>	Stakeholder consultation undertaken in January 2020 relating to signage, with implementation expect in Mar/Apr 2020.	Final sign off and Implementation of Phase 1	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.	Update report to Cabinet April 2020	Less coordinated development & uncertainty over delivery	AMBER

Place	Cullompton Masterplan	To complete a masterplanning process in Cullompton with adoption in October 2020	Stage 1 public consultation commencing 25th Feb - 15th April 2020.	Report to Cabinet June 2020 with results of public consultation.	Less coordinated development & uncertainty over delivery. Less coordination 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	Stage 2 public consultation commencing 27th Feb - 9th April 2020.	Report to Cabinet June 2020 with the results of the public consultation	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 has been sought through the HSHAZ bid to further the scheme in Cullompton,	Identify match funding to support a shopfront grant scheme in Crediton is included in Year 2 actions	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.	The launch event is taking place 26 February 2020 - we have 70 people attending representing over 40 businesses. The event is about promoting Mid Devon and our businesses. Encouraging businesses to sign up to the website.	All on track - glitches may be found on the site as some work is still being carried out e.g. event submission form. This is with the developer.	GREEN
Place	Connecting the Culm	Deliver three year Interreg funded partnership programme	Work on a whole catchment survey is nearly complete and will provide a baseline for further studies. A stakeholder engagement plan has been developed and the first events will be happening in March 2020	Stakeholder events in each of three pilot areas, Upper Culm, Middle Culm, and Lower Culm.	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	The project has been delayed, but it is on track to being deliveredMeetings 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.	AMBER
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
Hi-Tech, Innovation and Green Energy	Hydromills Project Tiverton Weir	Deliver a hydro-project on Tiverton Weir by 2022	A report has been taken to leadership team on the status of the project and setting out the stages needed to complete the project.	Project to be taken to PDG and then (if approved by PDG) to go to full Council and Cabinet for funding approval.	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	Phase 1. Create a database of local food and drink businesses by Dec 2019; Phase 2: Work with partners to create two Food & Drink campaigns by Jun 2020; Phase 3: Organise a Mid Devon Food and Drink forum event by Dec 2020.	A local food producers and retailers database has been completed, in preparation for the next phase of work.	The development of Food Trails to be promoted through the Visit Mid Devon website will be included in the Year 2 action plan	Willingness of local food producers to be involved.	GREEN

Economy Policy Development Group – 2019/2020

Chairman's annual report

Overview

During the course of the last year the Policy Development Group has considered a wide range of issues including:

- various reports providing updates on the projects undertaken as part of the Economic Strategy first year action plan;
- updates on the Heart of the South West Industrial Strategy,
- various updates on Brexit,
- information regarding the 'Connecting the Culm' project;
- continued grant support for economic projects; and
- an informative presentation from the 'Taste of the West' organisation.

The group has also considered commercialisation opportunities and recommended to cabinet charging for economic development advice through the planning process which was subsequently approved. Funding was successfully sought from the Local Government Association to undertake some initial scoping of additional commercialisation opportunities. This work is currently underway.

In addition to the formal meetings members have also met informally to have discussions with officers to better understand existing projects and consider activities for future years.

Some of the key areas of activity throughout the last year are as follows:

Economic Development Enquiries

The PDG were encouraged to hear that more new businesses have started up in the last year and that demand for employment sites was still high. The Growth, Economy and Delivery team has continued to help signpost new and existing businesses to employment space opportunities.

Economic Strategy

Following adoption of the Economic Strategy progress was made in year one with respect to delivering projects aimed at helping to deliver the strategies objectives relating to the key themes of Employment & Skills, Place, Infrastructure, Hi Tech, Innovation & Green Energy, Agriculture and Food & Drink. There is however considerable work to be done in the coming years to achieve the desired strategy outcomes.

Re-opening of Cullompton Railway Station

During the last year the project to re-open railway stations at Cullompton and Wellington has made progress. A report will be considered by Cabinet this month regarding a proposed governance structure for taking the project through to completion of the Strategic Outline Business Case. The project is being led by the District Council in partnership with Somerset West and Taunton Council in conjunction with the two County Councils, the two Town Councils, the Local Enterprise Partnership, the local MPs and the rail industry. Both Neil Parish MP (Tiverton and Honiton) and Rebecca Pow MP (Taunton Deane) are fully supportive of the scheme and are currently backing a proposal to seek funding through the Restoring Your Railway fund.

Visit Mid Devon Website

The Visit Mid Devon Website was launched this year and provides an excellent vehicle to promote the district and offers a great resource for local businesses to promote themselves. The Website was developed in partnership with Tiverton Museum, the Tourist Information Service, Petroc and Reach Plc. The initiative was one of the last projects in the County to receive European funding. The Website can be found via the following link:

<https://www.visitmiddevon.co.uk/>

A very successful launch event was held on 26 February 2020, which was well attended by local businesses, who welcomed the new initiative warmly.

Exeter and the Heart of Devon Partnership

Officers from the District Council have continued to work with East Devon, Exeter and Teignbridge Councils. Further updates will be given by Officers throughout the coming months.

The Hydro Mills Project

This has been frequently discussed at most meetings. The Group is pleased that the scheme for Tiverton Weir is close to planning application stage. There is another report on this agenda which gives a full update of the scheme and the next steps.

Town Centre Wi-fi

The project to deliver town centre wi-fi for the three towns has moved forward and has benefitted from European funding. An initial scheme is to be delivered in Tiverton following the procurement of a provider. It is anticipated that the other towns would follow close behind.

Tiverton Town Centre Signage

A project is well underway for replacing and supplementing pedestrian signage in the town centre. This is due to be completed March/April 2020. Future phases of public realm works will provide new seating and other improved street furniture.

Cullompton Heritage Action Zone Bid

This bid to improve the heritage assets of Cullompton town centre satisfactorily passed through the first stage of assessment and Historic England is currently assessing the subsequent stage submission.

Finally, I would like to thank the officers and the councillors for their commitment and hard work. I must also thank our Committee Clerk for her continued help & support through the year.

Cllr John Downes
Chairman of the Economy Policy Development Group

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