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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **COUNCIL** held on 26 August 2020 at 6.00 pm

Present

Councillors

L J Cruwys (Chairman)
Mrs E M Andrews, G Barnell, E J Berry,
W Burke, J Cairney, R J Chesterton,
S J Clist, Mrs C Collis, Mrs F J Colthorpe,
D R Coren, N V Davey, Mrs C P Daw,
R M Deed, R J Dolley, J M Downes,
C J Eginton, R Evans, Mrs S Griggs,
B Holdman, T G Hughes, D J Knowles,
F W Letch, B A Moore, Miss J Norton,
S J Penny, D F Pugsley, R F Radford,
C R Slade, Mrs M E Squires, R L Stanley,
L D Taylor, Ms E J Wainwright,
B G J Warren, A White, A Wilce,
Mrs N Woollatt, J Wright and A Wyer

41 Apologies (00-09-16)

There were no apologies.

42 Protocol for Remote Meetings (00-09-24)

The protocol for remote meetings was **NOTED**.

43 Long Service Award - Emma Kingston (00-09-44)

The Chairman spoke of Emma Kingston's 25 years service to the Council and on behalf of all the Members and Officers he thanked her for her dedication and hard work.

44 Long Service Award - Bev Saull-Hunt (00-11-21)

The Chairman spoke of Bev Saull-Hunt's 25 years service to the Council and on behalf of all the Members and Officers he thanked her for her dedication and hard work.

45 Public Question Time (00-14-16)

Cllr Enright, referring to the Greater Exeter Strategic Plan, stated that he was the Chairman for Newton St Cyres Parish Council and he was dismayed that the Greater Exeter Strategic Plan (GESp) showed 1200 new dwellings in his small village. The village was already plagued by ever increasing traffic along the A377 linking Crediton to Exeter and vice versa. They want them built in an area which is very difficult to access and is prone to flooding. MDDC please protect the beautiful historic towns and villages and not let them become suburbs of Exeter. GESp is clearly intended to satisfy Exeter's building requirements by pushing development out to the neighbouring councils whilst keeping the jobs in Exeter. The recently adopted Mid Devon Local Plan provides the required Mid Devon housing and it will create jobs

within Mid Devon. Surely this is better for Mid Devon, please keep local control, after all that is one of the prime reasons why councillors are elected. Why do we need GESp, please stay with the Mid Devon Plan and work more loosely with adjoining councils.

Mr Perris, referring to the General Fund Revenue Account outturn summary for 2019-2020, stated that he had noted that the corporate management costs were budgeted in 2019 for £1,681,157 and the actual was £2,533,656, a variance of £852,500. Whilst I appreciate that some of the issues, shall we say, around 3 Rivers have gone into this fund, I consider that quite a high management cost and I would like to know what the breakdown of those costs are in that budget line. I think that is probably best sent to me via a reply.

Ms Pole again referring to the 3 Rivers, Grant Thornton accounts audit stated that there was a reference to a £600k audit adjustment and she wanted to know if that was part of the £790k impairment that was referred to in the accounts as having been accounted to by the Housing Revenue Account (HRA). The £600k appeared to have been relating to a settlement of a dispute whereas the £790k appears to have been relating to adjustments to loans and I don't have much clarity of those two line items why either of them would have been adjusted to the HRA which is ring fenced for council stock matters

The Group Manager of Financial Services responded to add some clarity and stated that the £790k related to the impairment charges against the loans that MDDC made to its subsidiary 3 Rivers and that the impairment charge was put through the financial statements for the year ending 31st March 2020. The £790k actually accounted for part of the £852k variance which the previous member of the public referred to in respect of corporate management. All of the items had gone through corporate management and had been accounted for in the General Fund. The £600k was a completely different item that appeared in Grant Thornton's audit findings report for the year ending 31st March 2020 as an unadjusted balance, so they were making a note there to say 'there is an item of £600k which has not gone through the financial statements in this year'. The reason it was not adjusted for was, within the context of MDDC accounts, it was not a material item. The £600k related to a settlement of a long standing contractual dispute and the settlement agreement was subject to a very strict confidentiality agreement and it was not possible to give further details of what the settlement relates to.

The Chairman advised that written responses would be provided to the questions asked in reference to the General Fund Reserve outturn summary 2019-2020.

46 Declarations of Interest under the Code of Conduct (00-23-05)

Members were reminded of the need to declare any interests when appropriate.

47 Minutes (00-23-05)

The minutes of the meeting held on 1 July 2020 were agreed as a correct record.

Subject to the addition of the word 'extraordinary' within the heading of the minutes, the minutes of the extraordinary meeting held on 29 July 2020 were agreed as a correct record.

48 **Chairman's Announcements (00-25-17)**

The Chairman had no announcements to make.

49 **Petitions (00-25-25)**

No petitions had been presented.

50 **Notices of Motions (00-25-39)**

It was reported that no Motions had been received.

51 **Reports - Cabinet - report of the meeting held on 9 July 2020 (00-26-07)**

The Leader presented the report of the meeting of the Cabinet held on 9 July 2020.

1. Annual Treasury Management Report (Minute 201)

The Leader **MOVED** seconded by Councillor R L Stanley:

THAT the recommendations of the Cabinet as set out in Minute 201 be **ADOPTED**.

Upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

52 **Cabinet - Report of the meeting held on 6 August 2020 (00-32-35)**

The Leader presented the report of the meeting of the Cabinet held on 6 August 2020.

1. Statement of Community Involvement Review (Minute 213)

The Leader **MOVED** seconded by Councillor L D Taylor:

THAT the recommendations of the Cabinet as set out in Minute 213 be **ADOPTED**.

Upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

2. Greater Exeter Strategic Plan (Minute 215)

Councillor L D Taylor **MOVED** seconded by Councillor G Barnell

THAT the recommendations of the Cabinet as set out in Minute 215 be **ADOPTED**.

Councillor D F Pugsley MOVED seconded by Councillor B G J Warren; that in accordance with Procedure Rule 15.1(e) the item be referred back to the Cabinet for further consideration.

Following consideration and upon a vote being taken, the **MOTION** was declared to have **FAILED**.

The Leader MOVED AN AMENDMENT seconded by Councillor D J Knowles that:

That Council resolve to:

1. Commit to prepare a revised joint strategic statutory plan;
2. Should Officers subsequently advise that 1. proves not to be the most appropriate option in planning terms, consider a review of other options for further strategic and cross-boundary planning matters with willing participatory authorities in the Housing Market Area;
3. Instruct officers to review and incorporate relevant elements of the GESP Draft Policies and Site Options consultation document and other supporting documentation and evidence that remain valid;
4. Jointly prepare necessary technical studies and evidence for the new strategic plan, including conducting a further call for sites process, align monitoring and share resources where there are planning and cost benefits for doing so;
5. Reaffirm the Council's commitment to the delivery of high quality development at Culm Garden Village as part of the Garden Communities Programme and continue to work collaboratively as a group of Councils in the garden communities programme with Homes England; and
6. Task Officers to prepare a further report on staff resources to prepare a revised joint strategic plan with resources to be provided equitably to the team through equalisation arrangements.
7. Task Officers to bring forward the preparation of the next Local Plan Review

Consideration was given to:

- The decision of East Devon District Council to withdraw from the GESP and the fact that the plan could no longer continue in its current form
- Committing to a joint strategic statutory plan would provide a platform for local people to shape a plan for the future
- The Local Planning Authority and the County Council had a duty to cooperate on strategic matters and the GESP provided the opportunity for all to work together
- There was a need for economic activities and growth areas to be considered strategically
- The significant amount of work that had already taken place
- The Government had show a willingness to engage with one voice from the area and therefore a joint vision and a joint strategic plan was required
- Whether to withdraw from the GESP whilst continuing to engage with GESP partners
- Whether the creation of a new GESP would potentially have a greater impact on Mid Devon with further sites being put forward to overcome the gap following the decision of East Devon District Council to withdraw from the GESP
- The need to work with neighbouring authorities to create a plan for the Greater Exeter area

- The GESP provided some good ideas focusing on climate change and other issues but there was concern for the local residents in certain parts of the area.
- The need to keep control of allocations within Mid Devon and not deal with the shortfall for allocated sites within Teignbridge and Exeter
- The impact of Covid 19 and how this may change the way in which people travel to work
- The possibility of cooperating with partner authorities without the need for the GESP

Councillor L D Taylor **MOVED** in accordance with Procedure Rule 19.4

'THAT the vote in respect of this **MOTION** shall be by Roll Call'

A roll call of Members present at the meeting was then taken:

Those voting **FOR** the **MOTION**: Councillors: Mrs E M Andrews, E J Berry, W Burke, R J Chesterton, Mrs C A Collis, Mrs F J Colthorpe, D R Coren, N V Davey, Mrs C P Daw, R M Deed, R J Dolley, C J Eginton, R B Evans, Mrs S Griggs, T G Hughes, D J Knowles, B A Moore, S J Penny, R F Radford, C Slade, Mrs M E Squires and R L Stanley.

Those voting **AGAINST** the **MOTION**: Councillors: G Barnell, J Cairney, S J Clist, L J Cruwys, J M Downes, B Holdman, F W Letch, Miss J Norton, D F Pugsley, L D Taylor, A White,, A Wilce, Mrs N Woollatt, J Wright and A Wyer.

Those **ABSTAINING**: Councillor B G J Warren.

The **AMENDMENT** was declared to have been **CARRIED**

Councillor Barnell then MOVED the following AMENDMENT, seconded by Councillor L D Taylor that:

"Following the decision by East Devon Council to withdraw from GESP it is clear that GESP cannot now proceed.

This Council, therefore, resolves that:

1. The Cabinet Portfolio Holder for Planning and Regeneration in consultation with the Leader of the Council, the Head of Planning, and other Cabinet members:-
 - a) Explore, with neighbouring planning authorities, options for cooperation in meeting joint planning objectives, ensuring that a shared commitment to addressing the climate crisis is at the centre of these considerations
 - b) Reports to Cabinet within six months on the options for cooperation in joint planning.
2. Cabinet, having considered the options for joint planning, makes recommendations to Full Council on how best to proceed.

3. Officers bring forward the next Local Plan Review as soon as possible, incorporating where possible some of the climate learning and policies from GESP.

Additionally this Council reaffirms its commitment to the delivery of high quality development at Culm Garden Village as part of the Garden Communities Programme and continue to work collaboratively as a group of Councils in the garden communities programme with Homes England."

Consideration was given to:

- The need for members to move the process rather than officers
- The need to protect the rural heritage of the area
- The need to reframe the whole agreement
- The ongoing commitment to the Garden Village
- Even without the GESP, neighbouring authorities could still work together
- The need to be in control of strategic planning in Mid Devon

Councillor L D Taylor **MOVED** in accordance with Procedure Rule 19.4

'**THAT** the vote in respect of this **MOTION** shall be by Roll Call'

A roll call of Members present at the meeting was then taken:

Those voting **FOR** the **MOTION**: Councillors: G Barnell, J Cairney, S J Clist, L J Cruwys, J M Downes, B Holdman, F W Letch, Miss J Norton, D F Pugsley, L D Taylor, A White, A Wilce, Mrs N Woollatt, J Wright and A Wyer

Those voting **AGAINST** the **MOTION**: Councillors: Mrs E M Andrews, E J Berry, W Burke, R J Chesterton, Mrs C A Collis, Mrs F J Colthorpe, D R Coren, N V Davey, Mrs C P Daw, R M Deed, R J Dolley, C J Eginton, R B Evans, Mrs S Griggs, T G Hughes, D J Knowles, B A Moore, S J Penny, R F Radford, C R Slade, Mrs M E Squires and R L Stanley

Those **ABSTAINING**: Councillor B G J Warren.

The **AMENDMENT** was declared to have **FAILED**.

The Chairman indicated that he would **MOVE** the **SUBSTANTIVE MOTION**:

That Council resolve to:

1. Commit to prepare a revised joint strategic statutory plan;
2. Should Officers subsequently advise that 1. proves not to be the most appropriate option in planning terms, consider a review of other options for further strategic and cross-boundary planning matters with willing participatory authorities in the Housing Market Area;
3. Instruct officers to review and incorporate relevant elements of the GESP Draft Policies and Site Options consultation document and other supporting documentation and evidence that remain valid;

4. Jointly prepare necessary technical studies and evidence for the new strategic plan, including conducting a further call for sites process, align monitoring and share resources where there are planning and cost benefits for doing so;
5. Reaffirm the Council's commitment to the delivery of high quality development at Culm Garden Village as part of the Garden Communities Programme and continue to work collaboratively as a group of Councils in the garden communities programme with Homes England; and
6. Task Officers to prepare a further report on staff resources to prepare a revised joint strategic plan with resources to be provided equitably to the team through equalisation arrangements.
7. Task Officers to bring forward the preparation of the next Local Plan Review

Upon a vote being taken the **SUBSTANTIVE MOTION** was declared to have been **CARRIED**.

Note: Councillor Miss E Wainwright lost connection during the above item and was unable to vote.

3. Revised GESP Statement of Community Involvement (Minute 216)

This recommendation was **NOT MOVED**.

53 Scrutiny Committee - Report of the meeting held on 20 July 2020 (2-11-12)

The Chairman of the Scrutiny Committee presented the report of the meeting of the Committee held on 20 July 2020.

54 Scrutiny Committee - Report of the meeting held on 17 August 2020 (2-12-28)

The Chairman of the Scrutiny Committee presented the report of the meeting of the Committee held on 17 August 2020.

55 Audit Committee - Report of the meeting held on 11 August 2020 (2-13-25)

The Chairman of the Audit Committee presented the report of the meeting of the Committee held on 11 August 2020.

56 Environment Policy Development Group - Report of the meeting held on 14 July 2020 (2-14-18)

The Chairman of the Environment Policy Development Group presented the report of the meeting of the Group held on 14 July 2020.

57 Homes Policy Development Group - Report of the meeting held on 21 July 2020 (2-14-55)

The Chairman of the Homes Policy Development Group presented the report of the meeting held on 21 July 2020.

58 Economy Policy Development Group - Report of the meeting held on 16 July 2020 (2-15-42)

The Chairman of the Economy Policy Development Group presented the report of the meeting of the Group held on 16 July 2020.

59 Community Policy Development Group - Report of the meeting held on 28 July 2020 (2-16-15)

The Chairman of the Community Policy Development Group presented the report of the meeting of the Group held on 28 July 2020.

60 Planning Committee - Report of the meeting held on 15 July 2020 (2-17-08)

The Chairman of the Planning Committee presented the report of the meeting of the Committee held on 15 July 2020.

61 Planning Committee - Report of the meeting held on 12 August 2020 (2-18-00)

The Chairman of the Planning Committee presented the report of the meeting of the Committee held on 12 August 2020.

62 Questions in accordance with Procedure Rule 13 (2-20-08)

There were no questions submitted under Procedure Rule 13.2.

63 Special Urgency Decisions (2-20-30)

With regard to any decisions taken under Rule 16 (of the Constitution) Special Urgency taken since the last meeting. The Chairman informed the meeting that no such decisions had been taken in this period.

64 Questions to Cabinet Members (2-20-30)

Cllr Warren addressing the Cabinet Member for Planning and Economic Regeneration asked that: we now have an up to date Local Plan which we are advised removes all the problems which we have been experiencing over recent years of having out of date policies and at one point failing to have a 5 year housing land supply. During the process of a current appeal, the appellant raised the issue of a 5 year land supply and challenged the council's claim that it had a 7.43 year supply, this was later reduced to 5.78 and then conceded that 60 houses were necessary on a particular site to support the 5 year land supply figures. We appear to be working from 2018 figures which were refreshed in 2019 but we did not have firm 2020 figures. Can you please assure members that we can defend a position of having a 5 year land supply with the appropriate buffer and that we are working from up to date 2020 figures?

The Cabinet Member stated that: we have met to discuss issues in relation to the 5 year land supply in the context of a planning appeal, you will remember that I explained that the Local Plan Inspector confirmed to his satisfaction that the housing land supply in the Local Plan Review is robust. In coming to that conclusion, the

inspector had regard to the supply requirements and an appropriate buffer. Council will recall adopting the plan at a recent meeting. In the words of the inspector, the plan is well capable of achieving a rolling 5 year supply of deliverable housing sites. Officers are seeking to update the deliverability of the information, housing deliverability will inform us of land supply and that he was keeping a close eye on that.

Councillor Wilce addressing the Leader stated: you will be aware that part of the recording of the cabinet meeting held on the 9th July, which was open to the public, was edited by Officers, without any precedent, policy, or regulation, to remove reference to the potential liability to the Council of its loans to 3 Rivers. Members of the public were present, as was a member of the press. Since it is not possible to erase the memories of those persons present and given that the purpose of the recording is to provide a true and accurate record of the meeting, do you agree with me that this action is undemocratic and that the full recording of the meeting should be made public?

And, that having recently acknowledged that the loans made to 3 Rivers were 'substantially without security' can you update members on the current level of potential indebtedness of the Council and the security of those loans, given that the build at St George's Court has not resumed?

The Leader stated that you are aware that Cabinet has been seriously looking into the situation of 3 Rivers and Cabinet is on the point of having discussions as to the future of 3 Rivers. In terms of actions that we are taking, there is an action plan in place which is updated on a regular basis to address issues that have been raised by various outside bodies and in terms of the situation at St Georges Court, that is within sight of Cabinet and when there is something substantive to report, that will be reported to all members.

With regard to recordings, there has been discussion with the Head of Legal on this, in future there will be greater interest and oversight as to what is edited and for meetings, together with notes and minutes and reporting of anything that happens in Part II. In future we would be hoping that for every subject that comes forward for consideration at any committee there will always be a Part I paper with an appendix if necessary if there are Part II items, this will ensure greater transparency going forward for any matter which is raised within this council.

Councillor F W Letch addressing the Leader congratulated him on his successful amendment and asked whether he had any plans on how he could unite a slightly disjointed Cabinet.

The Leader stated that he had a meeting on Friday with the Leaders of GESP and they would be taking in account the votes in the various Local Authorities, there would be a paper produced with options which would be presented on Friday and they will be discussed and he would report back as appropriate to members. He would work with the Head of Planning, Economy and Regeneration and the Cabinet Member and would be at the centre of the discussions going forward as for the future shape for presentation to and for consultation with members.

65 **Members Business (2-28-48)**

There was no business to be discussed.

(The meeting ended at 8.30 pm)

CHAIRMAN

WRITTEN RESPONSES TO PUBLIC QUESTIONS

Dear Ms Pole

Further to your question at last night's Council meeting, the chairman, Council Cruwys, has asked me to write to you to confirm my answer.

I would summarise your question as being:

What is the link between the £790k impairment that was made in the 2019/20 financial statements for Mid Devon District Council against loans which have been made to the Council's 100% subsidiary 3 Rivers Developments Limited (3 Rivers), and the c£600k unadjusted balance referred to in the Audit Findings Report (AFR) issued by the external auditors to the Council, Grant Thornton?

Answer

Aside from both of these items relating to the financial affairs of MDDC there is no direct link. The impairment of £790k relates to the loans which have been made to 3 Rivers to facilitate its operations. For clarity these loans, and so also the impairment, relate to the General Fund and not the Housing Revenue Account (HRA). These impairments have been made in compliance with IFRS 9 (International Financial Reporting Standard 9 – Financial Instruments) which the Council is required to follow.

The unadjusted balance of £600k which Grant Thornton refer to in the AFR relates to a settlement agreement which concludes a long running contractual dispute, and is subject to a confidentiality agreement. This agreement was finalised recently ie not during the reporting period. However, as this matter relates to events prior to the balance sheet date ie 31 March 2020 the settlement cost could be considered an adjusting post balance sheet event under IAS 10 (International Accounting Standard 10 – Events After the Reporting Period). Due to the late timing of this settlement and the fact that it is not material in the context of the Council's financial statements, it has not been adjusted for in those statements for the year ended 31 March 2020. This treatment is recognised and confirmed by Grant Thornton in the AFR. It will therefore be included in the accounts for the year ended 31 March 2021.

Dear Mr Perris

Further to last night's Council meeting, the chairman, Councillor Cruwys, has asked me to write to you in response to your question.

You highlighted one of the reporting lines from the Council's General Fund Revenue Account Outturn 2019/20 being Corporate Management (below) and made a general request for details relating to this expenditure:

Budget - £1,681,157

Actual Spend - £2,533,656

Variance - £852,500

Corporate Management

Code	Corporate	2019/20 Budget £	2019/20 Actual £	Variance £	Variance %
1,000	Employees	1,543,710	1,525,386	(18,324)	-1.2%
2,000	Premises	0	0	0	0.0%
3,000	Transport	3,110	1,907	(1,203)	-38.7%
4,000	Supplies and Services	156,700	997,726	841,026	536.7%
	Total Direct Expenditure	1,703,520	2,525,019	821,499	48.2%
7,000	External Income	(22,363)	8,638	31,001	138.6%
	Net Direct Expenditure	1,681,157	2,533,656	852,500	50.7%
5,000	Support Services	(159,870)	(159,870)	0	0.0%
6,500	Depreciation	0	0	0	0.0%
	Total Indirect Expenditure	(159,870)	(159,870)	0	0.0%
	Total Corporate Expenditure	1,521,287	2,373,786	852,500	56.0%
	Corporate Management Service Units				
CM100	Leadership Team	573,440	547,352	(26,088)	-4.5%
CM199	Leadership Team Recharge	(573,420)	(573,420)	0	0.0%
CM210	Performance, Governance & Data	105,470	95,428	(10,042)	-9.5%
CM220	Brexit	(15,363)	(15,363)	0	0.0%
CM300	Corporate Fees/charges	508,430	1,389,398	880,968	173.3%
CM340	Unison	11,540	11,433	(107)	-0.9%

CM310	Corporate Performance	1,750	1,750	0	0.0%
CM600	Pension Backfunding	909,440	917,053	7,613	0.8%
CM800	Tiverton Hub	0	156	156	0.0%
Total Corporate Expenditure		1,521,287	2,373,786	852,500	56.0%
				£	£
Total Expenditure Variation					852,500
Major Cost Changes					
CM300	3 Rivers - Working capital impairment - IFRS 9 the risk of non-repayment of the loan			173,000	
CM300	3 Rivers - Riverside impairment - Relates to the potential overspend on the project leading to non-repayment of loan			617,000	
CM300	Impairment of South West Mutual Investment			50,000	
CM300	Bank charges above budget			15,260	
CM220	Training and technology spend from Brexit budget			19,470	
					874,730
Major Cost Savings					
CM100	Salary savings including element from Director post not replaced			(26,000)	
CM300	Valuation fees for the year less than anticipated			(13,000)	
CM300	Charges on Apprenticeship levy less than budgeted			(19,510)	
					(58,510)

Major Changes in Income Levels		
CM210	Grant received for providing various services incl Transparency code	(8,100)
CM300	Increase in Bad Debt Provision to reflect Covid uncertainty	64,190
CM220	Grant Income above budget, netted of against training overspend	(19,470)
		36,620
Minor Variances		
Various	Other minor variances	(340)
		(340)
	Total Expenditure Variation	852,500
EARMARKED RESERVES		
	Utilised 2019/20	
	Proposed contribution c/fwd to 2019/20	
	Net movement in earmarked reserves	0
	Total Expenditure variation after Earmarked Reserves	852,500

There are several sources where you may have

taken this information. May I refer you to the public reports pack for the Cabinet meeting on 9 July 2020:

<https://democracy.middevon.gov.uk/documents/g1257/Public%20reports%20pack%2009th-Jul-2020%2018.00%20Cabinet.pdf?T=10>

- The full outturn document was presented to Cabinet in this pack on pages 389-426.
- The summary is in Appendix 1 on page 397.
- Details of the numbers you quoted relating to Corporate Management are on page 399 and is copied below. This analyses budget, actual and variance by type and service unit. It also provides a detailed explanation of the £853k variance.

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