

# Public Document Pack

Mid Devon District Council

## Economy Policy Development Group

Thursday, 14 January 2021 at 5.30 pm  
Remote meeting

Next meeting  
Thursday, 11 March 2021 at 5.30 pm

**Important - this meeting will be conducted and recorded by Zoom only. Please do not attend Phoenix House. The attached Protocol for Remote Meetings explains how this will work.**

To join the Zoom Meeting please use the following link:

<https://zoom.us/j/94678050647?pwd=d3d0dU5VWDBVcmIQZzV6N1o3UHpkZz09>

Meeting ID: 946 7805 0647  
Passcode: 229932

One tap mobile

08002605801,,94678050647#,,,,,0#,,229932# United Kingdom Toll-free  
08003582817,,94678050647#,,,,,0#,,229932# United Kingdom Toll-free

Dial by your location

0 800 260 5801 United Kingdom Toll-free  
0 800 358 2817 United Kingdom Toll-free  
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Meeting ID: 946 7805 0647  
Passcode: 229932

## Membership

Cllr J M Downes (Chairman)  
Cllr N V Davey  
Cllr R J Dolley  
Cllr Mrs S Griggs  
Cllr B Holdman  
Cllr T G Hughes  
Cllr D F Pugsley  
Cllr R F Radford  
Cllr J Wright

# **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      **Remote meeting protocol** *(Pages 5 - 10)*  
The Group to note the protocol for remote meetings.
- 3      **Public Question Time**  
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
- 4      **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.
- 5      **Minutes** *(Pages 11 - 16)*  
Members to consider whether to approve the minutes as a correct record of the meeting held on 5 November 2020.
- 6      **Chairman's Announcements**  
To receive any announcements that the Chairman may wish to make.
- 7      **Covid 19 Economic Response Update** *(Pages 17 - 24)*  
To receive a report from the Head of Planning, Economy and Regeneration providing Members with update information regarding the Growth, Economy & Delivery team's latest COVID19 emergency economic and community response activities. To also update Members on the Devon-wide economic recovery work and seek Members' endorsement for the current business support and economic recovery activities.
- 8      **Financial Monitoring** *(Pages 25 - 28)*  
To receive an update from the Group Manager for Financial Services regarding the income and expenditure position so far in the year.
- 9      **Budget 2021-2022 - update** *(Pages 29 - 40)*  
To receive a report previously considered by the Cabinet on 7 January 2021 and to discuss any further changes that the Policy Development Group may require prior to the formal recommendation of the budget proposals to Cabinet and Council in February.

10 **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:

- Covid 19 Economic Response Update
- Performance and Risk
- Financial Monitoring

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

**Stephen Walford**  
Chief Executive  
Wednesday, 6 January 2021

### **Covid-19 and meetings**

Meetings will not be held in person at Phoenix House until the Covid-19 crisis eases. Instead, the meetings will be held remotely via Zoom and you will be able to join these meetings via the internet. Please see the instructions on each agenda and read the Protocol on Remote Meetings before you join.

If you want to ask a question or speak, email your full name to [Committee@middevon.gov.uk](mailto:Committee@middevon.gov.uk) by **no later than 4pm on the day before the meeting**. This will ensure that your name is on the list to speak and will help us ensure that you are not missed – as you can imagine, it is easier to see and manage public speaking when everyone is physically present in the same room. Notification in this way will ensure the meeting runs as smoothly as possible.

If you require any further information, please contact Sarah Lees on: [slees@middevon.gov.uk](mailto:slees@middevon.gov.uk)

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## **Mid Devon District Council - Remote Meetings Protocol**

### **1. Introduction**

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations permit remote attendance in Local Authority meetings.

Remote attendance is permitted as long as certain conditions are satisfied. These include that the Member is able to hear and be heard by the other Members in attendance. Also, being able to hear and be heard by any members of the public entitled to attend the meeting (in line with the public participation scheme). A visual solution is preferred, but audio is sufficient.

This also relates to members of the public attending the meeting also being heard. The regulations are clear that a meeting is not limited to those present in the same place, but includes electronic, digital or virtual locations (internet locations, web addresses or conference call telephone numbers).

### **2. Zoom**

Zoom is the system the Council will be using for the time-being to host remote / virtual meetings. It has functionality for audio, video, and screen sharing and you do not need to be a member of the Council or have a Zoom account to join a Zoom meeting.

### **3. Access to documents**

Member Services will publish the agenda and reports for committee meetings on the Council's website in line with usual practice. Paper copies of agendas will only be made available to those who have previously requested this and also the Chair of a virtual meeting.

If any other Member wishes to have a paper copy, they must notify the Member Services before the agenda is published, so they can arrange to post directly – it may take longer to organise printing, so as much notice as possible is appreciated. Printed copies will not be available for inspection at the Council's offices and this requirement was removed by the Regulations.

### **4. Setting up the Meeting**

This will be done by Member Services. They will send a meeting request via Outlook which will appear in Members' Outlook calendar. Members will receive a URL link to click on to join the meeting.

### **5. Public Access**

Members of the public will be able to use a weblink and standard internet browser. This will be displayed on the front of the agenda.

## 6. Joining the Meeting

Councillors must join the meeting early (i.e. at least five minutes before the scheduled start time) in order to avoid disrupting or delaying the meeting. Councillors should remember that they may be visible and heard by others, including the public, during this time.

## 7. Starting the Meeting

At the start of the meeting, the Member Services Officer will check all required attendees are present (viewing the participant list) and that there is a quorum. If there is no quorum, the meeting will be adjourned. This applies if, during the meeting, it becomes inquorate for whatever reason.

The Chair will remind all Members, Officers and the Public that **all microphones will be automatically muted**, unless and until they are speaking. This prevents background noise, coughing etc. which is intrusive and disruptive during the meeting. The Hosting Officer will enforce this and will be able to turn off participant mics when they are not in use. Members would then need to turn their microphones back on when they wish to speak.

## 8. Public Participation

Participation by members of the public will continue in line with the Council's current arrangements as far as is practicable. However, to ensure that the meeting runs smoothly and that no member of the public is missed, all those who wish to speak must register **by 4pm on the day before the meeting**. They should email their full name to [Committee@middevon.gov.uk](mailto:Committee@middevon.gov.uk). If they wish to circulate their question in advance, that would be helpful.

At public question time, the Chair will invite the public by name to speak at the appropriate time. At that point, all public microphones will be enabled. This means that, to avoid private conversations being overheard, no member of the public should speak until it is their turn and they should then refrain from speaking until the end of public question time, when all microphones will be muted again. In the normal way, the public should state their full name, the agenda item they wish to speak to **before** they proceed with their question.

Unless they have registered, a member of the public will not be called to speak.

If a member of the public wishes to ask a question but cannot attend the meeting for whatever reason, there is nothing to prevent them from emailing members of the Committee with their question, views or concern in advance. However, if they do so, it would be helpful if a copy could be sent to [Committee@middevon.gov.uk](mailto:Committee@middevon.gov.uk) as well.

## 9. Declaration of Interests

Councillors should declare their interests in the usual way. A councillor with a disclosable pecuniary interest is required to leave the room. For remote meetings, this means that they will be moved to a break-out room for the duration

of this item and will only be invited back into the meeting when discussion on the relevant item has finished.

## **10. The Meeting and Debate**

The Council will not be using the Chat function.

The Chair will call each member of the Committee to speak - the Chair can choose to do this either by calling (i) each member in turn and continuing in this way until no member has anything more to add, or (ii) only those members who indicate a wish to speak using the 'raise hand' function within Zoom. This choice will be left entirely to the Chair's discretion depending on how they wish to manage the meeting and how comfortable they are using the one or the other approach.

Members are discouraged from physically raising their hand in the video to indicate a wish to speak – it can be distracting and easily missed/misinterpreted. No decision or outcome will be invalidated by a failure of the Chair to call a member to speak – the remote management of meetings is intensive and it is reasonable to expect that some requests will be inadvertently missed from time to time.

When referring to reports or making specific comments, Councillors should refer to the report and page number, so that all Members of the Committee have a clear understanding of what is being discussed at all times.

## **11. Voting**

On a recommendation or motion being put to the vote, the Chair will go round the virtual room and ask each member entitled to vote to say whether they are for or against or whether they abstain. The Member Services Officer will announce the numerical result of the vote.

## **12. Meeting Etiquette Reminder**

- Mute your microphone – you will still be able to hear what is being said.
- Only speak when invited to do so by the Chair.
- Speak clearly and please state your name each time you speak
- If you're referring to a specific page, mention the page number.

## **13. Part 2 Reports and Debate**

There are times when council meetings are not open to the public, when confidential, or "exempt" issues – as defined in Schedule 12A of the Local Government Act 1972 – are under consideration. It is important to ensure that there are no members of the public at remote locations able to hear or see the proceedings during such meetings.

Any Councillor in remote attendance must ensure that there is no other person present – a failure to do so could be in breach of the Council's Code of Conduct.

If there are members of the public and press listening to the open part of the meeting, then the Member Services Officer will, at the appropriate time, remove them to a break-out room for the duration of that item. They can then be invited back in when the business returns to Part 1.

Please turn off smart speakers such as Amazon Echo (Alexa), Google Home or smart music devices. These could inadvertently record phone or video conversations, which would not be appropriate during the consideration of confidential items.

#### **14. Interpretation of standing orders**

Where the Chair is required to interpret the Council's Constitution and procedural rules in light of the requirements of remote participation, they may take advice from the Member Services Officer or Monitoring Officer prior to making a ruling. However, the Chair's decision shall be final.

#### **15. Disorderly Conduct by Members**

If a Member behaves in the manner as outlined in the Constitution (persistently ignoring or disobeying the ruling of the Chair or behaving irregularly, improperly or offensively or deliberately obstructs the business of the meeting), any other Member may move 'That the member named be not further heard' which, if seconded, must be put to the vote without discussion.

If the same behaviour persists and a Motion is approved 'that the member named do leave the meeting', then they will be removed as a participant by the Member Services Officer.

#### **16. Disturbance from Members of the Public**

If any member of the public interrupts a meeting the Chair will warn them accordingly. If that person continues to interrupt or disrupt proceedings the Chair will ask the Member Services Officer to remove them as a participant from the meeting.

#### **17. After the meeting**

Please ensure you leave the meeting promptly by clicking on the red phone button to hang up.

#### **18. Technical issues – meeting management**

If the Chair, the Hosting Officer or the Member Services Officer identifies a problem with the systems from the Council's side, the Chair should either declare a recess while the fault is addressed or, if the fault is minor (e.g. unable to bring up a presentation), it may be appropriate to move onto the next item of business in order to progress through the agenda. If it is not possible to address the fault and the meeting becomes inquorate through this fault, the meeting will be adjourned until such time as it can be reconvened.



If the meeting was due to determine an urgent matter or one which is time-limited and it has not been possible to continue because of technical difficulties, the Chief Executive, Leader and relevant Cabinet Member, in consultation with the Monitoring Officer, shall explore such other means of taking the decision as may be permitted by the Council's constitution.

For members of the public and press who experience problems during the course of a meeting e.g. through internet connectivity or otherwise, the meeting will not be suspended or adjourned.

### **19. Technical issues – Individual Responsibility (Members and Officers)**

Many members and officers live in places where broadband speeds are poor, but technical issues can arise at any time for a number of reasons. The following guidelines, if followed, should help reduce disruption. Separate guidance will be issued on how to manage connectivity – this paragraph focusses on the procedural steps. Joining early will help identify problems – see paragraph 6.

- Join public Zoom meetings by telephone if there is a problem with the internet. Before all meetings, note down or take a photograph of the front page of the agenda which has the necessary telephone numbers. Annex 1 to this protocol contains a brief step-by-step guide to what to expect
- Consider an alternative location from which to join the meeting, but staying safe and keeping confidential information secure. For officers, this may mean considering whether to come into the office, subject to this being safe and practicable (childcare etc.)
- If hosting a meeting via Zoom (briefings etc.), consider creating an additional host when setting up the meeting. The additional host can step in if the main host has problems – remember that without a host, the meeting cannot close and any information on the screens will remain on view
- Have to hand the telephone number of another member or officer expected in the meeting – and contact them if necessary to explain the problem in connecting
- Officers should have an 'understudy' or deputy briefed and on standby to attend and present as needed (and their telephone numbers to hand)
- For informal meetings and as a last resort, members and officers may be able to call another member or officer in the meeting who can put the 'phone on loudspeaker for all to hear – not ideal, but it ensures some degree of participation and continuity
- Member Services will hold a list of contact details for all senior officers

## Phone only access to zoom meetings

(Before you start **make sure you know the Meeting ID and the Meeting Password**) – Both of these are available on the agenda for the meeting

**Call the toll free number** either on the meeting agenda or on the Outlook appointment (this will start with 0800 --- ----)

(Ensure your phone is on 'speaker' if you can)

A message will sound saying *“Welcome to Zoom, enter your meeting ID followed by the hash button”*

- **Enter Meeting ID followed by #**

Wait for next message which will say *“If you are a participant, please press hash to continue”*

- **Press #**

Wait for next message which will say *“Enter Meeting Password followed by hash”*

- **Enter 6 digit Meeting Password followed by #**

Wait for the following two messages:

*“You are currently being held in a waiting room, the Host will release you from 'hold' in a minute”*

**Wait.....**

*“You have now entered the meeting”*

### Important notes for participating in meetings

Press **\*6** to toggle between **'mute' and 'unmute'** (you should always ensure you are muted until you are called upon to speak)

If you wish to speak you can **'raise your hand'** by pressing **\*9**. Wait for the Chairman to call you to speak. The Host will lower your hand after you have spoken. Make sure you mute yourself afterwards.

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 5 November 2020 at 5.30 pm

### **Present**

#### **Councillors**

J M Downes (Chairman)  
N V Davey, R J Dolley, Mrs S Griggs,  
B Holdman, D F Pugsley, R F Radford and  
J Wright

### **Also Present**

#### **Councillors**

R J Chesterton, R M Deed, R Evans, B G J Warren and  
Mrs N Woollatt

### **Also Present**

#### **Officers**

Stephen Walford (Chief Executive), Jenny Clifford (Head of Planning, Economy and Regeneration), Adrian Welsh (Group Manager for Growth, Economy and Delivery), Ian Chilver (Group Manager for Financial Services), Catherine Yandle (Group Manager for Performance, Governance and Data Security), Dean Emery (Group Manager for Revenues and Benefits), John Bodley-Scott (Economic Development Team Leader), Chris Shears (Economic Development Officer) and Sarah Lees (Member Services Officer)

## 34 **APOLOGIES AND SUBSTITUTE MEMBERS**

There were no apologies for absence.

## 35 **PROTOCOL FOR REMOTE MEETINGS**

The protocol for remote meetings was noted.

## 36 **PUBLIC QUESTION TIME**

There were no members of the public present.

## 37 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

## 38 **MINUTES**

The minutes of the meeting held on 10 September 2020 were confirmed as a true and accurate record.

## 39 CHAIRMAN'S ANNOUNCEMENTS

The Chairman stated that today was day 1 of a second national lockdown. The report at item 11 on the agenda regarding COVID19 had been written before there had been any suggestion of this happening therefore it was to be assessed in the light of that. At the last meeting there had been general agreement that there were some signs of economic growth however, since then, things had changed dramatically.

## 40 PRESENTATION FROM PHIL MAYER FROM HYDROMATCH (00:02:00)

Mr Phil Mayer from Hydromatch attended the meeting to provide the Group with a presentation on the proposed hydroelectric scheme at Tiverton Town Weir.

Before the presentation began the Chairman reminded the Group that this was now a live planning application and that any concerns regarding the scheme would have to pass through the correct channels in terms of the planning process.

The presentation provided the following information:

- Tiverton Town Council had initially asked for an investigation to take place regarding the possibility of a hydro scheme.
- There was a drop of 2 metres across the weir.
- Flood defence work had taken place in the 1960's to reinforce the weir.
- 2 options had been considered, one to create a substation located in the car park at Westexe South and one to connect the scheme to Phoenix House.
- 4 scenario's had been investigated in terms of the technology needed in relation to the water flow and in each case the cost/benefit of each scenario was assessed. One of these scenario's involved a traditional turbine arrangement which would require a fish protection scheme. Another considered the Archimedes Screw principle. The River Angling Association had been consulted in relation to maintaining the ecological diversity of the river. Fish stocks included eels, lamprey, salmon and sea trout. The developers had received advice from an independent panel of fish experts.
- Projected rainfall figures had been included within their analyses.
- Detailed discussions had been held with the Environment Agency.
- Development costs included a budget of £820k.
- Energy outputs had been mapped in order to project annual energy yields.

Discussion took place regarding:

- What mitigations would be in place should a large tree branch come floating down the river, this would need to be managed especially around the weir.
- The amount of noise that is generated by hydroelectric installations.
- Detailed information would be provided to the Planning Committee in due course.
- The impact on other leisure pursuits.
- Ongoing costs into the future.
- Expected lifetime of the scheme which was currently estimated to be circa 40 years.
- Costs 'versus' the energy created.

The Chairman thanked Mr Mayer for providing an interesting presentation to the Group.

#### 41 **PERFORMANCE AND RISK REPORT (00:56:00)**

The Group had before it, and **NOTED**, a report \* from the Group Manager for Performance, Governance and Data Security providing it with an update on performance against the Corporate Plan and local service targets for 2020-2021 as well as providing an update on the key business risks.

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

- The Group were asked to review the measures suggested for inclusion in the Corporate Plan Performance framework.
- Many risks, including the Economy ones, had been affected by COVID19 and were now scoring higher than before.

**RECOMMENDED** to the Cabinet that the measures suggested for inclusion in the Corporate Plan Performance framework (at appendix 4) be approved.

(Proposed by the Chairman)

Reason for decision:

If performance is not monitored the Council may fail to meet its 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.

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

#### 42 **FINANCIAL MONITORING (01:02:00)**

The Group Manager for Finance provided the Group with a verbal update regarding the financial position so far in the year and highlighted the following key pieces of information:

- At the end of July the forecasted deficit had been £1.2m, by the end of August this had reduced to £41k. One reason for this was that in July no allowance had been made within the figures for the Income Compensation Scheme.
- The second lockdown would have yet another severe effect upon income most particularly within Leisure Services.
- The 4 tranches of COVID funding were outlined.
- Car park income had improved and was better than had been expected.
- Areas of movement which were not specific to this Group included interest received on investments, the furlough and compensation scheme and revisions of expectations in relation to Business Rates and Council Tax.
- £7.6m had already been given in Business Rate Relief.
- A new set of grants had been made available as a result of the second lockdown.
- The Council would be sympathetic where it could with businesses that were struggling by providing support and suggesting deferrals if appropriate.

It was **AGREED** by the Group that in future the summary of financial monitoring for each relevant period be provided in hard copy within the agenda pack for the meeting.

#### 43 **DRAFT 2021/22 GENERAL FUND AND CAPITAL BUDGETS (01:24:00)**

The Group had before it, and **NOTED**, a report \* from the Deputy Chief Executive considering the initial draft 2021/2022 budget and the options available in order for the Council to set a balanced budget and agree a future strategy for further budget reductions for 2022/23 onwards.

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

- This was the first iteration of the General Fund budget for next year. The Finance team were also in the process of preparing a Medium Term Financial Plan for next year and the following 4 years.
- Currently there was a predicted deficit of just over £3m.
- There was ongoing uncertainty over the Fair Funding Review.
- Funding pressure as a result of COVID19, income streams were unlikely to recover.
- The draft budget had been prepared on the basis that there wouldn't be any further lockdowns. The draft budget as presented had now been superseded by events.
- Other pressures on the budget including pay awards, property maintenance and the effect of Brexit.
- The legal duty to report a balanced budget despite these additional pressures and the effects of COVID19.

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

#### 44 **COVID 19 ECONOMIC RESPONSE UPDATE (01:47:00)**

The Group had before it, and **NOTED**, a report from the Head of Planning, Economy and Regeneration providing it with updated information regarding the Growth, Economy & Delivery team's latest COVID19 emergency economic and community response activities.

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

- The relevant figures in relation to the number of positive Coronavirus tests and the number of deaths within Mid Devon were reported.
- There had been a huge impact on the economy of the region. Businesses were very dependent on the support being provided by both national and local government. Many were adapting where possible.
- The extension of the furlough scheme had been greatly welcomed, however the late announcement of furlough extensions may have happened after businesses had already had to make commercial decisions regarding their staff.
- In general the government grant schemes announced as a result of the second lockdown were less generous than the first, the pots of money made available were smaller.

- There were 3 different categories of grant funds, these included lockdown support grants, a discretionary scheme and a sector focussed scheme. The detail of these had only been received the previous day. An FAQ document would be released next week. The application form had been prepared and was in line with other Devon local authorities.
- Government detail in relation to all these schemes had been received very late and in some cases hadn't been received at all yet.
- Fraud checks would now have to be completed both before and after payments had been made creating more administrative pressure. No fraud had been identified thus far in any payments made within Mid Devon as part of the previous grant schemes.
- The COVID19 Support Hub had now been reinstated for those people who previously would have been classed as needing to shield.
- All Clinically Extremely Vulnerable people would receive a letter from the Government providing guidance on what they were and were not allowed to do under the new lockdown rules. Individuals would be asked to register any support needs on a national website. Food packages are not being offered this time.
- Reopening High Streets Funds work continues however this will be reviewed as a result of the November Lock down in order that messaging is consistent with the change in circumstances. .
- Meetings were being held with Town Mayors to discuss the latest situation with regard to our town centres.
- Exeter Hill (Cullompton) pavement widening has been delayed and may need to be rethought owing to a lack of carriageway width to accommodate the initially proposed measures.
- The work of the Growth, Economy and Delivery team had been re-prioritised as a result of the second lockdown. This had had a significant impact upon the work of the team.

The Chairman thanked the team on behalf of the Group for their hard work and diligence during these challenging times.

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

#### 45 IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (02:13:00)

The Group continued to request that priority be given to COVID19 related activities for the immediate future, this was particularly the case given the extent of the second wave and the second national lockdown. It was requested that this item be placed at the beginning of the agenda next time.

(The meeting ended at 7.45 pm)

**CHAIRMAN**

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**ECONOMY PDG  
14<sup>TH</sup> JANUARY 2021**

## **REPORT OF THE HEAD OF PLANNING, ECONOMY AND REGENERATION**

### **COVID 19 ECONOMIC RESPONSE UPDATE**

**Cabinet Member(s):** Cllr Richard Chesterton

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

**Reason for Report:** To continue to provide members with update information regarding the Growth, Economy & Delivery team's latest COVID19 emergency economic and community response activities, to update members on the Devon-wide economic recovery work and seek members' endorsement for the current business support and economic recovery activities.

**RECOMMENDATION:** That the report be noted and that members endorse the current support and economic recovery activities set out in this report.

**Financial Implications:** There have been extreme impacts on the local economy, individual businesses, and the wider community as a result of the pandemic and the resulting lockdown. These problems could be exacerbated by potentially leaving the EU without a deal.

The Government's emergency financial response has been to make grant funding available to help support businesses. Many of these grants have been administered by the District Council. A breakdown of these funds is provided later in the report.

The recent roll out of a vaccine is encouraging; however we do not know how long national and local restrictions will be in force and it is therefore likely that further government grant assistance will be needed for some time.

**Budget and Policy Framework:** The focus of this report is on the wider economic impacts rather than on how the Council's own budget and income have been affected.

Work is underway to review Economic Strategies as a result of the pandemic. A future report will update members on any suggested changes to policy. In the meantime the current economic strategies will inform the focus of some of the recovery plans read in conjunction with the Devon Economic Recovery Prospectus. Importantly there is a high degree of synergy between the themes in our existing Economic Strategy and those emerging through the Devon-wide recovery work.

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

**Risk Assessment:** The impact on the economy has been significant. Ongoing work will be focussed on mitigating risk to aid recovery.

In considering measures to support the safe reopening of the high streets within the District as a result of COVID-19, a risk assessment led approach has purposely been followed. Risk assessments have been carried out for all towns within the district incorporating a series of on-site assessments. Guidance and advice on safety in a post COVID-19 world has been at the core of this risk assessment process and is vital to ensure that risk is reduced and customer and trader confidence restored.

Advice has also been provided on our website to assist businesses in undertaking their own risk assessments before reopening.

**Equality Impact Assessment:** There have been unequitable impacts of the lockdown with it being felt greatest by many economically vulnerable individuals and households. There have been huge impacts on the medically vulnerable as a result of the need to be shielded from the wider community.

A range of initiatives have been put in place to seek to reduce the impact on the economically and medically vulnerable such as the Mid Devon Covid 19 Support Fund (Devon County Council funded).

Recovery impacts need to continue to consider equality issues carefully.

**Relationship to Corporate Plan:** The work of the Growth, Economy and Delivery team supports the Corporate Plan priority strand: the economy, and specifically:

- Developing and delivering regeneration plans for our town centres
- Economic opportunities
- Economic and community confidence
- Promoting the development of the farming economy and local food production

These objectives have even greater significance following the effects of the COVID19 pandemic.

**Impact on Climate Change:** Putting recovery plans in place to rebuild the local economy will present opportunities to further the climate change agenda, encourage greater use of renewables and support green tech businesses.

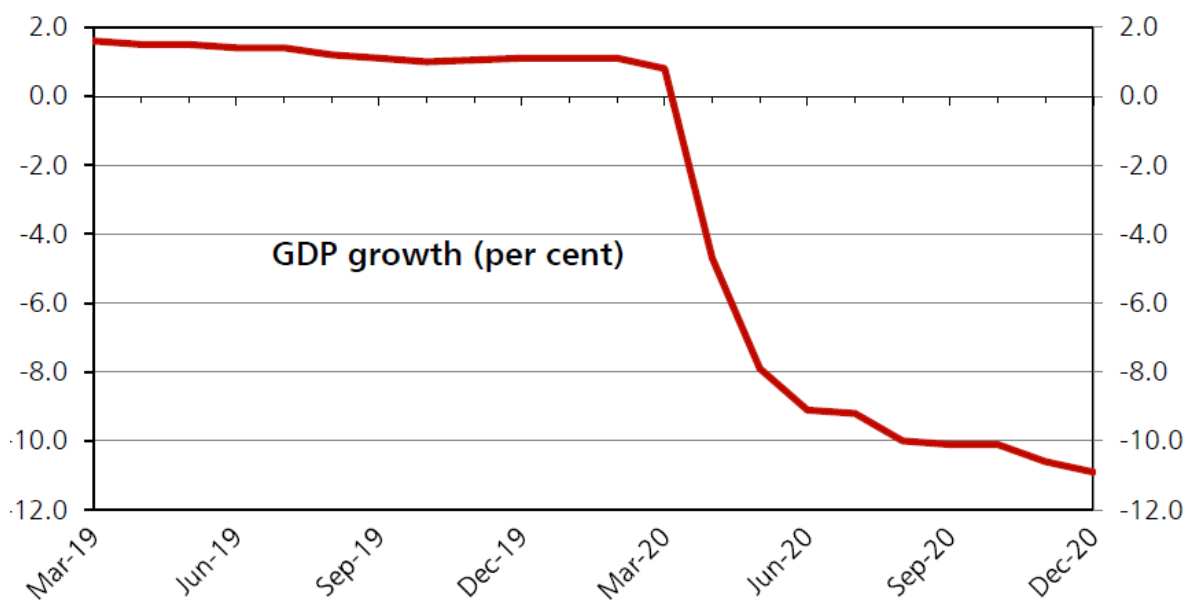
## 1.0 Introduction

1.1 At the time of writing (22 December 2020) there were 819 tested cases in Mid Devon and 26 deaths (with a COVID-19 positive test result). There were 9,526 in Devon (excluding Plymouth and Torbay) out of a total population of 802,375. In terms of the national situation, the UK has more than 1,888,116 confirmed cases and 64,908 deaths (Total deaths within 28 days of a positive test result for COVID-19).

1.2 At the time of writing this report the Devon County Council website indicates a total of 641 confirmed new cases in Devon in the last 7 days (of which 64 were in Mid Devon), 49 in Torbay, 176 in Plymouth and 118 in Cornwall over the same period.

1.3 The effect of the pandemic continues to have an enormous impact on the national economy. As previously reported at previous meetings the UK formally entered a recession earlier this year, having had two consecutive quarters of economic decline. Between the first and second quarter, the

economy has shrunk by 20.4%, the largest decline seen in the UK since quarterly records began. Whilst it is too early to have information regarding the latest national economic statistics the chart below based on a number of independent forecasts suggests a continuation in the worsening of the economic situation. Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. GDP is a measure of the size and health of a country's economy over a period of time.



*Average of independent forecasts for 2020; GDP growth  
Source: Forecasts for the UK economy: a comparison of independent forecasts  
HM Treasury December 2020*

- 1.4 The Government's independent forecaster, the Office for Budgetary Responsibility, predicts the UK economy will shrink by 11.3% this year - the biggest decline in 300 years. The UK's economic position is currently particularly concerning and at the time of writing a "no deal" Brexit looks increasingly likely.
- 1.5 At a local level, Devon County Council modelling evidence suggests that the Mid Devon economy will retract by around 10% (roughly 3% more than the rest of the UK) and it anticipates a 5-year recovery journey. The effects of the pandemic continue to have a significant impact on Mid Devon businesses. Particularly badly affected are the hospitality industry, high street retailers and food and drink suppliers.
- 1.6 The biggest concern for the District is the rise in unemployment. Between March 2020 and November 2020, the claimant count for Mid Devon has risen from 820 claimants to 1,840 claimants. The November figure had dropped slightly from the September 2020 figure of 2,055; however there are concerns that the furlough scheme is currently masking the COVID19 impacts on unemployment. The recent news that the furlough scheme is being extended by another month to the end of April 2021 is welcomed; however with almost 9,000 Mid Devon employees currently furloughed, there is a significant risk that the number of claimants could substantially increase once the scheme

comes to an end. Work undertaken by Devon County Council predicts that the effect on the Unemployment Claimant Count (% of Workforce 16-64) could range from an increase from 1.7% in March 2020 to between 6.1% and 9% in March 2021; however this work was undertaken before the extension to the furlough scheme.

- 1.7 To counter the risk of increased unemployment, the team is exploring projects with DWP and Devon County Council to provide support to help people get back into work as quickly as possible. We will report to members on the development of any job support programmes as they advance.

## 2.0 Ongoing Emergency Response

- 2.1 Since the start of Lockdown restrictions in March there has been a wide range of emergency COVID support activities undertaken by the District Council for local businesses and for the vulnerable. These have largely been funded from central government funds; some of which have now closed. The following paragraphs summarise these various activities:

### Business Assistance

- 2.2 At the time of writing over £30 million of business assistance grants have been issued. The table below summarises the various grant schemes and the total amounts of grant funding awarded:

<b>COVID Schemes</b>	<b>£ Awarded/Spent</b>	<b>Comments</b>
RHL & Small Business Grants	£20,007,500	Scheme Now Closed
Discretionary Grants	£1,129,000	Scheme Now Closed
Nursery Relief	£19,937	All Paid
Extended Retail Relief	£7,623,799	Applications Still Open
November Lockdown ( National Scheme)	£662,258	Scheme Open to Applications
November Lockdown ( Additional Scheme)	£243,826	Scheme Open to Applications
Sector Grant Scheme	£0	Scheme Open Applications Being Received
Tier 2 Grant (Open)	£0	Scheme Open Applications Being Received
Tier 2 Grant (Closed)	£0	Scheme Open Applications Being Received
Christmas Support Payment	£0	Scheme Open Applications Being Received
Council Tax Hardship ( Government Funded Scheme)	£450,899	On-going work to award funding
DCC & MDDC Welfare Support Scheme	£29,000	On-Going Support Being Delivered
Test & Trace ( Self Isolation Payments) Both Schemes	£17,000	Scheme Open Until 31/03/2021
<b>Total Assistance as at 15/12/2020</b>	<b>£30,183,219</b>	

- 2.3 93% of local lockdown grants had been paid at the time of writing. The remainder either requiring more information before they could be assessed or are being processed.

- 2.4 At the time of writing government guidance is still awaited regarding the Tier 2 grants, as is the government funding itself. Processes have been put in place by officers, applications have been invited (12<sup>th</sup> December 2020) and the scheme is ready to commence once funding arrives. Grant payments will continue during the Christmas period.

- 2.5 In addition to the Tier 2 grants mentioned above there is also the Christmas Support Payment grant which is for businesses who predominantly serve alcohol rather than food (wet-led). The Christmas Support Payment will be a one-off flat rate payment of £1,000 for December 2020 and is payable to the

ratepayer of eligible businesses on top of any other Covid-19 grants they are eligible to receive.

- 2.6 The GED team continues to signpost businesses to the Growth Hub for information relating to Government loan schemes and other support. The team has also been liaising with members and local MPs in circumstances where businesses are still falling through the gaps in support provision.

#### COVID-19 Community Support Response - Vulnerable Residents

- 2.7 Following Devon being categorised as a Tier 2 area on the 2<sup>nd</sup> December 2020, "Clinically Extremely Vulnerable" (CEV) individuals were no longer able to register their requests for support on the national registration service, although the District Council still maintains a helpline and online request form in case any vulnerable residents get into difficulties. The national support scheme will only be reactivated if Devon was to move into Tier 3, or if there were to be another national lockdown.

- 2.8 The first lockdown was dominated by residents' fears over food security. Most residents have now organised themselves with regular food supplies through home delivery, family and friends.

- 2.9 Over the four-week period of the second lockdown there were only 86 requests for support, 54 through the national registration system and 32 locally, only one of these required a food delivery. The majority needed simply reassurance, but other requests included help with prescriptions, emotional support and financial hardship. The Housing Team have undertaken 2,445 welfare calls.

- 2.10 The Community Support Hub has now been stood down and residents are being encouraged to be as prepared as possible during the Christmas period; however, Officers intend to keep a watching brief in case there are any urgent requests for emergency support.

#### COVID-19 Local Support Fund (Financial Hardship Fund)

- 2.11 The hardship fund is still receiving applications, with 108 applications received during November. Applications continue to be administered by CHAT and Navigate who are able to link financial support with referrals to the food bank and money advice services. The Customer Welfare Officer is co-ordinating the Council's response to financial hardship by ensuring all applicants are linked into the Council's other support grants and reliefs as appropriate.

- 2.12 Details regarding the scheme can be found on the District Council website: <https://www.middevon.gov.uk/do-it-online/covid19-support/covid19-local-support-fund/>

### **3.0 Town Centre and High Street Regeneration**

- 3.1 As referred to above 2020 has been a particularly challenging year for High Street businesses. Town Centre Health check work has commenced in Cullompton and will be reported at the next meeting. It is intended that this work will be replicated in the other towns as soon as resource is available, as

officers are currently tied up with grant administration work. This town centre health check information will comprise both quantitative and qualitative data which will form a basis for regular review at future agenda items and will inform emerging Masterplan proposals for the three main towns.

#### Reopening our High Streets Safely

- 3.2 Work on minimising and mitigating the risk of the spread of COVID19 in our High Streets continues. This involves putting in place measures to establish a safe trading environment for businesses and customers, particularly in high streets. Interventions include communications/public information, business facing awareness raising activities and temporary public realm changes to ensure that reopening of local economies can be managed successfully and safely. Liaison continues with the Town Councils and other partners with regard to ongoing review of the risk assessments for the towns and another meeting with the Town Mayors will be scheduled for the New Year.
- 3.3 Our Communication Strategy continues to guide the approach to publicising the changes to the town centres, reinforce safety messages and provide increased confidence to visitors. Further to our previous media campaigns and adverts we intend to run additional campaigns over the coming months promoting Mid Devon towns and crucially reinforcing safety measures. Social media updates have also been used through the campaign and our website is regularly updated.

#### Cullompton High Street Heritage Action Zone Project

- 3.4 An important part of the team's recovery work is the Cullompton High Street Heritage Action Zone project, co-funded by Historic England. There are a number of elements to the project. Recent developments are outlined below:
- 3.5 The 'Creative Cullompton' Cultural Programme funding application was submitted to Historic England on the 11<sup>th</sup> December 2020. This seeks funding for a cultural programme of activities to celebrate Cullompton town centre's culture and unique heritage, and to run in parallel to the capital projects. Feedback from Historic England will be available by the end of January 2021.
- 3.6 The Heritage Grants Schemes guidance documentation is under preparation, to be available in January 2021 with a view to launching the scheme as soon as possible.
- 3.7 An updated Cullompton Conservation Area Management Plan and Mid Devon Shopfront Design Guide have been drafted. These will be presented to the Planning Policy Advisory Group in January 2021.
- 3.8 The second Cullompton Town Centre Regeneration Partnership Group meeting is scheduled to take place on the 12<sup>th</sup> January 2021. This group acts as a forum where partners can work together to further Cullompton's regeneration, enabling consultation, discussion and collaboration between key stakeholders.

#### **4.0 Team Devon Recovery Update**

- 4.1 The 'Team Devon' approach to economic recovery continues; although public sector resource across the County has been prioritised on an extension of emergency response work following the second national lockdown and the subsequent categorisation of Devon as a Tier Two area.
- 4.2 Team Devon is a public and private sector partnership drawing in expertise from business, education, skills and public sector organisations to prepare a plan for economic recovery in the County. Mid Devon Officers have been active partners in the process. Other contributors to the 'Team Devon' recovery work include business representatives, Devon's County, District and City Councils, the Heart of the South West Local Enterprise Partnership, Dartmoor National Park and Devon's MP's.
- 4.3 Team Devon partners are meeting in the New Year to review economic recovery actions and to refine the £6m package of support to deliver priorities from the Team Devon Recovery Prospectus; although this is still subject to Devon County Council budget setting. Officers are contributing towards the development of these actions which cover themes relating to 'place', 'business support', 'skills and employment' and 'opportunities'.
- 4.4 The focus of this recovery work is currently on the development of a pipeline of opportunities in readiness for details and announcements trailed in the Comprehensive Spending Review by the Chancellor. This work will be developed closely with the Heart of the South West Local Economic Partnership as part of their Build Back Better prospectus.

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**Circulation of the Report:** Cllr Richard Chesterton  
Cllr John Downes

**List of Background Papers:**

<https://www.middevon.gov.uk/residents/coronavirus-support-for-communities-and-businesses/>

<https://www.gov.uk/government/publications/guidance-on-shielding-and-protecting-extremely-vulnerable-persons-from-covid-19>

<https://www.devon.gov.uk/coronavirus-advice-in-devon/coronavirus-data/>

<https://www.devon.gov.uk/coronavirus-advice-in-devon/document/team-devon-covid-19-economy-and-business-recovery-prospectus/>





# Agenda Item 8

**Mid Devon District Council  
Financial Monitoring Verbal Update  
2020/21 Nov / Month 8**

**1. General Fund**

	Month 7 – Oct 20 £k	Month 8 – Nov 20 £k	Movement £k
Forecast (Surplus) / Deficit	22	(109)	(131)

Month 8 reporting shows a forecast improvement of £131k and now indicates a surplus of (£109k).

It can be expected in these uncertain times, that the forecast will fluctuate pursuant to the constantly changing impacts of Covid 19.

November saw a second period of lockdown which, from a financial perspective, stalled the recovery in service activity and hence income. However, this was announced prior to publication of quarter 3 results allowing us to amend accordingly at that time.

The income compensation scheme is now active and the first payment of £530k relating to return period April to July has been received. The second return (August to November) has been accelerated and submission is currently in progress. The scheme income included in this forecast has been mitigated slightly to £1.4m to allow for possible alternative interpretations of the guidelines.

A further £53k has been received in furlough monies for November (ytd total – £387k).

The table below shows how the monthly movement breaks down between budget lines. To be concise, the table excludes any forecast budget lines where the variance has not moved month to month. For each service line it extracts the variance value which is funded from ear marked reserves as this will not contribute to the overall movement.

General Fund Summary £K	Full Year Variance			
	M7	Bridge		M8
		EMR	Other	
<b>Cllr Bob Deed</b>				
Corporate Management	(39)	50	50	11
<b>Cllr Colin Slade</b>				
Waste Services	76	31	31	107
<b>Cllr Dennis Knowles</b>				

Environmental Services incl. Licensing	3	(23)		(23)	(21)
IT Services	28		49	49	78
Open Spaces	0	12		12	12
Recreation And Sport	1,665		(90)	(90)	1,575
<b>Cllr Andrew Moore</b>					
Finance And Performance	73		10	10	83
Revenues And Benefits	(136)		(82)	(82)	(218)
Car Parks	476		(34)	(34)	442
<b>Cllr Bob Evans</b>					
General Fund Housing	(14)		3	3	(11)
Property Services	31		24	24	54
<b>Cllr Richard Chesterton</b>					
Community Development: Markets	38		(5)	(5)	34
Planning And Regeneration	183	15	9	24	208
<b>Cllr Mrs Nikki Woollatt</b>					
Customer Services	(12)	(19)	(5)	(24)	(36)
Legal & Democratic Services	(11)		(2)	(2)	(13)
<b>All General Fund Services</b>	2,302	(16)	(42)	(58)	2,244
Interest Payable on Other Activities	(330)		(10)	(10)	(340)
Interest Receivable on Investments	(163)		(4)	(4)	(167)
Transfers into/(from) Earmarked Reserves	369	16		16	385
<b>Total Budgeted Expenditure</b>	2,013	0	(56)	(56)	1,957
Business Rates Deficit (20-21)	343		30	30	374
Business Rates Benefit from Devon Pool	(5)		(68)	(68)	(73)
Council Tax Deficit (20-21)	237		(38)	(38)	199
<b>Total Budgeted Funding</b>	(1,991)	0	(75)	(75)	(2,066)
<b>Forecast in year (Surplus) / Deficit</b>	22	0	(132)	(131)	(109)
General Fund Reserve 31/03/20	(2,251)				(2,251)
<b>Forecast General Fund Balance 31/03/2021</b>	(2,228)				(2,360)

Therefore the main items not funded by EMRs and which contribute to the month on month deficit movement are as follows:

- Corporate Management – 3RD related fees - £50k
- Waste Services - £31k:
  - Improved waste income expectations less increased cost of trade waste disposal charges – (£3k)
  - Staff costs largely arising from a review of agency cost expectations due to additional rounds and backfilling staff due to Covid 19 - £36k
  - Fuel savings – (£2k)
- IT - £49k:
  - Staff costs - £29k
  - Technical support agreement extended due to vacancies - £20k
- Recreation & Sport – (£90k):
  - Net vacancy management savings – (£7k)
  - Further Covid 19 income losses adjustment - (£28k)
  - Furlough monies (Sep to Nov) – (£55k)
- Finance – Corporate Manager for Finance recruitment costs - £10k
- Revenues & Benefits – (£82k):
  - New Burdens grants from DWP in respect of Housing Benefits initiatives delivered within existing resource – (£6k)
  - NNDR further New Burdens Grant for Grant administration received with Tier 2 Grant award – (£76k)
- Car Parks - Adjustment to P&D income losses arising from Covid 19 – (£34k)
- General Fund Housing - Piper life line reduced income and increased costs due to Covid - £3k
- Property Services – salary costs – £24k
- Community Development (Market) – minor adjustments to salary, supplier costs and income – (£5k)
- Planning and Regeneration - £9k:
  - Development Management - supplies & services overspend on defending appeals, consultancy and advertising fees - £15k
  - Development Management – mileage savings - (£7k)
  - Development Management - net savings from delay in recruiting vacant roles – (£4k)
  - Development Management – amendment to Covid 19 income losses (reduction in developer applications with the larger fee) – £11k
  - Forward Planning – adjustment to salary savings – (£5k)
- Customer Services – net salary savings including furlough monies – (£5k)

- Legal & Democratic Services - Member Services - Reduction in Member mileage claims – (£2k)
- Interest payable – Reduced cost of borrowing – (£10k)
- Interest Receivable on Investments – Temp investment income – (£4k)
- Business Rates Deficit (20-21) – Amendment - £30k
- Devon Business Rates Pool – Amendment (£68k)
- Council Tax Deficit (20-21) – Amendment – (£38k)

## 2. HRA

	Month 7 – Oct 20 £k	Month 8 – Nov 20 £k	Movement £k
Forecast (Surplus) / Deficit	358	324	34

Month 8 reporting shows a forecast reduction in the deficit by £34k to £324k.

The reasons for this movement is as follows:

- Rental income reduction due to void levels increasing during the pandemic amendment – (£7k)
- Garage tenancy new lets haven't been occurring during Covid 19 - £4k
- Improved investment income expectations – (£31k)

**ECONOMY PDG  
14 JANUARY 2021**

## **BUDGET 2021/22 - UPDATE**

**Cabinet Member** Cllr Andrew Moore, Cabinet Member for Finance  
**Responsible Officer** Andrew Jarrett, Deputy Chief Executive (S151)

**Reason for the report:** To review the revised draft budget changes identified and discuss any further changes required in order for the Council to move towards a balanced budget for 2021/22.

**RECOMMENDATION:** To consider the updated budget proposals for 2021/22 included in Appendix 1 and the Capital Programme included in Appendix 3 and agree to circulate to the Policy Development Groups for further input prior to the formal recommendation back to Cabinet and Council.

**Reason for the recommendation:** The Local Government Finance Act 1992 places a legal requirement on the Council to approve a balanced budget. The first draft of the General Fund budget for 2021/22 indicated a deficit of £3.012m. This latest version proposes measures to reduce this deficit to £490k and considers other measures to achieve the statutorily required neutrality.

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

**Financial Implications:** The current budget for the General Fund shows a deficit of £490k. In addition we are predicting a funding deficit of c£2m on our General Fund in 2022/23. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

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

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

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

**Climate Change Assessment:** The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change.

## **1.0 Introduction**

- 1.1 On 19 October the first draft of the 2021/22 General Fund budget was presented to Cabinet. It indicated a looming deficit of £3.012m; a position arising significantly due to income losses as service activity has reduced due to the pandemic. Other factors were rising operational costs including an estimated inflation factor; cyclical essential maintenance costs relating to our property assets and reduced utilisation of ear marked reserves (EMRs) (NHB, NNDR smoothing reserve and the property maintenance reserve).
- 1.2 Apart from some small gains in Waste Services income relating to garden waste and the Shared Savings Agreement (SSA) with Devon County, the main area offering mitigation of these losses were Treasury ie interest receivable and interest payable. A capital accounting review also enabled us to recognise a reduced MRP provision.
- 1.3 It is worth reiterating that the 2020/21 budget, completed as it was around this time last year, does not imagine any of the impacts of Covid 19. In comparing the 2020/21 budget with the (draft) budget for 2021/22 we are comparing a pre-Covid budget with a Covid recovery budget. That is, this budget draft assumes that income streams will continue their current recovery trajectories into next year. Time will tell how reasonable this proves to be. Covid 19 is nothing if not persistent. Whilst news of a vaccine is heartening, the discovery of new strains and announcement of tighter controls over Christmas advise caution in our expectations. Serious deterioration from the current situation would impact the achievability of this budget.
- 1.4 The “Provisional local government finance settlement: England, 2021 to 2022” has just been published (17 December) giving further funding information for next year. The government have indicated that core spending power will rise by an average of 4.5% on the assumption that Councils raise their council tax by the maximum permitted without a referendum. This includes social care authorities who may raise council tax by up to 5%, and so the benefit to district councils is demonstrably lower. After accounting for inflation and cost pressures arising from Covid 19 the true uplift to us will be marginal.
- 1.5 The Chancellor has, however, recognised that Council services have been and continue to be undeniably critical in the fight against COVID-19 with further funding to manage the budgetary impacts of the pandemic. The Government’s commitment to work with local government on the lasting impact of this crisis is to be welcomed. It will be vital that the Government guarantees the financial challenge facing councils as a result of COVID-19 will be met in full, including funding for cost pressures and full compensation for lost income and local tax losses.

## **2.0 2021/22 General Fund Budget – Revised Position**

- 2.1 The draft budget gap has been fallen from £3.012m in round 1 to £490k – a reduction of £2.52m. How this has been achieved is explained below. The Funding Settlement details have allowed us to reflect any changes arising and present more robust numbers in some important areas.

2.2 This movement is summarised in Table 1 below:

<b>Table 1 – 2021/22 Draft Budget Gap Reduction – Round 2</b>		
<b>Movements</b>	<b>Notes</b>	<b>Amount (£k)</b>
<b>21/22 Budget Shortfall (Cabinet Report 29/10/20)</b>		<b>3,012</b>
Further Net Cost Pressures identified	6	128
Net write back of annual salary increment further to the funding review		(207)
Pay award provision (LA award not set centrally)		50
Vacancy management factor		(150)
Property Maintenance specific projects review (see para 4.4)		(246)
3 weekly waste savings (Oct-Mar)		(75)
Leisure centre dual use recharge		(20)
Revised HRA Recharges		9
Treasury Update	4	(105)
Minimum Revenue Provision (MRP) reduction		(136)
EMR Amendments	6	
NNDR Smoothing Reserve		(450)
EMR Surrender Review		(224)
Property Maintenance Annual Provision Forfeit		(182)
New Homes Bonus	3	124
NNDR - 21/22 deficit	1	400
Council Tax Forecast Adjustment	2	(76)
Income Protection Scheme (Apr-Jun)	1/5	(220)
Collection Fund Protection Scheme	1	(350)
Funding Settlement 17/12/20		
Lower Tier Services Grant		(179)
NHB (increase from £777k to £959k = £182k - see note)	3	(182)
Rural Services Delivery Grant increment		(23)
Covid 19 Non Ring-fenced Grant		(408)
<b>Draft Budget Gap for 2021/22 (Cabinet)</b>		<b>490</b>

Table Notes:

1	These lines are particularly subject to a financial health warning. They are the best estimates of the s151 officer based on the advice received from central government at the current time. Any adverse movement in these numbers will require support from general fund reserves in order to balance this budget.
2	<p>The total budgeted Council share of Council Tax Net Collectable Debt is included in this budget at £6,114,620. This based on a collection rate of 96%. The increment of £76k in this round of the budget draft represents an increase in the collection rate from 95% to 96%. In non Covid times the collection rate would be expected to be 98%. If a collection rate of 98% were applied to this draft, the Net Collectable Debt would rise by £127,400 to £6,242,020.</p> <p>The Funding Settlement has also confirmed that Councils may increase Council Tax by 1.99% or £5. The benefit arising to MDDC from this increment is £24k. Subject to Council approval, round 1 of the budget already included an increment of £5 (Band D increases to £213.84), so no further amendment is required.</p>

3	The Funding Settlement announced an increase to NHB funding and an extension to the scheme for another year. MDDC will therefore receive an additional £182k in 2021/22. New Homes Bonus has the benefit of being available for revenue or capital expenditure and so on receipt are moved to reserves to be drawn down upon in due course according to requirement.
4	This reflects a reduction in interest payable partly offset by an decrease in interest receivable further to an update of spending plans and recognition of falling interest rates.
5	The Funding Settlement also announced an extension to the Income Protection Scheme (IPS) for 3 months. The 2020/21 year scheme compensates for 75% of calculated losses. Details of the extended scheme will be published in June 2021.
6	"Further Net Cost Pressures Identified" includes net reduction in EMR utilisation of £58k.

### 3.0 Funding Settlement Impacts

- 3.1 It was confirmed that Councils could raise Council Tax by 1.99% or £5 whichever is higher. As the £5 allowance was already included in budget draft round 1, this confirms that treatment. The additional funding accruing to MDDC from this dispensation is £24k.
- 3.2 A new Lower Tier Services Grant has been introduced - £111m of which MDDC share is £179k. This partly in response to the current circumstances and there is no guarantee that it will be ongoing.
- 3.3 New Homes Bonus grant has been revisited with a total allocation in England of £196m. MDDC will receive an additional £182k in 2021/22 ie total £959k. This scheme had previously been scheduled to end in 2023/24. However, the Government has now set out an intention to hold a consultation on the future of the New Homes Bonus, with a view to implementing reform in 2022/23.
- 3.4 The Rural Services Delivery Grant will be £85 million in 2021/22. This is an increase of £4 million compared to 2020/21. The Government is minded to retain the current method of distributing the grant ie the bottom line to MDDC is an additional £23k over round 1 (which was set up par with 2020/21).
- 3.5 Government has released a series of tranches of non-ring fenced Covid 19 grants to allow Councils to counter the impacts of the pandemic. The first was released in March 2020 and the total to date is £1.2m. A further tranche of £1.55 billion has been announced to meet expenditure pressures in 2021/22, distributed using the "COVID-19 Relative Needs Formula." Hence, this Council's share will be £408k.
- 3.6 The Government has proposed a continuation of the Sales, Fees, and Charges compensation scheme for the first three months of 2021/22 and to use a quarter of each council's 2020/21 budgeted income as the baseline from which to assess losses. Using this basis a prudent estimate of £220k receivable has been included in this round.
- 3.7 The Income Compensation Scheme for 2020/21 is now live. The first return has been submitted and £530k received in response. The second return was due on 23 December with £740k under claim. Prudent interpretation of the guidelines which accompany this scheme indicate that MDDC will receive



c£1.6m. However this will not be confirmed until the final reconciliation which was scheduled for May 2021.

- 3.8 The Funding Settlement also shared details of how losses in scope of the guarantee to compensate for 75 per cent compensation of irrecoverable 2020/21 business rates and council tax losses will be measured. Whilst there is no explicit mention of this scheme applying to 2021/22, it is conceivable that support will be forthcoming to alleviate pressures arising here.

#### **4.0 Other Impacts**

- 4.1 Recent confirmation that the public sector pay rise for next year would be limited to a £250 increment for those earning less than £25k gives a strong indication how the Local Authority settlement will be made. As such the 2% provision made in round 1 has been reversed (whilst providing for the £250 uplift where applicable) reducing the gap by £207k. However, in recognition that Local Authority rises are settled independently of the public sector generally, provision is made for a reduced settlement.
- 4.2 A £150k provision is also made to accommodate a vacancy management factor. Indeed, services often hold open vacancies whilst they evaluate their ongoing requirement and of course, the recruitment process has its own lead time. In many ways therefore, this is simply formal recognition of current practice.
- 4.3 In round 1 the net collectable debt for Council Tax was based on a collection rate of 95%. Recent collection performance suggests this is slightly pessimistic. Hence this rate has been raised to 96% resulting in an additional £76k funding to MDDC. NNDR numbers remain subject to revision when the NNDR1 form is completed in January. This will then be available for the final draft of this budget.
- 4.4 The Council has a 30 year cyclical programme of essential property maintenance. This contributed £830k of cost to the round 1 draft. After close scrutiny, it is felt that elements of this programme can be delayed until future years. This has benefited the gap by £246k although there are caveats due to the safety implications. As this expenditure will still need to be incurred, it is not an overall saving and will not be a benefit during the period of the MTFP.
- 4.5 Transition to 3 weekly waste collection is estimated to save this Authority £150k per year along with environmental benefits – not least increased recycling. MDDC are initiating a 3 month trial in June which, if it is subsequently rolled out, would save c£75k next year.
- 4.6 Further MRP savings of £136k are recognised further to a review of finance leases, with part of the benefit relating to the delay in the implementation of International Financial Reporting Standard 16 – Lease Accounting (IFRS 16).
- 4.7 Falling interest rates and an update of the Council's borrowing requirement, particularly in the light of 3 Rivers' aspirant activity have reduced net cost by £105k.
- 4.8 Further cost pressures of £128k include confirmation of the terms of the Climate and Sustainability Specialist role and a rework of expected Covid 19 income losses due to the impacts of the November lockdown on their recovery, along with numerous smaller budgetary refinements.

4.9 A review early this year of EMRs held, highlighted some small areas where they were not required and so available for release. Recognising these now has funded £224k of deficit.

## **5.0 Capital Programme**

5.1 A revised version of the capital programme is included in appendix 3. This includes the latest data in respect of 3 Rivers Development Limited with those items subject to approval noted accordingly.

## **6.0 Conclusion**

6.1 Along with many Local Authorities, the financial challenges facing this Council are immense. A difficult position with significant uncertainties surrounding future funding, has been compounded by the need to maintain essential services whilst losing critical income streams.

6.2 There has been some recognition of this from Government and it has contributed to substantial progress being made in reducing the budget gap for 2021/22 to £490k. This does however, represent a significant remaining challenge.

6.3 Councils, however, need clarity and certainty about how all local services will be funded over the next few years and beyond. Next year we need a multi-year settlement which must reflect an understanding of the lasting impact the COVID-19 pandemic has had on both service demands and revenue raising.

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

6.5 In order to conclude the statutory budget setting process, this updated draft budget position will go through Cabinet, another round of PDG's, Scrutiny, and a final meeting of the Cabinet before being agreed at Full Council on the 24 February 2021. During this period officers will continue to identify and examine further savings possibilities that can reduce the current budget gap.

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

**Background Papers:** Provisional Settlement Email  
LGA Provisional Local Government Finance  
Settlement 2021/22 On the Day Briefing

**Circulation of the Report:** Elected Members, Cabinet Member for Finance,  
Leadership Team, Group Managers

## GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2021/22

	Notes	Budget 2020/2021 £	Movement £	Draft Budget 2021/2022 Round 1 £	Movement £	Draft Budget 2021/2022 Round 2 £
Cabinet	2	5,433,721	292,620	5,726,341	1,028,662	6,755,003
Community		2,890,445	1,546,959	4,437,404	(1,403,213)	3,034,191
Economy		(549,012)	261,002	(288,010)	(29,340)	(317,350)
Environment		3,736,850	318,215	4,055,065	(242,356)	3,812,709
Homes		303,880	69,180	373,060	19,950	393,010
<b>TOTAL NET DIRECT COST OF SERVICES</b>	1/4	<b>11,815,884</b>	<b>2,487,976</b>	<b>14,303,860</b>	<b>(626,297)</b>	<b>13,677,563</b>
Net recharge to HRA		(1,481,630)	(44,449)	(1,526,079)	58,069	(1,468,010)
Provision for the financing of capital spending		1,052,154	(184,144)	868,010	(136,290)	731,720
<b>NET COST OF SERVICES</b>		<b>11,386,408</b>	<b>2,259,383</b>	<b>13,645,791</b>	<b>(704,518)</b>	<b>12,941,273</b>
PWLB Bank Loan Interest Payable						
Finance Lease Interest Payable		48,340	111,070	159,410	-	159,410
Interest from Funding provided for HRA		(49,000)	2,600	(46,400)	-	(46,400)
Interest Receivable / Payable on Other Activities	3	439,878	(122,998)	316,880	(176,360)	140,520
Interest Received on Investments		(568,322)	(135,968)	(704,290)	71,120	(633,170)
Transfers into Earmarked Reserves	5	2,597,050	(639,978)	1,957,072	404,300	2,361,372
Transfers from Earmarked Reserves	5	(1,369,370)	(169,025)	(1,538,395)	(679,545)	(2,217,940)
Proposed Contribution from New Homes Bonus Reserve	5	(960,540)	522,040	(438,500)	-	(438,500)
<b>TOTAL BUDGETED EXPENDITURE</b>		<b>11,524,444</b>	<b>1,827,124</b>	<b>13,351,568</b>	<b>(1,085,003)</b>	<b>12,266,565</b>
<b>Funded by: -</b>						
Revenue Support Grant		-	-	-	-	-
Lower Tier Services Support Grant		-	-	-	(179,252)	(179,252)
Rural Services Delivery Grant		(466,700)	-	(466,700)	(23,042)	(489,742)
Covid19 Non Ringfenced Grant		-	-	-	(407,699)	(407,699)
Covid19 Income Compensation Schemes	12	-	-	-	(570,000)	(570,000)
New Homes Bonus	6	(1,418,190)	641,440	(776,750)	(182,000)	(958,750)
Retained Business Rates	7/8	(3,312,727)	255,320	(3,057,407)	(3)	(3,057,410)
Business Rates Pooling Dividend	9	(150,000)	150,000	-	-	-
CTS Funding Parishes		-	-	-	-	-
Collection Fund Surplus/Deficit	11	(112,000)	112,000	-	-	-
Council Tax (28,239.34 x £213.84)	10	(6,064,827)	26,127	(6,038,700)	(75,920)	(6,114,620)
<b>TOTAL FUNDING</b>		<b>(11,524,444)</b>	<b>1,184,887</b>	<b>(10,339,557)</b>	<b>(1,437,916)</b>	<b>(11,777,473)</b>
<b>REQUIREMENT TO BALANCE THE BUDGET</b>		<b>-</b>	<b>3,012,011</b>	<b>3,012,011</b>	<b>(2,522,919)</b>	<b>489,092</b>

**Current Assumptions: -**

- The annual salary increment has been reduced in line with public sector arrangements detailed in the Funding Settlement.
- Income flows have been reviewed and adjusted for changes in demand and unit price. Provision has been made to reflect the estimated impacts of the pandemic assuming recovery continues according to current trends in this line.
- Investment income has been based upon the existing lending criteria now in force.
- Support services have been calculated in accordance with the annual process.
- All earmarked reserves have been reviewed and adjustment made based upon existing need.
- New Homes Bonus receipts based on the latest announcements in the Funding Settlement.
- Retained Business Rates - s31 grant relating to 100% relief for Retail, hospitality and Leisure in 2020/21 will compensate for deficit brought forward and has been included in this line.
- Any business rates deficit brought forward from 2020/21 is expected to be funded from EMR and so is not included as a pressure here.
- It is assumed that in the shadow of Covid 19, there will be no dividend from the Devon Business Rates Pool in 2021/22.
- Council Tax has been increased by £5 (the higher of £5 or 2%) from £208.84 to £213.84. Confirmation of this treatment was received in the Funding Settlement.
- As with NNDR, any Council Tax deficit brought forward from 2020/21 is expected to be funded from EMR and so is not included as a pressure above.
- This line relates to receipts in respect of compensation schemes for revenue losses arising in year from the pandemic. It is subject to a financial health warning and represents the best estimates of the s151 officer based on the advice received from central government at the current time. Any adverse movement in these numbers will require support from general fund reserves in order to balance this budget.

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2021-22 BUDGETS

Transfers into Earmarked Reserves

SERVICE	EMR		Total	PLANT BUDGET	EQUIPMENT BUDGET	VEHICLES BUDGET	OTHER BUDGET	NEW HOMES BONUS
IE435	EQ653	NEW HOMES BONUS GRANT	958,752					958,752
IE440	EQ659	NNDR Smoothing EMR	400,000				400,000	
PS990	EQ685	FORE STREET MAINT S.FUND	0					
PS992	EQ685	MARKET WALK MAINT S.FUND	0					
CP540	EQ686	PAYING CAR PARKS (MACHINE REPLACEMENT SINKING FU	3,000		3,000			
LD201	EQ720	ELECTION COSTS - DISTRICT	25,000				25,000	
LD300	EQ721	DEMOCRATIC REP & MANAGEMENT	5,000				5,000	
PR810	EQ728	STATUTORY DEVELOPMENT PLAN	100,000				100,000	
EQ754	EQ754	PHOENIX PRINTERS EQUIP SFUND	2,200		2,200			
EQ755	EQ755	ICT EQUIPMENT SINKING FUND	189,500		189,500			
EQ756	EQ756	FLEET CONTRACT FUND	559,600			559,600		
IT300	EQ759	MOBILE PHONE CONTRACT	5,000		5,000			
GM960	EQ760	GROUNDS MAINTENANCE	15,820	15,820				
EQ761	EQ761	RECYCLING PLANT SFUND	20,000	20,000				
EQ763	EQ763	RECYCLING MAINTENANCE SINKING FUND	0					
PS880	EQ765	BUS STATION	0					
ES100	EQ766	CEMETERIES	0					
ES450	EQ767	PARKS & OPEN SPACES	0					
RS140	EQ837	LEISURE SINKING FUND	75,000		75,000			
PS980	EQ837	Property maintenance - new	0					
WS710	EQ839	WASTE PRESSURE WASHER	2,500		2,500			
<b>TOTAL</b>			<b>2,361,372</b>	<b>35,820</b>	<b>277,200</b>	<b>559,600</b>	<b>530,000</b>	<b>958,752</b>

page 37

2020/2021 Budget

34,360      272,200      559,600      130,000      1,418,190

Movement

1,460      5,000      -      400,000      (459,438)

## 2021-22 BUDGETS

Appendix 2

## Transfers from Earmarked Reserves

SERVICE	EMR	Description	TOTAL	UTILISE NHB	OTHER
EQ638	EQ638	DEV CONT LINEAR PARK	(4,170)		(4,170)
EQ640	EQ640	W52 POPHAM CLOSE COMM FUND	(1,950)		(1,950)
EQ641	EQ641	W67 MOORHAYES COM DEV FUND	(1,630)		(1,630)
EQ642	EQ642	W69 FAYRECROFT WILLAND EX WEST	(4,620)		(4,620)
EQ643	EQ643	W70 DEVELOPERS CONTRIBUTION	(6,650)		(6,650)
EQ644	EQ644	DEV CONT WINSWOOD CREDITION	(3,080)		(3,080)
ES733	EQ652	PUBLIC HEALTH	(53,130)		(53,130)
PR402	EQ652	CULLOMPTON HAZ	(15,000)		(15,000)
CD200	EQ653	COMMUNITY DEVELOPMENT	(45,000)	(45,000)	
PR400	EQ653	BUSINESS DEVELOPMENT	(80,000)	(80,000)	
EQ755	EQ653	ICT EQUIPMENT SINKING FUND	(189,500)	(189,500)	
PR402	EQ653	CULLOMPTON HAZ	(124,000)	(124,000)	
IE440	EQ659	NNDR Smoothing EMR	(3,537,610)		(3,537,610)
PR402	EQ722	CULLOMPTON HAZ	(30,000)		(30,000)
PR810	EQ726	BROWNFIELD SHARED PLAN	(36,263)		(36,263)
PR400	EQ728	BUSINESS DEVELOPMENT	(60,000)		(60,000)
PR810	EQ728	STATUTORY DEVELOPMENT PLAN	(86,270)		(86,270)
PR810	EQ729	CUSTOM & SELF BUILD	(45,000)		(45,000)
HG320	EQ742	HOMELESSNESS EMR	(178,740)		(178,740)
FP100	EQ755	ICT EQUIPMENT SINKING FUND	(20,000)		(20,000)
EQ756	EQ756	FLEET CONTRACT FUND	(524,060)		(524,060)
CS932	EQ776	CUSTOMER FIRST	(19,362)		(19,362)
IE420	EQ777	C/Tax Smoothing EMR	(101,530)		(101,530)
PR810	EQ821	NEIGHBOURHOOD PLANNING FUNDING	(13,200)		(13,200)
PR225	EQ824	GARDEN VILLAGE PROJECT	(338,000)		(338,000)
LD100	NEW	ELECTIONS	(45,000)		(45,000)
	EQ653	RELEASING OF RESERVES TO SUPPORT THE GENERAL FUND IN THE FIRST YEAR OF REDUCTION OF HRA RECHARGES	(58,069)	(58,069)	
	EQ660	RELEASING OF RESERVES TO FUND THE 21/22 GF BUDGET	(223,746)		(223,746)
	EQ700	RELEASING OF RESERVES TO FUND THE 21/22 GF BUDGET	-		
<b>TOTAL</b>			<b>(5,845,580)</b>	<b>(496,569)</b>	<b>(5,349,011)</b>

2020/2021 Budget

(960,540) (1,369,370)

Movement

463,971 (3,979,641)

**Exe Valley Leisure Centre**

Evlc - Boilers and CHP	122
Evlc - Fitness Studio renewal of equipment	153

**Culm Valley sports centre**

Cvsc - remodelling dance studio	153
Cvsc - Squash court conversion to fitness	204

**MDDC Shops/Industrial Units**

Market Walk Unit 17 - remodelling options	510
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**Other Projects**

Hydromills Electricity generation Project - Tiverton Weir	800
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**HIF Schemes**

Cullompton Town Centre Relief Road (HIF bid)	4,141
Tiverton EUE A361 Junction Phase 2 (HIF bid)	4,700

**ICT Projects**

Additional Unified Communications budget	30
Hardware replacement of Network Core Switch	80

**Private Sector Housing Grants**

Disabled Facilities Grants--P/Sector	577
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**Other General Fund Development Projects**

* 3 Rivers Scheme - Bampton	503
3 Rivers Scheme - Riverside Development (rear of Town Hall) Tiverton	430
* 3 Rivers scheme - Knowle Lane, Cullompton (note slippage from 20/21 will fund planned spend in 21/22)	0
* 3 Rivers Scheme - Park Road	1,250

\* These schemes require signed loan agreements before they can be progressed further

**HRA Projects****Existing Housing Stock**

Major repairs to Housing Stock	2,275
Renewable Energy Fund	250
Home Adaptations - Disabled Facilities	300

**\* Housing Development Schemes**

HRA Building Schemes - to be identified (note slippage from 20/21 will fund schemes in 21/22)	0
Garages Block - Redevelopment	408
Affordable Housing/ Purchase of ex RTB	500
Waddeton Park, Post Hill, Tiverton (note slippage from 20/21 will fund planned spend in 21/22)	0

\* Proposed Council House Building / Other schemes subject to full appraisal

<b>TOTAL GF LEISURE</b>	<b>632</b>
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<b>TOTAL OTHER</b>	<b>1,310</b>
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<b>TOTAL HIF SCHEMES</b>	<b>8,841</b>
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<b>TOTAL ICT</b>	<b>110</b>
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<b>TOTAL PSH GRANTS</b>	<b>577</b>
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<b>TOTAL GF PROJECTS</b>	<b>11,470</b>
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<b>TOTAL GF OTHER DEVELOPMENT PROJECTS</b>	<b>2,183</b>
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<b>GRAND TOTAL GF PROJECTS</b>	<b>13,653</b>
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<b>GRAND TOTAL HRA PROJECTS</b>	<b>3,733</b>
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<b>GRAND TOTAL GF + HRA PROJECTS</b>	<b>17,386</b>
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[FUNDING](#)

**MDDC Funding Summary**

**General Fund**

	2021/22 £k
<b>EXISTING FUNDS</b>	
Capital Grants Unapplied Reserve	577
Capital Receipts Reserve	88
NHB Funding	1,014
Other Earmarked Reserves	150
HIF Funding	8,358
<b>Subtotal</b>	<b>10,187</b>
<b>NEW FUNDS</b>	
PWLB Borrowing	3,466
<b>Subtotal</b>	<b>3,466</b>
<b>Total General Fund Funding</b>	<b>13,653</b>

**Housing Revenue Account**

	2021/22 £k
<b>EXISTING FUNDS</b>	
Capital Receipts Reserve	951
NHB Funding	21
HRA Housing Maintenance Fund	88
Other Housing Earmarked Reserves	2,673
<b>Subtotal</b>	<b>3,733</b>
<b>NEW FUNDS</b>	
PWLB Borrowing	0
Revenue Contributions	0
<b>Subtotal</b>	<b>0</b>
<b>Total Housing Revenue Account Funding</b>	<b>3,733</b>
<b>TOTAL FUNDING</b>	<b>17,386</b>