MID DEVON DISTRICT COUNCIL

A MEETING of the **MID DEVON DISTRICT COUNCIL** will be held in the Phoenix Chambers, Phoenix House, Tiverton on Wednesday, 23 February 2022 at 6.00 pm

ALL MEMBERS of the **COUNCIL** are summoned to attend for the purposes of transacting the business specified in the Agenda which is set out below:

[The next meeting is scheduled to be held in Tiverton on Wednesday, 27 April 2022 at 6.00 pm]

STEPHEN WALFORD
Chief Executive

15 February 2022

PLEASE NOTE: - this meeting will take place at Phoenix House and members of the Public and Press are encouraged to attend via Zoom wherever possible. The Protocol for Hybrid Meetings explains how this will work. Please do not attend Phoenix House without contacting the committee clerk in advance, in order that numbers of people can be appropriately managed in physical meeting rooms.

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Meeting ID: 996 0375 0854
Passcode: 718767

AGENDA

1 **Apologies**

To receive any apologies for absence.

2 **Public Question Time**

To receive any questions relating to items on the agenda from members of the public and replies thereto.

3 **Declarations of Interest under the Code of Conduct**

To record any interests on agenda matters.

4 **Minutes** *(Pages 7 - 14)*

To consider whether to approve the minutes as a correct record of the meeting held on 15 December 2021.

5 **Chairman's Announcements**

To receive any announcements which the Chairman of the Council may wish to make.

6 **Petitions**

To receive any petitions from members of the public.

7 **Notices of Motions**

1. MOTION 578 (COUNCILLOR MRS E LLOYD – 9 FEBRUARY 2022)

The Council has before it a **MOTION** submitted for the first time:

Mid Devon District Council:

(i) recognises that the cost of living is going up for many people, including through an increase in the cost of energy, and that the Council has a role to play in supporting the current and future resilience of its communities;

(ii) acknowledges the efforts that this council is making to reduce greenhouse gas emissions and promote renewable energy;

(iii) recognises that councils can play a central role in creating sustainable communities, particularly through the provision of locally generated renewable electricity;

(iv) further recognises

- that very large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being impossible for local renewable electricity generators to do so,
- that making these financial costs proportionate to the scale of a renewable electricity supplier's operation would create significant opportunities for councils to be providers of locally generated renewable electricity directly to local people, businesses and organisations, and
- that revenues received by councils that became local renewable

electricity providers could be used to help fund local greenhouse gas emissions reduction measures and to help improve local services and facilities;

(v) accordingly resolves to support the Local Electricity Bill which, if made law, would make the setup and running costs of selling renewable electricity to local customers proportionate by establishing a Right to Local Supply; and

(vi) further resolves to

- inform the local media of this decision,
- write to local MPs, asking them to support the Bill, and
- write to the organisers of the campaign for the Bill, Power for People, (at 8 Delancey Passage, Camden, London NW1 7NN or info@powerforpeole.org.uk) expressing its support.

In accordance with Procedure Rule 14.4, the Chairman of the Council has decided that this Motion (if moved and seconded) be dealt with at this meeting.

8 **Reports (a)** *(Pages 15 - 312)*

To receive and consider the reports, minutes and recommendations of the recent meetings as follows:

(1) Cabinet

4 January 2022
1 February 2022

9 **Council Tax Resolution 2022/2023** *(Pages 313 - 328)*

To consider a report of the Deputy Chief Executive (S151) setting out the formal Council Tax Resolution for 2022/23.

10 **Reports (b)** *(Pages 329 - 592)*

To receive and consider the reports, minutes and recommendations of the meetings as follows:

2) Scrutiny Committee

13 December 2021
17 January 2022
14 February 2022 – to follow

3) Audit Committee

25 January 2022

4) Environment Policy Development Group

11 January 2022

5) Homes Policy Development Group

18 January 2022

6) Economy Policy Development Group

13 January 2022

7) Community Policy Development Group

25 January 2022

8) Planning Committee

5 January 2022
19 January 2022
2 February 2022

9) Standards Committee

9 February 2022

11 **Questions in accordance with Procedure Rule 13**

To deal with any questions raised pursuant to Procedure Rule 13 not already dealt with during the relevant Committee reports.

12 **Appointment to Committees and other Internal Bodies**

It is recommended:

(a) that the Council approve the allocation of seats on Committees as shown on the schedule (to be circulated);

(b) that Members be appointed to Committees in accordance with the names notified to the Chief Executive by each of the Political Groups represented on the Council, to give effect to the approved allocation of seats in (a) above;

(c) that the appointments to seats remaining to be filled by ungrouped Members shall be made at this meeting.

13 **Special Urgency Decisions**

To note any decisions taken under Rule 16 (of the Constitution) Special Urgency – no decisions of this kind have been made since the last meeting.

14 **Questions to Cabinet Members**

To receive answers from the Cabinet Members to questions on their portfolios from other Members.

15 **Members Business**

To receive any statements made and notice of future questions by Members.

Note: the time allowed for this item is limited to 15 minutes.

Covid-19 and meetings

From 7 May 2021, the law requires all councils to hold formal meetings in person. However, the Council is also required to follow government guidance about safety during the pandemic. The Council will enable all people to continue to participate in meetings via Zoom.

You are strongly encouraged to participate via Zoom to keep everyone safe - there is limited capacity in meeting rooms if safety requirements are to be met. There are restrictions and conditions which apply to those in the building and the use of the building. You must not attend a meeting at Phoenix House without complying with the requirements in the new protocol for meetings. You must follow any directions you are given.

Please read the new meeting protocol which is available here: https://democracy.middevon.gov.uk/documents/s23135/MeetingProtocolUpdateOct2021nextreviewFeb2022.pdf

If you want to ask a question or speak, email your full name to 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 would like a copy of the Agenda in another format (for example in large print) please contact Sally Gabriel on:
E-Mail: sgabriel@middevon.gov.uk

Public Wi-Fi is available in all meeting rooms.

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **COUNCIL** held on 15 December 2021 at 6.00 pm

Present
Councillors R F Radford (Chairman)
W Burke, R J Chesterton, Mrs C Collis, D R Coren, L J Cruwys, N V Davey, Mrs C P Daw, R M Deed, R J Dolley (Vice Chairman), J M Downes, C J Eginton, R Evans, Mrs S Griggs, B Holdman, D J Knowles, F W Letch, Mrs E J Lloyd, B A Moore, Miss J Norton, S J Penny, D F Pugsley, C R Slade, Mrs M E Squires, L D Taylor, B G J Warren, A White, A Wilce and A Wyer

Apologies
Councillors Mrs E M Andrews, G Barnell, E J Berry, J Cairney and J Wright

In attendance
Via Zoom
Councillors S J Clist, Mrs F J Colthorpe, S Pugh, R L Stanley and Mrs N Woollatt

89 **Apologies (00-08-06)**

Apologies were received from Councillors: Mrs E M Andrews, G Barnell, E J Berry, J Cairney and J Wright.

90 **Public Question Time (00-08-32)**

The Chairman read a statement on behalf of Mr Quinn concerning the Audit Committee report of 16 November 2021:

The minutes record that two reports were presented to this meeting of the Audit Committee. Each gave a different figure for the total interest paid by 3 Rivers to the Council in the financial year 2020/21.

In the 3 Rivers Business Plan Report (at minute 44), the corrected table, issued to the meeting, gave the total amount of interest received as £474,400.

But the report on the Annual Statement of Accounts 2020/21 (at minute 48) gave the total amount of interest received as £496,000.

The two figures are different by more than £21,000.

My question is: which of these figures is correct?

The Deputy Chief Executive (S151) responded stating that he could confirm that both of those figures were correct at the time that they were presented to those committees. The £474,400 shown in the recent Cabinet papers in November was the most current and therefore the correct figure and had adjusted the previous reported figure of £496,000. The reason for the difference is that there was a revised interest calculation applied to one of the parcels of land on one of the development projects being delivered by 3 Rivers, this has now been adjusted for.

91 **Declarations of Interest under the Code of Conduct (00-11-31)**

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

Councillor R L Stanley asked for his interest as a director of 3 Rivers regarding the Public Question (above) to be noted.

92 **Minutes (00-12-39)**

The minutes of the meeting held on 27 October 2021 were agreed as a correct record and signed by the Chairman.

93 **Chairman's Announcements (00-13-08)**

The Chairman had the following announcements to make:

- He had attended the Armistice Service on 11 November in Phoenix Lane on behalf of the Council
- He had also attended the Remembrance Service in Tiverton on Sunday 14 November and laid a wreath on behalf of the Council
- The Vice Chairman had attended the Teignbridge Civic Service on his behalf.

94 **Petitions (00-14-03)**

There were no petitions presented.

95 **Notices of Motions (00-14-14)**

1. MOTION 577 (COUNCILLOR A WILCE – 16 NOVEMBER 2021)

The Council had before it a **MOTION** submitted for the first time:

A Motion to improve public accountability and to address the inequality of rights of Members of the Council, when compared to members of the public.

This Council resolves that:

When an enquiry is made by a Member at any formal meeting (verbally, or in writing) and a substantive answer is not given at that meeting, a written response shall be sent to the enquiring member within 10 days.

Wherever possible, any written questions submitted in the absence of the Member shall be submitted in advance of the meeting, but a failure to do so will not invalidate that enquiry.

A copy of the question(s) and answer(s) will be circulated to members of the committee (or Full Council) and will also attached to the minutes.

The **MOTION** was **MOVED** by Councillor A Wilce and seconded by Councillor B G J Warren.

In accordance with Procedure Rule 14.4, the Chairman of the Council had ruled that the **MOTION STAND REFERRED** to the Standards Committee for consideration.

96 **Cabinet - Report of the meeting held on 26 October 2021 (00-15-23)**

The Leader presented the report of the meeting of the Cabinet held on 26 October 2021.

97 **Cabinet - Report of the meeting held on 30 November 2021 (00-16-09)**

The Leader presented the report of the meeting of the Cabinet held on 30 November 2021.

1. **Staff Recognition and Wellbeing Appreciation (Minute 100)**

The Leader **MOVED,** seconded by Councillor B A Moore:

THAT the recommendations of the Cabinet as set out in Minute 100 be **APPROVED**

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

Reason for the Decision – Due to the impact of the pandemic, there was a need to show appreciation of the issues that officers have faced and mitigate any risk to the organisation with regard to staffing, recruitment and retention.

2. **Phase 3 Public Sector Decarbonisation bid and delegation of authority (Minute 101)**

The Leader **MOVED,** seconded by Councillor C R Slade:

THAT the recommendations of the Cabinet as set out in Minute 101 be **APPROVED**

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

Reason for the Decision – To approve this latest opportunity for funding which would allow the various projects to be undertaken.

3. **Mid Year – Treasury Management Update (Minute 106)**

The Leader **MOVED,** seconded by Councillor R B Evans:

THAT the recommendations of the Cabinet as set out in Minute 106 be **APPROVED**

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

Reason for the Decision – Approval of the treasury management is in line with CIPFA guidance

4. **Schedule of meetings for 2022/23 (Minute 109)**

The Leader **MOVED,** seconded by Councillor D J Knowles:

THAT the recommendation of the Cabinet as set out in Minute 109 be **APPROVED**

Upon a vote being taken the **MOTION** was declared to have been **CARRIED.**
Reason for the Decision – there was a need for Council to approve the schedule of meetings.

98 **Scrutiny Committee - Report of the meeting held on 8 November 2021 (00-23-41)**

The Chairman of the Scrutiny Committee presented the report of the meeting of the Committee held on 8 November 2021.

99 **Audit Committee - Report of the meeting held on 16 November 2021 (00-24-43)**

The Vice Chairman of the Audit Committee presented the report of the meeting of the Committee held on 16 November 2021.

100 **Environment Policy Development Group - Report of the meeting held on 2 November 2021 (00-25-33)**

Councillor B G J Warren presented the report of the meeting of the Group held on 2 November 2021.

101 **Homes Policy Development Group - Report of the meeting held on 9 November 2021 (00-26-21)**

The Chairman of the Homes Policy Development Group presented the report of the meeting of the Group held on 9 November 2021.

102 **Economy Policy Development Group - Report of the meeting held on 4 November 2021 (00-27-26)**

The Chairman of the Economy Policy Development Group presented the report of the meeting of the Group held on 4 November 2021.

103 **Community Policy Development Group - Report of the meeting held on 16 November 2021 (00-28-05)**

The Chairman of the Community Policy Development Group presented the report of the meeting of the Group held on 16 November 2021.

104 **Planning Committee - Report of the meeting held on 3 November 2021 (00-29-00)**

The Chairman of the Planning Committee presented the report of the meeting of the Committee held on 3 November 2021.

105 **Planning Committee - Report of the meeting held on 1 December 2021 (00-30-05)**

The Chairman of the Planning Committee presented the report of the meeting of the Committee held on 1 December 2021.

106 **Licensing Committee - report of the meeting held on 3 December 2021 (00-31-09)**

The Vice Chairman of the Licensing Committee presented the report of the meeting of the Committee held on 3 December 2021.

1. **Statement of Principles under the Gambling Act 2005 (Minute 13)**

The Vice Chairman of the Licensing Committee **MOVED,** seconded by Councillor D R Coren:

THAT the recommendation of the Committee as set out in Minute 13 (subject to amendments as set out in the minute) be **APPROVED**

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

Reason for the Decision – A Review of the Statement of Principles was required to set out how the Council would carry out its duties under the Gambling Act.

107 **Regulatory Committee - Report of the meeting held on 3 December 2021 (00-34-26)**

The Vice Chairman of the Regulatory Committee presented the report of the meeting of the Committee held on 3 December 2021.

108 **Electoral Review Committee - Report of the meeting held on 9 November 2021 (00-35-01)**

The Vice Chairman of the Electoral Review Committee presented the report of the meeting of the Committee held on 9 November 2021.

1. **Terms of Reference (Minute 5)**

The Vice Chairman of the Electoral Review Committee **MOVED,** seconded by Councillor R J Chesterton:

THAT the recommendations of the Committee as set out in Minute 5 be **APPROVED**

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

Reason for the Decision – Section 81 of the Local Government and Public Involvement in Health Act 2007 provides that it is for the Council to decide the terms of reference of any community governance review.

109 **Questions in accordance with Procedure Rule 13 (00-36-06)**

There were no questions submitted under Procedure Rule 13.2.

110 **Independent Remuneration Panel Report (00-36-18)**

The Council had before it a report of the District Solicitor setting out the recommended Members' Scheme of Allowances for 1 April 2022 to 31 March 2023.

The District Solicitor outlined the contents of the report of the Independent Remuneration Panel updating the existing allowances scheme and the inclusion of a new parental leave policy to be included within the scheme.

The Chairman **MOVED** that: the Members Allowances Scheme as set out in Appendix 2 in the report be adopted for the period 1 April 2022 to 31 March 2023.

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

Note: *Report previously circulated, copy attached to minutes.

111 **Special Urgency Decisions (00-37-43)**

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 that period

112 **Questions to Cabinet Members (00-38-03)**

Councillor B Holdman addressing the Cabinet Member for Finance raised issues with regard to parking meters not working within the car parks in Tiverton, although some of the issues had been addressed, there were still 2 or 3 meters that were not working properly.

The Cabinet Member stated that he thought the issues had been resolved, however he requested details and stated that he would report back to the member.

Councillor B Holdman addressing the Cabinet Member for Community Well-Being asked for an update on the reopening of Tiverton Police Station to the public.

The Cabinet Member stated that renovation was taking place and he thought it would hopefully be opened in January.

Councillor F W Letch addressing the Cabinet Member for Planning and Economic Regeneration referred to planning application 21/01379/FULL and the fact that a decision had been made by a planning officer without any consultation with the Town Council or the Ward members. He asked if the Cabinet Member could investigate the matter of how the decision was made without any consultation and that a written response be supplied so that it could be circulated to the Town council and local residents.

The Cabinet Member stated that he had spoken to officers and could confirm that correspondence was sent to the Town Council on 14 July 2021, however something had gone wrong, he would investigate the matter with the Director of Place and respond to the member in writing.

Councillor A Wilce addressing the Cabinet Member for Finance stated that: We have seen different sets of figures presented at different meetings. Scrutiny was given inaccurate information upon which to base their scrutiny of the 3 Rivers Business Case. Audit Committee were given altogether different figures as the basis for their discussions. When the matter went to Cabinet, Scrutiny and Audit recommendations were taken together - despite those committees having considered different figures.

The table given to Audit was not merely a correction of the table given to Scrutiny, but a wholly new table. Despite the column headings being the same, the new table contained 21 changes and put the Total Borrowing Figure at only £11.23 Million - that is more than £9.5 Million less than reality.

It is not enough to say that the figures will be audited, Members and the public need to be given confidence back in our accounting and reporting. And, just because Cabinet eventually signed off on a - hopefully correct - set of figures in the end, doesn't mean that everything is well.

The attitude of many towards the Council's commitment to 3 Rivers, and the inconsistency in the 2020/21 Interest Received figures, has resulted in a member of the public questioning the accuracy of MDDC accounting, which Scrutiny has not been able to resolve, and which do not appear to be being addressed elsewhere.

Members cannot make proper decisions if they are not presented with proper information.

So, my question to you is: What will be done to ensure that both Members and the public can have full confidence in the figures being presented to us, regarding 3RDL, going forward?

The Cabinet Member stated that he would respond in writing, however the difference in figures was explainable, the figures were background figures and that it was the Business Plan that was being considered.

113 **Members' Business (00-47-26)**

Councillor J M Downes referred to the reopening of the Okehampton rail service, and the 2 hourly service calling at Crediton, he wanted to congratulate all those involved in the project, the speedy use of the funding and the reopening of the station that had taken place within a year.

Councillor A Wilce referred to his recent meeting with the local police Superintendent and questioned whether Tiverton Police Station would be open to the public during the day and requested that the Cabinet Member for Community Well-Being seek clarification.

(The meeting ended at 6.52 pm) **CHAIRMAN**

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **CABINET** held on 4 January 2022 at 10.00 am

Present Councillors R M Deed (Leader)
R J Chesterton, Mrs C P Daw, R Evans, D J Knowles, B A Moore, C R Slade and Mrs N Woollatt

Also Present Councillor(s) G Barnell, L J Cruwys, R J Dolley, B Holdman and B G J Warren

Also Present Officer(s): Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Karen Trickey (District Solicitor and Monitoring Officer), Richard Marsh (Director of Place), Andrew Busby (Corporate Manager for Property, Leisure and Climate Change), Simon Newcombe (Corporate Manager for Public Health, Regulation and Housing), Paul Deal (Corporate Manager for Finance), John Bodley-Scott (Economic Development Team Leader), Fiona Wilkinson (Operations Manager for Revenues Benefits & Recovery), Tristan Peat (Forward Planning Team Leader), Arron Beecham (Principal Housing Enabling & Forward Planning Officer), Isabel Cordwell (Forward Planning Officer), Catherine Yandle (Operations Manager for Performance, Governance and Health & Safety), Poie Li (Forward Planning Officer), Mojca Sonjak (Forward Planning Assistant), Greg Venn (Conservation Officer), Jessica Watts (Member Services Apprentice) and Sally Gabriel (Member Services Manager)

112. **APOLOGIES (00-03-18)**

There were no apologies for absence.

113. **PUBLIC QUESTION TIME (00-03-23)**

Mr Elstone referring to Item 15 (Modular Build Schemes) on the agenda asked:

1. Have MDDC Officers conducted their own and a comprehensive due diligence check on ZED PODS LTD or have they been solely reliant on South West Procurement Alliance (SWPA) to do so.

2. Why are MDDC Officers not being open and transparent about the Zed Pods contract cost? This when other Councils issuing contracts to Zed Pods have been.

Namely Bristol City – Contract Value £1,409,212 for 11 modular units and Bromley Council Contract Value £3,583,000 for 25 modular units have.

The Chairman then read questions from Hannah Kearns referring to Item 8 (Local Plan) and Item 15 (Modular Build Schemes):

What is the purpose of developing these plans, if commercially aggressive housing developers are able to totally overturn them without, what would appear to be, much resistance from Planning Officers?

This MDDC Planning Officer was clearly unhappy about the housing developers plans to turn the intended garden village into nothing other than a tightly packed housing estate, a blot on the landscape, a carbuncle.

What, if anything, will the MDDC Director of Place, and the Cabinet Member for Planning, be prepared to do to investigate why this has been allowed to happen with a view to implementing urgent remedial actions prior to the relevant Planning Application returning to Committee on the 19th January 2022?

With regard to the Modular Homes Item - she referred to page 442 of the Cabinet papers which stated that *"Each site comprises redundant garaging. All of which is in the ownership of the Councils HRA Fund"* concerning the garages at both St Andrews Estate, Cullompton and Shapland Place, Tiverton asking in response to her view that whether the relevant Member could respond to her view that "Given the actual status of the garages as listed above, the statement appears to be seriously misleading at best, and at worst one which throws the integrity of the whole process into question. It certainly does seem to indicate the possibility that the MDDC Officers, and others, are effectively predetermining the relevant Planning Applications.

The Chairman indicated that answers to questions would be provided when the item was debated.

114. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00-13-56)**

Members made the following declarations:

Councillor	Item	Interest
Mrs N Woollatt	10 - Cullompton Conservation Area Management Plan	Personal interest as she lived in the Conservation Area and was a member of the Leat Conservancy Board
D J Knowles	7 – Strategic Grants	Personal interest as a member of the Museum and Involve.
C R Slade	7 - Strategic Grants	Personal interest as a Member of the Grand

		Western Canal Joint Advisory Committee and Involve.
B A Moore	7 – Strategic Grants	Personal interest as the Mid Devon representative on Involve

115. **MINUTES OF THE PREVIOUS MEETING (00-15-34)**

The minutes of the previous meeting were approved as a correct record and signed by the Chairman.

116. **CUSTOMER CARE POLICY (00-16-07)**

Following a report of the Corporate Manager for Digital Transformation and Customer Engagement, the Community Policy Development Group was recommending to Cabinet that the revised Customer Care Policy and Standards be approved.

The Cabinet Member for the Working Environment and Support Services outlined the contents of the report stating that this was a periodic review with no significant changes and that the Customer Care Standards had been presented as a separate document.

Consideration was given to the fact that customers approach Members and whether training for Members would be provided. The Cabinet Member highlighted a recent survey sent to Members which requested information with regard to member training.

RESOLVED that the revised Customer Care Policy and Standards Policy be approved.

(Proposed by Cllr Mrs N Woollatt and seconded by Cllr C R Slade)

Reason for the decision – There is a need to adopt a customer care standard.

Note: *Report previously circulated, copy attached to minutes.

117. **COMPLAINTS POLICY (00-19-10)**

The Cabinet had before it a *report of the Corporate Manager for Digital Transformation and Customer Engagement, requesting approval of the Complaints and Feedback Policy.

The Cabinet Member for the Working Environment and Support Services outlined the contents of the report stating that the policy has been updated to reflect structural changes and additional guidance.

RESOLVED that the content of the reviewed Complaints and Feedback Policy be approved

(Proposed by Cllr Mrs N Woollatt and seconded by Cllr D J Knowles)

Reason for the decision – There is a need to have such a policy in place to deal with any issues that arise.

Note: *Report previously circulated, copy attached to minutes.

118. **STRATEGIC GRANTS AND SERVICE LEVEL AGREEMENT (00-20-25)**

Following a report of the Director of Place, the Community Policy Development Group was recommending to Cabinet that:

1. The total Strategic Grants budget to remain at £138,500 for a period of 2 years, and that individual awards to Strategic Partners to remain at the 2020-2021 levels for this period.

2. The level of grant awards to individual partners for 2022-23 and 2023-24 were therefore recommended as:

Organisation	**Award 2021-2022 (£)**	**Award 2022-2023 (£)**	**Award 2023-2024 (£)**
CHAT	12,500	12,500	12,500
Citizen's Advice	15,500	15,500	15,500
INVOLVE	12,000	12,000	12,000
Mid Devon Mobility	22,000	22,000	22,000
Grand Western Canal	45,000	45,000	45,000
Tiverton Museum	27,500	27,500	27,500
TIS	4,000	4,000	4,000
Total	**£138,500**	**£138,500**	**£138,500**

The Cabinet Member for Community Well-Being outlined the contents of the report stating that the budget allocation for strategic grants for the 2021/22 financial year was £138,500 and that the funding available for the 2022/23 and subsequent years was dependant on the Council's budget setting process. The allocation of grants provided support to external agencies (as set out above) delivering services that advanced the Council's Homes, Community and Economic priorities.

He detailed the work of the working group that had considered the grants and the findings that had been reported.

Consideration was given to:

- The good news that levels of grant funding remained the same; and
- Whether capital grants should be considered
- In response to the latter point, the meeting was informed that the organisations usually linked into other funding streams for capital funding and that the grants provided by the Local Authority were for revenue expenditure.

RESOLVED that the above recommendation of the Policy Development Group be approved.

(Proposed by Cllr D J Knowles and seconded by Cllr C R Slade)

Reason for the decision – There was a need to agree the grant funding prior to the approval of the budget for 2022/23

Note: *Report previously circulated, copy attached to minutes.

119. **NEW LOCAL PLAN – ISSUES CONSULTATION PAPER (00-33-10)**

The Cabinet had before it a *report of the Director of Place requesting approval of the Issues Paper for consultation.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report.

He outlined the work of the Planning Policy Advisory Group and the responses that would be invited to the questions included in the Issues paper. The Cabinet was required to approve the issues paper for public consultation together with supporting documents.

At this point he referred to questions posed in Public Question Time:

- Masterplans were developed for a variety of reasons – to guide development, to become formal planning policy, to guide strategic actions on behalf of an Authority or as a combination of these. As such, Masterplans were a valuable and useful tool for local authorities in supporting the progression of strategic development.

- In this case, a Masterplan was developed for the Tiverton EUE scheme and was subsequently adopted by the Local Authority. The document provided principles for development and was a guidance document – the detail of a scheme always developed over time as specific issues were debated and as the wider policy context develops. This has been the case with Tiverton EUE.

- Some elements of the Tiverton EUE scheme have already been constructed and others are now progressing through the planning system – including the Redrow scheme

- The Redrow scheme already benefits from an outline planning permission which establishes the principle of development and deals with key aspects relating to the scheme. The reserved matters application will come before the planning committee again on the 19 January and it will be for the committee to consider and determine the application in line with the relevant policy documents and considering the officer's recommendation, at that time, as is right and proper.

- The new Local Plan for Mid Devon will have regard to the current NPPF which introduces the use of design codes alongside design guides, and in relation to the National Design Guide and National Model Design Code. This will therefore allow us to have further consideration to design matters, moving forwards.

Consideration was given to:

- The period of consultation and whether this should be increased to a minimum of 8 weeks;
- Whether a bite sized document could be created for the parishes and the general public;
- Priority 5 – improving our health and well-being;
- Junction 27 and whether the statement within the document was accurate and discussions that were taking place with regard to this site;
- Whether the Local Plan policies were being followed by developers;
- General exception sites and how the NPPF was followed;
- The fact that the Local Authority was working in line with the current Local Plan; and
- The need for the consultation document to stimulate responses.

RESOLVED that:

1. The Plan Mid Devon Issues Paper (Appendix 1), its Sustainability Appraisal Scoping Report (Appendix 2) and Equalities Impact Assessment Screening Report (Appendix 3) be approved for public consultation for a minimum period of 8 weeks.

2. Delegated authority be given to the Director of Place (in consultation with the Cabinet Member for Planning and Economic Regeneration) to make such further minor changes to the Issue Paper as he considers appropriate prior to the consultation.

(Proposed by Cllr R J Chesterton and seconded by Cllr R B Evans)

Reason for the decision – the Council is required to review its Local Plan at least every 5 years.

Note: *Report previously circulated, copy attached to minutes.

120. **LOCAL DEVELOPMENT SCHEME (1-20-24)**

The Cabinet had before it a *report of the Director of Place updating the Local Development Scheme and providing an updated timetable for the production of a new Local Plan for Mid Devon.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report stating that there was a legal requirement for the Council to prepare and maintain a Local Development Scheme for the district.

He explained that the Local Development Scheme was a project plan for the preparation of local development documents, in this case the preparation of a new Local Plan for Mid Devon. The current scheme was approved by the Cabinet in February 2021 at the same time as approval was given for officers to commence the preparation of a new Local Plan. Since those decisions, good progress had been made by officers, including the gathering of technical evidence and surveys, and also the completion of a draft Issues Paper for the new Local Plan.

He added that a number of changes were now needed to the scheme to bring it up to date and comply with legal requirements. He identified the changes to the scheme outlined in the report

RESOLVED that the revised Local Development Scheme be approved for the period from 12 January 2022.

(Proposed by Cllr R J Chesterton and seconded by Cllr C R Slade)

Reason for the decision – an updated Local Development Scheme is required under Section 15 of the Planning and Compulsory Purchase Act 2004

Note: *Report previously circulated, copy attached to minutes.

121. **THE CULLOMPTON CONSERVATION AREA MANAGEMENT PLAN (1-23-20)**

The Cabinet had before it a *report of the Director of Place with regard to the Amended Draft Cullompton Conservation Area Assessment and Management Plan (CAMP) and requesting a recommendation to Full Council for adoption.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report stating that the consultation period for the CAMP took place between June and August 2021; responses to the consultation was available within the appendices of the report and that overall, responses had been positive. The proposed changes to the CAMP were also outlined within the appendices with a draft management plan for approval by Council.

Consideration was given to:

- The interesting document that had been provided and that officers should be commended;
- The general principles which would fit into an action plan; and
- The impact on the Conservation Area of road traffic

RECOMMENDED to Council that: The draft Cullompton Conservation Area Assessment and Management Plan including proposed alterations to the extent of the Cullompton Conservation Area be approved.

(Proposed by Cllr R J Chesterton and seconded by Cllr Mrs N Woollatt)

Note: *Report previously circulated, copy attached to minutes.

122. **FORMATION OF A TECKAL COMPANY (1-29-43)**

The Cabinet had before it a * report of the Deputy Chief Executive (S151) considering the need to create a Teckal company.

The Cabinet Member for Housing and Property Services outlined the contents of the report stating that there was a need to take account of the development issues at this time, the White Paper from Government was awaited, the Right to Buy was being reconsidered and that the Local Government Association was requesting further

reconsideration of the issue. He highlighted the issues as set out within paragraph 3.3 of the report.

Consideration was given to the future stability of 3 Rivers Developments Limited and the need for a portfolio of development sites, the need to consider Right to Buy and whether the Council had the resource to sustain its own housing strategy

It was therefore:

Noted that at this point in time, there was no need to pursue the creation of a Teckal company to deliver the Council's objectives as per the issues and current landscape referred to in paragraph 3.3 of the report.

Note: *Report previously circulated, copy attached to minutes.

123. **TAX BASE CALCULATION (1-35-47)**

The Cabinet had before it a *report of the Deputy Chief Executive (S151) detailing the statutory calculations necessary to determine the Tax Base for the Council Tax.

The Cabinet Member for Finance outlined the contents of the report stating that this was an annual calculation to determine the tax base forecast.

Consideration was given to long term empty properties and whether the tax increase mentioned was the maximum that could be considered – it was confirmed that this was the legislative maximum.

RECOMMENDED to Council:

1. That the calculation of the Council's Tax Base for 2022/23 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at **29,811.41** an increase of circa 1,217 Band D equivalent properties from the previous financial year; The increase is in the main due to a greater percentage collection than forecast in the previous year, and a reduction in forecasted CTR burden.

2. That the current collection rate of 96% be increased to 97.5% detailed in paragraph **2**.

(Proposed by Cllr B A Moore and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

124. **2022/23 BUDGET UPDATE REPORT (1-38-14)**

The Cabinet had before it a *report of the Deputy Chief Executive (S151) reviewing the revised draft budget changes identified and discussing further changes required in order for the Council to move towards a balanced budget for 2022/23.

The Cabinet Member for Finance outlined the contents of the report stating that the draft budget deficit for 2022/23 had increased to £1.427m and he outlined the main reasons for this as stated within the report. He outlined the Government settlement

that had been notified just prior to Christmas and that there was a need to consider options to reach a balanced budget position. Member engagement was required and he hoped that the Policy Development Groups would be able to consider the options and provide feedback.

Consideration was given to:

- The reduced income from investments, particularly due to slippage in 3 Rivers and the projects that had been delayed
- The Post Hill project would be funded via the Housing Revenue Account to provide in stages 70 units of affordable and social housing mix
- The complexity of void properties

Therefore, the updated budget proposals for 2022/23 for the General Fund, Capital Programme and Housing Revenue Account were noted and it was considered that the proposals should be circulated to the Policy Development Groups for further input prior to a final recommendation regarding 2022/23 budget being made to Cabinet and subsequently by Cabinet to Council.

Note: *Report previously circulated, copy attached to minutes.

125. **FINANCIAL MONITORING (1-50-59)**

The Deputy Chief Executive (S151) informed the meeting that the revenue position had improved by £200k with the receipt of the revenue from the sale of the Harlequin Valet in Cullompton. Some revenue streams were not bouncing back, that of leisure and car parks and that the income protection received for Local Government was no longer available. He also stated that the Council was now in receipt of a draft Government settlement.

126. **MODULAR BUILD SCHEMES, ST ANDREWS ESTATE, CULLOMPTON AND SHAPLAND PLACE, TIVERTON - PHASE 2 CONTRACTS (1-54-08)**

The Cabinet had before it a * report of the Corporate Manager for Public Health, Regulation and Housing explaining that following the pending completion of Phase 1 design and planning contracts for the construction of 14 Council properties, using a direct award framework, consideration is required for the Phase 2 construction and installation contract for each scheme.

The Cabinet Member for Housing and Property Services provided a response to questions raised in Public Question Time: With regard to whether officers had conducted their own and comprehensive due diligence check on Zed Pods Limited: He replied that the Council confirmed that as usual, in the course of the procurement process, relevant checks were made of companies which were successfully appointed to the panel of suppliers and of the recommended contractors.

Supplier due diligence was just part of the consideration. Once this had been satisfied then there were technical, quality and value for money strands to the SWPA tender evaluation and award process. Further information on the external, independent accreditation of the build quality of these proposals was provided in

Section 3 of the report alongside additional information on the environmental and sustainability credentials of the proposed schemes as set out in Annex B.

With regard to why MDDC officers were not being open and transparent about the contract costs he replied that: the Council determines whether or not matters are publicly available in accordance with the law. This included provision to protect commercial sensitive information.

In response to the questions from Hannah Kearns: the cabinet Member replied that:

- The statement in page 442 of the papers referred to the redundancy of each site in the widest context. Whilst it was acknowledged that the occupancy of the garages at St Andrew's was higher than the exceptionally low usage at Shapland Place, in bringing those sites forward for redevelopment the Council had taken into account several other asset management and cost considerations; these include the cost of modernisation and repairs, the presence of asbestos containing materials at each site and requirements for new surfacing and drainage improvements balanced against a low overall garage rent income and demand.

- All the garage tenants signed-up to a rental agreement that set out a notice period and terms for both parties. I can confirm all appropriate notice was given by the Council as required. As part of this process we would also have provided additional information if desired on other garages still available for affordable rent within the town.

- In essence, what the Council is seeking to do at these locations is to replace limited life-span, low value assets with much higher value long-term properties that will provide an increased rental income and, most importantly, provide much needed additional social housing at for each town.

He then outlined the contents of the report stating that the project had been welcomed by the previous administration and that the authority was now in a position to move the project forward with the award winning Zed Pod company providing excellent designed and carbon neutral properties. The company had been accredited by other local authorities and the public had applauded the schemes.

Consideration was given to:

- Both sites would be for social rent and would be held for secure tenure allocations through the Devon Home Choice system including for those tenants with adapted property needs;
- Checks and balances had been undertaken ;
- The access to Shapland Close had been agreed;
- The versatile project would deliver social housing for residents of Mid Devon;
- Payment terms;
- Whether a local approach was required with a local competitive process;
- The other company that had been considered and the fact that they could not deliver at this stage.

RESOLVED that:

1. Subject to planning permission being granted for the proposed social rented housing development at St Andrews Estate Cullompton and Shapland Place Tiverton:

   (a) Zed Pods Limited's bid for the Phase 2 works be accepted; and
   (b) the St Andrews development include an in-house managed and community based competition for public artwork.

2. Delegated authority be granted to the S151 Officer (in consultation with the Deputy Leader and Cabinet Member for Housing and Property Services) to complete the associated Phase 2 contracts.

(Proposed by Cllr R B Evans and seconded by Cllr D J Knowles)

Reason for the decision – the homes will support the delivery of specific objectives in the Housing Strategy 2021-25.

Note: *Report previously circulated, copy attached to minutes.

127. **INFORMATION SECURITY AND INFORMATION SECURITY INCIDENT POLICIES (2-15-48)**

The Cabinet had before it a *report of the Operations Manager for Performance, Governance and Health & Safety updating the existing policies to reflect current job roles and best practice.

The Cabinet Member for Community Well-Being outlined the contents of the report stating that the policies were last reviewed after the data protection requirements were brought into force in 2018, the review of the policies was to update the existing and to reflect on current job roles and best practice.

RESOLVED that the revised Information Security and Information Security Incident Policies be approved.

(Proposed by Cllr D J Knowles and seconded by Cllr C R Slade)

Reason for the decision – there was a need to comply with the Data Protection Act 2018.

Note: *Report previously circulated, copy attached to minutes.

128. **NOTIFICATION OF KEY DECISIONS (2-15-48)**

The Cabinet had before it and noted it's *rolling plan for January/February 2022 containing future key decisions.

Note: *Plan previously circulated, copy attached to minutes.

(The meeting ended at 12.20 pm) **CHAIRMAN**

CABINET

4TH JANUARY 2022

REPORT OF DIRECTOR OF PLACE

CULLOMPTON CONSERVATION AREA ASSESSMENT AND MANAGEMENT PLAN

Cabinet Member Cllr Richard Chesterton, Cabinet Member for Planning and Regeneration

Responsible Officer Richard Marsh, Director of Place

Reason for the Report: To approve the Amended Draft Cullompton Conservation Area Assessment and Management Plan (CAMP) to be forwarded onto Full Council for adoption.

RECOMMENDATION:

That Cabinet recommends to Council that:

The draft Cullompton Conservation Area Assessment and Management Plan (Appendix 1 to this report), including proposed alterations to the extent of the Cullompton Conservation Area be approved.

Financial Implications: Cullompton has been awarded a High Street Heritage Action Zone (HAZ) status by Historic England. This has secured money in the form of a grant from Historic England to be invested in a core area at the centre of the Conservation Area. This money will be invested in the form of grants and public realm work. The Draft Cullompton CAMP is a key document in the partnership with Historic England. It has been produced in house as part of the match funding by Mid Devon District Council towards the High Street Heritage Action Zone (HAZ) agreement with Historic England.

This report does not identify the funding sources or arrangements that will be needed to deliver the regeneration opportunities or for the redevelopment sites that are identified within the Draft Cullompton CAMP, but can be used to help guide and support public and private sector investment.

Budget and Policy Framework: The preparation of the Draft CAMP has been undertaken as part of match funding from Mid Devon District Council for the Cullompton High Street HAZ (funded by Historic England). The document has been produced in house with the help of staff from ICT and redeployed from Leisure services.

The Policy Framework is extensive and is listed in section 2.4 of the CAMP. In summary it includes Statute, The National Planning Policy Framework, the adopted Mid Devon Local Plan and other documents that have been adopted or approved by the Council as well as locally determined policies and strategies, and national guidance that form an integral part of the decision making process.

The area defined within the conservation area boundary would have statutory protection under Section 72 of the Planning (Listed Buildings and Conservation Areas) Act 1990 (as amended) where the Local Planning Authority is required, with respect to any buildings or other land in a conservation area, to give special attention to the desirability of preserving or enhancing the character or appearance of that area.

Legal Implications: The CAMP, which includes alterations to the extent of the Cullompton Conservation Area, needs to be compatible and adopted in accordance with relevant legislation, national guidance and Council policy, of which the principal elements are the Planning (Listed Buildings and Conservation Areas) Act 1990; the Council's Statement of Community Involvement; and the Conservation Area Appraisal, Designation and Management, Historic England Advice Note 1, 2019. Following the public consultation on the draft CAMP earlier this year, before adopting the CAMP, as the local planning authority the Council should have regard to relevant views expressed, making any amendments it considers appropriate before proceeding to adopt the plan and advertising the relevant changes to the conservation area.

The CAMP will not form part of the Development Plan; nor will it be a Supplementary Planning Document. Instead once it is adopted, it will be a material consideration in the determination of planning, listed building consent and advertisement consent applications relating to Cullompton Conservation Area.

District Solicitor (Ref:C081221)

Risk Assessment: Failure to review the conservation area and to formulate proposals for preservation and enhancement could be seen as a failure by the LPA to carry out its statutory duties. The production of the CAMP is also to support regeneration of the Cullompton Town Centre as part of the High Street HAZ, and it is a key document in this respect. Failure to produce it may harm the High Street HAZ going forward. Overall there could be deterioration in commercial activity, a less vibrant centre, less coordinated development and uncertainty over essential infrastructure. Since the initiation of this project COVID-19 has introduced a significant risk to economic prosperity.

The CAMP is considered to be a key document by Historic England with regards to the High Street HAZ project. Its production is part of the agreement with Historic England, and a decision to not approve it could have a detrimental effect on the partnership with them.

Equality Impact Assessment: No equality issues are identified for this report. However, in the consideration of proposals for development affecting the conservation area, there will be a need to balance accommodating accessibility for people with disabilities with the need to preserve the historic environment.

Impact on Climate Change: The implementation of the CAMP will be considered part of a suite of documents produced by the District Council such as the Cullompton Town Centre Masterplan SPD that is currently being prepared, where climate change is a core principle, and advice and guidance from Historic England on Climate Change and Heritage.

Relationship to Corporate Plan: The CAMP includes a suite of 29 principles to help guide management in the Cullompton Conservation Area. It will ensure the delivery of the 3 key priorities as relating directly to the Corporate Plan 2020-24 including:

- Homes: to promote the regeneration of the town centre by working with landlords and property developers to improve and increase the supply of quality housing;
- Economy: to identify strategic and tactical interventions to create economic and community confidence and pride in the places we live, and;
- Community: to promote new and more integrated approaches to better health and living.

1.0 Introduction: Background

1.1 A draft CAMP was approved for public consultation by the Cabinet at its meeting on 8th April 2021 (minute 358).

1.2 The public consultation was undertaken between the 28th June and 13th August 2021, and was in accordance with the Council's Statement of Community involvement.

1.3 The purpose of this report is to approve revisions to the draft CAMP which are proposed following the public consultation.

2.0 Method of Consultation:

2.1 Consultation for the CAMP was undertaken at the same time as a consultation on the Cullompton Town Centre Masterplan and Delivery Plan, and changes to the public realm as part of the High Street Heritage Action Zone (HAZ), and was undertaken in accordance with the Councils Statement of Community involvement

2.2 A public meeting as required by the legislation took place on the 27th of July. This was held remotely via 'Zoom' in light of the potential risks to public health through public gatherings from Covid-19. The County Archaeologist and Dr Firth of the Connecting the Culm project also spoke at this meeting. People at that meeting who wished to comment were guided to the online process, or they could post in their comments, or visit the library and leave their comments in the collection box

2.3 Additionally, three face to face public consultations took place when Council Officers attended the Farmers Market in Cullompton on the 24th of July; the Art Week at The Walronds on the 26th July; and at Tesco's in Cullompton in the late afternoon on the 26th of July.

3.0 Results of Consultation

3.1 The consultation attracted a total of 67 responses.

3.2 These are attached to the report at three appendices.

- **Appendix 3**: Responses received from Organisations
- **Appendix 4 and 5**: Results of public consultation. Appendix 5 is where individual letters were received. Appendix four is from online comments where people were asked to rate their view from 1 to 5, and could give additional comments.

3.3 In each of the appendices the comments made are commented on by the Council Officer.

3.4 Changes proposed to the CAMP as a result of consultation are listed in **Appendix 2**

3.5 The amended CAMP with the changes proposed in appendix 2 is at **Appendix 1** along with the maps that form part of it.

3.6 Given the number of replies and that many of them are multifaceted in response to the questions raised in the questionnaire, it is difficult to summarise them. But the thrust is supportive. Bar graphs have been prepared to summarise where people have given a score between 1 and 5 (1 strongly disagree 5 strongly agree).

4.0 Next Steps

6.1 Subject to Cabinet approval the updated CAMP attached in Appendix 1 will be reported to the Full Council for formal adoption.

6.2 The formal adoption of the CAMP by the Council will be advertised in the London Gazette and local newspaper as required by The Planning (Listed Buildings and Conservation Areas) Act 1990 (as amended).

5.0 Conclusion

The Cullompton CAMP will provide a framework to guide development in a coordinated and comprehensive manner. Once adopted, it will be capable of being a material planning consideration to help guide the decisions made on planning applications. The production of an adopted CAMP for Cullompton is fundamental to the regeneration of Cullompton and moving the High Street HAZ forward.

Consultation has been undertaken in line with Council Policy and statutory requirements and the document has been amended accordingly.

Contact for more information: Greg Venn, Conservation Officer
07816 362501 (Part time: Mon-Wed and every other Thurs.)
gvenn@middevon.gov.uk

Circulation of the Report: Members of the Planning Policy Advisory Group (PPAG) and Ward Members

Appendix 1.

Proposed Cullompton Conservation Area Assessment and Management Plan with attached maps with proposed changes found at Appendix 2.

Appendix 2

8 **Summary of Changes to draft CAMP post consultation**:

Page 8:

Section 2.1: Substitute last para with

"The amended document was then taken to Cabinet on the 4th of January 2022 where the results of the consultation and amendments were considered then to Full Council for Adoption."

Third and Fourth paragraph in section 2.2. Update to read

"This document was consulted on in accordance with the Council's Statement of Public Involvement between the 28th June and 13th August 2021. It was part of a wider consultation on Cullompton Planning Masterplan and changes to the public realm as part of the High Street Heritage Action Zone (HAZ).

A public meeting as required by the legislation took place on the 27th of July. This was a Zoom meeting as it was felt that given the high incidence of Covid that there may well be reluctance to attend a meeting in a public building. The County Archaeologist and Dr Firth of the Connecting the Culm project also spoke at this meeting. People at that meeting who wished to comment were guided to the online process, or they could post in their comments, or visit the library and leave their comments in the collection box.

Additionally, three face to face public consultations took place when Council Officers attended the Farmers Market in Cullompton on the 24th of July; the Art Week at The Walronds on the 26th July; and at Tesco's in Cullompton in the late afternoon on the 26th of July.

The next steps will be to take the revisions to the Council's Cabinet for approval, then to Full Council for adoption."

Page 15: Delete second para in section 3.3.1 and insert new paragraph after para ending Tiverton Road to say "The fort was in use from around AD 55 until around AD85, but the civil settlement continued after the military had moved on. Although initially dependent on the military for its existence, as with later periods the Romano-British settlement would have been supported by its advantageous location on the transport network, its farmed hinterland and local industry (e.g., Iron). The siting of the fort and the settlement beside its approach roads has had a lasting influence on the layout of the town."

Page 15: second para of 3.3.2. Delete "In 1020 Cullompton passed to Gytha, the Danish princess who married Earl Godwin and mother of King Harold."

Page 15: amend para 4 of 3.3.2 to read Heland (in Kentisbeare - Henland was an enclave in the Parish of Cullompton until the late 19th C.)

Page 16: change first para of "The key phases/components section from
Minster /St Andrew's Parish Church - existing minster church, apparently dedicated to St Mary, was replaced by a new parish church during 15th century (re-dedication to St Andrew granted 1436);" to "Minster /St Andrew's Parish Church - existing

minster church, apparently dedicated to St Mary, was replaced by a new parish church during 15th century (later rededicated to St Andrew);"

Page 17: second para of Post-mediaeval processing and trading centre Add "The road north towards Wellington from a toll gate near Goblin Lane was also a turnpike managed by the Tiverton Turnpike Trust (this joined the road from Tiverton to Wellington at Waterloo Cross). There was a total of five turnpike roads meeting at Cullompton but only four trusts."

Page 24: Rogue line of text at bottom of map deleted.

Page 30. Remove reference to telephone box in section 8, landmark buildings, in green box.

Page 30. Change Manor Court Hotel to Manor House Hotel in section 8, landmark buildings, in green box

Page 58: Last paragraph of Materials. Change Manor Court Hotel to Manor House Hotel.

Page 61: Third para in Significant Buildings and Groups. Change to read "Former Conservative Club now Frankie's Sports Bar"

Page 62: Second Para in Key Unlisted Buildings. Add at end:" Add Kings Head now being converted to restaurant"

Page 67: Fourth para of Key Unlisted Buildings. Change "Pen-y-dur" to "Pen y Dre"

Page 68: Forth para of Tree and Green Spaces: Change all "Roman Camp" to "Roman Fort"

Page 80: last para: add "and some have been removed and not replaced".

Page 81: Management Plan Principle 7, add War Memorials Trust so to read "the Highway Authority, The War Memorials Trust, and local interest groups"

Page 81: Management Plan Principle 8: Add and "replace where missing" and "Any resurvey to consider anti-theft measures" MPP8 to read "Management Plan Principle 8: That the Council engage with Town Council, the Highway Authority and Local Interest groups to survey and refurbish, and replace where missing the historic street signage and furniture and identify inappropriate street furniture beyond the area to be enhanced as part of the Heritage Action Zone. Any resurvey to consider anti-theft measures"

Page 94: Bibliography: Add

Conservation Area Appraisal, Designation and Management Second edition, Historic England Advice Note 1, 2019

Devon Historic Market and Coastal Towns Survey report on Cullompton (Cornwall Archaeology, 2013: HYPERLINK "https://archaeologydataservice.ac.uk/archives/view/devon_eus_2017/downloads.cfm" Archives: EUS: Downloads (archaeologydataservice.ac.uk)).

Appendix 3

9.0 Public Consultation: Responses received from Organisations

9.1 Cullompton Town Council

The Town Council considered the consultation at Full Council on the 26th August 2021. They resolved

Conservation Area Appraisal and Management Plan (CAMP) Consideration was given to a Town Council response to:

(i) The consultation on the Conservation Area Appraisal and Management Plan (CAMP). (Supporting Paper J to the agenda)
(ii) The consultation on the Cullompton Town Centre Masterplan. (Supporting Paper K to the Agenda)
(iii) The consultation on the Cullompton High Street Heritage Action Zone Public Realm Enhancement (HSHAZ). (Supporting Paper L to the Agenda)

RESOLVED

(i) that the Town Council is broadly in favour of the proposed changes to the conservation area
(ii) With regard to the Cullompton Town Centre Masterplan there needs to be provision for the storage and removal of general rubbish

Officer Comment: Noted.

9.2 Historic England

Overall, we wish to congratulate your authority on the suite of initiatives associated with the regeneration of Cullompton it is responsible for. These very much provide a rationale for our own interest in the town's agenda, channelled principally through the High Street Heritage Action Zone (HSHAZ). All these relevant activities provide a robust and coordinated framework which will not only contribute to the successful delivery of the HSHAZ but create a sustainable regime which can continue to build on this once the scheme has concluded in the spring of 2024.

<u>Conservation Area Appraisal and Management Plan</u>

1. *At the outset we should say how much we welcome this document and being given an opportunity to comment on it as there is no statutory requirement on the part of the Council to consult us. The document is thorough and our thoughts are therefore few, focusing primarily on the issues which have been identified and how the Management Plan aims to accommodate them.*

Officer Comments: Noted

2. *In terms of format etc. the document is obviously quite big and we wonder whether it could be broken down a little more – perhaps by the inclusion of more photos to help illustrate key themes or messages, and whether the Management Plan might benefit from being a standalone document? That way the Appraisal, which is essentially definitive, can remain as a constant, and only the Management Plan need be updated*

from time to time in response to changing circumstances. It will be helpful for the document(s) to be dated on eventual adoption, and to include reference to Historic England guidance on Conservation Areas in the bibliography, if not also at the beginning as a rationale for the structure and contents. It might also be worth considering whether the individual character areas can be available on a standalone basis, as separate pull-outs maybe?

Officer comments: 2. It is felt that as there a part 1 – Conservation Area Assessment and Part 2 – Management plan the is effectively two parts and that part 2 can be amended as necessary. There is no need for two discrete documents.

The individual character areas already start on new pages and can be easily extracted.

The comments on what should be referenced are noted and amendments made as necessary.

Historic England's advice is already reference in section 2.3. It is added to the Bibliography

3. *We have no comments on the proposed changes to the boundary. These are suitably reasoned and add value to the Area's designation overall. But as an aside, it will be important to ensure that the parts of the HSHAZ are which are to be funded are within any eventual Conservation Area boundary.*

Officer comments: All of the HAZ area is within the conservation area

4. *There is an impressive and extensive capturing of relevant issues and a correspondingly extensive schedule of proposed management responses. It is not clear why these are called "management principles" rather than proposals or actions, and such a term might risk creating the impression of them being conceptual rather than tasks to be actually pursued. It would be helpful to have these identified as priorities (i.e. high, medium, low), and the timeframe in which they should be pursued (i.e. short, medium and long term) even if specific deadlines for enacting them can't be defined, perhaps in the form of an action plan. In this respect identifying where possible sequencing, connectivity and dependency relationships which might exist between any of the proposals would be helpful too. That way the Management Plan has in-built monitoring and review provisions.*

Officer Comments: A delivery plan will be drawn up with resources to deliver them after the adoption of the CAMP.

5. *Map 5 refers to key negative areas, and responses to these are covered in the Management Plan. But we note that there is no reference to potential for enhancement of the Bullring (though it is identified as a visually important open space in Map 4). This may not be a "key negative area" within the definition of how that term is applied here but the area is identified for enhancement within the emerging Town Centre Masterplan and as a project to be funded within the HSHAZ. It might therefore be desirable to achieve consistency between the two documents in the referencing of the area. The provision of such a "hook" in the Management Plan isn't necessary to substantiate funding through the HSHAZ*

but complementary affirmation may be useful when seeking other funding in the future - particularly if heritage in nature - for the enhancement of this area.

Officer Comments: It is noted that the area of the Higher Bullring it not noted in itself as a key negative. It is though included in a number of the key negatives in the character that relate to visual clutter, dominance of cars and traffic and within the Management Plan in the key principles 1, 2, 3 and 4, and explicitly in 7, which states:

That the Council engage with Town Council, the Highway Authority and Local Interest groups with a view to developing a scheme to redesign and reinvigorate the visually important open space and setting of the war memorial in context with the conservation area and the history of the space, and should seek to reduce clutter, and dominance of the car. Any scheme should adhere to the guidance in the Historic England publication – Streets for All: Advice for Highway and Public Realm Works in Historic Places.

6. Map 3 identifies important historic buildings and includes proposed additions of important unlisted buildings to add to those already confirmed. If it is possible to establish a correlation/consistency between these buildings and those being identified for grant funding within the HSHAZ that would be helpful.

Officer Comments: Noted and we are taking this on board as part of the priority matrix regarding grant aid in the HAZ.

9.3 County Archaeologist & Historic Environment Manager

Cullompton Conservation Area Appraisal & Management Plan Consultation:

The Devon County Council Historic Environment Team welcomes the opportunity to comment on the draft Cullompton Conservation Area Appraisal and Conservation Area Management Plan.

We broadly welcome the document and support its recommendations. Our comments on points of detail are as follows:

We very much welcome that the Plan has drawn significantly on the Devon Historic Market and Coastal Towns Survey report on Cullompton (Cornwall Archaeology, 2013: Archives: EUS: Downloads (archaeologydataservice.ac.uk)). However, we feel that this ought to be referred to in the document text and certainly with an inclusion in Appendix 3 (Bibliography).

Officer comments: The document is referred to in the text of the document immediately below the heading 3, Location and Landscape Setting. The text states: "*Note the following section is largely a reproduction of the Devon Historic Coastal and Market Towns Survey for Cullompton and full acknowledgement is given in that respect".*

The reference has been added to appendix 3 – Bibliography.

***Page 14-15 (Roman Settlement):** This could be clearer that the fort was in use from around AD 55 until around AD85, but that the civil settlement continued after the military had moved on. Although initially dependent on the military for its existence, as with later periods the Romano-British settlement*

would have been supported by its advantageous location on the transport network, its farmed hinterland and local industry (e.g., Iron). The siting of the fort and the settlement beside its approach roads has had a lasting influence on the layout of the town.

Officer comments: Noted and text amended. New para added one deleted.

Page 68, 9.6 (Character Area 6): *refers to a 'Roman camp'. This should refer to a 'fort', 'forts' or 'fort with annexes'. A Roman 'camp' is a specific type of temporary field defence for which there is no evidence at Cullompton. Elsewhere the text does describe the fort correctly.*

Officer comments: Noted and text amended.

We welcome the proposal to include the open area to the east of the Scheduled Monument within the Conservation Area. This area is important to the setting of the Roman Fort, as it is likely to contain the road approaching it from the east as well as probable below ground evidence of civil settlement. We therefore welcome Page 73, Proposed Addition 7, subject to the replacement of the word 'camp' with 'fort'.

Officer comments: Noted

Proposed Additions 1-7: *We welcome all these proposed inclusions within the CA as they will contain important Roman, early medieval, medieval, and industrial archaeological evidence as well as reflecting the historic urban character of the town. Areas 5 and 6 will protect some of the last open areas of medieval burgage plots.*

Officer comments: Noted

Proposed deletions 8-14: *We have no objections to these deletions.*

Officer comments: Noted

Un-Listed Important Buildings: *We welcome proposed additions 1-18 and have no objections to proposed deletions 19-22, or to proposed changes to adjacent buildings 1-3.*

Officer comments: Noted

Management Plan Principles: *We support proposed Principles 1-29. Our only comment is that Principle 7 (The War Memorial) could include reference to national organisations such as the War Memorials Trust.*

Officer comments: Noted and text amended.

9.4 **Highways England**

In respect of the draft CAMP, we note that one of the ten main key issues relates to through traffic detracting from the environment of the town centre. As set out above (in their comments on the Masterplan), Cullompton High Street forms part of an agreed strategic diversion route to be used in the event of disruption on the M5 motorway. As such, Highways England and Devon County Council will need to fully understand the transport implications of any measures which may impact the ability of this agreed diversion route to fulfil its strategic function.

Officer Comments: We are aware of this restriction which should be overcome by the construction of the relief road. The consultants who are looking at the public realm improvements in Fore Street and High Street have a transport consultant who is aware of these issues. No change is required to the CAMP.

9.5 **Cullompton Leat Conservancy Board**

The Leat Conservancy Board are delighted that Cullompton Mill Leat has been recognised as an important historical feature of the town.

Paragraph 9.2 of the Appraisal identifies the 400 year old Leat as being a Special Character Area of historic interest. It is our view that the whole of the Leat from the Head Weir to where it re-joins the River Culm forms a single structure as such, the area to be included in the Conservation Area should be extended to incorporate the entire length of the leat. The document recognises that the weir and sluices outside of the conservation area are 'important unlisted buildings'. We are concerned that if these structures are outside of the conservation area the Council may have no legitimate interest with regard to alterations/works to these structures which may impact the leat downstream? The area downstream of Lower Mill will be particularly vulnerable during and after the proposed relief road works which will cross this important watercourse. It is important that the entire leat is protected.

Management Plan Principle 29 – The Leat Conservancy Board very much welcome this recommendation that a long term management plan be created for the leat. It is important that a body with authority and funding takes on responsibility for leading delivery of such a plan. We would suggest that advice be sought in developing a maintenance plan from those with expertise such as the Rivers Trust and the Connecting the Culm Project.

The following are examples of why such a plan is desperately needed:

The leat currently needs, and has for some time needed, work done to sections of eroding and subsiding banks particularly as it impacts a public footpath. We are aware that the Town Council are holding funds from DCC to get this work done. The length of time it is taking for this work to be agreed and commissioned is now over 2 years, during which time these areas have deteriorated further. Perhaps with a proper plan this work could have been done as required as routine maintenance before the condition of the banks got so bad.

Flow in the leat has declined over time. Until recently it was so reduced by vegetation growing in the watercourse that in hot weather the water levels in the leat and through the town were such that on occasion it virtually ran dry. This had a devastating effect on the wildlife and amenity. The Leat Board had tried for some time to encourage the landowners and Environment Agency to clear their blocked sections of watercourse but without success. After much delay the Town Council stepped in and with a financial contribution from the Leat Board arranged for clearance work to be carried out. The benefit has been immense. Despite a prolonged dry spell this summer the flow has remained at a healthy level and wildlife has flourished. We have never seen so many fish as we have this year and populations of ducks, moorhens, little egret and kingfisher are thriving. Clearance work will need to be carried out regularly to prevent the previous situation recurring. A long term management plan which ensures that clearance work is carried out routinely

will hopefully ensure the leat does not again experience a decline in flow due to lack of upstream maintenance. It is important to note that the works that have been so successful in restoring the flow to the benefit of the town were all done in the part of the leat upstream of area that is currently proposed to be to be in the Conservation Area.

In summary, Cullompton Leat Conservancy Board strongly support the proposed Management Plan Principle 29. We also support the proposal to include additional sections of the Mill Leat in the Conservation Area but feel that the proposal does not go far enough in leaving part of the Mill Leat and associated structures outside the conservation area.

Officer Comment: The conservation officer walked the upper part of the leat to the weir with the ward member after the CAMP went to PPAG. Management Plan Principle 29 was added after that meeting. The leat extends well beyond the historic built town core and into fields beyond. It is not within the remit of the purpose of a conservation area to extend it so far beyond the historic built development and along the water course to the weir where it starts or to where it re-joins the main river channel. This does not prevent the Management Plan Principle, which relates to the management of the leat, meaning that this relates to the whole leat.

9.6 **Natural England**

Natural England does not have any specific comments on this Conservation Area Appraisal and Management Plan.

Appendix 4

10.0 Public consultation:

The majority of the public comments received can be found in the attached table - **Appendix 5**. The comments from the public both by email and by filling in the paper proforma are recorded in this table. The comments of the Council Officers in response to these comments are added to the table in italic.

10.1 In addition 6 letters have been received. These state

The first letter/email comments

I attended the public consultation on proposals for the changes to the Higher Bull Ring held at the Walronds. I was pleased to have the opportunity to discuss the plans with the Conservation Officer and have the following comments to make.

You will see from my address that I have lived .. in the Bull Ring since 1979 (edited for privacy). Since then a number of changes have been made to the surrounding area but the change I would most like to see is in the parking arrangements. When I mentioned that I would like to see the parking changed to echelon parking I was told that there is a proposal to reduce the parking to parallel parking and a narrowing of the highway. I realise that the new relief road is crucial to the development of all the proposals for change through the town centre and I have several concerns about these ideas. I must admit that reducing the amount of parking in the Bull Ring would improve the view from my property but Free parking in the Town Centre is essential for the vitality of the businesses in High Street and Fore Street. The Disabled Parking was put in the present position as it is the only level area for wheelchair user to safely transfer from their vehicles. The parking is in use 24 hrs a day with those accessing the restaurants, coffee shops and take away venues. I understand the enthusiasm to reduce the number of cars on the road but planning permission has been granted for new housing estates which cannot accommodate buses and the LOTS scheme (Live Over The Shop) has resulted in numerous properties with no amenity areas or parking. The whole purpose of the HAZ scheme, as I understand it, is to encourage activity and footfall in the Town Centre. By dramatically reducing the easily accessible parking in the Town Centre the result is likely to be the loss of many established, but struggling businesses. It is essential that a compromise be found to enable better use of the Bull Ring without compromising the viability of the Town Centre which everyone wishes to regenerate.

Another concern is related to timing of the work. I do not think that any start has been made on the construction of the Relief Road. I fully understand the complexities and frustration relating to this project although I am no longer really up to date on developments. However it would be catastrophic to the businesses in the Town Centre if work were carried out in the Bull Ring at the

same time as the access roads were blocked for construction traffic for the road. What is the District Council intending to do to mitigate these problems?

I recognise that the grant from Heritage England under the HAZ scheme is time limited therefore it is disappointing that the Relief Road is unlikely to be opened in time for the impact to be known. No doubt a great deal of traffic will be diverted out of the town Centre leaving space for those who wish to visit the Town for Business, shopping and leisure activities. It is hoped that the Relief Road will enable people wishing to access the Town Centre to do so and have sufficient parking to encourage visitors to use these facilities. There will still be a number of large vehicles needing to access Tiverton Road including buses and farm machinery. The bus Stops in the Bull Ring are vital and well used.

Officer Comment: This is not a matter for the CAMP. The CAMP sees the area as one that is in need of improvement and does not say what that change should be or how it is managed. There is a separate consultation being undertaken on public realm enhancement in High Street and Fore Street.

With reference to the Conservation Area Appraisal and Management Plan I welcome the intention to overhaul the signage through the Town Centre and improve the street furniture. Many people use the bench seats and they are an important asset for those living in cramped accommodation or needing a rest before walking up St Andrew's Hill.

Office comment: Noted

Policy S11 refers to improvements to the transport Infrastructure and the opening of the Railway Station. As one who lived in Willand Road and used the train to attend school in Exeter I think it will be necessary to provide bus links to the station from the outlying estates. The reason I gave up using the train was because this ex GWR line goes in to Exeter St David's and access to the City Centre was difficult and time consuming. Will the proposed link use the Central Station?

Officer comment: Beyond the scope of the CAMP.

Page 23 includes many of the industrial activities but does not mention the Rope Works in Goblin Lane

Officer comment: A twine works is mentioned in Goblin Lane. No change proposed.

There is also reference Pen y dur which should read Pen y dre.

Officer Comment: This is misspelt on page 67 and has been corrected.

Page 30 refers to The Manor Court Hotel I think this should read The Manor Hotel.

Officer comment: The sign on the front of the building states Manor House Hotel. It is listed as The Manor House Hotel. Planning applications are registered to the Manor House Hotel. The CAMP has been corrected to Manor House Hotel in the two places required.

> *Page 75 I mentioned to the Conservation Area Officer that the row of properties 56-62 Fore Street and Tower View were built to burn by Charles Reynolds. The insulation provided at the time consisted of dross from Mr. Reynold's feed mills and the second and third storey rooms do not reflect the shops on the ground floor. I felt the Conservation Officer's response was very cavalier in respect of the safety of occupants. I know that the District Council carried out a survey of let properties in High Street and Fore Street, did this include fire precautions and are fire breaks provided between the commercial properties and the residential accommodation? Have fire breaks been included between the flats? If not I think the Council should include a policy to ensure that all these properties have adequate fire precautions installed to improve the safety of residents.*

Officer Comment: This is beyond the scope of the CAMP. The CAMP relates to the architectural and historic interests of the area and the buildings within it. This does not relate to how they were built and if they are to modern standards. The conservation officer disputes that he was cavalier, simply stating that issues such as fire safety is beyond the scope of the CAMP, and that buildings should not be omitted from being considered of architectural interests if they are perceived to below standards in other respects.

The survey undertaken as part of the HAZ was an external survey from ground level and was only to look at exterior condition.

Part of the match funding for the HAZ comes from Mid Devon's Housing Team, and internal improvements to rented property may be fundable through this. The survey referred to was a survey of properties which they were able to access, and fire safety was a consideration.

All new building works will be required to comply with building regulations which includes fire safety.

> *I note the intention to address the matter of yellow lines in the Conservation Area and in particular Church Street and I accept these are unsightly. However, these lines were put there because at the time there was no other way of enforcing a No Parking policy in the area. Inappropriate parking presented a huge problem for residents, the Church and emergency vehicles and unless there is another way of ensuring an enforceable No Parking ban removing the yellow lines would be a disaster. The bollards might be of poor design and badly maintained but they have prevented many accidents to pedestrians crossing Church Street and those accessing the opticians on the corner.*

Officer Comment: This is raised with regard to the poor design and lack of maintenance of the bollards and how the double yellow lines effect the view of the Church. No decision is made on how this might change.

With reference to the raised concrete kerbing and perhaps this should be replaced by surfacing to mark the line of the town water supply provided by the Bishop of Buckland in the 14th century. This ran on both sides of the street and in to the Bull Ring on the West Side going in to a culvert outside Cottonwood House.

Officer Comment: This is a matter to be covered by the works with regard to the public realm where consultation is taking place.

The second letter/email comments

Page 15. The late 4th century date of the settlement's final occupation phase ties in with it having gone out of use as a result of the fort being abandoned and Roman occupation of Britain coming to an end.

Griffith. Proc. Devon Arch. Soc, 42, 11-33, 1984, Simpson and Griffith, Proc. Dev. Arch. Soc., 51, 149-159 state that the fort went out of use before 75 AD based on finds from fieldwalking and the limited excavation done in the area to the west. The fort going out of use about this time is similar to other Roman forts in SW England. The 2nd Legion Augusta left Exeter around 75AD to go to Wales. The settlement is later and if it was connected to the fort it is more likely to have been outside one of the gates. This all seems to me to indicate that this settlement was not connected to fort – although it going out of use is consistent with the end of the Roman occupation.

Officer Comment: Consulted further with County Archaeologist. Second para of 3.31 substituted.

3.3.2 'Columtune'
The minster lands held by Battle Abbey in 1086 were called the manor of Cullompton in Doomsday, and the manor was later known as Upton Weaver. It had its own tithe survey and the map is labelled as "Manor of Upton Weaver" and is described as the district of Upton Weaver in the apportionment.

Officer comment: Consulted further with County Archaeologist, and contacted the consultee for clarification. In reply he stated

In summary - I agreed with the statements there and just wanted to offer some additional evidence.

I agree that the Urban Survey Report is totally consistent with what I put in my response. I think that I was probably just trying to provide some additional evidence. The existence of Henland as an exclave of the parish is an additional piece of evidence for the statement there: "The fact that some of these are in neighbouring parishes may be evidence for Cullompton's previous wider influence"

The fact that even in the 19th century, long after the dissolution of the monasteries, Upton-Weaver was regarded as a separate district from the rest of the parish is additional evidence of the importance of this manor in the past. The tithe survey map and apportionment for Upton Weaver is available from the same site:

https://www.devon.gov.uk/historicenvironment/tithe-map/cullompton-upton-weaver/

Officer Comment: No changes proposed.

Henland was an exclave of the parish of Cullompton until late 19th C. (this is still evidence that the original minster was far larger)

Officer Comment: Consulted further with County Archaeologist. Text amended.

P16 re-dedication to St Andrew granted 1436. Orme's English church dedications, pp.9, 152, states that the date of the dedication festival (which is what changed around 1435) is simply the anniversary of the original dedication is not necessarily the same as the date of the patronal festival. The dedication to St. Mary can be seen in many 19th century trade directories and Orme states that Andrew was first postulated only in 1754 and was dominant only from 1873.

Officer Comment: Consulted further with County Archaeologist. Text amended.

P15. What is the evidence for Gytha's ownership? Which Cullompton manor (the one which belonged to Battle Abbey or the one which was part of Silverton in 1086?) Not in lands recorded in Doomsday as held by her in 1066 according to Thorn and Thorn. Westcott claims it was held by Godwin but again this isn't consistent with Doomsday.

Officer Comment: Consulted further with County Archaeologist. Text amended.

Page 17.
The road north towards Wellington from a toll gate near Goblin Lane was also a turnpike managed by the Tiverton Turnpike Trust (this joined the road from Tiverton to Wellington at Waterloo Cross). So 5 turnpike roads met at Cullompton but only 4 trusts.

Officer Comment: Consulted further with County Archaeologist. Text amended.

Page 30.
K6 phone box was removed (seems to have been no consultation on this and not offered to Parish Council to purchase AFAIK) [see also page 63]

Officer Comment: Noted. Text amended.

Page 41.
Middle Mill - base of Chimney still remains, now at risk of collapse due to tree growing in it and general neglect. Landowner not on land registry, town council unable to find who does own it despite many attempts over the years.

Officer Comments: Noted

Page 55. Should former workhouse, later the Royal British Legion, now sold, be included as a Key Unlisted building?

Officer Comment: It is felt that the alterations made to the building through the change of uses mean that it is not of sufficient interest. It remains a non-designated heritage asset

Page 58. State of Methodist Chapel and neglect of the potentially pleasant open space in front of it is a real missed opportunity for the town

Officer Comments: Noted. This is included as a key negative and noted as an important unlisted building.

Page 61. 40 High Street (Conservative Club) - Now Frankie's Sports Bar

Officer Comments: Noted and CAMP amended

Page 62. King's Head now being converted to restaurant.

Officer Comments: Noted and CAMP amended

Page 81. Principle 8 should be extended to include protection from theft - reviewing how they are affixed and if this needs to be improved. Also where owners of properties remove signage for refurbishment of property, there should be a responsibility to reinstate it in a timely manner. Recent losses: Middle Mill - stolen, The Green - also stolen, Higher Mill Lane - disappeared when the building it was attached to (then the King's Head PH) was renovated following a large collapse of a cob wall

Officer Comments: last para of 11.5.5 amended to include (and some have been removed and not replaced.

Amend principle 8 to read Management Plan Principle 8: That the Council engage with Town Council, the Highway Authority and Local Interest groups to survey and refurbish, and replace where missing the historic street signage and furniture and identify inappropriate street furniture beyond the area to be enhanced as part of the Heritage Action Zone. Any resurvey to consider anti-theft measures.

Additions to Conservation area

- *Strongly support inclusion of the mills*
- *Not clear why the area around the tannery to the west of Exeter Road not included - historic importance including old leat from the mill which runs from the Antiques centre alongside the road to re-join the Crow Brook Also the row of cottages from the Bell Inn to Colebrook Lane are also of historic interest and are a key part of the gateway to the town*

Officer Comments: Map regression shows little left on the tannery site which is of interest above ground. The one principle building on the west side is added as an important unlisted building. One other building remains as part of the modern buildings, but external inspection suggests there is little of interest left.

There is some merit at looking more closely at the row of cottages referred to. There would need to be a gap in the conservation area. At this stage and the pressing need

to have an up to date CAMP to support the HAZ it is felt necessary to move forward with the CAMP as it is and revisit these buildings in the near future.

The third letter/email comments

> *Having viewed your pop up display at Cullompton library I noticed that proposed changes to the conservation area could impact on me as I live in the Higher Orchard area of the town and therefore I have a couple of questions.*
>
> 1. *The dotted red line runs down the edge of my property and a section of the lane that I own, therefore part of my ownership in excluded from the new proposed area (my house) and part included (the lane outside my house). If adopted how would conservation rules impact on my rights to do anything to the lane, for example having it re surfaced at some point?*
> 2. *Once again assuming the proposals are adopted how would conservation rules impact someone who wished to develop the open green area that is directly opposite me and runs for most of the length of the lane?*

Officer Comment: A response has been sent explaining that PD rights are tighter in the conservation area, but to resurface the track as existing will not need permission. Further, with regard to development on the undeveloped field, we have a statutory duty under section 72 of the Listed Building Act to have special regard to the desirability to preserving or enhancing character of the conservation area. Conservation areas are not preservation areas, but they do require a higher level of design and appreciation of the conservation area. Being in a conservation area would make development of the site a more demanding an exercise. On top of that a proposal would need to consider the setting of the SAM adjacent and the below ground arch archaeology which may well be present.

The fourth letter/email comments

> *I would firmly support the Council and its proposed conservation plan in bringing the land at Higher Orchard off Goblin Lane (that is currently not in use and overgrown) into the Cullompton Conservation area boundaries. There are extensive plans to develop wider Cullompton and this land and my adjacent property have uninterrupted views towards the town centre, the local Church and also the Sidmouth Gap in my opinion this view needs to be preserved and protected for future generations.*

Officer comments: Noted

The fifth letter/email comments

> *I have asked my neighbour (edited for privacy) to send you this email on my behalf supporting the field at Higher Orchard Cullompton being added to the conservation boundary in the newly proposed Cullompton Conservation Plan.*

Officer comments: Noted

The sixth letter/email comments

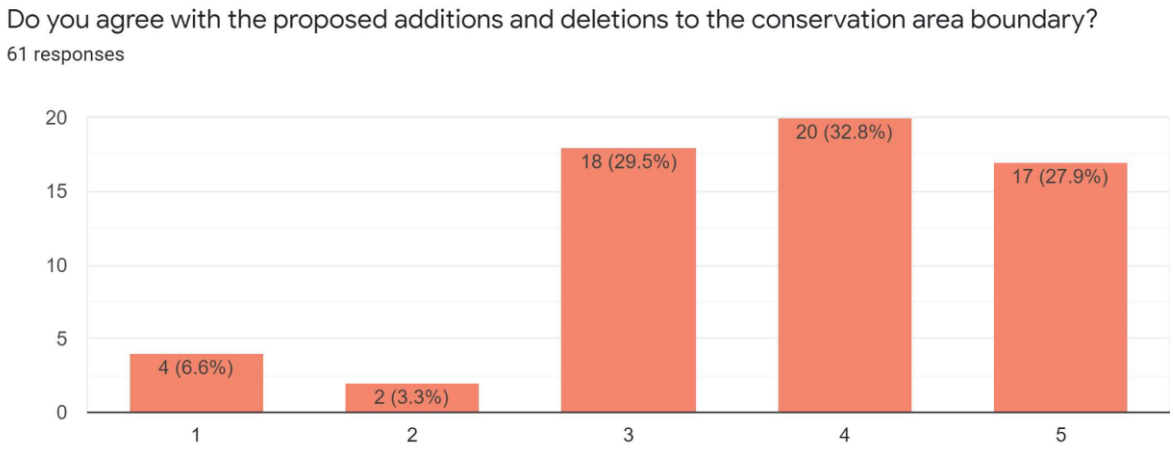
I am writing to support the Council's plan to extend the conservation area by including the land at Higher Orchard which lies between Goblin Lane and the St Andrew's Estate. This area is overgrown at present and as such is a haven for wildlife. I note from the plans that Higher Orchard is adjacent to a Roman Fort. Certainly if there is any possibility of this ancient monument being disturbed or indeed if there might be Roman artefacts to be found at Higher Orchard I would heartily recommend that the Council adopt this proposed extension to the conservation area.

Officer comments: Noted

Appendix 5:

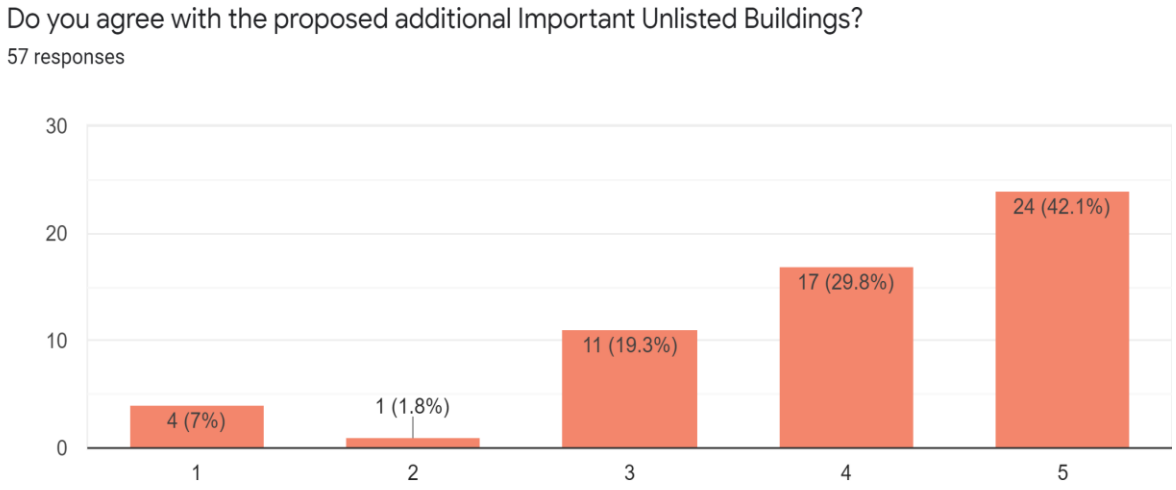
The questions on the proforma prompted either a score from 1 strongly disagree to 5 strongly agree, but also gave room for comment. These are represented below along with the comments made and any comments made:

Q1: Do you agree with the proposed additions and deletions to the conservation area boundary?



Written comments: None

Q2: Do you agree with the proposed additional Important Unlisted Buildings?



Written comments: None

Q3: Are there any other buildings you would like to see included?

Written comments: 6 No.

NOT 19 HIGH STREET *Officer Comment: This site is identified as a key negative as the previous property was lost to fire. It is the subject of a management plan principle to*

redevelop the site. It should remain in the conservation area, but is clearly not an important unlisted building.

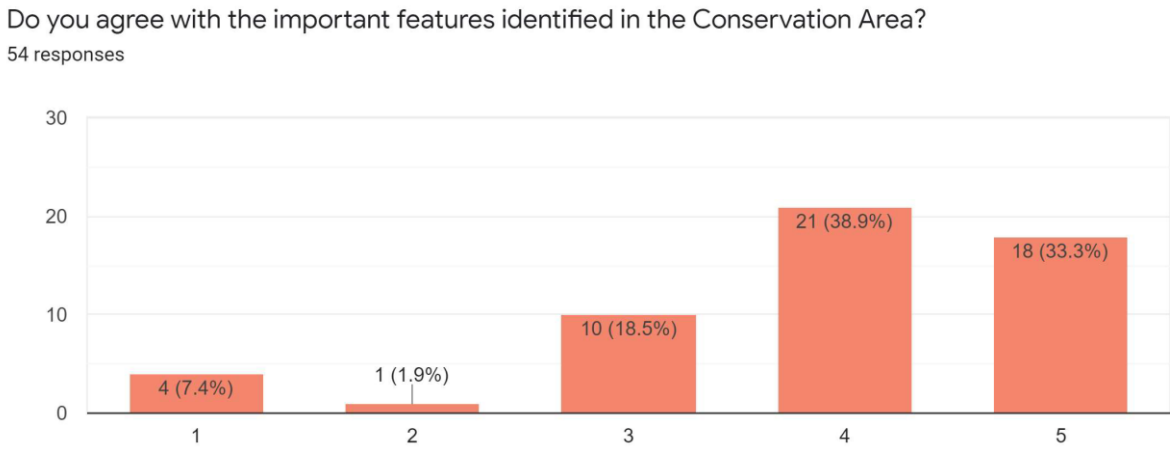
Save the Methodist church. *Officer Comment: This is proposed as an important unlisted building, and the area to the front and the building is considered a key negative in need of improvement.*

Most of the old building are not fit for purpose, replace them with modern eco-friendly building, with green roofs and built to modern building codes. *Officer Comments: This is beyond the scope of the CAMP, other than to propose that there is no conservation area. It is also noted that there is a conversation taking place within planning that the carbon cost of demolition and rebuilding is often much higher than adaptive reuse of the existing building stock.*

There is a case to include the Roman fort. It is arguably the most significant archaeological/historic feature in the town, in a very dominant position overlooking the town centre and with great potential to link with the Town Centre Masterplan's objectives for green space, attracting visitors and linking the expanding suburbs to the centre. Although it is Scheduled, including it in the CA would integrate it more with the plans for the town and how the centre works with the expansions. *Officer Comment: The Roman Fort is Scheduled which is a similar level of designation as a grade 1 listed building. It would be possible to extend the conservation area to include it, but it was felt that its designation as a SAM meant this was not necessary as it would add no further protection.*

Community House eg Raising Sun Pub, YMCA not 4 more flats. *Officer comment. This is beyond the scope of the CAMP*

Q4: Do you agree with the important features identified in the Conservation Area?



Written comments: None

Q5: Are there any other important features in the Conservation Area that you would like to see included?

Four No.

Not within the area on the map, but I assume the two buildings at the Cemetery off Tiverton Road should be included? - *Officer Comment: The buildings referred to are both listed and*

this protection will protect the historic curtilage. The site is too distant and small to add to the conservation area.

Tudor buildings*: Officer Comments - Assume this is the Manor Court and No 7 Fore Street. These are in the conservation area and listed.*

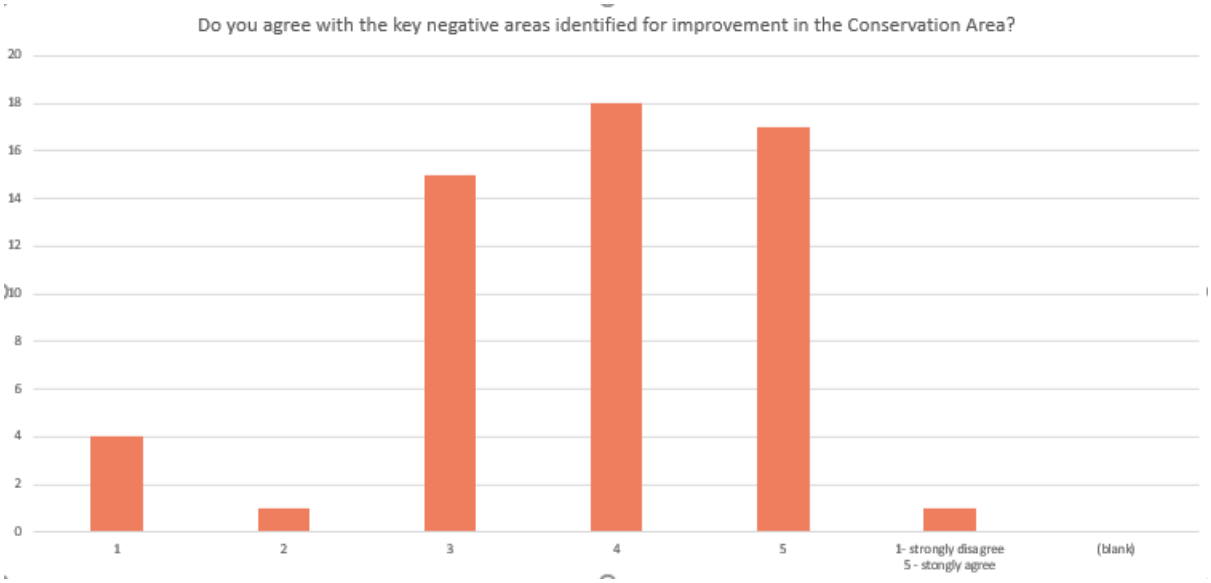
It's another waste of money *No comment offered.*

Consultation with officers of St Andrews Church re enhancement of the small car park (Gravel Walk). It is in need of resurfacing and enhancement. Visitors to the historic church are met by a selection of old and broken traffic cones. These cones are used to protect car park spaces which are rented by local residents and often usurped. These cones are considered as necessary but are very unsightly. Here I declare an interest as a resident*. Officer comment: This is interpreted as support of the identification of this area as a key negative and the management plan principle to seek to improve it.*

Parking restrictions in Church Street (including enforcement). *Officer Comment: Enforcement of parking restrictions is beyond the scope of the CAMP*

See above comments regarding the Roman fort. *Officer comment see above*

Q6: Do you agree with the key negative areas identified for improvement in the Conservation Area?



Q7: Are there other areas that detract from the historic character of Cullompton?

Over spilling of bins by welcome to Cullompton sign and graffiti in High street

CTC spending money on [redacted]

No, three times

Damaged cobbles at junction of Fore Street and Queen Square above Hebron Hall.

Don’t know

Car park near library *Officer Comment: This is noted and is picked up as a key negative and has a management plan principle which seeks to improve this area.*

I personally do not like the mural at the corner of Station Road but realise that this is only personal taste.

Aldi and Home Bargains. Can we heighten the wall of the car park to cover the ugliness? Or plant trees? Also knockdown the petrol station next to the tannery. The whole area looks awful. Exeter Hill NEEDS to be looked after/cleaned regularly. *Officer comment: This area is beyond the conservation area. The ED team and the HAZ project officer are aware of this comment and will seek to engage on these sites as the opportunity arises.*

Cars

Messy parking in Crow Green. Not enough parking for residents. Unattractive road which could be characterful. *Officer Comment: the majority of Crow Green is modern and beyond the conservation area. The comments are out of scope but noted.*

The conversion of space above shops to flats and the "Alleyways" are mostly all dwellings with their rubbish in the Fore Street *Officer comment: considered in the key negatives and management plan principles.*

The town leat is in dire need of resurrection, particularly the overgrown and unfenced section adjacent to 'millennium way' - health and safety risk to children. If the weir at source was repaired an improved flow could be registered and its side could be enhanced throughout town attractively. *Officer comment: Noted. The condition of the leat is noted as a key negative and there is a management plan principle for the leat.*

Entrances to Cullompton and the caravan sites Officer *Comment: Noted. This is largely a comment for the Masterplan*

Higher Street one hopes is still work in progress. The area needs a complete and thorough overhaul. *Officer Comment: Higher Street suffers partly due to traffic but also poorly maintained property and some public realm. It is hope to encourage people to repair and maintain those properties in need of care and the statutory undertakers.*

Do you have any comments to make on the management plan principles in Part 2 of the Conservation Area Management Plan?

Q8: Do you have any comments to make on the management plan principles in Part 2 of the Conservation Area Management Plan?

No comment

It's a waste of money

No four times

On Page 3 the Leat is included in the list of "Negatives". It is in fact a fundamental part of the town and a significant asset, all be it that it needs management and repair. The negative listing is unfortunate yet the recommendation, (Management Plan Principle 29 on Page 90) for the establishment of a management plan is correct. *Officer Comment: The condition of the leat is considered to be a key negative and an area for improvement. There is no intention that the leat of itself is a key negative. Indeed it is recognised as a key component of the character of the conservation area.*

The high street doesn't work at the moment. Inevitably cars, vans and lorries need to pull over on Fore St and it causes chaos. There's not enough parking to accommodate more visitors to the centre, not helped by The Hayridge Centre car park being run by a horrible private company. *Officer Comment: Parking and use of High Street and Fore Street are being considered as part of the public realm enhancement works which we have undertaken and initial consultation on.*

There's a lot of shops doing the same thing - beauty, barbers, hair dressers. Not a lot of diversity nor independent retailers for food and other goods. The swimming pool charity shop, premier, laundrette and copious barbers are eye sores. The hardware store is run down. Porter's signage looks unsightly. The White Hart has huge big branded coffee pavement signs that are not in keeping with this plan. There are some random shops Inc. a henna shop and an Indian tea shop...it seems there is minimal management of what is allowed to open and the quality of the offer/signage not considered. *Officer comment: Under the use classes order, shop and commercial premises are able to be used for a variety of uses without the need for planning permission. The market ultimately decides on the mix and success of businesses. The HAZ is looking to work with landowners and tenants to improve properties in Fore Street and High Street. Signage is also permitted to be changed without consent certain to restrictions. We have prepared shop front and advert guidance for use where consent is required and this can be applied voluntarily when consent is not required.*

No, other than to agree with them.

Q9 Is there anything else you would like to tell us in relation to the Conservation Area Appraisal and Management Plan?

Just seems pointless the buildings are in a terrible state in most of the central area and how much of that is due to the cost of conforming to the conservation area rules. *Officer Comment: The reason the conservation area is 'at risk' is due to the volume and nature of the traffic through it. This in part has led to a lack of investment. Otherwise we are not aware that conforming to conservation rules have resulted in the run down nature of the area, which largely relates to lack of care and maintenance of properties by owners.*

No five times

Do your jobs

With the proposed expansion of Cullompton it is vital to preserve some green firewalls such as including Higher Orchard in the conservation area. I firmly support addition of area 7 in the conservation plan. *Officer comment: Noted. It is proposed to include this area.*

I don't understand the inclusion of a photograph on page 40 under the title "View of St Andrews Parish Church....." Which depicts a garden being used as an ongoing storage area for plastic refuse and soil waste, when the related text says that the gardens "do not erode the character" of this section of the area. I can only hope that inclusion of this area as a visually important open space will lead to the ground being reinstated to its natural level in the flood plain. *Officer comment: The photo referred to is on page 42. The garden referred to as untidy was part of the ongoing building works at the house to extend it. It is anticipated that it will be returned to a domestic garden once the works are completed.*

I have submitted a separate comment upon the proposed railway station.

Is the tannery on there? I cannot see the map properly. *Officer Comment: The remaining historic buildings on the tannery site are proposed to be important unlisted buildings. One is to be included in the conservation area.*

Leave the land alone - it's good well managed Agri land

Be careful not to make rules so stringent that householders can't afford to maintain their home. *Officer Comment: Lack of maintenance of properties is an issue in the conservation area, but none of it appears relate to being in a conservation area itself. In this case money is being made available to help with maintenance and repair of buildings in the HAZ*.

The historical outline at the start implies that the Roman fort was in use throughout the Roman period. This is not the case. It was only occupied from the mid to late 1st Century AD. A civil settlement, established outside the fort, continued until at least the later 4th Century. *Officer Comment: This was sent as a separate letter also and the CAMP has been amended.*

I do not think the food and drink or hairdressing facilities in the town need increasing. *Officer comment: Under the use classes order, shop and commercial premises are able to be used for a variety of uses without the need for planning permission. The market ultimately decides on the mix and success of businesses.*

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Mid Devon
DISTRICT COUNCIL

Cullompton Conservation Area Appraisal & Management Plan

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Part 1 Character Appraisal

1 Summary

1.1 Summary of Special interest

The character appraisal of the Cullompton Conservation Area concludes that the special interest of the area derives from the following key characteristics:

- A coherent and well preserved street pattern of at least mediaeval origins with a tight urban grain
- Interesting and important network of yards and passages, reflecting former burgage plots, and historic functions
- Intimate and walkable character
- Traces of Cullompton's former industries including leather working, bell founding, paper making and woollen industry and three mills on the leat
- Weekly market, still taking place on the original livestock market site at the Higher Bullring
- Fine landscape setting with views of and from the surrounding countryside
- Some outstanding buildings especially the St Andrew's Parish Church and Merchants Houses, including The Walronds
- Landmark quality of St Andrew's Parish Church tower
- A rich and varied townscape, stemming from buildings of different periods and the gently meandering line of the main street
- Other listed buildings, and buildings of local interest, many of group value
- Number of surviving 19th and early 20th century shopfronts
- High number of independent retailers contributing to the town's distinctiveness

1.2 Key Issues

Based on the negative features identified in Section 9 - The Character Areas of the Conservation Area - a number of issues have been identified and are listed below. These form the basis for the Management Proposals in the part two of this document.

1 Volume and Nature of traffic, and Highway Management.

Given the nodal connection to the motorway, there is high volume of traffic in the main streets of Cullompton which is passing through on its way to and from the motorway. This includes heavy good vehicles passing through the historic core. The volume of traffic results in queuing at the principal junctions, and when deliveries are made along Fore Street. Along with the narrow pavement widths, this makes the experience of the historic core quite unpleasant, with the noise, fumes and dirt from the traffic, and at times a feeling of danger for those on foot and bicycle.

2 Traffic Management

There is clutter from signage, road markings and traffic islands, some of which relates to highways for direction or for restrictions such as parking.

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3 Public Realm

A number of negative impacts in the public realm have been identified within the conservation area appraisal. Some are site specific whilst others have an impact throughout the conservation area.

- Uncoordinated and poor quality floor scape: Paving and surface materials throughout the area are generally modern, uncoordinated and poor quality. In almost all cases they fail to enhance or re-inforce the historic identity of the conservation area. Patch repairs in the public highway, or where service trenches are cut, can lead to alternative lower quality and out of place materials being used
- The public accessible pathways to the leat, Forge Way car park, and to Shortlands Road are not legible or welcoming. It is not clear, other to those who know, that they are public paths and where they lead to. The path back to Forge Way car park is not marked
- The public path along New Cut accesses Shortlands lane. The former Methodist Chapel is accessed via this lane with an open area to the front and a derelict site to the rear of No 20 Fore Street. The Chapel is no longer in use for worship and is in private ownership and with planning permission for an alternative use. The run nature of this area is uninviting and harmful to the conservation area
- Trotts Almhouses are an attractive building listed as being of national importance. The seating area to the south gable is an attractive and well used area. To the south of this is an expanse of tarmac and tactile paving, signage and traffic control associated with the busy highway junction. This appears quite bland and out of character by reasons of the materials and the open nature of the site
- The street furniture, as distinct from traffic control, has grown organically. This has led to a cluttered and uncoordinated appearance
- The Higher Bullring is dominated by car parking, the volume and nature of traffic passing through it and associated traffic control measures, and street furniture which has been provided organically over time. The listed War Memorial is a key land mark building here. It is compromised by car parking, and uncoordinated street furniture
- The raised concrete double kerb along Fore Street works to divide the footpath from the carriageway and as a method of surface water control, the path and road being at the same level. It is an unusual, non-traditional, incongruous and unattractive feature in the conservation area which also harms the setting of highly graded listed buildings

4 Loss of original architectural details and inappropriate building materials.

Many of the unlisted, and some of the listed, buildings in the conservation area have been adversely affected by the replacement of original timber sash windows, casement windows and doors with uPVC or aluminium, the replacement of natural roof slates with man-made slate or natural slate being turnerised. In the case of shopfronts there are a number of cases where the replacement or alteration of historic shop fronts and advertisements has spoiled the external appearance of a building and the local streetscape.

5 Poor quality of new developments, building alterations and extensions

Some relatively modern developments are out of character with the conservation area by reason of their inappropriate design, scale or materials.

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6 Lack of routine building maintenance and repair

Buildings in the conservation area are generally in good condition but there are instances of the neglect through lack of routine maintenance and repair which results in unsightly buildings.

7 Unsightly satellite dishes

Satellite dishes are a feature of modern living. Unfortunately, when located on the front of a historic building, a satellite dish can spoil the appearance of the building and the street scene. They have a particularly noticeable adverse effect when a black dish is sited on a light background, especially render. In certain circumstances, satellites dishes may have been installed without the need for planning permission and/or listed building consent.

8 Sub-division of properties into flats

Sub-division of properties into flats or let for multiple occupancy can tend to erode external character through poorly maintained buildings, gardens and shared areas by absentee landlords. There can be a lack of external storage for bins etc. and multiple external wires for services.

9 Overhead power lines and telephone lines

A number of streets retain above ground servicing by telephone and power cables radiating out from and between telegraph poles which adds clutter to the street scene. In many cases the telegraph poles are metal and have been poorly maintained.

10 Negative sites and buildings

This appraisal has identified ‘negative’ buildings and areas i.e. buildings and areas which clearly detract from the character or appearance of the conservation area and could suitably be redeveloped or improved. In addition, there are is are vacant sites where some form of built development has the potential to improve the town-scape. The following sites and/or buildings, marked on the accompanying map 5, clearly detract from the character or appearance of the conservation area, and in some cases to the setting of listed buildings.

- Land adjacent to No 12, Gravel Walk
- Cobbles at Pye Corner
- Hebron Evangelical Church, off Queen Square
- Hayridge Centre Car Park
- Land at No 19 High Street
- Clarks Court Off High Street
- Public Toilets and land adjacent to Station Road
- Police Station, Station Road
- Roundabout at Entrance to Supermarket on Station Road
- No 60 Higher Street
- Trotts Almhouses, Higher Street

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2 Introduction

2.1 Statement of Objectives

The purpose of this Character Statement is to provide a basic summary of the elements that together contribute to the special character and appearance of the conservation area. It is intended also to be supporting information for alterations to the conservation area boundary.

The intention is that the completed document will be adopted by Mid Devon District Council.

It is hoped that local residents, the Town Council, Devon County Council and others (such as utility companies) will also find the document useful.

The Conservation Area Appraisal has been compiled to analyse the Conservation Area. The Management Plan is to be read in conjunction with the Appraisal and puts forward proposals for its future, and how it will be managed.

2.2 Community Involvement and Consultation

Prior to commencing preparation of this draft document, the Town Council, District and County Councillors and key stakeholders were consulted and ask if they had any views on the existing documents.

During the production of the draft document, internal consultation has taken place and the draft document was presented to Mid Devon Council's Cabinet on the 8th of May where it was agreed with some minor alterations that the draft document would be taken forward to public consultation.

This document was consulted on in accordance with the Council's Statement of Public Involvement between the 28th June and 13th August 2021. It was part of a wider consultation on Cullompton Planning Masterplan and changes to the public realm as part of the High Street Heritage Action Zone (HAZ).

A public meeting as required by the legislation took place on the 27th of July. This was a Zoom meeting as it was felt that given the high incidence of Covid that there may well be reluctance to attend a meeting in a public building. The County Archaeologist and Dr Firth of the Connecting the Culm project also spoke at this meeting. People at that meeting who wished to comment were guided to the online process, or they could post in their comments, or visit the library and leave their comments in the collection box.

Additionally, three face to face public consultations took place when Council Officers attended the Farmers Market in Cullompton on the 24th of July; the Art Week at The Walronds on the 26th July; and at Tesco's in Cullompton in the late afternoon on the 26th of July.

The amended document was then taken to Cabinet on the 4th of January 2022 where the results of the consultation and amendments were considered then to Full Council for Adoption.

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2.3 The purpose of a Conservation Area Character Appraisal

A conservation area is defined as 'an area of special architectural or historic interest the character or appearance of which it is desirable to preserve or enhance'. Section 71 of the Planning (Listed Buildings and Conservation Areas) Act 1990 (as amended) requires local planning authorities to formulate and publish proposals for the preservation and enhancement of these conservation areas.

In response to this statutory requirement, this appraisal document defines and records the special architectural and historic interest of the conservation area and identifies opportunities for enhancement. This appraisal conforms to Historic England's guidance as set out in Conservation Area Appraisal, Designation and Management Second edition, Historic England Advice Note 1, 2019

This document therefore seeks to:

- define the special interest of the conservation area and identify the issues which threaten the special qualities of the conservation area (in the form of Part 1: Character Appraisal);
- provide guidelines to prevent harm and achieve enhancement (in the form of the Part 2: Management Proposals)

2.4 The Planning Policy Context

This appraisal provides a firm basis on which applications for development within the Conservation area can be assessed. It should be read in conjunction with the wider development plan policy framework produced by Mid Devon District Council. Any applications will also be considered in the wider statutory context and against the guidance in the National Planning Policy Framework (NPPF), the SPD produced by Mid Devon and any relevant guidance produced by Historic England.

Statute

Section 72 of the Planning (Listed Buildings and Conservation Areas) Act 1990 (as amended) gives a general duty as respects conservation areas in exercise of planning functions. The Local Planning Authority is required, with respect to any buildings or other land in a conservation area, to give special attention to the desirability of preserving or enhancing the character or appearance of that area.

There are other statutory duties with regard to applications which relate to a listed building and or affect the setting of listed buildings where the Local Planning Authority must have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses. (Section 16 and 66 of the above Act).

These provisions have been subject to case law in the Courts, and they must be given considerable importance and weight.

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National Planning Policy Framework (NPPF)

The NPPF should be read as a whole and is the main guidance from Government in relation to the determination of applications by the Local Planning Authority.

Chapter 16 - Conserving and Enhancing the Historic Environment, is the main part relative to heritage. This requires that great weight is given to a heritage assets conservation.

Local Plan

Applications for development must be determined in accordance with the Development Plan unless material consideration indicate otherwise as required by section 38(6) of the Town and Country Planning Act 1990 (as amended).
The Mid Devon Local Plan 2013-2033 was adopted on July 29th 2020 following the publishing of the Inspectors Report which concluded that the Mid Devon Local Plan 2013-2033 provides an appropriate basis for the Planning of the District, provided that a number of main modifications (MMs), are made to it to make the Plan sound and capable of adoption.

The Mid Devon Local Plan Review 2013-2033 will guide development in the district over a 20 year period and aims to ensure that new homes, jobs and services needed by communities are located in the most sustainable places. It will also help deliver the infrastructure, facilities and other developments needed to make this possible. The spatial strategy of the Plan is to make the market town of Cullompton the strategic focus of new development which reflects its existing status as one of the larger settlements in the District as well as its accessibility, economic potential and environmental capacity.

Development will be targeted to:

- Provide sustainable urban extensions containing a mix of fit for purpose homes, businesses, local shopping and other services and sustainable transport links
- Provide enhancements to the town centre through additional investment, traffic and transport improvements and environmental enhancements to provide a significant boost to its vitality and viability, provide for a better range of retail and other uses and a significantly improved visitor environment
- Develop any remaining underused brownfield sites within the town
- Protect and enhance the key environmental assets including heritage, biodiversity and air quality.

In addition to District wide policies, a strategic policy is set out in the Local Plan for Cullompton. This sets out the strategic focus of Cullompton whilst recognising the closely related issues of air quality and traffic impact which affect the centre of the Conservation Area.

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Policy S11 - Cullompton

Cullompton will develop as a fast growing market town with a strategic role in the hierarchy of settlements in Mid Devon. The town will become the strategic focus of new development reflecting its accessibility, economic potential and environmental capacity. This strategy will improve access to housing through urban extensions and expanded employment opportunities. There will be significant improvements to the town's infrastructure and connectivity, including the reopening of the railway station, and improved services for its population and nearby rural areas. Proposals will provide for approximately 3,930 dwellings, of which 1,100 will be affordable, and 73,500 gross square metres of commercial floor space over the plan period.

The Council will guide high quality development and other investment to:

a) ***Make any necessary strategic mitigations to maintain highway capacity, safety, integrity, and sustainability including the M5 and local highway network in conjunction with current and relevant infrastructure plans;***
b) ***Promote further public transport improvements within Cullompton and to other urban centres (particularly Tiverton and Exeter) and improved access to the rail network by the reopening of Cullompton Railway Station;***
c) ***Continue measures to support the implementation of the Cullompton Air Quality Action Plan including the construction of new highway links to relieve the town centre and enhanced walking and cycling opportunities around the town;***
d) ***Manage the town centre so that economic regeneration and heritage reinforce each other by promoting new homes, shops, leisure, offices and other key town centre uses which are well designed and contribute to vitality and viability;***
e) ***Provide community infrastructure such as education and enhanced open space to support new development proposals;***
f) ***Enhance the tourism and visitor role of the town and surrounding area; and***
g) ***Support measures to reduce flood risk within Cullompton and make provision for green infrastructure.***

Other Advice and Guidance

The District Council has produced the following advice

The Mid Devon Design Guide - which was adopted in 2020

Design Guide to Windows and Doors

Design Guide to Roofs and Chimneys

Design of Shopfronts and Associated Advertisements, which is Supplementary Planning Guidance in the course of preparation at the time of writing.

Historic England produce a wealth of advice and guidance on the historic environment. This can be found at https://historicengland.org.uk/advice/find/a-z-publications/

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2.5 Wider Planning Context

Cullompton Neighbourhood Plan Submission

The Cullompton Neighbourhood Plan represents the community's vision and priorities for how they would like to see the Cullompton area develop and change in the coming years. The Cullompton Neighbourhood Plan has been subject to an independent examination, and with the examiner's recommended modifications can proceed to a referendum. This referendum is expected to take place in the spring 2021. Should the referendum be passed then the plan will be capable of being adopted by Mid Devon District Council as part of the statutory development plan for the area.

The Cullompton Neighbourhood

- Ensure all new developments contribute to the overall sustainability of Cullompton as a town and a community
- Improve mobility, accessibility and reduce the overall use and impact of the motor vehicle
- Provide new dwellings to meet a wide range of needs and demands
- Respect and appreciate our natural environment
- Protect and enhance our historic built environment whilst broadening the appeal of the town and its cultural activities
- Make Cullompton more business friendly and commercially viable
- Provide first class local community facilities and develop community-based services that meet the growing demands of the community

Plans sets out a number of planning policies which seek to:

- Ensure all new developments contribute to the overall sustainability of Cullompton as a town and a community
- Improve mobility, accessibility and reduce the overall use and impact of the motor vehicle
- Provide new dwellings to meet a wide range of needs and demands
- Respect and appreciate our natural environment
- Protect and enhance our historic built environment whilst broadening the appeal of the town and its cultural activities
- Make Cullompton more business friendly and commercially viable
- Provide first class local community facilities and develop community-based services that meet the growing demands of the community

Culm Garden Village

In January 2017, the Government identified an area to the east of Cullompton on the other side of the M5 as a 'Garden Village', with the potential to deliver up to 5,000 new homes alongside jobs, schools and community facilities. The Garden Village includes an area which is allocated for mixed use development in the Local Plan. A masterplan is being developed for the Garden Village which considers the strategic location of homes, neighbourhood centres, employment areas, community facilities, green infrastructure and connections, as well as principles for the development. The stage 1 draft of the Culm Garden Village masterplan was consulted on in January/February 2019.

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Heritage Action Zone

Following a successful bid, Cullompton has been selected for the High Streets Heritage Action Zones scheme and the District Council with its partners will work with Historic England to develop plans to revive the high street over a four-year programme. The fund will deliver physical improvements and cultural activities to regenerate Fore Street and restore local historic character. Through the programme, councils, businesses and community groups will be able to access expert advice and investment to bring historic buildings back to life.

Cullompton Town Centre Master Plan

The Cullompton Town Centre Masterplan presents a vision and spatial framework to guide future development and investment in Cullompton Town Centre. It provides realistic principles and overarching guidance to bring together the design and future delivery of development, public realm improvements and transport projects in Cullompton. It provides an overarching framework within which the Heritage Action Zone will operate.

North-West Urban Extension

The Local Plan allocates sites for development on the north-west edge of the town. A masterplan for the area was adopted as a Supplementary Planning Guidance in 2016. Since then, planning applications for the first 600 homes are in the process of being approved which will also deliver a new road, around the north of the town.

Relief Road

Traffic in the town centre is having an adverse effect on air quality, living conditions, the heritage assets and their setting, and the overall attractiveness of the town. A key objective of the Local Plan has been to implement a relief road which diverts traffic away from the town centre and improves capacity. Following an option analysis and consultation, a preferred route option was approved by Devon County Council in March 2019. The route runs through the CCA fields alongside the rail line, joining Duke Street to the south and Station Road to the north. The planning application for the relief road was approved in January 2021 by Mid Devon District Council. The relief road is planned to be completed by 2023.

The Relief Road is being designed to minimise impact on the CCA fields, and presents an opportunity for the Masterplan to seek to improve the sense of arrival to the town at Millennium Way/Station Road.

Improvements to M5 Junction 28

Devon County Council is presently pursuing funding for works intended to address capacity, environmental and safety concerns, whilst also providing a substantial improvement for pedestrian and cycle movements across the motorway.

Cullompton Rail Station

The Local Plan sets the objective of reopening the rail station. This is currently being led by the District Council who are seeking funding opportunities.

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3 Location and Landscape Setting

Note the following section is largely a reproduction of the Devon Historic Coastal and Market Towns Survey for Cullompton and full acknowledgement is given in that respect.

3.1 Location and Activities

Cullompton is located in Mid Devon. It lies within the Culm Valley, which extends from the Blackdown Hills to join the Exe on the outskirts of Exeter. Twelve miles north of Exeter, 20 miles south-west of Taunton and 4 miles south-east of Tiverton, the town is focused on the western valley side, on a spur of raised ground between tributary streams, with the River Culm meandering through its floodplain to the east. The valley bottom is also dissected by the mainline railway and M5 motorway, running parallel, along the eastern side of the town. This part of Mid Devon is an important transport corridor between Devon and Somerset, and, although it no longer has a railway station (closed 1960s), Cullompton has its own motorway junction (and services, occupying part of the former station site). The B3181 (part of a much earlier route from Bristol to Exeter) passes north-south through the town centre, and historic roads from Honiton (A373) and Tiverton run in from the east and west, with several lesser roads and lanes radiating out to surrounding farms, hamlets and villages.

3.2 Geology and Topography

The underlying geology is red marl, sandstone and conglomerate, which make up the Devon Redlands and give rise to distinctive hummocky hills, examples of which frame Cullompton – Paulsland Hill to the north-west, St Andrew's Hill to the west-north-west, Padbrook Hill to the south – and form an important aspect of its topographical setting. Viewed from these hills the town appears to be nestled down onto the Culm valley bottom, yet most parts are elevated above it.

The historic core (and main thoroughfare) of the town lies between St Andrew's Hill and the River Culm, occupying a north-south strip of relatively level ground just above the valley floor. While it is backed against the hill on the west, the historic eastern limit of Cullompton is a sub-channel of the Culm, which was important as the town's mill leat and survives today as a prominent topographical feature. To the north and south, the older town limits are defined by the valleys of tributary streams running west-east to join the River Culm near the bottoms of Station Road and Duke Street.

Since the mediaeval period, Cullompton has expanded well beyond the spur of level ground bounded by these tributaries down into the two valleys, which provided water for post-mediaeval and later industry, and into meadows edging onto the main valley floor. Large-scale civic, retail and recreational activity is now focused here, and (particularly during the late 20th and early 21st centuries) there has been a large amount of mainly residential development to the north and west of the historic core, which has more than trebled Cullompton's size. St Andrew's Hill, previously an area of enclosed rough ground, is now part of the urban area and an extensive swathe of more gently undulating mediaeval farmland is covered by housing and a new network of associated roads.

Water continues to be an important element of Cullompton: in addition to the river/valley-side setting, there are streams, leats, culverted water supplies or the river itself, encroaching on or running through most parts of the town.

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3.3 Historical Development

The natural resources of this part of the Culm Valley were clearly exploited by hunter-gatherers and early farming communities. This included settlement of the elevated, valley-side plateau that later became the focus of the mediaeval town. Prehistoric settlement remains (ditches, gullies and pits) have been recorded at two locations within the study area in both cases on sites subsequently occupied during the Roman period east of Shortlands Lane and West of Willand Road. Further evidence of prehistoric activity has been recorded in the surrounding vicinity.

3.3.1 Roman proto-urban military settlement:

During the Roman period, as a result of its proximity to the legionary fortress and civitas capital at Exeter, and its position overlooking the River Culm, the location became strategically important and the focus of military and related activity. Most notable are the earthwork and below-ground remains of two (successive) Roman forts and camps on top of St Andrew's Hill, on the north-western edge of the present town, and, on the plateau below a civilian settlement and cemetery. It may have extended as far north as the base of St Andrew's Hill, up to (and perhaps across) the line of Tiverton Road.

The fort was in use from around AD 55 until around AD85, but the civil settlement continued after the military had moved on. Although initially dependent on the military for its existence, as with later periods the Romano-British settlement would have been supported by its advantageous location on the transport network, its farmed hinterland and local industry (e.g., Iron). The siting of the fort and the settlement beside its approach roads has had a lasting influence on the layout of the town.

3.3.2 'Columtune' – Saxon royal estate and minster.

There is an hiatus of direct evidence in terms of the historical development of Cullompton during the 500 years from the end of the Roman period to the late 9th century AD, by which time a Saxon settlement was in existence.

The earliest documentary record is contained in the will (AD 872) of King Alfred the Great, in which he bequeathed 'Columtune' to his younger son, Ethelward, indicating that it was a royal holding. The place name is derived from the Celtic river name cwlwn ('looped' or 'winding' river) and –ton, suggesting an important early estate centre.

At Domesday (1086), Cullompton was not recorded as a separate manor and was probably included as part of the royal manor of Silverton. There is, however, a reference to a church at Cullompton, suggesting a pre-conquest minster. Emerging during the late 7th to 9th centuries and often located at royal centres, minsters housed groups of priests serving the pastoral needs of the population in their parochiae (large territories subsequently divided up into today's smaller local parishes).

The presence of a minster church, combined with the place-name evidence and advantageous location (on the banks of the Culm, within a fertile lowland plain), suggests that Cullompton may have been the centre of an early estate, the administrative centre of which later moved to Silverton. The Domesday Survey records, at 'Colump', a church with five prebends (manors which financially supported it)-Upton, Colebrook, Weaver (partly in Plymtree), Henland (in Kentisbeare Henlade was an enclave in the Parish of Cullompton until the late 19th C.) and unidentified 'Esse'. The fact that some of these are in neighbouring parishes may be evidence for Cullomptons previous wider influence.

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Analysis of the present-day plan-form and topography, together with the location of St Andrew's Parish Church, indicates a geographical shift in settlement focus, from the Roman site on the west side of Fore Street (below St Andrew's Hill), south-east to the crest of the spur overlooking the River Culm . It is possible, however, that earlier (Roman) settlement occurred there as well.

The present church is set well back from (south-east of) Cullompton's main (mediaeval) street, within a sub-rectangular enclosure, formed by the churchyard and the lanes running around its west, south and part of its east side. This has the appearance of a precinct or close, and may be a survival of the layout of a minster church surrounded by Canon's houses, with wide tenement plots behind.

At the death of William the Conqueror (1087), Cullompton church was given to Battle Abbey, along with its prebends. The annexation would have deprived the minster church of its income and although the 'college' of priests may have continued to exist for a while, the structure of the foundation would have been undermined, and with the transfer of the church and its endowments to St Nicholas's Priory in Exeter during the late 11th/early 12th century it probably ceased to be Collegiate. By the late 12th century there was only a single vicar and the church would have become indistinguishable from an ordinary parish church.

Mediaeval market town.

During the mediaeval period (c1066-1540) Cullompton's diminishing religious status was replaced by its increasing role as a trading and manufacturing centre for the surrounding farming area. Benefitting from its location next to the River Culm, with water-powered mills at nearby Higher and Lower Kingsmill from at least the 13th century, it became a base for flour production and for the woollen cloth manufacture for which Devon was famous from the later mediaeval period.

Despite not being documented as a borough until 1640, when it is recorded as 'Burgus', the evidence indicates that Cullompton was a town long before then - a grant was made in 1278 for a market on Thursday and a 3-day fair at the festival of St John the Baptist; in 1317/18 a Tuesday market and fair at the feast of St George was granted. Moreover, the town has a plan-form that confirms it as a part organically evolved and part deliberately laid out mediaeval urban settlement.

The key phases/components of the mediaeval town are:

- Minster /St Andrew's Parish Church - existing minster church, apparently dedicated to St Mary, was replaced by a new parish church during 15th century (later rededicated to St Andrew); Lane Chapel erected 1526 by wool capitalist (decorated with symbols of the wool trade, including carved angels holding cloth shears); large tower added 1545-9; church restored and partly rebuilt in 19th century
- Initial urban development – likely to have been focused on the area (adjacent to the church/precinct) already settled during the Saxon period
- Initial market place - may have been a sub-triangular area formed by: the splayed area, known as Lower Bull Ring where Exeter Hill and Cockpit Hill merge at the south end of Fore Street; together with Queen Square (formerly a more open space); and the area now occupied by the buildings fronting the east side of Fore Street, at its south end, and the north side of Queen Square

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- Initial streets, Church Street and Lower Church Street connecting the minster church precinct to the initial market place
- Fore Street - main axis of the mediaeval town: which runs north-south, along and taking advantage of the long axis of the plateau on which the town developed; together with the burgage plots either side of it, this street appears to be a deliberately laid out rectangular block of urban development
- Burgage plots - rectangular blocks of long, parallel strips now fossilised by property boundaries on both sides of Fore Street; on the west side burgage plots front the whole of Fore Street and the southern end of High Street; on the east side this northern limit is defined by the line of a (still partly surviving) west-east leat, and the block of burgage plots extends as far south as the northern edge of the already established early mediaeval (minster) settlement.
- Tiverton Road – the straight, eastern end of this lane runs through the burgage plots and is part of the planned layout of the mediaeval town; it may originally have curved around the base of St Andrew's Hill, before being redirected to provide access into the mediaeval Fore Street, with which it forms a T-junction. Alternatively, the original route may have followed the approximate line of what (in the post-mediaeval period) became Shortlands Lane
- Town Leat and New Cut – a watercourse for domestic supply granted to the town by the Abbot of Buckland in 1356; water rising in the hills 2½ miles to the west flowed as a stream into a pond at Shortlands, from where it ran along several open channels into the centre of town (including along what is now New Cut), and then both ways along Fore Street and to other parts of the town; covered over since the 1960s, but line still detectable in places
- Later market place, Higher Bull Ring – wide lozenge-shaped area formed by the 'bowing' out of a street (High Street) used as a market area; this market place may date back to the late mediaeval period or be of early post-mediaeval origin
- Possible late mediaeval tenement plots – shorter parallel plots fronting both sides of Higher Bull Ring, to the north of the burgage plots; may be late mediaeval in origin or early post-mediaeval.

The remaining land within the present town extent would have been covered in strip fields and other agricultural enclosures, with two farmsteads, Padbrook and Padbrookhill, located on the south, and water meadows on the valley floor to the west providing rich summer pasture.

Post-mediaeval processing and trading centre

During the post-mediaeval period 'Culliton' continued to flourish as an important processing and trading centre for surrounding farms and villages. Woollen manufacturing increased, with Cullompton, like other Devon towns, manufacturing kersey for sale in London and abroad. Cloth produced was initially sent to Exeter for finishing, but by the early 17th century speciality kersey stockings were being produced in the town. Other industries were established – leather working, papermaking, bell founding – taking advantage of the ample water supply from the River Culm and numerous side streams. The town also benefitted from passing trade resulting from its location on the main Bristol to Exeter post road, along which it extended for '4 furlongs' according to Ogilby's 1675 atlas, no doubt being one of the places 'accommodated with fitting entertainment for travellers'.

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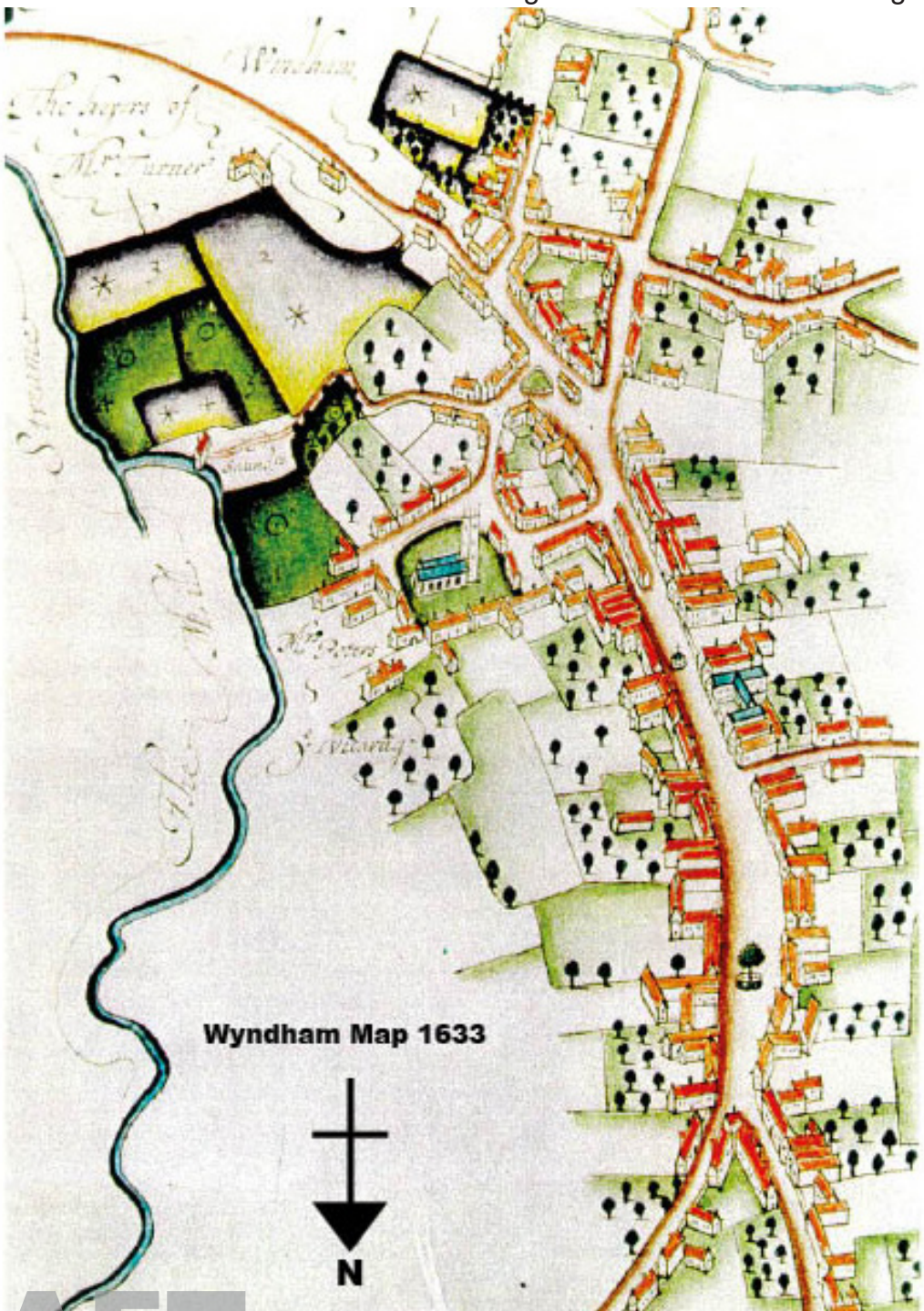
From 1753 the road, which entered the town on the north via Higher Street and continued on to Exeter up Padbrook Hill, was improved and managed by the Exeter Turnpike Trust, with a tollhouse opposite the Bell Inn. Other routes also converged on Cullompton, including the road from Tiverton, maintained from 1767 by the Tiverton Turnpike Trust, with a toll chain/gate and house near North House, west of the post-mediaeval town, and the Honiton Road to the east, on which there was another tollhouse. The road north towards Wellington from a toll gate near Goblin Lane was also a turnpike managed by the Tiverton Turnpike Trust (this joined the road from Tiverton to Wellington at Waterloo Cross). There was a total of five turnpike roads meeting at Cullompton but only four trusts.

Much of the commercial core is depicted on the 1633 Wyndham Map, by which time development had expanded beyond the church area and Fore street into High Street, and buildings had started to extend out from the centre along the roads and lanes leading into the



Wyndham Map 1633 shows St Andrew's Parish Church, almshouses and merchants town houses

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town – Higher Street and Lower Street (now Station Road) to the north, Tiverton Road to the west, Exeter Hill, Cockpit Hill/Duke Street and Crow Green to the south (with the suggestion from the 1633 map that by that date Shortlands Lane was also in existence, running along the back of the mediaeval burgage plots, to the west of Fore Street).

At the southern end of the town, the extension of roadside frontage down back lanes (Church Street, Lower Church Street, Cockpit Hill, Way's Lane, Lower Mill Lane) and the widening of several junctions (Lower Bull Ring, Queen Square, Pound Square) created two distinctive, detached blocks of development - to the west of the church and at the triangular junction of Cockpit Hill with Exeter Hill.

Over the next century, as Cullompton's economy grew, the density of development would undoubtedly have increased, but the only significant change to the plan form between 1633 and Donn's 1765 map was New Street. Laid out in a straight, diagonal line from the top of Exeter Hill to the lower part of Shortlands Lane, this was a planned single-phase development associated with the expanding woollen industry.

By the time of the c1802 OS surveyor's drawings, however, further accretive expansion had taken place around the older centre – to the north as far as Goblin Lane; on the west along Shortlands Lane; and, on the south, down Exeter Hill into the tributary valley, on the other side of which an additional settlement area was forming around the Bell Inn. To the east, the Mill Leat created a linear physical boundary (although the valley-slope between it and the back of Fore Street remained largely undeveloped), with the routes leading down to the Higher and Middle Mills adding two new lanes to the town plan.

The key physical changes/components of the post-mediaeval period are:

Commercial/mixed

- The eastern side of the initial mediaeval market place was in-filled with buildings fronting onto the south end of Fore Street and rebuilding and back plot development took place along the rest of the street

- The commercial core of the town grew to encompass the whole of the area from the top of Lower Street (now Station Road) in the north to the top of Exeter Hill in the south, with three distinct market areas operating in conjunction with each other:

    1. Higher Bull Ring was a wide area for trading sheep and cattle driven in from the surrounding countryside
    2. Fore Street was where produce was made and sold: the street was lined with coaching inns and merchants houses (with back courts containing stables, woollen workshops and workers housing); most notable is the stretch of largely unaltered c1600s street frontage (of large wool merchants 'houses: The Walronds, and Manor House, at the north end of Fore Street, on its western side; a market cross is shown on the 1633 and 1802 mapping in the centre of the street, half way along its length; and the shambles (meat and corn market) is depicted as a long thin building running down the middle of the street towards its southern end
    3. Lower Bull Ring including Queen Square, appears to have been a secondary livestock market, with Pound Square providing an additional area for holding animals (for market) and the name Cockpit Hill suggesting a location for cock fights.

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Industrial

Mills

- Higher, Middle and Lower Mills (with an associated mill pond), known as Cullompton Mills, along with Higher Kingsmill (2 mills) and Lower Kingsmill to the west of the town; the six mills are mentioned in a mortgage deed of 1700
- Higher Mill, also called Town Mill, and Lower Mill were used for grinding corn; Middle Mill had two wheels, one for corn, and one for leather processing
- Cullompton Leat which takes its water from the Spratford Stream (a tributary of the River Culm), fed the three mills (Higher, Middle & Lower) on the western side of the town from at least the early 17th century (Lower Mill and part of leat shown on the 1633 Wyndham Map)
- Higher Kingsmill had two (woollen) tucking mills in 1608 and was used for making paper from c1729; Lower Kingsmill in 1674 included 'three water greist mills one fullinge mill one paper mill' (the earliest reference to a paper mill on the Culm), with 'Lower and Higher Rackfield' (indicating areas of racks on which fulled cloth was stretched) recorded in 1792.

Woollen industry

- Shortlands Woollen Mill - William Upcott's serge manufactory, constructed on the western edge of the town (late 1700s?)
- Possible woollen factory/workshops, north end of Higher Street, opposite Goblin Lane – line of small buildings on south side of lane to Court Farm (named as 'The College') also depicted on the 1802 OS drawings & Tithe Map, may represent an earlier part of the woollen factory north of lane on 1904 OS map.

Bell founding

- Bell foundry – 1746 Thomas Bilbie established 'The West of England Church Bell-foundry' in Cullompton; over 400 bells hanging in Devonshire church towers were cast and founded there (including 8 of the 10 bells in St Andrew's Parish Church); 1815 business sold to William Pannell and was continued in the town, until moved to Exeter by his son in 1850; over the years various sites used by the foundry, including Almshouses building, Methodist Court, and Middle Mill.

Civic

- Almshouses - on east side of Higher Street, north of Lower Street; founded 1522 for six poor men, by wealthy cloth merchant, John Trott
- Workhouse – appears to have stood in a back plot west of Fore Street, on south side of New Cut (on the site now occupied by the Royal British Legion hall); disused by 1839.

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Religious

From the late 17th century non-conformism grew in the town.

- Unitarian Chapel, Pound Square - 1698, rebuilt 1912
- Baptist chapel, High Street - 1743, rebuilt 1858. John Wesley first preaching in the town in 1748
- Wesleyan chapel, New Cut - 1764, replaced 1806, restored 1872 following a fire.



Unitarian Chapel, Pound Square Church

Residential/mixed

- 17th century (1633 Wyndam Map) individual cottages and short rows lined the roads leading into the town centre (Exeter Hill, Crow Green, Duke Street, Tiverton Road, Higher and Lower Street (now Station Road))
- The area either side of Exeter Hill started to develop as a mixed residential and industrial area, with New Street being constructed in the early-mid 18th century to provide additional housing (with back yard work space) for those employed (by Upcott's) as home workers in the woollen industry
- A similar area of workers' housing and larger houses with (woollen and other) workshops behind started to develop at the north end of the town, along Higher Street and down into the top of Station Road (previously known as Lower Street)
- In contrast, the area immediately west and to the south of the parish church took on a village-like appearance, as it became transformed into a genteel residential enclave, away from commercial and industrial activity
- Vicarage - built north of church, with grounds occupying area of early mediaeval tenement plots, transforming it into landscaped garden; building depicted on 1633 Wyndham Map
- Other (later post-mediaeval) large detached houses, set in their own grounds – Court House, on the northern edge of the town; Brooke House on the south

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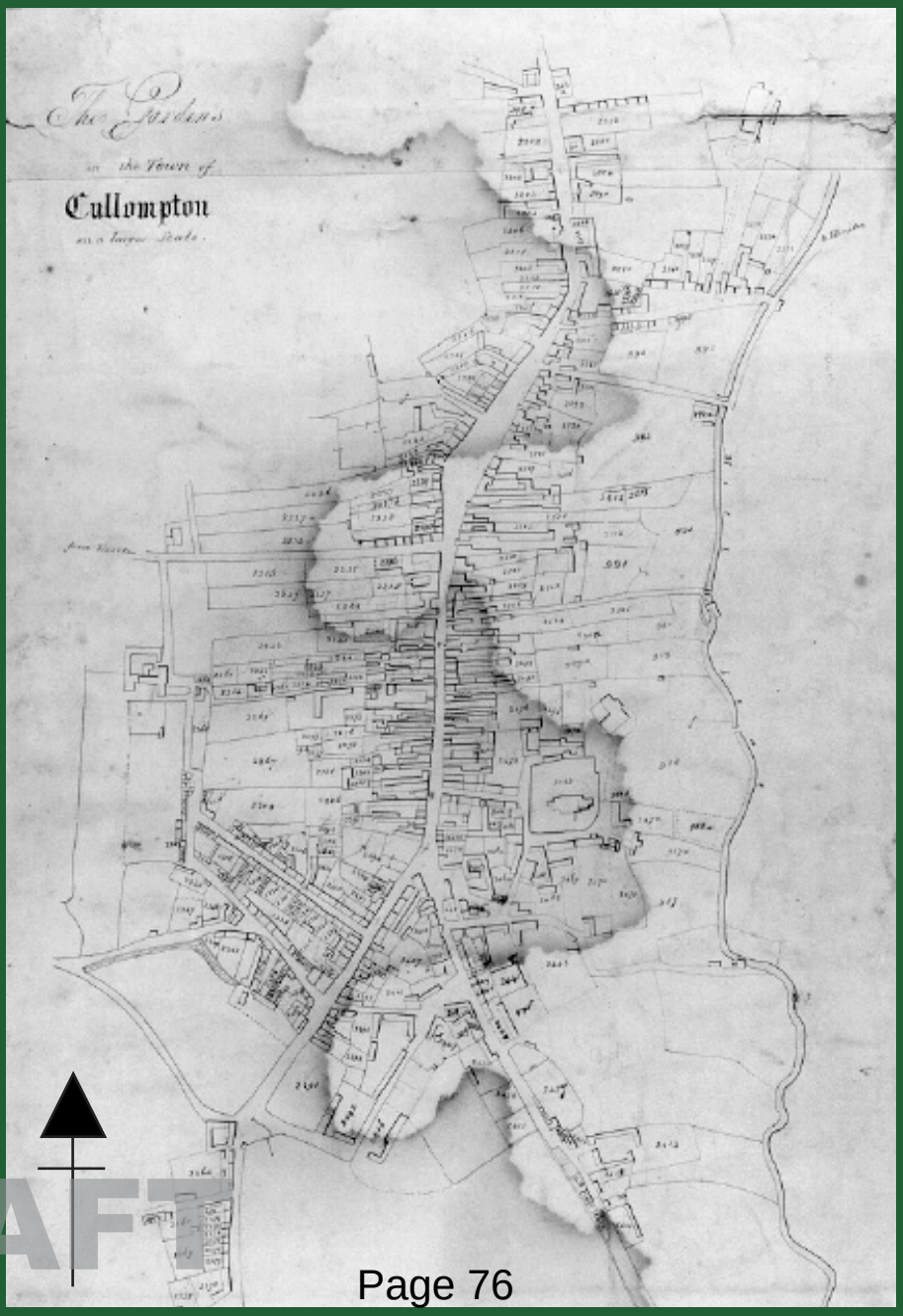
- On the southern edge of the town, a linear settlement area along (mainly the west) side of Exeter Road had begun forming by at least the early 17th century (Wyndham Map 1633). With the Bell Inn forming its northern end point, it would probably have served as a resting place for travellers into the town, especially at market times and when the road into the town was blocked by floodwater from the adjacent tributary stream or the River Culm itself. During the 18th century, the location of a tollhouse here would have made this a natural stopping point
- Another edge of town settlement area was Waterloo, a farm and collection of cottages at the south-west end of Duke Street. In 1695 Celia Fiennes described' Culimton' as 'a good little market Town'. By the end of the post-mediaeval period it had evolved into more of an industrial settlement. Yet it still retained its country-town feel, surrounded by farmland and (according to the 1802 mapping) with orchards occupying most back plots and gardens.

Cullompton Tithe Map 1835



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19th century - decline and revival

The limited expansion beyond the post-mediaeval town limits was mainly the result of industrial development on its northern and southern edges.

By the early 1800s the commercial centre of the town seems to have been in a state of decline, being described in 1809 as 'principally of one old street badly paved and the centre much disfigured and obstructed by some old shambles', with the lack of any sewer system and resulting pollution of water supplies leading to insanitary conditions and frequent outbreaks of typhoid and malaria.

Woollen cloth manufacturing continued into the 19th century, with 60 weavers and many spinners being employed in 1816 at the Shortlands mill, which by the 1840s was the biggest employer in the town. In 1838 Cullompton still had 500 looms, now used to produce (poorer quality) serge cloth. Both Middle Mill and Lower Mill were adapted for woollen cloth production in the early 19th century. However, by the late 1800s one had become an axle works and the other was being used to grind animal feed, and in 1869 Shortlands closed, presumably as a result of the mechanisation of the weaving industry. Although woollen manufacture became a lesser part of Cullompton's economy, a (mechanised) branch factory was established by Fox Brothers in 1900, on the northern edge of the town, opposite Goblin Lane and around the same time there was a small-scale revival of the hand-weaving industry, in the stables of Heyford House, which evolved into the machine-knitting of garments.

Leather production gradually became the major industry in the town, helping to revive its fortunes. Large-scale tanneries were built on either side of the road at the bottom of Exeter Hill (Crow Green Tannery), north of Court House (Court Tannery), and (later) further to the east. Papermaking continued (at Kings Mill), changing from hand to machine-made in the 1890s, and a range of other industries also developed, such as: cabinet making, with Luxton's Furniture Factory occupying two sites in Duke Street: a twine works in Goblin Lane; East Culme Brick and Tile Works (off Knowle Lane). There were also two smithies in the town – one on Tiverton Road, the other on Higher Mill Lane.

The town also benefitted from significant improvements to the transport infrastructure. From 1813, the Cullompton Turnpike Trust established a new route to Exeter, replacing the earlier hilly Exeter Turnpike Trust route (up Padbrook Hill and via Bradninch and Killerton) with a more level one via Broad Clyst (now part of the B3181). In 1843-4 the Bristol and Exeter Railway, the southern extension of Brunel's Great Western Railway line from London to Bristol, was extended into Devon, passing just east of Cullompton, with a station being built north-east of the town. In addition to accommodating passengers, Cullompton Station became an important trading centre, with coal and goods yards, cattle trucks, a milk train and other local produce (such as bales of skins) exported by rail. As well as the development beginning to creep eastwards out from the town, along what was now Station Road, the Railway Inn was built west of the station.

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The wealth, opportunity and status gained from revived industrial activity and improved transport links led to redevelopment of the commercial centre (High Street, Fore Street, top of Exeter Hill), with remodelling of older fronts and insertion of shop fronts, and the erection of some new buildings, such as a police station (1898) and several banks in Higher Bull Ring. The latter continued to be the location for sheep and cattle markets and for fairs, while the southern end of Fore Street remained the focus for the sale of meat and other produce, with the Shambles being removed in 1811 and a replacement Market House established in the former Court House.

Other civic, religious and residential additions and improvements took place elsewhere in the town. Cullompton School was built c1870 at the top of Exeter Hill and in 1865 a town gas works in Station Road. A public cemetery, with two (Church of England & Non-conformist) mortuary chapels, was laid out on the western town edge, in Tiverton Road, the site also of an Independent chapel, erected in 1830 and later converted to assembly rooms. St Andrew's Parish Church was restored (1848-50), and the vicarage (1820), together with Church Street and houses to the east of the churchyard were all rebuilt in a grander style.

Lesser scaled, rows of industrial housing continued to be built adjacent to the edge-of-town factories and in connection with the building of the train station (Railway Terrace), and in 1839 a catastrophic fire led to the rebuilding of most of the worker's cottages in New Street and Crow Green, as well as many houses in Lower Bull Ring (thatched roofs and cob walls being replaced with slate and rendered stone and brick).

At the end of the century, more substantial terraces were constructed for the wealthier inhabitants of Cullompton, including Belle Vue Terrace on Station Road. Located just above the valley floor, at right angles to the road, with front gardens running down to the Mill Leat, this would have
formed an attractive gateway into the town from the railway station. Beyond the town, along the approaching roads and lanes were wayside cottages, in places forming small hamlets, such as at St George's well, to the north.

The revival of Cullompton by the end of the 19th century is indicated by a 1910 account, which states that 'the houses for the most part are clean and smart in appearance, and the side streets and recently built terraces add considerably to the beauty of the town'.

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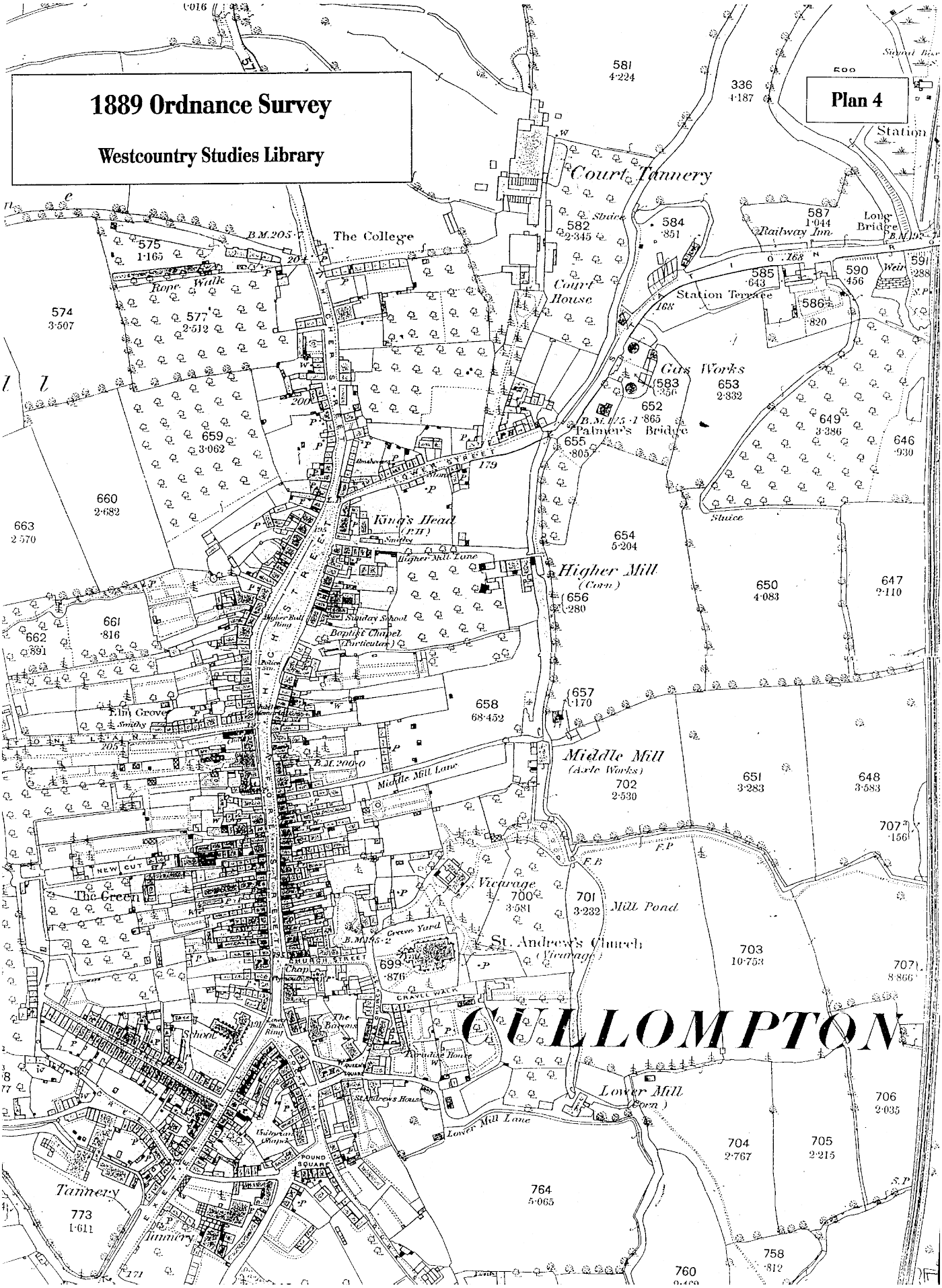
1889 Ordnance Survey
Westcountry Studies Library
Plan 4
CULLOMPTON
Court Tannery
The College
Court House
Gas Works
Station
Station Terrace
Railway Inn
Palmer's Bridge
King's Head (P.H.)
Higher Mill (Corn)
Middle Mill (Arle Works)
Lower Mill (Corn)
Vicarage
St. Andrew's Church (Vicarage)
Mill Pond
Tannery
The Green
Elm Grove
Baptist Chapel (Particular)
Higher Mill Lane
Middle Mill Lane
Lower Mill Lane
Fore Street
Higher Town
Lower Town
Gravel Walk
Grave Yard
Pound Square
Arcade House
St. Andrew's House
Rope Walk
Station Bridge
Lower Bridge
Sluice
Weir
Tuckers Hall
Working School
Almshouses
Public Hall
Chapel
Pump
Fire Engine House
Cattle Market
Shambles
Arcade
Town Hall
Old Market House
Old Cross
Stocks
Whipping Post
Ducking Stool
Mother Ball Ring
Lower Mill Ball Ring
The Barrows
Tuckers Hall (Chapel)
Tuckers Hall (Almshouses)
Tuckers Hall (Working School)
Tuckers Hall (Public Hall)
Tuckers Hall (Fire Engine House)
Tuckers Hall (Cattle Market)
Tuckers Hall (Shambles)
Tuckers Hall (Arcade)
Tuckers Hall (Town Hall)
Tuckers Hall (Old Market House)
Tuckers Hall (Old Cross)
Tuckers Hall (Stocks)
Tuckers Hall (Whipping Post)
Tuckers Hall (Ducking Stool)
Tuckers Hall (Mother Ball Ring)
Tuckers Hall (Lower Mill Ball Ring)
Tuckers Hall (The Barrows)
Tuckers Hall (Tuckers Hall (Chapel))
Tuckers Hall (Tuckers Hall (Almshouses))
Tuckers Hall (Tuckers Hall (Working School))
Tuckers Hall (Tuckers Hall (Public Hall))
Tuckers Hall (Tuckers Hall (Fire Engine House))
Tuckers Hall (Tuckers Hall (Cattle Market))
Tuckers Hall (Tuckers Hall (Shambles))
Tuckers Hall (Tuckers Hall (Arcade))
Tuckers Hall (Tuckers Hall (Town Hall))
Tuckers Hall (Tuckers Hall (Old Market House))
Tuckers Hall (Tuckers Hall (Old Cross))
Tuckers Hall (Tuckers Hall (Stocks))
Tuckers Hall (Tuckers Hall (Whipping Post))
Tuckers Hall (Tuckers Hall (Ducking Stool))
Tuckers Hall (Tuckers Hall (Mother Ball Ring))
Tuckers Hall (Tuckers Hall (Lower Mill Ball Ring))
Tuckers Hall (Tuckers Hall (The Barrows))

DRAFT


1904 Ordnance Survey
Westcountry Studies Library
Plan 5
Twine Works
Palmer's Bridge
Higher Street
Lower Street
Almshouses
Belle Vue Terrace
King's Head (P.H.)
Smithy
Higher Mill (Corn)
Sun. Sch.
Baptist Chapel
Higher Bull Ring
High Street
Middle Mill (Axle Works)
CULLOM
Victoria Hall
Tiverton Lane
Manor Ho.
Vicarage
Mill Pond
St. Andrew's Church (Vicarage)
Grave Yard
Drill Hall
New Cut
Church Street
Gravel Walk
Shortlands
School
Lower Bull Ring
Lower Mill (Corn)
New Street
Crow Green
Chapel
Pound Square
Exeter Hill
Tannery
Brooke House
Waterloo
Bell Inn
Stone

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20th/21st century service and commuter town.

During the 20th century Cullompton expanded dramatically beyond its former limits.

From the early 1900s commercial and industrial development extended out across the valley bottom to the railway. This included the cattle market (relocated in 1918 from Higher Bull Ring to a field behind the Railway Inn), Culm Leather Dressing Works (established 1921 beside the station) and a sawmill on the east bank of the mill leat. Later in the century trading/industrial estates developed on the valley floor south of Station Road (an area now, in part, occupied by a large supermarket).

Smaller-scale commercial/industrial ventures sprung up elsewhere, including the 1930s Cullompton Hotel, at the southern entrance to the town. Further towards the town, Selwood's Tannery at Crow Green continued in operation until gutted by a fire in 1958, since when parts of the site have been occupied by a petrol station and supermarket. Some small-scale light industry still takes place in the northern part of the town, though the Woollen factory there closed in 1977 and Court Tannery is now a farm.

Twentieth century alterations to the regional/national rail and road infrastructure have had a great impact. While direct rail links were withdrawn by the closure of Cullompton Station in 1964, a road bypass completed in 1969 was upgraded in 1974 to part of the M5, with the town having its own motorway exit (and services on the former railway station site since 1999). As a result, Cullompton has become an important commuter town for Exeter, significantly increasing its population.

In addition, its role as a service centre for the wider Culm Valley area has grown and diversified over the century. During the 1930s a new primary school was built on the south-east side of St Andrew's Hill, with the 1960s seeing the opening of Cullompton Secondary School to the east of Exeter Road and Willow Bank Primary School on Crow Bridge Road. In addition to schools, the town's civic, recreational and social facilities now include a police station; fire station; large sports centre area of extensive playing fields, bordering on the mill leat, now a recreational walkway ; modern community centre next to the church and a modern library and community learning hub (The Hayridge Centre) on a site formerly occupied by a magistrates court and health centre site: with the new Culm Valley Integrated Centre For Health, as well as a GP surgery and vets practice; and care homes –tthe old vicarage and the Court House. Post war housing estates were laid out on the slopes of St Andrew's Hill and in former orchards and farmland to the west of Cullompton, with linear roadside development and estate housing also occurring along Willand Road and at St George's Well on the northern edge of the town. Later 20th (and early 21st) century residential development has further increased the western town extent, created a spear-head of expansion to the north and wrapped around the town's southern and south-eastern edge. Within the historic core of the town, the backs of former burgage plots on both sides of Fore Street and Higher Street have also been progressively infilled with houses during the 20th century.

Twentieth/Twenty-first century religious additions include: the 1929 St Boniface Roman Catholic Church at the bottom of Shortlands Road; Hebron Evangelical Church in Queen's Square, originally 1962, rebuilt 1980s; modern place of worship at the west end of Tiverton Road. Adjacent to the latter is an electrical sub-station, with other utilities (sewage/water) located east of Millennium Way and on the town's southern edge. Several new roads – St Andrews Road, Shortlands Road, Swallow Way, Langland's Road, Forcefield Road, Meadow Lane, Millennium Way – have been laid out to provide access to the expanded town, which now covers five times the area that it did at the end of the 19th century.

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4.0 Historic Urban Character

Cullompton's natural topography, coupled with the imprint on its plan-form and fabric of previous land use and over a 1000 years of continuous development, have resulted in a varied historic urban character -part village, part market town, part industrial settlement, part service centre/ commuter belt, played out across the modern settlement.

The village-like character of the area around St Andrew's, overlooking remnant meadow-land on the valley bottom below, belies the fact that is part of the urban environment.

Fore Street, Higher Bull Ring and their back plots, however, have the enclosed and tightly-developed appearance and varied architecture of a mediaeval town core that has undergone successive rebuilding (including in response to at least four disastrous fires that damaged the town during the 17th to 19th centuries)

In contrast is the more homogenous architecture of the areas of later post-mediaeval and 19th century industrial expansion to the south and north of the centre. The slither of Shortlands Lane on the west, despite 20th century rebuilding, still references Cullompton's earliest factory, while the more open-plan character of the land adjoining Station Road reflects the larger-scale industrial and commercial development encouraged by the routing of the mainline railway, and the M5 along the eastern side of the town.

20th and 21st century social and private estate housing, together with associated civic (educational, health, recreational) facilities, defines the character of most of the rest of the town. A large swathe wrapping around its north, west and south sides, although St Andrew's Hill is a prominent and still largely undeveloped element of the urban topography.

Flowing through these disparate parts is the network of water courses (river, tributaries, Mill Leat, other channels and culverts) fundamentally important to Cullompton's historic development, influencing its location, supplying water to its inhabitants and powering its industries. The significance of this integrated water system cannot be overestimated and surviving elements are best understood as part of the overall character of the town, rather than just within the individual character areas.

Another distinctive characteristic of Cullompton is that rather than having a well-defined civic and communal focal point, these functions have shifted through time and are spread throughout the historic core. This shifting pattern, together with the lack of a predominant building material or phase, makes it difficult to give an overall architectural summary for the town; this is best achieved through the individual character area descriptions.

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5.0 Key Historic influences

- Strategically important Roman settlement and fort
- Saxon Royal Holding and high religious status
- Mediaeval trading and manufacturing centre making wool products and six mills within the Parish
- 18th century one of four cloth towns in Devon manufacturing serge but declined by the end of the century. Other manufacturing include leather tanning and goods and paper mill
- Meeting point for 4 Turnpike Trusts in Georgian period, - Exeter, Honiton, Tiverton and Cullompton. However, its success as a transport centre was stifled by several major fires. One of the worst was in 1839, resulting in large-scale rebuilding. Despite the loss of a great number of old buildings, the medieval street pattern survived
- The opening of the station in 1844 supported the town's development and by 1899, Cullompton was a small town with a population of around 3,000 people. The railway station closed to passenger traffic in 1964
- By 1968 there had been considerable growth to the west and north and industrial development at the site of the former Kings Mill works. The Cullompton bypass was under construction and Cummings nursery had opened at Stonyford Bridge. Around the old station were Longridge Meadow and Alexandria Trading Estates. The bypass extended in the 1970s to Exeter as part of the M5. Since then, there has been further development at Kings Mill (Saunders Way), the supermarket store on site of former industry, and a new library in the town centre.

6.0 Setting of the Conservation Area

The immediate landscape setting of the conservation area is defined by the hills to the west and north, the river to the east which continues it over the plateau which extends to the foot of the Blackdown Hills. The town is well defined to the east by the natural flood plain of the river, and has grown on the more gentle gradients to the west. To the north and south the older limits of the town are defined by the valley of the streams running west to east to join the River Culm near the east end of Station Road and Duke Street.

The conservation area is broadly linear in form along Fore Street and High Street following the planned mediaeval form, forming a Y to the north along Higher Street and Station Road. At the South end the there is an inverse Y to Exeter Road and Cockpit Hill with a small accretion around the Parish Church. The hills to the west mentioned above define the setting, and there are good views to the town from various viewpoints above such as near Trinity, and to the north from St Andrew's Hill (the site of the Scheduled Ancient Monument)

The strong visual containment continues to the east where there is no high land for some distance to see down onto the town, and where the conservation area is visible, it is the Parish Church Tower which stands out over the trees of the historic vicarage garden.

In summary its side of valley position on a plateau above the river with little development the steeper valley to the flood plain makes the town quite intimate and self-contained within the landscape with the Parish Church being the principle indicator of development.

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7.0 General Character and plan form

The historic core of the conservation area is essential linear in form along the North South axis of Fore Street and High Street, with a Y and inverted Y at both ends (or a stretched X) and takes form from the topography on the southern plateaux above the river valley and the historic road pattern, which is essentially an extended crossing of 4 routes.

The principle streets of Fore Street, High Street, Higher Street, Station Road, Exeter Hill and Cockpit Hill have building lines on the road frontage and streets are of varying widths giving a tight knit character to the urban area. This pattern of main streets define the character and form. There are few secondary streets, these are principally to the south of the Parish Church and includes the small and more intimate Queen Square and Pound Square.

8.0 Landmarks, Special Features, Views and Materials

Landmarks:

Landmark buildings are dealt with in more detail in each of the character areas, but a sample would include

Parish Church of St Andrew and Church Yard with its tower is prominent from many locations

Trott's Almhouses and attached covered seating area

The War Memorial in the Higher Bullring

The Former Police Station (1898) and Town Hall. Both with public clocks.

Manor House Hotel, The Walronds and Merchant House in Fore Street

The open spaces of Cockpit Hill, Higher Bullring, Lower Bullring and Queen Square are all notable landmarks.

Special Features:

The strong sense of enclosure on the streets with buildings directly to the rear of the pavement. Where a building is set back, there is a boundary wall, often 2m and taller to continue the sense of enclosure.

The mill leat is an attractive and tranquil rural edge of settlement public way fare.

Cobbles appear as paths in a variety of patterns, particularly on the accesses through the covered ways into the courts for example adjacent to The White Hart public house In addition they appear in gullies along roadsides for example along Church Street or in front of properties as at the north side of Station Road and at Pye Corner.

Black diamond patterned clay paviours are also a distinctive material used around the town for footways for example on the south side of Queen Square. This material has been used in enhancement schemes for example on High Street.

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Traditional cast iron street signs can be seen throughout the conservation area.

Materials

Buildings are constructed in a variety of materials, although red clay brick (in Flemish bond) and render (rough cast and smooth) predominate. Some of the moulded brickwork is of high quality with detailed patterning, and several properties display the use of contrasting coloured bricks. Cob is not an uncommon survivor beneath the render.

Roofs are mostly blue/grey slate including artificial slate; a few have red clay tiles and a couple have thatched roofs. Some slate has been turnerised (covered in fabric and pitch). Dormers are rare but where they appear they are usually small, narrow and gabled.

Another characteristic feature of buildings in the central part of the conservation area is the oriel window or canted bay windows to the upper floors.

Shopfronts are wooden and painted. Whilst surviving complete historic shopfronts are rare, elements of earlier shop fronts survive in others, which includes historic decorative elements, which can be hidden by later alteration.

Most street furniture is modern, much of it the result of enhancement schemes in the 1990s.

Views

The views are considered in more detail in each character area.

The character of the conservation area is that views out of the conservation area to the countryside are rare and are glimpses only.

There are views down on to the town from the hills the west, north and south.

The Parish Church of Andrew is often the focal point of views. These are largely fortuitous, but unplanned views do not have a diminished importance. The principal views of the Church Tower are

- East along Church Street
- South East along Higher Street
- South along Forge Way
- South East from St Andrews Hill
- West from the CCA fields, the railway line and the Church
- From the mill leat north of Lower Mill
- North up Gravel Walk from Queen Square.

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9.0 Character Analysis

Conservation Areas are designated for their special character, but within the area there will usually be zones that express character variations but contribute to the whole. The definition of these ‘sub areas’ and the elements making up their character aids a more detailed and nuanced description of the character of the conservation area.

When using this document it should be noted that there will often be a transitional area between defined character areas where the character may contain characteristics of both adjacent areas. Cullompton’s historic core, the conservation area, has a reasonably cohesive character based upon its network of streets and their mostly close-set built frontages, a distinct palette of materials and consistencies of scale. The area can be subdivided into six areas to aid description, also shown on Map 2:-

- **Character Area 1 - Parish Church of St Andrew and Environs**
- **Character Area 2 - Character Area Boundaries**
- **Character Area 3 - Exeter Hill**
- **Character Area 4 - Fore Street**
- **Character Area 5 - High Street/Higher Bullring**
- **Character Area 6 - Higher Street and Station Road**

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9.1 Area 1: Parish Church of St Andrew and Environs

This area encompasses the projecting spur overlooking the River Culm that was the focus of Cullompton's early mediaeval settlement, occupying the level crest and extending down gently sloping land to the mill leat (which forms its eastern edge) and the modern development to the north of Lower Mill Lane (on the south).

The Saxon origins of this area of the town are partly preserved in its plan-form – the sub-rectangular churchyard and surrounding lanes (Lower Church Street, Gravel Walk) probably reflecting the precinct of the minster church, with the wide, parallel garden strips to the south likely to be remnants of the tenement plots (behind Canon's houses) that once surrounded the early mediaeval church. The spur is now crowned by the dominant presence of the 15th century St Andrew's Parish Church.

Set back from the mediaeval market area and away from post-mediaeval industry, the church environs evolved during the post-mediaeval period into a quiet residential enclave, including a vicarage (now converted) standing in extensive landscaped grounds. The area's genteel detachment was re-enforced by late 18th and 19th century rebuilding in the relatively polite and classically-influenced style of the vicarage, houses to the east of the churchyard and along the roads leading out to the Lower Bull Ring and Church Street. The latter was formed into an attractive formal approach from Fore Street, framing the view of the church tower. This character was reinforced by later 19th century Queen Anne and Arts and Crafts houses and extensions.

In general, this area has a small-village church-town feel, with narrow streets feeding into the central, open, churchyard area from the west and south-west, and the green and leafy grounds of the former vicarage (now a nursing home) and spacious gardens of other detached residences creating a rural appearance. Even the building of a large modern community centre along the northern side of the churchyard has not significantly diminished the village-green appearance of the latter. From within this area, its urban context is hinted at by glimpses of Fore Street, down Church Street.

To the west and north-west of the church, open areas of woodland and open grassed areas which are in the main historically the garden to the vicarage and slope down to the mill leat.

Historically, the northern part of this area, either side of Middle Mill Lane consisted of the backs of the mediaeval burgage plots which fronted onto Fore Street and the southern part of High Street. A leat running along the south side of Forge Way Car Park (north of area 1) marks their likely northern extent. The area to the north would probably have been mediaeval strip fields.

Although the parallel-strip pattern of this northern areas mediaeval origins has become blurred by modern subdivision and infill development, it is still detectable in the present plan-form. There are a considerable number of trees, good-sized gardens and a generally open feel to this area (increased by the watery presence of the mill leat and the views over the valley floor afforded by the sloping ground above), which provides a reminder of its earlier, semi-rural character.

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Special architectural and historic interest:

This area is the location of the Saxon minster from which the market town later developed, preserving evidence of these pre-urban origins in its plan-form and its set-apart, village-like character. This is focused around the mediaeval parish church, the size of which, together with the quality and richness of its 16th century tower and Lane Aisle makes it significant in its own right and as a reflection of the continuing wealth of the town during the post-mediaeval period. The surrounding buildings emphasise this high status and attendant good quality of design – confirming the area's intrinsic aesthetic values and its significance as an indicator of Cullompton's past wealth and success and continuing role as a centre for the surrounding countryside.

To the north it incorporates the backs of the eastern block of burgage plots and later mediaeval/early post-mediaeval tenements, which are part of the historic town core, with original plan-form and back-plot character still apparent, despite modern infill.

Scale, Height and Building line:

Residential properties are two storey and historically on the back of the pavement with the exception of 2 Church Street and Nork House, No 15 Gravel Walk, which are set back behind contemporary low brick walls.

Significant Buildings and groups:

St Andrew's Church: 15th century St Andrews Church with its Church yard and associated boundary walls, gates, railings and church yard monuments. It was built in 15th century with a large tower added in the 16th century. The Lane aisle was also added in the 16th century by wool merchant, John Lane. It is decorated with symbols of the wool trade.



St Andrew's Parish Church

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St Patrick's, 1 Church Street: Detached two storey house with outbuildings, circa 1840. Symmetrical three window range, with later 19th century extension to left, single storey outbuilding to right.

4 and 5 Gravel Walk: Early 17th century house with later modifications and extensions, formerly a three-room and through passage plan house, now two properties.

The Retreat, 12 Gravel Walk: House forming part of a row to the south of the parish church. Circa 1660s with later alterations.

Church Cottage, Gravel Walk: House, forming part of a row to the south of the parish church. Seventeenth century, considerably remodeled in the 19th century.

Old Chimes, Gravel Walk: Detached house, mid-19th century, possibly the remodeling of an earlier house. Originally possibly a three-room cross-passage plan with later wings to front and rear.

15 Gravel Walk: Substantial detached red brick house occupying a prominent position to the east of the parish church, built 1888. Interior notable for the high quality of its craftsmanship.

The grade 2 listed **The Retreat, Church Cottage, Old Chimes, Nork House, and Nos 1, 3, 4 and 5 Lower Church Street** (Nos1 and 3 not listed) which form the frame to the church as a group.

Key unlisted buildings:

The Old Vicarage: Early 19th century vicarage, two storeys, L-shaped plan. Five window front with balcony in centre, and wood Doric porch in end wall. Much extended.

2 Church Street: Attractive and little altered terracotta and buff brick villa with interesting detailing. Also of interest is the low front brick wall and boundary wall.



2 Church Street

The boundary walls to between Nos 4 Church Street and No 1 Lower Church Street, and the boundary wall

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Trees and green spaces

The Parish Church stands in an open church yard, giving the building space to be appreciated. Yew Tree in churchyard is an important visual feature standing in isolation.

The garden area to the front of No 2 Church Street is an important open space with its trees. To the north east and east of the church there is an area of grass, open land and trees which is a remarkable rural and quiet area which leads down to the leat. This is the remains of the extensive garden to the historic vicarage.

Local Features

High walls fronting onto the road enclosing the raised church yard and private gardens. Some of the walls may be cob judging by their thickness.

Some cast iron railings to enclose front gardens.

Cobbles: The cobbles remain on both side of Church Street in front of the houses and into Pye Corner where they lead to the Church Hall. There is evidence that they extended round into gravel walk in front of Nos 1, 3 and 4, but they have been covered in cement.



Cobbles at Pye Corner

Chimneys are red clay brick with plain terracotta pots. Chimneys are on the ridge, but there are some examples of smaller chimneys on the front roof slope.

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Typical details

The roofs are gabled, there are few hips and one half hip, but this is part of a roof which appears to have been historically thatched with a flush ridge.

Eaves details are largely traditional with small fascia boards close to the front of the building, or with overhanging rafter feet. There is little boxing in with a soffit, and where that does occur it is less than 100mm unless associated with the design of the house.

Rainwater goods traditionally cast metal half round with round down pipes and painted black on black fascia boards.

The typical orange-red brick is most often in Flemish bond.

Windows are both sliding sash and casements, and are painted. Casements are rebated and balanced. Windows have a vertical emphasis. Window surrounds are typically plain, but there are some period raised surrounds.

Doors (front doors and those to gardens) are painted.

There are very few historic dormers. Where they do appear they are usually small, narrow and gabled.

The boundaries of the burgage plots remain well defined. This includes to the rear of the properties which face onto the Church and to the rear of the White Hart Inn on Fore Street, where the modern house, Monk's Walk, has been inserted but the area to the east remains open and to grass. Outbuildings to the rear are subservient and at right angles to the road, the buildings lower in height away from the road frontage.

Boundary walls are 2m of more high and capped with brick or rounded or flat stone, or clay double roman roof tiles.

Key colour characteristics

Render painted white and cream with black plinth. Brick is terracotta with buff or black detailing. Windows are painted white with one example of black.

Doors are painted panelled or boarded.

Roofs are dark, typical blue welsh slate or weathered clay.

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Views

The view to the Church along Church Street from Fore Street is exceptional with the entrance to the church yard and church tower at the west end framed by the houses in the street forming a strong vista.

There is also a strong view of the church north east from Lower Church Street when approaching north from Queen Square



St Andrew's Church from Queen Square



St Andrews Church east along Church Street

Materials

Walls: Painted render. Render is roughcast and smooth. There may be some lost stucco work on the more formal dwellings

Red clay brick with stone detailing and the use of buff and dark bricks. Bricks in Flemish bond with high quality rubbed brick voussior and other details.

Roofs: Majority blue Welsh Slate with terracotta plain clay tiles, and one historic thatch roof. Windows are historically timber painted, in the majority white, with one black example.

Boundary Walls to the road are stone, render, brick and painted brick, and typically are of the same material as the building they relate to.

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Cobbles damaged by utilities on Church Street



Cobbles at Pye Corner showing damage.

Key Negatives

Replacement timber and uPVC windows which do not respect the historic form or character of a property harming its character.

Poor maintenance and damage to the cobbles from in provision of utilities.

Parking area off Gravel Walk







The area of open parking on the corner of Gravel Walk and Lower Church Street. There was historically a building on this land, but it was gone by the middle of the 20th century. This area is informal and allows this otherwise enclosed character to spill out and be dominated by parked cars.

Double yellow lines dominate streets Church Street, jarring with the historic cobble surfaces to the front of the houses.

Double yellow lines in historic context

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9.2 Character Area 2: Mill leat and Mill buildings

Cullompton's leat forms a distinctly peaceful area defining much of the eastern boundary of the conservation area. To the north it separates the garden areas serving Garden Terrace and Belle Vue Terrace from the Western Way Industrial Estate at the north end of the town. To the south it divides the large private gardens of properties east of the Parish Church from the public open space at the south. Whilst this southern section of the mill stream is rural in appearance, this otherwise tranquil backwater is subject to the background noise of the nearby M5 motorway.

The leat takes its water from the Spratford Stream (a tributary of the River Culm), and historically fed three mills (Higher, Middle & Lower) on the western side of the town from at least the early 17th century (Lower Mill and part of leat shown on the 1633 Wyndham Map).

The mills were variously used for grinding corn, working leather, making bells, manufacturing wool, as an engineering works and for producing animal feed. Higher Mill (also known as Town Mill) was converted to a house in the 1970s, while Middle Mill survives only as a ruin. Higher Mill, also called Town Mill, and Lower Mill were used for grinding corn; Middle Mill had two wheels, one for corn, and one for leather processing. Both Middle Mill and Lower Mill were adapted for woollen cloth production in the early 19th century. However, by the late 1800s one had become an axle works and the other was being used to grind animal feed

Combined with the wooded area to the east of the Parish Church and historic Vicarage, the millstream and millpond form the landscape setting for the eastern side of the conservation area. This green area with its public footpath link with other areas of open space such as the rear gardens of properties east of the church or the gardens at Belle Vue Terrace and Garden Terrace.

Special architectural and historic interest:

This leat is known to have existed for the last 400 years and along with the historic road network and the few buildings known to be of this age, is one of the fixed historic features of the town.

It forms the eastern boundary of the town being on the edge of the water meadows associated with the River Culm, and has formed, and continues the form, the edge of development for a large part of the east of the town.

The leat is part of a network of water courses that together are fundamentally important to Cullompton's historic development, influencing its location, supplying water to its inhabitants and powering its industries. The significance of this water system cannot be overestimated.

Scale Height and building line:

There are very few buildings in this area. Other than the mill buildings, all buildings are set back from the leat, with no building on the land to the east south of the supermarket site, which is itself well screened and not readily experienced when walking the path along the leat.

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Significant Buildings and groups

The earliest certain documentary evidence for Middle Mill appears to be a mortgage deed of 1700 which refers to ‘six mills commonly called or known by the name of Cullompton Mills’. These are presumed to be Higher, Middle and Lower Mills.

Higher Mill and Mill House (also known as Town Roller Mills, Town Mill and Clarke’s Mill): Higher Mill seems to have always been used for grinding corn. Possibly the mill depicted in a watercolour by Swete circa 1800. Advertised for sale in 1800 with two undershot waterwheels driving four pairs of millstones. A painting of circa 1848 shows the mill with a single, large, breast shot wheel. A turbine and roller plant were installed in 1893 to supplement waterwheel and millstones, the mill having been rebuilt about this time. Power was subsequently supplemented by an oil engine. The mill continued to work until 1974. Now house converted.The turbine is confirmed by the current owner to be in place in Sping of 2021.



Higher Mill and Mill House

Middle Mill: The site of Middle Mill was used for several different purposes during its working life. In the 18th century there were two waterwheels, each serving a mill on opposite sides of the leat. In 1793 that on the town side was a grist mill, while on the other side was a leather mill, which later burnt down. The site is associated with Bilbies bell foundry between 1754 and 1813. By 1813 the grist mill had been converted for use as a woollen manufactory. The site is shown as an Axle Works on the 1889 Ordnance Survey map and in 1911 the site was occupied by the Middle Mills Engineering Company. Buildings fell into disuse from 1970s and were gradually demolished, although some remains can be found at the bridge over the leat. The millpond has now been filled in and the buildings largely demolished. The exact location of former 18th century buildings at Middle Mill is uncertain but likely that situated adjacent to documented structures.

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Lower Mill: The mill has also been known as Luxton's or Hydon's Mills. In 1779, John Luxton insured his dwelling house and adjoining mill house with waterwheels and going gears there for £170. The buildings are described as being of stone, cob and thatch. A sale notice of 1795 refers to the mills having been lately repaired at considerable expense. In 1802 the mills contained four pairs of millstones and a bunting mill for making fine flour. At some point in the 19th century it appears to have been converted for use as a woollen mill. In the 1880s, however, it was being used for provender milling (animal feed). The present waterwheel was installed in 1926 which drove two pairs of stones through cast iron gearing. The machinery was altered in 1950 when a hammer mill was installed and also a generator. The mill last worked commercially in 1968. It has now been converted but the waterwheel and some of the gearing and millstones are reported to remain.



Key unlisted buildings

Higher, Lower and Middle Mill and Mill House described above with their associated buildings and machinery.

Although outside the conservation area, the weir and sluices that act as part of the water course to control water into the leat are considered to be important unlisted buildings or structures related to the mill buildings and the leat.

Trees, green spaces and open spaces

Once away from the elevated section to the north of Station Road, the leat provides an attractive and tranquil walk close to the town centre.

South of Station road it is enclosed on the east side and there is little experience of the large supermarket adjacent, and the gardens to Belle Vue Terrace open out to the pleasant aspect of the terrace of houses. The planting to the east of the leat adjacent to the car park is important as a screen.

Once beyond Middle Mill, the leat continues its tree lined course slightly elevated above the former water meadows, now open recreational land, to the east.

The gardens of the new vicarage and modern bungalows off Walter's Orchard back onto the leat, but do not erode the character.

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Local Features

The mill buildings referred to above, the course of the leat including filled in mill ponds, and the open, rural and tranquil nature close to the town centre.



View to St Andrew's Parish Church from mill leat just north of Lower Mill

Views

The view back from the pathway just north of Lower Mill to the Parish Church is impressive giving a feeling of the height and prominence of the Church and religious primacy when it was built. The roof and intricate chimneys of No 15 Gravel Walk can also be appreciated.

There are views back to the Parish Church from various positions to the east beyond the conservation area, looking west, where the tower can be seen over the trees on the rising ground.



View West from CCA fields towards St Andrew's Parish Church

Key negatives:

Replacement timber and uPVC windows which do not respect the historic form or character of the properties harming their character

Background noise and some movement from the motorway.

The leat is in slow decline due to lack to continued maintenance.

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9.3 Character Area 3: Exeter Hill

This sub area extends south-west down Exeter Hill, into the north end of Exeter Road, and to the east of that line (into the lower part of Cockpit Hill, Pound Square, Way's Lane and Brook Road) and westwards (into New Street and Crow Green). It occupies land which slopes relatively steeply down into and across the mouth of a tributary valley, just before it joins the flood plain of the River Culm. Previously mediaeval strip fields and water meadows, this area started to develop (south of Fore Street) as a mixed residential/industrial/commercial area from the early post-mediaeval period, with New Street (additional accommodation for woollen industry home workers) added in the early-mid 18th century. Rebuilt in stone after a disastrous fire in 1839 badly damaged this part of town, some earlier structures survive and the earlier cob walling is still detectable.

The built development is characterised by smaller-scaled rows and terraces of houses and (now largely disused) Victorian shop fronts, with back yards containing mews accommodation and workshops interspersed with larger-scale buildings, including the new library and learning hub (the Hayridge Centre) at the top of Exeter Hill, on the site previously occupied by the town's health centre and law courts, and, before that, the original Cullompton School (built c1870).

Setting:

In the late 18th/early 19th century the construction of a large tannery was constructed on either side of the road at the bottom of Exeter Hill. Despite a disastrous fire in 1958, which ended the tannery's life, both sites retain substantial original historic fabric. This, together with the large outdoor spaces typical of such industrial sites, still gives this part of the area an industrial feel, which is reinforced by the type, scale and spatial characteristics of the modern re-use and development (including a petrol station and supermarket).

Special architectural and historic interest:

Area 3 is an area of post-mediaeval (and later) industrial expansion with its original character largely reflected in the surviving historic fabric (which exhibits a degree of time depth) and the design and scale of modern development. Despite being of less obvious aesthetic value, the industrial buildings and their special relationships are significant survivors of small-town Devon industry and there is high group value in terms of the presence of associated workers' housing, as part of an integrated industrial quarter. An area which made Cullompton what it was during its later history.

Scale Height and building line:

Residential and industrial properties are two storey and historically on the back of the pavement. There is one three storey building of industrial origin. There are long runs of terraces, although there are no long runs of identical buildings, there is a uniformity of massing, form and detailing.

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Significant Buildings and groups

Buildings

No 8 Duke Street: Detached two storey cob cottage, with a stone plinth and thatched roof, late 17th or early 18th century.

No 15 Pound square and detached outbuilding: Large 17th century house, three-room and through-passage plan with lower-end rear wing, extended in 19th century when converted to cottages. Now used as offices and workshops.

Unitarian Chapel, Pound Square - 1698, rebuilt 1912.

Groups

The buildings grouped around Pound Square form an important piece with the open space of the square. There is a feeling of space as the narrow streets open out into the squares. None of these are formal designs but are fortuitous arrangements which are now quiet and tranquil areas in contrast to the main road.

New Street is an important group being a planned single-phase development associated with the expanding woollen industry. It was constructed in the early-mid 18th century to provide additional housing (with back yard work space) for those employed (by Upcott's) as home workers in the woollen industry. Rebuilt in stone after a disastrous fire in 1839.

The remains of the industrial buildings on the edge and just beyond the conservation area are significant survivors of small-town Devon industry and there is high group value in terms of the presence of associated workers' housing, as part of an integrated industrial quarter.

Key unlisted buildings

Unitarian Chapel, Pound Square - 1698, rebuilt 1912, Site of oldest nonconformist congregation in Cullompton, Originally building "the Protestant Dissenters Meeting House" was built in 1698 and replaced by a much larger building in 1815 which was constructed of cob and in 1911 the congregation has to vacate the building when it collapsed. A new chapel was built and opened in 1913.

13 and 14 Pound Square: Two storey house, rubble and cob with hipped roof (thatched until at least late 1970s), probably 17th century. Originally part of a longer row.

37 New Street: Two storey house, two window front, round headed central door with panelled door case

50 to 54 (even) New Street: Row of cottages, two storey one window fronts, early 19th century. Examples of a type which once comprised the whole of New Street.

7 to 11 Exeter Hill. Good surviving historic shopfronts.

Brick Tannery Building and brick wall on east side of Exeter Road adjacent to the supermarket. One of the few remaining buildings from the tannery that was active on this site from the late 18th century. Forms a key entrance to the town.

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Shopfronts on Exeter Hill



Tannery building and brick wall on east side of Exeter Hill



Large Brick Built Tannery building on west side of Exeter Hil

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Adjacent to the conservation area: Large brick built tannery building: One of the few remaining buildings from the tannery that was active on this site from the late 18th century. Imposing large building visible from street.

Trees, green spaces and open spaces

Pound Square is an important open space as it retains the historic pattern of the streets and has a historical relationship with the pound. As noted above the openness and tranquillity are notable against the narrow entrances and the noise and movement in the main street nearby.

There is some significance where there is no building set against the road where the car park is at the Hayridge centre, as the buildings historically were set back, but cars parked here do jar with the character of the conservation area, where historically there was a wall enclosing a school yard and a mid-Victorian School.



Hayridge Centre Car Park

Local Features

Long runs of terrace housing backing onto the pavement.

There are a legacy shop fronts on Exeter Hill and Cockpit Hill where the building is no longer in commercial use but are important in significance terms as they part of the commercial story of the town and add character and variation to the street scene.

Small intimate gardens to the rear of housing.

A number of walkways and carriageways through the terraces to access the rear garden. These have or had a wooden door at the back of the pavement enforcing the sense of enclosure.

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Typical details

The roofs are gabled, there are there are few hips and no half hips.

Eaves details are largely traditional with small fascia boards close to the front of the building, or with overhanging rafter feet. There is little boxing in with a soffit, and where that does occur it is less than 100mm unless associated with the design of the house.

Rainwater goods traditionally cast metal half round with round down pipes and painted black on black fascia boards.

The typical orange-red brick is most often in Flemish bond.

Windows are both sliding sash and casements, and are painted. Casements are rebated and balanced. Windows have a vertical emphasis. Window surrounds are typically plain, but there are some period features. There are rare examples of oriel or cantilever windows at first floor.

Doors (front doors and those to gardens or though archways) are painted.

There are very few historic dormers. Where they do appear they are usually small, narrow and gabled.

The historic property boundaries defined to rear or the buildings.

Boundary walls are usually 1m but examples of 2m or more survive. Walls are capped with specialist clay brick manufactured for the purpose or rounded or flat stone, or clay double roman roof tiles.

Chimneys are red clay brick with plain terracotta pots. Chimneys are on the ridge. There are no examples of external chimneys.

Key colour characteristics

Render painted white and cream with black plinth dominates. There are the odd light blue or dark pink property but there is no evidence that these colours are historic and representative of the conservation area.

Brick is clay terracotta with buff or black detailing.

Windows are painted white with one example of black.

Doors are painted panelled or boarded, with dominate colours being black and white, with some light green or very occasional dark blue.

Roofs are dark, typical blue welsh slate.

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Views

The key views within/through this area, are a combination of sweeping ones (such as down Exeter Hill and across the western tannery site) and more constricted lines of sight along the narrow side roads and lanes.

Materials

Walls: Painted render. Render is majority roughcast with some smooth. There may be some lost stucco work on the more formal dwellings.

Red clay brick with stone detailing and the use of buff and dark bricks. Bricks in Flemish bond with high quality rubbed brick voussior and other details.

Roofs: Majority blue Welsh Slate and few terracotta plain clay tiles, and one historic thatch roof. Windows are historically timber painted white.

Boundary walls to the road are render and brick, and typically are of the same material as the building they relate to.

Key negatives:

Volume and nature of traffic (heavy vehicles) passing along Exeter Hill to and from the motorway network.

Narrow pavements and proximity to heavy traffic as a pedestrian.

Replacement timber and uPVC windows which do not respect the historic form or character of a property harming its character.



Original and replacement windows side by side

Unauthorised satellite dishes at varying heights on the runs of terraces:

Inappropriate signage on shop fronts.

Lack of routine building maintenance and repair: Whilst many of the buildings in the area are generally in good condition but there are instances of the neglect of routine maintenance and repair.



Satellite dishes on terraces

DRAFT



Overhead power and phone lines

Heavy and outdated overhead power lines in New Street.

Car park at Hayridge centre being at odds with the built development and character of the conservation area.

The Hayridge Centre which at the street is too dominant in the street scene by reason of the elevated eaves height and materials.



Hayridge centre

DRAFT

9.4 Character Area 4: Fore Street

Area 4 consists of Fore Street, the historic commercial core of the town and its main axis since the mediaeval period, when it was laid out as a piece of planned urban development. It incorporates remnant burgage plots on either side, and at its southern end an earlier open market associated with the Minster church – a sub-triangular area formed by Lower Bull Ring, Queen's Square, and the area now occupied by buildings fronting the east of Fore Street, either side of the entrance into Church Street.

Developed and rebuilt over time in response to the town's economic fortunes and after fires, Fore Street's plan-form (and to a considerable degree its standing fabric) reflects the typical post-mediaeval sub-division of wider burgage plots into narrower tenements, with merchants' houses and coaching inns occupying the street front and long, thin back courts (containing workers' housing, workshops, stables and other ancillary buildings), accessed through covered alleyways.

There is an unusually well-surviving stretch of early 17th century street scape on the western side of the street's northern end - formed by the Manor Hotel, The Walronds and the Merchant's House – adjacent to the site of a (no longer existing) market cross. The fact that these buildings weren't significantly rebuilt in later centuries may relate to a shift in commercial focus.

Elsewhere, the street has undergone more successive remodelling and rebuilding, with a preponderance of Victorian (and later) shop fronts, though evidence of earlier phases can be detected in many of the buildings or their back courts. The overriding sense is of a street frontage containing more complexity and time depth than may at first appear.

Running north-south in a straight line along a plateau of level ground, this relatively narrow street has an almost unbroken frontage on both sides, with many three (and one four although this appears to be a modified three) storeyed buildings, creating a strong sense of enclosure. Views are largely along the length of the street, although towards its southern end Church Street provides a stunning view of St Andrew's Church and Middle Mill Lane, New Cut and shorter alleyways provide glimpses into back plots. At either end, views open out as Fore Street fans out into Higher Bull Ring to the north and splays open into the converging tops of Exeter Hill and Cockpit Hill to the south.

During the post-mediaeval period, the open market place at the southern end of Fore Street was reduced by encroachment and infill – the (no longer surviving) 'Shambles' market house was built in the centre of the street; Lower Bull Ring, with Queen Square, where there was an animal pound, appears to have functioned as a secondary livestock market; and Cockpit Hill became a location for cock fights. The pound was built over during the 19th century and an Evangelical Church added to the north side of Queen's Square in 1962, and although the still relatively open spaces hark back to the area's previous use, they are mainly fringed with houses; bustling market activity having been replaced by a more subdued residential character.

To the west of the built up frontage onto Fore Street the area is defined by the back of the mediaeval burgage plots. It lies on relatively level land below St Andrew's Hill (sloping very gently north-west to south-east towards the south end of Fore Street) although to the north of Tiverton Road (Area 5) the ground rises up more steeply at the base of the hill.

DRAFT

The long, parallel strips of the mediaeval burgage plots can still be detected in the present plan-form, despite 20th century infill development partly obscuring their pattern. Their dominance perhaps reflects the degree of remodelling associated with the deliberate creation of the new mediaeval town. The 1840 Tithe map shows a clear, north-south boundary line across the plots, which would have divided them into 'tofts' and 'crofts' (the front of the plot on which the house was built and the land behind used for pasture or arable), but this has now been almost completed removed, but still does survive in part to the north end on the west side.

The Tithe and early OS mapping shows that this area was largely undeveloped until the mid-1900s. Some of the courts behind Fore Street had been extended further back to create space for additional ancillary buildings and yards, and a Wesleyan (Methodist) Chapel had been built at the east end of New Cut (a mediaeval water channel, which became an alleyway). Otherwise, most of the area was comprised of undeveloped gardens and orchards, with a scatter of small sheds and greenhouses. The 1880 OS map names the area along the south side of New Cut as 'The Green', perhaps suggesting a communal recreational space; by 1904 it was associated with a drill hall. From the 1960s the back plots were increasingly built over, however, many of the long and high rubble stone walls that defined these plots still survive, in some cases with traces of former buildings.

Passage through is via Tiverton Road and New Cut running back from Fore Street - all historic routes running east-west, parallel with the burgage plots (eventually leading into Shortlands Lane). Otherwise, access and views across this area are restricted, owing to the enclosed nature of the original plots and their subsequent sub-division and infilling with modern development.



New cut showing leat to right hand side. Methodist Chapel on end on left

DRAFT

Special architectural and historic interest:

The area encapsulates the planned mediaeval town, where its original plan-form can still be understood; the standing fabric reflects the function of this particular street as being the original commercial core, with continuity of use to the present day. It is the main axis connecting the dispersed elements of the rest of the historic town, and the range of building dates, and variety and quality of materials and detail reflects the intrinsic value of the standing fabric, as well as it providing evidence of the area's continuing primary function.

Scale Height and building line:

All buildings back onto the pavement with the exception of The Walronds which has a small garden to the front which the building wraps around in a C shape.

Buildings are two, three and one four storey (from an adapted three storey) in Fore Street. The majority is two storey with three storey and two storey with dormers. There is no even building height, with variation in height within both two storey and three storey.



North along Fore Street

Significant Buildings and groups:

The Manor Hotel, 2 Fore Street: Former merchant's house rebuilt in 1603 following a fire and renovated and extended in 1718. Of three storeys it has stone and cobb end walls with timber-framing in between, although the ground floor of the front elevation has been rebuilt in stone.

4 Fore Street: Mid-19th century two storey house, four window range with late 19th century oriel window over entrance porch at left end. Now part of Manor Hotel.

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The Walronds, Fore Street: Completed in 1605 using local red sandstone and volcanic trap with Beerstone dressings. The front elevation is symmetrical, with the main range and two side wings enclosing a small cobbled courtyard. The interior retains many early features.

8 Fore Street: Half-timbered three storey house with cob and stone mix to side and rear. Important and intact survival of a 17th century Devon merchant's townhouse.

10 Fore Street: House with shop, 17th century core with early 19th century refronting. Symmetrical three window range, three storeys with attic, 20th century shop front.

12 Fore Street: House, with shop below, forming part of a long row, early 19th century. This building probably represents the infilling of the tenement access to number 10.

14 and 16 Fore Street: Dwellings with shop below forming part of long row, 17th or 18th century. Remodeled in 19th century.

18 Fore Street: Dwelling with shop below forming part of long row. Early 19th century with late 19th or early 20th century shop front.

20 Fore Street: Three storey house with shop, 17th century with 19th century remodeling. Symmetrical two window range with central shop front and flanking doors.

22 Fore Street: House with shop below, mid-19th century but possibly with earlier core. Two storeys and attic with gabled dormers, 20th century shop front to left and carriageway through to right.

24 Fore Street: House with shop below, 17th century or earlier core, remodeled in 19th century with 20th century shop front.

26 Fore Street: Late 16th or 17th century building with 19th and 20th century alterations. Ridge line of slate roof considerably lower than neighbours.

30 Fore Street: House, circa 1830 but possibly with earlier core, originally one build with 32 Fore Street. Now apartments with late 20th century shop front below.

32 Fore Street: House with shop below, originally one build with 32 Fore Street. Possible 17th or 18th century core, refronted and altered circa1830.

1 Fore Street: Early 19th century building, two storey, five window range, with central entrance, and carriageway under to left. Possibly on the site of the Half Moon Inn.

White Hart Inn: Early 19th century frontage but older fabric almost certainly survives behind. Almost symmetrical two storey, three-window range, with central porch.

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21 Fore Street: Dwelling with shop below forming part of a long row, late 19th century with earlier work evident at rear. Sham timber framed frontage under slate roof with crested ridge tiles.

39 Fore Street: Two storey dwelling, early 19th century, but probably retaining earlier core. Edwardian shop front has large plate glass frames with curved corners and moulded cornice.

41 Fore Street: Shop, early 19th century, forming part of a long row. Two storey, three window range with carriageway through to right, double fronted shop window to left.

1 and 2 Lower Bull Ring: Pair of mid-19th century two storey houses that to the left altered circa 1900, with bay/oriel windows, some Art Nouveau glazing bars and coloured glass.

Paradise House, 1 Queen Square: Substantial 16th or 17th century house, probably originally a three-room and cross-passage plan, much disguised by late-18th century rebuilding. Brick, with cob rear wing.

4 Queen Square: House, possibly 17th century core, largely remodelled in 19th century. Main range possibly originally a three-room and cross-passage plan, with rear wing. Early19th century features remain throughout.

Key unlisted buildings

No 34-36 Fore Street. Former Post Office.

Nos 56 to 62 Fore Street – 3 storey rendered building. Three good historic shop fronts, oriel windows to first and second floor, top floor cantilevered. Windows all of one piece.

66 Fore Street: Three storey rendered building with date stone of 1706 in south gable.

No 5 Fore Street. Former Bank. Main range 3 storey with 2 storey southern extension. Brick with stone window surrounds and quoin. Tall imposing building in the street. Former Devon and Cornwall Bank.



No 63 Fore Street



No 5 Fore Street

DRAFT

Nos 59- 61 Fore Street – Decorative building bearing the date 1889.

No 63 Fore Street – Brick building, Oriel windows little altered with original windows. Now a post office started life as a Plymouth Brethren Chapel

The New Cut: The New Cut is an alleyway linking Shortlands Lane to the Fore Street. Despite its name, it may well date to the 14th century when the Abbot of Buckland granted a water supply to the town. One of the leats ran down The New Cut.

Methodist Chapel, New Cut. Wesleyan chapel. Originally built in 1764, replaced in 1806, and considerably restored in 1872 following a fire.

2 Queen Square: Two storey house, plain front with sash windows and a central door with fluted columns and a bracketed hood.

Trees, green spaces and open spaces

There are no green spaces or Trees on Fore Street.

There is a small open space to the front of The Walronds, which is significant to that building and to the street scene.

To the west of the built up frontage, the burgage plots remain and in places are not developed. These survives best to the rear of The Walronds, and south of this to the rear of Nos 10 to 16 Fore Street. These areas are down to grass and have individual trees.

The area to the front of the Methodist Chapel on New Cut.

Local Features

The unbroken frontage of building along Fore Street with the variation of heights and designs.

A number of walkways and carriageways through the frontage to access the rear garden. These have or had a wooden door at the back of the pavement.

Historic alleyways and paths through to the mill leat and to Shortlands Lane.

Groups of outbuildings and mews buildings and cottages to the rear of the frontage. Outbuildings are at right angles to the road and step down in ridge height.

There are occasional buildings which have a gable onto Fore Street.

Typical details

The roofs are gabled, there are there are few hips and no half hips.

Eaves details are largely traditional with small fascia boards close to the front of the building, or with overhanging rafter feet. There is little boxing in with a soffit, and where that does occur it is less than 100mm unless associated with the design of the house. There are also parapets and cornices in evidence.

DRAFT

Rainwater goods traditionally cast metal half round with round down pipes and painted black on black fascia boards.

The typical orange-red brick is most often in Flemish bond.

Windows are both sliding sash and casements, and are painted in the majority white with the occasional black window. Casements are rebated and balanced. Windows have a vertical emphasis. Window surrounds are typically plain, but there are some period features. There are rare examples of oriel or cantilever windows at first floor.

Doors (front doors and those to gardens or though archways) are painted.

There are historic dormers. Some are larger and more dominate, but work within more classical order with regard to their size relative to the windows below. They are all gabled.

The historic property boundaries remain defined to rear or the buildings. There are few historic development which step across the burgage plot boundaries.

Boundary walls are usually 1m but examples of 2m or more survive. Walls are capped with specialist clay brick manufactured for the purpose or rounded or flat stone, or clay double roman roof tiles.

Chimneys are red clay brick with plain terracotta pots. Chimneys are on the ridge with the occasional chimney breaking the front roof plane. There are no examples of external chimneys.

Shopfronts are painted, and tend to be dark and restrained colours, and there is no typical historic pattern to where doors are positioned or if it is recessed.

Key colour characteristics

Render painted white and cream or ochre with dominates. There are the odd light blue or dark pink property but there is no evidence that these colours are historic and representative of the conservation area.

Brick is clay terracotta with buff or black detailing.

Windows are painted white with two examples of black.

Doors are painted panelled or boarded, with dominate colours being black and white, with some light green or very occasional dark blue.

Roofs are dark, typical blue welsh slate or weathered clay. There is no clay roof onto Fore Street.

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Views

The view of the Church from Fore Street along Church Street is exceptional with the tower framed by the buildings in Church Street.

To the north end of Fore Street the boarding of the road into Higher Bullring is legible.



View of St Andrew's Parish Church from Fore Street

Materials

Walls: Painted render. Render is majority roughcast with some smooth. There may be some lost stucco work on the more formal buildings.

Red clay brick with stone detailing and the use of buff and dark bricks. Bricks in Flemish bond with high quality rubbed brick voussior and other details, or in stone.

There is a small amount of painted brick.

Roofs: Majority blue Welsh Slate.

Windows are historically timber painted white.

Boundary walls to the road are render and brick, and typically are of the same material as the building they relate to. Brick bond is Flemish but there is some garden wall bound in the boundary wall to the rear of the Manor House Hotel.

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Key negatives:

Volume and nature of traffic (heavy vehicles) passing along Fore Street to and from the motorway network.

Narrow pavements and proximity to heavy traffic as a pedestrian.

Raised kerbstone which is non historic and inappropriate.

The position of the zebra crossing immediately adjacent to the grade I listed The Walronds.



The Walronds with raised kerbs and pedestrian



Modern Shop front and signage in Fore street

Replacement timber and uPVC windows which do not respect the historic form or character of a property harming its character.

Inappropriate and modern shopfronts and signage at odds with the historic character and street scene.

Unauthorised satellite dishes at varying heights on the buildings.

Lack of routine building maintenance and repair: Whilst many of the buildings in the area are generally in good condition but there are instances of the neglect of routine maintenance and repair. A number of properties have been vacant long term and look particularly poor and uncared for.

A number of the public alleyways and paths are uninviting, and not clear to non-residents that they can be used. The new cut is an example where the former Methodist Chapel, vacant and in decline and uncared for, and the area to the front of it is not maintained and has a poor surface treatment.

Visual clutter including highway signage.

DRAFT



Blocked and overflowing downpipe



Unwelcoming and poorly designed signage



Poorly designed signage

Evangelical Church: The Church building is mid to late 20th century building on an elevated site in the conservation area. The design does not respond well to the context in the dominant elevated position above Queen Square.





Evangelical Church from Queen Square

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9.5 Character Area 5: High Street/Higher Bullring

This area is focused on High Street, 'bowed' out to form the wide, lozenge-shaped area known as Higher Bull Ring –a market place for trading sheep and cattle. High Street continues the line of Fore Street northwards, bending towards the north-east in order to keep taking advantage of the plateau of relatively level ground along the valley side.

The rectangular block of mediaeval burgage plots laid out along Fore Street appears to have extended into the southern end of High Street, although subsequent sub-division and infilling has blurred the plan-form here. It is difficult to be precise about the exact northern limit of the planned mediaeval market street. Tiverton Road runs parallel with the south side of these plots, before making a T-junction with Fore Street/High Street; to the north, the plots stop short of St Andrew's School, where the more steeply sloping land of St Andrew's Hill would have truncated their continuation.

The shorter parallel plots fronting both sides of High Street to the north of the burgage plots, appear to be later in date – representing late mediaeval or early post-mediaeval expansion, along with the Higher Bull Ring market place. The line of the (now covered) town water supply can be traced in the pavement on the west side of the street.



Higher Bullring with War Memorial

As an extension of Cullompton's commercial centre, High Street/ Higher Bull Ring has the same long back courts (used for stabling, manufacturing and subsidiary housing during the post-mediaeval and later periods) as Fore Street. The street frontage, however, has evolved differently, with substantial Georgian buildings (some with later shop fronts inserted), interspersed with earlier inns and houses and a Baptist chapel. While this part of town continued to be the location for sheep and cattle markets and fairs until the early 20th century, during the 19th century it acquired additional financial and civic functions (including several banks and a police station), with additional notes of refinement and ceremony provided by the planting of ornamental trees along both sides of the street and the erection of the war memorial in 1920.

The defining character is the generous spaciousness of its streetscape and the architectural scale, variety and quality of the buildings that line it. Internal views are much more open than in Fore Street, with external lines of sight provided by Higher Mill Lane and St Andrew's Road (a 20th century widening of an earlier alleyway). At its northern end, Higher Bull Ring pinches in again, before meeting the junction with Higher Street and Station Road. Here, as in Tiverton Road, larger-scale higher-status buildings give way to rows of modest workers cottages.

DRAFT

Special architectural and historic interest:

Higher Bullring is a really good example of, and a good place to experience, the size and form of a late mediaeval/early post-mediaeval bowed market street and to see how with the buildings lining the street how this area was the focus of 18th century commercial expansion beyond the mediaeval Fore Street, to the point where it attracted 19th century and later financial and civic functions.

Scale Height and building line:

All buildings back onto the pavement.

Buildings are two and three with the three storey tending to be on the west side and towards the central section. The three storey buildings with one exception separated by at least one two storey. There is no even building height, with variation in height between both two storey and three storey.

Tiverton Road on the north side consists of two terraces two storey properties.

Significant Buildings and groups

No 44 High Street: Mid-19th century house forming part of row. Symmetrical three-window range, has central doorway with segmentally headed arch which retains its fanlight.

42 High Street: Mid-19th century house forming part of row. Symmetrical three-window range, has central doorway with elliptically headed arch with fanlight.

40 High Street (Former Conservative Club now Frankie's Sports Bar): Mid-19th century two storey house forming part of row. Asymmetrical three-window range. Upper hornless 16-pane sash windows; three horned sash windows to ground floor (one to left of entrance), now with one pane per sash. Semi-circular headed doorway.

38 High Street Mid-19th century house forming part of row. Two storeys, slightly asymmetrical three-window range, with sash windows each side of doorway with pediment.

28 High Street: Late 18th century house, brick with double hipped slate roof behind parapet. Symmetrical three bay front, the outer bays with bowed window bays extending from ground to parapet base/

20 High Street: Mid-19th century three storey house, now a restaurant with accommodation above. Symmetrical three-window range with central porch.

War Memorial: Constructed 1920 by Eastons of Exeter and paid for by public subscription. Rock-faced granite. Square plinth with large slightly tapered pedestal in two parts, surmounted by Celtic cross with tapered shaft. Bronze crossed rifles on the front of the plinth and bronze wreath on the back of the pedestal. Inscription on the front of the pedestal and names of the dead servicemen on the front and sides.

DRAFT

Key unlisted buildings

33 High Street. Group of shop, public house and dwelling. All with historic windows and good shop surviving shop front.

Kings Head is 33-35 High Street, part of the pub was once the public library (33 High Street) Originally a coaching inn named after Charles II. Kings Head is now being converted to restaurant.

31 High Street: Good historic shop front.

Free Standing Pillar Box, to Front of No 31 High Street: The red post box is a landmark feature within the bow-shaped Higher Bull Ring.

22 and 24 High Street: A pair of early 19th century two storey houses. Each house has a panelled door case with hoods on scroll brackets to right, sash window to left, on ground floor; three sash windows to first floor.

Baptist Chapel, High Street: Baptist chapel built in 1743 and almost entirely renewed in 1858. During the 1870s the church decided to expand to cope with the growing Sunday School and a new schoolroom was completed in 1883. In 1904 a Manse was built on land next to the church, completed in 1906.

21-23 High Street: Market House Inn

9 High Street: Three storey house, probably early 19th century. Three window range with carriageway under two storey bay on right, shop front to centre and left.

Nos 3 to 7 (odd) High Street: Three storey building, divided into three shops. Four window range, No 3 to right has a first floor bay and a good late 19th century shop front.

Town Hall: Originally known as the Parish Rooms the Council decided to rename it in 1995 but it still looks very much as it did in the 1930s. It is built on land that was a coaching inn known, at one time as the Green Dragon, and later as the Half Moon. The Half Moon was a coaching inn that took in all the land from the Town Hall to Middle Mill Lane down to the Mill Leat. In 1870 part of the coaching inn was sold to the town to be used as a Town Hall. The building was later demolished and a new town hall was built. Before the second world war the fire-engine was housed in a section at the front of the building with access directly onto High Street. During the Second World War the Town Hall became a first-aid post.

Old Police Station: to clock dated 1898. Transformed about 1846-50 by public subscription into a Town Hall and included a lock-up. It was used for concerts, lectures etc. and as a police court. The clock was an afterthought placed there sometime after the building was converted. The town sold the building to Devon County Council in 1870 to be used fully as a police station and court room and the money raised was used to purchase some old premises a few doors away; theses were part of a coaching inn known as the Half Moon where the judges stopped in coaching days on their way to the Assizes. Land on the north side was purchased from Mr Alfred Batten in 1914 for the erection of a yard and garage to accommodate the police patrol car.

10-26 Tiverton Road - Row of workers cottages

DRAFT

Trees and green spaces

There is very limited green spaces, both public and private in this character area. The lime trees in the Higher Bull ring provide it with character, and are likely to be the same trees as are seen in the undated (early 20th Century) photograph below.



Local Features

There is a substantial granite war memorial commemorating the dead of both world Wars standing in the Higher Bull Ring. Also within the Higher Bull Ring there is a traditional ‘K6’ red telephone box and free standing pillar box.

The trees mentioned above are a key feature of this open space, and one of the few areas of green in the historic core.

Typical details

The roofs are gabled, there are there are very few hips and no half hips.

Eaves details are largely traditional with small fascia boards close to the front of the building, or with overhanging rafter feet. There is little boxing in with a soffit, and where that does occur it is less than 100mm unless associated with the design of the house. Some parapets are in evidence.

Rainwater goods traditionally cast metal half round with round down pipes and painted black on black fascia boards.

The typical orange-red brick is most often in Flemish bond.

DRAFT

Windows are both sliding sash and casements, and are painted in the majority white. Casements are rebated and balanced. Windows have a vertical emphasis. Window surrounds are typically plain, but there are some period detailing. There is one oriel window and one bay window.

Doors (front doors and those to gardens or though archways) are painted.

There is one example of historic dormers. They are small, narrow and gabled.

The historic property boundaries top the west remain defined to rear or the buildings. On the east side Forge Way has cut across the rear of the properties and modern houses have been built into the rear gardens of the properties to the front, but the burgage plots have been respected.

Chimneys are red clay brick with plain terracotta pots. Chimneys are on the ridge with the occasional chimney breaking the front roof plane. There are no examples of external chimneys.

Shopfronts are painted, and tend to be dark and restrained colours, and there is no typical historic pattern to where doors are positioned or if it is recessed.

Key colour characteristics

Render painted white and cream or ochre with dominates. There are the odd light blue or dark earth property but there is no evidence that these colours are historic and representative of the conservation area.

Brick is clay terracotta with buff or black.

Windows are painted white.

Doors are painted panelled or boarded, with dominate colours being black and white, with some light green or very occasional dark blue.

Roofs are dark, typically blue welsh slate.

Views

There is a glimpse of the countryside to the east along Higher Mill Lane.

The vista north to the junction with Higher Street an Station Road is dominated by traffic control and signage.

Materials

Walls: Painted render. Render is majority smooth with some roughcast. There may be some lost stucco work on the more formal dwellings

Red clay brick with stone detailing and the use of buff and dark bricks. Bricks in Flemish bond with high quality rubbed brick voussior and other details, or in stone.

DRAFT

Roofs: Blue Welsh Slate of similar.

Windows are historically timber painted white.

Boundary walls to the road are render and brick, and typically are of the same material as the building they relate to. Brick bond is Flemish.

Key negatives

Volume and nature of traffic (heavy vehicles) passing along through to and from the motorway network. There are regular tailbacks at the junction with Higher Street/Station Road.

Narrow pavements and proximity to heavy traffic as a pedestrian on Tiverton Road.

The traffic light junction to High Street, Higher Street and Station Road: This is dominated by direction signage, lights and associated road marking.

Dominance of cars in the area within both the road and parking.



Car turning left from Tiverton Road

Visual clutter including highway signage. Some of the older street furniture is not well thought through. A bike rack in front of a bench.

Setting of war memorial is compromised by car parking and clutter.

Vacant plot at No 19 which was lost in a fire and subject to action regarding amenity by the Council. 3

Clarks Court – unrelated in scale or form to the conservation area.

On Tiverton Road, there are a number of poor box dormers on the terrace of houses closest to High Street.

Unauthorised satellite dishes at varying heights on the runs of terraces:

Inappropriate signage on shop fronts.

Lack of routine building maintenance and repair: Whilst many of the buildings in the area are generally in good condition but there are instances of the neglect of routine maintenance and repair.



Box dormers on houses in Tiverton Road

DRAFT

9.6 Character Area 6 - Higher Street and Station Road

Area 6 is comprised of Higher Street and the western part of Station Road (formerly known as Lower Street). Higher Street is a northern extension of High Street, along the level shelf of ground below St Andrew's Hill, while Station Road slopes relatively steeply, from its T-junction with the two roads down the main valley side to the mill leat, which forms the Eastern boundary of the conservation area.

Previously an area of mediaeval strip fields and open ground, in 1522 John Trott's Almshouses (refurbished) were built on what would then have been the northern edge of the town. During the post-mediaeval period the area developed as an area of rows and terraces of workers' housing and larger houses with woollen and other workshops behind. Its industrial focus increased during the 19th and early 20th century with the establishment of a leather tannery north of Court House and a woollen factory at the north end of Higher Street, opposite Goblin Lane (both outside the conservation area), where there was also a twine works on the site of a former ropewalk. In addition, there was a blacksmiths south of Station Road, adjacent to what is now Forge Way.

Nevertheless, at the time of the 1904 OS map, much of the south side of Station Road and most of the area behind the street frontages and around the factory sites was still undeveloped, with a predominance of large orchards. A flavour of this former openness is still provided by the drive and remaining grounds of Court House, a large 18th century residence associated with the tannery, and the lane leading to the latter from Higher Street.

Along with other pockets of modern infill/backfill, this development adds to the non-industrial residential aspect already created by the early 20th century terraces (Belle Vue Terrace and Garden Terrace) either side of Station Road - picturesquely-sited, with gardens sloping down to the mill leat, with its iron-railed walkway.

The views are narrow and linear along Higher Street and wider and more open down the less tightly lined streetscape of Station Road.

Special architectural and historic interest:

This area reflects post-mediaeval (and later) industrial expansion to the north of the mediaeval town, with relatively good survival of historic buildings, which, despite being of less obvious aesthetic value, have significance as evidence of small-town Devon industry. This is an integrated industrial quarter similar to Exeter Hill to the south, although the character has become more diluted by subsequent (re)development.

Scale Height and building line:

The majority of buildings back onto the pavement. There are a few exceptions with gardens to the front. Some buildings are side onto the road and present their gable to the road with gardens to the side. All front gardens are enclosed by a wall of at least 1m in in places higher. All give a feeling of enclosure.



North west along Higher Street

Buildings are two storey and the majority are in terraces with occasional single houses of higher status or later infill.

There is no even building height, but the massing of the buildings is fairly consistent.

Significant Buildings and groups:

Trotts Almshouses: Almshouses founded in 1522, restored 19th and 20th centuries. Six two storey units, one room per floor, entered from rear with main central entrance to front, now blocked. Erected in 1523. The row of local rubble stone houses was much altered in the 19th and 20th century refurbishments

25 Higher Street: Early 19th century house of cob on a stone plinth. Symmetrical three-window range, ground-floor has canted bay with tented roofs to either side of porch with tented canopy.

Key unlisted buildings

The seat and area surrounding on the gable end of Trotts Almshouses. It is located at the junction of High Street, Higher Street and Station Road.

Court House, Station Road: Two storey house, 18th century, core may be earlier. Three window front with two modern bays to ground floor, and wood Doric portico with fanlight.

No 3 Station Road: Good Historic Shopfront

Belle Vue Terrace, Wishcroft Terrace and Pen y Dre: Late 19th century constructed for the wealthier inhabitants of Cullompton.



Belle Vue Terrace

58 Higher Street

45 to 49 Station Road

37 Station Road

Outbuildings to the rear of No 21 Higher Street

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Trees and green spaces

The green wedge of the private garden forming a vista to Court House and Court House Cottages.

Given that most buildings are set directly on the back of the pavement the garden areas which abut the road are important green punctuations. These are to the front or side of

- Wishcroft Terrace
- No 23 Higher Street (and trees)
- Nos 1 to 8 Pen-y-dre, Higher Street
- No 13 and 15 Higher Street

The gardens to the east of Belle Vue Terrace (south of Station Road) and Garden Terrace (north of Station Road slope down to the leat). They are an important in front of the buildings and contribute to the open nature and appreciation of the leat and are significant to it. That at Belle Vue Terrace includes a large cedar Tree with a TPO.

To the east of the Roman Fort on St Andrew's Hill, there is an open area of undeveloped land. The Roman Fort is a scheduled ancient monument (SAM) and comprises two phases of fort, two annexes and a range of associated features are visible as a series of cropmark ditches, pits and earthwork banks in aerial photography. The open and undeveloped area to the east is important to the significance, understanding and appreciation of the SAM.



Area of land looking west from the track from Higher Street toward the Scheduled Ancient monument on the sky line

Local Features

Unlike other character areas there are no carriageway access to the rear of the terraces. There are no historic dormers.

Seating Area to the south of Trotts Almshouses

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Typical details

The roofs are gabled, there are there are few hips.

Eaves details are largely traditional with small fascia boards close to the front of the building, or with overhanging rafter feet. There is little boxing in with a soffit, and where that does occur it is less than 100mm unless associated with the design of the house.

Rainwater goods traditionally cast metal half round with round down pipes and painted black on black fascia boards.

The typical orange-red brick is most often in Flemish bond.

Windows are both sliding sash and casements, and are painted in the white. Casements are rebated and balanced. Windows have a vertical emphasis. Window surrounds are typically plain, but there are some period detailing. There are three oriel window and two bay window. Except for the higher status buildings the detailing is quite plain.

Historic doors are timber and painted. There is a mix of boarded and panel doors which respond to the status of the building.

The extent of the historic property boundaries remains well defined.

Chimneys are red clay brick with plain terracotta pots. Chimneys are on the ridge with the occasional chimney breaking the front roof plane. There are no examples of external chimneys.

There is only one shopfront at the junction with Station Road.

Key colour characteristics

Render painted white and cream or ochre with dominates.

Brick is clay terracotta with buff or black detailing.

Windows are painted white.

Doors are painted panelled or boarded, with dominate colours being black and white, with some light green or very occasional dark blue.

Roofs are dark, typical blue welsh slate.

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Views

The view south to the Parish Church south east along the southern part of Higher Street, frames the Tower and the eye is drawn along the road with a slight bend in it to the tower.



View south east along Higher Street

There is also a strongly framed view of the Parish Church along Forge Way.



View south along Forge Way from Station Road

Materials

Walls: Painted render. Render is majority smooth with some roughcast. There may be some lost stucco work on the more formal dwellings

Red clay brick with stone detailing and the use of buff brick. Bricks in Flemish bond with high quality rubbed brick voussior and other details, or in stone.

Roofs: Blue Welsh Slate or similar, with the exception of clay tiles to the roof of the industrial building to the north of No 31 Higher Street.

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Windows are historically timber painted white.

Boundary walls to the road are render and brick, and typically are of the same material as the building they relate to. Brick bond is Flemish. Boundary walls are at least 1m high and in some cases higher

Key negatives

Volume and nature of traffic (heavy vehicles) passing along through to and from the motorway network.

The roundabout junction to the supermarket in Station Road is stark and utilitarian and does not complement the conservation area and gives a poor setting and approach to the conservation area.

The traffic light junction to High Street, Higher Street and Station Road: This is dominated by direction signage, lights and associated road marking. The widening of Station Road exposing the gable end and boundary wall of the buildings onto High Street, and poor handling of the area to the front Trotts Almshouses.

The police station: Poorly designed and positioned on its plot, inappropriate materials.

Unauthorised satellite dishes at varying heights on the runs of terraces.

Inappropriate signage on shop fronts.



Roundabout entrance to supermarket on Station Road



Traffic light junction to High Street (to right), Higher Street (to left) and Station Road (ahead)



West up Station Road. Police Station on left set back

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Lack of routine building maintenance and repair: Whilst many of the buildings in the area are generally in good condition but there are instances of the neglect of routine maintenance and repair.



Long term damage from poorly maintained rain water goods



View north east down Station Road from junction with Higher Street and High Street

Public Toilets at junction of Forge Way: Poorly designed, and area around them handled poorly and positioned at a key gateway to the town.

The frontage to No 60 Higher Street is dominated by car parking.

Poor quality shop signage.

Replacement timber and uPVC windows which do not respect the historic form or character of the properties harming their character.

Condition of stonework to Trotts Almhouses – needs repointing.



Parking to front of No 60 Higher Street



Stonework in need of pointing

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10. Proposed alterations to the extent of the Cullompton Conservation Area and Key Features

The conservation area boundary was reviewed at the time of the Cullompton Conservation Area Appraisal in 2003 and again in 2009. Historic England advise on a review period of 5 years and it was considered appropriate to look at the boundary and the key features within the conservation area to see if any alterations were required as part this new appraisal Conservation Area Management Plan.

These proposed amendments to the conservation area boundary are as a result of the assessment of the existing conservation area, which has taken into account changes on the ground since the last assessment and assessed whether other areas are of sufficient interest to remain in or be added to the conservation area.

Please refer to maps at the end of this document for a visual representation.

Proposed changes to Cullompton Conservation Area:

Additions:

1. Part of Leat to the north of the conservation area where it is visible from Station Road. Leat is a continuous important historic feature. Its age is uncertain but dates from at last 1633
2. The Cullompton Leat between Higher Mill and Middle Mill Lane. Its age is uncertain although it is shown on a map of 1633. Of historic interest
3. The Cullompton Leat south to and including Lower Mill. Lower Mill is first shown on a map of 1633. Originally a corn mill it was converted to a woollen factory in the 19th century, although by the 1880s in was being used for grinding animal feed. The mill last worked in 1968. It has now been converted. The mill is an important unlisted mill building, and areas which are residual open space
4. Tannery Building to east of Exeter Hill and wall: Important historic building at gateway to conservation area, and significant to the understanding of Cullompton and its industrial heritage
5. Land rear of Nos 62 to 28 Fore Street. Conservation area currently drawn to rear of buildings and often cutting buildings. This area brings in the residual areas of discernable burgage plots and the rear ranges of buildings
6. Open land to the south of Walronds and to the rear of numbers 12 and 18 Fore Street. This brings into the conservation area open land which is surviving and undeveloped burgage plots. Important historic remnants significant to the conservation area
7. Fields to West of 54 and 60 Willand Road: Open land to the east of the Scheduled Ancient Monument of the Roman Fort and Camp on St Andrews Hill. Open area important and of significance both to the Roman site and to the conservation area

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Deletions:

8. 51 to 61 Station Road: At the last review the site adjoining was removed. Whilst there is some significance to these houses which are shown on the First Edition OS as Station Cottages, their context and alteration made to them over time mean that the area no longer merits being in a conservation area
9. Clarks Court off Forge Way: Early 21st Century building. Not of sufficient interest for area to remain in conservation area
10. Land to south of Priory Cottage off Lower Mill Lane: Bungalow under construction not of sufficient merit to remain in conservation area
11. Part of building to the rear of No 5 Way's Lane. To exclude the part of the supermarket building included in the conservation area. The building is not of sufficient interest for area to remain in conservation area
12. House to east of 1b Tiverton Road. New house on plot bisected by conservation area. New house not of sufficient interest for area to remain in conservation area
13. Part of building to east end of Old Scout Hut, Tiverton Road. Building not of sufficient interest to be in conservation area
14. Small part of garden to No 3 Stoneleigh Gardens. Correction in boundary. Land not of sufficient interest to be in conservation area.

Proposed Changes to Visually Important Open Spaces (VIOS):

Additions:

1. Continue VIOS to front of Garden Terrace to include land to north east of No 49 Station Road: Land is part of the VIOS
2. Land to east of No 12 Middle Mill Lane. Important open space on edge of mill leat
3. Land south of Wavering on Middle Mill Lane, and to south of Monks Walk. Important open space. Residential open land within the burgage plots and not developed. Important continuation of land to the north and east of The Old Vicarage
4. Add pavement on east side of High Street/Higher Bull Ring. Pavement is part of VIOS
5. Queen Square: an important space in Cullompton as it retains the old street pattern which in other places has been lost
6. Gardens to the front of Nos 14 and 15 Gravel Walk: Important garden areas to the front of the buildings
7. Gardens to east of Nos 1 2 and 3 Lower Mill Lane rear gardens are residual open space with significance to the mill leat
8. Garden to the front of No 15 Willand Road. Adjacent to No 13 which is already designated. Part of coherent identification of VIOS on this road.

Deletions

9. Area of land to west of Court House: Area has been built on. No longer open space
10. Priory Cottage, Gravel Walk grounds and land to the south. Area compromised by building of bungalow

DRAFT

Proposed Changes to Unlisted Important Buildings within the Conservation Area:

Additions:

1. Higher Mill and Mill House, Higher Mill Lane. Higher Mill, also called Town Roller Mills or Town Mill, appears to have always been used for grinding corn. At the beginning of the 19th century it was powered by two waterwheels
2. Lower Mill, Lower Mill Lane is first shown on a map of 1633. Originally a corn mill it was converted to a woollen manufactory in the 19th century, although by the 1880s in was being used for grinding animal feed. The mill last worked in 1968. It has now been converted
3. Pound Square Unitarian Chapel. Brick built attractive building at junction, with brick boundary wall and railings
4. Tannery building on east side of Exeter Hill significant to the understanding of Cullompton and its industrial heritage.
5. No 3 Station Road: Good historic shop front
6. No 3 and 5 High Street. (7 already included) Nos 3 to 7 (odd) High Street: Three storey building, divided into three shops. Four window range, No 3 to right has a first floor bay and a good late 19th century shop front
7. 13 and 14 Pound Square: Two storey house, rubble and cob with hipped roof (thatched until at least late 1970s), probably 17th century. Originally part of a longer row.
8. 37 New Street: Two storey house, two window front, round headed central door with panelled door case
9. 50 to 54 (even) New Street: Row of cottages, two storey one window fronts, early 19th century. Examples of a type which once comprised the whole of New Street.
10. No 34-36 Fore Street. Former Post Office.
11. Nos 56 to 62 Fore Street – 3 storey rendered building. Three good historic shop fronts, oriel windows to first and second floor, top floor cantilevered. Windows all of one piece.
12. 66 Fore Street: Three storey rendered building with date stone of 1706 in south gable.
13. No 5 Fore Street. Former Bank. Main range 3 storey with 2 storey southern extension. Brick with stone window surrounds and quoin. Tall imposing building in the street. Former Devon and Cornwall Bank.
14. Nos 59- 61 Fore Street – Decorative building bearing the date 1889.
15. No 63 Fore Street – Brick building, Oriel windows little altered with original windows. Now a post office started life as a Plymouth Brethren Chapel
16. Methodist Chapel, New Cut. Wesleyan chapel. Originally built in 1764, replaced in 1806, and considerably restored in 1872 following a fire.
17. Baptist Chapel, High Street: Baptist chapel built in 1743 and almost entirely renewed in 1858. During the 1870s the church decided to expand to cope with the growing Sunday School and a new schoolroom was completed in 1883. In 1904 a Manse was built on land next to the church, completed in 1906.
18. 2 Church Street - Attractive and little altered terracotta and buff brick villa with interesting detailing. Also of interest is the low front brick wall and boundary wall.

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Deletions

19. Building on north side of Higher Mill Lane: Building redeveloped and altered. Due to partial demolition and alteration no longer of sufficient interest
20. No 19 High Street: Building lost to fire
21. Parish Hall to North of Parish Church. Building demolished through redevelopment
22. Delete the northern half of No 58 Willand Road. The area indicated is a garden not a building.

Proposed Changes to Unlisted Important Buildings adjacent to the Conservation Area:

Additions:

1. Tannery Building, on site to west of Exeter Hill on boundary with conservation area. Of significant to the understanding of Cullompton and its industrial heritage.
2. Weir on Spratford Stream at head of Mill Leat. Sited to east of Millennium Way
3. Sluice to North of Station Road to rear of Nos 51 to 61.

Deletions:

None proposed.

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Part 2 Management Proposals

11 Introduction

11.1 Format of the Management Proposals

Part 1 of this document, the Character Appraisal, has identified the special positive qualities of The Cullompton Conservation Area which together make the conservation area unique. Part 2 of this document, the Management Proposals, builds upon the negative features which have also been identified, to provide a series of Issues and Recommendations for improvement and change.

Both the Conservation Area Character Appraisal and the Management Proposals will be subject to monitoring and reviews on a regular basis, as set out in Section 11.

11.2 Issues and recommended principles.

The issues and recommended principles for management in the conservation area are set out below.

11.3 Volume and Nature of traffic.

Given the nodal connection to the motorway, there is high volume of traffic in the main streets of Cullompton which is passing through on its way to and from the motorway. This includes heavy good vehicles passing through the historic core. The volume of traffic results in queuing at the principal junctions, and when deliveries are made along Fore Street. Along with the narrow pavement widths, this makes the experience of the historic core quite unpleasant, with the noise, fumes and dirt from the traffic, and where the pavement is narrow, a feeling of danger for those on foot and bicycle.

At the time of writing (and to be amended as this document moves forward up to adoption) an application for the 'Construction was granted by Mid Devon District Council in January 2021. The applicant indicated in their application that commencement is anticipated in the winter of 2021 This new road is designed to reduce the through traffic from the historic core.

This will give opportunities for change within the conservation area to direct traffic away from the historic core, and to reconsider traffic management within the town overall.

Recommendation:

Management Plan Principle 1: The Council will engage with the Town Council, the Highway Authority, Highways England and other local interest groups to develop a strategy to implement and support a change to the local road hierarchy with a view to directing traffic onto the relief road. Any strategy or scheme which comes from it should adhere to the guidance in the Historic England publication – Streets for All: Advice for Highway and Public Realm Works in Historic Places

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11.4 Traffic Management

There is clutter from signage, road markings and traffic islands, some of which relates to highways for direction or for restrictions such as parking. There is an opportunity to both review the signage and highway markings, to ensure that it is all strictly necessary, and the need for on street parking, and that this evolves as the volume and nature of the traffic reduces as the relief road takes effect, and is part of the public benefit of the provision of the relief road. Redundant highway management measures should not be left to continue to harm the conservation area where they are not necessary.

This is conservation area wide matter, but a specific area of concern is the junction of High Street, Higher Street and Station Road.

One of the finest views in Cullompton is that of the Parish Church of St Andrew along Church Street. This is a splendid vista which is marred by the use of double yellow lines to prevent parking.

There is a group of the most highly graded buildings, both garage I and 2* listed buildings at the north end of Fore Street. The pedestrian crossing along with is lighting and road marking is immediately opposite the grade I listed The Walronds, and although in a town centre context, the pedestrian crossing could be sited in a position away from these buildings of noted exceptional importance. It should be considered for re-siting or removal as part of any scheme relating to traffic management in the core of Cullompton.

Recommendation:

Management Plan Principle 2: That the Council engage with Town Council, the Highway Authority and Local Interest groups to review the position of the pedestrian crossings, and all other traffic control including highway signage and road markings, including the method it is displayed (e.g. pole mounted or to a building), with a view to reducing that provided to the minimum necessary.

11.5 Public Realm.

A number of negative impacts from in the public realm have been identified within the conservation area appraisal above. Some are site specific whilst others have an impact throughout the conservation area.

11.5.1 Uncoordinated and poor quality floor scape:

Paving and surface materials throughout the area are generally modern, uncoordinated and poor quality. In almost all cases they fail to enhance or re-inforce the historic identity of the conservation area.

Patch repairs in the public highway, or where service trenches are cut, can lead to alternative lower quality and out of place materials being used.

In contrast there are areas where historic surfaces survive or have been reused, for example in the Higher Bullring, as part of an enhancement scheme.

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Recommendation:

Management Plan Principle 3: That the Council engage with the Town Council, the Highway Authority, Utility Companies, private developers and land owners with a view to encouraging that where a pavement, road or other historic surface is repaired or dug up for repairs or for the provision/repairs to utilities or drives etc., all making good or repairs will be done with matching materials to those removed or repaired, with reinstatement of historic surfacing materials encouraged where appropriate.

11.5.2 Public Alleys to CCA Fields and Shortlands Road.

The public accessible pathways to the leat and Forge Way car park, and to Shortlands Road are not legible or welcoming. It is not clear other to those who know that they are public paths and where they lead to. The path back from High Street to Forge Way Car Park is not marked.

There is a missed opportunity to exploit the historic town layout and promote traffic free links to the CCA fields and to the supermarket, and in the future to link to the Garden Village.

Recommendation:

Management Plan Principle 4: That the Council engage with Town Council, the Highway Authority and Local Interest groups to more clearly identify the public pathways from Fore Street and High Street, to Shortlands Lane, the mill leat and to the Forge Way Public Car Park.

11.5.3 New Cut, off Fore Street:

The public path along New Cut accesses Shortlands lane. The Methodist Chapel is accessed via this lane with an open area to the front and a derelict site, with a recent planning permission, to the rear of No 20 Fore Street. The Chapel is no longer in use for worship and is in private ownership. The materials used to the area to the front of the Chapel are utilitarian. The run down nature of this area is uninviting and harmful to the conservation area.

Recommendation:

Management Plan Principle 5: That the Council engage with the land owners, the Town Council, the Highway Authority and Local Interest groups to develop a scheme to find a new and productive use for the chapel, to improve the open space to the front of it, to improve the appearance of the derelict site to the rear of No 20 Fore Street, and to generally make the public footpath more welcoming.

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11.5.4 Area to South of seating area to south of Trotts Almhouses, at North end of High Street.

Trotts Almhouses are an attractive building listed as being of national importance. The seating area to the south gable is an attractive and well used area. To the south of this is an expanse of tarmac and tactile paving, and signage and traffic control associated with the busy highway junction.

There is potential to increase the landscaping here, which in association with a review of the highway traffic management currently in place, would improve the setting of the listed Trotts Almhouses and the character of the conservation area at this prominent and busy position.

Recommendation:

Management Plan Principle 6: That the Council engage with the land owners, the Town Council, the Highway Authority and Local Interest groups to develop a scheme which in association with the reduction in traffic, to improve the setting of the listed Trotts Almhouses and this pubic realm in a highly prominent and visible position.

11.5.5 Street Furniture, Trees and on Road Parking

The street furniture, as distinct from traffic control, in the conservation area incudes benches, planting, bus shelters, bike racks, utility cabinets, CCTV and bollards for the control of cars. It also includes road name signage.

The Higher Bullring is noted as an important open space both historically as it relates to the understanding of the evolution and function of the town, but is currently dominated by car parking, the volume and nature of traffic passing through it and associated traffic control measures, and street furniture which has been provided organically over time. It has the potential to be much more pleasant social and commercial space. The listed War Memorial is a key land mark building here. It is compromised by car parking, and uncoordinated street furniture.

In Church Street, bollards are provided which are of a poor design and are not maintained.

Historic road name signs have survived but some are in poor condition and some have been removed and not replaced.



Power pole in poor decorative state

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Bollard of poor design and lacking maintenance



Historic Road Sign

Recommendation:

Management Plan Principle 7: That the Council engage with Town Council, the Highway Authority, The War Memorials Trust, and local interest groups with a view to developing a scheme to redesign and reinvigorate the visually important open space and setting of the war memorial in context with the conservation area and the history of the space, and should seek to reduce clutter, and dominance of the car. Any scheme should adhere to the guidance in the Historic England publication – Streets for All: Advice for Highway and Public Realm Works in Historic Places.

Management Plan Principle 8: That the Council engage with Town Council, the Highway Authority and Local Interest groups to survey and refurbish, and replace where missing the historic street signage and furniture and identify inappropriate street furniture beyond the area to be enhanced as part of the Heritage Action Zone. Any resurvey to consider anti-theft measures.

11.5.6 Raised Concrete Kerb along much of Fore Street

The raised concrete double kerb along Fore Street works to divide the footpath from the carriageway and as a method of surface water control, the path and road being at the same level. It is an unusual, non-traditional, incongruous and unattractive feature in the conservation area, and often retains water on the pavement side.

It is particularity prominent in the vicinity of the pedestrian crossing at the north end of Fore Street where it adversely affects the setting of the listed The Walronds (grade 1), The Merchants House and No 2 Fore Street (both 2*).

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Management Plan Principle 9: That the Council engage with Town Council, the Highway Authority and Local Interest groups with a view to developing a scheme to replace the raised concrete kerbing whilst managing water runoff and highway safety in context with the conservation area and adjacent listed buildings. Any scheme should adhere to the guidance in the Historic England publication – Streets for All: Advice for Highway and Public Realm Works in Historic Places

11.6 Loss of original architectural details and inappropriate building materials.

Many of the unlisted, and some of the listed, buildings in the conservation area have been adversely affected by the replacement of original timber sash windows, casement windows and doors with inappropriate timber, uPVC or aluminium, and the replacement of natural roof slates with man-made slate or natural slate being turnerised.

In the case of shopfronts there are a number of cases where the replacement or alteration of historic shop fronts and advertisements has spoiled the external appearance of a building and the local streetscape.

Where single family dwellings are concerned, they can normally alter windows and doors, and undertaken other alterations without planning permission from the Council. Development of this kind is called “Permitted Development” (PD) and falls into various classes which are listed in the Town and Country Planning (General Permitted Development) Order 1995 (as amended). Powers exist for the Council, known as Article 4(1) directions, to withdraw some of these permitted development rights in the interest of preserving and enhancing the character and appearance of the conservation area.

Article 4(1) directions were implemented in certain parts of the conservation area in 2011 and were reviewed in 2015. They are restricted in their extent and do not cover the entire conservation area. The types of development covered are

4. Roof lights
5. Chimneys
6. Porches
7. Boundary Walls
8. Doors
9. Windows
10. Solar Panels.

Given that they were undertaken so recently it is considered there is no need to review them at this time. However, if the conservation area boundary is to be amended, it will be appropriate to consider whether the extended areas, or parts of them, should be added or the Direction may need to be amended where areas are removed from the conservation area.

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Advertisements can similarly be changed or displayed without the need for a specific consent from the Local Planning Authority – Deemed Consent. There are two options to change Deemed Consent. One is to restrict deemed consent in a defined area, the other is to designate an area of special control. An area of special control order places additional restrictions on the display of advertisements. For example, some deemed consent classes are subject to reduced size limits if they are located in an area of special control.

It may be appropriate to designate an area of special control in locations where the local planning authority considers these additional restrictions are necessary, above and beyond its powers to restrict deemed consent and take discontinuance action, such as in rural areas or other areas which appear to the Secretary of State to require special protection on the grounds of amenity.

A local planning authority can only make an area of special control order after it has been approved by the Secretary of State. Before making an order and applying for approval from the Secretary of State, local planning authorities are expected to consult local trade and amenity organisations about the proposal.

Recommendation:

Management Plan Principle 10: The Council will seek to consider the need for the Article 4(1) Directions to be amended or new orders made in relation to any extension or deletion of the extent of the conservation area.

Management Plan Principle 11: The Council will consider the use of additional controls to prevent inappropriate advertisements being displayed that are harmful to the conservation area or setting of listed buildings.

11.7 Poor quality of new developments, building alterations and extensions

Some modern developments are out of character with the conservation area by reason of their inappropriate design, scale or materials. In the conservation area, where the quality of the general environment is already acknowledged by designation, the Council will encourage good quality schemes that respond positively to their historic setting.

The majority of the inappropriate shopfronts are not recent, but there effect of degrading the character of the conservation area is evident. Replacement with appropriately designed shop fronts and associated advertisements will improve the status and image of the shop that is behind it. In order to facilitate and guide the design of new shopfronts Supplementary Planning Guidance should be prepared.

The District Council has produced the following advice

- The Mid Devon Design Guide - which was adopted in 2020.
- Design Guide to Windows and Doors
- Design Guide to Roofs and Chimneys

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In addition there is advice from Historic England such as the advice note on Traditional Windows: their care, repair and upgrading from 2017 which is on their website.

Recommendation:

Management Plan Principle 12: Applications will be required to adhere to policies in the Adopted Mid Devon Local Plan, especially with regard to Heritage and good design, the National Planning Policy Framework and the statutory duties within the Planning (Listed Building and Conservation Areas) Act 1990, unless material considerations indicate otherwise.

Management Plan Principle 13: The Council will prepare and adopt Supplementary Planning Document on The Design of Shopfronts and Associated Advertisements

11.8 Lack of Routine Building Maintenance and Repair

Buildings in the conservation area are generally in good condition but there are instances of the neglect of routine maintenance and repair. Modest amounts of inspection, maintenance and repair carried out on a regular basis can safe-guard the well-being and condition of a building, while failure to identify problems early enough can lead to major faults and damage, which may then be extremely expensive to put right.

Recommendation:

Management Plan Principle 14: The Council will seek to monitor the condition of all historic buildings, report findings and take action, as necessary. Where the condition of a building gives cause for concern, appropriate steps will be taken to secure the future of the building, including the use of statutory powers.

Management Plan Principle 15: The Council will, during the period of funding the Heritage Action Zone, seek to work with the Town Council and other interest groups to educate building owners and tenants on causes of common defects and how to avoid expensive repairs in the long term, and otherwise signpost good practice in the historic environment.

11.9 Unsightly Satellite Dishes

Satellite dishes are a feature of modern living. Unfortunately, when located on the front of a historic building, a satellite dish and associate wiring can spoil the appearance of the building and the street scene. They have a particularly noticeable adverse effect when a black dish is sited on a light background, especially render. In certain circumstances, satellites dishes may have been installed without the need for planning permission and/or listed building consent.

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Recommendation:

Management Plan Principle 16: The Council will prepare guidance for householders, landlords and tenants on the sensitive installation of satellite dishes and the requirement, or not, for planning permission.

Management Plan Principle 17: Enforcement action will be considered, where expedient, to remove any unauthorised dishes where the owner cannot be persuaded to re-site the dish without recourse to formal action.

11.10 Sub-division of properties

Any subdivision of a building is likely to increase pressure for change on the outside of the building, its garden or land, and sometimes that extends beyond with regard to storage and bins.

Sub-division of properties into flats or let for multiple occupancy can tend to erode external character through poorly maintained buildings, gardens and shared areas by absentee landlords gardens or gardens destroyed in order to ease maintenance/parking or where there is external storage including bins, and multiple external wires for services. There are examples where large communal bins are left on the street which is harmful to the conservation area and the setting of listed buildings.

Recommendation:

Management Plan Principle 18: The Council will engage with applicants for planning permission for the subdivision of a property, to achieve satisfactory solutions for the provision of household amenities (such as bin storage, clothes drying, car parking, fire safety works, satellite dishes etc) so these do not adversely impact on the character and appearance of the conservation area.

11.11 Overhead power lines and telephone lines, and on buildings

A number of streets retain above ground servicing by telephone and power cables radiating out from telegraph poles. New Street remains serviced by above ground electricity cables with wires along and between poles in the street and to individual properties which adds to the clutter along this street. Church Street is another example where telephone cables intervene into the view of the Parish Church.

Once the cabling meets the building, there are examples of haphazard and ill thought out routing of cables across the frontage of buildings and redundant cables left in place. This clutter is harmful to the character of the conservation area.

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Six utility boxes on front of converted house



Bins left in front of entrance to the grade I listed Parish Church

Recommendation:

Management Plan Principle 19: That the Council engage with the utility companies, the Town Council, the Highway Authority and Local Interest groups to investigate the possibility of removing the above ground wiring and associated telegraph poles, and where new wiring is to be provided on buildings to carefully consider the routing and removal of redundant cabling

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11.12 Negative sites and buildings

This appraisal has identified 'negative' buildings and areas i.e. buildings and areas which clearly detract from the character or appearance of the conservation area and could suitably be redeveloped or improved. Some of these areas which are public realm have been considered above. The following sites and/or buildings, marked on the accompanying map, clearly detract from the character or appearance of the conservation area:

11.12.1 Land adjacent to No 12, Gravel Walk

The area of open parking on the corner of Gravel Walk and Lower Church Street. There was historically a building on this land, but it was gone by the middle of the 20th century. This area is informal and allows this otherwise enclosed character to spill out and be dominated by parked cars.

There is potential here to either redevelop the site, or retain the car parking but to enclose the site and to improve the setting of the adjacent listed buildings and the character of the conservation area.

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Recommendation:

Management Plan Principle 20: That the Council engage with the land owner(s), the Town Council, the Highway Authority and Local Interest groups with a view to developing a scheme which is the optimum (least harmful) use of the land and to improve the appearance of the site in the context of the setting of the listed building and the conservation area.

11.12.2 Cobbles at Pye Corner:

This is a large area of cobbles off Church Street, to the north of the entrance to the Parish Church yard. The condition of them is variable, with patches missing, but the area closest to, but outside, the Church wall has been removed, it would appear to provide for a utility trench. This is an unfortunate intervention with some loss of historic fabric and some loss to the setting of the Church.

It is unlikely that there will be a driver which will see the reinstatement of the cobbles which are not on the public highway. In line with the principle above regarding reinstatement of historic surfaces in the public realm, there should be resistance any further loss of historic surfaces in the conservation area, and should look for reinstatement where appropriate.

Recommendation:

Management Plan Principle 3 applies equally with regard to reinstatement of historic surfaces.

11.12.3 Hebron Evangelical Church, off Queen Square.

The Church building is mid to late 20th century building on an elevated site in the conservation area. The design does not respond well to the context in the dominant elevated position above Queen Square.

Recommendation:

Management Plan Principle 21: That the Council engage with the land owners, the Town Council, the Highway Authority and Local Interest groups with a view to developing a scheme to which is the optimum (least harmful) use of the land and to improve the appearance of the site in the context of the setting of the listed building and the conservation area.

11.12.4 Hayridge Centre Car Park

The character of the conservation area is one of tight enclosed streets with buildings or occasionally domestic gardens to the rear of the pavement. The car park at Hayridge centre is at odds with this built development and character of the conservation area. There is potential to visually enclose the parking, and to improve the setting of the memorial garden to the front.

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Recommendation:

Management Plan Principle 22: That the Council engage with the land owners, the Town Council and Local Interest groups to provide more visual enclosure and reduce the visual dominance of parked cars to improve the appearance of the site in the context of the character of the conservation area

11.12.5 Land at No 19 High Street.

This plot of land is vacant due to a fire several years ago. The Council intervened at the time and took action to improve the amenity of the site, but this was only a short term measure and intended to be a holding position until the site was redeveloped.

There is clear potential to redevelop this site taking into account the setting the listed buildings nearby and the context within the conservation area. There is also the possibility of forming an additional pedestrian access through to Forge Way and the public car park, but also to Higher Mill Lane and the mill leat beyond.

Recommendation:

Management Plan Principle 23: That the Council engage with the land owners, the Town Council, the Highway Authority and Local Interest groups to seek to develop a scheme to find a new and productive use of the land in context with it position in the conservation area and the setting of listed buildings.

11.12.6 Clarks Court Off High Street.

This recent, within the last 10 years, redevelopment is not considered to be of sufficient interest to remain in the conservation area. It is proposed to redraw the conservation area boundary to exclude this site.

11.12.7 Public Toilets and land adjacent to Station Road

The public toilet building is a utilitarian single storey building. It is currently in limited use. It is set on an area of open land against the gable and rear garden to No 35 High Street and outbuildings to The King's Head Public House.

This is a typical area where the road was widened at some time in the past and a building removed. Little remediation appears to have taken place at the time to deal with an area which is now open to public view but was not built to be so.

It is a prominent and key site at the gateway into the core of the conservation area.

A scheme to redevelop the site has come forward and at the time of writing (November 2020) is pending but likely to gain consent. It is prudent to include a management plan principle.

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Recommendation:

Management Plan Principle 24: That the Council engage with the land owners, the Town Council, the Highway Authority and Local Interest groups to seek to develop a scheme to find a new and productive use of the land in context with it position in the conservation area and the setting of listed buildings, which includes the view of the Parish Church along Forge Way.

11.12.8 Police Station, Station Road

The police station whilst being of its time, is now considered poorly designed and positioned on its plot with the use of inappropriate materials. It is on a key road into the town centre and is in a prominent position.

This site has the potential to be redeveloped for housing which should be designed to better respond to the context. It is possible that any redevelopment could allow the Police use to be retained on
the site depending on the nature of use that the Police have for the building and the amount of accommodation required.

Recommendation:

Management Plan Principle 25: That the Council engage with the land owner(s), the Town Council, the Highway Authority and Local Interest groups to seek to develop a scheme to find a new and productive use of the land in context with it position in the conservation area and the setting of listed buildings, which includes the view of the Parish Church along Forge Way.

11.12.9 Roundabout at Entrance to Supermarket on Station Road:

The roundabout junction to the supermarket in Station Road is stark and utilitarian and does not complement the conservation area and gives a poor setting and approach to the conservation area which is to one side. It is on a key road into the town centre and is in a prominent position. It is unlikely that there is to be any driver for change here, but a more conventional T junction would result in highway engineering being less dominant with a more traditional form of junction.

Recommendation:

Management Plan Principle 26: That the Council monitors any proposals for changes to this junction and if any come forward engage with the land owners, the Town Council, the Highway Authority and Local Interest groups to seek to develop a scheme which reduces the dominance of the highway infrastructure in the context of it position adjacent to, and at the gateway of, the conservation area.

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11.12.10 No 60 Higher Street.

This building is in a commercial use. The frontage is majority car parking which comes to the low front wall. The character of the conservation area is with buildings hard onto the pavement or planted gardens to the front. The dominance of car parking to the front of this property is at odds with the character of the conservation area.

Recommendation:

Management Plan Principle 27: That the Council engage with the land owners with a view to encouraging them to consider hard and/or soft planting to reduce the dominance of the car parking to the front of the property.

11.12.11 Trotts Almhouses, Higher Street.

Trotts Almshouses is a listed building in a conservation area. The Higher Street elevation shows signs of needing to be repointed, and there are signs that the property has been previously repointed in a cement pointing. Cement mortars (as opposed to cement free lime based mortars) are harmful a to stone building as it prevent the passage of moisture through the building, and are usually harder then the stone that the wall is made from. This results in damage to the stonework and can create damp within the building and be harmful to the fabric of the building.

Recommendation:

Management Plan Principle 28: That the Council engage with the land owners with a view to encouraging them to repoint the building in a cement free lime based mortar of a suitable mix, colour and profile.

11.13 Mill Leat

The Mill Leat is known to be in existence for nearly 400 years and is likely to predate the map from 1633 where it is first shown. As a man made water course it is in need of ongoing maintenance thorough out its length, from the weir to where it rejoins the main river, and neglect of any part of its length will have an impact on all of it, which would be detrimental it special historic interests, the mills along it, and to the wider conservation area

Recommendation

Management Plan Principle 29: That the Council engage with the Land Owners, the Town Council, the Leat Board, the Environment Agency, and other interests parties to consider the long term management of the historic Cullompton Town Leat to ensure that it is managed as a functioning watercourse to maintain and enhance its historic interests in balance with its wildlife interests

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12 Monitoring and Review

As recommended by Historic England, this document should be reviewed every five years from the date of its formal adoption. It will need to be assessed in the light of any changes to any Local Plan review with regard to what stage it is at, and government policy generally.

A review should include the following:

- A survey of the conservation area boundary and designations within it to assess whether any changes are necessary;
- An assessment of whether the various recommendations detailed in this document have been acted upon, and how successful this has been;
- The identification of any new issues which need to be addressed, requiring further actions or enhancements;

It is possible that this review could be carried out by the local community under the guidance of a heritage consultant or the District Council. This would enable the local community to become more involved with the process and would raise public consciousness of the issues, including the problems associated with enforcement.

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Appendix 1

Important Unlisted Buildings

An important unlisted building ’is a building, structure or feature which, whilst not listed by the Secretary of State for its national importance, is felt by the council to be of local importance due to its architectural, historical or environmental significance

Buildings, or groups of buildings, are considered to be locally important in recognition of their value as irreplaceable historic assets which contribute to the quality of the local environment by enhancing the street scene and sustaining a sense of distinctiveness.

The purpose of identifying buildings is to ensure that care is taken over decisions affecting the future of these buildings, and that their special status is taken fully into account. Whilst there are no additional controls, owners are encourages to undertake external alterations in such a way as to respect the particular character and interest of the building, and should use appropriate materials and retain any features of architectural or historic interest.

It is not necessary to apply for Listed Building Consent. The usual planning controls apply, but the special interest of these buildings will be a consideration when deciding planning applications.

Some works may not require planning permission but should still be carefully considered.
The removal of historic features or details can not only harm the special interest of the locally listed building but can also adversely affect its value. Research has shown that buildings which retain their historic features in good order hold their value better than those which have been unsympathetically altered.

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Appendix 2:

Glossary of Architectural Terms

Architrave: lintels and jambs surrounding a door or window
Art Deco: 1920s and 30s style with bold outlines and streamlining
Ashlar: best quality masonry with smooth face and narrow joints
Bargeboard: wooden protective strips in the angle of a gabled roof, often decorated
Battered: a sloping back (retaining) wall
Burgage plot: medieval division of land leased to a burgess
Cambered arch: arch of an almost flat curve
Canted bay: splayed or angled sides to projecting window
Casement: opening lights hinged at one side
Cock-and-hen coping: vertical, alternating long and short stones on top of a wall
Coped gable: angled capping, usually raised above height of adjoining roof
Corbel: a projecting block
Cornice: a moulded projection crowning a wall
Cross passage: house plan with corridor directly between front and rear doors
Cupola: small dome or turret
Dentil: a projecting block on a cornice
Double pile: house plan with two rooms' depth
Dressed stone: masonry worked to produce an even finish but not as precisely as ashlar
Drip mould and label: projecting horizontal moulding to throw off rain and the decorative end stops commonly seen in Tudor, C17 and Tudor revival buildings
Eared surround: an architrave or moulding that sweeps further out at the top or bottom of a window or door opening
Expressed keystone: the central arch stone that projects further from the wall face than its neighbours
Fascia: on a shop front, the horizontal name or sign board
Flemish Bond: brickwork with alternating headers and stretchers in every course
Four-centred arch: Tudor arch of flattened profile
Gentry house: a high status house
Glazing bar: usually wooden division of a window light Gothic
Revival: C19 rediscovery and development of the pointed arch architecture of the Middle Ages
'Gothic': a playful and archaeologically incorrect C18-early C19 version of medieval gothic
Greek Key: an incised pattern on stonework with repeated rectangular spirals

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Header: end of a brick

Hipped roof: both roof slopes are angled back at corners

Hollow chamfer: side of stone window or door or mullion with a sunken profile

Lintel (or lintel): horizontal stone or wood former to top of door or window opening

Lucam: projecting structure on industrial buildings containing hoist & taking in doors

Mullion: vertical bar dividing window lights Neo-Tudor: revival of C16 architectural style

Oriel: a projecting first or second floor window

Outshut: lean-to at rear or side of a building Palladian

Revival: classical architecture based on a C18 rediscovery of the pure design principles of Andrea Palladio

Pantile: a clay roof tile of shaped or curved section

Pediment: the triangular or semi-circular hood or gable end on classical architecture

Pilaster: a flat, slightly projecting version of a column

Plat band: a flat horizontal feature that may sub-divide a building's wall

Polite: architecture that accords with national fashions and techniques, usually fairly up-to-date

Portico: a range of columns forming a porch

Ramps/ramped up: changes of level in a wall managed, sometimes, by curved sections

Romanesque: architecture based upon the round arch

Rubbed brick: high quality details created by careful abrading of bricks

Rubble random: unworked and unshaped stone walling without any form of coursing

Rustication: the deliberate deepening of joints to create a strong appearance

Sash: wooden window with two separate lights that can be moved vertically by pulleys and weights

Soffit: the underside of a roof that projects beyond the wall surface

Stone coped gable: a raised banding of regular stones that finishes and protects a gabled roof

String course: a thin horizontal projection dividing a wall surface

Stucco: a smooth render, fashionable in the C18-19

Swag: a decorative festoon or flowery loop Swept roof: a lean-to roof that curves upwards with a concave profile

Transom (e): horizontal stone or wood bar dividing a window

Tudor Revival: C19-early C20 reuse of Tudor forms and details

Venetian window: a three unit classical opening where the central piece is usually higher and wider than the outside ones, and usually round arched

Vermiculated: stone or render finish suggesting the patterns created by worm casts

Vernacular: buildings of local styles and details, as opposed to fashionable, national ('polite') styles

Vitrified header: in brickwork, a darker, more crystalline finish to a brick end, created by extra heat in the brick kiln

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Appendix 3

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Maps

Map 1 - Current conservation area boundary
and proposed additions and deletions

Map 2 - Character Area Boundaries

Map 3 - Listed buildings, important unlisted buildings* and scheduled ancient monument

Map 4 - Important Features

Map 5 - Key negative areas

Map 6 - Building Materialss - Walls

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CABINET
4th January 2022

Tax Base Calculation 2022/23

Cabinet Member: **Cllr Andrew Moore Cabinet Member for Finance**

Responsible Officer: **Andrew Jarrett s151 & Deputy CEO**

Reason for Report: This paper details the statutory calculations necessary to determine the Tax Base for the Council Tax. The calculations made follow a formula laid down in Regulations.

RECOMMENDATIONS: **To Council**

1. That the calculation of the Council's Tax Base for 2022/23 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at **29,811.41** an increase of circa 1,217 Band D equivalent properties from the previous financial year; The increase is in the main due to a greater percentage collection than forecast in the previous year, and a reduction in forecasted CTR burden.

2. That the current collection rate of 96% be increased to 97.5% detailed in paragraph **2**.

Relationship to Corporate Plan:

1. This report sets out how the Tax Base is calculated for 2022/23. This calculation is then used as a basis to set the Council's budget for the forthcoming year.
2. This report is in line with the Council's Corporate Plan objectives.

Financial Implications: Mid Devon District Council is a Statutory Billing Authority and must set its Council tax each year. If it were not to set a Council Tax then the Authority and all Precepting authorities would be unable to raise money to pay for all the services they provide.

Legal Implications: This is a statutory function and is a legal requirement. The Council must now set its budget annually using Council Tax information as at 30th November each year in accordance with The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012 calculating the relevant amount by applying the formula set out in the above regulations.

Risk Assessment: If the Council fails to carry this duty out then the Council Tax cannot legally be set. In accordance with the LGF Act 2012 above and SI 2914 of 2012 The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012, The Council Tax Base calculation includes a deduction for the Council Tax Reduction scheme within its Tax Base calculation.

1.0 Introduction

1.1 Every year each billing authority is required to calculate and approve its Band 'D' Equivalent Council Tax base. For 2022/23 this technical calculation is as follows:

2.0 **The Collection Rate calculation (A)**

2.1 It is necessary to estimate a 'collection rate', which is the proportion of Council Tax due that will actually be paid. It is recommended that a collection rate of 97.5% be estimated for the year 2022/23, which is an increase on previous year's collection rate.

2.2 Any variation from the collection rate of 97.5% is pooled in a collection fund, which is distributed in the next financial year to all precepting authorities.

3.0 **Calculation of the relevant amount (B)**

Number of Properties per Valuation Band

3.1 The starting point will be the total number of properties within Mid Devon set out in the Valuation List.

Less Exemptions

3.2 Properties are exempt from Council Tax under certain circumstances. The calculated tax base uses the information currently held in deciding the level of exempt properties that are likely to apply for 2022/23.

Add Appeals, new properties and deletions from the Valuation List

3.3 The Valuation Officer has dealt with the vast majority of Council Tax appeals to date and so no further allowance is believed to be necessary at this time. At the **7th October 2021** we have estimated a net increase in properties within Mid Devon of **50** properties to go live on or before 1st April 2021 and a further **329** properties during the financial year, totalling **(379)**. This estimate is based on the current number of reports outstanding with the Valuation Officer.

Disabled Allowance (move down a Band)

3.4 Where a disabled resident has made structural alterations to their property to help with their disability or they use a wheelchair internally at the premises, the property is entitled to a reduction and is afforded by moving the property to the next lowest band. Existing Band A properties are also entitled to a reduction by reducing the 6/9ths charge down to 5/9ths Charge.

Less 25% Discounts

Single Persons Discounts

3.5 If only one (adult) person lives in the dwelling as their "sole & main residence" then a discount of 25% is allowed.

Less 50% discount

3.6 A discount of 50% is allowed where two or more persons who can be disregarded for Council Tax purposes occupy the property, e.g. care workers.

Second homes now pay full Council tax.

Long Term Empties

3.7 After a three month free period no further discount is allowed.

With effect from the 1st April 2019 100% premium after 2 years
With effect from the 1st April 2020 200% premium after 5 years
With effect from the 1st April 2021 300% premium after 10 years

3.7.1 Currently if a property remains empty of furniture and residents for two years or more, the Council will apply an additional 100% premium to the Council tax charge, so the Charge payer will have to pay 200% of the Council Tax charge in that area. With effect from the 1st April 2020 a premium of 200% can be levied so the Charge payer will have to pay 300% of the Council Tax in that area after a period of five years and with effect from the 1st April 2021 a premium of 300% can be levied so the Charge payer will have to pay 400% of the Council Tax in that area. The Regulations detailing the additional premium are **Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018**.

4.0 Estimated cost of the Council Tax Reduction Scheme (CTR)

4.1 Before we convert the properties to Net Band D equivalents we must reduce the total properties by the estimated cost of the Council Tax Reduction Scheme

4.2 The criteria for the CTR scheme is that everyone should pay something (with the exception of those protected by legislation namely pensioners in receipt of guaranteed pension credit).

4.3 All working age claimants are required to pay a contribution towards their Council Tax.

4.4 Support is restricted to 85% i.e. the claimant will be required to pay 15% of their Council Tax.

4.5 Support is limited to Band D charges so claimants in a higher banded property will receive CTR up to 85% of a band D and be required to pay the balance of additional banding in full.

4.6 Savings limited to £6,000.

4.7 Changes were made to the CTRS in April 2017 to align it with Universal Credit.

4.8 For your information Mid Devon's CTR scheme for 2022/23, is estimated to cost in the region of **£4.303m,** based on the scheme criteria.

4.9 CTR has been included within the tax base calculation and applied to each band and parish individually then a band D equivalent calculation has been used to arrive at a final figure.

4.10 The cost of the CTR scheme must be reflected in the Tax Base calculation so the following calculation is carried out for each valuation band to arrive at the net chargeable Dwellings:

Calculation of the Relevant Amount

	2021/22	**2022/23**
Number of properties per valuation list	36,947.00	37,291.00
Exemptions	-528.00	-516.00
Single occupiers and 25% disregards	-2,878.00	-3,055.00
50% discount	-25.00	-27.00
100% exempt 3 months only	-57.00	-36.00
Additional LTE at 100%	0.00	+58.75
Additional LTE at 200%	+99.00	+100.00
Additional LTE at 300%	+114.00	+135.00
Additional net new properties	+206.00	+379.00
Class D 50% loss	-29.00	-21.00
Annexes (new)	-29.00	-32.00
Chargeable dwellings before conversion to Band D equivalent	33,820.00	34,276.75

Conversion to Band D equivalents

4.11 The net chargeable dwellings are then converted to Band D equivalents. This is carried out by multiplying the Net chargeable dwellings by the appropriate factor (A=6, B=7, C=8, D=9, E=11, F=13, G=15, H=18) for the band and dividing by that for Band D (9). The Table below details the Net Chargeable Dwellings converted to Band D equivalents.

4.12 The calculation shows the estimated annual cost of the CTR scheme, shown as the number of Band D equivalents. For the 2022/23 year this is estimated as 2,028.81 Band D equivalent properties.

4.13 The Tax Base is finally calculated by applying the collection rate to the total Band D equivalents when summarised below for the 2022/23 financial year.

4.14 An @ band dwelling is a band A property with a disabled banding reduction applied

Chargeable dwellings	**Band D equivalent properties**	**CTR properties**	**Revised properties**
@ 12.00	@ 6.68	3.06	3.62
A 5,377.50	A 3,585.00	799.14	2,785.86
B 8,289.00	B 6,447.02	635.99	5,811.03
C 6,628.75	C 5,892.25	316.63	5,575.62
D 6,124.50	D 6,124.50	161.82	5,962.68
E 4,538.75	E 5,547.37	73.94	5,473.43
F 2,366.00	F 3,417.57	29.19	3,388.38

G 888.75	G 1,481.24	8.02	1,473.22
H 51.50	H 103.00	1.02	101.98
34,276.75	**32,604.63**	**2,028.81**	**30,575.82**

4.14 To clarify the table detailing the **Calculation of the Relevant Amount** is based on actual properties and the final calculation above is based on a Band D equivalent of actual properties.

4.15 Therefore, based on the above detailed calculations in accordance with SI 2914 of 2012 the Tax Base is to be calculated as: Total relevant amounts (A) **30,575.82** multiplied by the estimated collection rate (B) (97.5%)

4.16 Mid Devon District Council's Council Tax Base for 2022/23 will be **29,811.41.**

Contact for more information:	Fiona Wilkinson 01884 234329 / fwilkinson@middevon.gov.uk
Background Papers:	CTB1 and supporting documentation
File Reference:	FW/G/CTB1
Circulation of Report:	Cabinet Member for Finance, Leadership Team

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **CABINET** held on 1 February 2022 at 10.00 am

Present Councillors R M Deed (Leader)
R J Chesterton, Mrs C P Daw, R Evans,
B A Moore, C R Slade and Mrs N Woollatt

Apologies Councillor(s) D J Knowles

Also Present Councillor(s) G Barnell, S J Clist, R J Dolley, Mrs E J Lloyd, R L Stanley, L D Taylor and B G J Warren

Also Present Officer(s): Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Jill May (Director of Business Improvement and Operations), Richard Marsh (Director of Place), Karen Trickey (District Solicitor and Monitoring Officer), Andrew Busby (Corporate Manager for Property, Leisure and Climate Change), Paul Deal (Corporate Manager for Finance), Dean Emery (Corporate Manager for Revenues, Benefits and Recovery), Lisa Lewis (Corporate Manager for Business Transformation and Customer Engagement), Simon Newcombe (Corporate Manager for Public Health, Regulation and Housing), Matthew Page (Corporate Manager for People, Governance and Waste), Darren Beer (Operations Manager for Street Scene), Mike Lowman (Building Services Operations Manager), Catherine Yandle (Operations Manager for Performance, Governance and Health & Safety), Fiona Wilkinson (Operations Manager for Revenues Benefits & Recovery), Jason Ball (Climate and Sustainability Specialist), Jessica Watts (Member Services Apprentice) and Sally Gabriel (Member Services Manager)

129. **APOLOGIES (00-03-59)**

Apologies were received from Cllr D J Knowles.

130. **PUBLIC QUESTION TIME (00-04-10)**

The Leader read a set of questions on behalf of Mr Quinn who was present remotely, referring to Item 23 (3 Rivers Developments Limited) on the agenda: with reference to paragraph 2.8 of the report where it stated that in 2021/22 the Company had borrowed an additional £3.268M and paid the Council £1.209M from sales receipts and paid the Council £414,000 to cover interest payments etc.

1. Are the borrowing figures shown, merely agreed limits or actual amounts which are covered by signed loan agreements?

2. Are the sales receipts payment figures shown, actually loan repayments?

3. Are the sales receipts payment figures shown, just estimates or real amounts that have been banked by the Council?

4. Are the interest payment figures shown, just estimates or real amounts that have been banked by the Council?

5. Up to what date are each of these figures applicable?

The Chairman indicated that answers would be provided when the item was discussed.

131. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00-06-58)**

Members were reminded of the need to make declarations of interest if and when necessary.

132. **MINUTES OF THE PREVIOUS MEETING (00-07-12)**

The minutes of the previous meeting were approved as a correct record and signed by the Chairman.

133. **BUDGET OPTIONS FOR CLIMATE INVESTMENT (00-07-48)**

Following a *report of the Climate and Sustainability Specialist, the Environment Policy Development Group had made the following recommendation: that the potential additional budget requirements linked to the climate investment opportunities as set out in Annex 1 and 2 of the report be considered.

The Cabinet Member for the Environment and Climate Change outlined the contents of the report highlighting the work of the Net Zero Advisory Group and the aspirations that had come forward from the Policy Development Group which would all be considered as part of the climate change road map

Consideration was given to:

- Schemes that were contained within the Capital Programme in the Medium Term Financial Plan and the possibility of further schemes as highlighted within the report, some of which were set out in the 2022/23 capital programme and the need to continue to bid for funding opportunities; and
- Whether the budget was being used effectively to support the Council's ambitions for carbon neutrality.

RESOLVED that the Environment PDG be thanked for providing a prioritised listing of climate investment opportunities which would be utilised when allocating any additional internal resources or when considering successful external funding bids that may be secured during 2022/23 and in future years.

(Proposed by Cllr C R Slade and seconded by Cllr B A Moore)

Reason for the decision – The list of aspirations was felt to be useful in providing a roadmap for future schemes that could be delivered when funding was available.

Note *Report previously circulated, copy attached to minutes.

134. **BEREAVEMENT SERVICES FEES AND CHARGES (00-16-46)**

Following a *report of the Corporate Manager for Property, Leisure and Climate Change, the Environment Policy Development Group had made the following recommendation: that the proposed charges for 2022-2023 as set out in Table A of the report be approved.

The Cabinet Member for the Environment and Climate Change outlined the contents of the report stating that the Council provided an essential service for which a charge was made, the revised charges had been benchmarked against other authorities and seemed to be fair.

RESOLVED that the proposed charges for 2022-2023 as set out in Table A of the report be approved.

(Proposed by Cllr C R Slade and seconded by Cllr R B Evans)

Reason for the decision – the Council continues to ensure that re-investment is made for various maintenance works across the Council's two cemeteries and also continues to provide services as set out in the legislation.

Note: *Report previously circulated, copy attached to minutes.

135. **WASTE AND RECYCLING OPTIONS (00-18-14)**

Following a *report of the Operations Manager for Street Scene and Open Spaces, the Environment Policy Development Group had made the following recommendation: that Option 2 be approved subject to Cabinet considering alternative solutions for residual waste for properties where wheeled bins might not be an option.

The Cabinet Member for the Environment and Climate Change outlined the contents of the report highlighting the Waste Strategy, the need for change and the pilot scheme that had taken place for 3 weekly waste collections over a three month period across varied locations in the district. The proposal was not just about saving money but reducing residual waste and increasing recycling. He referred to the issue raised at the Policy Development Group with regard to wheeled bins not being an option and other alternatives that could be considered

Consideration was given to:

- How residents would manage in built up areas to keep residual waste for three weeks
- If dry recycling was increased whether this would impact on the capacity of the current fleet

- Whether the trial results had improved recycling rates and whether the authority was losing income if residents used supermarket recycling skips or the recycling centres
- Whether the authority were considering the recycling of soft plastics
- Capacity issues and the provision of additional bins
- Option 2 would bring the authority in line with the super aligned option documents in the Devon and Torbay Waste Strategy which would create opportunities for joint working in the future
- The lack of detail in the Equality Impact Assessment and the need to consider the disposal of offensive waste
- The various options available and whether a weekly recycling scheme could improve recycling rates
- Officers would consider alternative solutions for properties where wheeled bins were not an option as part of the operational matters to be discussed in the action plan leading up to the implementation of the scheme
- Project details could be presented to members via a briefing session

RESOLVED that Option 2 be approved subject to officers considering alternative solutions for residual waste for properties where wheeled bins may not be an option, subject to a specific requirement to see a detailed plan to address the issues raised before full implementation.

(Proposed by Cllr B A Moore and seconded by Cllr C R Slade)

Reason for the decision – As there was a need to consider that the current regime would ultimately incur additional costs to the Council, there was a need to consider options available to reduce costs and increase recycling rates.

Notes:

i) Cllrs R J Chesterton and Mrs N Woollatt requested that their abstention from voting be recorded;

ii) *Report previously circulated, copy attached to minutes.

136. **MDDC LITTER STRATEGY (1-03-23)**

Following consideration of a *report of the Operations Manager for Street Scene and Open Spaces, the Environment Policy Development Group had made the following recommendation: that the Mid Devon District Council Litter Strategy in Appendix 1 of the report be adopted.

The Cabinet Member for the Environment and Climate Change outlined the contents of the report highlighting the work that had taken place by the Environment Policy Development Group to present the strategy to the Cabinet for approval. He explained that litter was a problem caused by the minority and that there was a need for continued education.

Consideration was given to:

- The education programme proposed, the use of various social media platforms to promote the strategy and the need for a national plan of education

- Fly-tipping and the issues that this raises

RESOLVED that the Mid Devon District Council Litter Strategy be adopted.

(Proposed by Cllr C R Slade and seconded by Cllr B A Moore)

Reason for the decision - there is a need for a strategy to set out how the Council would undertake its powers and duties in line with the legislation.

Note *Report previously circulated, copy attached to minutes.

137. **THE TENANT INVOLVEMENT AND EMPOWERMENT STANDARD POLICY (1-11-42)**

Following a *report of the Operations Manager for Housing Services, the Homes Policy Development Group had made the following recommendation: that the draft Tenant Involvement and Empowerment Standard policy be approved.

The Cabinet Member for Housing and Property Services outlined the contents of the report stating that the role of social landlord was very important and that there was a need to encourage engagement and empower tenants within the district.

Consideration was given to repairs and the timescales for attention.

RESOLVED that the draft Tenant Involvement and Empowerment Standard Policy be approved.

(Proposed by Cllr R B Evans and seconded by Cllr R J Chesterton)

Reason for the decision - Agreed housing policy provides a framework for decision-making which ensures that customer-facing teams deliver consistency in the discharge of duties to support good housing management. This ensures that both properties and tenancies are managed effectively and reduces reputational risk.

Note: *Report previously circulated, copy attached to minutes.

138. **CULLOMPTON TOWN CENTRE RELIEF ROAD PROJECT (1-14-38)**

The Cabinet had before it a *report of the Director of Place presenting a recommendation to utilise a further tranche of the Housing Infrastructure Fund (HIF) monies to facilitate the progression of technical work relating to the Cullompton Town Centre Relief Road over the next 12 months. This would support ongoing work and discussions to identify and secure funding to enable the delivery of the relief road and minimise the overall impact on programme (slippage) to the project.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report stating that the proposed funding would allow the progression of technical work, putting the authority in a more advanced position for when further funding opportunities were available. Officers had been able to agree that this further draw down would not be at risk of clawback from Homes England. He highlighted the time risk as set out in the report associated with the current spend deadline for

the HIF funding set at 31 March 2023 and the hope that this would be reviewed nearer the time.

He also updated the meeting with regard to feedback from the previous Levelling Up Fund bid which had been encouraging and he hoped that an improved bid could be produced for further funding rounds.

Discussion took place regarding:

- Concerns with regard to the deadline for spending the HIF funding and the possible need to renegotiate the deadline
- The implications for the cricket and rugby clubs in the town with regard to any delay to the scheme
- Concerns with regard to specific development taking place prior to the establishment of the relief road and the impact on the town
- Whether the Highway Authority would update its advice with regard to the number of dwellings that could be built prior to the relief road being in place
- The money set out in the capital programme for the 2022/23 financial year, whether any decision regarding the utilisation of funding from the PWLB to finish the relief road had been made or costed and whether any further funding opportunities existed

RESOLVED that the drawdown and expenditure of a further tranche of the Housing Infrastructure Fund (HIF) funding, totalling £560k be approved, to enable the progression of further feasibility and technical work relating to the Cullompton Town Centre Relief Road.

(Proposed by Cllr R J Chesterton and seconded by Cllr Mrs N Woollatt)

Reason for the decision – there is a need for the scheme to progress with the use of the funding being made available.

Note: *Report previously circulated, copy attached to minutes.

139. **MEETING MANAGEMENT (1-37-00)**

The Chairman indicated that he proposed to take Item 20 on the agenda as the next item of business.

140. **PERFORMANCE AND RISK (1-37-10)**

The Leader informed the Cabinet that this would be the last meeting that Catherine Yandle, Operations Manager for Performance, Governance and Health & Safety would be attending having taken up a new post elsewhere. He thanked her for her service to the Council for 12 years and wished her well for the future.

The Cabinet had before it and noted a *report of the Operations Manager for Performance, Governance and Health & Safety providing Members with an update on the performance against the Corporate Plan and local service targets.

Reference was made to the ‘Deliver Housing’ priority for new social rented council houses and the increased GP referalls to the leisure centres.

Note: *Report previously circulated, copy attached to minutes.

141. **NATIONAL NON DOMESTIC RATES (1-41-56)**

The Cabinet had before it a *report of the Deputy Chief Executive (S151) providing Members with an update of the income generation and financial implications of the number of Business Rate properties in Mid Devon and to approve the NNDR1 (estimated income to be generated in 2022/23 from business rates).

The Cabinet Member for Finance outlined the contents of the report stating that this was a technical report to calculate the NNDR and allow for the distribution of funds.

RECOMMENDED to Council:

1. That the calculation of the NNDR1 net yield of £14,398,686 from 3,436 Business Rated properties is noted and approved for 2022/23;

2. That the proportions distributed to the respective authorities and Central Government be allocated as per the statutory regulations; and

3. That Members note that Central Government will reimburse the Council through a Section 31 grant to compensate it for the reduction in collectable business rates as a result of introducing various reliefs.

(Proposed by Cllr B A Moore and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

142. **FINANCIAL MONITORING (1-45-32)**

The Deputy Chief Executive (S151) provided a verbal update with regard to the financial position to date in respect of income and expenditure, stating that the budget position remained stable, the income protection scheme claims were being audited and that the main income streams were beginning to recover which included: the sale of the Harlequin Valet, income from leisure had increased and Business Rate income had also increased following the establishment of a new supermarket in Tiverton and an industrial estate on the outskirts of Cullompton.

143. **CAPITAL STRATEGY (1-47-00)**

The Cabinet had before it a *report of the Deputy Chief Executive (S151) proposing the Capital Strategy for 2022/23.

The Cabinet Member for Finance outlined the contents of the report stating that the strategy set out the use of capital for the priorities outlined within the Corporate Plan to include investment in local infrastructure, green issues, 3 Rivers Developments Limited and local housing schemes.

Discussion took place with regard to a strategy for town centre regeneration and the need to seek further funding opportunities to progress the work.

RECOMMENDED to Council that the proposed Capital Strategy for 2022/23 be approved.

(Proposed by Cllr B A Moore and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes

144. **TREASURY MANAGEMENT STRATEGY 2022/23 (1-51-51)**

The Cabinet had before it a *report of the Deputy Chief Executive (S151) outlining the proposed Treasury Management Strategy and Annual Investment Strategy for 2022/23.

The Cabinet Member for Finance outlined the contents of the report stating that the strategy sought to match funding to specific corporate priorities and to allow for the availability of adequate funds for when they were required. He reported that the finances were healthy and that the management of the treasury was controlled through legislation.

RECOMMENDED to Council that the proposed Treasury Management Strategy and Annual Investment Strategy for 2022/23, including the prudential indicators for the next 3 years and the Minimum Revenue Provision Statement (Appendix 1), be approved.

(Proposed by Cllr B A Moore and seconded by Cllr R B Evans)

Note: *Report previously circulated, copy attached to minutes.

145. **CAPITAL PROGRAMME (1-53-35)**

The Cabinet had before it a *report of the Deputy Chief Executive (S151) seeking approval of the 2022/23 Capital Programme and noting the draft 2023/24, 2024/25, 2025/26 and 2026/27 programmes.

The Cabinet Member for Finance outlined the contents of the report stating that the capital investment was set against the priorities within the Corporate Plan. The programme had been increased from the previous year due to the significant plan to increase investments into improving energy efficiency of the property estate, increasing the HRA housing stock and plans to fund housing developments through 3 Rivers.

Consideration was given to the increase in the Capital Programme and who sets the limits for the capital funding requirement.

RECOMMENDED to Council that:

1. The detailed Capital Programme for 2022/23 of £34,303k be approved and the indicative Capital Programmes across the four remaining years of this Medium Term Financial Plan covering 2023/24 to 2026/27 be noted.

2. That investment in the Council Housing Development schemes can start straight away (prior to 01/04/2022), following Full Council approval, to allow the design stage to commence and enable the prompt delivery of these projects.

(Proposed by Cllr B A Moore and seconded by Cllr R B Evans)

Note *Report previously circulated, copy attached to minutes.

146. **BUDGET (1-57-50)**

The Cabinet had before it a *****report of the Deputy Chief Executive (S151) providing the budget proposals for the General Fund and the Housing Revenue Account for the year 2022/23 and recommending the Band D Council Tax charge for 2022/23.

The Cabinet Member for Finance outlined the contents of the report stating that the shortfall had reduced from a significant level in the autumn of 2021 to a shortfall of £145k which was proposed to be temporarily transferred from the New Homes Bonus EMR to balance the budget. He highlighted the work of the finance officers and the involvement of the Policy Development Groups who had been actively engaged in discussions with regard to the budget.

Consideration was given to:

- Whether the budget would be used to reduce carbon neutrality, the aspirations within the Climate Change Action Plan, the funding bids that had been progressed, the proposed engagement with the public through the State of the District Debate, the work of officers that was taking place with regard to the climate issues and the training that was being progressed
- The strategic priorities that were being financed
- The ambitions for social housing through the HRA, the work taking place within the estate to address decarbonisation issues and the funding opportunities available which were being utilised
- Whether it was prudent to increase borrowing levels for 3 Rivers Developments Limited

RECOMMENDED to Council that:

1. A Council Tax Requirement of £6,523,930, calculated using a Council Tax of £218.84 for a Band D property, an increase of £5 or 2.34% from 2021/22 and a Tax Base of 29,811.41, in accordance with the Local Authorities (Calculation of Tax Base) Regulation 1992, as amended, after the relevant adjustments in respect of the Council tax support scheme approved by Cabinet on 4 January 2022;

2. The overall budgeted Cost of Services within the General Fund budget of £14,785,295 for 2022/23 is approved as detailed across appendices 1 – 3;

3. The 2022/23 budget requires no transfer from the General Fund Balance;

4. A further temporary transfer of £144,879 from the New Homes Bonus EMR to balance the General Fund Budget in addition to the £258,808 already included within previous budget assumptions;

5. HRA budget for 2022/23 be approved as set out in appendix 4;

6. HRA fees/charges are approved based on the attached appendix 5a - b;

7. Work on strategic planning for delivering a balanced budget for 2023/24 is commenced in the Spring.

(Proposed by Cllr B A Moore and seconded by Cllr C R Slade)

Note: *Report previously circulated, copy attached to minutes.

147. **POLICY FRAMEWORK (2-15-10)**

The Cabinet had before it a * report of the Chief Executive with regard to the Policy Framework.

RECOMMENDED to Council that the Policy Framework be adopted.

Proposed by the Chairman and seconded by Cllr B A Moore)

Note: *Report previously circulated, copy attached to minutes.

148. **PAY POLICY (2-16-09)**

The Cabinet had before it a *report of the Corporate Manager for People, Governance and Waste complying with the legislative requirements of the Localism Act 2011 relating to senior pay in particular the role of the Chief Executive, Directors and other senior officers.

The Leader outlined the contents of the report.

Discussion took place with regard to the table on page 254 and it was confirmed that this would be corrected prior to consideration by Council

RECOMMENDED to Council that the Pay Policy be approved for publishing on the Council's website subject to the table on page 254 being corrected.

(Proposed by the Chairman and seconded by Cllr Mrs N Woollatt)

Note: *Report previously circulated, copy attached to minutes.

149. **ESTABLISHMENT (2-19-00)**

The Cabinet had before it a *report of the Corporate Manager for People, Governance and Waste providing Members with an update on both the establishment of the Council together with its performance.

The Cabinet Member for the Working Environment and Support Services outlined the contents of the report stating that this was the annual overview of the performance of the Establishment and explaining how this had been affected by the Covid 19

pandemic. She informed the meeting that charts had been added to aid understanding.

RECOMMENDED to Council that the Establishment be approved.

(Proposed by the Chairman and seconded by Cllr Mrs N Woollatt)

Note: *Report previously circulated, copy attached to minutes.

150. **UPDATE FROM THE CABINET MEMBER FOR CONTINUOUS IMPROVEMENT (2-20-34)**

The Cabinet Member for Continuous Improvement informed the meeting that 20 complaints were being monitored within the remit of the Director of Place, 10 within the remit of the Director of Business Improvement and Operations and 4 within the remit of the Deputy Chief Executive. Work was also taking place with regard to enforcement issues.

151. **NOTIFICATION OF KEY DECISIONS (2-22-05)**

The Cabinet had before it and noted it's *rolling plan for March 2022 containing future key decisions.

Note: *Plan previously circulated, copy attached to minutes.

152. **3 RIVERS DEVELOPMENT LIMITED - UPDATE (2-22-51)**

The Cabinet had before it and noted a *report from the Deputy Chief Executive (S151) providing an update on current project performance and any key risks.

The Cabinet Member for Housing and Property Services provided the following response to a question raised with regard to whether it was prudent to increase borrowing levels for 3 Rivers Developments Limited. He stated that the proposed £20m was just a proposal, any business proposals presented to the shareholder would be considered in a prudent way and would be dependent on each individual business case for development.

Addressing the questions raised in public question time, the Deputy Chief Executive stated that: the borrowing figures were actual and agreed in line with the loan agreements; the sales receipts payments were actual loan repayments; the sales receipt payments shown were real amounts banked; the interest figures shown were actual amounts and the figures were up until 31 December 2021 as outlined within paragraph 2.2 of the report.

It was then agreed that any further discussion with regard to the report should take place in private session and it was therefore:

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular

person (including the authority holding that information) and Part 5 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

(Proposed by the Chairman)

Returning to open session it was agreed that the report be noted.

Note: *Report previously circulated, copy attached to minutes.

(The meeting ended at 12.50 pm) **CHAIRMAN**

CABINET
1 February 2022

NNDR 1 for 2022/23

Cabinet Member: Cllr Andrew Moore
Responsible Officer: Andrew Jarrett - Deputy Chief Executive (S151)

Reason for Report: To provide Members with an update of the income generation and financial implications of the number of Business Rate properties in Mid Devon and to approve the NNDR1 (estimated income to be generated in 2022/23 from business rates). To ensure that the Council meets its statutory deadline for notifying Precepting Authorities and the Government by 31 January 2022 of their appropriate shares in accordance with the Non Domestic Rating (Rates Retention) Regulations 2013, following approval by Council.

RECOMMENDATIONS:

1. **That the calculation of the NNDR1 net yield of £14,398,686 from 3,436 Business Rated properties is noted and approved for 2022/23;**

2. **That the proportions distributed to the respective authorities and Central Government be allocated as per the statutory regulations; and**

3. **That Members note that Central Government will reimburse the Council through a Section 31 grant to compensate it for the reduction in collectable business rates as a result of introducing various reliefs.**

Relationship to Corporate Plan: This report sets out the estimated net business rates for 2022/23; the estimate will then be used in the calculation of future Council business rates budgets. This report is in line with the Council's Corporate Plan objectives and is essential to delivering the necessary funding to balance the 2022/23 General Fund Revenue budget.

Financial Implications: Mid Devon District Council is a Statutory Billing Authority and has a duty to carry out this task each year as part of the budgetary process.

Legal Implications: This is a statutory function and is a legal requirement. The Council must set its budget annually based on the Council Tax tax base and the projected NNDR1 values.

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

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

Climate Change Assessment: No climate change issues identified for this report.

1. Introduction

1.1. Councils must submit a return known as the NNDR1 form to the Department for Levelling Up, Housing and Communities (DLUHC). This form provides the local tax base for business properties in the area for the forthcoming year and determines the value of income from Non-Domestic Rates between Central Government, Mid Devon District Council and the Devon and Somerset Fire & Rescue Authority. As such the NNDR1 form is a key document in the budget setting process.

1.2. The NNDR1 form must be certified by the Section 151 Officer. Councils are expected to adopt a similar approval process used for the Council Tax Base, i.e. approval by Council.

2. Business Rates Retention Scheme

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

2.2. From 1 April 2013, Central Government changed the way this financing is distributed. Each billing authority now has to forecast the amount of revenue it will generate from business rates and then redistribute that income between Central Government, the County Council, the Fire Authority and itself, based on a centrally prescribed formula (see below).

2.3. The Business Rates Retention Scheme as it is now known, also allows the billing authority to keep a share of the increase in revenue it generates, therefore encouraging billing authorities to encourage business growth in its area. However, the converse of this applies and if a billing authority's business rates decline, the District Council (i.e. MDDC) will see a proportionate drop in revenue.

2.4. This is the key difference between the old and new schemes. As under the old business rates scheme, the level of funding was determined at the beginning of the year and was fixed thereafter, thereby protecting billing authorities.

2.5. In order to assist local authorities in retaining revenue within the counties, Central Government allowed Upper Tier Councils (Unitary and County Councils) and Lower Tier Councils (District Councils) to join together to pool their growth and offset the growth of one area against a decline in another area. Effectively, this creates a larger critical mass across the county to alleviate

exposure to individual authority losses, thus enabling Counties and Districts to retain more of the rates collected instead of contributing this money to the central pool.

2.6. Mid Devon District Council joined the Devon County-wide pool in 2014 and will remain in the pool for 2022/23 to maximise the amount of Business Rates it can retain. This may however be the last year of the pool, as the new business rates funding scheme being considered for 2023/24 may not be beneficial for such arrangements. Furthermore, the Government are proposing resetting the baseline against which growth is measured, which could see Councils like MDDC lose the benefit of the growth they have delivered since 2013.

2.7. This report details the calculations necessary to determine the estimated debit the Council is expected to collect in business rates for the 2022/23 year. The net collectable debit is then split proportionally in accordance with the provisions of the Local Government Finance Settlement issued in December 2020 which enables the whole of Devon to have a 50% rates retention, subject to tariffs / Top-ups and levies. The tier split for Devon is as follows:

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

2.8. The current 2017 Valuation list took effect from 1st April 2017.

3. S31 Grant Reliefs (funded reliefs)

3.1. The Government provides grants to Councils under Section 31 (S31) of the Local Government Act 2003 (LGA 2003) for a wide range of purposes. Within the Business Rates service area, S31 grants are provided to recompense the Council for a range of reliefs, including the Small Business Grant Fund and Retail, Hospitality and Leisure schemes introduced in response to Covid-19.

3.2. Part 2, Section 46 of the NNDR1 calculates that MDDC is due £2,188,682 in S31 Grant in 2022/23 across the various reliefs applied. This is largely due to the Government's announcement to continue the relief available to Retail, Hospitality and Leisure businesses in 2022/23 at a rate of 50%.

4. 2022/23 Forecast Yield

4.1. Appendix 1 shows the estimated net yield from business rates for 2022/23 set out in the NNDR1 return. The Council is notionally able to keep 40% of the total business rates it collects and this would generate an estimated £5,759,474 (less Tariff and Levy). MDDC gets £115,493 as a cost of collecting the years' business rates and will continue to retain the income from renewable energy schemes of £137,995k in 2022/23.

4.2. Prudent forecast are included for the possibility of losing income as a result of a business appealing its Rateable Value, or for non-payment of the charge.

5. Possible amendments to grant and reduced business rates income

5.1. As stated in 3.2 above, the Covid-19 related reliefs have already been announced for 2022/23. However, in the current situation, it is possible that further reliefs may be awarded during the year.

5.2. The Chancellor with be delivering the budget on the 23 March 2022 and it's possible that revised or new reliefs with be announced, this will require modelling and revising financial figures shown in this report. It would be expected that further S31 grant would accompany such an announcement, along with additional New Burdens funding to help meet the cost of undertaking the additional work.

6. Conclusion

6.1. Due to the associated volatility and significant sums of revenue involved, we will continue to maintain a Business Rates Smoothing Reserve and provide Members with regular updates on the level of business rates being collected during 2022/23.

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

Dean Emery, Corporate Manager for Revenues, Benefits, Corporate Recovery, Planning (DM), Corporate Fraud
01884 234328
demery@middevon.gov.uk

Circulation of the Report: Leadership Team, Cabinet

Background Papers: NNDR1and supporting documentation

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Cabinet
1 February 2022

2022/23 Capital Strategy

Cabinet Member: Councillor Andrew Moore
Responsible Officer: Deputy Chief Executive (S151), Andrew Jarrett

Reason for Report: To agree the proposed Capital Strategy for 2022/23.

RECOMMENDATION(S): Cabinet are asked to recommend to Full Council that the proposed Capital Strategy for 2022/23 is approved.

Relationship to the Corporate Plan: A strategic approach to Asset Management supports our Corporate Plan priorities of business retention; growth and development. Maximising our return from all associated treasury activities enables the Council to support current levels of spending in accordance with our Corporate Plan.

Financial Implications: Good financial management and administration underpins the entire strategy. The Capital Strategy set the boundaries in which the Council's capital and treasury management functions operate.

Legal Implications: Authorities are required by regulation to prepare a Capital Strategy for each financial year which needs to be approved by the Full Council prior to the start of the financial year. Authorities must also have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

Risk Assessment: The S151 Officer is responsible for the administration of the financial affairs of the Council. A co-ordinated approach to Asset Management and Financial Planning will help mitigate the risks associated with holding and utilising assets. Financial risk is mitigated by sound Treasury Management practices and defined limits.

Equality Impact Assessment: There are no direct Equality implications arising from this report.

Impact on Climate Change: The Council has committed to a net zero carbon policy by 2030. Elements of the Capital Programme contribute to the achievement of this objective as highlighted within the body of the report.

1. Introduction

1.1. The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.2. The strategy is designed to be a user-friendly document which can direct stakeholders to the relevant documents relating to Treasury decisions, Asset Management and the Capital Programme for the coming years. It provides a link between these activities and reiterates the need for these to be co-ordinated to support the objectives of the Corporate Plan.

1.3. This strategy brings together the statutory requirements of the Chartered Institute of Public Finance Accountants (CIPFA) and the CIPFA Prudential Code for Capital Finance in Local Authorities. There is also a strong link with the Treasury Management Strategy that provides a framework for the borrowing and lending activity of the Council.

1.4. The Capital Strategy needs to be relevant in the current financial and economic climate and therefore needs a cautious and measured, yet flexible, approach that reflects the fact that:

- Revenue resources have, and will be, cut significantly in each of the forthcoming financial years. The impact on the Revenue Budget arising from the Capital Investment Programme must be affordable and sustainable, and be used to aid the bottom line;
- Capital resources available to the Council are limited, with little direct funding provided from Government and currently limited scope to raise income from Capital Receipts;
- Local Government's range of responsibility is constantly changing along with the role that it plays within the community, leading to an expectation that Society will assist in the delivery of services.

1.5. The Council is required, by regulation, to publish a number of indicators relating to the Capital Investment Programme, Treasury Management and the revenue implications of the programme, known as the Prudential Indicators. This report, along with the Treasury Management Strategy, publishes those indicators, based on the assumption that Cabinet / Council will approve the proposals contained within the Revenue Budget and Capital Programme.

2. Strategic Aims

2.1. The key objective of the Capital Strategy is to deliver a Capital Programme that:

- Ensures that the Council has assets that are fit for purpose and enable the delivery of the priorities set out in the Corporate Plan;
- Supports the Council's service specific plans and strategies;
- Facilitates income generation that aids the revenue budget;
- Is affordable, financially prudent and sustainable.

This should not however prevent the authority from:

- Reducing the on-going liability of holding assets by engaging with communities to develop alternative service delivery options including asset transfer;

- Fully utilising resource opportunities available for Capital Investment from outside sources where this does not create ongoing revenue liabilities or commitments that cannot be met.

3. Priorities

3.1. The Council's priority areas for investment can be summarised as:

3.1.1. **Asset replacement and/or enhancement**: The services delivered by the Council depend upon a variety of assets such as computers, equipment or vehicles. These need to be updated/upgraded on a regular basis to ensure service delivery is maintained or enhanced. Asset maintenance is a revenue cost; the purchase or enhancement is a capital cost.

3.1.2. **Income Generation:** The Council is looking to identify investments that generate an income to replace the lost grant funding and ease the pressure on the Revenue Budget. Specific projects / investment opportunities will be brought forward for approval by the Cabinet as they are identified.

3.1.3. **Economic Regeneration:** The Council is committed to investing in the District's future through regeneration projects. Any schemes will need to be self-financing so that borrowing costs are covered by either Grant, investment income or capital receipts, so that there is no impact on the Council's revenue budget.

3.1.4. **Invest to save**: The Council is always looking for opportunities to deliver future efficiencies in service provision, known as 'Invest to Save'. This could include investment in technology or processes. The "green" investments are a good example of this, where investment in more efficient heating systems reduces the ongoing cost of energy consumption.

3.1.5. **Health and Wellbeing:** The Council's receives the Disabled Facilities scheme, which pays for essential housing adaptations to help disabled people stay in their own homes. In the current climate, it is also important that the Council plays wider role in the health and wellbeing of its local community.

4. Capital Expenditure and Financing

4.1. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In Local Government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy/build assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £20k are deemed deminimis and are not capitalised but are instead charged to revenue in-year.

4.2. The detail of our approach to capitalisation is shown in our Accounting Policies in the Statement of Accounts that we produce each year. The latest approved Accounts are for the year 2020/21 and can be found here:

https://www.middevon.gov.uk/your-council/finance/annual-accounts/

4.3. Service managers bid annually to include projects in the Council's Capital Programme. Bids are collated by Finance who calculate the financing cost (which can be nil if the project is fully externally financed). The relevant PDGs appraise all bids based on a comparison of service priorities against financing costs and makes recommendations to Cabinet. The final capital programme is then presented to Cabinet in February and to Council the same month each year.

4.4. In 2022/23, the Council is planning new capital expenditure of £34,303k as well as £23,239k of expenditure approved in prior years that has slipped in timescale, as detailed within the Capital Programme included elsewhere on the meeting agenda. It can be summarised as follows:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

Estimates of Capital Expenditure	**2020/21 Actual Capital Spend £K**	**2021/22 Forecast Capital Spend £K**	**2022/23 Proposed Capital Spend £K**
General Fund Projects	3,099	7,353	19,166
HRA Projects	2,637	5,469	18,378
Loans To Subsidiary Company	1,318	5,761	19,998
TOTAL	**7,054**	**18,583**	**57,542**

4.5. The main projects in the Capital Programme in 2022/23 include the following:

4.5.1. General Fund Schemes:

- £13,054k investment in Infrastructure projects in Tiverton and Cullompton. Funding is actively being sought to enable the Tiverton project to be delivered;
- £3,534k investment in Housing Developments through 3 Rivers, in line with their Business Plan approved by Cabinet in November;
- £577k investment in essential housing adaptations to help disabled people stay in their own homes funded through the Disabled Facilities Grant;
- £420k further investment in the hydro mills electricity generation project at Tiverton Weir that will provide green electricity at the Council's Phoenix House offices (note £800k will slip from 2021/22).

4.5.2. HRA Schemes[1]:

- £2,465k investment to enhance the quality of our existing housing stock are undertaken each year through the planned maintenance scheme;
- £8,514k investment in Housing Developments to deliver new housing within the district in the main through highly efficient (zero carbon) modular buildings. A prudent assumption has been included for the utilisation of 1-4-1 receipts or for additional grant funding to be made available from Homes England.

4.6. All capital expenditure must be financed, whether from external sources (Government grants and other contributions), the Council's own resources (Revenue, Reserves and Capital Receipts) or Debt (Borrowing, Leasing and Private Finance Initiative).

4.7. Borrowing may be internal or external:

4.7.1. **Internal borrowing** uses the cash balances of the Council. Currently, these balances yield small returns on the market and is therefore cheaper than the interest rate payable on an external loan and so is maximised as far as possible. This has been a significant funding source in recent years.

4.7.2. **External borrowing** is via loans. Within Local Government the main provider for long term borrowing has traditionally been the Public Works Loan Board [PWLB]. However, the Council also uses other organisations, such as other Local Authorities for shorter term requirements.

4.8. An increasing number of assets are leased, such as the new vehicles within our fleet. These are normally taken through Finance Leases where the asset remains owned by the finance company, but the Council rents them.

4.9. The planned financing of the above expenditure is as follows:

[1] The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

Table 2: Capital financing

Capital Financing	2020/21 Actual Capital Spend £K	2021/22 Forecast Capital Spend £K	2022/23 Proposed Capital Spend (Incl Projected Slippage from 2021/22) £K
PWLB / Internal Borrowing	2,287	11,251	32,642
New Homes Bonus	874	246	1,414
Housing Maintenance Fund	225	922	316
Capital Receipts Reserve	376	1,941	1,922
Other Housing EMRs	2,073	2,615	3,564
Capital Grants	471	400	920
Housing Infrastructure Fund (HIF)	446	917	6,465
Levelling Up or Similar *			6,436
Homes England Grant	0	0	3,031
Other GF EMRs	193	241	832
S106	109	50	0
TOTAL	**7,054**	**18,583**	**57,542**

*Bid failed – now seeking alternative funding to make Cullompton HIF viable

4.10. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as Capital Receipts) may be used to replace debt finance.

4.11. The Council's full Minimum Revenue Provision / loans fund repayments statement is shown in Appendix 1 of the Treasury Management Strategy Statement. This strategy is also included elsewhere on the meeting agenda. Planned MRP is as follows:

Table 3: Planned MRP payments

Planned MRP Payments	**2020/21 Actual £K**	**2021/22 Forecast £K**	**2022/23 Proposed Budget £K**
General Fund	703	742	687
HRA	958	964	981
Total	**1,661**	**1,706**	**1,668**

4.12. The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase by £19,251k during 2022/23. Within this increase, £7,912k relates to projects undertaken by 3 Rivers Developments Ltd. There is an additional £5,417k relating to the development of 75 affordable homes at Post Hill and £4,249k relating to other HRA projects. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

Estimates of Capital Financing Requirement	2020/21 Actual £K	2021/22 Forecast £K	2022/23 Proposed Budget £K
General Fund Services	9,336	13,337	15,853
Council Housing (HRA)	39,550	39,606	48,429
Loans To Subsidiary Company*	8,959	13,533	21,445
Total CFR	**57,846**	**66,476**	**85,727**

** Loans To Subsidiary Company investments relate to capital expenditure on housing developments and investment properties.*

4.13. At present, the Council does not charge MRP on it loans to 3 Rivers. This is because it funds assets that are under construction – to which MRP does not apply. Once the assets are complete and MRP would normally become chargeable, they are sold by 3 Rivers and the loan is repaid. However, CIPFA is out to consultation at this time to enforce MRP to be applicable on loans to third parties, despite the regulations around "assets under construction". If formally implemented, this will apply from 2023/24.

5. Treasury Management

5.1. Treasury Management is concerned with keeping sufficient, but not excessive cash, available to meet the Council's spending needs, while managing the risks involved. To avoid excessive credit balances or overdrafts in the bank current account, surplus cash is invested until required while a shortage of cash will be met by borrowing. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

5.2. Due to decisions taken in the past, at 31 March 2022 the Council is forecast to have £35,234k of borrowing (excluding finance leases) at an average interest rate of 2.91% and £27,000k treasury investments earning interest at an average rate of 0.30%.

5.3. **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.50%) and long-term fixed rate loans where the future cost is known but higher (currently 1.74% to 2.46%[2]).

5.4. Projected levels of the Council's total outstanding debt (which comprises borrowing, and leases are shown below, compared with the Capital Financing Requirement (see above).

[2] As at the time of drafting this report – 14 January 2022

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement

Gross Debt and the Capital Financing Requirement	2020/21 Actual £K	2021/22 Forecast £K	2022/23 Proposed Budget £K
Debt (Incl. Leases)	39,541	37,404	46,668
Capital Financing Requirement	57,846	66,476	85,727

5.5. Statutory guidance is that Debt should remain below the Capital Financing Requirement, except in the short-term. As can be seen from table 5, the Council expects to comply with this in 2022/23.

5.6. **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "Operational Boundary" is also set as a warning level should debt approach the limit. Further details on borrowing are included with the Treasury Management Strategy, which is also included elsewhere on the meeting agenda.

Table 6: Prudential Indicators: Authorised Limit and Operational Boundary for external debt

Authorised Limit and Operational Boundary For External Debt	2020/21 Limit £K	2021/22 Limit £K	2022/23 Limit £K
Authorised Limit	69,000	77,000	96,000
Operational Boundary	60,000	68,000	87,000

5.7. **Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of Treasury Management.

5.8. The Council's policy on treasury investments is to prioritise Security and Liquidity over Yield; to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the Government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice. Further details on treasury investments is included within the Treasury Management Strategy, but can be summarised as follows[3]:

[3] As at the 31 March of the appropriate year

Table 7: Treasury Management investments

Treasury Management Investments	2020/21 Actual £K	2021/22 Forecast £K	2022/23 Proposed Budget £K
Near-Term Investments	17,500	26,000	16,000
Longer-Term Investments	5,000	5,000	5,000
TOTAL	**22,500**	**31,000**	**21,000**

5.9. **Governance:** Decisions on Treasury Management investment and borrowing are made daily and are therefore delegated to the Deputy Chief Executive (S151) and staff, who must act in line with the Treasury Management Strategy approved by Full Council annually. Reports on Treasury Management activity are presented to Cabinet three times per year.

6. Investments for Economic Development Purposes

6.1. The Council makes investments to assist local public services, including making loans to other public sector bodies and the Council's subsidiary to promote economic development and provide an income stream. In light of the public service objective, the Council is willing to take more risk than with treasury investments; however it is still a requirement for such investments to generate a profit after all costs, and after conducting all appropriate due diligence.

6.2. For example, during 2021/22, the Council facilitated a loan to fund a GP Surgery/NHS Hub in Crediton. Not only will this provide the Council with a return on its loan, it will also provide an important, modern NHS Hub in Crediton, replacing two existing GP Surgeries and offering further NHS services to the public.

6.3. **Governance:** Decisions on investments of this type are made by the relevant Service Manager in consultation with the Deputy Chief Executive (S151) and must meet the criteria and limits laid down in the Treasury Management Strategy Statement (TMSS). Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the Capital Programme.

7. Commercial Activities

7.1. With Central Government financial support for local public services declining and the tightening of regulations within the Prudential Code that prohibits the Council from investing primarily for financial return, the options for the Council to invest in Commercial and for Economic Development purposes is limited. However, it is able to lend to its subsidiary 3 Rivers Developments Ltd to develop land and commercial income generating projects and charge interest on loans at a commercial rate.

7.2. With economic development being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include the timing of debt repayments; development market values; development costs and profitability of the subsidiary. These risks are managed by due diligence of business cases. Although there is no cap on the level of lending between the Authority and the subsidiary, advance approval of the level of lending is required from Cabinet before the start of each financial year, with reference to the company's Annual Business Plan.

7.3. **Governance:** Decisions on commercial investments are made by the Deputy Chief Executive (S151) in conjunction with the Leadership Team members, in line with the criteria and limits approved by Council in the Treasury Management Strategy Statement (TMSS). Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved alongside the capital programme.

7.4. The Council also has commercial activities in retail properties, which expose it to normal commercial risks. The over-arching ethos behind these activities is economic regeneration and retention of premises within the town centre rather than the income stream.

8. Asset Management

8.1. In order to ensure we are allocating our resources in the most effective way, we maintain an Asset Management Plan (AMP). It outlines where capital investment can assist the Council achieve its goals or where investment and use of resources plays a contributing role to shared priorities. Therefore the AMP helps set out the Council's approach to the Strategic Management of its land and building assets. It has been developed in consultation with the Senior Officers and members of the Council who form the Capital Strategy Asset Management Group (CSAG). The AMP seeks to ensure that assets are used in the most effective and efficient way to support the delivery of the Corporate Plan.

8.2. The latest version of the AMP was considered and approved by Cabinet on 4 March 2021. It can be found here:

https://democracy.middevon.gov.uk/ieListDocuments.aspx?CId=133&MId=1265&Ver=4

8.3. The AMP enables the Council to consider the best use of our assets by identifying those that require investment in planned maintenance; those that we should consider disposal of; those that could generate additional income from leasing out etc. These considerations will then inform the Capital Programme and funding decisions.

8.4. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as Capital Receipts, can be spent on new assets or to repay debt. During the 2021/22 Finance Settlement, Government announced a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. Repayments of Capital Grants, loans and investments also generate Capital Receipts. The Council expects to receive £1,027k of Capital Receipts (net of Pooling) in the coming financial year as follows:

Table 8: Capital Receipts

Capital Receipts	2020/21 Actual £K	2021/22 Forecast £K	2022/23 Proposed Budget £K
Asset Sales	730	2,146	1,027
Loans Repaid	0	0	0
TOTAL	**730**	**2,146**	**1,027**

9. Liabilities

9.1. In addition to debt of £46,668k in 2022/23 detailed in Table 5 above, the Council is committed to making future payments to cover its pension fund deficit (valued at £75,401k in 2020/21).

9.2. **Governance:** The risk of liabilities crystallising and requiring payment is monitored by Finance and Legal. Any new material liabilities would be reported to Full Council for approval/notification as appropriate.

10. Revenue Budget Implications

10.1. Although capital expenditure is not charged directly to the Revenue Budget, interest payable on loans and Minimum Revenue Provision (MRP) are charged to revenue, offset by any investment income receivable. The net annual charge is known as Capital Financing Costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

Proportion Of Financing Costs To Net Revenue Stream	2020/21 Actual £K	2021/22 Forecast £K	2022/23 Proposed Budget £K
NON-HRA	0.79%	2.18%	0.98%
HRA	15.07%	15.15%	14.90%

*Further details on the revenue implications of capital expenditure are found in the Revenue Budget report.

10.2. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the Revenue Budget implications of capital expenditure incurred in the next few years will extend for up to 50 years into the future. The Deputy Chief Executive (S151) is satisfied that the proposed Capital Programme is prudent, affordable and sustainable because the Council has adequate means of financing and repaying any required borrowing.

11. Knowledge and Skills

11.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Deputy Chief Executive (S151) is a qualified accountant with 17 years' of experience and the Corporate Manager for Property, Leisure & Climate Change is experienced across the full range of Property responsibilities. In addition, the Council employs ten finance staff who hold one or more of the following qualifications CIPFA, ACA, CIMA, ACCA and AAT.

11.2. To support those staff, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Asset Services as treasury management advisers and Ichabod Industries as technical advisers on accountancy matters. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

12. Conclusion

12.1. The Capital Programme for 2022/23 is £34,303k. This will be adjusted for slippage carried forward from previous years that will be approved with the outturn report; the slippage for 2021/22 is currently forecast to be £23,239k. Slippage occurs due to the size and complexity of capital projects and it can be expected that some projects will similarly slip into future years. Of course, the inactivity caused by Covid-19 precautions has compounded these delays over the past couple of years.

12.2. The Capital Programme encompasses a broad range of expenditure including operational assets which will be used for more than one year; assets owned by other bodies, and loans and grants to other bodies enabling them to buy/build assets.

12.3. Funding for this programme may include significant borrowing. The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken, and the type of borrowing should allow the Council transparency and control over its debt.

12.4. The Treasury Management Strategy Statement details the approach that the Council will take to ensuring it has sufficient cash available to meet the Council's spending needs. Reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close, will be taken to Full Council via the Cabinet.

Contact for more information:	Andrew Jarrett, Deputy Chief Executive (S151) 01884 234242 (ajarrett@middevon.gov.uk) Paul Deal, Corporate Manager for Financial Services pdeal@middevon.gov.uk
Circulation of the Report:	Leadership Team, Cabinet
Background Papers:	October, November & January Cabinet & PDG's (MTFP, Budget Draft and Budget Update reports)

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Cabinet
01 February 2022

Treasury Management Strategy Statement
Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2022/23

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

Reason for Report: To agree the proposed Treasury Management Strategy and Annual Investment Strategy for 2022/23.

RECOMMENDATION(S):

Cabinet are asked to recommend to Full Council that the proposed Treasury Management Strategy and Annual Investment Strategy for 2022/23, including the prudential indicators for the next 3 years and the Minimum Revenue Provision Statement (Appendix 1), be approved.

Relationship to the Corporate Plan: Maximising our return from all associated treasury activities enables the Council to support current levels of spending in accordance with our Corporate Plan.

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

Legal Implications: Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

Risk Assessment: The S151 Officer is responsible for the administration of the financial affairs of the Council. Implementing this strategy and the CIPFA Code of Practice on Treasury Management helps manage the risk associated with the Council's treasury management activity.

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

Impact on Climate Change: There are no Climate Change implications relating to the content of this report.

1.0 Background

1.1 The Council is required to operate a balanced budget, which broadly means that the cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

1.5 CIPFA defines treasury management as:
"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.0 Reporting requirements

2.1 Treasury Strategy

2.1.1 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

2.1.2 The aim of this treasury strategy is to ensure that all elected members of the Council fully understand the overall long-term policy objectives and resulting treasury strategy requirements, governance procedures and risk appetite.

2.2 Treasury Management reporting

2.2.1 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

b. A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2.2.2 **Scrutiny.** The above reports are required to be adequately scrutinised before being recommended to the Council. The Cabinet undertakes this role.

2.3 Treasury Management Strategy for 2022/23

2.3.1 The strategy for 2022/23 covers two main areas:

2.3.2 **Capital issues**

- The capital expenditure plans and the associated prudential indicators; and
- The minimum revenue provision (MRP) policy.

2.3.3 **Treasury management issues**

- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the Council;
- Prospects for interest rates;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness policy; and

- The policy on the use of external service providers.

2.3.4 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

2.4 Training

2.4.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for Scrutiny. Training requirements will be reviewed in 2022/23 and training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

2.5 Treasury management consultants

2.5.1 The Council uses Link Group, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers.

2.5.2 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

3.0 The Capital Prudential Indicators 2022/23 – 2024/25

3.1.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

3.2 Capital expenditure

3.2.1 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The below table shows planned expenditure in the 2022/23 Capital Programme of £57,542k, (£34,303k new projects plus the projected slippage from prior years £23,239k).

Prudential Indicator: Estimates of Capital Expenditure

Capital Expenditure	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
£000	**Actual**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Non-HRA	3,099	7,353	19,166	25,782	2,923
HRA	2,637	5,469	18,378	26,351	17,915
Loans to Subsidiary Company*	1,318	5,761	19,998	11,625	12,288
TOTAL	**7,054**	**18,583**	**57,542**	**63,758**	**33,126**

** Loans to Subsidiary Company are non-treasury investments and so not covered in detail in this report. Refer to the Capital Strategy for further information.*

3.2.2 Other long-term liabilities – The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

3.2.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of Capital Expenditure £000	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	Actual	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Capital Receipts	376	1,941	1,922	2,393	1,262
Capital Grants	916	1,317	16,852	18,763	6,329
Capital Reserves	0	0	0	0	0
Revenue	3,475	4,074	6,126	5,308	2,956
Net Financing Need for the Year	**2,287**	**11,251**	**32,642**	**37,294**	**22,579**

3.2.4 The net financing need for Loans to Subsidiary Company included in the above table against expenditure is shown below:

Loans to Subsidiary Company £000	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	Actual	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Capital Expenditure	1,318	5,761	19,998	11,625	12,288
Financing Costs	0	0	38	130	117
Net Financing Need for the Year	**1,318**	**5,761**	**20,036**	**11,755**	**12,405**
Percentage of Total Net Financing Need	**57.6%**	**51.2%**	**61.4%**	**31.5%**	**54.9%**

3.3 The Council's borrowing need (the Capital Financing Requirement)

3.3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

3.3.2 The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

3.3.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £2.170m of such schemes within the CFR.

3.3.4 **The Council is asked to approve the CFR projections below:**

Prudential Indicator: Estimates of Capital Financing Requirement

Capital Financing Requirement	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
£000	**Actual**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
CFR - Non Housing	9,336	13,337	15,853	23,531	24,662
CFR - Housing	39,550	39,606	48,429	64,801	72,235
CFR - Loans to Subsidiary Company	8,959	13,533	21,445	11,776	15,613
Total CFR	**57,846**	**66,476**	**85,727**	**100,108**	**112,510**
Movement in CFR*	**1,732**	**8,630**	**19,251**	**14,381**	**12,402**

**The movement in CFR will not directly match the Net Financing Need (see 3.2.3) due to the annual MRP charge reducing the balance in line with each asset's expected life. The CFR is also reduced when loan repayments are received from 3 Rivers Developments Ltd, so that only outstanding loan balances are included within the CFR.*

4.0 Borrowing

4.1 The capital expenditure plans set out in section 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.2 Current portfolio position

4.2.1 The overall treasury management portfolio as at 31 March 2021 and the position as at 31 December 2021 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	Actual	**Actual**	**Current**	**Current**
	31/03/2021	**31/03/2021**	**31/12/2021**	**31/12/2021**
Treasury Investments	**£000**	**%**	**£000**	**%**
Banks	10,608	32%	18,877	40%
Building Societies	0	0%	12,000	26%
Local Authorities	15,500	47%	11,000	23%
DMADF (H.M.Treasury)	0	0%	0	0%
Other Public Bodies	2,000	6%	0	0%
Total Managed In-House	**28,108**	**85%**	**41,877**	**89%**
Property Funds	5,000	15%	5,000	11%
Total Managed Externally	**5,000**	**15%**	**5,000**	**11%**
Total Treasury Investments	**33,108**	**100%**	**46,877**	**100%**
Treasury External Borrowing				
Local Authorities	0	0%	0	0%
PWLB	37,104	100%	36,176	100%
Total External Borrowing	**37,104**	**100%**	**36,176**	**100%**
Net Treasury Investments / (Borrowing)	**-3,996**		**10,701**	

4.2.2 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt (the treasury management operations) against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

External Debt	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
£000	**Actual**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Debt at 1 April	38,937	37,104	35,234	44,558	69,918
Expected Change in Debt	-1,833	-1,870	9,324	25,360	5,566
Other Long-Term Liabilities (OLTL)	980	2,436	2,170	2,110	1,825
Expected Change in OLTL	1,457	-266	-60	-285	345
Actual Gross Debt at 31 March	**39,541**	**37,404**	**46,668**	**71,743**	**77,654**
The Capital Financing Requirement	**57,846**	**66,476**	**85,727**	**100,108**	**112,510**
Under / (Over) Borrowing	**18,305**	**29,072**	**39,059**	**28,365**	**34,856**

4.2.3 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

4.2.4 The Deputy Chief Executive (S151) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

4.3 Treasury Indicators: limits to borrowing activity

4.3.1 **The operational boundary.** This is the limit which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Prudential Indicator: Operational Boundary

Operational boundary £000	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	Estimate	**Estimate**	**Estimate**	**Estimate**
Debt	65,000	84,000	99,000	111,000
Other long term liabilities	3,000	3,000	2,000	3,000
TOTAL	**68,000**	**87,000**	**101,000**	**114,000**

4.3.2 **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

4.3.3 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised. **The Council is asked to approve the following authorised limit:**

Prudential Indicator: Authorised Limit

Authorised limit £000	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	Estimate	**Estimate**	**Estimate**	**Estimate**
Debt	70,000	89,000	104,000	116,000
Other long term liabilities	7,000	7,000	6,000	7,000
TOTAL	**77,000**	**96,000**	**110,000**	**123,000**

4.4 Prospects for interest rates

4.4.1 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on future interest rates. The following table gives their view.

Interest Rates	**Mar-22**	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**
Bank Rate View	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%
5yr PWLB Rate	1.50%	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.80%	1.90%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%	2.10%	2.10%	2.20%	2.30%
25yr PWLB Rate	1.90%	2.00%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
50yr PWLB Rate	1.70%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%	2.10%	2.20%	2.20%	2.30%	2.30%

4.4.2 Over the last two years, the Covid-19 pandemic has done huge economic damage to the UK and to economies around the world. After the Bank of

England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021. As shown in the forecast table above, the forecast for Bank Rate now includes four further increases, one in quarter 2 of 2022 to 0.50%, then quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

4.4.3 A more thorough economic outlook provided by our Treasury Advisors is detailed in **Appendices 2 and 3.**

4.5 Borrowing strategy

4.5.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. With significant levels of capital expenditure expected during 2022/23, it is recommended that the Council maximises its use of internal borrowing rather than seeking to fund projects through new external borrowing. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

4.5.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Deputy Chief Executive (S151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- If it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed;
- If it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- The Council will consider all external loan options available in the market including Public Works Loans Board, Banks, Other Local Authorities and the Municipal Bond Agency. The term and repayment profile of any loans will be determined by the periods we need finance. The level of borrowing will stay within the limits.

4.5.3 Any decisions will be reported to the Cabinet at the next available opportunity.

4.6 Policy on borrowing in advance of need

4.6.1 The Council can not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.6.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequently reported through the mid-year or annual reporting mechanism.

4.7 Debt rescheduling

4.7.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the penalties currently being applied to premature repayments are prohibitive. If rescheduling is done, it will be reported to the Cabinet at the earliest meeting following its action.

4.8 New financial institutions as a source of borrowing and / or types of borrowing

4.8.1 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a "cost of carry")
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time)

4.8.2 The degree to which any of these options proves cheaper than PWLB Certainty Rate is constantly evolving but our advisors will keep us informed.

4.9 Approved Sources of Long and Short Term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal Bond Agency	●	●
Local Authorities	●	
Banks	●	●
Finance Leases	●	●

5.0 Annual Investment Strategy

5.1 Investment policy – management of risk

5.1.1 The Department of Levelling Up, Housing and Communities (DLUHC – this was formerly the Ministry of Housing, Communities and Local Government [MHCLG]) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).

5.1.2 The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

5.1.3 The Council's investment priorities will be Security first, portfolio Liquidity second and then Yield (return) – known as the SLY Principle.

5.1.4 The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

5.1.4.1 Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

5.1.4.2 **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, which the Council will achieve through engaging with its advisors to maintain a monitor on market pricing.

5.1.4.3 **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

5.1.4.4 The Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. See **Appendix 4** for a list.

5.1.4.5 **Lending and transaction limits** (amounts and maturity) for each counterparty will be set through applying the matrix table in paragraph 5.2.6.

5.1.4.6 The Council will set a limit for the amount of its investments which are invested for **longer than 365 days** (see paragraph 5.4.9).

5.1.4.7 Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see paragraph 5.3.2).

5.1.5 The Council has engaged external consultants (see paragraph 2.5.1), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the Council in the context of the expected level of cash balances and need for liquidity throughout the year.

5.1.6 All investments will be denominated in sterling.

5.1.7 As a result of the change in accounting standards for 2019/20 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31 March 2023.)

5.1.8 However, the Council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see section 5.5). Regular monitoring of investment performance will be carried out during the year.

5.1.9 The above criteria are unchanged from last year.

5.2 Creditworthiness policy

5.2.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

5.2.2 The Deputy Chief Executive (S151) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

5.2.3 Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty with the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

5.2.4 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
    i. are UK banks; and/or
    ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term Fitch rating of AAA; and
    iii. have, as a minimum, a credit rating of F1 (Fitch), with regard for Moody's and Standard & Poor's credit ratings (where rated).
- Banks 2 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Building Societies – The Council will use all societies which:
    i. Meet the Fitch rating for banks outlined above; and
    ii. Have assets in excess of £1bn;
- Money Market Funds Fitch CNAV AAAmmf/AAA
- Money Market Funds LNVAV AAAmmf/AAA
- Money Market Funds VNAV AAAmmf/AAA
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, Police, Fire, parish councils and other public bodies

5.2.5 **Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information will be applied to compare the relative security of differing investment opportunities.

5.2.6 **Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

Details	Fitch Short term Rating	Money and/or % Limit	Transaction Limit	Time Limit
The Council's bank* (currently NatWest)	F1	£5m + balance of grant funds	n/a	n/a
Banks 1 (good credit quality)	F1	£5m	£5m	2yr
Banks 2 (Council's banker if not meeting Banks 1)	F2/F3	£5m (call account)	£5m (call account)	1 day
DMADF	UK sovereign rating	unlimited	unlimited	unlimited
Local authorities & other public bodies	N/A	unlimited	unlimited	unlimited
Building Societies	F1	£5m	£5m	2yr
Money Market Funds - CNAV	AAAmmf/AAA	£2m	£2m	liquid
Money Market Funds - LVNAV	AAAmmf/AAA	£2m	£2m	liquid
Money Market Funds - VNAV	AAAmmf/AAA	£2m	£2m	liquid

**This limit was approved in the TMSS for 2021/22 to allow the continued administration of business grant funds.*
***Relates to financial investments only – non-financial investments, such as commercial loans or purchases of income yielding assets, are covered in the Capital Strategy.*

5.2.7 The proposed criteria for specified and non-specified investments are shown in **Appendix 4** for approval.

5.2.8 **Creditworthiness**

5.2.9 Significant levels of downgrades to short- and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

5.3 Other limits

5.3.1 Due care will be taken to consider the country, group and sector exposure of the Council's investments.

5.3.2 **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AAA. The list of countries that qualify using this credit criteria as at the date

of this report are shown in **Appendix 5**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

5.3.3 **Other limits.** In addition:

- no more than 30% of overall investment balances will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies; and
- the Council will not hold more than £5m with any banking group.

5.4 Investment strategy

5.4.1 In-house funds

5.4.2 Over recent years, the Council has typically held upwards of £20m in short term investments with the objective of managing cash flows whilst earning a return at the same time. Before the Covid-19 pandemic hit in Q4 2019/20, interest rates had been increasing gradually, with some short term investments earning over 1% and generating a return for the Council of £238k in 2019/20. Since then, interest rates have plummeted, and with only a limited recovery seen during 2021/22 the return on short term investments is forecast to be circa £45k.

5.4.3 Retaining cash balances (short term investments + current account [excluding Covid-19 grant funds]) of £10m would be enough to ensure a regular turnover in short term investments to manage the fluctuations in cash flows. Therefore, internal borrowing will be used to finance capital expenditure where cash balances remain above £10m, with external borrowing only sought to keep balances above this limit. With current interest rates, this could result in net savings of around £50k per annum versus maintaining cash balances at current levels.

5.4.4 As cash balances reduce through 2022/23, there will be a need to reduce the average maturity on investments to ensure a regular turnover of maturities, which will be matched with the Council's large cash outflows. This will mean the primary consideration for investments will be the core balance and cash flow requirements, with the outlook for short-term interest rates only considered where significant changes are expected. Greater returns are usually obtainable by investing for longer periods, however this needs to be balanced with the Council's cash requirements.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

5.4.5 Investment returns expectations

5.4.6 The current forecast shown in paragraph 4.4.1, includes a forecast for the next increase in Bank Rate in May 2022, though it could come in February.

5.4.7 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year (based on a first increase in Bank Rate in quarter 2 of 2022) are as follows:

Year	%
2022/23	0.50%
2023/24	0.75%
2024/25	1.00%
2025/26	1.25%
Later years	2.00%

5.4.8 **Investment treasury indicator and limit -** total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

5.4.9 **The Council is asked to approve the following treasury indicator and limit:**

Upper limit for principal sums invested for longer than 365 days	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Principal sum invested for longer than 365 days but not exceeding 2 years.	5	5	5

5.4.10 For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to 365 days) in order to benefit from the compounding of interest.

5.5 Investment performance / risk benchmarking

5.5.1 The Council will use an investment benchmark to assess the performance of its investment portfolio of 7 day SONIA (Sterling Overnight Index Average).

5.6 End of year investment report

5.6.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5.7 Commercial and Non-Financial Investments

5.7.1 **Property Investments.** A limit of £5m will be applied to the use of non-specified investments. This principally relates to property funds, which is within the Local Authorities' Property Fund via CCLA.

5.7.2 **Non-Financial Investments.** On the 30th March 2017, Cabinet approved the establishment of a Special Purpose Vehicle – 3 Rivers Developments Limited and that the Council could lend to 3 Rivers Developments Ltd. This company is a subsidiary of Mid Devon District Council and has the sole purpose of property development.

5.7.3 There is no cap on the amount of money that can be loaned to 3 Rivers Developments Ltd. However, for each new project the company takes on, there is an individual loan agreement signed by the S151 Officer prior to any lending. All project spending / borrowing requirements are approved annually by Cabinet as part of the company's Annual Report/Business Plan.

Note: For Members clarity, the NHS Hub loan is treated as General Fund.

5.7.4 Please refer to the Capital Strategy for a more detailed programme and borrowing streams.

6.0 Conclusion

6.1 Treasury management is a highly complex and specialist subject. It is tightly controlled by regulation and procedures that the Council must abide by. In addition to the skilled staff in house, the Council has access to advice from its Treasury Advisors (Link Group) where we need it to ensure that we comply with these rules.

6.2 Cabinet will consider the Treasury Management Strategy before recommending Full Council approve it at its budget meeting on 23 February.

APPENDICES

1. Prudential and treasury indicators and MRP statement
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the Section 151 Officer

Contact for more information:

Andrew Jarrett (01884 234242 / ajarrett@middevon.gov.uk) or

Kieran Knowles (kknowles@middevon.gov.uk)

APPENDIX 1

1.0 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022/23 – 2024/25

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1.1 Capital expenditure

See section 3.2 for the breakdown of capital expenditure.

1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. **The Council is asked to approve the following indicators:**

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2020/21	2021/22	2022/23	2023/24	2024/25
%	**Actual**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Non-HRA	0.79%	2.18%	0.98%	2.28%	5.96%
HRA	15.07%	15.15%	14.90%	16.81%	21.82%

The estimates of financing costs include current commitments and the proposals in this budget report.

1.3 Minimum Revenue Provision (MRP) Policy Statement

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department of Levelling Up, Housing & Communities' *Statutory Guidance on Minimum Revenue Provision* (the DLUHC Guidance).

The broad aim of the DLUHC Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The DLUHC Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. **The Council is recommended to approve the following MRP Statement*:***

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Based on CFR** – MRP will be based on the CFR.

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be*:*

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)

This option provides for a reduction in the borrowing need over approximately the asset's life.

Finance leases will have their capital financing applied on a straight-line basis over the life of the lease contract.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

The MRP requirement for a finance lease or PFI contract is deemed to be equal to the element of the charge/rent that goes to write down the balance sheet liability.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan.

MRP will not be charged against capital expenditure in the year it is incurred, but will instead commence the following year. Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.

1.4 MRP Overpayments

A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2021, the total VRP overpayments were £0m.

APPENDIX 2 – Provided by Link Group (MDDC's Treasury Advisor)

2.0 INTEREST RATE FORECASTS 2022-2025

Link Group Interest Rate View

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Bank Rate View	0.25%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%
5yr PWLB Rate	1.50%	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.80%	1.90%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%	2.10%	2.10%	2.20%	2.30%
25yr PWLB Rate	1.90%	2.00%	2.10%	2.10%	2.20%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
50yr PWLB Rate	1.70%	1.80%	1.90%	1.90%	2.00%	2.00%	2.00%	2.10%	2.10%	2.20%	2.20%	2.30%	2.30%

These forecasts are subject to the following significant risks:

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.
- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.
- **The Monetary Policy Committee** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.
- **The Government** acts too quickly to cut expenditure to balance the national budget.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid-19 and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic. It should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.
- If economic activity slows due to Omicron then is could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.
- Some current key supply shortages could spill over into causing economic activity in some sectors to take a significant hit.
- Rising gas and electricity prices in October and April, and increases in other prices caused by supply shortages and increases in taxation in April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, whether in part or in total?
- The economy seemed to cope well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. Vacancies have also been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services, i.e. a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.
- There could be further nasty surprises on the Covid-19 front beyond the Omicron mutation.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

Forecasts for PWLB rates and gilt and treasury yields

Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period.

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant **upward risk** exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

US treasury yields. During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid-19 pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020. This was then followed by additional Democratic ambition to spend $1trn on infrastructure (which was eventually passed by both houses later in 2021) and an even larger sum on an American families

plan over the next decade; this is still caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus was happening at a time when:

1. A fast vaccination programme had enabled a rapid opening up of the economy during 2021.
2. The economy was growing strongly during the first half of 2021 although it has weakened overall during the second half.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its December meeting with an aggressive response to damp inflation down during 2022 and 2023.

As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Inflationary pressures and erosion of surplus economic capacity look much stronger in the US compared to those in the UK, which would suggest that Fed rate increases eventually needed to suppress inflation, are likely to be faster and stronger than Bank Rate increases in the UK. This is likely to put upward pressure on treasury yields which could then spill over into putting upward pressure on UK gilt yields.

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia, China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

There are possible **downside risks** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash could end up being invested in bonds and so push up demand for bonds and support their prices, i.e. this would help to keep their yields down. How this will interplay with the Bank of England when they stop reinvesting maturing gilts, and then later start selling gilts, will be interesting to monitor.

The balance of risks to medium to long-term PWLB rates: -

- There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era for local authority investing – a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation,

especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US, before consideration would be given to increasing rates.

Investment and borrowing rates

- **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.
- **Borrowing interest rates** fell to historically low rates as a result of the Covid-19 crisis and the quantitative easing operations of the Bank of England, and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
- On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority that had that purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows: -
  - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)
- **Borrowing for capital expenditure.** Our long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.
- While the Council will not be able to avoid borrowing to finance new capital expenditure, there will be a *cost of carry* (the difference between higher borrowing costs and lower investment returns) to any new borrowing that causes a temporary increase in cash balances.

APPENDIX 3 – Provided by Link Group (MDDC's Treasury Advisor)

3.0 ECONOMIC BACKGROUND

Covid-19

Vaccines were a game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the emergence of the Omicron mutation at the end of November dashed such hopes and raised concerns that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading but may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination. To enable time for this latest round of vaccinations, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. Sectors like restaurants, travel, tourism and hotels which had been hit hard during 2020, could now be hit hard again by government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid-19.

MPC meeting 16H December 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the increasing inflationary pressures. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.
- There was a disappointing **0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" Covid-19 restrictions could cause the economy to contract in December.
- On 14th December, the **labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this did not last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market

strengthened again in November. There was also a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November, which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

- On 15th December the **CPI inflation** figure for November showed a further increase from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).
- **Other elements of inflation are also transitory**, e.g. prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas and electricity prices will also fall back after winter when demand for these falls away.
- There were no references this month to inflation being expected to be below the **2% target in two years' time,** which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.
- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% in April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a "modest tightening" in policy will be required, the Bank could be thinking about raising interest rates two or three times this year to 0.75% or 1.00%.
- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
    - Raising Bank Rate as "the active instrument in most circumstances".
    - Raising Bank Rate to 0.50% before starting on reducing its holdings.
    - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    - Once Bank Rate had risen to at least 1%, it would start selling its holdings.

World Growth

World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not

fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply Shortages

The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), which will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will gradually be resolved, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

APPENDIX 4

4.0 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

Specified Investments: All investments with a high level of credit quality subject to a maturity limit of one year.

Non-Specified Investments: Any investments that do not meet the specified investment criteria. These may be of a lower credit quality, for periods in excess of one year, or are more complex instruments which require a greater consideration by members and officers before being authorised for use. A maximum of £5m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria	**Max % of total investments / £ limit per institution**	**Max. maturity period**
DMADF – UK Government	N/A	100%	Any
UK Government gilts	UK sovereign rating	100%	Any
UK Government Treasury bills	UK sovereign rating	100%	Any
Money Market Funds CNAV	AAAmmf/AAA	£2m	Liquid
Money Market Funds LNVAV	AAAmmf/AAA	£2m	Liquid
Money Market Funds VNAV	AAAmmf/AAA	£2m	Liquid
Local authorities	N/A	100%	Any
Term deposits with banks and building societies	F1 (Fitch) / £1bn asset base for building societies	£5m	2 Years
Term deposits with Non-UK banks and building societies	Sovereign Fitch rating of AAA	£3m	1 Year
Gilt funds	UK sovereign rating	100%	Any
Property funds	LA Property Fund	£5m	Ongoing

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Non-specified investments. A maximum of £5m will be held in aggregate in non-specified investments.

APPENDIX 5

5.0 APPROVED COUNTRIES FOR INVESTMENTS

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

The sovereign ratings shown above are at 22 December 2021 from Link Group.

APPENDIX 6

6.0 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Cabinet

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

(iv) Delegation from the Deputy Chief Executive (S151) to the nominated post(s) for the taking of the investment decisions:

- Corporate Manager for Finance and Procurement (Deputy S151)

APPENDIX 7

7.0 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe for example 25+ years;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

CABINET
1 FEBRUARY 2022

CAPITAL PROGRAMME 2022/23 – 2026/27

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

Reason for Report: To seek approval of the 2022/23 Capital Programme and note the draft 2023/24, 2024/25, 2025/26 and 2026/27 programmes.

RECOMMENDATIONS: That the Cabinet recommend to Full Council:

1. **The detailed Capital Programme for 2022/23 of £34,303k be approved and the indicative Capital Programmes across the four remaining years of this Medium Term Financial Plan covering 2023/24 to 2026/27 be noted.**
2. **That investment in the Council Housing Development schemes can start straight away (prior to 01/04/2022), following Full Council approval, to allow the design stage to commence and enable the prompt delivery of these projects.**

Relationship to the Corporate Plan: The Capital Programme identifies the capital investment proposed across all strands of the Corporate Plan over the next five years.

Financial Implications: The Capital Programme submitted for 2022/23 of £34,303k is fully funded. It does, however, include £12,426k of anticipated PWLB borrowing to fund various projects. Future capital receipts are now estimated at such a low level that the Council needs to continually evaluate ways of making additional provision to fund its long-term capital programme or reduce its property portfolio. This is especially relevant due to the uncertainty around the future of New Homes Bonus and its availability as an income stream going forward.

Legal Implications: See comments in the paragraph below in relation to spending of grants and receipts.

Risk Assessment: There is a risk of clawback of external funds if sums received are not spent in accordance with the terms on which they were given, or not within agreed timescales. New Capital Receipts for 2022/23 have been projected at a prudent level of £1,027k but there is a risk that if these do not materialise, the Authority may need to delay scheme start dates to the following financial year or identify an alternative funding mechanism to ensure full programme delivery. Other risks, such as cashflow management are managed through the operation of the Treasury Management Strategy.

Equality Impact Assessment: Each of the capital investments will be, where appropriate, subject to an impact assessment. This is done with a view to identifying possible actions to mitigate negative impacts. However, many of the proposals do not have a direct impact on the public and therefore do not require an Impact Assessment.

Impact on Climate Change: The Capital Programme contains significant investment in order to work towards the Council's Carbon Reduction Pledge. Any major asset replacements/upgrades will consider the environmental impact in relation to carbon footprint.

1.0 Introduction

1.1. The proposed 2022/23 Capital Programme shown in **Appendix 1** has evolved from that originally presented to Cabinet on 26 October and subsequently updated on 4 January 2022, following detailed consultation with Officers and Members. It is mainly focused on essential asset maintenance, funding a range of private sector housing projects, ICT replacement and investment and ensuring that our existing housing stock is maintained to the decent homes standard.

1.2. The 2022/23 programme includes significant investment into Council House building projects and future years indicative programmes include 'spend to save' projects improving the energy efficiency of our property estate that will only be undertaken if the Council is successful in securing sufficient external funding, and is accompanied by a robust business case that demonstrates an acceptable payback period.

1.3. A significant amount of work was undertaken when producing the Council's Medium Term Financial Plan (MTFP) during the year, which helped to scope the size and funding of the 2022/23 Capital Programme. A number of subsequent meetings were held with Corporate Managers, which focused on the essential projects (in terms of end of life asset replacement or health and safety) and involved reprioritising or rescheduling expenditure to future years.

1.4. **Appendix 2** shows the updated indicative Capital Programme for the remaining years within this MTFP, refreshed with up to date information on expenditure and funding. These projections are likely to alter as we get closer to those years as greater information becomes available. Therefore only the Capital Programme for 2022/23 is proposed for approved; the indicative future years are only for information and noting.

2. The 2022/23 Capital Programme

2.1. Through the prioritisation of capital projects, the Council has been able to set a balanced Capital Programme for 2022/23. **Appendix 1** shows the proposed Capital Programme for 2022/23, which totals £34,303k.

2.2. This is a significant increase on previous years due to a significant plan to increase the investment into improving the energy efficiency of our property estate and increasing the HRA Housing stock directly through the HRA and plans to fund housing developments through 3Rivers. As with all capital

projects, these are all subject to a full appraisal and rigorous business case assessment.

2.3. The investment in the 2022/23 Capital Programme can be summarised as:

General Fund Projects	**2022/23 Expenditure £K**
Leisure Services	260
Other General Fund Estates Management	462
Economic Development Projects (Hydro Mills)	420
Housing Infrastructure Schemes (HIF)	13,054
ICT Projects	260
Disabled Facilities / Private Sector Housing Improvements	577
3 Rivers Development Projects	3,534
Other Development Projects	1,265
Regeneration Projects	500
Total General Fund Projects	**20,332**
HRA Projects	**2022/23 Expenditure £K**
Existing Housing Stock	3,015
Housing Development Schemes Funded From 1-4-1 Receipts	1,079
Housing Development Schemes Funded From Homes England Grants and Borrowing	7,435
Other HRA Projects / Council House Development	2,442
Total HRA Projects	**13,971**
TOTAL (GF & HRA)	**34,303**

2.4. General Fund Investment

2.4.1. Within the investment in our Leisure Service, there are a number of projects that will help the Council deliver is commitment to climate change and reducing carbon emissions. It is anticipated that external funding will assist with the funding of these bids, but at present the prudent position of undertaking borrowing is shown.

2.4.2. There is an assumption included in respect of the Housing Infrastructure Funded (HIF) projects. Currently, funding has been received to cover the initial projected estimated cost of the projects. However, costs have dramatically increased since that funding was received. Therefore the Council submitted a bid to the Levelling Up Fund to cover the forecast difference for the Cullompton project. This bid was rejected and currently other forms of funding are actively being sought to enable this project to be delivered. However for the Tiverton project, the assumption is that the shortfall (currently estimated to be £1,900k) will be funded through borrowing.

2.4.3. Further investment within our ICT assets is required to enable the Council to update its infrastructure, including upgrading the telephony and Wi-Fi, and improve its cyber security. In addition, a planned refresh of staff laptops and associated devices is due. This will be completed in a phased roll out to ensure that the cost is spread over a number of years.

2.4.4. As in previous years the Disabled Facilities Grant funding will be used to improve homes across the district that will enable residents with health problems to remain in their homes, avoiding or delaying the need for them to enter the health care system.

2.4.5. The Capital Programme for 2022/23 includes a further £3,534k of 3 Rivers Projects in line with their Business Plan approved by Cabinet in November. This is in addition to £10,364k of slippage to projects approved in prior years.

2.5. Housing Revenue Account Investment

2.5.1. A number of projects to enhance the quality of our existing housing stock are undertaken each year through the planned maintenance scheme. In 2022/23, provision has been made to invest in garage refurbishments, replace roofing, windows and doors in properties where required, along with general modernisation works, including updating heating systems. Budget has been included to address recent legislation post Grenfell and to undertake the remedial action required to mitigate the recommendations from the recent Fire Risk Assessment Audit.

2.5.2. Significant new investment of £8,514k is planned to deliver new housing within the district through highly efficient (zero carbon) modular buildings. To fund the proposed Housing Development Schemes, a prudent assumption has been included for the utilisation of 1-4-1 receipts or for additional grant funding to be made available from Homes England; although a substantial element of the cost remains with the Council. In total, £3,463k is assumed to be secured from 1-4-1 receipts or Homes England funding, leaving £4,249k to be funded by borrowing and the remaining £802k from existing reserves.

2.5.3. The investment in Other Council House Development includes the development of Post Hill in Tiverton.

3. Funding the Capital Programme

3.1. The 2022/23 Capital Programme is fully funded by a combination of:

General Fund Project Funding Sources	**Amount of Funding £K**
Capital Reserve	48
Disabled Facilities Grant	577
New Homes Bonus (NHB)	81
HIF Funding	6,465
Levelling Up [#]	6,436
DCC Funding – Cullompton Infrastructure Project	153
Contribution From Existing Useable Capital Receipts	5
Borrowing	5,977
ICT Equipment Sinking Fund EMR	260
Waste Infrastructure EMR	250
Economic Development EMR	80
Total Funding General Fund Projects	**20,332**
HRA Project Funding Sources	**Amount of Funding £K**
Contribution From Existing Useable Capital Receipts	410
Use Of Forecast Useable Capital Receipts	444
Major Repairs Allowance	2,465
New Homes Bonus (NHB)	21
Use Of Forecast Replacement Homes Capital Receipts	432
Contribution From Renewable Energy Fund EMR	250
S106 Affordable Housing	170
*Contribution From Affordable Rents Surplus EMR	299
Anticipated Homes England Funding For Housing Development Projects (Assumed At 45%)	3,031
Borrowing	6,449
Total Funding HRA Projects	**13,971**
TOTAL FUNDING (GF & HRA)	**34,303**

[#] Levelling up bid failed now seeking alternative funding to make Cullompton infrastructure project viable

* Note Affordable Rents Surplus is the additional amount generated from new Council Houses let at affordable rents as opposed to social rent historically charged for our Council Homes.

3.2. The figures assumed for receipts from the sale of assets have been calculated prudently and therefore if any additional receipts are generated we can return to some of the projects which could not be funded in the first instance and consider their inclusion. Any such decision (subject to constraints within the

financial rules) would require Full Council approval and be linked to the Corporate Plan priorities.

3.3. Due to the very low level of estimated new capital receipts for 2022/23, only a small number of Council funded schemes have been incorporated in the Capital Programme. Council house sales have been predicted at a prudent level across the life of this programme. The projected level of usable capital receipts available for 2022/23 is £1,291k. All other previously generated capital receipts have been used to balance the subsequent years of the MTFP.

3.4. The Government Pooling arrangements mean a proportion of the Council House sale proceeds are pooled to the Government; a proportion is retained in a ring-fenced reserve for replacement house building (linked to the HRA self-financing arrangements that have been in place since 01/04/12) and the balance is retained by the Authority as a useable capital receipt, which can be used to support our Capital Programme.

3.5. As shown, the 2022/23 Capital Programme requires £102k (£81k General Fund + £21k HRA) of New Homes Bonus (NHB) funding to ensure it is balanced. Further contributions from NHB are required over the life of the MTFP, with the forecast contributions amounting to £561k.

3.6. The future of the NHB scheme and the associated funding is still unclear. The Government has stated, again, its intention to consult on changes to the New Homes Bonus scheme to make it more effective and it intends to implement any changes from 2023/24. Therefore there is a major risk to the availability of funding for our future Capital Programme. The Revenue report highlights the need to explore other revenue income streams to try to mitigate reduction in NHB but this will of course be challenging.

3.7. A programme of £2,465k has been identified to maintain our existing council house stock. The balance of available monies will remain in the Major Repairs Reserve in order to deal with future additional spend that has been identified by the stock condition survey.

3.8. There is also additional general projected slippage from 2021/22, currently estimated to be £23,239k that will roll into the 2022/23 Capital Programme. This is not yet included and approval will be sought to add it to the 2022/23 Capital Programme during Outturn.

3.9. We continue to set aside sinking funds for future asset maintenance, replacement of Leisure plant and equipment and for future replacement of ICT systems and equipment. This ensures the Revenue base budget is more robust. However, given the pressure on its finances, the Council will need to assess whether this remains affordable, or whether alternative options should be explored.

4. Council Borrowing

4.1. Prudential borrowing has been estimated for 2022/23 at £12,426k, this will be used to fund General Fund schemes amounting to £5,977k and HRA scheme amounting to £6,449k. All schemes will be subject to a rigorous business case assessment; their cost and timing of spend will determine the amount of actual prudential borrowing required.

4.2. Borrowing is also envisaged across the remainder of this MTFP amounting to £103,407k; of this £54,349k will be used to deliver General Fund projects and £49,508k to deliver HRA projects.

4.3. Borrowing will be supported or supplemented with short and medium term Treasury Management decisions based on prevailing and future interest rates and will only be considered in exceptional circumstances, whether in relation to the projects detailed above or for spend to save projects following a robust cost/benefit analysis exercise that would be able to demonstrate both an acceptable 'payback period' and that savings would be generated in excess of the annual revenue cost of servicing the debt.

5. Conclusion

5.1. As previously mentioned, the Capital Programme for the next four years is limited due to the scarce availability of funding (with the exception of borrowing). It is, therefore, imperative that capital funds are only spent on those projects that enable the Council to deliver its Corporate Plan objectives, reduce operational cost, or generate a financial return.

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

Robert Fish, Principal Accountant
01884 234313 rfish@middevon.gov.uk

Circulation of the Report Leadership Team, Cabinet

Background Papers: Capital Bid Submissions and workings for MTFP

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CAPITAL PROGRAMME - Medium Term Financial Plan 2022/23 - 2026/27

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Total £k	Notes
General Fund Estates Management				
Exe Valley Leisure Centre				
Evlc - Boilers and CHP	30		30	
Evlc - Fitness Studio renewal of equipment	153		153	
Culm Valley sports centre				
Ceiling - asset review		260	260	
Cvsc - Remodelling of Ground Floor	189		189	
Other Leisure - Projects				
Reception infrastructure review - All sites	120		120	
All Leisure Etarmis - Security Swipe - (linked to security project)	30		30	
Total Leisure	**522**	**260**	**782**	
Other MDDC Buildings				
Cemetery Lodge - Structural solution for damp		62	62	
Phoenix House				
Etarmis - Security Swipe - (linked to security project)	50		50	
General Car parks				
West Exe South - Remodelling - additional parking spaces	60		60	
MDDC Depot sites				
Depot Design & Build - Waste & Recycling		250	250	Subject to identification of appropriate site
MDDC Shops/industrial Units				
36 & 38 Fore Street including Flat above structure & cosmetic works	47	150	197	This is in addition to the £47k identified in 2021/22.
Market Walk Unit 17 - remodelling options	495		495	
Parks & Play Areas				
Open Space Infrastructure (incl Play Areas)	20		20	
Play area refurbishment - Amory Park Tiverton	74		74	
Other Projects				
Hydromills Electricity generation Project - Tiverton Weir	800	420	1,220	Funding options to be explored - subject to acceptable Business Case/Financial appraisal. This is in addition to £800k identified in 2021/22 that is forecast to slip into 2022/23.
Land drainage flood defence schemes - St Marys Hemyock	50		50	
Land drainage flood defence schemes - Ashleigh Park Bampton	87		87	
Land acquisition for operational needs	1,000		1,000	
Total Other	**2,683**	**882**	**3,565**	

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Total £k	Notes
HIF Schemes				
Cullompton Town Centre Relief Road (HIF bid)		8,414	8,414	Revised Project costs/funding have been incorporated per Cabinet Report 03/08/21 and latest forecast from DCC (July 2021). Revised total project costs £24.9m. 'Levelling Up' funding bid has been submitted for £13.6m, if successful this funding will be used to partially fund costs in this forward looking MTFP but also budgeted costs in 2021/22 (which depending on the speed in which this project progresses may slip into 2022/23). Total project costs in this plan take into account monies already spent in 2019/20 & 2020/21 and the budgeted spend in 2021/22 Capital Programme. **Levelling up bid unsuccessful - alternative funding source being explored - if insufficient funding identified project will be unable to continue**
Tiverton EUE A361 Junction Phase 2 (HIF bid)		4,640	4,640	Additional £1.9m projected costs assumed in 2023/24 per Cabinet Report 03/08/21 (Total revised project forecast £10.1m). At this stage for illustrative purposes to be funded by borrowing until tendering process complete and revised report brought back to Cabinet regarding delivery contract and associated funding and revised estimated profile of spend.
Total HIF Schemes	**0**	**13,054**	**13,054**	
ICT Projects				
Laptop/desktop refresh - Workstation		150	150	
Secure WIFI Replacement		60	60	
Network Switch/Firewall Refresh (all sites except P/House)		50	50	
Server farm expansion/upgrades	74		74	
Additional Unified Communications budget	66		66	
CRM replacement	175		175	
Digital Transformation	33		33	
Lalpac Licensing System replacement	80		80	
Total ICT	**428**	**260**	**688**	
Private Sector Housing Grants				
Disabled Facilities Grants–P/Sector		577	577	
Total PSH Grants	**0**	**577**	**577**	
TOTAL GF PROJECTS	**3,633**	**15,033**	**18,666**	
Other General Fund Development Projects				
3 Rivers Scheme - Bampton		1,206	1,206	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
3 Rivers Scheme - Riverside Development (rear of Town Hall) Tiverton	925	99	1,024	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
* 3 Rivers scheme - Knowle Lane, Cullompton (note slippage from 2020/21 will fund planned spend in 2021/22)	7,739	0	7,739	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
* 3 Rivers Schemes - Future Projects	1,700	2,229	3,929	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
* These schemes require signed loan agreements before they can be progressed further				
Park Road (Delivery of this project is yet to be determined until conclusion of marketing exercise & therefore maybe a Capital Receipt)	760	1,265	2,025	
Post Hill Tiverton	4075		4,075	
Regeneration Project 2		500	500	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
TOTAL GF OTHER DEVELOPMENT PROJECTS	**15,199**	**5,299**	**20,498**	
GRAND TOTAL GF PROJECTS	**18,832**	**20,332**	**39,164**	

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Total £k	Notes
HRA Projects				
Existing Housing Stock				
Major repairs to Housing Stock	377	2,465	2,842	
*Renewable Energy Fund		250	250	
Home Adaptations - Disabled Facilities		300	300	
* 23/24 & 24/25 are dependent on SHDF Funding bid in 21/22 - if successful this spend will be b/fwd to 22/23				
**** Housing Schemes (1:4:1 Receipt) Projects**				
Housing Scheme - Project 1		35	35	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
Housing Scheme - Project 2		150	150	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
Future Housing schemes - 1:4:1 Projects		494	494	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
Affordable Housing/ Purchase of ex RTB		400	400	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
**** Housing Development Schemes**				
Housing Scheme - Project 11		1,500	1,500	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 14		800	800	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 16		900	900	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 18		900	900	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 19		1,400	1,400	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Future Housing development Schemes		1,935	1,935	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
**** Proposed Council House 1:4:1 & Housing Development schemes subject to full appraisal**				
Other HRA Projects				
Westexe - Structural Communal area work (stairwells, steps)		100	100	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
Garages Block - Redevelopment	408	92	500	This is in addition to the £408k identified in 2021/22, the majority of which is projected to slip into 2022/23
Post Hill, Tiverton	3,217	2,200	5,417	Original timescales/costs have been assumed - subject to scheduling of delivery provider. Planning application to be submitted Jan/Feb 2022
Old Road Depot remodelling options - forecast expenditure to maintain operations		50	50	Assumed Costs to keep building operational
Queensway (Beech Road) Tiverton (3 units)	380		380	
Sewerage Treatment Works - Washfield	25		25	
GRAND TOTAL HRA PROJECTS	**4,407**	**13,971**	**18,378**	
GRAND TOTAL GF + HRA Projects	**23,239**	**34,303**	**57,542**	

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Total £k	Notes
FUNDING				
MDDC Funding Summary				
General Fund				
EXISTING FUNDS	**Estimated Slippage Funding from 21/22 to be C/fwd to 2022/23 £k**	**Estimated Capital Programme Funding 2022/23 £k**	**Total £k**	
Capital Grants Unapplied Reserve	20	577	**597**	
Capital Receipts Reserve	328	5	**333**	
NHB Funding	1,291	81	**1,372**	
Other Earmarked Reserves	194	638	**832**	
HIF Funding (Tiverton & Cullompton schemes)	0	6,465	**6,465**	
Levelling Up funding bid (Cullompton Relief Road Project)	0	6,436	**6,436**	Levelling up bid unsuccessful - alternative funding source being explored - if insufficient funding identified project will be unable to continue
DCC Funding (Cullompton Relief Road Project)	0	153	**153**	
Subtotal	**1,833**	**14,355**	**16,188**	
NEW FUNDS				
PWLB Borrowing (50 years)	1,000	500	**1,500**	
PWLB Borrowing (25 years)	800	678	**1,478**	
PWLB Borrowing (3 years)	15,199	4,799	**19,998**	
Subtotal	**16,999**	**5,977**	**22,976**	
Total General Fund Funding	**18,832**	**20,332**	**39,164**	
Housing Revenue Account				
EXISTING FUNDS	**Estimated Slippage Funding from 21/22 to be C/fwd to 2022/23 £k**	**Estimated Capital Programme Funding 2022/23 £k**	**Total £k**	
Homes England Funding	0	3,031	**3,031**	
Capital Grants Unapplied Reserve	0	170	**170**	
Capital Receipts Reserve	303	1,286	**1,589**	
NHB Funding	21	21	**42**	
HRA Housing Maintenance Fund	316	0	**316**	
Other Housing Earmarked Reserves	550	3,014	**3,564**	
Subtotal	**1,190**	**7,522**	**8,712**	
NEW FUNDS	**2022/23 £k**	**2022/23 £k**	**Total £k**	
PWLB Borrowing (50 years)	3,217	6,449	**9,666**	
Subtotal	**3,217**	**6,449**	**9,666**	
Total Housing Revenue Account Funding	**4,407**	**13,971**	**18,378**	
TOTAL FUNDING	**23,239**	**34,303**	**57,542**	

CAPITAL PROGRAMME - Medium Term Financial Plan 2022/23 - 2026/27

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Estimated Capital Programme 2023/24 £k	Estimated Capital Programme 2024/25 £k	Estimated Capital Programme 2025/26 £k	Estimated Capital Programme 2026/27 £k	Total £k	Notes
General Fund Estates Management								
Lords Meadow Leisure Centre								
Dance Studio space challenge (Relocation of dance studio)			902				902	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
Fitness Studio renewal of equipment			150				150	
ATP surface replacement			150				150	
Spin Bikes			24				24	
Exe Valley Leisure Centre								
ATP replacement (50% share with DCC)					150		150	50% Funded by DCC
Spin Bikes			32				32	
Evlc - Boilers and CHP	30						30	
Evlc - Fitness Studio renewal of equipment	153						153	
Culm Valley sports centre								
Remodelling dance studio			153				153	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
ATP replacement (50% share with DCC)				150			150	50% Funded by DCC
Ceiling - asset review		260					260	
Fitness Studio renewal of equipment				150			150	
Spin Bikes			24				24	
Cvsc - Remodelling of Ground Floor	189						189	
Leisure - Climate Change-Net Zero Target (incl heat- decarbonisation)								
EVLC - Boilers & CHP						80	80	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
EVLC - Air Source Heat Pumps					420		420	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids. Also to note if bid unsuccessful like for like Gas Boilers would need to be replaced in 25/26 at a cost of Circa £200k
EVLC - Solar Car Park Cover						390	390	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
EVLC -Ground Source Heat Pumps						520	520	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
EVLC - Building Fabric - Insulation improvements					350		350	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
LMLC -Solar Car Park Cover			640				640	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
LMLC -Ground Source Heat Pump -(for whole site)					170		170	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids. Also to note if bid unsuccessful like for like Gas Boilers would need to be replaced in 25/26 at a cost of Circa £90k
LMLC - Building Fabric -insulation improvements						350	350	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
CVSC - Biomass Boiler installation				160			160	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
CVSC -Air Source Heat Pump					170		170	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
CVSC -Ground Source Heat Pumps						220	220	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
CVSC -Building Fabric -Insulation improvements					200		200	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
Other Leisure - Projects								
Reception infrastructure review - All sites	120						120	
All Leisure Etarmis - Security Swipe - (linked to security project)	30						30	
Total Leisure	**522**	**260**	**2,075**	**460**	**1,460**	**1,560**	**6,337**	

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Estimated Capital Programme 2023/24 £k	Estimated Capital Programme 2024/25 £k	Estimated Capital Programme 2025/26 £k	Estimated Capital Programme 2026/27 £k	Total £k	Notes
Other MDDC Buildings								
Cemetery Lodge - Structural solution for damp		62					62	
Phoenix House								
Cooling options Air Handing Unit				150			150	
Phoenix House - Air Source Heat Pumps and ducting				450			450	Subject to acceptable Business Case/Financial appraisal and success of External/Salix funding bids
Etarmis - Security Swipe - (linked to security project)	50						50	
General Car parks								
MSCP -Solar carport and additional security						370	370	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
West Exe South - Remodelling - additional parking spaces	60						60	
MDDC Depot sites								
Depot Design & Build - Waste & Recycling		250	3,500				3,750	Subject to identification of appropriate site
Recycling Baler replacement				480			480	
MDDC Shops/industrial Units								
36 & 38 Fore Street including Flat above structure & cosmetic works	47	150	100				297	This is in addition to the £47k identified in 2021/22.
Market Walk Unit 17 - remodelling options	495						495	
Parks & Play Areas								
Amory Park - Hard Court Area			64				64	
Play Area's - schemes tbc			50	50		50	150	
Open Space Infrastructure (incl Play Areas)	20						20	
Play area refurbishment - Amory Park Tiverton	74						74	
Public Conveniences								
Phoenix Lane Toilets - new construction in fresh position - funding options to be pursued			125				125	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
Westexe Rec Toilets - Replacement			159				159	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
Other Projects								
Hydromills Electricity generation Project - Tiverton Weir	800	420					1,220	Funding options to be explored - subject to acceptable Business Case/Financial appraisal. This is in addition to £800k identified in 2021/22 that is forecast to slip into 2022/23.
Tiverton Market Paving - Permanent Solution			150				150	
Land drainage flood defence schemes - St Marys Hemyock	50						50	
Land drainage flood defence schemes - Ashleigh Park Bampton	87						87	
Land acquisition for operational needs	1,000						1,000	
Total Other	**2,683**	**882**	**4,148**	**1,130**	**0**	**420**	**9,263**	
HIF Schemes								
Cullompton Town Centre Relief Road (HIF bid)		8,414	11,038	597			20,049	Revised Project costs/funding have been incorporated per Cabinet Report 03/08/21 and latest forecast from DCC (July 2021). Revised total project costs £24.9m. 'Levelling Up' funding bid has been submitted for £13.6m, if successful this funding will be used to partially fund costs in this forward looking MTFP but also budgeted costs in 2021/22 (which depending on the speed in which this project progresses may slip into 2022/23). Total project costs in this plan take into account monies already spent in 2019/20 & 2020/21 and the budgeted spend in 2021/22 Capital Programme. **Levelling up bid unsuccessful - alternative funding source being explored - if insufficient funding identified project will be unable to continue**
Tiverton EUE A361 Junction Phase 2 (HIF bid)		4,640	5,100				9,740	Additional £1.9m projected costs assumed in 2023/24 per Cabinet Report 03/08/21 (Total revised project forecast £10.1m). At this stage for illustrative purposes to be funded by borrowing until tendering process complete and revised report brought back to Cabinet regarding delivery contract and associated funding and revised estimated profile of spend.
Total HIF Schemes	**0**	**13,054**	**16,138**	**597**	**0**	**0**	**29,789**	

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Estimated Capital Programme 2023/24 £k	Estimated Capital Programme 2024/25 £k	Estimated Capital Programme 2025/26 £k	Estimated Capital Programme 2026/27 £k	Total £k	Notes
ICT Projects								
Laptop/desktop refresh - Workstation		150	150	150	150	150	750	
Secure WIFI Replacement		60			65		125	
Network Switch/Firewall Refresh (all sites except P/House)		50			55		105	
Server hardware/software Citrix Replacement			50				50	
Uninterruptible Power Supply Refresh			20			25	45	
VM/Storage Area Network			120			130	250	
Server farm expansion/upgrades	74						74	
Additional Unified Communications budget	66						66	
CRM replacement	175						175	
Digital Transformation	33						33	
Lalpac Licensing System replacement	80						80	
Total ICT	**428**	**260**	**340**	**150**	**270**	**305**	**1,753**	
Private Sector Housing Grants								
Disabled Facilities Grants–P/Sector		577	581	586	590	594	2,928	
Total PSH Grants	**0**	**577**	**581**	**586**	**590**	**594**	**2,928**	
TOTAL GF PROJECTS	**3,633**	**15,033**	**23,282**	**2,923**	**2,320**	**2,879**	**50,070**	
Other General Fund Development Projects								
3 Rivers Scheme - Bampton		1,206					1,206	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
3 Rivers Scheme - Riverside Development (rear of Town Hall) Tiverton	925	99	178				1,202	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
* 3 Rivers scheme - Knowle Lane, Cullompton (note slippage from 2020/21 will fund planned spend in 2021/22)	7,739	0	2,725				10,464	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
* 3 Rivers Schemes - Future Projects	1,700	2,229	8,622	12,288	12,000	5,000	41,839	Linked to 3 Rivers Business Plan that was presented at 30/11/21 Cabinet
* These schemes require signed loan agreements before they can be progressed further								
Park Road (Delivery of this project is yet to be determined until conclusion of marketing exercise & therefore maybe a Capital Receipt)	760	1,265	100				2,125	
Post Hill Tiverton	4075						4,075	
Regeneration Project 1			2,500				2,500	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
Regeneration Project 2		500					500	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
TOTAL GF OTHER DEVELOPMENT PROJECTS	**15,199**	**5,299**	**14,125**	**12,288**	**12,000**	**5,000**	**63,911**	
GRAND TOTAL GF PROJECTS	**18,832**	**20,332**	**37,407**	**15,211**	**14,320**	**7,879**	**113,981**	

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Estimated Capital Programme 2023/24 £k	Estimated Capital Programme 2024/25 £k	Estimated Capital Programme 2025/26 £k	Estimated Capital Programme 2026/27 £k	Total £k	Notes
HRA Projects								
Existing Housing Stock								
Major repairs to Housing Stock	377	2,465	2,435	2,275	2,295	2,315	12,162	
*Renewable Energy Fund		250	250	250	250	250	1,250	
Home Adaptations - Disabled Facilities		300	305	310	315	320	1,550	
* 23/24 & 24/25 are dependent on SHDF Funding bid in 21/22 - if successful this spend will be b/fwd to 22/23								
**** Housing Schemes (1:4:1 Receipt) Projects**								
Housing Scheme - Project 1		35					35	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
Housing Scheme - Project 2		150					150	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
Future Housing schemes - 1:4:1 Projects		494	2,796	430			3,720	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
Affordable Housing/ Purchase of ex RTB		400	400	400	400	400	2,000	Subject to acceptable Business Case/Financial appraisal - 40% Funded through 1:4:1 Monies, additional funding options to be explored
**** Housing Development Schemes**								
Housing Scheme - Project 11		1,500					1,500	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 14		800					800	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 16		900					900	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 18		900					900	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Housing Scheme - Project 19		1,400					1,400	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
Future Housing development Schemes		1,935	10,965	14,000	27,900	13,800	68,600	Subject to acceptable Business Case/Financial appraisal - Assumed 45% Homes England Funding in respect of additional units created, additional funding options to be explored
**** Proposed Council House 1:4:1 & Housing Development schemes subject to full appraisal**								
Other HRA Projects								
Westexe - Structural Communal area work (stairwells, steps)		100	350				450	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
Garages Block - Redevelopment	408	92					500	This is in addition to the £408k identified in 2021/22, the majority of which is projected to slip into 2022/23
Post Hill, Tiverton	3,217	2,200	8,800				14,217	Original timescales/costs have been assumed - subject to scheduling of delivery provider. Planning application to be submitted Jan/Feb 2022
Old Road Depot remodelling options - forecast expenditure to maintain operations		50	50	250	100	50	500	Assumed Costs to keep building operational
Queensway (Beech Road) Tiverton (3 units)	380						380	
Sewerage Treatment Works - Washfield	25						25	
GRAND TOTAL HRA PROJECTS	**4,407**	**13,971**	**26,351**	**17,915**	**31,260**	**17,135**	**111,039**	
GRAND TOTAL GF + HRA Projects	**23,239**	**34,303**	**63,758**	**33,126**	**45,580**	**25,014**	**225,020**	

	Estimated Slippage from 21/22 to be C/fwd to 2022/23 £k	Estimated Capital Programme 2022/23 £k	Estimated Capital Programme 2023/24 £k	Estimated Capital Programme 2024/25 £k	Estimated Capital Programme 2025/26 £k	Estimated Capital Programme 2026/27 £k	Total £k	Notes
FUNDING								
MDDC Funding Summary								
General Fund								
EXISTING FUNDS	**Estimated Slippage Funding from 21/22 to be C/fwd to 2022/23 £k**	**Estimated Capital Programme Funding 2022/23 £k**	**Estimated Capital Programme Funding 2023/24 £k**	**Estimated Capital Programme Funding 2024/25 £k**	**Estimated Capital Programme Funding 2025/26 £k**	**Estimated Capital Programme Funding 2026/27 £k**	**Total £k**	
Capital Grants Unapplied Reserve	20	577	581	661	665	594	**3,098**	
Capital Receipts Reserve	328	5	255	65	0	20	**673**	
NHB Funding	1,291	81	337	110	0	30	**1,849**	
Other Earmarked Reserves	194	638	2,140	175	0	0	**3,147**	
HIF Funding (Tiverton & Cullompton schemes)	0	6,465	10,550	0	0	0	**17,015**	
Levelling Up funding bid (Cullompton Relief Road Project)	0	6,436	3,438	0	0	0	**9,874**	Levelling up bid unsuccessful - alternative funding source being explored - if insufficient funding identified project will be unable to continue
DCC Funding (Cullompton Relief Road Project)	0	153	250	597	0	0	**1,000**	
Subtotal	**1,833**	**14,355**	**17,551**	**1,608**	**665**	**644**	**36,656**	
NEW FUNDS								
PWLB Borrowing (50 years)	1,000	500	4,250	0	0	0	**5,750**	
PWLB Borrowing (25 years)	800	678	1,851	610	1,310	1,930	**7,179**	
PWLB Borrowing (10 years)	0	0	0	555	75	0	**630**	
PWLB Borrowing (5 years)	0	0	230	150	270	305	**955**	
PWLB Borrowing (3 years)	15,199	4,799	11,625	12,288	12,000	5,000	**60,911**	
Tiverton HIF Scheme - Assumed funded through borrowing from Public Works Loan Board			1,900				**1,900**	Funding options to be explored - subject to acceptable Business Case/Financial appraisal
Subtotal	**16,999**	**5,977**	**19,856**	**13,603**	**13,655**	**7,235**	**77,325**	
Total General Fund Funding	**18,832**	**20,332**	**37,407**	**15,211**	**14,320**	**7,879**	**113,981**	
Housing Revenue Account								
EXISTING FUNDS	**Estimated Slippage Funding from 21/22 to be C/fwd to 2022/23 £k**	**Estimated Capital Programme Funding 2022/23 £k**	**Estimated Capital Programme Funding 2023/24 £k**	**Estimated Capital Programme Funding 2024/25 £k**	**Estimated Capital Programme Funding 2025/26 £k**	**Estimated Capital Programme Funding 2026/27 £k**	**Total £k**	
Homes England Funding	0	3,031	3,776	4,903	12,555	5,393	**29,658**	
Capital Grants Unapplied Reserve	0	170	168	168	168	168	**842**	
Capital Receipts Reserve	303	1,286	2,138	1,197	1,030	1,035	**6,989**	
NHB Funding	21	21	21	21	21	21	**126**	
HRA Housing Maintenance Fund	316	0	0	0	0	0	**316**	
Other Housing Earmarked Reserves	550	3,014	2,810	2,650	2,670	2,690	**14,384**	
Subtotal	**1,190**	**7,522**	**8,913**	**8,939**	**16,444**	**9,307**	**52,315**	
NEW FUNDS	**2022/23 £k**	**2022/23 £k**	**2023/24 £k**	**2024/25 £k**	**2025/26 £k**	**2026/27 £k**	**Total £k**	
PWLB Borrowing (50 years)	3,217	6,449	17,438	8,976	14,816	7,828	**58,724**	
Subtotal	**3,217**	**6,449**	**17,438**	**8,976**	**14,816**	**7,828**	**58,724**	
Total Housing Revenue Account Funding	**4,407**	**13,971**	**26,351**	**17,915**	**31,260**	**17,135**	**111,039**	
TOTAL FUNDING	**23,239**	**34,303**	**63,758**	**33,126**	**45,580**	**25,014**	**225,020**	

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Cabinet
01 February 2022

Budget for 2022/23

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

Reason for Report: This report provides the budget proposals for the General Fund and the Housing Revenue Account for the year 2022/23 and recommends the Band D Council Tax charge for 2022/23.

RECOMMENDATIONS:

Cabinet are asked to recommend to Full Council that:

1. **A Council Tax Requirement of £6,523,930, calculated using a Council Tax of £218.84 for a Band D property, an increase of £5 or 2.34% from 2021/22 and a Tax Base of 29,811.41, in accordance with the Local Authorities (Calculation of Tax Base) Regulation 1992, as amended, after the relevant adjustments in respect of the Council tax support scheme approved by Cabinet on 4 January 2022;**
2. **The overall budgeted Cost of Services within the General Fund budget of £14,785,295 for 2022/23 is approved as detailed across Appendices 1 – 3;**
3. **The 2022/23 budget requires no transfer from the General Fund Balance;**
4. **A further temporary transfer of £144,879 from the New Homes Bonus EMR to balance the General Fund Budget in addition to the £258,808 already included within previous budget assumptions;**
5. **HRA budget for 2022/23 be approved – Appendix 4;**
6. **HRA fees/charges are approved based on the attached Appendix 5a - b;**
7. **Work on strategic planning for delivering a balanced budget for 2023/24 is commenced in the Spring.**

Relationship to Corporate Plan: This budget delivers the Corporate Plan priorities within existing financial resources.

Financial Implications: This is a financial report and the implications are contained within it. This report proposes a balanced GF and HRA budget for 2022/23 without reducing service delivery.

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

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

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

Climate Change Assessment: The General Fund, Capital Programme and the Housing Revenue Account all contain significant investment in order to work towards the Council's Carbon Reduction Pledge.

1 Introduction

1.1. The balancing of the Council's budget continues to be a challenge year-on-year following the Government's austerity measures and the subsequent reduction in funding. Further, the financial impacts of Covid-19 continue to disrupt service delivery and reduce fee income whilst government support to the Council has ceased (insofar as it has been announced to date).

1.2. To mitigate these austerity measures, the Council has already secured and delivered significant savings for over a decade in order to "balance the books" and maintain service delivery during that austerity period.

1.3. Leadership Team, Corporate Managers and the Finance Team have been involved in discussions to secure savings, without reducing service delivery as far as possible. However it is now a more difficult challenge year-on-year and therefore, looking to the future, a new more strategic process will be required to match service provision to available funding.

1.4. In October, the General Fund (GF) indicated a budget deficit of £1.072m in 2022/23 rising to over £1.6m by the end of the 5-year timeframe, based upon a number of key assumptions (e.g. Government funding, inflation rates, pay award, Council Tax level, use of balances/reserves, Covid-19 etc.). Following further review, the 2022/23 deficit had increased to £1.427m as reported to Cabinet on 4 January 2022. Within that January report, a savings target was issued to the Cabinet and Policy Development Groups to try to identify additional savings/income to help balance the 2022/23 Budget.

1.5. This report shows the progress made towards balancing the 2022/23 Budget, and recommends the General Fund and the associated Band D Council Tax charge for 2022/23 and summarises the Capital Programme and Housing Revenue Account for the year 2022/23.

2. January PDGs and Cabinet – Budget Update

2.1. Policy Development Group (PDG) and Scrutiny meetings in January received an update on the latest budget shortfall position, which had reduced to £947k due to minor alterations to staffing budgets and a thorough review of the Capital Financing implications flowing from a largely finalised Capital Programme, which has enable greater use of internal balances to fund the planned capital expenditure.

2.2. Throughout the budget process the PDGs have been kept informed and have considered various options during the drafting of the proposed 2022/23 Budget. During their January meetings, the individual PDGs agreed to make the following recommendations to Cabinet to help reduce the budget deficit:

2.2.1. Environment Policy Development Group

- To recommend the move to 3-weekly waste collection. However, the committee felt it more prudent to not include any expected budget savings in 2022/23, instead advised to retain flexibility to assist with the implementation costs.
- To consider including an assumption that income generated from the Share Waste Savings scheme could recover further in 2022/23.

2.2.2. Economy Policy Development Group

- To consider including an assumption that income generated from Car Parking could recover further in 2022/23.
- To take ownership of the development of both motorway junctions in the district to ensure that the wider economic benefits arising are captured.

2.2.3. Homes Policy Development Group

- To promote the Piper Alarm scheme to increase the customer base for this important service to the community.
- To increase the stock of housing units available to support the homeless and thereby reduce the B&B costs incurred by the Council.

2.2.4. The Community Policy Development Group meeting will be held after this report has been published. Therefore any recommendations coming from that meeting will be verbally presented to Cabinet at the meeting. Should Cabinet support any of those suggestions, which are not already part of the proposed budget, the budget will be updated through an equal and opposite adjustment to the proposed use of New Homes Bonus.

2.3. Some of the options discussed by the Committees have variable savings levels, or involve lead times meaning that the proposal is unlikely to help with the 2022/23 budget deficit. However, these options are still important and should continue to be assessed to assist with future year's budgets. Officers will bring back proposals for discussion once further developed.

3. The Corporate Plan

3.1. The new Corporate Plan was presented to Cabinet on 16 January 2020. It sets the overarching direction of travel for the Council and will guide all future decision making through to 2024.

4. Key Assumptions for the 2022/23 Budget

4.1. The Council has carefully scrutinised all existing budgets and the service risks associated with delivering them. It has also examined all material income sources, especially the ones which are most at risk due to the impact of Covid-19 which has led to continuing fluctuations in demand and price movements e.g. recycling products, planning, car parking and leisure services income.

4.2. In such rapidly and frequently changing circumstances (not to mention unprecedented) assumptions soon become superseded by events. Given the success of the vaccine programme rolling out across the country, it does not seem unreasonable to assume that "things" will continue to slowly return to

some version of normal in the latter half of 2022. This budget therefore assumes that early in the budget year we will enter a recovery phase with services activity and income growing accordingly.

4.3. In addition to the above, regard has been made to our existing and future levels of reserves and balances which are required. We have a number of ongoing commitments already made against these reserves and balances (e.g. future capital contributions, economic development and building projects, "spend to save" projects, business transformation, town centre regeneration, future grant settlements).

4.4. However, given the prevalence of uncertainty, it should be noted this budget may well vary to a material extent. The Deputy Chief Executive (S151 Officer) proposes this budget on the basis of the information that is available at this time and his judgement of the most likely outcomes. Any adverse movement in these numbers will require support from other areas of the General Fund, or potentially Reserves as a last resort. Therefore there will be a need for much earlier intervention on reducing spend if financial monitoring indicates a shortfall position at the year end.

4.5. In January 2019 Cabinet amended the minimum level of general reserves required to be maintained at £2m. This level continues to be prudent due to the resilience offered by the level of Earmarked Reserves which the Council holds for specific projects. Using these reserves to fund recurrent General Fund expenditure must be considered an option of last resort. It is inherently unsustainable (they can only be spent once) and with the forecast financial challenges this Council will face in the coming years, post Covid-19, it is imperative that they are maintained at the highest level possible.

4.6. Corporate Managers, in conjunction with the Finance Team, review all areas of income and expenditure for known increases / decreases based on both prevailing and predicted changes in demand, price inflation, contractual obligations, etc., when proposing the 2022/23 budget. More volatile budgets are subject to sensitivity analysis and a reasonably prudent assessment is made.

5. Requirements for Council Tax Setting

5.1. In recent years the Government (via the DLUHC) has become far more prescriptive with regard to acceptable levels of Council Tax increase. The implementation of the Localism Act has effectively replaced Government set "capping limits" and replaced them with principles that allow the local electorate to call for a referendum if the Council is planning to increase its Council Tax above an acceptable level. The level for District Councils announced as part of the Settlement was set at a maximum of the greater of 2% or £5 for the 2022/23 budget year.

5.2. The 'acceptable level' is defined by the Chancellor as part of the national budget-setting process and all government calculations on 'spending power' of local authorities are on the basis that authorities increase Council Tax to the maximum amount permitted.

5.3. The Council Tax income included in the proposed budget includes a £5.00 (2.34%) increase. This equates to a Band D charge of £218.84. (A 1% variation to our Council Tax changes the income generated by approximately £60k).

6. General Fund Budget 2022/23

6.1. The proposals contained in this report result in a balanced budget for the General Fund (see **Appendix 1**). The forecast budget deficit last reported to Cabinet stood at £1,427k. After the updated budget report was considered by the PDGs and Cabinet in January there was still an outstanding budget gap of £947k. The top portion of the following table shows the amendments to the position presented to PDGs and to Cabinet and the remainder show the proposed actions necessary to move towards a balanced position.

Table 1 – Reconciliation of further movements

Movements	**Amount £k**
2022/23 Budget Shortfall (Cabinet Report 04/01/22)	**1,427**
Further revision to Pay Award Adjustment and staffing Establishment	- 60
Adjustment to Capital Financing estimates following finalisation of Capital Programme	- 420
Updated Budget Shortfall presented to PDG's / Scrutiny	**947**
Further Service Savings identified	- 42
Further Release / Adjustments to Earmarked Reserves	- 195
Finalisation of the recharges to HRA	- 141
Further Business Rates Growth	- 342
Further increase in the Council Tax in-year collection surplus	- 24
Further refinement of Capital Financing estimates	- 58
Current Budget Shortfall for 2022/23 (see 6.8)	**145**

6.2. Despite additional analysis work and discussions with Members and Budget Holders, it was not possible to identify the full £500k ongoing savings target set for the PDGs. However, a number of other options were identified by officers that help to reduce the gap further.

6.3. In addition, the budget shortfall has been reduced on a one-off basis in the very short term by the use of reserves. Following a thorough review, a number of Earmarked Reserves have been deemed to no longer be required, or deemed a lower priority, and therefore have been released.

6.4. The recharge to the Housing Revenue Account has been reviewed and finalised for 2022/23. It has increased year-on-year due to the increase in the staffing establishment and the assumed pay awards coverings 2021/22 and 2022/23. In addition, greater clarity has been provided by our insurers on the breakdown of the various insurance premiums. This enables a more relevant apportionment of the costs, which has seen the HRA pick up a larger proportion.

6.5. We have now completed our Business Rates NNDR1 return which is included as a separate report on this meeting's agenda. This has shown a healthy increase in the rateable value of the businesses within the district arising from a few large new hereditaments completing in 2021/22, e.g. the new supermarket in Tiverton. These are partially offset by some reductions and further softened by the freezing of the NNDR multiplier within the Chancellor's Budget Statement in October. The net impact is a year-on-year increase in the overall rateable value of c.£1,000k leading to an increase in the retained value of £380k (some £340k above the previous assumption). The ever-present risk of appeals, which the Valuation Office consider on a daily basis, and the heighten risk of bad debts arising necessitates that we prudently set aside significant funds in a provision in our Business Rates Smoothing Reserve to mitigate these risks.

6.6. Similarly, we have seen growth in the Council Tax tax base and less of a reduction in the collectable amount than expected which has led to a collection surplus. This has now been finalised for the year and shows a further increase of £24k above the previous forecast.

6.7. Finally, following a technical review of the capital financing arrangements, we have altered the profile of the Minimum Revenue Provision[1] which has reduced the charge by £58k.

6.8. To set a balanced budget, that continues to provide the current level of service provision, will require an additional use of £145k from the New Homes Bonus Earmarked Reserve, subject to any additional proposals put forward by the Community PDG. Any such proposals agreed, will reduce the need to draw further from this reserve.

7. Future Funding Concerns/Cost Pressures

7.1. It is clear that members' preference is to explore all revenue-raising options before cutting services. However, due to the increasing pressures on our budgets and the continuing reduction in our Central Government funding, the Council will need to reassess its overall corporate priorities and therefore where it allocates future budgets, it will also need to consider:

- Statutory vs Discretionary service provision;
- Resident priorities – as per the recent consultation undertaken;
- How it can work more closely with Towns/Parishes;
- Explore more commercial and regeneration opportunities (being aware of the risks);
- Continue to consider any partnership possibilities;
- Review Treasury options;
- Maximise all income possibilities;
- Impact of funding changes: Fair Funding Review; NNDR baseline reset; changes to NHB;

[1] the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing

- Ongoing impacts of Covid-19 especially with regard to service income losses and recovery periods which in some cases may be measured in years rather than months;
- The need to create investable propositions for our carbon reduction ambitions.

7.2. The Council has stated its intent to try and achieve a net zero carbon operation by 2030. There remains a substantial challenge ahead if this target is to be achieved. From a carbon accounting perspective, the fact that we retain direct control (and ownership) over the majority of services means that while our influence is unfettered by long-term commissioning or contractual arrangements, we retain ownership of the significant challenges around decarbonisation. The future year's Capital Programme includes a range of investments in improving the energy efficiency of our property estate, subject to securing sufficient funding.

7.3. Not least in the area of social housing provision, where we have to balance the long-term viability of our social housing stock for the needs of future generations, with the need to invest substantially to reduce emissions (housing stock makes up the bulk of MDDC emissions). The Capital Programme includes a number of substantial housing developments increasing the amount of housing stock with highly efficient (zero carbon) modular buildings, subject to securing sufficient external funding. This continues across the 5-year Medium Term Financial Plan with the aim of developing 500 new properties.

7.4. Changes to vehicles, operations and processes can all deliver incremental gains, and we have an important scheme planned to deliver hydroelectric power from the River Exe, as well as various tree-planting projects to help offset emissions. However, with limited funding available from Government, and any such funding subject to a bidding process, in the short term we will be trying to achieve the maximum possible locally, while taking every opportunity to bid into future funding pots as they arise.

7.5. The NHB grant monies have been considered at risk for some time. It remains the expectation that 2022/23 will be the final year for the scheme, at least in its current guise. However, as announced in the Funding Settlement, MDDC benefitted from an allocation for 2022/23 of £259k which has been used to support the budget. It remains unclear what will happen to the funding associated with the current scheme. The Government has stated, again, its intention to consult on changes to the New Homes Bonus scheme to make it more effective. While we do not yet know what these changes might include, it can be assumed that meeting and exceeding our growth targets will be critical to ensuring that we access whatever revised distribution methodology the government implements.

7.6. What is clear is that local authorities are in desperate need of a multi-year funding agreement rather than the current year-to-year arrangements which do not allow a considered medium term view of the resources that will be available, and, how these may be managed to optimise service provision within the scope of the Corporate Plan.

7.7. It's important to highlight how much New Homes Bonus is being used to help fund our General Fund and Capital Budgets in 2022/23. A total transfer of

£483k is being used to contribute towards various one-off General Fund projects, including:

- £190k towards the ICT equipment sinking fund;
- £168k towards the Cullompton HAZ;
- £80k towards Business Development; and
- £45k to Community Development.

In addition, £259k is underpinning the 2022/23 Budget and to close the budget gap, it is recommended that this be increased by a further £145k, as referred to in **Recommendation 4** of this report. NHB amounting to £102k is also used to fund part of the Capital Programme (£81k supporting the GF, £21k supporting the HRA – please see Capital Programme report also on this agenda). This gives a total of £989k to be utilised in 2022/23 (if the additional balancing drawdown is approved). With the future of the scheme at risk and no assurance of any further funding from 2023/24 onwards, the Council will need to be mindful of the future funding available and agree service level changes accordingly.

7.8. Proposals for future year's budgets requiring additional work over the coming months including a range of revenue-raising options to reduce the net revenue requirement, and these will be considered to reduce the need to cut public-facing services.

8. Overall General Fund (GF) position at 31 March 2022

8.1. Recent verbal updates on the in-year budget position indicates that it is trending towards or close to the original budget position. If the Outturn position does continue as forecast, the General Fund Reserve balance should remain at least, or close to, the current £2,168k. This position remains close to the proposed minimum level of £2,000k.

9. Transfers To and (From) Earmarked Reserves

9.1. **Appendix 3** shows in detail which amounts are being contributed to, or are being drawn down from, various earmarked reserves in 2022/23.

9.2. It is proposed to transfer £1,759k into earmarked reserves to help mitigate future pressures. This includes:

- £460k into the New Homes Bonus reserve (being the residual of the 2022/23 grant allocation not supporting the budget – prior to the proposed £145k balance adjustment through NHB;
- £100k into the Statutory Development Plan; and
- £1,199k being the balance into various Sinking Funds.

9.3. However, it is also proposed to drawdown £2,614k to fund expenditure in 2022/23. This includes:

- £188k release of funds no longer needing to be set aside;
- £338k supporting the investment in our property maintenance;

- £310k supporting the development of the Garden Village;
- £493k supporting the vehicle fleet; and
- £174k supporting the Statutory Development Plan.

This gives a net reduction in earmarked reserves of £856k, prior to the proposed £145k balance adjustment through NHB.

10. Housing Revenue Account Budget 2022/23

10.1. The Housing Revenue Account (HRA) is ring fenced and accounts for the income and expenditure associated with the Council's statutory housing obligations to its tenants. The HRA has an obligation to provide a high quality, value for money service for its tenants coupled with affordable rent levels.

10.2. The Council continues to undertake valuable benchmarking work in conjunction with Housemark. These findings are then used to inform the budget setting process. In doing so, MDDC are able to better identify their position in relation to other authorities in the sector and identify areas for improved efficiency.

10.3. The overall HRA budget has been constructed on a detailed line-by-line examination of expenditure and income, having regard to last year's outturn, this year's forecast position and the on-going improvement of the housing service.

10.4. Some items of expenditure can be defined quite accurately whilst others require managers to exercise business judgement based upon their experience, particularly in the case of new commitments. Where such judgement has been applied, the proposals before Members are based upon realistic assumptions.

10.5. The recent budget proposals that went before the Homes PDG have resulted in a balanced draft budget for the Housing Revenue Account for 2022/23 as shown at **Appendix 4**.

10.6. The main proposals for the 2022/23 budget can be summarised as follows:

- An increase of CPI plus 1% (4.1%) is proposed on existing rents;
- Garage rents to be frozen, remaining unchanged at £10.71 per week;
- Garage plot ground rents to be frozen, remaining unchanged at £275 per annum.

10.7. The main factors influencing this year's budget are as detailed below:

10.7.1. The overall rental income was materially affected by the Governments previous policy to reduce Rents by 1% each year for four consecutive years. We estimate that the budget is therefore c£2m lower per annum. The current policy is to enable rents to be increased by 1% above inflation. A more detailed analysis of the proposed rent increase can be found in **Appendix 5a** that shows that the average housing rent will increase to £83.92 on a 52 week basis.

10.7.2. The roll-out of Universal Credit in Mid Devon continues and we continue to monitor the impact. We anticipate that this may have an increasing impact upon revenue into the HRA due to the expected rise in the level of rent arrears.

10.7.3. Current legislation on Right to Buy means that we're likely to sell several properties in future years. We forecast that 25 will be sold, while 3 will be repurchased, giving a net reduction of 22 properties per annum.

10.7.4. Similarly, we forecast that we will have a number of void properties during the year. We have a prudent forecast of 75 voids across the year which is higher than in previous years to reflect the financial implications on tenants of the move to Universal Credit and Covid-19. This is in line with the forecast Council Tax collection rate of 97.5%. Combined, these reductions affect our ability to fund property maintenance and development as well as servicing any existing or new debt.

10.7.5. Budget has been included to address recent legislation post Grenfell and to undertake the remedial action required to mitigate the recommendations from the recent Fire Risk Assessment Audit. Similarly, budget has been included to further contribute to the decarbonisation of the Housing Estate, in line with the Council's commitment. However, significant further investment will be required to achieve Net Zero by 2030.

10.8. It has been deemed as prudent to maintain the HRA reserve balance at £2,000k and it is expected to remain so throughout 2022/23. At the start of 2021/22, other HRA reserves totalled £19,567k. This included £15,121k in the Housing Maintenance Fund (HMF); £701k in the Renewable Energy Fund (REF) and £199k in Major Repairs Reserve. It is intended that any expenditure funded from the REF monies be used on renewable energy schemes.

10.9. The final budget summary for the 2022/23 HRA is shown in **Appendix 4**. It will continue to provide for an enhanced housing service which will allow for more capital investment and additions to our existing stock.

10.10. The ambition to build a significant number of new properties continues across the 5-year Medium Term Financial Plan. The prospect of building new social housing raises the issue of significant future capital financing requirements. £1,514k is included within the future years of the MTFP to finance the build of a number of new highly efficient (zero carbon) modular buildings, subject to securing sufficient funding. Members are reminded that the constraint on increasing stock is still an issue of affordability, not the access to borrowing.

11. Capital Programme 2022/23

11.1. Full detail on this matter is included within in a separate agenda item on this meeting.

11.2. In summary, it shows that the 2022/23 programme totals £34,303k. This is a significant increase on previous years due to a significant plan to increase the HRA Housing stock directly through the HRA (£7,435k) and plans to fund housing developments through 3Rivers (£3,534k). In addition, plans continue

with the HIF projects in Cullompton and Tiverton at a cost of £13,054k. The funding associated with the Cullompton project is yet to be identified but the Council is actively pursuing all avenues. As with all capital projects, these are all subject to a full appraisal.

11.3. A prudent assumption has been included for the utilisation of 1-4-1 receipts or for additional grant funding to be made available from Homes England; although a substantial element of the cost remains with the Council.

11.4. The most significant funding source required to support the 2022/23 programme is the £12,426k of borrowing from the Public Works Loan Board (PWLB). The associated capital financing costs are included within the relevant GF or HRA budget.

11.5. The future year's Capital Programme shows increased investment in improving the energy efficiency of our property estate and the continuation of investment in increasing the HRA Housing stock. The overall borrowing requirement increases accordingly and therefore so does the capital financing costs within the Revenue Budget. These projects will be further refined over time and will be subject to sufficient funding being available.

12. Updated MTFP position

12.1. The new MTFP summary position is shown in the table below. It shows a cumulative shortfall over the remaining four-years of this MTFP of £2,165k remains to be addressed.

Table 2 – Future Medium Term Financial Plan

	2023/24 £k	**2024/25 £k**	**2025/26 £k**	**2026/27 £k**
Annual Surplus / Deficit	1,703	531	(61)	(8)
Cumulative Surplus/Deficit	**1,703**	**2,234**	**2,173**	**2,165**

12.2. The underlying budget shortfall falls largely in 2023/24. This is in part due to the "cliff-edge" currently assumed for the Funding settlement while we await clarity on future funding mechanisms, but also in part due to a number of one-off funding options being used to balance the 2022/23 budget (for example release of earmarked reserves). The latter years are forecast to be broadly balanced, with assumed inflationary increases offset by increases in Business Rates and Council Tax.

12.3. This forecast position also makes a number of prudent assumptions, including:

- No new grant due to MDDC within the replacement New Homes Bonus Scheme and no further one-off allocations of NHB.
- A loss of historic growth in business rates above the baseline, on reset of the business rates system
- No income from business rates pooling, which would probably not continue after a reset of the system
- No further continuation of the allocation of Lower-Tier Services grant (initially announced as one-off)

- No continuation of the new 2022/23 Services Grant (announced as one-off)
- The continuation of the current Council Tax referendum principles
- Pay Award and general inflation in line with assumptions included within the 2022/23 budget

12.4. The same level of uncertainty will be facing all local authorities across the country.

13. Conclusion

General Fund

13.1. The General Fund budget has been set against a back drop of over a decade of cuts to Public Sector funding. However, the proposed balanced budget protects service delivery at current levels. This has been achieved with the use of a small amount of one-off funding from reserves and balances. Therefore, further ongoing budget savings options will need to be identified to mitigate the underlying budget shortfall across the remainder of this MTFP.

13.2. Significant uncertainty remains for the future funding of Local Government. Further delays were announced to the outcomes of the Fair Funding Review and potential changes to both Business Rates and New Homes Bonus. These changes are now planned to be due in 2023/24.

13.3. The financial implications of Covid-19 continue and appear likely to take some time to diminish adding further ambiguity; income losses prove slow to recover and services are impacted each time the government extends its containment measures. However central support, as far as it has been announced to date, has ceased.

HRA

13.4. The HRA budget for 2022/23 addresses a number of important factors, such as the Post Grenfell and Fire Risk Assessment requirements, increased decarbonisation of the housing stock, and a marked increase in the overall number of units through significant investment. These investments continue across the whole 5-year MTFP period.

13.5. Rents are proposed to increase by 4.1% in line with the Government's guidance and neighbouring authorities. A prudent allowance has been made for voids and non-collection, in line with that applied to Council Tax, taking into account the current economic climate.

13.6. This report has set out a proposed balanced budget for the HRA for 2022/23, with appendices attached showing the following:

Appendix 4 – The overall makeup of the budget at summary level
Appendix 5a – The proposed rent for 2022/23
Appendix 5b – The proposed fees and charges for 2022/23

Capital Programme

13.7. The Capital Programme for 2022/23 includes the beginning of a programme of significant investment in social and affordable housing. The capital MTFP also includes investment into improving the energy efficiency of our property estate, and in the economic regeneration of the district. However these projects, as with any capital project, is subject to the Council receiving sufficient grant funding and a robust business case.

13.8. Therefore assumptions are built in that the Council will be successful in attracting funding through the increasing number of bid schemes for grant

funding. Additional borrowing is also projected which is forecast to increase our Capital Financing Requirement to c.£112m (see Treasury Management Strategy included elsewhere on this agenda). The Revenue MTFP includes the associated financing implications.

13.9. It is, therefore, imperative that capital funds are only spent on those projects that enable the Council to deliver its Corporate Plan objectives, reduce operational cost, or generate a financial return.

Future Budgets

13.10. The Council will need to prepare for the future in a timely manner and this is why it will continue to discuss how it can provide a wide range of services in a much reduced funding envelope. The process will continue to involve all staff, Members and our local residents/businesses.

13.11. Cabinet are asked to agree the contents of this report and recommended its approval by Full Council in February 2022.

Contact for more information:	Andrew Jarrett, Deputy Chief Executive (S151) 01884 234242 (ajarrett@middevon.gov.uk) Paul Deal, Corporate Manager for Financial Services pdeal@middevon.gov.uk
Circulation of the Report:	Leadership Team, Cabinet
Background Papers:	October, November & January Cabinet & PDG's (MTFP, Budget Draft and Budget Update reports)

GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2021/22

	Notes	Budget 2021/22 £	Movement £	Draft Budget 2022/23 Round 1 £	Movement £	Draft Budget 2022/23 Round 2 £	Movement £	Draft Budget 2022/23 Round 3 £
Cabinet		5,561,182	75,114	5,636,296	569,190	6,205,486	(6,172)	**6,199,314**
Community		4,083,712	(877,119)	3,206,593	730,439	3,937,033	(94,607)	**3,842,426**
Economy	1, 2, 3	(296,730)	60,629	(236,101)	166,313	(69,788)	50,238	**(19,550)**
Environment		3,926,239	(2,605)	3,923,634	572,031	4,495,664	(261)	**4,495,403**
Homes		393,010	(53,143)	339,867	128,418	468,285	(200,583)	**267,702**
TOTAL NET DIRECT COST OF SERVICES	1/4	**13,667,413**	**(797,125)**	**12,870,288**	**2,166,391**	**15,036,680**	**(251,385)**	**14,785,295**
Net recharge to HRA	4	(1,501,410)	(56,303)	(1,557,713)	-	(1,557,713)	(156,847)	**(1,714,560)**
Provision for the financing of capital spending	5	731,720	87,145	818,865	(65,405)	753,460	(66,800)	**686,660**
NET COST OF SERVICES		**12,897,723**	**(766,283)**	**12,131,440**	**2,100,986**	**14,232,427**	**(475,032)**	**13,757,395**
Net Interest Costs	6, 18	(539,050)	(262,665)	(801,715)	219,867	(581,848)	(410,765)	**(992,613)**
Finance Lease Interest Payable	7	159,410	9,146	168,556	(15,956)	152,600	-	**152,600**
Transfers To Earmarked Reserves	8	2,361,372	(715,788)	1,645,584	120,680	1,766,264	(7,200)	**1,759,064**
Transfers (From) Earmarked Reserves		(3,124,501)	1,631,861	(1,492,640)	(1,098,228)	(2,590,868)	(22,890)	**(2,613,758)**
Transfer (From) NNDR Smoothing Reserve	9	-	-	-	-	-	(1,677,640)	**(1,677,640)**
Transfers To/(From) General Reserves		-	-	-	-	-	-	**-**
Proposed Contribution from New Homes Bonus Reserve	**10**	**-**	**-**	**-**	**-**	**-**	**(144,888)**	**(144,888)**
TOTAL BUDGETED EXPENDITURE		**11,754,954**	**(103,729)**	**11,651,225**	**1,327,349**	**12,978,575**	**(2,738,415)**	**10,240,160**
Funded by: -								
Business Rates:								
Retained Business Rates		(3,150,000)	(156,000)	(3,306,000)	116,000	(3,190,000)	2,107,090	**(1,082,910)**
S31 Grant associated with COVID-19 Reliefs	11		-		-		(2,449,280)	**(2,449,280)**
Business Rates prior year (surplus)/deficit			-		-		1,677,640	**1,677,640**
Council Tax:								
Council Tax–MDDC	12	(6,114,620)	(231,350)	(6,345,970)	(177,960)	(6,523,930)	-	**(6,523,930)**
Council Tax prior year (surplus)/deficit		115,109	(115,109)	-	(376,874)	(376,874)	(24,156)	**(401,030)**
Un-Ringfenced Grants:								
Covid-19 Related Grant	13	(407,699)	407,699	-	-		-	-
Covid-19 Related Income		(570,000)	570,000	-	-		-	-
Lower Tier Services Support Grant	14	(179,252)	179,252	-	(99,272)	(99,272)	-	**(99,272)**
Rural Services Delivery Grant	15	(489,742)	23,047	(466,695)	(23,047)	(489,742)	-	**(489,742)**
2022/23 Services Grant	16	-	-	-	(152,564)	(152,564)	-	**(152,564)**
New Homes Bonus	17	(958,750)	498,486	(460,264)	(258,808)	(719,072)	-	**(719,072)**
TOTAL FUNDING		**(11,754,954)**	**1,176,025**	**(10,578,929)**	**(972,525)**	**(11,551,454)**	**1,311,294**	**(10,240,160)**
REQUIREMENT TO BALANCE THE BUDGET		**-**	**1,072,296**	**1,072,296**	**354,824**	**1,427,121**	**(1,427,121)**	**(0)**

Notes:

1. The annual pay award for 2021/22 has yet to be agreed nationally. The budget includes an estimate that a 1.75% increase will be agreed. A further assumption of a 2% increase in included for 2022/23 along with the increase in National Insurance as outlined by the Government's health and social care levy.

2. Income flows have been reviewed and adjusted for changes in demand and unit price. Provision has been made to reflect the estimated continued recovery from the Covid-19 pandemic.

3. "Movement" Includes budget virements and realignment of budgets in addition to the pressure and savings identified as part of this budget.

4. The increase in the recharges to the HRA reflect the increased cost of service provision and greater transparency on the breakdown of insurance liability.

5. The Provision for repayment of borrowing incorporates the financial implications of the proposed Capital Programme. Borrowing costs are minimised by the Council's internal borrowing policy

6. Net Interest Costs includes both interest payable and receiveable. Investment income has been based upon the lending criteria as outlined within the Treasury Management Strategy. Interest payable is minimised through the Council's internal borrowing policy.

7. Lease costs are increasing reflecting the Councils move to leasing its vehicle fleet rather than purchasing.

8. Transfers to/(from) Earmarked Reserves reflects planned contributions to, or drawdowns from reserves. All earmarked reserves have been reviewed and adjustment made based upon existing need.

9. The drawdown from the NNDR Smoothing Reserve is in line with the Government's guidance to spread the deficit on the collection fund resulting from Covid-19 impacts over 3 financial years.

10. This is the proposed addition use of New Homes Bonus to balance the remaining shortfall in the 2022/23 Budget

11. Retained Business Rates income has reduced due to the Governments Covid-19 relief relating to Retail, hospitality and Leisure sectors. However, the Council is compensated by S31 grant. The prior year deficit on the collection fund (offset by the drawdown from reserves in note 9) is included here. No dividend from the Devon Business Rates pool is budgeted - should there be one, it will help the in-year or future year budget position.

12. Council Tax has been increased by £5 (the higher of £5 or 2%) to £218.84 from £213.84 in line with the referendum limits announced within the Funding Settlement. The taxbase as also grown by 4.26%

13. Government support through either grant funding, or through the compensation schemes for revenue losses arising in year from the pandemic have ceased. However, the Council is still incurring costs and reductions in its fee income.

14. This grant as initally announced as one-off, but has been continued in 2022/23, albeit at a reduced level.

15. This grant has continued at 2021/22 levels

16. This is a new grant for 2022/23 only - reflecting the important services that local Councils deliver, and recognises the additional cost to the Council of the increase in National Insurance

17. New Homes Bonus receipts based on the latest announcements in the Funding Settlement. An additional year was unexpectedly announced of £259k which has been used to support the budget.

18. Benefits to the GF of 3 Rivers Developments Ltd - within the Net Interest costs is £38k of Interest Payable on loans to 3R and £578k of Interest Receivable on those loans from 3R. Therefore the net benefit to the GF in 2022/23 is £540k plus minor recharges for office accommodate etc.

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PDG SERVICE UNIT MOVEMENTS **Appendix 2**

Service Unit	Direct Costs Detail	2021/2022 Annual Budget £	2022/2023 Forecast Budget £	Movement £	+/- %
	Cabinet				
SCM01	Leadership Team	406,590	**534,019**	127,429	31%
SCM02	Corporate Functions	95,740	**100,260**	4,520	5%
SCM03	Corporate Fees	152,450	**266,935**	114,485	75%
SCM06	Pension Backfunding	779,690	**801,480**	21,790	3%
SES01	Emergency Planning	8,150	**7,500**	(650)	-8%
SFP01	Accountancy Services	533,720	**478,460**	(55,260)	-10%
SFP02	Internal Audit	94,410	**97,480**	3,070	3%
SFP03	Procurement	113,470	**101,340**	(12,130)	-11%
SFP04	Purchase Ledger	45,840	**48,460**	2,620	6%
SFP05	Sales Ledger	44,770	**47,330**	2,560	6%
SHR01	Human Resources	387,360	**497,080**	109,720	28%
SHR02	MDDC Staff Training	29,870	**25,000**	(4,870)	-16%
SHR03	Payroll	36,370	**40,960**	4,590	13%
SHR04	Learning And Development	47,500	**53,430**	5,930	12%
SIT01	IT Gazetteer Management	70,500	**76,400**	5,900	8%
SIT03	IT Information Technology	968,430	**1,260,750**	292,320	30%
SLD01	Electoral Registration	230,820	**218,278**	(12,542)	-5%
SLD02	Democratic Rep And Management	504,460	**544,662**	40,202	8%
SLD04	Legal Services	368,503	**419,661**	51,158	14%
SPR01	Building Regulations	59,430	**17,390**	(42,040)	-71%
SPR04	Local Land Charges	(16,970)	**(24,561)**	(7,591)	45%
SRB01	Collection Of Council Tax	442,380	**361,270**	(81,110)	-18%
SRB02	Collection Of Business Rates	(105,380)	**(98,870)**	6,510	-6%
SRB03	Housing Benefit Admin & Fraud	126,270	**180,920**	54,650	43%
SRB04	Housing Benefit Subsidy	65,000	**65,000**	-	0%
SRB06	Debt Recovery	71,810	**78,680**	6,870	10%
TOTAL CABINET PDG		**5,561,183**	**6,199,314**	**638,131**	**11%**
	Community PDG				
SCD01	Community Development	138,500	**138,500**	-	0%
SCS20	Customer Services Admin	23,350	**23,720**	370	2%
SCS22	Customer First	751,010	**725,598**	(25,412)	-3%
SES03	Community Safety - C.C.T.V.	45,200	**16,390**	(28,810)	-64%
SES04	Public Health	3,990	**3,990**	-	0%
SES11	Pool Cars	280	**1,884**	1,604	573%
SES16	ES Staff Units/Recharges	750,610	**792,330**	41,720	6%
SES17	Community Safety	6,220	**6,070**	(150)	-2%
SES18	Food Safety	(24,200)	**(25,340)**	(1,140)	5%
SES21	Licensing	48,480	**24,030**	(24,450)	-50%
SES22	Pest Control	5,000	**2,500**	(2,500)	-50%
SES23	Pollution Reduction	(580)	**7,250**	7,830	-1350%
SPR02	Enforcement	91,780	**92,800**	1,020	1%
SPR03	Development Control	825,420	**587,570**	(237,850)	-29%
SPR09	Forward Planning	263,550	**306,890**	43,340	16%
SPR11	Regional Planning	248,103	**234,760**	(13,343)	-5%
SRS01	Recreation And Sport	906,999	**903,485**	(3,514)	0%
TOTAL COMMUNITY PDG		**4,083,712**	**3,842,427**	**(241,285)**	**-6%**
	Economy PDG				
SCD02	Economic Development	79,420	**70,320**	(9,100)	-11%
SCP01	Parking Services	(529,250)	**(489,680)**	39,570	-7%
SPR06	Economic Development	554,160	**706,700**	152,540	28%
SPS12	Gf Properties Shops/Flats	(401,060)	**(306,890)**	94,170	-23%
TOTAL ECONOMY PDG		**(296,730)**	**(19,550)**	**277,180**	**-93%**
	Environment PDG				
SES02	Cemeteries	(62,630)	**(67,230)**	(4,600)	7%
SES05	Open Spaces	200,854	**180,190**	(20,664)	-10%
SGM01	Grounds Maintenance	555,436	**559,523**	4,087	1%
SPS01	Asset Management	40,000	**188,310**	148,310	371%
SPS03	Flood Defence And Land Drain	26,430	**26,020**	(410)	-2%
SPS04	Street Naming & Numbering	7,810	**8,070**	260	3%
SPS05	Administration Buildings	262,420	**425,140**	162,720	62%
SPS06	MDDC Depots	74,990	**141,240**	66,250	88%
SPS07	Public Transport	(15,280)	**(6,110)**	9,170	-60%
SPS09	Property Services Staff Unit	738,890	**734,650**	(4,240)	-1%
SPS11	Public Conveniences	63,980	**41,330**	(22,650)	-35%
SWS01	Street Cleansing	420,440	**472,798**	52,358	12%
SWS02	Waste Collection	229,459	**435,192**	205,733	90%
SWS03	Recycling	1,017,000	**978,510**	(38,490)	-4%
SWS04	Waste Management	366,440	**377,770**	11,330	3%
TOTAL ENVIRONMENT PDG		**3,926,239**	**4,495,403**	**569,164**	**14%**
	Homes PDG				
SES15	Private Sector Housing Grants	(3,630)	**(1,490)**	2,140	-59%
SHG03	Homelessness Accommodation	396,640	**269,192**	(127,448)	-32%
TOTAL HOMES PDG		**393,010**	**267,702**	**(125,308)**	**-32%**
	GRAND TOTAL	**13,667,414**	**14,785,296**	**1,117,882**	**8%**

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2022/23 Transfers To / (From) Earmarked Reserves — Appendix 3

2022/23 BUDGETS
Transfers To Earmarked Reserves

SERVICE	EMR		Total
IE435	EQ653	New Homes Bonus Grant*	460,264
PS990	EQ685	Fore Street Maintenance Sinking Fund	5,000
PS992	EQ685	Market Walk Maintenance Sinking Fund	20,000
CP540	EQ686	Paying Car Parks (Machine Replacement Sinking Fund)	3,000
LD201	EQ720	Election Costs - District	25,000
PR810	EQ728	Statutory Development Plan	100,000
EQ755	EQ755	ICT Equipment Sinking Fund	189,500
EQ756	EQ756	Fleet Contract Fund	624,600
GM960	EQ760	Grounds Maintenance	16,500
EQ761	EQ761	Recycling Plant Sinking Fund	30,000
EQ763	EQ763	Recycling Maintenance Sinking Fund	2,700
PS880	EQ765	Bus Station	5,000
ES100	EQ766	Cemeteries	25,000
ES450	EQ767	Parks & Open Spaces	25,000
RS140	EQ837	Leisure Sinking Fund	75,000
WS700	EQ839	Waste Pressure Washer	2,500
PS980	EQ837	Property Maintenance	100,000
IT500	New	Business Systems Migration	50,000
TOTAL			**1,759,064**

2022/23 BUDGETS
Transfers (From) Earmarked Reserves

SERVICE	EMR	Description	TOTAL
CD200	EQ653	Community Development	(45,000)
EQ638	EQ638	Dev Cont Linear Park	(4,170)
EQ640	EQ640	W52 Popham Close Comm Fund	(1,950)
EQ641	EQ641	W67 Moorhayes Com Dev Fund	(1,630)
EQ642	EQ642	W69 Fayrecroft Willand Ex West	(4,620)
EQ643	EQ643	W70 Developers Contribution	(6,650)
EQ644	EQ644	Dev Cont Winswood Credition	(3,080)
EQ755	EQ653	ICT Equipment Sinking Fund	(189,500)
EQ756	EQ756	Fleet Contract Fund	(493,230)
IE420	EQ777	C/Tax Smoothing EMR	(62,401)
IE440	EQ659	NNDR Reserve	(152,020)
PR225	EQ824	Garden Village Project	(310,130)
PR400	EQ653	Business Development	(80,000)
PR400	EQ728	Crediton Masterplan	(60,000)
PR400	EQ722	Staffing For Economic Recovery Work	(23,750)
PR402	EQ653	Cullompton HAZ	(168,040)
PR402	EQ652	Cullompton HAZ	(110,000)
PR600	EQ821	Neighbourhood Plans	(15,560)
PR810	EQ728	Statutory Development Plan	(173,500)
PR810	EQ726	Brownfield Project	(36,260)
PR810	EQ729	Custom Build Project	(25,000)
RB100	EQ787	Council Tax Staffing	(32,282)
RB100	EQ776	Customer Welfare Officer	(2,308)
IT900	EQ655	IT Project Managers X 2 - IT600 And IT900	(87,017)
PS992/PS991	EQ838	GF Shops EMR	(87,000)
RS100/PS810	EQ837	General Property Maintenance Sinking Fund	(251,000)
	EQ660	Releasing of Reserves to fund the 2022/23 GF Budget	(187,660)
TOTAL			**(2,613,758)**

Net Transfer To / (From) Earmarked Reserves **(854,694)**

NNDR Transfer (From) Smoothing Reserve			
IE440	EQ659	NNDR Reserve	(1,677,640)

Proposed Transfer (From) NHB Reserve to Balance remaining deficit on 2022/23 Budget			
	EQ653	NHB to fund the GF Deficit	(144,889)

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Housing Revenue Account - Analysis by service **Appendix 4**

Code	Best Value Unit	Base Budget 2021/2022	Movement	Draft Budget 2022/2023
		£	£	£
	Income			
SHO01	Dwelling Rents Income	(12,450,680)	(222,980)	(12,673,660)
SHO04	Non Dwelling Rents Income	(559,830)	71,470	(488,360)
SHO07	Leaseholders' Charges For Services	(23,810)	(5,190)	(29,000)
SHO08	Contributions Towards Expenditure	(29,220)	(51,700)	(80,920)
SHO10	H.R.A. Investment Income	(10,000)	(15,000)	(25,000)
SHO11	Misc. Income	(7,350)	350	(7,000)
	Services			
SHO13A	Repairs & Maintenance	3,600,220	225,513	3,825,733
SHO17A	Housing & Tenancy Services	1,626,530	104,177	1,730,707
	Accounting entries 'below the line'			
SHO29	Bad Debt Provision	150,000	0	150,000
SHO30	Share Of Corp And Dem	168,040	5,860	173,900
SHO32	H.R.A. Interest Payable	1,026,430	50,890	1,077,320
SHO34	H.R.A. Transfer To/From Earmarked Reserves	1,899,100	(587,380)	1,311,720
SHO37	Capital Receipts Res Adjustment	(19,500)	(1,300)	(20,800)
SHO38	Major Repairs Allowance	2,260,000	205,000	2,465,000
SHO45	Renewable Energy Transactions	(105,000)	0	(105,000)
	TOTAL	**(2,475,070)**	**(220,290)**	**(2,695,360)**

Subjective analysis

Code	Best Value Unit	Base Budget 2021/2022	Movement	Draft Budget 2022/2023
1000	Employees	2,976,890	346,850	3,323,740
2000	Premises	235,500	32,400	267,900
3000	Transport	238,860	1,180	240,040
4000	Cost Of Goods And Services	7,292,170	(362,870)	6,929,300
7000	Income	(13,218,490)	(237,850)	(13,456,340)
	TOTAL	**(2,475,070)**	**(220,290)**	**(2,695,360)**

Code	Best Value Unit	Base Budget 2021/2022	Movement	Draft Budget 2022/2023
5000	Internal Recharges	1,501,410	213,150	1,714,560
6000	Capital Charges	973,660	7,140	980,800
	TOTAL	**2,475,070**	**220,290**	**2,695,360**

	GRAND TOTAL	**0**	**(0)**	**(0)**

Assumptions/significant variances

SHO01	Income assumption for Rents retained at 4.1%. The budgetary increase is reduced from this due to assumed Void and RTB levels
SHO04	Garage rents and ground rent charges assumed to remain unchanged for 2022/23, again there will be a real reduction due to the forecast units available
SHO08	Forecast increase in Building Services works
SHO10	Slight increase to the forecast investment income in line with the General Fund
SHO13A	£213k in salary changes this assumes 2% for 2022/23 and a slight increase in the establishment
SHO17A	£127k salary inflation assumes 2% for 2022/23, inclusive of establishment changes
SHO32	Inclusive of Interest for Self-financing loan and interest on assumed borrowing for 2022/23 capital programme schedule of works
SHO34	Contributions to reserves: £50k towards vehicle cost sinking fund, £803k to the Loan deficit reserve, £105k to the Renewables reserve, £149k to the Affordable Rent surplus reserve, £190k provision made for Decarbonisation works
SHO38	Change is in line with the planned Works Programme for 2022/23 included Fire Risk Assessments (post Grenfell)

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Appendix 5a

HRA Rent Budget 2022/23

Description	Average rent (52 week basis) £	Average properties 2022/23	Annual rent total £	Void level %	Annual rent total (less voids)	Budget (rounded)
Social rent (in use)	83.92	2,865	12,501,674	2.62%	12,174,386	12,174,390
Affordable rent properties	120.65	87	545,821	2.30%	533,273	533,270
Rent written off					(35,000)	(35,000)
Write-offs recovered					1,000	1,000
HO700 budget					12,673,659	12,673,660
Affordable rent surplus					163,999	164,000
TOTAL		2,952				

Formula Rent	83.99

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Appendix 5b

HRA: Proposed Fees and Charges 2022/23

	2021/22	Increase	Increase %	2022/23
Garage rents per week (52 week basis) *It should be noted that council tenants receive a discount of £1.85 per week on any garage rent*	£10.71	£0.00	0.00%	£10.71
Garage ground ren (Annual charge)	£275	£0	0.00%	£275

N.B MDDC Formula Rent on average (52 weeks)	£80.72			£83.99

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CABINET
1 FEBRUARY 2022

POLICY FRAMEWORK

Cabinet Member(s): Councillor R M Deed - Leader
Responsible Officer: Stephen Walford – Chief Executive

Reason for Report: To endorse the Policy Framework

Recommendation: To recommend to Council that the Policy Framework be adopted

Financial Implications: None arising from this report.

Budget and Policy Framework: This report outlines the Council's Policy Framework.

Legal Implications: The report is required by the Constitution.

Risk Assessment: Not updating the strategic policies of the Council would result in policies not being aligned to corporate objectives and an inefficient use of resources.

Equality Impact Assessment: There are no concerns with regard to equalities impact relating to the content of this report.

Relationship to Corporate Plan: An efficient and effective policy framework helps provide the infrastructure to deliver the corporate plan

Impact on Climate Change: Several policies within the Policy Framework have a direct link to climate change.

1.0 **Introduction/Background**

1.1 The Policy Framework consists of both statutory documents that have to be adopted or approved by the Council as well as locally determined policies and strategies that form an integral part of the decision making process and their subsequent implementation.

1.2 A list of Strategies and Policies covered by the Framework is attached at Appendix 1.

1.3 It is recommended that these Strategies and Policies be formally approved as the Council's Policy Framework in accordance with the Constitution so far as they still apply and are relevant.

1.4 As new policies are approved by Council they will automatically be added to the Policy Framework.

2.0 **Way Forward**

2.1 Under the Budget and Policy Framework Procedure Rules, the Cabinet will be responsible for the implementation of the Budget and Policy Framework.

2.2 The purpose of this report therefore is to inform the Cabinet of their role in the implementation of the budget and policy framework, and highlighting to the Scrutiny Committee, Audit Committee and Policy Development Groups its work for the coming year.

2.3 Members will note that within the Homes Policy Development Group tab within the Framework, additional notes have been supplied which set out changes to the delivery of many of the policies that relate to the Building and Housing Services that will be introduced either in this current year or 2023.

2.4 The Policy Framework covers all strategic rather than operational policies and highlights those which are for Cabinet only approval and those which require full Council approval.

Contact for more Information: Stephen Walford, Chief Executive or Sally Gabriel, Member Services Manager

Circulation of the Report: Councillor R M Deed, Cabinet Members and Leadership Team

Annexe 1

Community Policy Development Group						
Policy	**Head of Service**	**Last Approved**	**Group/Committee to review/develop**	**Expected date for next approval**	**Approval required from**	**Frequency to be reviewed**
Air Quality Action Plan	Corporate Manager for Public Health, Regulation and Housing	Nov-21	Community PDG	Nov-24	Cabinet	4 yearly
CCTV Policy	Corporate Manager for Property, Leisure and Climate Change	Jan-21	Community PDG	Jan-24	Cabinet	3 yearly
Community Engagement Strategy (including Action Plan)	Director of Business Improvements and Operations	Mar-21	Community PDG	Mar-23	Cabinet	2 yearly
Corporate Anti Social Behaviour Policy	Corporate Manager for Public Health, Regulation and Housing	Mar-21	Community PDG	Mar-24	Cabinet	3 yearly
Corporate Heath & Safety Policy	Director of Business Improvements and Operations	Jan-21	Community PDG	Jan-24	Cabinet	3 Yearly
Customer Care Policy	Director of Business Improvements and Operations	Jan-22	Community PDG	Jan-24	Cabinet	3 yearly
Grant payments to external organisations (the strategic grants review process)	Strategic Manager for Growth, Economy and Delivery	Jan-22	Community PDG	Jan-24	Cabinet	when appropaire
Enforcement Policy	Director of Business Improvements and Operations	Oct-20	Community PDG	Oct-22	Cabinet	When required
Safeguarding Children & Adults at Risk Policy and Procedures	Director of Business Improvements and Operations	Feb-19	Community PDG	Feb-22	Cabinet	3 yearly

Single Equalities Policy and Equality Objective	Director of Business Improvements and Operations	Jan-22	Community PDG	Jan-23	Cabinet	Annually
Town and Parish Charter	Director of Business Improvements and Operations	Jan-18	Community PDG	Jan-21	Cabinet	3 yearly
Unauthorised Encampment Policy	Deputy Chief Executive (S151)	Feb-19	Community PDG	Feb-22	Cabinet	3 yearly
Contaminated Land Cost Recovery Policy	Group Manager for Public Health and Regulatory Services	Sep-20	Community PDG	Sep-25	Cabinet	5 yearly
The Council Tax Reduction Scheme & Exceptional Hardship Policy	Corporate Manager for Revenues, Benefits and Recovery	Dec-19	Community PDG	Jan-22	Cabinet	When required
Regulation of Investigatory Powers	Head of Legal (Monitoring officer	Apr-21	Community PDG	Apr-22	Cabinet	Now Annually

Environment Policy Development Group						
Policy	**Head of Service**	**Last Approved**	**Group/Committee to review/develop**	**Expected date for next approval**	**Approval required from**	**Frequency to be reviewed**
Bereavement Services Fees and Charges	Deputy Chief Executive (S151)	Jan-22	Environment PDG	Jan-23	Cabinet	Annually
Climate Strategy and Action Plan	Corporate Manager for Coprorate Property, Leisure and Climate Change	Oct-20	Environment PDG	Oct-24	Cabinet	4 yearly
High Hedges Policy	Operations Manager for Street Scene	Aug-16	Environment PDG	Aug-23	Cabinet	7 yearly
National Assistance Burial Procedure	Deputy Chief Executive (S151)	Jun-19	Environment PDG	Jun-24	Cabinet	5 yearly
Open Space and Play Area Strategy (2013 - 2033)	Group Manager for Sreet Scene and Open Spaces	Jan-15	Environment PDG	Jan-33	Cabinet	18 yearly
Parks and Open Spaces 10 Year Management Plan and Design Principles	Operations Manager for Street Scene	Nov-17	Environemnt PDG	Nov-27	Cabinet	10 yearly
Play Area Safety Inspection Policy	Deputy Chief Executive (S151)	Aug-19	Environment PDG	Aug-22	Cabinet	3 yearly
Environment Educational Enforcement Policy	Group Manager for Public Health and Regulatory Services	Mar-20	Environment PDG	Mar-23	Cabinet	3 yearly
Tree Policy	Deputy Chief Executive (S151)	May-21	Environment PDG	May-26	Cabinet	5 yearly

Economy - Policy Development Group

Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Destination Management Plan for Mid Devon	Director of Place	Mar-18	Economy PDG	Mar-23	Economy PDG - Cabinet	Every 5 years
Economic Strategy 2019-2024 (formerly known as the Mid Devon Economic Development Strategy 2012 - 2015)	Director of Place	Feb-19	Economy PDG	Jan-24	Economy PDG - Cabinet	5 yearly
Market Environmental Strategy 2017-2022	Director of Place	Feb-18	Economy PDG	Mar-22	Economy PDG - Cabinet	Every 5 years
Shopfront Enhancement Schemes (£15k non-key)	Director of Place	Jan-19	Economy PDG	Mar-22	Economy PDG - Cabinet	3 yearly
Strategy for Tiverton 2017/27	Director of Place	Feb-17	Economy PDG	Feb-27	Economy PDG - Cabinet	Every 10 years

Homes Policy Development Group

Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed	Important notes regarding the new housing policy structure
Aids and Adaptations Policy	Director of Business Improvements and Operations	Sep-16	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Homes Standard Policy' due to come to the Homes PDG in 2022/2023
Allocations Policy and Procedures	Director of Business Improvements and Operations	March 2016	Homes PDG	See note	Cabinet	3 yearly	The Social Housing White Paper was published in November 2020 with the title: "The Charter for Social Housing Tenants". One of the themes contained within the White Paper was that tenants should have a good quality home and neighbourhood to live in. In Chapter 6, which set out the plans to deliver this, the Government explained that there would be a forthcoming review of the way in which housing is allocated. This will be in order to ensure that this is done in the fairest way possible, and achieves the best outcomes for local places and communities. The Allocations Policy is a strategic housing policy which should govern the allocation of all social homes in the District, whether they belong to the Council in its role as a landlord, or housing associations or other registered providers of social housing. Therefore, a decision has been made to delay the review of the Allocations Policy pending the publication of more guidance and/ or legislation by the
ASB Policy and Procedures	Director of Business Improvements and Operations	Jul-15	Homes PDG	See note	Cabinet	3 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Car Parking Management Policy (housing amenity, residential and permit holder car parks).	Director of Business Improvements and Operations	Jan-16	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Community Housing Fund Grant Policy	Director of Business Improvements and Operations	May-18	Homes PDG	May-22	Cabinet	4 yearly	Dealt with by the Forward Planning Team.
Compensation Policy	Director of Business Improvements and Operations	Jan-20	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Homes Standard Policy' due to come to the Homes PDG in 2022/2023.
Decant Policy	Director of Business Improvements and Operations	Jan-17	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.
Domestic Abuse Policy	Director of Business Improvements and Operations	Jul-15	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Fire Risk in Communal Areas Policy	Director of Business Improvements and Operations	Jul-17	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Homes Standard Policy' due to come to the Homes PDG in 2022/2023
Gararge Management Policy	Director of Business Improvements and Operations	Jan-16	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Gas Safety Policy	Director of Business Improvements and Operations	Sep-18	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Homes Standard Policy' due to come to the Homes PDG in 2022/2023
Harrassment Policy	Director of Business Improvements and Operations	Oct-19	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.

Hoarding Policy	Director of Business Improvements and Operations	Oct-19	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Homelessness Strategy	Director of Business Improvements and Operations	Dec-19	Homes PDG	See note	Cabinet	5 yearly	Will be subsumed into the overarching Corporate Housing Strategy 2021-2025 (currently in development)
Housing Assistance Policy, Devon wide (previously known as the Private Sector Renewal Policy)	Director of Business Improvements and Operations	Mar-19	Homes PDG	Mar-22	Cabinet	3 yearly	Now dealt with via delegated authority (needs a review in 2022). Awaiting comfirmation from SN as at Dec 2020.
Housing Enabling - SPD (S106 - Houisng Need Allocation - Exception Sites)	Director of Business Improvements and Operations	May-17	Homes PDG	See note	Cabinet	3 yearly	Due to come to the Homes PDG in either late 2021 or early 2022. Dealt with by the Forward Planning Team
Housing Revenue Account Asset Management Strategy	Director of Business Improvements and Operations	May-14	Homes PDG	See note	Cabinet	5 Yearly	Will be subsumed into the overarching Corporate Housing Strategy 2021-2025 (currently in development)
Housing Strategy	Director of Business Improvements and Operations	Jan-16	Homes PDG	See note	Cabinet	5 yearly	Will be subsumed into the overarching Corporate Housing Strategy 2021-2025 (currently in development)
Improvements to Council Property Policy	Director of Business Improvements and Operations	Jan-20	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Homes Standard Policy' due to come to the Homes PDG in 2022/2023
Income Management Policy	Director of Business Improvements and Operations	Jan-20	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Rent Standard policy' due to come to the Homes PDG in 2023/2024.
Introductory Tenancies Policy	Director of Business Improvements and Operations	Sep-16	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.
Leasehold Management policy	Director of Business Improvements and Operations	Dec-15	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.
Neighbourhood Management Policy	Director of Business Improvements and Operations	Sep-18	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Pets and Animals policy	Director of Business Improvements and Operations	Oct-19	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Private Sector Fees & Charges	Director of Business Improvements and Operations	Mar-19	Homes PDG	Mar-20	Cabinet	Annually	Now dealt with via delegated authority (needs a review in 2022). Awaiting comfirmation from SN as at Dec 2020.
Recharge Policy	Director of Business Improvements and Operations	Sep-18	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Rent Standard policy' due to come to the Homes PDG in 2023/2024.
Service Standards Review	Director of Business Improvements and Operations	Sep-16	Homes PDG	See note	Cabinet	4 yearly	Will be subsumbed into 'The Tenant Involvement and Empowerment Standard policy' due to come to the Homes PDG in June 2021.
Severe Weather Emergency Protocol and Extended Winter Provision Protocol	Director of Business Improvements and Operations	Jan-18	Homes PDG	See note	Cabinet	2 yearly	Will be subsumed into the overarching Corporate Housing Strategy 2021-2025 (currently in development).
Supply and Demand Policy	Director of Business Improvements and Operations	Jan-19	Homes PDG	See note	Cabinet	3 yearly	Will be subsumed into the overarching Corporate Housing Strategy 2021-2025 (currently in development).
Telecare Policy	Director of Business Improvements and Operations	Mar-17	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due tocoem to the Homes PDG in 2022/2023.
Tenancy Policy	Director of Business Improvements and Operations	Aug-15	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.

Tenancy Changes Policy (formerly known as the 'Succession and Assignment Policy')	Director of Business Improvements and Operations	Jun-16	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.
Tenancy Agreement	Director of Business Improvements and Operations	Jul-16	Homes PDG	See note	Cabinet	5 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.
Tenancy Inspection Policy	Director of Business Improvements and Operations	Jul-16	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Neighbourhood and Community Standard Policy' due to come to the Homes PDG late 2021/2022.
Tenant Involvement Policy	Director of Business Improvements and Operations	May-18	Homes PDG	See note	Cabinet	4 yearly	Will be subsumbed into 'The Tenant Involvement and Empowerment Standard policy' due to come to the Homes PDG in June 2021.
Tenant Involvement Strategy	Director of Business Improvements and Operations	May-18	Homes PDG	See note	Cabinet	4 yearly	
Tenancy Strategy & Policy review (Formerly known as the Strategic Tenancy Policy) - ***Awaiting Government Regulations on Tenancy Policies***	Director of Business Improvements and Operations	Nov-12	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.
Void Management Policy	Director of Business Improvements and Operations	Jan-19	Homes PDG	See note	Cabinet	10 yearly	Will be subsumed into 'The Homes Standard Policy' due to come to the Homes PDG in 2022/2023
Vulnerability Policy	Director of Business Improvements and Operations	Mar-17	Homes PDG	See note	Cabinet	4 yearly	Will be subsumed into 'The Tenancy Standard Policy' which is due to come to the Homes PDG in 2022/2023.

Licensing Committee						
Policy	**Responsible Officer**	**Last Approved**	**Group/Committee to review/develop**	**Expected date for next approval**	**Approval required from**	**Frequency to be reviewed**
Hackney Carriage and Private Hire Policy and Conditions	Corporate Manager for Public Health , Regulation and Housing	Nov-18	Regulatory Committee	Jun-22	Council	3 Yearly
Licensing Policy	Corporate Manager for Public Health , Regulation and Housing	Nov-18	Licensing Committee	Oct-23	Council	5 yearly
Statement of Principles for Gambling Act 2005	Corporate Manager for Public Health , Regulation and Housing	Dec-21	Licensing Committee	Oct-24	Council	3 Yearly
Mobile Homes FIT AND PROPER PERSON FEE POLICY	Corporate Manager for Public Health , Regulation and Housing	Sep-21	Regulatory Committee	Sep-22	Delegated to Officers	Annual

Audit Committee						
Policy	**Head of Service**	**Last Approved**	**Group/Committee to review/develop**	**Expected date for next approval**	**Approval required from**	**Frequency to be reviewed**
Annual Governance Statement and Governance Framework	Director of Business Improvements and Operations	Aug-21	Audit Committee	Aug-22	Audit Committee	Annually
Anti-fraud and Corruption and Anti-Money Laundering Policies	Director of Business Improvements and Operations	Mar-21	Audit Committee	Jan-23	Audit Committee	2 yearly
Corporate Recovery Policy	Deputy Chief Executive (S151)	Mar-21	Audit Committee	Mar-24	Cabinet	3 yearly
Data Quality Policy	Director of Business Improvements and Operations	Nov-18	Audit Committee	Dec-22	Audit Committee	4 yearly
Financial and Contract Procedure Rules	Deputy Chief Executive (S151)	Jan-19	Audit Committee	Jan-22	Audit Committee - Full Council	3 yearly
Four year Strategic Audit Plan and Work Programme	DAP	Mar-21	Audit Committee	Mar-22	Audit Committee	Annually
Internal Audit Charter and Strategy	DAP	Mar-21	Audit Committee	Mar-22	Audit Committee	Annually
Risk and Opportunity Management Strategy	Director of Business Improvements and Operations	Mar-21	Audit Committee	Mar-22	Audit Committee	Annually
Whistleblowing Policy	Director of Business Improvements and Operations	Mar-21	Audit Committee	Mar-25	Audit Committee	4 yearly

Cabinet

Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Statement of Community Involvement	Director of Place	Aug-20	PPAG	when required	Council	As and when required
Area of Special Control for advertisements	Director of Place	Dec-11	PPAG	Linked to the Local Plan	Council	When required
Asset Management and Capital Strategy Plan 2016-2020	Deputy Chief Executive (S151)	Mar-21	Cabinet	Mar-25	Cabinet	4 years
Channel Access Strategy 2014-2017	Director of Business Improvement and Operations	Sep-18	Cabinet	Apr-22	Cabinet	3 years
Community Infrastrure Levy	Director of Place	Jan-21	PPAG	As and when required as part of the Local Plan	Council	As and when required as part of the Local Plan
Complaints and Feedback policy	Director of Business Improvement and Operations	Jan-21	Cabinet	Jan-24	Cabinet	3 years
Corporate Asbestos Policy	Deputy Chief Executive (S151)	Feb-20	Cabinet	Feb-23	Cabinet	3 years
Corporate Debt Recovery Policy	Deputy Chief Executive (S151)	Mar-21	Audit Committee - Cabinet	Mar-24	Cabinet	3 years
Corporate Plan (2020-2024)	Director of Business Improvement and Operations	Feb-20	Cabinet	Feb-24	Council	4 yearly
Council Tax Reduction Scheme	Deputy Chief Executive (S151)	Dec-16	Cabinet	Apr-22	Cabinet	When required

Cabinet

Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Data Protection Policy	Director of Business Improvement and Operations	Jun-19	Cabinet	Jun-22	Cabinet	3 yearly
Discretionary Rate Relief Scheme	Deputy Chief Executive (S151)	Feb-19	Cabinet	awaited	Cabinet	Annually
Email Policy	Director of Business Improvements and Operations	Jan-21	Cabinet Member for Community-Well-Being	Jan-23	Cabinet Member for Community Well-Being	2 Yearly
The Establishment	Director of Business Improvements and Operations	Feb-21	Cabinet	Feb-22	Council	Annually
Freedom of Information Policy	Director of Business Improvements and Operations	Jun-19	Cabinet or Cabinet Member	Jun-22	Cabinet	3 yearly
ICT Strategy	Director of Business Improvements and Operations	Feb-19	Cabinet	Feb-24	Cabinet	5 yearly
Internet Policy	Director of Business Improvements and Operations	Jan-21	Cabinet Member for Community Well-Being/and Corporate Manager	Jan-24	Cabinet Member for Community Well-Being	5 Yearly
Leisure Pricing Policy	Deputy Chief Executive (S151)	Dec-21	Individual Decision by the Cabinet Member for Community Well Being	Dec-22	Cabinet Member for Community Well-Being	Annually

Cabinet

Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Local Development Scheme	Director of Place	Jan-22	PPAG	As and when required as part of the Local Plan	Cabinet	As and when required as part of the Local Plan
Local Enforcement Plan (replaces Development Control Enforcement Policy)	Director of Place	Jan-18	PPAG	awaited	Council	3 yearly
Local Plan	Head of Planning, Economy and Regeneration	Jul-20	Cabinet	Jul-25	Council	5 Yearly
Medium Term Financial Strategy	Deputy Chief Executive (S151)	Dec-21	Cabinet	Dec-22	Cabinet	Annually
Pay Policy	Director of Corporate Affairs and Business Transformation	Feb-21	Cabinet	Feb-22	Council	Annually
Records Management Policy	Director of Business Improvement and Operations	Jun-18	Cabinet	Jun-22	Cabinet	4 yearly
Treasury Management Strategy and Annual Investment Strategy	Deputy Chief Executive (S151)	Feb-21	Cabinet	Feb-22	Council	Annually
Information Security and Information Security Incident Policies	Director of Business Improvements and Operations	Jan-22	Cabinet	Oct-25	Cabinet	3 yearly

CABINET
FEBRUARY 1 2022

PAY POLICY

Cabinet Member(s): Cllr Bob Deed
Responsible Officer: Matthew Page, Corporate Manager for People, Governance and Waste

Reason for Report: To comply with the legislative requirements of the Localism Act 2011 relating to senior pay in particular the role of the Chief Executive, Directors and other senior officers. The Localism Act 2011 requires an annually published Pay Policy which has been adopted by the full Council.

Recommendation: The Cabinet is asked to recommend to Council the Pay Policy 2022.

Financial Implications: None arising from this report which aims to ensure that the Council pays enough to recruit and retain senior staff, but avoids excessive pay levels.

Budget and Policy Framework: This policy sits within the current budget and policy framework.

Legal Implications: None directly arising from this report. The Head of Paid Services (Chief Executive) is required by Article 14 of the Constitution to keep under review the number, grade and organisation of officers, as well as the manner in which the Council's functions is coordinated and discharged. Further, the overall developmental and management structure, as well as the deployment of officers, is to be published.

Risk Assessment: The risk to the Council of not complying with the legislative requirement is mitigated by this report and having a robust performance management system.

Equality Impact Assessment: Equality of pay is a legal requirement and while no specific issues arise from this report, it should be noted that the pay policy contains the annual gender pay gap reporting (as required by law).

Relationship to Corporate Plan: To have a robust Pay Policy which ensures good use of public money in respect of the salaries of the most senior employees of the Council that is both transparent and visible. To ensure the Council is able to recruit and retain staff of a sufficiently high calibre who are able to deliver the objectives of the Corporate Plan.

Impact on Climate Change: No climate change issues highlighted in this report.

1.0 Introduction/Background

1.1 The localism bill required that all local authorities publish a Pay Policy on an annual basis. The Policy should be agreed by a meeting of the Council and be published on the Council's website.

1.2 The purpose of having a Pay Policy is so that the pay and related awards structure of the Council are transparent.

1.3 At the present time, the Chief Executive is appraised on an annual basis by a group of Members as set out in the Constitution. The Leader consults Cabinet colleagues and the other two main party leaders on the objectives to be set and these are agreed with the Chief Executive.

1.4 Cabinet and Leadership Team meet on a monthly basis to monitor progress within each service area. Cabinet members can raise issues with the Chief Executive and Directors on performance in any area of the Council.

1.5 In discussion with the Cabinet Member for the Working Environment and Support Services, a commitment was given last year to regularly review the content of the Pay Supplement Policy.

1.6 In line with the above, the new attached Pay Supplement Policy is to be noted following its review and sign off with the Union in November 2021. This reflects changes made last year to clarify that any payments made to senior officers under the terms of this policy needed to be agreed and ratified between the Chief Executive, the Cabinet Member for the Working Environment and Support Services and the Leader of the Council (in consultation with the Corporate Manager People, Governance and Waste).

1.7 It has also been agreed that the Corporate Manager for People, Governance and Waste will ensure that any such proposed future payments are evaluated by an independent body (e.g. South West Councils) before they are made.

2.0 **Recommendation/Action**

2.1 The Council is asked to note and approve the attached Pay Policy and its contents regarding the establishment and its pay.

Contact for more Information: Matthew Page, Corporate Manager for People, Governance and Waste, Cllr Bob Deed

Circulation of the Report: Cabinet Member– Cllr Bob Deed, Cabinet, Leadership Team

Human Resources Policy

Version Control Sheet

Title: Pay Policy 2021

Reference No: **HR/**

Purpose: The Localism Bill requires that all local authorities publish a Pay Policy on an annual basis. The Policy should be agreed by a meeting of Council and be published on the Council's website.

The purpose of having a Pay Policy is so that the pay and related rewards structure of the Council is transparent.

Owner: **Corporate Manager for People, Governance and Waste**
mpage@middevon.gov.uk

Date: Feb 2021
Version Number: 4

Status: **Final**

Review Frequency: **Every year**

Next review date: **February 2023 to be published by March 2023**

Pay Policy

1. INTRODUCTION

Local authorities must publish a pay policy statement for each financial year. This must be approved by a Council resolution before 31 March each year. The Act specifies a number of elements that must be covered by the statement including: the level and elements of remuneration for each chief officer, remuneration of chief officers on recruitment, increases and additions to remuneration for each chief officer, the use of performance-related pay for chief officers, the use of bonuses for chief officers, the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and the publication of and access to information relating to remuneration of chief officers.

The specific part of the Localism Act 2011 relating to a pay policy is Section 38 (1). Pay is an emotive issue for staff, Councillors and also for the public at large. Transparency in what and how we pay our senior staff particularly, but also all council employees is of paramount importance.

A pay policy statement will be updated and taken to full Council each year in February, in this way a clear view of the salaries and benefits paid to the most senior staff at the Council can be tracked.

2. REFERENCES

Equal Pay Act 1970
Equality Act 2010
Localism Act 2011

3. SCOPE

This policy applies to:-

- Chief Executive Officer including Head of Paid Service responsibilities
- Directors, Heads of Service and certain Corporate Managers including Monitoring Officer responsibilities and Section 151 Officer responsibilities

4. POLICY

Clarity in the provision of pay and other benefits is essential to ensure that the Council can attract and retain good calibre employees at all levels but particularly at the most senior level.

In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive.

This pay policy statement applies specifically to chief officers (a term which includes both statutory and non-statutory chief officers which for the purposes of this policy are the Directors, Heads of Service, Monitoring Officer and certain Corporate Managers) and addresses the legal requirement to set out how the policy for agreement of chief officer remuneration differs to that of other Council employees. For the purposes of this statement this includes:

- **Chief Executive Officer (Head of Paid Service)**
- **Deputy Chief Executive (151)**
- **Director of Corporate Affairs & Business Transformation**
- **Director Of Place**
- **District Solicitor & Monitoring Officer**
- **Corporate Management Team**

The definition of chief officers (as set out in section 43(2) of the Localism Act 2011) is not limited to Directors, Heads of Paid Service or statutory chief officers. It also includes those who are their direct reports (who may or might not be statutory chief officers and those who report directly to non-statutory chief officers (deputy chief officers).

The metric used for pay dispersion is the multiple of chief executive to mean earnings. Tracking this multiple will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce. Through this pay policy statement Mid Devon will track this multiple annually. **(This is shown as Officer Remuneration in the accounts)**

- the level and elements of remuneration for each chief officer
- the remuneration of the lowest paid employees
- the relationship between the remuneration of its chief officers and other officers
- other specific aspects of chief officer remuneration.

In respect of Officer Remuneration Note in the accounts: It should be noted that this information will relate to the previous year as shown in the annual accounts.

- Salary, fees and allowances
- Bonuses
- Expenses allowance
- Compensation for loss of employment
- Employers pension contribution
- Any other emoluments

Pay multiple
This is calculated by comparing all taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of benefits in kind) for the Chief Executive compared to mean earnings and the lowest paid in the organisation.

Specific Policy Areas
The National Joint Negotiating Committee has previously emphasised that 'it is good governance that local authorities can demonstrate that decisions on pay and reward packages for chief executives and chief officers have been made in an open and accountable way.'

The Leader of the Council may recommend to Full Council changes to the remuneration package following an annual review. Any structural changes to the remuneration packages of the Chief Executive or Directors will be subject to Full Council approval.

Salary increases in relation to cost of living will be made in line with National Joint Council recommendations. (At the time of writing there has been no salary increase agreed for the 2020/21 tax year)

The cost of living increase does not apply automatically to the Chief Executive and the two/three Director roles as of 1st April each year. Any increase given to them will take into account the national pay award and will be agreed by the Leader of the Council, having sought the views of the Cabinet, and will be based on performance. The annual assessment/pay award for the Chief Executive and Directors is implemented from 1st July each year in order to allow for reflection on the previous year's performance (salary increases for all other employees continue to take effect from 1st April each year).

The use of market supplements may be applied in certain circumstances but at present are not considered necessary for any senior role.

At present, there are no additional payments made to senior officers which specifically relate to performance such as performance bonuses; neither is there an element of pay which can be enhanced for performance, other than those already mentioned in respect of the Chief Executive and Director roles. Performance issues will be dealt with through the achievement of agreed objectives and appraisal review process.

Any termination payments to chief officers on ceasing office will comply with Mid Devon District Council's Redundancy Policy and no additional payments will be made without the express approval of Full Council.

Through this policy the pay multiple of the Chief Executive will be monitored annually. Should the multiplier between the annual salary paid to a full time

employee on the lowest spinal column point and the annual salary paid to the Chief Executive be greater than 10, this will be reported by the Leader of the Council to Full Council for consideration.

Our support for apprenticeships, which may be considered a temporary employment, will not be used to skew the pay multiple metric and will therefore be excluded from the calculation. In order to ensure complete transparency however we have also included the salary of apprentices.

There are no arrangements currently in place for tax and national insurance payments to be paid other than through the normal channels, i.e. through the normal PAYE route for all officers of the Council.

5. PAYMENT OF RETURNING OFFICER

Additional payments are set and made by Central Government to officers carrying out additional duties at elections. These payments will only be received when elections take place and although fixed, do vary according to the type of election for which the payment is made. These payments are not within the scope of this policy.

6. OUTCOMES

In having this policy Mid Devon District Council will ensure that the process for setting pay at a senior level is transparent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.

7. PERFORMANCE MONITORING

Annual monitoring of this policy will take place in February. Monitoring of the Chief Executive's performance takes place through an annual appraisal process.

8. POLICY/STRATEGY CONSULTATION

This policy will be agreed with the Council's Leadership Team, Cabinet and Full Council.

9. EQUALITY IMPACT CONSIDERATIONS

The principles of equal pay are integral to this policy. 'Equal work' is defined as:

- Like work where the woman and the man are doing the same job or
- Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme (JES) at the same level/grade or
- Work of equal value where the jobs are again different but an argument is made that both jobs should be regarded as being of equal value or worth.

10. RESPONSIBILITIES

The Corporate Manager for People, Governance and Waste will be responsible for this policy and for updating information on an annual basis.

11. RECORDS

Documents and records generated as a result of the application of this policy will be held electronically and retained as legally required.

All records will be maintained and processed in compliance with the Data Protection Act.

12. DOCUMENT HISTORY

Date	Version	Update
10/02/2017	1	Pay Policy
05/04/2018	2	Pay Policy
07/02/2019	3	Pay Policy
13/02/2020	4	Pay Policy

1. The level of remuneration for all officers earning over £50,000 is shown below:

Post Title	Remuneration	
	2020/21	2021/22
Chief Executive	£114,900	£114,900
Deputy Chief Executive (S151)	£83,844	£83,844
Director of Corporate Affairs and Business Transformation	£82,200	£82,200
Director of Place (new post added 18/10/2021)		£82,200
Head of Service: Planning and Regeneration (Employee left the post 10/09/2021)	Grade P £63,857 to £67,765	Grade P £65,614 to £69,629
Head of Service: Legal Services & Monitoring Officer (Now deleted)	Grade P £65,614to £69,629	Grade P £65,614 to £69,629
District Solicitor and Monitoring Officer (New post from 25/09/2021)		Grade P £65,614 to £69,629
Corporate Manager Public Health, Regulation & Housing	Grade N £55,999 to £59,427	Grade N £55,999 to £59,427
Corporate Manager People, Governance & Waste	Grade N £55,999 to £59,427	Grade N £55,999 to £59,427
Corporate Manager Digital Transformation & Customer Engagement	Grade N £55,999 to £59,427	Grade N £55,999 to £59,427
Corporate Manager Property, Leisure & Climate Change	Grade N £55,999 to £59,427	Grade N £55,999 to £59,427
Corporate Manager Income, Benefits & Recovery	Grade N £55,999 to £59,427	Grade N £55,999 to £59,427
Corporate Manager Financial Services	Grade N £55,999 to £59,427	Grade N £55,999 to £59,427

2. The full time remuneration of the lowest paid employee.

Post Title	Remuneration		Other Allowances	
	2020/21	2021/22	2020/21	2021/22
Recreation Assistant	£18,562	£18,562	None	None
Apprentice	£8,007	£14,277	None	None

3. The multiplier of the remuneration of the Chief Executive based upon taxable earnings.

Category	Total Remuneration	
	2020/21	2021/22
Pay multiple of Chief Executive to Mean	4.35	4.35
Pay multiple of Chief executive to lowest paid FT employee	6.19 (based on Recreation Assistant) 14.35 (based on apprentice rate)	6.19 (based on Recreation Assistant) 8.05(based on apprentice rate)
Annual Mean Pay of all employees (Total Salaries/Number of contracts)	£26,417	£25,415

Officer Remuneration Note in Accounts

Publication of Officers Remuneration

We are required to publish the following information in respect of officer remunerations:

a) The number of employees whose remuneration in the year was greater or equal to £50,000, grouped in rising bands of £5,000.

b) An analysis by job title of the remuneration and employer's pension contributions in respect of senior employees whose salary is £50,000 or more per year (or by name and job title where the salary is £150,000 per year)

4. Officers' Emoluments

This table includes all statutory and non-statutory posts whose overall remuneration exceeds £50k excluding pension contributions and non-taxable allowances as published in Mid Devon District Council Statement of Accounts 2021

	2019/20		2020/21	
Remuneration Band	Number of Employees	Left During Year	Number of Employees	Left During Year
£50,000 - £54,999	**3**	**0**	**3**	**0**
£55,000 - £59,999	**3**	**1**	**4**	**0**
£60,000 - £64,999	**1**	**1**	**1**	**1**
£65,000 - £69,999	**1**	**0**	**2**	**0**
£70,000 - £74,999	**1**	**1**	**0**	**0**
£75,000 - £79,999	**1**	**0**	**0**	**0**
£80,000 - £84,999	**0**	**0**	**3**	**1**
£85,000 - £89,999	**1**	**0**	**0**	**0**
£95,000 - £99,999	**0**	**0**	**0**	**0**
£100,000 - £104,999	**0**	**0**	**0**	**0**
£105,000 - £109,999	**0**	**0**	**0**	**0**
£110,000 - £114,999	**1**	**0**	**1**	**0**

The above table includes two employees who received a termination payment in 2020/21 These employees are included in the Termination Benefit note.
Nine employees in the above table are not Senior Officers so have not been included in the Senior Officers table, all other employees are included.
In completing the 2019/20 Accounts we have complied with the statutory instrument regarding officer emoluments. The statutory instrument requires the

individual naming of any Officers with an annual salary of £150,000 or more and the post title of any officers earning £50,000 or more who occupy statutory roles or are responsible for managing the strategic direction of services.
The Council had no officers earning at or in excess of £150,000 in 2020/21.

5 Termination Benefits

2020/21 Exit Package Cost Band	Number of Compulsory redundancies	Number of Other Departures Agreed	Total number Of exit Packages by Cost band	Total cost of Exit packages in each band £'000
£0 - £19,999	0	11	11	34
£20,000-£39,000	-	1	1	33
£40,000-£59,999	1	-	1	46
£60,000-£79,999	-	1	1	69
Total	**1**	**13**	**14**	**182**

During 2020/21 a number of settlement agreements were made. These were associated with service restructures and changes in order to reduce future employee costs. This helps match ongoing expenditure against the well documented cuts in Central Government funding.

6 Gender Pay Gap

6.1 Pay quartiles by gender

The Mid Devon District Council figures set out below have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Under the law, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

Quartile	Males	Females	Description
1	65%	35%	Includes all employees whose standard hourly rate places them at or below the lower quartile
2	34%	66%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
3	44%	56%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
4	47%	53%	Includes all employees whose standard hourly rate places them above the upper quartile

6.2 Mid Devon District Council's Gender Pay Gap

	Mean Average Hourly Rate	Median Average Hourly Rate
Male	£13.82	£12.45
Female	£13.98	£12.69
HMRC % gap	**-1.16%**	**-1.93%**

The mean gender pay gap for the whole economy (according to the October 2021 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 15.4%; at -1.80% Mid Devon District Council's mean gender pay gap is, therefore, significantly lower than that for the whole economy.

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PAY SUPPLEMENT POLICY

1. INTRODUCTION

This Policy contains the agreed approach to be taken in the application, monitoring and review of pay supplements within Mid Devon District Council.

Pay supplements incorporate mechanisms for managing recruitment, retention and market related issues by temporarily increasing the total pay awarded to a post (without altering the job evaluation determined grade for that post) when it can be shown that the salary range attached to the grade is significantly lower than those offered by a competitor and therefore it impacts adversely on the ability to recruit or retain staff. They also cover methods of recognition and reward.

During times of specific upheaval and change, it may be necessary to secure the delivery of key services and moreover, to retain a particular skill set within the authority using retention payments, market supplements, acting up payments and honorarium.

The objectives of this Policy are:-

- To recruit the best possible staff for each post and enable the Council to mitigate against any adverse impact on its ability to compete in the local labour market by looking at pay supplement payments

- To facilitate flexibility to resource the Council whilst ensuring compliance with equal pay legislation, achieving transparency and adopting best practice.

- To secure the consistent delivery of key services to the public that may be at risk by giving the ability to retain key post holders.

- To manage the usage of pay supplements responsibly with an aim to ensure that it does not create excessive or unnecessary pay disharmony.

This policy will be attached to the annual Pay Policy which is a statutory submission each year to be approved by both the Cabinet and Full Council.

2. SCOPE

This Policy applies to all Mid Devon District Council employees. Supplements are only considered where all reasonable methods to improve recruitment or

retention have been exhausted, and / or there is considerable risk to service delivery. Pay supplements will always be considered against the needs of the specific role as opposed to the post holder.

3. MARKET SUPPLEMENTS

A market supplement payment is paid in addition to basic salary for a specific individual post or cluster of identical posts. It may be paid where a post has been identified as 'hard to fill' and the Council is prevented from being able to recruit and/or retain existing staff on the salary determined by the Council's job evaluation scheme.

Payment will be:

- used in exceptional circumstances only
- mindful of any equal pay/value considerations, in order to avoid/minimise the potential for challenge on this point
- made as a clearly identified supplement with properly documented supporting reasons, for the amount of payment
- time limited in its application i.e. the guaranteed period will be up to a maximum of 12 months
- subject to regular monitoring and review
- pensionable
- applicable to all individuals appointed to the post

Any case for the payment of a market supplement must be properly justified, with supporting evidence from the following range of criteria:

- Evidence of a difficulty to recruit or pay related retention difficulties, together with market pay data
- Turnover rates
- Market based salary comparisons with competing local/regional/national employers (both public and private sector)
- Evidence that other retention initiatives have been explored/exhausted (e.g. learning and development opportunities, promoting non-pay benefits)
- Assessment of the impact of a failure to maintain adequate staffing levels in order to ensure service delivery requirements are met
- Consideration of the impact on other existing staff within the defined job group
- Robust budget impact assessment

In addition to the criteria above, account should be taken of the wider employment context applicable to the occupational group and whether the payment of the market supplement will address the particular issues underlying the retention difficulties, or whether alternative/additional actions are required.

For example:

- Are the difficulties an indicator of other issues of concern within the service/occupational group, which can be more appropriately resolved by other management action and/or non-pay measures?
- Is there a regional/national shortage for which new/alternative training schemes would be a more appropriate solution?
- Are there more appropriate ways of resourcing/delivering the service rather than through an in house workforce?

The amount of the market supplement will not be greater than 15% of the top of the salary range for the post.

Market supplements, and the conditions applicable to them, shall be clearly set out and separately identified in any job advertisement and offer/appointment letter.

Market supplement reviews will be undertaken in the following circumstances:

- At least three months prior to the end of the guaranteed period, Human Resources will instruct the Line Manager to commence the review of the market place related to that post and present the findings to the Pay and Grading Group no later than six weeks prior to the end of the guaranteed period.
- If a review indicates that the market supplement is no longer justified, it will be withdrawn. Employees will receive a minimum of one months' notice if the market supplement is being withdrawn and the reasons for this decision.
- Failure to present the findings of the review to the pay and grading group within six weeks of the end of the Guarantee Period will result in the withdrawal of the pay supplement with 1 months' notice.

4. RETENTION PAYMENTS

Deferred retention payments are paid after an agreed period of employment has been completed, and will only be authorised on the basis of the provision of robust evidence amounting to a material factor (suitable for defending any potential equal pay claims). The following evidence will be required as a minimum:

- defined skills or knowledge of an individual not available elsewhere within the authority which are deemed essential to service delivery, or other equitable material differential
- a written offer of employment with another employer, including details of the terms and conditions being offered
- reasons for leaving are clearly related to remuneration / job security, and not other factors such as dissatisfaction with role, manager, team or organisation

- evidence that other measures have been explored, together with the impact on the team.

Payments may be made at the end of a given period, or staggered throughout the specified period of retention.

Requests can only be brought by management, and will have to satisfy the Pay and Grading Group that there is not an Equal Pay issue. A clear business case detailing the significant impact on service delivery will be required for submission to the Pay and Grading Group following authorisation by Director or the Chief Executive.

Managers will also need to include information in their business case as to why a retention payment is more applicable than a market supplement before any payment can be approved.

Retention payments will be subject to the appropriate contractual conditions being met, e.g. remaining within the Council's employment for a specified period and/or the completion of specific tasks. Individuals will be required to sign an agreement to this effect.

The amount of a deferred retention payment will not be greater than 10% of substantive salary.

These payments will made in addition to the individual's normal salary but will be subject to the normal income deductions in respect of tax and National Insurance. They are not pensionable.

If a deferred payment is made in stages and not at the end of the period and an individual leaves the Council within the agreed period of operation of the payment, the individual will be required to pay back all monies received under the scheme, except in the circumstances set out in below.

If an individual leaves the Council because of illness, injury, disability or redundancy, the member of staff will not be required to refund payment

During the specified period when a retention payment is being made a Manager will be required to manage the risk of the employee leaving by undertaking the necessary measures such as ensuring the employee shares their knowledge with other colleagues and/or undertaking recruitment to the role.

If a retention payment is being proposed that relates to a Director then the CEO, the Leader of the Council, the relevant Cabinet Member and the Corporate Manager with responsibility for People will need to agree and sign off any proposal. This will then be sent to SW Councils for independent evaluation and ratification.

If a retention payment is being proposed that relates to the CEO, then the Leader of the Council, the relevant Cabinet Member, Chairman and the Corporate

Manager with responsibility for People will need to agree and sign off any proposal. This will then be sent to SW Councils for independent evaluation and ratification.

6. INCREMENTAL PROGRESSION

The Council's financial rules provide Operational Managers and above with delegated powers to place an individual on the spinal column point of their choosing, provided it is within the evaluated grade for the post, and follows satisfactory performance.

In support of this delegated authority, and in order to ensure that equal pay is maintained the determination of an individual spinal column point either at the commencement of employment in the job role or at any other time will be based on objective material factor criteria as follows:-

- Possession of skills, knowledge, experience or qualifications beyond those which are essential to the job which will enhance performance in the role
- Demonstrable accelerated growth in the role beyond that expected (attainment of skills/knowledge/experience).
- An alternative to a retention payment or market supplement where the criteria for such payments is met.

In the event that an employee has not met their performance targets in line with their annual appraisal or has not been working to the required standard of work they will not be awarded a pay increase, and this will be reviewed again in the following year.

For appointments effective between 1 October and 31 March inclusive, the next increment will be six months after the effective date and then 1 April thereafter.

Subsequent increments are achieved when there has been a demonstration of high performance against the expectations of the role. Any incremental pay progression will be awarded to employees once this has been evidenced through the annual pay review.

The annual performance review is an opportunity for managers and their staff to review performance throughout the year and make a judgement as to whether a pay increase will be awarded. If a pay increase is not awarded then the manager will be required to give specific details about any performance shortfalls, and provide the employee with specific targets and support. In certain circumstances where an informal process has not reached a solution this may proceed to a capability process.

Any incremental pay increases will be payable on 1 April. Pay increases will no longer be awarded once the employee has reached the top of the pay scale for their role.

7. HONORARIUM PAYMENTS

An honorarium payment may be made to an employee who is undertaking duties of a higher level than those for which they are graded. This can be related to:

- covering a vacancy
- covering an ongoing absence within the department (such as long term sickness, but not annual leave)
- undertaking work on an ongoing basis which is over and above that expected for the grade of the post
- *a special project/activity – work outside normal scope of duties*

Any honorarium paid should not only be for a justifiable reason, but also clearly calculated. The payment, which is pensionable, should be calculated as follows:-

Extra responsibilities for between 6-8 weeks
For the first 6-8 weeks this is considered as a development opportunity offered without payment. As with any request for a staff member to take on extra responsibilities the extent of the duties will need to be clearly confirmed, and the member of the staff has the right to decline the opportunity. It is crucial that this aspect is confirmed in advance of any extra responsibilities being proposed.

Extra responsibilities for over 8 weeks
Any staff who have responsibilities longer than 8 weeks should receive an acting up allowance to the equivalent of 10% of their current salary if it is work at their grade. If duties are belonging to a role of a higher grade the staff member will receive 10% of the salary of the role being covered.

*Payments being awarded in respect to the above should be for no longer than 12 months as per the CMT principle adopted in 2020.

Extra responsibilities for a period longer than 12 months
If there is a requirement for additional duties to be taken for a period longer than 12 months then a formal evaluation of the staff members role will need to be considered which may lead to a formal restructure within the department.

In accordance with the Council's financial rules, the Line Manager must obtain approval prior to the confirmation of any honorarium by making a request using the Honorarium Payment Approval Form, which must be completed and signed off by themselves and the Operational Manager/Director. This should then be forwarded to Human Resources. Staff are not able to put themselves forward for an honorarium.

8. PROCESS FOR APPROVAL

In order to maintain the integrity of our Job Evaluation scheme, requests for market supplements, retention payments, and honoraria are all subject to additional approval by the Pay and Grading Group. Any such requests will be

submitted for consideration at the next available meeting of the Pay and Grading Group following receipt of the authorised request.

All requests must be made on the appropriate application form and all supporting documentation must be attached. Business cases which propose market supplements, retention payments and honorariums must be robust in order to provide a defence against an equal pay claim.

9. RESPONSIBILITIES

Managers are responsible for making the business case, including carrying out any research, completing the necessary application form and obtaining the necessary level of authorisation prior to submitting the request to Human Resources.

Managers are responsible for ensuring that any proposals in respect of incremental progression and honoraria can be met from their own budget. There will be a central budget for market supplement/retention payments, which will be controlled by Human Resources.

The Pay and Grading Group are responsible for approving market supplements, retention payments and honoraria.

Human Resources will ensure that all the necessary paperwork and information has been submitted, provide the check and balance arrangements in respect of that supporting evidence, ensure that any payments are supported with an objective justification, and will specifically be responsible for identifying reasons for leaving upon receipt of requests for retention payments. Human Resources will review this policy annually to ensure continued relevance.

Human Resources will be responsible for providing an annual summary of:

- the number of applications under each strand of this Policy
- the number of applications approved under this Policy
- the breakdown of applications approved by gender

to the Pay and Grading Group. Data monitoring the application of incremental progression will be reported to each Pay and Grading Group meeting, and annually to the Corporate Negotiation and Joint Consultative Committee.

10. RECORDS

Documents and records generated as a result of the application of this policy will be retained permanently on the individuals personnel file.

Records of will be held permanently on the Council's HR and Payroll information systems.

All records will be maintained and processed in compliance with the Data Protection Act.

CABINET
FEBRUARY 1 2022

ESTABLISHMENT

Cabinet Member(s): Cllr Bob Deed, Cllr Nikki Woollatt
Responsible Officer: Matthew Page, Corporate Manager for People, Governance and Waste

Reason for Report: To give Members an update on both the establishment of the council together with its performance. This report should be read in conjunction with the functions of individual officers highlighted in the Constitution.

RECOMMENDATION: The Cabinet is asked to recommend to Council the contents of the below report.

Financial Implications: Financial risk will only occur where the structure of a service changes without adherence to allocated budgets.

Budget and Policy Framework: This report sits within the current budget and policy framework.

Legal Implications: In accordance with article 14 of the constitution.

Risk Assessment: If the establishment is not appropriately managed and reviewed then service delivery may be put at risk.

Equality Impact Assessment: No equality issues highlighted in this report.

Relationship to Corporate Plan: This report highlights the Establishment figures and, as such, supports our aim to reduce costs without affecting service quality and continuity.

Impact on Climate Change: No climate change issues highlighted in this report.

1.0 Introduction/Background

1.1 The purpose of this report is to give an update on the performance of our workforce and how this has been affected by the COVID-19 pandemic.

1.2 These items included updates on the key establishment indicators of sickness and agency expenditure, turnover and the impact of COVID-19 on our workforce.

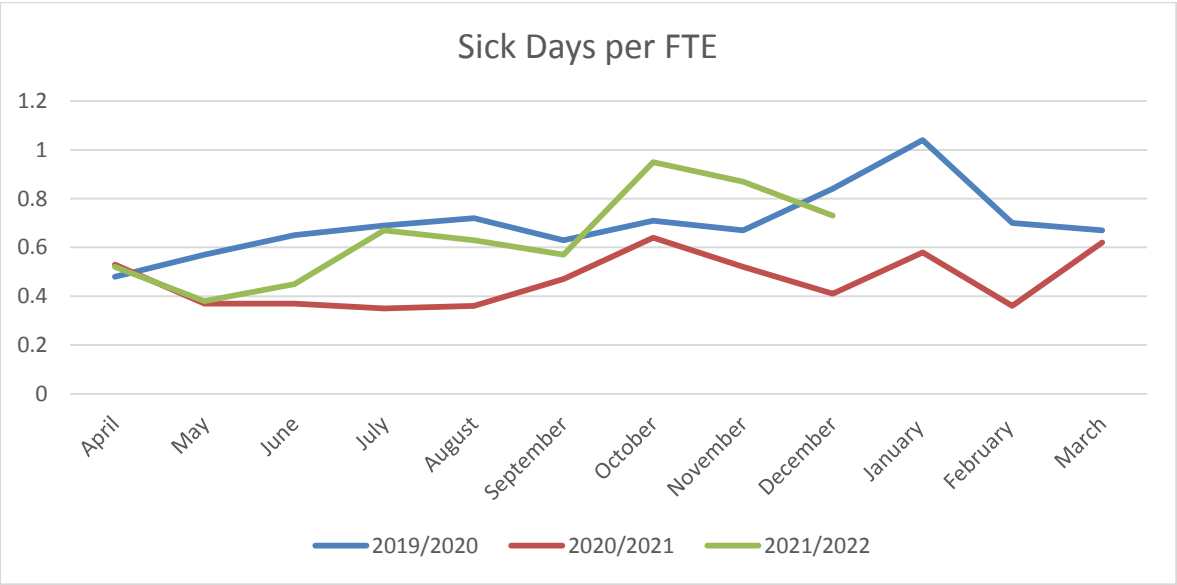
1.3 The work around scrutinising the performance of our Establishment has significantly improved during 2021 with Corporate Management and Operational Service Budget Leads regularly meeting with their HR Business Partners and Accountants to compare workforce data regarding turnover, sickness and vacancy rates with finance and budget related spend eg agency spend. Good establishment and budget management go hand in hand so this should lead to better understanding and decision making in the future.

2.0 Sickness Absence, Agency Expenditure and Establishment

2.1 Last year (2020/21) MDDC had an average of 5.57 sickness days per FTE person, 2.7% of overall workforce time. This compares to 8.10 sickness days that were lost per FTE employee in 2019/20. For the 2021/22 financial year there is both a target and subsequent action plan to reduce the number of days lost to less than 7 days per FTE employee (which would put the Council in line with industry standards across other councils). This is down to a rise in sickness that was expected to occur as a result of COVID-19 restrictions being lifted and the presence of further variants that have required additional vaccination over time. This anticipated rise in sickness absence has become more evident during the autumn and winter months (starting in October 21).

2.2 A new sickness absence policy was introduced in 2020 to clarify the reporting and certifying arrangements for sickness, a new management guideline (an employee should not have more than six days of absence in the year) and clearer interventions around long term and short term sickness absence. A recent management survey conducted around how to best increase line manager confidence and capability around people interventions had led to the creation of an in house management development programme. This is due to start in February 2022.

2.3 In the first three quarters of this year (1 April to 31 December 2021) the Council has lost 5.4 days to absence per FTE employee, meaning we are currently in line to meet or slightly exceed the target set for the current financial year. Our sickness absence is usually less in the first two quarters of the financial year than in the last two due to the autumn and winter seasons (not including COVID-19). We have also seen the number of staff who were on furlough reduce from 20% to 0% as services like Leisure reopened and resumed their services to the public.



2.5 There is a comprehensive package of measures being developed by our new Health and Safety Officer, Chris Hodgson which look to improve levels of wellbeing and improved support around mental health in the workplace. This awareness has been complimented by the development of a comprehensive

package of support regarding the menopause including a new training programme for line managers and employees, the development of wellbeing ambassadors (using the all staff consultative group Impact) and a new policy.

2.6 The Council ran an all staff survey in the autumn of 2021 to gauge opinion and feedback on key organisation performance indicators including communication, leadership, development and wellbeing. This was run by an independent organisation to both ensure a greater level of trust and confidence in the survey and its impartiality from employees. It also benchmarked our results against different organisations including other councils. An action plan is being compiled by the all staff consultative group Impact at the time of writing.

2.7 One of the consequences of increasing sickness absence (partly caused by COVID-19) as well as turnover and vacancies that have proven challenging to fill (e.g. HGV drivers) is rising agency costs.

2.8 During the first three quarters of 2021/22 the organisation spent £533,028.00 on agency workers (some of this spend owing to providing cover to critical services during COVID-19). In the last two financial years the Council has paid out £534,378.49 in 2019/20 and £576,368.28 in 2020/21 so we are looking at a rise in spend for 2021/22 of around £150K (so end of year projection is at £700K). Agency workers provide cover to vacant posts as well as employees who are sick or absent from the workplace in public facing services including waste and leisure. So there is further incentive to continuously improve our position regarding sickness absence.

2.9 The below tables compare the establishment for the Council and their associated costs for 2020/21 and 2021/22. The small increase in Establishment is explained by more people returning to work from Furlough over time. Please note that the increase in gross pay for 2021/22 does not include a proposed 1.75% cost of living award which is yet to be made to each member of staff due to a national ongoing dispute with the Unions.

	2020/21	2021/22	2021/22 (Assuming 1.75% Increase)
Total number of employees/workers paid	697	699	699
Establishment FTE	422.79	425.63	425.63
Total Taxable Gross Pay	£11,515,324.63	£11,832,654.33	£12,039,725.78
Employers NI	£ 1,038,135.28	£ 1,087,280.03	£ 1,106,307.43
Employers Pension	£ 1,832,713.73	£ 1,901,929.77	£ 1,935,213.54

3.0 Turnover

3.1 Turnover for the first three quarters stood (1 April to 31 December 2021) stands at 15.09%. During this period 75 employees left the Council; there were 66 resignations, 2 dismissals with notice, 1 end of probationary, 1

redundancy, 2 retirements, 2 end of fixed-term contracts and 1 death in service.

3.2 This compares with turnover standing at 14.23% for the 2020/21 financial year and 18% for 2019/20.

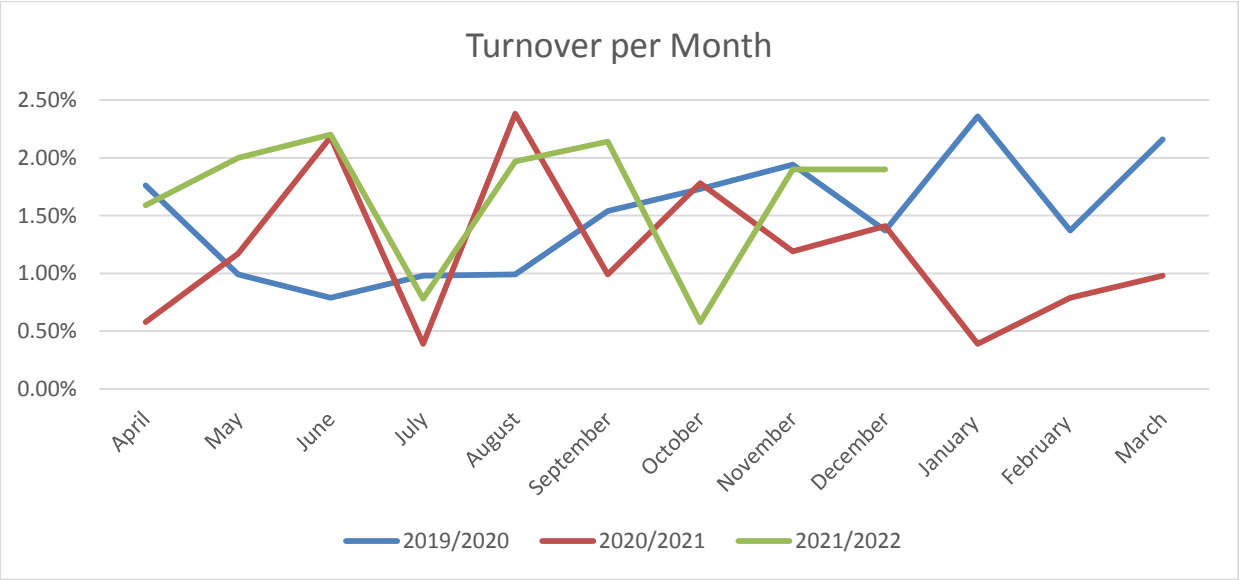
3.3 Below is a full breakdown of all leavers and data collected during exit interviews for last 18 months. This information is shown in Appendix 1 with the below graph comparing turnover in 2020/21 with the first three quarters of 2021/22.

3.4 Mid Devon, like other local authorities, is facing increasing challenges over turnover due to a number of different external factors. In terms of manual work the lack of supply of Eastern European workers has hit different industries hard which has had the result of increased competition for drivers, loaders and other types of worker amongst different sectors. The increase in people being able to work in a mobile, hybrid way has resulted in employees having greater choice and flexibility over where they work (and how).

3.5 These challenges have brought into sharp focus the need to consider our longer term employment offer for potential applicants. Key aspects include promoting our benefits, encouraging greater flexible working where it is possible to do so (see next section on work already commenced around greater mobile, hybrid working) but also creating a path of progression and development for each employee so we give ourselves the best possible opportunity to retain the talent and leaders of tomorrow.

3.6 Another vital component of our work around workforce planning is to continue the development of our Apprenticeship programme which was formally recognised in February 2021 through the receiving of a national award from Petroc. The recruiting of new talent into the Council through the further development of our Apprentice programme but also the use of national initiatives such as the Kick Start programme are going to be increasing priorities for the future.

3.7 Our work around the Evolve learning and development project has developed considerably since I last reported to members with a first successful run of online Appraisal/PDR completed and a 94% response rate achieved to date. This work is informing both a future skills analysis piece that has been captured by the Appraisal process which will inform future workforce planning as well as the roll out of online six month and then quarterly objective and development reviews during 2022/23.

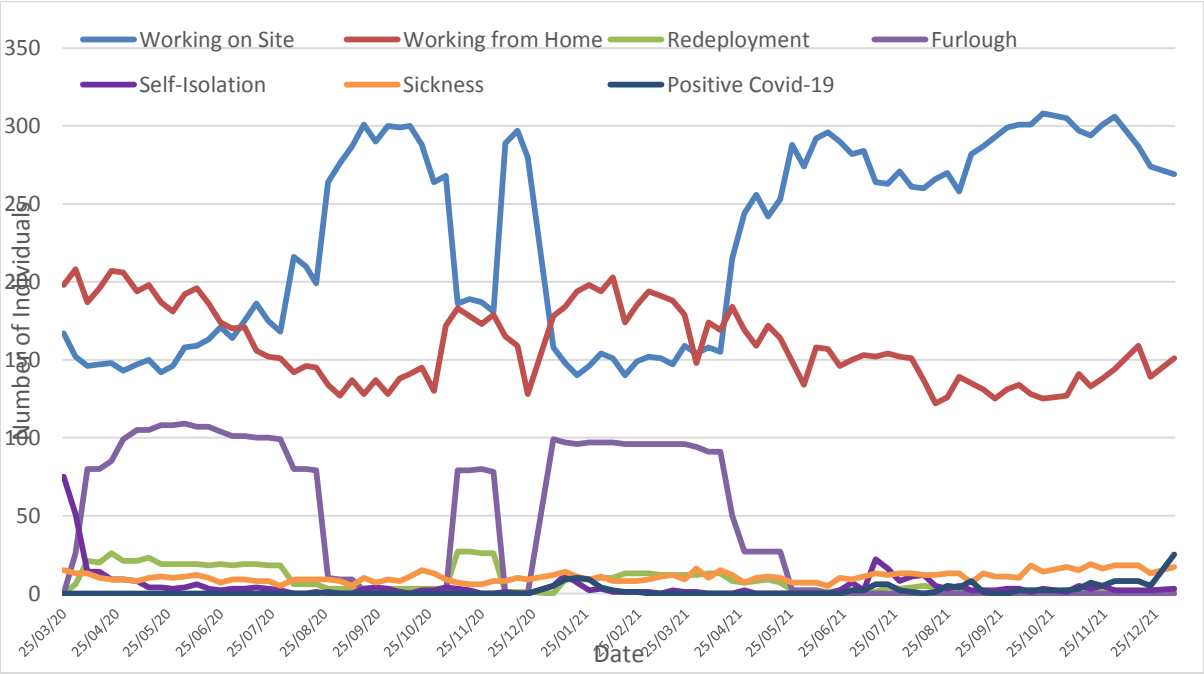


4.0 COVID-19

4.1 Since March 23 2020 when the government announced a formal lockdown of both businesses, services and offices, the Council have been closely managing both the health and wellbeing of its workforce as well as how it is redeployed to ensure critical services are delivered to the public.

4.2 Key activity has focused on reporting the status and performance of our workforce on first a daily then a weekly basis. During COVID 19 our workforce has been very stable in its status with at first 30% of our employees on site or in the office delivering critical work or services, 40% working from home and 20% furloughed.

4.3 This changed during Spring and the Summer period of 2021 with the lifting of restrictions and the opening up of key services including Leisure so around 60% of our workforce are currently in work with 25% working from home. The Council is maintaining its stance of encouraging the workforce to work from home where possible, isolate if necessary and get tested if required to protect the safety of our workforce and the public we serve. The below graphs show how the workforce has had to adjust to different restrictions imposed over recent months.



4.4 The furlough scheme allowed employers to be reimbursed for up to 80% of their employees' salaries where employees were unable to work due to closures etc. caused by Covid 19.

4.5 We have furloughed mainly employees from our leisure services over the last 18 months (this includes the casual employees from Leisure). It also includes employees who were shielding from other service areas.

The money reclaimed during 2021, since the last Establishment report, from the furlough scheme is as follows:

January 21	£74123.67
February 21	£69833.22
March 21	£54359.58
April 21	£25544.59
May 21	£980.27

We have not claimed any furlough allowance since 31st May 2021

4.7 Over the last 18 months the Council have responded to the ever changing guidance and restrictions to ensure that our workforce were appropriately protected but also that our services could be maintained to the highest possible standard during this time. An example of us having to adapt to these conflicting priorities was reducing the period that staff had to self-isolate to 21 days and then 10 days after finding out that COVID symptoms can be detected by a PCR test up to 90 days after an individual has contracted COVID-19. Our original position was to request a negative PCR test to be obtained before an employee returned to the workplace.

4.8 Other key initiatives have included publicising drop in opportunities for staff to get their COVID vaccinations. We also worked closely with Devon County to set up a testing centre in Exe Valley which was manned by our own Leisure staff and we have taken delivery of our own lateral flow tests to give to our front line service staff. The organisation has run two staff surveys in relation to COVID-19 to get feedback on the practice that has had to be brought in to ensure critical services could operate to the highest possible standard during the pandemic. Overall feedback was very positive with staff highlighting increased benefit and productivity from being able to work in a more flexible way.

4.9 The organisation has started to look ahead to allow some parts of the workforce to work in a more mobile, hybrid way in the future. This recognises that whilst some aspects of the workforce will need to be on site to deliver front line services to the public, other parts of the workforce have benefited from having greater flexibility and being able to go to the area of activity where they are most required. Other opportunities include reducing our carbon footprint and revising our approach to travel as well as looking at options around the potential renting out of office space. We have set up a physical demonstration for how new SMART desks may look and work in the ICT room of Phoenix House and have circulated this online to all employees. Members are invited to look at this in house proposal and demonstration.

5.0 Conclusion and Recommendations

5.1 There are a number of priorities which the Corporate Manager for People, Governance and Waste wants to focus on in terms of our Establishment performance but he would like to draw attention to three key priorities.

5.2 It is vital that we continue to plan ahead for COVID-19 and dealing with the current Omicron wave for the forthcoming winter period. It is also predicted that seasonal flu and other illness will continue to result in a spike in staff absence during this period. We will also continue to develop our work around mobile, hybrid working.

5.3 We need to continue to consider how we recruit and retain our employees in different ways given the external challenges we face. The recent ‘Work Local’ promotion logo evident on the side of some of our Waste vehicles is one small example of how we need to be able to attract candidates in a variety of ways using different media. Another key priority is to build on our successful Apprentice programme to bring in new talent to the Council.

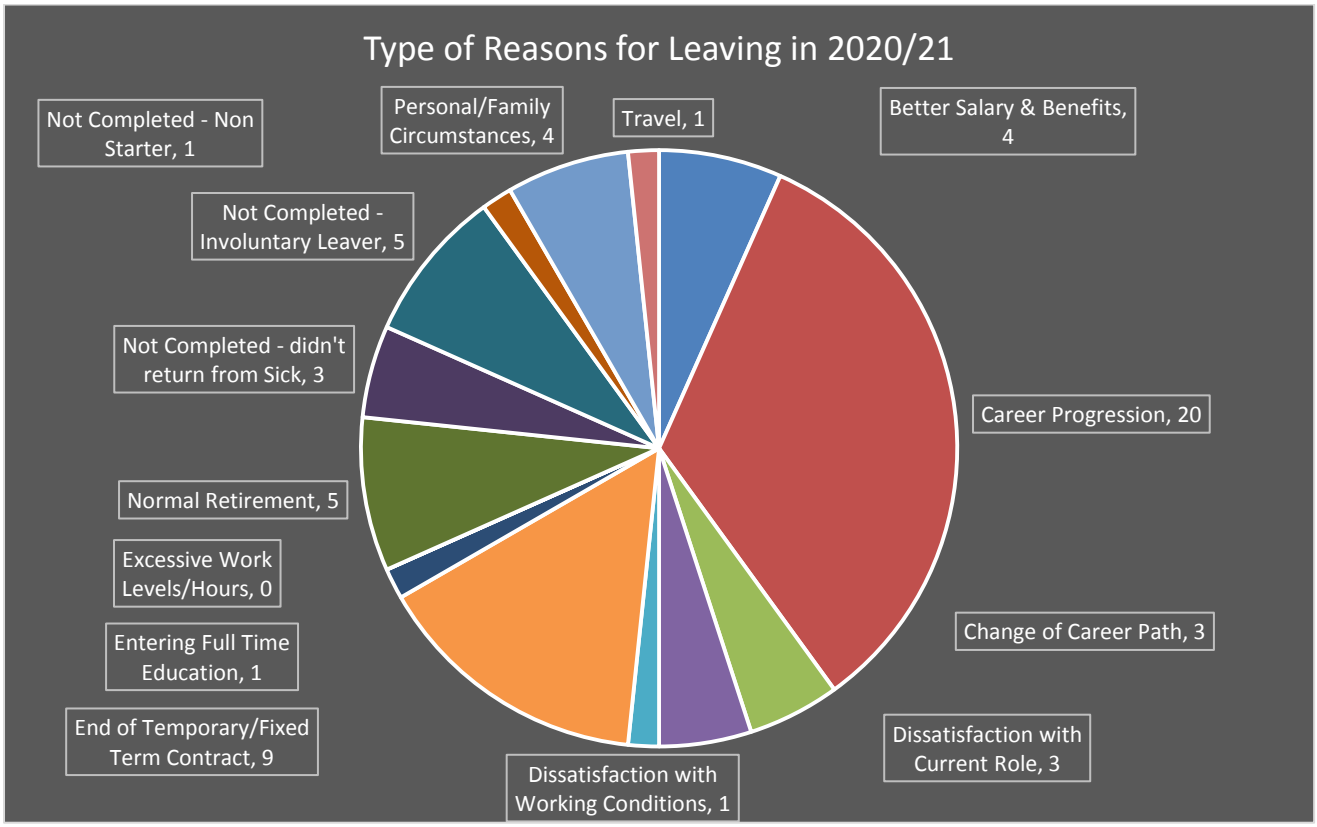
5.4 We need to implement the action plan priorities that will arise from the current discussions being held on the staff survey results. These include promoting better wellbeing practice including the management of emails, increasing the frequency of corporate communication (and improving it) as well as developing our online management of objectives and development.

Contact for more Information: Matthew Page, **Corporate Manager for People, Governance and Waste (MPage@middevon.gov.uk)**

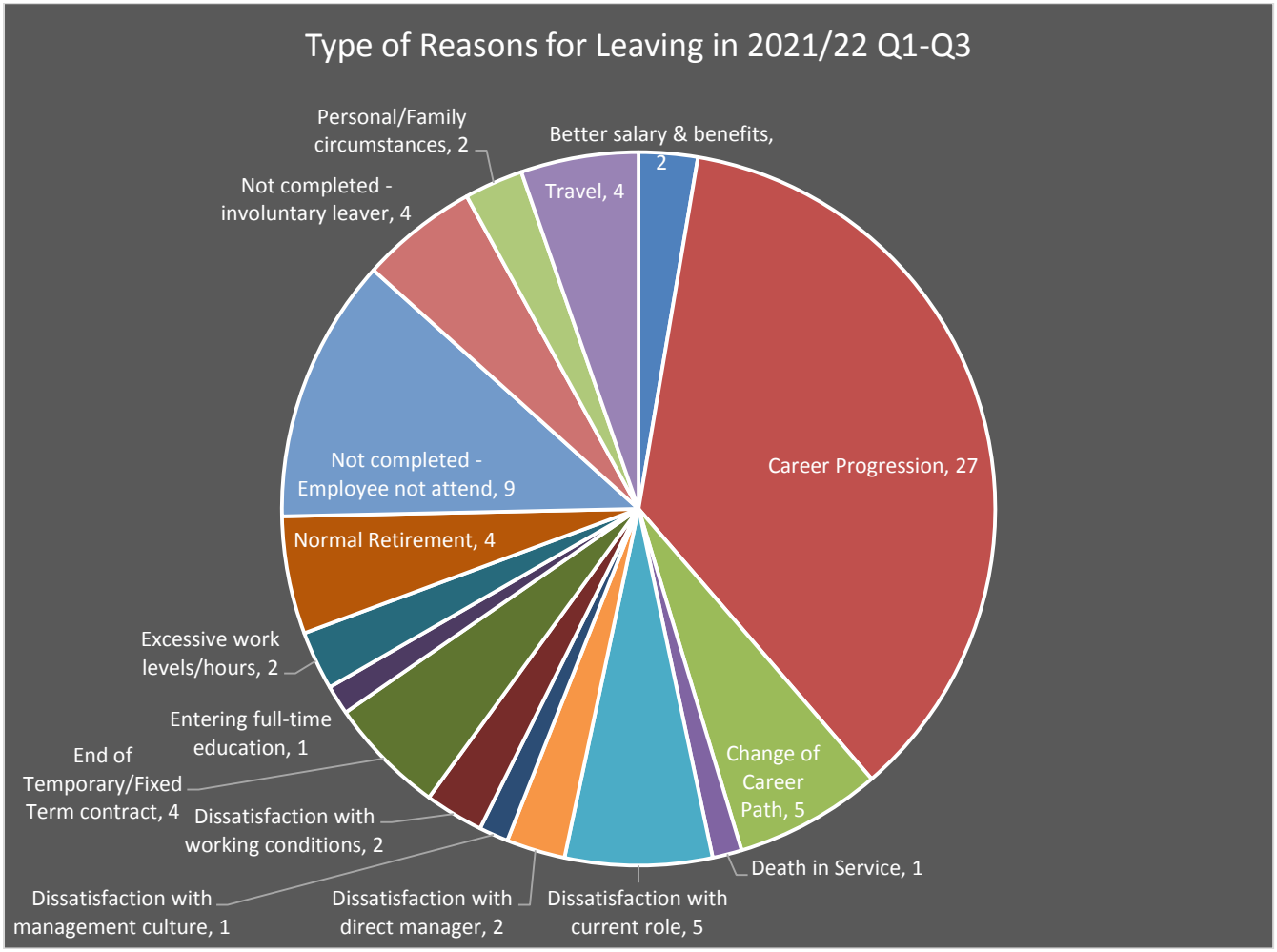
Circulation of the Report: Cabinet Member– Cllr Nikki Woollatt, Leadership Team

List of Background Papers: Establishment Paper submitted to Cabinet February 2021.

Appendix 1



Type of Reasons for Leaving 2020/21	
Better Salary & Benefits	4
Career Progression	20
Change of Career Path	3
Dissatisfaction with Current Role	3
Dissatisfaction with Working Conditions	1
End of Temporary/Fixed Term Contract	9
Entering Full Time Education	1
Excessive Work Levels/Hours	0
Normal Retirement	5
Not Completed - didn't return from Sick	3
Not Completed - Involuntary Leaver	5
Not Completed - Non Starter	1
Personal/Family Circumstances	4
Travel	1



Type of Reasons for Leaving 2021/22 Q1-Q3	
Better salary & benefits	2
Career Progression	27
Change of Career Path	5
Death in Service	1
Dissatisfaction with current role	5
Dissatisfaction with direct manager	2
Dissatisfaction with management culture	1
Dissatisfaction with working conditions	2
End of Temporary/Fixed Term contract	4
Entering full-time education	1
Excessive work levels/hours	2
Normal Retirement	4
Not completed - Employee not attend	9
Not completed - involuntary leaver	4
Personal/Family circumstances	2
Travel	4

COUNCIL
23 FEBRUARY 2022

COUNCIL TAX RESOLUTION 2022/23

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

Reason for Report: The Council as a Billing Authority is required to set the Council Tax for 2022/23

RECOMMENDATION: To approve the formal Council Tax Resolution as laid out in Appendix 1.

Relationship to Corporate Plan: The 2022/23 budget shows the costs of delivering the key priorities of the Council's Corporate Plan.

Financial Implications: This report sets out the Council's Council Tax Requirement for 2022/23 which is derived from its balanced budget, as recommended by Cabinet on the 01 February 2022.

Legal Implications: The Council has a statutory duty to approve a Council Tax Requirement. The Authority must have due regard to the Council's S151 Officer Report on the robustness of estimates and adequacy of reserves when making decisions on the Budget and Precept, as required by Section 25 of the Government Finance Act 2003.

Risk Assessment: The Council is required under the Local Government Finance Act 1992 to set a Council Tax.

Equality Impact Assessment: It is considered that the impact of this report on equality related issues will be nil. However, budgetary options included within the budget are supported by EIA where required.

Impact on Climate Change: There are no Climate Change implications directly relating to the content of this report. However, the General Fund, Capital Programme and the Housing Revenue Account all contain significant investment in order to work towards the Council's Carbon Reduction.

1. Introduction

1.1 The permissible annual increase in the Council Tax charged by the Council, known as the Precept, is governed by the Referendum Limit as set by the Government. This is effectively a maximum percentage increase which if exceeded would result in the need for a local referendum. The limit on a Band D bill for a District Council is an increase up to 2% or a £5 cash increase – whichever is higher. This was confirmed as part of the Local Government Funding Settlement announcement made in late December 2021 and confirmed on 9 February 2022.

1.2 In addition to the Council Tax levels permissible for a District Council, Central Government has confirmed the referendum limit for County Councils as 2% with the additional flexibility for those with Adult Social Care responsibilities to allow a further increase of 1%. These additional funds have to be ring-fenced for Adult Social Care costs. Fire and Rescue Authorities also have a 2% referendum limit, although this is increased to £5 for the 8 lowest charging Fire and Rescue Authorities. Police and Crime Commissioners are able to increase a Band D bill by £10.

1.3 Within this Resolution, MDDC (as the Billing Authority) has to indicate whether any of the major precepting bodies (County Council, Fire and Rescue Authority, or Police and Crime Commissioner) have exceeded their specified limit (see **Appendix A paragraph 6.0**).

2. 2022/23 Council Tax Resolution

2.1 Since the meeting of the Cabinet on the 01 February 2022, the precept levels of other precepting bodies have been received. These are detailed below:

2.1.1 Town and Parish Councils

The Town and Parish Councils precepts for 2022/23 are detailed in **Appendix A**, paragraph 3.1, and total £2,144,548.81. The increase in the average Band D Council Tax for Town and Parish Councils is 3.68% and results in an average Band D Council Tax figure of £71.94 for 2022/23 (£69.38 for 2021/22).

2.1.2 Devon County Council

Devon County Council met on the 17 February 2022 and set their precept at £46,400,267.21 adjusted by a Collection Fund surplus of £2,142,806.12 (Note: in line with statutory guidance the total Collection Fund deficit for 2020/21 will be spread over 3 years from 2021/22 to 2023/24. The estimated surplus detailed above has been reduced by £330,098.11 in respect of the second year of the spread (2022/23), this being the relevant amount of the total projected deficit

calculated for 2020/21 of £1,269,114.21). This results in a Band D Council Tax of £1,556.46, a 2.99% increase on the previous year.

2.1.3 Devon & Cornwall Police and Crime Commissioner

Devon & Cornwall Police and Crime Commissioner met on the 28 January 2022 and set their precept at £7,350,301.25 adjusted by a Collection Fund surplus of £336,255.62 (Note: in line with statutory guidance the total Collection Fund deficit for 2020/21 will be spread over 3 years from 2021/22 to 2023/24. The estimated surplus detailed above has been reduced by £50,826.66 in respect of the second year of the spread (2022/23), this being the relevant amount of the total projected deficit calculated for 2020/21 of £195,411.11). This results in a Band D Council Tax of £246.56, being a 4.23% / £10.00 increase on the previous year.

2.1.4 Devon & Somerset Fire and Rescue Authority

Devon & Somerset Fire and Rescue Authority met on the 18 February 2022 and set their precept at £2,736,389 adjusted by a Collection Fund surplus of £127,032 (Note: in line with statutory guidance the total Collection Fund deficit for 2020/21 will be spread over 3 years from 2021/22 to 2023/24. The estimated surplus detailed above has been reduced by £20,235.27 in respect of the second year of the spread (2022/23), this being the relevant amount of the total projected deficit calculated for 2020/21 of £77,797.67). This results in a Band D Council Tax of £91.79, being a 1.99% increase on the previous year.

2.2 The recommendations of the Cabinet are set out in the formal Council Tax Resolution in **Appendix A**. If the formal Council Tax Resolution at Appendix A is approved, the total Band D Council Tax will be as follows:

Table 1 – Council Tax Levies in Mid Devon

COUNCIL TAX LEVIES	2021/22	2022/23	Variation	
	£	£	£	%
Mid Devon District Council	213.84	218.84	5.00	2.34[1]
Parish & Town Councils (Average)	69.38	71.94	2.56	3.68
Sub Total	**283.22**	**290.78**	**7.56**	
Devon County Council	1,511.28	1,556.46	45.18	2.99[2]
Devon & Cornwall Police and Crime Commissioner	236.56	246.56	10.00	4.23
Devon & Somerset Fire and Rescue Authority	90.00	91.79	1.79	1.99
TOTAL	**2,121.06**	**2,185.59**	**64.53**	

[1] Note - rounded to 2 decimal places. MDDC increase is 2.338%
[2] Includes 1% For Adult Social Care

3. 2022/23 Local Government Finance Settlement

3.1 On the 01 February 2022, the Cabinet considered the budget for the financial year 2022/23 based upon the Provisional Local Government Finance Settlement. This meeting recommended a balanced General Fund budget, following a drawdown of £145k from the New Homes Bonus Reserve and a £5 (2.34%) increase in Council Tax (as detailed in Table 1 in para 2.2 above).

3.2 The Final Local Government Finance Settlement was announced on 9 February 2022 and confirmed no change to the levels of grant funding allocated within the Provisional Settlement that applied to MDDC.

3.3 There continues to remain a great deal of uncertainty over the levels of Government funding as this was again a one-year only settlement and the Fair Funding Review and Business Rates Baseline reset has been postponed until at least 2023/24. It continues to remain Government policy to phase out New Homes Bonus Grant.

4. Section 25 Report of the Section 151 Officer

4.1 In making decisions in relation to the setting of Council Tax, Section 25 of the Local Government Act 2003 requires the Chief Financial Officer of the Council to report to it on the Robustness of the Estimates and The Adequacy of the Financial Reserves. It is a statutory requirement that councillors must consider this report when considering and approving a budget. These statements are presented in the following sections of this report.

4.2 Robustness of the estimates

4.2.1 The estimate process adopted by the Council for 2022/23 is concerned with the mitigation of risk when approving the budget.

4.2.2 Construction of the estimates for 2022/23 has taken full account of the following:

a. Previous years outturn;
b. Current year revised estimates;
c. Regular budget monitoring up to and including December 2021;
d. Inflation levels;
e. Current income levels;
f. Changes in legislation;
g. Service prioritisation linked to the current Corporate Plan;
h. Feedback from Budget Consultation;
i. Potential changes to the Local Government Funding Mechanisms (including NHB, Business Rates and any alterations announced as part of the Fair Funding Review);

j. Consideration of ongoing Covid-19 implications (both cost & income related).

4.2.3 The key component for ensuring the estimates are reviewed and deliver the priorities of the Council is the budget monitoring process. The ability to manage and control spending within the approved budgets during the course of the forward year mitigates the Council's level of financial risk. In particular, regular reviews of income streams and expenditure patterns and variance with profiles of expected activity are identified at the earliest opportunity to Members and officers so that corrective action can be initiated.

4.2.4 All budgets were compiled on a prudent basis, bearing in mind the level of risk associated with certain income sources (e.g. car parking, planning, leisure and interest receipts – which remain affected by Covid-19). We also have increased volatility and risk in the Council's overall budget (i.e. the Council Tax Reduction scheme (CTR), the localisation of Business Rates and our commercial rental portfolio). These budgets have been carefully monitored during 2021/22 and this process will continue during 2022/23.

4.2.5 The Finance Team have liaised with all Service Managers, Senior Management and Members during this process and have ensured a robust challenge process of all proposed budgets. The budget ensures that all aspects of the budget (Revenue, Capital and Treasury) are understood and the interdependencies are taken account of.

4.2.6 The Prudential Code introduced a rigorous system of prudential indicators, which explicitly require regard to affordability, prudence, value for money, stewardship, service objectives and practicality in the way in which we manage our finances. The Council has complied fully with the requirements of the Prudential Code for Capital Finance in Local Authorities.

4.2.7 The Treasury Management Strategy, Capital Strategy and Investment Strategy provide the framework for which the Council to adhere to. The levels assumed in the indicators are affordable and sustainable.

4.2.8 Similarly, the insurance cover is adequate to meet all reasonable insurable liabilities.

4.2.9 In all respects the estimates are prepared on the best information available. We review current experience, for example, the estimates of income have been rebased, especially where the income stream is demand led and therefore has been impacted by Covid-19. In a similar way all salary estimates have been constructed on an individual officer basis because this element of the budget is such a significant expenditure heading.

4.2.10 Finally, in preparing the detailed estimates the Council takes advice from third party organisations concerning a number of discrete areas. In particular, Treasury Management decisions are informed with reference to interest rate movements forecast by Link Group and similarly external guidance on insurance and pension contributions is also used.

4.2.11 The Council has sought to involve all Members throughout the budget setting process. The first round of PDG and Cabinet meetings in November took place and an initial budget gap of circa £1.072m was estimated for 2022/23. This was as a result of a number of factors including inflation; pay increases, provisional business rates, and council tax income and made further assumptions around ongoing Covid-19 pressures. The PDG's were again involved during their January round of meetings to seek views and options to balance the budget.

4.2.12 Budget consultation with the Business community was undertake in week commencing 24 January 2022. In addition, a thorough budget consultation with residents was undertaken.

4.2.13 Further savings were proposed and following the receipt of the Provisional Local Government Finance Settlement from Central Government and the completion of our Business Rates estimates (NNDR1), the budget gap was reduced to £145k. This is proposed to be closed by a temporary transfer from the New Homes Bonus Reserve.

4.2.14 Once the draft budget has been reviewed by the four PDGs it is then taken to the Scrutiny Committee for further review and challenge, prior to a final Cabinet meeting, which has recommended the budget for approval by Full Council on 23 February 2022.

4.2.15 The Internal Auditors, Devon Audit Partnership (DAP), have been able to progress through the internal audit plan and the outcome of this work has demonstrated stability and in the Councils control framework and a "Reasonable Assurance" opinion is expected.

4.2.16 The Council's External Auditor, Grant Thornton, gave an unqualified opinion on the 2020/21 financial statements. The auditor is yet to complete their Value for Money assessment and give their opinion, but this is due imminently.

4.2.17 "The District Council is recommended to note that, in my opinion, the estimates used in the production of the budget proposal for 2022/23 are adequately robust"

4.3 Adequacy of Reserves

4.3.1 The Council has a robust risk management framework in place. The framework supports the Council in managing significant risk. However, there are times when

the Council will need to call upon Reserves. Therefore, Reserves are held for three main purposes:

a. A contingency to cushion the impact of unexpected events;
b. As a cushion against uneven cash flows;
c. As a means of building up funds to meet known or predicted liabilities (earmarked reserves).

4.3.2 CIPFA makes it clear that the level of reserves for each Council cannot be decided by the application of a formula. Each Council must assess their own reserve levels based on the specific risks and pressures they face. The Council is facing significant risk and change over the medium term due to number of local and national issues and it is important that the level of reserves reflects this.

4.3.3 The key risks within the budget for 2022/23 are set out below:

a. Covid-19, including
    i. Reductions in Income across Council Tax, Business Rates, Service Fees and Charges and Commercial Income;
    ii. Costs of delivering additional services to the community, such as vaccine centres and the Test and Trace scheme;
    iii. Economic recovery – slow return to pre-pandemic levels of trade/investment/growth;
b. Rising Inflation, including both the 2021/22 and 2022/23 pay award being yet to be agreed and escalating fuel costs;
c. Rising Council Tax support claimants / HRA Voids
d. General Service budget overspends
e. Lack of opportunity / ability for further commercial investment to generate returns to the Council
f. Housing Market stagnation – leading to lower returns from the Council's development company;
g. Interest Rate volatility.

4.3.4 In preparing the 2022/23 budget, consideration has been given to how best to mitigate these risks through the use of prudent budget assumptions. However, it is possible, reserves will be required should these mitigations and assumptions fall short.

4.3.5 Continuing provision has been made for lower levels of Council Tax, Business Rate collection and revenue from fees and charges. Clearly, the unprecedented financial impact of Covid-19 has had significant financial implications on a number of council services and robust financial monitoring during 2022/23 will be required to ensure their continued viability.

4.3.6 There are also future risks that need to be considered now to ensure the Council is best prepared. One of the most significant is the potential changes to how the Council is funded.

- The government have planned a reset of Business Rates growth for a number of years, but have delayed implementing it and thereby allowing the growth to continue. The Council currently forecasts income from business rates to be approximately £1.3m above the Governments baseline calculation. Should a reset be implemented in 2023/34 as expected, there is a risk that some (or possibly all) of this additional funding could be lost. Gains from pooling would also be lost.

- Similarly, the New Homes Bonus scheme is planned to be scrapped. In 2022/23, the Council will receive £719k. Although this funding should be ring-fenced to Local Government, there is no guarantee any replacement funding mechanism will benefit MDDC to that value.

- There are an increasing number of one-off, bid based funding streams. Failure to secure funding from these will have a detrimental impact on the Council.

4.3.7 The General Fund balance brought forward into 2021/22 amounted to £2,186k. The 2021/22 budget monitoring reports are predicting a year-end surplus of approximately £30k, giving a forecast General Fund balance of £2.216m. The level of general balances recognises risks facing the Council including; UK economic uncertainty, the on-going impact of the pandemic as well as upcoming changes to Local Government Funding.

4.3.8 A review of the minimum reserve levels has been undertaken which concluded to retain the General Fund reserve balance at a minimum of £2,000k and left the HRA also at a £2,000k minimum. As part of the detailed budget setting process we also reviewed all of our other Earmarked Reserves to ensure they provided for known future financial pressures. Therefore, it is my strong recommendation that the Council aims to maintain its level of reserves at £2m.

4.3.9 "Based on the assessment of the reserves, the key financial risks identified, and the thorough process used for developing the Medium-Term Financial Strategy, I have determined that the level of reserves and balances for 2022/23 is adequate."

5. Conclusion

5.1 As noted above a great deal of work has been carried out to ensure the robustness of the estimates. Because of this work, combined with the increased awareness by Members and officers of the Council's financial position, and the availability of reserves, it is my considered opinion as Section 151 Officer that the

budget for 2022/23 has been set within a robust framework and the impact of this resolution will maintain an adequate level of the financial reserves held by the Council.

Contact for more information:	Andrew Jarrett, Deputy Chief Executive (S151) 01884 234242 (ajarrett@middevon.gov.uk)
Background Papers:	Cabinet Report – 01 February 2022
Circulation of Report:	Full Council

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The Council is recommended to resolve as follows:

1.0 It be noted that on 1 February 2022 the Cabinet calculated the Council Tax Base for 2022/23

(a) for the whole Council area as 30,575.82 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")] ; and

(b) for dwellings in those parts of its area to which a Parish Precept relates as detailed in 1.1 below.

1.1 Taxbase for Councils area adjusted from overall Council Tax Base of 30,575.82 reduced to 97.5% (29,811.41), to allow for less than full collection. (subject to rounding)

Bampton	782.58
Bickleigh	115.38
Bow	460.07
Bradninch	740.14
Brushford	25.74
Burlescombe	336.94
Butterleigh	54.12
Cadbury	68.21
Cadeleigh	89.95
Chawleigh	256.75
Cheriton Bishop	305.38
Cheriton Fitzpaine	389.05
Clannaborough	27.50
Clayhanger (B Gate)	55.93
Clayhidon	222.86
Coldridge	159.11
Colebrooke	194.40
Copplestone	480.71
Crediton	2,788.94
Crediton Hamlets	548.10
Cruwys Morchard	216.72
Cullompton	3,485.57
Culmstock	384.39
Down St Mary	151.11
Eggesford	34.27
Halberton	696.98
Hemyock	894.43
Hittisleigh	61.60
Hockworthy (B Gate)	88.47
Holcombe Rogus	226.71
Huntsham (B Gate)	63.29
Kennerleigh	39.96
Kentisbeare	390.60
Lapford	399.51
Loxbeare	78.19
Morchard Bishop	423.31
Morebath	154.41
Newton St Cyres	381.75
Nymet Rowland	48.00
Oakford	177.25
Poughill	82.75
Puddington	90.52
Sampford Peverell	493.43
Sandford	497.47
Shobrooke	201.87
Silverton	799.19
Stockleigh English	30.18
Stockleigh Pomeroy	56.93
Stoodleigh	155.38
Templeton	68.44
Thelbridge	135.00
Thorverton	416.89
Tiverton	7,292.94
Uffculme	1,075.00
Uplowman	160.75
Upton Hellions	35.43
Washfield	165.07
Washford Pyne	42.21
Wembworthy	102.41
Willand	1,174.70
Woolfardisworthy	73.14
Zeal Monachorum	163.33
Total Tax Base	**29,811.41**

2.0 As a preliminary step, calculate that the Council Tax requirement for the Council's own purposes for 2022/23 (excluding Parish precepts) is £6,523,930 (subject to rounding to nearest £10)

3.0 That the following amounts be calculated for the year 2022/23 in accordance with Sections 30 and 31A to 36 of the Act:

(a) £ 52,484,978	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
(b) £ 43,816,499	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c) £ 8,668,479	being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
(d) £ 290.78	being the amount at 3(c) above (item R), all divided by Item T (1.0 (a) above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
(e) £ 2,144,549	being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act as detailed in column 2 of table in 3.1 below. (subject to rounding)
(f) £ 218.84	being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1.0(a) above), calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
(g) See text across	The amounts stated in valuation Band D in table at 3(h) below given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the council area specified in column 3 of table in 3.1 divided in each case by the amount in 1(a) above (result in column 3 of table in 3.1 below), calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its are set out in column 2 of table in 1.1 to which one or more special items relate. e.g. Silverton - table 3h column 5 = £263.61 this is made up of 3f = £218.84 + £44.77 in table 3.1 column 3. The £44.77 is calculated by taking the Parish Precept in Column 2 of table 3.1 and dividing by the relevant taxbase figure detailed in column 2 of the table in 1.1 above (in this example £35,781.35/799.19 = £44.77).

3.1 This table shows the full precept for each parish and the band D equivalent charge which is determined by dividing the total precept in column 2 by the relevant parishes taxbase detailed in column 2 table 1.1 above.

	Total Precept £	Band D Equivalent £
Bampton	67,185.00	85.85
Bickleigh	4,200.00	36.40
Bow	11,000.00	23.91
Bradninch	50,000.00	67.55
Brushford	0.00	0.00
Burlescombe	15,900.56	47.19
Butterleigh	500.00	9.24
Cadbury	600.00	8.80
Cadeleigh	1,900.00	21.12
Chawleigh	13,567.00	52.84
Cheriton Bishop	14,262.00	46.70
Cheriton Fitzpaine	15,600.00	40.10
Clannaborough	0.00	0.00
Clayhanger (B Gate)	1,341.14	23.98
Clayhidon	8,910.00	39.98
Coldridge	5,000.00	31.42
Colebrooke	11,697.00	60.17
Copplestone	17,500.00	36.40
Crediton	385,738.00	138.31
Crediton Hamlets	10,078.00	18.39
Cruwys Morchard	5,300.00	24.46
Cullompton	482,000.00	138.28
Culmstock	41,427.00	107.77
Down St Mary	3,750.00	24.82
Eggesford	0.00	0.00
Halberton	14,127.00	20.27
Hemyock	87,037.00	97.31
Hittisleigh	1,950.00	31.66
Hockworthy (B Gate)	1,971.36	22.28
Holcombe Rogus	11,500.00	50.73
Huntsham (B Gate)	1,491.40	23.56
Kennerleigh	200.00	5.01
Kentisbeare	40,091.00	102.64
Lapford	22,216.00	55.61
Loxbeare	0.00	0.00
Morchard Bishop	9,090.00	21.47
Morebath	6,100.00	39.51
Newton St Cyres	13,431.00	35.18
Nymet Rowland	800.00	16.67
Oakford	5,454.00	30.77
Poughill	3,439.00	41.56
Puddington	2,433.00	26.88
Sampford Peverell	15,865.00	32.15
Sandford	30,455.00	61.22
Shobrooke	7,518.00	37.24
Silverton	35,781.35	44.77
Stockleigh English	0.00	0.00
Stockleigh Pomeroy	0.00	0.00
Stoodleigh	6,000.00	38.62
Templeton	5,406.00	78.99
Thelbridge	2,000.00	14.81
Thorverton	17,426.00	41.80
Tiverton	459,732.00	63.04
Uffculme	99,000.00	92.09
Uplowman	3,300.00	20.53
Upton Hellions	0.00	0.00
Washfield	1,494.00	9.05
Washford Pyne	500.00	11.85
Wembworthy	3,900.00	38.08
Willand	61,485.00	52.34
Woolfardisworthy	500.00	6.84
Zeal Monachorum	5,400.00	33.06
Total Parish Precepts	2,144,548.81	2,381.27

3(h) The amounts set out in table below given by multiplying the amounts at 3g above by the number which, in the proportion set out in section5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that particular proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Valuation Bands £

	A	B	C	D	E	F	G	H
Bampton	203.12	236.98	270.83	304.69	372.40	440.11	507.81	609.38
Bickleigh	170.16	198.52	226.88	255.24	311.96	368.68	425.40	510.48
Bow	161.83	188.81	215.77	242.75	296.69	350.64	404.58	485.50
Bradninch	190.92	222.75	254.56	286.39	350.03	413.67	477.31	572.78
Brushford	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68
Burlescombe	177.35	206.91	236.47	266.03	325.15	384.26	443.38	532.06
Butterleigh	152.05	177.40	202.73	228.08	278.76	329.45	380.13	456.16
Cadbury	151.76	177.05	202.34	227.64	278.23	328.81	379.40	455.28
Cadeleigh	159.97	186.64	213.29	239.96	293.28	346.61	399.93	479.92
Chawleigh	181.12	211.31	241.49	271.68	332.05	392.42	452.80	543.36
Cheriton Bishop	177.02	206.53	236.03	265.54	324.55	383.56	442.56	531.08
Cheriton Fitzpaine	172.62	201.40	230.16	258.94	316.48	374.02	431.56	517.88
Clannaborough	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68
Clayhanger(B Gate)	161.88	188.86	215.84	242.82	296.78	350.74	404.70	485.64
Clayhidon	172.54	201.31	230.06	258.82	316.33	373.85	431.36	517.64
Coldridge	166.84	194.65	222.45	250.26	305.87	361.48	417.10	500.52
Colebrooke	186.00	217.01	248.00	279.01	341.01	403.01	465.01	558.02
Copplestone	170.16	198.52	226.88	255.24	311.96	368.68	425.40	510.48
Crediton	238.10	277.78	317.46	357.15	436.52	515.88	595.25	714.30
Crediton Hamlets	158.15	184.51	210.87	237.23	289.95	342.66	395.38	474.46
Cruwys Morchard	162.20	189.23	216.26	243.30	297.37	351.43	405.50	486.60
Cullompton	238.08	277.76	317.44	357.12	436.48	515.84	595.20	714.24
Culmstock	217.74	254.03	290.32	326.61	399.19	471.77	544.35	653.22
Down St Mary	162.44	189.51	216.58	243.66	297.81	351.95	406.10	487.32
Eggesford	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68
Halberton	159.40	185.98	212.54	239.11	292.24	345.38	398.51	478.22
Hemyock	210.76	245.90	281.02	316.15	386.40	456.66	526.91	632.30
Hittesleigh	167.00	194.83	222.66	250.50	306.17	361.83	417.50	501.00
Hockworthy(B Gate)	160.74	187.54	214.32	241.12	294.70	348.28	401.86	482.24
Holcombe Rogus	179.71	209.67	239.61	269.57	329.47	389.38	449.28	539.14
Huntsham(B Gate)	161.60	188.53	215.46	242.40	296.27	350.13	404.00	484.80
Kennerleigh	149.23	174.11	198.97	223.85	273.59	323.34	373.08	447.70
Kentisbeare	214.32	250.04	285.76	321.48	392.92	464.36	535.80	642.96
Lapford	182.96	213.46	243.95	274.45	335.44	396.43	457.41	548.90
Loxbeare	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68
Morchard Bishop	160.20	186.91	213.60	240.31	293.71	347.11	400.51	480.62
Morebath	172.23	200.94	229.64	258.35	315.76	373.17	430.58	516.70
Newton St Cyres	169.34	197.57	225.79	254.02	310.47	366.92	423.36	508.04
Nymet Rowland	157.00	183.18	209.34	235.51	287.84	340.18	392.51	471.02
Oakford	166.40	194.14	221.87	249.61	305.08	360.55	416.01	499.22
Poughill	173.60	202.53	231.46	260.40	318.27	376.13	434.00	520.80
Puddington	163.81	191.12	218.41	245.72	300.32	354.93	409.53	491.44
Sampford Peverell	167.32	195.22	223.10	250.99	306.76	362.54	418.31	501.98
Sandford	186.70	217.83	248.94	280.06	342.29	404.53	466.76	560.12
Shobrooke	170.72	199.17	227.62	256.08	312.99	369.89	426.80	512.16
Silverton	175.74	205.03	234.32	263.61	322.19	380.77	439.35	527.22
Stockleigh English	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68
Stockleigh Pomeroy	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68
Stoodleigh	171.64	200.25	228.85	257.46	314.67	371.88	429.10	514.92
Templeton	198.55	231.65	264.73	297.83	364.01	430.20	496.38	595.66
Thelbridge	155.76	181.73	207.68	233.65	285.57	337.49	389.41	467.30
Thorverton	173.76	202.72	231.68	260.64	318.56	376.48	434.40	521.28
Tiverton	187.92	219.24	250.56	281.88	344.52	407.16	469.80	563.76
Uffculme	207.28	241.84	276.38	310.93	380.02	449.12	518.21	621.86
Uplowman	159.58	186.18	212.77	239.37	292.56	345.75	398.95	478.74
Upton Hellions	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68
Washfield	151.92	177.25	202.56	227.89	278.53	329.17	379.81	455.78
Washford Pyne	153.79	179.43	205.05	230.69	281.95	333.22	384.48	461.38
Wembworthy	171.28	199.83	228.37	256.92	314.01	371.10	428.20	513.84
Willand	180.78	210.92	241.04	271.18	331.44	391.70	451.96	542.36
Woolfardisworthy	150.45	175.53	200.60	225.68	275.83	325.98	376.13	451.36
Zeal Monachorum	167.93	195.92	223.91	251.90	307.88	363.85	419.83	503.80

3(i) This table shows the proportions payable for the MDDC element of Council Tax and would be the amount payable for those Parishes who's Precept has been set at zero.

Valuation Bands £

	A	B	C	D	E	F	G	H
All other parts of the Council's area	145.89	170.21	194.52	218.84	267.47	316.10	364.73	437.68

4.0 That it be noted that for the year 2022/23 Devon County Council, Devon and Cornwall Police and Crime Commissioner and the Devon and Somerset Fire Authority have stated the following amounts in precepts issued to the District Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands £

Precepting Authority	A	B	C	D	E	F	G	H
Devon County Council	1,037.64	1,210.58	1,383.52	1,556.46	1,902.34	2,248.22	2,594.10	3,112.92
Devon & Cornwall Police and Crime Commissioner	164.37	191.77	219.16	246.56	301.35	356.14	410.93	493.12
Devon & Somerset Fire Authority	61.19	71.39	81.59	91.79	112.19	132.59	152.98	183.58

5.0 That, having calculated the aggregate in each case of the amounts at 3h and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2022/23 for each part of its area and for each of the categories of dwellings shown below:

Valuation Bands £

	A	B	C	D	E	F	G	H
Bampton	1,466.32	1,710.72	1,955.10	2,199.50	2,688.28	3,177.06	3,665.82	4,399.00
Bickleigh	1,433.36	1,672.26	1,911.15	2,150.05	2,627.84	3,105.63	3,583.41	4,300.10
Bow	1,425.03	1,662.55	1,900.04	2,137.56	2,612.57	3,087.59	3,562.59	4,275.12
Bradninch	1,454.12	1,696.49	1,938.83	2,181.20	2,665.91	3,150.62	3,635.32	4,362.40
Brushford	1,409.09	1,643.95	1,878.79	2,113.65	2,583.35	3,053.05	3,522.74	4,227.30
Burlescombe	1,440.55	1,680.65	1,920.74	2,160.84	2,641.03	3,121.21	3,601.39	4,321.68
Butterleigh	1,415.25	1,651.14	1,887.00	2,122.89	2,594.64	3,066.40	3,538.14	4,245.78
Cadbury	1,414.96	1,650.79	1,886.61	2,122.45	2,594.11	3,065.76	3,537.41	4,244.90
Cadeleigh	1,423.17	1,660.38	1,897.56	2,134.77	2,609.16	3,083.56	3,557.94	4,269.54
Chawleigh	1,444.32	1,685.05	1,925.76	2,166.49	2,647.93	3,129.37	3,610.81	4,332.98
Cheriton Bishop	1,440.22	1,680.27	1,920.30	2,160.35	2,640.43	3,120.51	3,600.57	4,320.70
Cheriton Fitzpaine	1,435.82	1,675.14	1,914.43	2,153.75	2,632.36	3,110.97	3,589.57	4,307.50
Clannaborough	1,409.09	1,643.95	1,878.79	2,113.65	2,583.35	3,053.05	3,522.74	4,227.30
Clayhanger(B Gate)	1,425.08	1,662.60	1,900.11	2,137.63	2,612.66	3,087.69	3,562.71	4,275.26
Clayhidon	1,435.74	1,675.05	1,914.33	2,153.63	2,632.21	3,110.80	3,589.37	4,307.26
Coldridge	1,430.04	1,668.39	1,906.72	2,145.07	2,621.75	3,098.43	3,575.11	4,290.14
Colebrooke	1,449.20	1,690.75	1,932.27	2,173.82	2,656.89	3,139.96	3,623.02	4,347.64
Copplestone	1,433.36	1,672.26	1,911.15	2,150.05	2,627.84	3,105.63	3,583.41	4,300.10
Crediton	1,501.30	1,751.52	2,001.73	2,251.96	2,752.40	3,252.83	3,753.26	4,503.92
Crediton Hamlets	1,421.35	1,658.25	1,895.14	2,132.04	2,605.83	3,079.61	3,553.39	4,264.08
Cruwys Morchard	1,425.40	1,662.97	1,900.53	2,138.11	2,613.25	3,088.38	3,563.51	4,276.22
Cullompton	1,501.28	1,751.50	2,001.71	2,251.93	2,752.36	3,252.79	3,753.21	4,503.86
Culmstock	1,480.94	1,727.77	1,974.59	2,221.42	2,715.07	3,208.72	3,702.36	4,442.84
Down St Mary	1,425.64	1,663.25	1,900.85	2,138.47	2,613.69	3,088.90	3,564.11	4,276.94
Eggesford	1,409.09	1,643.95	1,878.79	2,113.65	2,583.35	3,053.05	3,522.74	4,227.30
Halberton	1,422.60	1,659.72	1,896.81	2,133.92	2,608.12	3,082.33	3,556.52	4,267.84
Hemyock	1,473.96	1,719.64	1,965.29	2,210.96	2,702.28	3,193.61	3,684.92	4,421.92
Hittesleigh	1,430.20	1,668.57	1,906.93	2,145.31	2,622.05	3,098.78	3,575.51	4,290.62
Hockworthy(B Gate)	1,423.94	1,661.28	1,898.59	2,135.93	2,610.58	3,085.23	3,559.87	4,271.86
Holcombe Rogus	1,442.91	1,683.41	1,923.88	2,164.38	2,645.35	3,126.33	3,607.29	4,328.76
Huntsham(B Gate)	1,424.80	1,662.27	1,899.73	2,137.21	2,612.15	3,087.08	3,562.01	4,274.42
Kennerleigh	1,412.43	1,647.85	1,883.24	2,118.66	2,589.47	3,060.29	3,531.09	4,237.32
Kentisbeare	1,477.52	1,723.78	1,970.03	2,216.29	2,708.80	3,201.31	3,693.81	4,432.58
Lapford	1,446.16	1,687.20	1,928.22	2,169.26	2,651.32	3,133.38	3,615.42	4,338.52
Loxbeare	1,409.09	1,643.95	1,878.79	2,113.65	2,583.35	3,053.05	3,522.74	4,227.30
Morchard Bishop	1,423.40	1,660.65	1,897.87	2,135.12	2,609.59	3,084.06	3,558.52	4,270.24
Morebath	1,435.43	1,674.68	1,913.91	2,153.16	2,631.64	3,110.12	3,588.59	4,306.32
Newton St Cyres	1,432.54	1,671.31	1,910.06	2,148.83	2,626.35	3,103.87	3,581.37	4,297.66
Nymet Rowland	1,420.20	1,656.92	1,893.61	2,130.32	2,603.72	3,077.13	3,550.52	4,260.64
Oakford	1,429.60	1,667.88	1,906.14	2,144.42	2,620.96	3,097.50	3,574.02	4,288.84
Poughill	1,436.80	1,676.27	1,915.73	2,155.21	2,634.15	3,113.08	3,592.01	4,310.42
Puddington	1,427.01	1,664.86	1,902.68	2,140.53	2,616.20	3,091.88	3,567.54	4,281.06
Sampford Peverell	1,430.52	1,668.96	1,907.37	2,145.80	2,622.64	3,099.49	3,576.32	4,291.60
Sandford	1,449.90	1,691.57	1,933.21	2,174.87	2,658.17	3,141.48	3,624.77	4,349.74
Shobrooke	1,433.92	1,672.91	1,911.89	2,150.89	2,628.87	3,106.84	3,584.81	4,301.78
Silverton	1,438.94	1,678.77	1,918.59	2,158.42	2,638.07	3,117.72	3,597.36	4,316.84
Stockleigh English	1,409.09	1,643.95	1,878.79	2,113.65	2,583.35	3,053.05	3,522.74	4,227.30
Stockleigh Pomeroy	1,409.09	1,643.95	1,878.79	2,113.65	2,583.35	3,053.05	3,522.74	4,227.30
Stoodleigh	1,434.84	1,673.99	1,913.12	2,152.27	2,630.55	3,108.83	3,587.11	4,304.54
Templeton	1,461.75	1,705.39	1,949.00	2,192.64	2,679.89	3,167.15	3,654.39	4,385.28
Thelbridge	1,418.96	1,655.47	1,891.95	2,128.46	2,601.45	3,074.44	3,547.42	4,256.92
Thorverton	1,436.96	1,676.46	1,915.95	2,155.45	2,634.44	3,113.43	3,592.41	4,310.90
Tiverton	1,451.12	1,692.98	1,934.83	2,176.69	2,660.40	3,144.11	3,627.81	4,353.38
Uffculme	1,470.48	1,715.58	1,960.65	2,205.74	2,695.90	3,186.07	3,676.22	4,411.48
Uplowman	1,422.78	1,659.92	1,897.04	2,134.18	2,608.44	3,082.70	3,556.96	4,268.36
Upton Hellions	1,409.09	1,643.95	1,878.79	2,113.65	2,583.35	3,053.05	3,522.74	4,227.30
Washfield	1,415.12	1,650.99	1,886.83	2,122.70	2,594.41	3,066.12	3,537.82	4,245.40
Washford Pyne	1,416.99	1,653.17	1,889.32	2,125.50	2,597.83	3,070.17	3,542.49	4,251.00
Wembworthy	1,434.48	1,673.57	1,912.64	2,151.73	2,629.89	3,108.05	3,586.21	4,303.46
Willand	1,443.98	1,684.66	1,925.31	2,165.99	2,647.32	3,128.65	3,609.97	4,331.98
Woolfardisworthy	1,413.65	1,649.27	1,884.87	2,120.49	2,591.71	3,062.93	3,534.14	4,240.98
Zeal Monachorum	1,431.13	1,669.66	1,908.18	2,146.71	2,623.76	3,100.80	3,577.84	4,293.42

6.0 The Council has determined that its relevant basic amount of Council Tax for 2022/23 is not excessive in accordance with principles approved under section 52ZB Local Government Finance Act 1992.

As the billing authority has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2022/23 is excessive and therefore that the billing authority is not required to hold a referendum in accordance with section 52ZK Local Government Finance Act 1992.

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **SCRUTINY COMMITTEE** held on 13 December 2021 at 2.15 pm

Present
Councillors B G J Warren (Chairman)
G Barnell, Mrs F J Colthorpe, D R Coren, L J Cruwys, P J Heal, F W Letch, S Pugh, R F Radford, Mrs M E Squires and A Wilce

Apologies
Councillor(s) E J Berry, Mrs S Griggs and Mrs E J Lloyd

Also Present
Councillor(s) R J Chesterton, Mrs C P Daw, R M Deed, R Evans, D J Knowles and R L Stanley

Also Present
Officer(s): Andrew Jarrett (Deputy Chief Executive (S151)), Richard Marsh (Director of Place), Jill May (Director of Business Improvement and Operations), Dean Emery (Corporate Manager for Revenues, Benefits and Recovery), Lisa Lewis (Corporate Manager for Business Transformation and Customer Engagement), Matthew Page (Corporate Manager for People, Governance and Waste), Maria De Leiburne (Operations Manager Legal and Monitoring), John Bodley-Scott (Economic Development Team Leader), Jason Berry (Economic Development Project Manager), Clare Robathan (Policy and Research Officer), Sally Gabriel (Member Services Manager) and Carole Oliphant (Member Services Officer)

91 APOLOGIES AND SUBSTITUTE MEMBERS (0.04.17)

Apologies were received from Cllrs Mrs S Griggs and E J Berry who were substituted by Cllrs Mrs M E Squires and D R Coren respectively and apologies were received from Cllr Mrs E J Lloyd.

92 DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (0.04.47)

Members were reminded of the need to make declarations where appropriate.

93 PUBLIC QUESTION TIME (0.05.00)

Mr Paul Elstone referring to agenda item 12 stated:

‘Given the seriousness of these allegations will the Scrutiny Committee now ensure that an unconstrained plus comprehensive and importantly a fully independent investigation is conducted? An investigation with all the available evidence available being considered including statements from the key parties.

That the full findings of this investigation are made public. This to ensure full transparency.'

The Chairman responded and advised Mr Elstone that complaints about the conduct of the Council or any of its Officers should be directed through the Complaints Procedure.

94 **MINUTES OF THE PREVIOUS MEETING (0.10.08)**

The minutes of the last meeting were approved as a correct record and **SIGNED** by the Chairman subject to the following amendments:

- Nick Sanderson being removed as an officer from the attendance list
- Minute 88 amended to read 'loans outstanding for 2020/2021'

95 **DECISIONS OF THE CABINET (0.13.00)**

The Committee **NOTED** that none of the decisions made by the Cabinet on 30th November 2021 had been called in.

96 **CHAIRMAN'S ANNOUNCEMENTS (0.13.08)**

The Chairman had no announcements to make.

97 **BROADBAND (0.13.32)**

The Committee had before it a *proposal form from Cllr Mrs F J Colthorpe requesting that AirBand work directly with Members to understand where the hard to reach areas are in the District.

Cllr Mrs F J Colthorpe explained that she had raised the proposal as she was not happy with the answers that Connecting Devon and Somerset (CDS) had provided about roll out of broadband to hard to reach areas.

In response to the proposal AirBand had been invited to attend the meeting to discuss the hard to reach area's in the District.

Paul Nethercott and Andrew Smale explained the remit of AirBand by way of a presentation and explained that the company had been contracted by CDS to provide broadband in parts of the District.

They gave an overview of 'in contract' and 'out of contract' premises and explained the different solutions available for remote properties where pole mounted fibre cables were not possible.

In response to questions asked about residents having to fund new infrastructure to enable fibre broadband to be installed the representatives from AirBand explained the Governments current voucher schemes available for both residential and commercial customers.

The AirBand representatives explained to Committee that they wanted to encourage individual Members, Parish Council's and the public to be involved in the roll out and highlight properties that had not been earmarked for connection in the CDS contract. In addition other providers were installing fibre optic in hard to reach areas but they had no obligation to inform CDS or AirBand where they had or intended to install a service. This was proving to be difficult and there was an element of duplication.

Members felt that the presentation and overview given was very informative and it would be very useful for Parish Council's to be provided with the information. AirBand confirmed they would be happy to attend Parish Council meetings and give an overview and they encouraged Members to contact their Parish Councils to take up the offer.

Members agreed that the proposal by Cllr Colthorpe should be supported and it was **AGREED** that two Member representatives, Cllrs Mrs F J Colthorpe and R Radford would act as Member Liaison alongside the Scrutiny Officer and the Project Manager (Economic Recovery) to facilitate individual conversations with AirBand by Members and Parish Councils to identify hard to reach properties.

Note: *proposal form previously circulated and attached to the minutes

98 **NEIGHBOURHOOD POLICING (1.03.11)**

The Vice Chairman provided a verbal update and stated that there had been very few responses received from the Parish Council's about concerns with the standard of Neighbourhood Policing. It was therefore assumed that this was not an issue causing concern amongst local residents.

It was therefore **AGREED** that this would be removed from the Work Plan for the time being.

99 **FORWARD PLAN (1.16.04)**

The Committee had before it, and **NOTED**, the *Forward Plan.

Note: *Plan previously circulated and attached to the minutes

100 **SCRUTINY OFFICER UPDATE (1.16.45)**

The Scrutiny Officer informed Members that she had sent the Bio Energy proposal to neighbouring district Scrutiny Chairmen on behalf of the Chairman and that she was in the process of collating the replies.

101 **CABINET MEMBER FOR CONTINUOUS IMPROVEMENT (1.18.16)**

The Cabinet Member for Continuous Improvement provided the following update and explained the remit of her portfolio as:

1. To eliminate inappropriate communication between Members and officers
2. To establish the totality of timely decision making across the Council and to eliminate any backlog

3. To work with Directors to realise the opportunity for improved Member and officer relationships

She explained that since her appointment in March 2021 she had looked to bring in a continuous lessons learned culture into the Council so that the key issues and challenges of public concerns could be addressed and practices improved.

She went on to explain voids and reminded Committee that a briefing had been provided to all Members which explained the reasons for them and the issues which prevented properties returning to useable housing stock in the time that Members wanted to see. She informed Members that a recent House Market audit had been good and highlighted how the Council were proactively working on reducing the amount of voids.

In response to Members questions about her portfolio and if it was to implement new processes or just look at individual cases it was explained that in the first instance the amount of outstanding cases needed to be established and the reasons for these. The Leader confirmed that in the New Year the portfolio would develop to look at processes to see where these could be improved to minimise outstanding cases.

102 **WORK PLAN**

The Committee had before it, and **NOTED**, the *Scrutiny Committee Work Plan.

Consideration was given to a proposal form which had been submitted by Cllr G Barnell regarding the resourcing and timings of the Council's Masterplans.

Cllr Barnell acknowledged that the Director of Place was due to attend the next meeting and give an update and he requested a conversation with him, the Chairman of the Planning Committee and the Cabinet Member for Planning and Economic Regeneration about the Masterplan process. This was **AGREED** and the proposal was deferred.

Note: *Workplan previously circulated and attached to the minutes

(The meeting ended at 4.20 pm) **CHAIRMAN**

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **SCRUTINY COMMITTEE** held on 17 January 2022 at 2.15 pm

Present Councillors B G J Warren (Chairman)
G Barnell, E J Berry, Mrs F J Colthorpe, L J Cruwys, Mrs S Griggs, P J Heal, F W Letch, S Pugh, R F Radford, Mrs E J Lloyd and A Wilce

Also Present Councillor(s) Mrs C P Daw, R M Deed, B Holdman, B A Moore and R L Stanley

Present Officer(s): Andrew Jarrett (Deputy Chief Executive (S151)), Richard Marsh (Director of Place), Jill May (Director of Business Improvement and Operations), Catherine Yandle (Operations Manager for Performance, Governance and Health & Safety), Maria De Leiburne (Operations Manager for Legal and Monitoring), Carole Oliphant (Member Services Officer) and Jessica Watts (Member Services Apprentice)

103 APOLOGIES AND SUBSTITUTE MEMBERS (0.03.55)

There were no apologies or substitute Members.

104 DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (0.04.07)

Members were reminded of the need to make declarations where appropriate.

105 PUBLIC QUESTION TIME (0.04.19)

Mr Elstone, referring to item 4 on the agenda, asked the following questions:

1. He had raised a complaint on 1st November 2021 and stated he had not received a reply and requested a response
2. He had raised an allegation of fraud against a MDDC Senior Officer and was advised by the Monitoring Officer that he should contact the police and felt that the decision not to investigate internally required oversight by the Scrutiny Committee.

In response the Operations Manager for Legal and Monitoring advised that his standards complaint was being investigated and that he would receive a written response in due course.

Members expressed concern that allegations of fraud did not appear to be investigated internally and asked for clarification of the process.

The Operations Manager for Performance, Governance and Health & Safety advised that the Council did have an internal escalation process for allegations of fraud and these could be referred to the Devon Audit Partnership if the allegations were substantiated. Allegations of fraud should also be referred to the police.

106 **MINUTES OF THE PREVIOUS MEETING (0.16.18)**

The minutes of the last meeting were approved as a correct record and **SIGNED** by the Chairman.

107 **DECISIONS OF THE CABINET (0.17.41)**

The Committee **NOTED** that none of the decisions made by the Cabinet on 4th January 2022 had been called in.

108 **CHAIRMAN'S ANNOUNCEMENTS (0.19.00)**

The Chairman made the following announcements:

- The disputed 3 RDL finance figures would be presented at the next meeting
- He had agreed that an urgent item regarding HIF funding for the Cullompton Relief Road could be brought to the next meeting of Cabinet under the General Exception Clause
- Responses had been received from other authorities regarding Anaerobic Digesters
- That Catherine Yandle, Operations Manager for Performance, Governance and Health & Safety would be leaving the authority and he thanked her for her service to the Council.

109 **DIRECTOR OF PLACE (0.22.12)**

The Director of Place gave an overview of his remit by way of a presentation which highlighted his remit, the purpose of the role, objectives and goals and how those would be achieved.

The Officer stated that this role was intentionally not a like-for-like replacement for the former Head of Planning and Regeneration role.

In response to questions he explained that engagement was key and that the people who knew a place best where those that loved and worked there. Fundamentally it was engaging early and at a local level and that Members could help with engagement of their communities.

He explained that to overcome the biodiversity crisis that the Council would need to try to plan methods to tackle this as part of the planning process.

With regard to questions regarding Masterplans he informed the Committee that there were touchpoints during developments which could take years and that Masterplans needed to be adaptable over time. In the first instance a conversation was required on where the Council was now and how it moved forward.

Consideration was given to:

- Junction 27 possibilities were being discussed by the Economy PDG who had requested further information on what development was being considered – Members were able to join the discussion through the PDG if required
- The Council had not been successful with a levelling up grant for the Cullompton Relief Road and this would have an effect on timelines so were not actively looking at land acquisitions at this point in time

110 **WHISTLEBLOWING 6 MONTH UPDATE (0.58.04)**

The Committee **NOTED** that there had been no Whistleblowing instances in the previous 6 months.

111 **BUDGET UPDATE 2022/2023 (0.59.38)**

The Group had before it, and **NOTED**, the revised draft budget for 2022-2023.

The Cabinet Member for Finance explained that, after a lot of consultative discussion with Officers and Members including input from all PDGs, the gap to close at £947k, was still a substantial sum. He explained that this was the Council's budget and not the just the Cabinets budget and he encouraged Members to contribute to the debate. He explained that the Committee may wish to look at the process around budget setting to see if this could be improved for 2023 onwards.

The Deputy Chief Executive (S151) explained that this was the second round of budget discussions and since the initial presentation of the draft budget further savings had been identified along with the Government's Funding Settlement. He explained that the budget had gone through 1.5 rounds of the PDG's and Cabinet and that there was a requirement to scrutinise the budget.

In response to questions asked he explained that the Audit Committee did not look at the budget as it was not a statutory consultee and that the Cabinet evaluated the risk. He explained that there was significant borrowing for the Housing Infrastructure Projects but this had all been included in the Capital Budget and although the full levels of external funding were not available, the budget as presented, included the latest up to date forecast.

The officer confirmed that the increase in Capital Projects was due to the proposed increase in housing stock and that the Authority had not been a housebuilding Council for a number of years but this is what the Members had wanted to see. He explained that it would be funded by a fixed rate loan which was serviceable.

The 3 weekly bin collections, although supported by the Environment PDG, had yet to be ratified by the Cabinet and therefore any savings had not been included in the budget. If the proposal was ratified any savings would be reinvested into the waste service.

He confirmed that the budget included the agreed borrowing for 3 Rivers Developments Ltd as set out in their business plan which was presented to Scrutiny and then approved by the Cabinet in November 2021.

Members expressed support for the Committee to look into a more inclusive budget setting process which included idea's from local community groups. A proposal form would be completed and sent to the Scrutiny Officer who would bring back a full proposal at a future meeting of the Committee.

Note: *Report previously circulated and attached to the minutes

112 **FORWARD PLAN (1.40.00)**

The Committee had before it, and **NOTED**, the *Forward Plan.

Note: *Plan previously circulated and attached to the minutes

113 **SCRUTINY OFFICER UPDATE (1.40.10)**

The Chairman advised that this item was deferred until the next meeting.

114 **WORK PLAN (1.41.31)**

The Committee had before it, and **NOTED**, the *Scrutiny Committee Work Plan.

Note: *Work Plan previously circulated and attached to the minutes

(The meeting ended at 3.58 pm) **CHAIRMAN**

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 25 January 2022 at 5.30 pm

Present Councillors	W Burke, Mrs C Collis, N V Davey, R F Radford, A Wyer and A White
Apologies Councillors	R L Stanley and A Wilce
Also Present Councillors	D R Coren, Mrs C P Daw, R M Deed, R Evans, B A Moore and B G J Warren
Also Present Officers	Andrew Jarrett (Deputy Chief Executive (S151)), Catherine Yandle (Operations Manager for Performance, Governance and Health & Safety), Paul Deal (Corporate Manager for Finance), Lisa Lewis (Corporate Manager for Business Transformation and Customer Engagement), Paul Middlemass (Audit Manager), Jason Ball (Climate and Sustainability Specialist), Sally Gabriel (Member Services Manager) and Sarah Lees (Member Services Officer)
Also in Attendance	Grace Hawkins (Grant Thornton)

52. **ELECTION OF CHAIRMAN**

RESOLVED that Cllr N V Davey be elected Chairman of the Audit Committee for the remainder of the municipal year 2021/2022.

53. **ELECTION OF VICE CHAIRMAN**

RESOLVED that Cllr A Wyer be elected Vice Chairman of the Audit Committee for the remainder of the municipal year 2021/2022.

54. **APOLOGIES**

Apologies were received from Cllr R L Stanley who was substituted by Cllr R F Radford. Apologies were also received from Cllr A Wilce.

55. **PUBLIC QUESTION TIME**

There were no members of the public present and none had registered to ask a question in advance.

56. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

57. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 16 November 2021 were confirmed as a true record and signed by the Chairman.

58. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman informed the Committee that this would be the last Audit Committee meeting that Catherine Yandle, Operations Manager for Performance, Governance and Health & Safety, would be attending having taken up a new post elsewhere. Catherine had attended each and every Audit Committee since May 2010 and had provided invaluable knowledge and support to the Committee during that time. She had also helped to provide training to all the many Members that had come and gone in the 12 years that she had been with the Council. On behalf of the Committee, he wished Catherine well in her new ventures and thanked her for all that she had contributed both to the Council as a whole but specifically to the Audit Committee.

59. **PERFORMANCE AND RISK REPORT (0010:00)**

The Committee had before it, and **NOTED**, a report * from the Operations Manager for Performance, Governance and Health & Safety providing Members with an update on performance against the Corporate Plan and local service targets for 2021-22 as well as providing an update on the key business risks.

Cllr A Wilce had been unable to attend the meeting but had submitted questions in advance in relation to several areas covered by this report which he wished to be asked:

Question one

Cllr Wilce had stated that with regard to the 3 Rivers Development Ltd (3RDL) Business Plan 'Anomalous figures had been presented to the last Audit Committee, will corrected figures be presented to this Committee and did this affect the Accounts?'

Answer

The Corporate Manager for Financial Services explained that the Audit Committee had received the corrected figures at the last meeting and, no, this had not affected the Accounts.

Question two

Cllr Wilce stated that there were currently two risks listed in relation to 3RDL referring to 'Failure of the Company' and 'Reputational Damage'. Budget updates had been delivered to each of the PDG's, Cabinet and the Scrutiny Committee citing the main reasons for the budget deficit being in relation to 'Reduced income from investments, particularly due to slippage in 3RDL' and 'the revised Capital Programme'. He further

stated that in real terms there was a risk to MDDC if 3RDL did not borrow the amounts of money and repay the expected interest. Also, if 3RDL did not complete the developments and achieve the expected income. Cllr Wilce further stated that there was an additional risk if 3RDL over ran or overspent on developments within the plan. He therefore suggested that a third risk should be added, that being 'Failure of the Company to adhere to agreed Business Plans'.

Answer

The Operations Manager for Performance, Governance and Health & Safety and the Corporate Manager for Financial Services both stated that a third risk already existed around 'Governance arrangements' generally and the threat of this in relation to the 'Failure of the Company', therefore this was covered. This was supported by the Committee who did not feel anything needed to be added to the risks already listed.

Question three

The Corporate Risk Management table stated that there were monthly updates to the Cabinet with regard to a possible 3RDL failure. Cllr Wilce stated this was incorrect and now only happened every two months, should this be corrected?

Answer

Initially updates to the Cabinet had been given to each monthly meeting, however, the Cabinet Member for Housing and Property Services and Deputy Leader explained that at the current moment in time there were a limited number of projects in development. The Cabinet had agreed that updates should be received bi-monthly but this would be reviewed as and when the number of projects increased.

The Performance and Risk report would be updated to reflect this decision.

Question four

Cllr Wilce referred to Freedom of Information Requests (FOI) within the report and the fact that it was stated that 140 had been received and 116 had been replied to. This meant that there were 24 still outstanding at end of the period. Is that correct and if so, why? When will these 24 be reported? Will these 24 be carried over to the next Quarter (Q4)? Were there any carried over from the previous Quarter (Q2)? If there were carry overs from Q2 – how many and how were they completed?

Of the 116 Replies, 65 were granted in full, 29 were refused in part, or in full. Therefore, 94 were either refused or granted. What happened with the other 22 replies?

Answer

The Operations Manager for Performance, Governance and Health & Safety stated that it was a rolling report, there were outstanding FOI's at the start and end of each month but outstanding FOI's would be answered in the following reporting period on a rolling basis. Statistics were reported on a monthly basis on the SPAR performance system but quarterly on the website, as per the Cabinet Office rules. Therefore at any one point in time there would always be outstanding FOI's.

Of the 140 FOI's received up to 31 December 2021, all of them had been replied to by 18 January 2022.

The 22 remaining FOI's were all ones which weren't the responsibility of the District Council but were mainly the responsibility of Devon County Council instead. Technically they were 'exempt' for this reason.

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

60. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:20:00)**

The Committee had before it, and **NOTED**, a report * from the Operations Manager for Performance, Governance and Health & Safety providing it with an update on progress made against the Annual Governance Statement 2020/2021 Action Plan.

The following was highlighted within the report:

- Two of the outstanding actions had now been completed and progress had been made on 4 others.
- Tracked changes had been shown on the report deliberately so the Committee could see what had changed since the last meeting. It was explained that some dates for completion had changed.

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

61. **INTERNAL AUDIT PROGRESS REPORT 2021 - 2022 (00:25:00)**

The Committee had before it, and **NOTED**, a report * from the Devon Audit Partnership presenting a progress report on the internal audit function during the 2021/2022 year so far.

It was explained that the internal audit function had recently been externally assessed and had been judged to 'Generally Conform' which needed to be viewed as a positive result despite the rather negative terminology used.

The following was highlighted within the report:

- Overall, the Head of Internal Audit's Opinion was still one of 'Reasonable Assurance' on the adequacy of the Authority's internal control framework.
- The audits undertaken since the last meeting were briefly referred to and it was pointed out that Committee members had received the full reports in relation to these within the last few weeks.
- 'Cyber Security' has received a 'Limited Assurance' opinion. 'Trade Waste' and 'Business Continuity' had received a 'Reasonable Assurance' opinion.
- Progress in delivering the Audit Plan had been difficult due to staffing issues and the need to train up new staff.
- The number of overdue audit recommendations had increased from 13 to 17. Internal Audit had met with management to discuss what could be done to ensure recommendations were implemented as soon as possible.

Discussion took place with regard to:

- The importance of the Cyber Security area. The audit opinion had been judged to be fair and accurate by the manager of this area. There was a plan to address any weaknesses and these would be presented to management imminently. The Manager was happy to discuss this with the Committee outside of the meeting should they wish.
- The bulk of audits across the DAP area of work within the region were assessed as of 'Reasonable Assurance. It was explained that it would be quite challenging for a Council to receive an opinion of 'Substantial Assurance'. An Assurance map would be presented to the next meeting to aid understanding of this area.

In terms of some of the audit recommendations not yet implemented:

- The Procurement Manager had left the Authority in April 2021 and after a recruitment exercise the Council had failed to appoint an adequate replacement. As a result the Council had entered into partnership with the Devon County Council Procurement team. Procurement training to staff would be rolled out by in-house Procurement team.
- The creditor master file would be updated by 31 March 2022.
- Job Evaluation work would continue as soon as staff resources became available to do so.

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

62. **ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/2024 (00:50:00)**

The Committee had before it a report * from the Deputy Chief Executive (S151) advising Members of the options and legislative requirement to appoint External Auditors for the Accounting periods from 2023/24 and to seek Member endorsement of the recommended option for Council approval.

It was explained that the Audit Committee had received a briefing regarding this matter at their September meeting, more details were now before them. The two options open to the Committee for recommendation were explained, as outlined in the report.

A brief discussion took place regarding whether the fee quoted in the report was just a base fee or whether an additional fee would be incurred on top of that? It was explained that the figure quoted was just the base fee and that additional fees of circa £9,500 should be expected on top of that.

RECOMMENDED to full Council that it agrees to opting into the PSAA procurement process for the appointment of an External Auditor from 2023/24.

(Proposed by the Chairman)

Reason for decision:

The principal risks are that the Authority:

1. Fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
2. Does not achieve value for money in the appointment process.

These risks are considered best mitigated by opting into the sector-led approach through PSAA. The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

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

63. **REVIEW AND REVISION OF THE FINANCIAL REGULATIONS (01:00:00)**

The Committee had before it a report * from the Deputy Chief Executive (S151) making recommendations for amendments to the Financial Regulations of the Authority to ensure they are appropriate, reflecting the Authority's latest structure and delegations.

The following was highlighted within the report:

- The tracked changes within the report were referred to. This included a change of job titles, a revision of thresholds to reflect a change in corporate structure and a tightening up of Procurement rules. There had also been a change under the 'Emergency Action' section in terms of the 'sign off' requirements. The Committee were asked to consider whether they were satisfied with these changes.
- It was explained that the Council had only had to consider using the 'Emergency Action' regulation once in recent years and that was in relation to the Canal breach in November 2012.
- The process for what needed to happen if a future 'Emergency Action' regulation needed to take place was explained and this was outlined in section 6.8 of the revised Regulations.
- The 'Exemption' clause at section 5.1.8 was explained as was the reporting mechanism to the Cabinet for when this took place.

RECOMMENDED to full Council that the revisions to the Regulations are approved.

(Proposed by the Chairman)

Reason for the decision:

Failure to comply with legislation could lead to non-compliance and potentially prosecution and claims for damages. Failing to review thresholds and procedures could lead to inefficient practices damaging value for money assessments.

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

64. **EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE (01:10:00)**

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing an update on their responsibilities as the Council's External Auditors.

It was explained that the Value For Money work would be completed by the end of February 2022 as per the ruling from the National Audit Office. Final fees would be submitted to the PSAA who would need to approve them before the Council were notified.

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

65. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:14:00)**

No further items were requested for the next meeting other than those already listed in the work programme.

(The meeting ended at 6.45 pm) **CHAIRMAN**

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AUDIT COMMITTEE
25 JANUARY 2022

ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24

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

Reason for Report: To advise Members of the options, process and legislative requirement to appoint External Auditors for the Accounting Periods from 2023/24 and to seek Member endorsement of the recommended option for Council approval.

Recommendation: To propose that Full Council agree opting into the PSAA procurement process for the appointment of an External Auditor from 2023/24.

Financial Implications: The Council's external audit fees are £36,729 for 2020/21. However over the past couple of years, additional charges have been made by Grant Thornton, our current external auditor, for undertaking additional work as prescribed by the regulators. The prospectus indicates that these additional tasks will continue, and that there is likely to be a further increase in fees to address imbalance in the audit market and attract new entrants / retain current organisations in the market. Scale fees are therefore likely to return to levels prior to the last PSAA procurement exercise in 2017.

Budget and Policy Framework: Additional budget provision has been made for the likely increase in fees. The audit itself will follow the prescribed process outlined by the regulator.

Legal Implications: Local Authorities are required under legislation to appoint their own External Auditors for the Accounts 2023/24 (when the current contract expires). The Local Audit and Accountability Act 2014 requires Local Authorities to decide between opting from one of the following two options available, namely:

1. Utilising the Public Sector Audit Appointments (PSAA), under the appointing persons regime, Local Audit (Appointing Person) Regulations 2015, or
2. Running our own procurement exercise.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in must be made by Full Council.

Risk Assessment: The principal risks are that the Authority:

1. fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
2. does not achieve value for money in the appointment process.

These risks are considered best mitigated by opting into the sector-led approach through PSAA. The process as set out above and the recommendation should ensure compliance with the Local Audit and Accountability Act 2014.

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

Relationship to Corporate Plan: The audit will help ensure that the council's financial resources are directed towards the delivery of our Corporate Plan's priorities and that they provide Value for Money (VfM).

Impact on Climate Change: There are no Climate Change implications relating to the content of this report.

1. Introduction/Background

1.1. Since the abolition of the Audit Commission on 31 March 2015, Councils have had the choice of procuring and appointing their own External Auditors or opting into a national scheme run by the Public Sector Audit Appointments Limited (PSAA). In February 2017, the Council agreed to opt-in to the national appointment scheme for the period covering the accounts for 2018/19 to 2022/23.

1.2. PSAA is an independent, not-for-profit company limited by guarantee and established by the Local Government Association, whose costs are around 4% of the scheme with any surplus distributed back to scheme members. It was originally established, under powers delegated by the Secretary of State, to operate the transitional arrangements of existing contracts that were scheduled to terminate in March 2017 and were subsequently extended for a further year.

1.3. The current PSAA contract and arrangements will end in March 2023 and a decision on whether to opt-in to the national scheme again needs to be made by 11 March 2022.

1.4. The Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. This means that PSAA can make auditor appointments for audits of the accounts of principal authorities, which choose to opt into its arrangements, for the five financial years 2023/2024 to 2027/2028.

1.5. This is a further update to the report which was presented to the Audit Committee on the 21 September 2021. It summarises the key proposals contained in the Public Sector Audit Appointments Ltd (PSAA) prospectus (Appendix A) and recommends opting into the PSAA procurement process.

1.6. On 22 September 2021 the Chief Officer of Public Sector Audit appointments wrote to our Chief Executive making the formal Invitation to opt into the national scheme for auditor appointments. A copy of this letter is included within Appendix A, along with a copy of the Prospectus in Appendix B and the Procurement Strategy in Appendix C.

1.7. The deadline for formal acceptance of this invitation is 11 March 2022 which means that this meeting of the Audit Committee must make its recommendation in order that it can be considered by Full Council at its meeting on 23 February 2022.

1.8. For information purposes, the S151's across Devon discussed this matter at its December meeting and were all minded to opt in. Therefore the option of a joint local procurement has not been considered.

2. **Changes in the audit**

2.1. Since the 2017 procurement much has changed in the local audit market. During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

2.2. The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.

2.3. This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.

2.4. None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

3. **The Appointed Auditor**

3.1. The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

3.2. The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.

3.3. The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.

3.4. Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.

3.5. Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

4. The Options open to MDDC

4.1. As laid out above, there are effectively two options open to the Council, namely:

1. Utilise the Public Sector Audit Appointments (PSAA), under the appointing persons regime, Local Audit (Appointing Person) Regulations 2015, or
2. Run our own procurement exercise.

4.2. Option 1 - Sector led Procurement Exercise Utilising PSAA.

4.2.1. This is the least resource demanding of the two options available to the Authority. The use of PSAA provides for a procurement exercise undertaken on a larger scale than an Authority led procurement exercise and will ensure that the most competitive rates are obtained through economies of scale. This will result in a larger interest from the registered Audit Sector Partners and result in a reduced cost for undertaking the procurement exercise (establishing an audit panel, advertising and interview costs) as procurement exercise costs will be shared by the number of Authorities opting for this option.

4.2.2. The PSAA will take into considered, if requested, joint working arrangements across organisations and ensure the same auditor is appointed to ensure smooth working. The monitoring of contracts, quality, compliance and independence will be managed by the PSAA, who will also mediate any conflicts arising.

4.2.3. Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

4.2.4. However, elected members have less opportunity for direct involvement other than through the LGA and/or stakeholder representatives.

4.3. **Option 2: Running our own procurement exercise**

4.3.1. To conduct our own procurement exercise would require the establishment of an Auditor Panel. The majority of the panel members must be independent appointees, which precludes current and former elected members (or officers) and their close families and friends. The Panel role cannot, therefore, be performed by the Audit Committee. Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus ongoing expenses and allowances.

4.3.2. This exercise will therefore involve disproportionate use of resources (cost and management time) and would not deliver economies of scale/bulk buying power which the sector led procurement process would deliver. The Council would therefore not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.

4.3.3. The specification or scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. A local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement

4.3.4. In light of the benefits that the sector led procurement option undertaking our own procurement exercise is not recommended.

5. **Conclusions/recommendations.**

5.1. The primary aim of the PSAA Procurement Strategy is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

5.2. Opting in to the sector-led national approach would therefore seem a logical way of maintaining the collective purchasing power that a national framework would provide. Best value for MDDC is therefore most likely to be achieved through joining the PSAA approach as opposed to going it alone.

5.3. For the reasons stated above, Option 1 is recommended option as it provides the best opportunity to deliver Value for Money.

5.4. The date by which principal authorities will need to opt into the appointing person arrangement is 11 March 2022. The aim is to award contracts to audit firms by the end of June 2022, giving six months to consult with authorities on appointments before the 31 December 2022 deadline.

5.5. This is a decision that requires a recommendation to be made to Full Council.

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

Paul Deal – Corporate Manager for Financial Services Pdeal@middevon.gov.uk

Circulation of the Report: Cabinet Member seen and approved [yes/no – name of Cabinet Member], Cabinet, Leadership Team seen and approved [yes/no]

List of Background Papers:
Appendix A – Letter to CEO from PSAA
Appendix B – PSAA Prospectus
Appendix C – PSAA Procurement Strategy
Appendix D - Form of notice of acceptance of the invitation to opt in

22 September 2021

To: Mr Walford, Chief Executive
Mid Devon District Council

Copied to: Mr Jarrett, S151 Officer
Councillor Evans, Chair of Audit Committee or equivilent

Dear Mr Walford,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the scheme prospectus and our procurement strategy. Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

18 Smith Square, London, SW1P 3HZ

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and

3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to frequently asked questions on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in the scheme prospectus.

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on our website and in the scheme prospectus.

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Public Sector Audit Appointments

PROSPECTUS

The national scheme for local auditor appointments

All eligible bodies

September 2021 **www.psaa.co.uk**

About PSAA

Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts we enter into with the audit firms.

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Introduction

PSAA has issued its formal invitation to all eligible bodies to opt into the national scheme for local auditor appointments for the second appointing period, which will provide external audit arrangements for the period commencing from the financial year 2023/24.

This prospectus is published to provide details of the national scheme and to assist eligible bodies in deciding whether or not to accept PSAA's invitation. The scheme has been shaped by your feedback to the June 2021 consultation on our draft prospectus. The key areas of our approach that have been refined in response to consultation feedback are set out later in this prospectus.

In relation to appointing auditors, eligible bodies have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

A decision to become an opted-in authority must be taken in accordance with the Regulations, that is by the members of an authority meeting as a whole, i.e. in Full Council, except where the authority is a corporation sole, such as a police and crime commissioner, in which case this decision must be taken by the holder of that office.

An eligible body that has decided to join the scheme must inform PSAA by returning the Form of Acceptance Notice (issued with the opt-in invitation) **no later than midnight on Friday 11 March 2022**.

An eligible body that does not accept the opt-in invitation but subsequently wishes to join the scheme may apply to opt in only after the appointing period has commenced, that is on or after 1 April 2023. In accordance with the regulations, as the appointing person, PSAA must: consider a request to join its scheme; agree to the request unless it has reasonable grounds for refusing it; and notify the eligible body within four weeks of its decision with an explanation if the request is refused. Where the request is accepted, PSAA may recover its reasonable costs for making arrangements to appoint a local auditor from the opted-in body.

Audit does matter

The purpose of audit is to provide an independent opinion on the truth and fairness of the financial statements, whether they have been properly prepared and to report on certain other requirements. In relation to local audit the auditor has a number of distinctive duties including assessing the arrangements in place to deliver value for money, and dealing with electors' objections and issuing public interest reports.

Good quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

"The LGA set up PSAA to provide a way for councils to meet the legislative requirements of audit procurement without unnecessary bureaucracy and to provide leverage for councils by collaborating in a difficult market. It is now more important than ever that councils work together to ensure we get what we need from the audit market."

James Jamieson. Chairman of the Local Government Association

Context: changes in the audit market

In 2014 when the Local Audit and Accountability Act received Royal Assent the audit market was relatively stable. In 2017 PSAA benefitted from that continuing stability. Our initial procurement on behalf of more than 480 bodies (98% of those eligible to join the national scheme) was very successful, attracting very competitive bids from firms. As a result, we were able to enter into long term contracts with five experienced and respected firms and to make auditor appointments to all bodies. However, although we did not know it at the time, this was the calm before the storm.

2018 proved to be a very significant turning point for the audit industry. A series of financial crises and failures in the private sector gave rise to questioning about the role of auditors and the focus and value of their work. In rapid succession the Government commissioned four independent reviews, all of which have subsequently reported:

- Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
- the Competition and Markets Authority review of the audit market;
- Sir Donald Brydon's review of the quality and effectiveness of audit; and
- Sir Tony Redmond's review of local authority financial reporting and external audit.

In total the four reviews set out more than 170 recommendations which are now at various stages of consideration by Government with the clear implication that a series of significant reforms could follow. Indeed, in some cases where new legislation is not required, significant change is already underway. A particular case in point concerns the FRC, where the Kingman Review has inspired an urgent drive to deliver rapid, measurable improvements in audit quality. This has already created a major pressure for firms and an imperative to ensure full compliance with regulatory requirements and expectations in every audit they undertake.

By the time firms were conducting 2018/19 local audits, the measures which they were putting in place were clearly visible in response to a more focused regulator that was determined to achieve change. In order to deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain higher levels of assurance. However, additional work requires more time, posing a threat to firms' ability to complete all of their audits by the target date for publication of audited accounts (then 31 July) - a threat accentuated by growing recruitment and retention challenges, the complexity of local government financial statements, and increasing levels of technical challenges as bodies explored innovative ways of developing new or enhanced income streams to help fund services for local people.

This risk to the delivery of timely audit opinions first emerged in April 2019 when one of PSAA's contracted firms flagged the possible delayed completion of approximately 20 audits. Less than four months later, all firms were reporting similar difficulties, resulting in more than 200 delayed audit opinions.

2019/20 audits have presented even greater challenges. With Covid-19 in the mix both finance and audit teams have found themselves in uncharted waters. Even with the benefit of an extended timetable targeting publication of audited accounts by 30 November, more than 260 opinions remained outstanding. The timeliness problem is extremely troubling. It creates disruption and reputational damage for affected parties. There are no easy solutions, and so it is vital that co-ordinated action is taken across the system by all involved in the accounts and audit process to address the current position and achieve sustainable improvement without compromising audit quality. PSAA is fully committed to do all it can to contribute to achieving that goal.

Delayed opinions are not the only consequence of the regulatory drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been received than in prior years and audit costs have increased.

None of these problems are unique to local government audit. Similar challenges have played out throughout other sectors where, for example, increased fees and disappointing responses to tender invitations have been experienced during the past two years.

All of this paints a picture of an audit industry under enormous pressure, and of a local audit system which is experiencing its share of the strain and instability as impacts cascade down to the frontline of individual audits. We highlight some of the initiatives which we have taken to try to manage through this troubled post-2018 audit era in this prospectus.

We look forward to the challenge of getting beyond managing serial problems within a fragile system and working with other local audit stakeholders to help design and implement a system which is more stable, more resilient, and more sustainable.

Responding to the post-2018 pressures

MHCLG's[1] Spring statement proposes changes to the current arrangements. At the time of writing, a formal consultation on the proposals in the Spring statement is underway and is due to close on 22 September 2021. The significant work to reform audit in the wake of the four independent reviews is underway. Further wide-ranging change is almost certain to occur during the next few years, and is very likely to have an impact during the appointing period that will commence in April 2023. Organisations attempting to procure audit services of an appropriate quality during this period are likely to experience markedly greater challenges than pre-2018.

Local government audit will not be immune from these difficulties. However, we do believe that PSAA's national scheme will be the best option to enable local bodies to secure audit services in a very challenging market. Firms are more likely to make positive decisions to bid for larger, long term contracts, offering secure income streams, than they are to invest in bidding for a multitude of individual opportunities.

We believe that the national scheme already offers a range of benefits for its members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency and value for money;
- on-going management of any independence issues which may arise;
- access to a dedicated team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members;
- collective savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- a sector-led collaborative scheme supported by an established advisory panel of sector representatives to help inform the design and operation of the scheme;

[1] Immediately prior to the publication of this document it was announced that MHCLG has been renamed to Department for Levelling Up, Housing and Communities (DLUHC). The document refers to the department as MHCLG.

- avoiding the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- providing regular updates to Section 151 officers on a range of local audit related matters and our work, to inform and support effective auditor-audited body relationships; and
- concerted efforts to develop a more sustainable local audit market.

The national scheme from 2023/24 will build on the current scheme having listened to the feedback from scheme members, suppliers and other stakeholders and learning from the collective post-2018 experience.

Since 2018 we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties including:

- commissioning an independent review undertaken by Cardiff Business School of the design of the scheme and implementation of our appointing person role to help shape our thinking about future arrangements;
- commissioning an independent review by consultancy firm Touchstone Renard of the sustainability of the local government audit market, which identified a number of distinctive challenges in the current local audit market. We published the report to inform debate and support ongoing work to strengthen the system and help to deliver long term sustainability;
- proactively and constructively engaging with the various independent reviews, including the significant Redmond Review into Local Authority Financial Reporting and External Audit;
- working with MHCLG to identify ways to address concerns about fees by developing a new approach to fee variations which would seek wherever possible to determine additional fees at a national level where changes in audit work apply to all or most opted-in bodies;
- establishing the Local Audit Quality Forum, which has to date held five well attended events on relevant topics, to strengthen engagement with Audit Committee Chairs and Chief Finance Officers;
- using our advisory panel and attending meetings of the various Treasurers' Societies and S151 officer meetings to share updates on our work, discuss audit-related developments, and listen to feedback;
- maintaining contact with those registered audit firms that are not currently contracted with us, to build relationships and understand their thinking on working within the local audit market;
- undertaking research to enable a better understanding of the outcomes of electors' objections and statements of reasons issued since our establishment in April 2015; and
- sharing our experiences with and learning from other organisations that commission local audit services such as Audit Scotland, the NAO, and Crown Commercial Services.

As a member of the newly formed Local Audit Liaison Committee (established by MHCLG as outlined in its Spring statement), we are working closely with a range of local audit stakeholders including MHCLG, FRC, NAO, ICAEW, CIPFA and the LGA to help identify and develop further initiatives to strengthen local audit. In many cases desirable improvements are not within PSAA's sole gift and, accordingly, it is essential that this work is undertaken collaboratively with a common aim to ensure that local bodies continue to be served by an audit market which is able to meet the sector's needs and which is attractive to a range of well-equipped suppliers.

One of PSAA's most important obligations is to make an appropriate auditor appointment to each and every opted-in body. Prior to making appointments for the second appointing period, commencing on 1 April 2023, we plan to undertake a major procurement enabling suppliers to enter into new long term contracts with PSAA.

In the event that the procurement fails to attract sufficient capacity to enable auditor appointments to every opted-in body or realistic market prices, we have fallback options to extend one or more existing contracts for 2023/24 and also 2024/25.

We are very conscious of the value represented by these contract extension options, particularly given the current challenging market conditions. However, rather than simply extending existing contracts for two years (with significant uncertainty attaching to the likely success of a further procurement to take effect from 1 April 2025), we believe that it is preferable, if possible, to enter into new long term contracts with suppliers at realistic market prices to coincide with the commencement of the next appointing period.

MHCLG has recently undertaken a consultation proposing amendments to the Appointing Person Regulations. We have set the length of the next compulsory appointing period to cover the audits of the five consecutive financial years commencing 1 April 2023.

PSAA is well placed to lead the national scheme

As outlined earlier, the past few years have posed unprecedented challenges for the UK audit market. Alongside other stakeholders PSAA has learned a great deal as we have tried to address the difficulties and problems arising and mitigate risks. It has been a steep learning curve but nevertheless one which places us in a strong position to continue to lead the national scheme going forward. MHCLG's Spring statement confirmed Government's confidence in us to continue as appointing person, citing our strong technical expertise and the proactive work we have done to help to identify improvements that can be made to the process.

The company is staffed by a team with significant experience of working within the context of the regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees. All of these roles are undertaken with a detailed, ongoing, and up-to-date understanding of the distinctive context and challenges facing

both the sector and a highly regulated service and profession which is subject to dynamic pressures for change. Where appropriate we have worked with MHCLG to change our regulations where they are preventing efficiency.

We believe that the national collective, sector-led scheme stands out as the best option for all eligible bodies - especially in the current challenging market conditions. It offers excellent value for money and assures the independence of the auditor appointment.

Membership of the scheme will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. Assuming a high level of participation, the scheme can make a significant contribution to supporting market sustainability and encouraging realistic prices in a challenging market.

The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the NAO[2]), the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements.

The scope of public audit is wider than for private sector organisations. For example, for 2020/21 onwards it involves providing a new commentary on the body's arrangements for securing value for money, as well as dealing with electors' enquiries and objections, and in some circumstances issuing public interest reports.

Auditors must be independent of the bodies they audit to enable them to carry out their work with objectivity and credibility, and to do so in a way that commands public confidence. We will continue to make every effort to ensure that auditors meet the relevant independence criteria at the point at which they are appointed, and to address any identified threats to independence which arise from time to time. We will also monitor any significant proposals for auditors to carry out consultancy or other non-audit work with the aim of ensuring that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditor to bodies involved in formal collaboration/joint working initiatives, if the parties consider that a common auditor will enhance efficiency and value for money.

[2] MHCLG's Spring statement proposes that overarching responsibility for the Code will in due course transfer to the system leader, namely ARGA, the new regulator being established to replace the FRC.

PSAA's commitments

PSAA will contract with appropriately qualified suppliers

In accordance with the 2014 Act, audit firms must be registered with one of the chartered accountancy institutes - currently the Institute of Chartered Accountants in England and Wales (ICAEW) - acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will then be subject to inspection by either or potentially both the RSB and the FRC. Currently there are fewer than ten firms registered to carry out local audit work.

We will take a close interest in the results of RSB and FRC inspections and the subsequent plans that firms develop to address any areas in which inspectors highlight the need for improvement. We will also focus on the rigour and effectiveness of firms' own internal quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. To help inform our scrutiny of both external inspections and internal quality assurance processes, we will invite regular feedback from both audit committee chairs and chief finance officers of audited bodies.

PSAA will support market sustainability

We are very conscious that our next procurement will take place at a very difficult time given all of the fragility and uncertainties within the external audit market.

Throughout our work we will be alert to new and relevant developments that may emerge from the Government's response to the Kingman, CMA and Brydon Reviews, as well as its response to the issues relating specifically to local audit highlighted by the Redmond Review. We will adjust or tailor our approach as necessary to maximise the achievement of our procurement objectives.

A top priority must be to encourage market sustainability. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work which suppliers must undertake, firms will be informed as to which developments should be priced into their bids. Other regulatory changes will be addressed through the fee variation process, where appropriate in the form of national variations.

PSAA will offer value for money

Audit fees must ultimately be met by individual audited bodies. The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies.

We believe that the most likely way to secure competitive arrangements in a suppliers' market is to work collectively together as a sector.

We will seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies. We will also continue to seek to minimise our own costs (which represent approximately 4% of overall scheme costs). We are a not-for-profit company and any surplus funds will be returned to scheme members. For example, in 2019 we returned a total £3.5million to relevant bodies and, more recently, we announced a further distribution of £5.6m in August 2021.

We will continue to pool scheme costs and charge fees to opted-in bodies in accordance with our published fee scale as amended from time to time following consultations with scheme members and other interested parties. Pooling is a key tenet of the national collective scheme.

Additional fees (fee variations) are part of the statutory framework. They only occur if auditors are required to do substantially more work than anticipated, for example, if local circumstances or the Code of Audit Practice change or the regulator (the FRC) increases its requirement on auditors.

Audit developments since 2018 have focused considerable attention on audit fees. The drive to improve audit quality has created significant fee pressures as auditors have needed to extend their work to ensure compliance with increased regulatory requirements. Changes in audit scope and technical standards, such as the requirement in the new Code of Audit Practice 2020 for the auditor to provide a VFM arrangements commentary, have also had an impact. Fees are rising in response to the volume of additional audit work now required.

The outcome is awaited of MHCLG's recent consultation on changes to the regulations, designed to provide the appointing person with greater flexibility to allow a fee scale to be set during the audit year (rather than before it starts). If implemented, these changes will enable approved recurring fee variations to be baked into the scale fee at an earlier date so the scale fees are more accurate and the volume of fee variations is reduced.

It is important to emphasise that by opting into the national scheme you have the reassurance that we review and robustly assess each fee variation proposal in line with statutory requirements. We draw on our technical knowledge and extensive experience in order to assess each submission, comparing with similar submissions in respect of other bodies/auditors before reaching a decision.

Procurement Strategy

Our procurement strategy sets out the detail and scope of the procurement to deliver contracts from which the auditor appointments will be made for eligible bodies that decide to accept the invitation to opt into PSAA's scheme.

Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

We expect to initiate a new procurement for audit services in February 2022 and, subject to a satisfactory outcome, to award contracts in August 2022. Subject to consultations with opted-in bodies and audit firms, we plan to make auditor appointments by 31 December 2022 (as required by the regulations).

Response to consultation feedback

PSAA consulted with eligible bodies and other stakeholders on our draft prospectus for the national scheme for local auditor arrangements from April 2023, and with the audit services market on important features of its procurement strategy. The insight provided from both these important consultations has helped to shape the arrangements that PSAA will implement from 2023/24. Key areas are highlighted below.

Evolution of the Local Audit Framework

The consultation responses highlight the need for system-wide change. In many areas it is not within PSAA's remit to effect the significant change required.

The newly formed Local Audit Liaison Committee (as outlined in MHCLG's Spring statement), has enabled PSAA to highlight the need for a range of actions to tackle the identified issues that are essential to support a more stable, more resilient, and more sustainable local audit system. Sometimes the actions can be taken by individual organisations, but more frequently responsibility lies collectively across the system. The Liaison Committee and its members are now taking actions forward, including:

- All stakeholders to communicate the importance of audit timeliness as a consistent message to audit firms;
- PSAA to work with the FRC to develop the approach to quality evaluation of tenders;
- MHCLG and other stakeholders to understand the extent of potential increased audit costs for all eligible bodies and to consider how these might be met;
- All stakeholders to consider ways in which to attract new entrants (firms and Key Audit Partners) into the market;
- Central government departments to provide clarity on the direction of local audit policy to inform firms' consideration ahead of next procurement;
- The NAO and FRC to work together to consider how they can provide clarity about the future direction of the Code of Audit Practice to firms ahead of the next procurement; and
- MHCLG, CIPFA and the LGA to consider how to support finance departments with accounting and audit requirements.

In the vast majority of the areas consulted on which were within PSAA's remit, responses were supportive of our proposals for the national scheme from 2023/24 which is very encouraging. Areas where we have revisited and evolved our approach are highlighted below.

Minimum Audit Fees

Audit fees are rising in all sectors in response to increased regulatory requirements for audit quality and changes in audit scope and technical standards. Striving to ensure realistic fee levels is a vital prerequisite to achieving a more sustainable and stable local audit market.

Where individual audits currently attract scale fees that do not cover the basic costs of the audit work needed for a Code-compliant audit, we propose to implement a minimum fee level at the start of the next appointing period, for the audit of the 2023/24 accounts. Our independent research indicates a minimum fee level of £31,000 should apply, based on the 2020/21 scope of audit work, to any opted-in body (a police and crime commissioner and a chief constable constitute one body for this purpose).

We cannot anticipate scale fees for the next appointing period at this stage, because they will depend on the prices achieved in the procurement and any changes in audit requirements. Where any price increase means that the scale fee for a body does not reach the floor set by the minimum fee, the fee for that body would increase to reach the minimum level. It is likely, given current expectations, that the introduction of a minimum fee specifically would lead to an increase in fees for a relatively small number of local bodies. PSAA consults each year on the fee scale and will consult in 2023 on the 2023/24 fee scale.

Introducing a minimum fee is a one-off exercise designed to improve the accuracy of the fee scale for the next appointing period. Fee variations would continue to apply where the local circumstances of an audited body require additional audit work that was not expected at the time the fee scale was set.

Standardised fee variations

Current local audit regulations allow PSAA to approve fee variation requests only at individual bodies, for additional audit requirements that become apparent during the course of an audit year. MHCLG has announced the intention to amend the regulations, following a consultation, to provide more flexibility. This would include the ability for PSAA to approve standardised fee variations to apply to all or groupings of bodies where it may be possible to determine additional fees for some new requirements nationally rather than for each opted-in body individually. Where it is possible to do this, it would have the effect of reducing the need for local fee variations.

Approach to social value in the evaluation of tenders

We plan to retain our original proposal of a 5% weighting but to broaden the criteria by asking bidders to describe the additional social value they will deliver from the contract, which could include the creation of audit apprenticeships and meaningful training opportunities. Bidders will also be asked to describe how their delivery of social value will be measured and evidenced.

Contract Management

The quality of the audit services received by opted-in bodies is very important to both the bodies themselves and to PSAA. Our intention is therefore to focus a significant majority of the quality assessment of tender submissions on resourcing, capacity and capability (including sector knowledge) and on client relationship management and communication. Correspondingly, we intend to apply a lesser weighting to those criteria that are regularly assessed by the regulator. We will seek the views of the regulator in developing the detail of our approach.

We will also review the contract terms used in 2017 ahead of the next procurement of audit services. In particular we will consider the potential to introduce enhanced performance management arrangements aligned to the greater emphasis on quality within the tender evaluation process. Any such revision must ensure continued compliance with the FRC's Ethical Standard which prevents audit fees from being "*calculated on a predetermined basis relating to the outcome or result of a transaction, or other event, or the result of the work performed*".

Information and Communication

Following the success of the webinars held to support the recent consultation, PSAA will be running a series of webinars starting in October 2021. The webinars will provide eligible bodies with the opportunity to hear and ask questions about specific areas of scheme arrangements and PSAA's work, and our progress to prepare for the second appointing period. Details of the webinar series can be found on our website.

Eligible Principal Bodies in England

The following bodies are eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils
- metropolitan borough councils
- London borough councils
- unitary councils
- district councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area
- chief constables for an area
- national park authorities for a national park
- conservation boards
- fire and rescue authorities
- waste authorities
- the Greater London Authority and its functional bodies
- any smaller bodies whose expenditure in any year exceeds £6.5m (e.g. Internal Drainage Boards) or who have chosen to be a full audit authority (Regulation 8 of Local Audit (Smaller Authorities) Regulations 2015).

Board Members

Steve Freer (Chairman)

Keith House

Caroline Gardner CBE

Marta Phillips OBE

Stephen Sellers

PSAA Board members bring a wealth of executive and non-executive experience to the company. Areas of particularly relevant expertise include public governance, management and leadership; local government and contract law; and public audit and financial management.

Further information about PSAA's Board can be found at https://www.psaa.co.uk/about-us/who-we-are/board-members/

Senior Executive Team

Tony Crawley, Chief Executive

Sandy Parbhoo, Chief Finance Officer

Andrew Chappell, Senior Quality Manager

Julie Schofield, Senior Manager Business & Procurement

Within the PSAA senior executive team there is extensive and detailed knowledge and experience of public audit, developed through long standing careers either as auditors or in senior finance and business management roles in relevant organisations.

Further information about PSAA's senior team can be found at https://www.psaa.co.uk/about-us/who-we-are/executive-team/

Annex - Procurement Options

Our Preferred Option

A 5 year contract with the fallback of the right to extend one or more of the current contracts if there are insufficient or unaffordable bids.

Other Options Considered and Rejected

Option 1

Extending the existing contracts for 2 years and deferring the procurement. We want to secure 5 year contracts if we can because we believe this option is more attractive to the market.

Option 2

A 5 year contract with a commitment not to extend the existing contracts. We need the back stop of the right to extend the existing contracts if there are insufficient bids to allow us to make auditor appointments to all opted in bodies or if any of the bids received propose unacceptable prices.

Option 3

A 5 year contract with pre-determined prices for years 1 and 2 thereby avoiding the need for firms to price in the value of the right to extend the existing contracts. We believe such an arrangement will be unattractive to the market. Firms should be able to offer their own prices for years 1 and 2.

Public Sector Audit Appointments

Audit services procurement strategy 2022

September 2021

High quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

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Introduction

1. Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association (LGA) in August 2014. It has a Board of non-executive directors supported by a Chief Executive and a team of staff who have significant experience and skills in managing contracts for public audit services. More information about the PSAA Board and Executive team can be found at http://www.psaa.co.uk/about-us/who-we-are/.

2. In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 (the Act) and the Local Audit (Appointing Person) Regulations 2015 (the Regulations). Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts we enter into with the audit firms.

3. During the next few months all eligible bodies will need to make important decisions about their external audit arrangements for the period commencing from the financial year 2023/24.

4. In relation to appointing auditors, local bodies have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme managed by PSAA.

5. Events since 2018 have resulted in an audit industry that is under enormous pressure and the local audit system is experiencing its share of the strain and unavoidable instability as impacts cascade down to the frontline of individual audits.

6. We believe that PSAA's national scheme offers the best option for local bodies to secure the appointment of appropriately qualified auditors in the current challenging market conditions. The Local Government Association and MHCLG[1] have expressed similar views.

Background to the procurement

7. One of PSAA's most important obligations is to make an appropriate auditor appointment to each and every opted-in body. Prior to making appointments for the second appointing period, commencing on 1 April 2023, we plan to undertake a major procurement enabling suppliers to enter into new long term contracts with PSAA.

[1] Immediately prior to the publication of this document it was announced that MHCLG has been renamed to Department for Levelling Up, Housing and Communities (DLUHC). The document refers to the department as MHCLG.

8. In the event that the procurement fails to attract sufficient capacity to enable auditor appointments to every opted-in body or realistic market prices, we have fallback options to extend one or more existing contracts for 2023/24 and also 2024/25.

9. We are very conscious of the value represented by these contract extension options, particularly given the current challenging market conditions. However, rather than simply extending existing contracts for two years (with significant uncertainty attaching to the outcomes of a further procurement to take effect from 1 April 2025), we believe that it is strongly preferable, if possible, to enter into new long term contracts with suppliers at realistic market prices to coincide with the commencement of the next appointing period.

10. We will, however, consider the circumstances in which it may possibly be necessary to extend one or more current contracts nearer to the commencement of the procurement. This will enable our approach to take into account latest information including any relevant policy announcements or clarifications.

11. MHCLG's Spring statement proposes changes to the current arrangements. At the time of writing, a formal consultation on the proposals in the Spring statement is underway and is due to close on 22 September 2021. Following the publication of its response to the consultation on changes to the Local Audit (Appointing Person) Regulations 2015, the government has committed to introduce secondary legislation to provide the appointing person with greater flexibility to allow a fee scale to be set during the audit year. New regulations are expected to come in to force this Autumn. These changes would enable approved recurring fee variations to be baked into the scale fee at an earlier date so the scale fees are more accurate and the volume of fee variations is reduced.

12. PSAA has set the length of the next compulsory appointing period to cover the audits of the five consecutive financial years commencing 1 April 2023.

13. PSAA needs to enter into new contracts with audit firms in order to make auditor appointments to opted-in bodies by 31 December 2022, as required by the Appointing Person Regulations. This procurement strategy sets out our current plans for the basis on which the procurement of audit services will be carried out.

Objectives of the procurement

14. Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

15. The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;

- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and
- establishing arrangements that are able to evolve in response to changes to the local audit framework.

16. It is necessary to enter into contracts with a number of audit suppliers to provide sufficient capacity for all of the audits required, enable PSAA to manage auditor independence issues and, if possible, grow the number of active suppliers in the local audit market.

Scope of the procurement

17. The procurement will cover the audits of the accounts of all eligible bodies that opt into the appointing person scheme. Eligible bodies include local authorities, combined authorities, police and crime commissioners including PFCCs, chief constables, fire and rescue authorities, waste authorities, passenger transport executives and national park authorities.

18. There are currently 476 eligible bodies that will receive invitations to opt into the appointing person arrangements during September 2021. This number may reduce slightly from 1 April 2023 given the planned reorganisation in the counties of Cumbria, North Yorkshire, and Somerset. The closing date for acceptance of the opt-in invitation is 11 March 2022. We expect to receive acceptances from eligible bodies throughout the opt-in period and will maintain and publish an up to date record of bodies joining the scheme on the PSAA website.

19. PSAA has allowed a considerably longer period during which an eligible body can opt in compared to the statutory minimum period of eight weeks. It is hoped this will enable eligible bodies to meet the requirement under the regulations to make the decision to opt in at a full council meeting. (As corporations sole, the full council requirement does not apply to police and crime commissioners and police, fire and crime commissioners).

20. In order to maximise the potential economies of scale for eligible bodies as a result of entering into large contracts with firms, and to manage any auditor independence issues, PSAA will seek to provide as much clarity and certainty as possible concerning the volume and nature of audits it is able to offer to firms.

Evolution of this strategy

21. This strategy has been developed based on our knowledge and experience of previous procurements for audit and related services, including the lessons learned from our 2017 procurement and the research we have commissioned since that time. Importantly it has

been shaped by the feedback received to the market engagement exercise and consultation with eligible bodies, which we undertook in June 2021. A summary of the response to PSAA's consultation and market engagement has been published.

22. PSAA has produced a risk allocation matrix (attached as an appendix) to inform the development of its commercial model and pricing approach as described in this strategy. It sets outs PSAA's assessment of the risks that each party is required to bear so provision can be made to mitigate and manage these risks in the most effective and economical manner.

23. This procurement strategy was agreed by the PSAA Board on 15 September 2021. It has also been shared and discussed with members of the Liaison Committee chaired by MHCLG and involving representatives of FRC, NAO, CIPFA, ICAEW and the LGA. In a number of areas feedback has helped us to evolve our thinking on the procurement characteristics outlined in the June 2021 draft prospectus and market engagement documents.

24. PSAA will continue to informally engage with the market following the publication of this procurement strategy until the contract notice is published.

25. Two market briefings will be held – in November 2021 and January 2022 – to explain and answer questions about our procurement strategy.

26. Shortly after the January briefing, we expect to publish the contract notice. From that point forward, all engagement in respect of the procurement will be conducted in accordance with the arrangements described in the procurement documentation.

27. The significant work to reform audit in the wake of the four government reviews (Kingman's review of the FRC; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit) is underway.

28. Further wide-ranging change is almost certain to occur during the next few years, and is very likely to have an impact during the appointing period that will commence in April 2023. Alongside changes to the general and local audit framework, the Government is reviewing the public sector procurement regulations, following the UK's withdrawal from the European Union.

29. Given this context we will keep the procurement strategy under review and may make appropriate revisions as a result of any policy, regulatory or other significant changes arising.

The procurement strategy

The procurement route

30. The Public Contract Regulations 2015 (the Contract Regulations), unless superseded, will apply to the procurement and it will be carried out in accordance with those Regulations.

Choice of procurement procedure

31. PSAA is keen, if possible, to enter into contracts with a larger number of suppliers registered as local public auditors than the current five. This could include a non-registered firm working with a registered firm.

32. This will give PSAA the ability to manage auditor independence issues, for example, where an audit supplier has a pre-existing relationship with an opted-in body which prevents it from accepting an audit appointment. It will also provide the flexibility to enable PSAA to respond to the significant number of joint or shared working arrangements for which partner eligible bodies often express a preference for the appointment of a common audit supplier. By entering into contracts with a number of suppliers, PSAA will help to support the drive towards a long term competitive and more sustainable market for local public audit services.

33. Because the nature of the services being procured is highly specialised, PSAA will follow the restricted procedure (rather than the open procedure) in accordance with the Contract Regulations. This will enable PSAA to identify those suppliers with the necessary financial standing, technical capability, skills and experience to provide services and then invite all those shortlisted to tender.

34. Bids will be accepted from suppliers which are registered as, or that are currently proceeding through the registration process to become, a local public auditor with a supervisory body approved by the Financial Reporting Council, currently the Institute of Chartered Accountants in England and Wales (ICAEW). The registration and ongoing monitoring processes test supplier quality and competence.

35. Bids from consortia or other forms of joint working arrangements will be permitted where at least one member organisation within the consortium or arrangements is individually registered as (or going through the process of registration to become) a local public auditor with the ICAEW.

36. An award made to a supplier going through the registration process will be conditional on the ICAEW, as the Registered Supervisory Body, approving their registration and the procurement will not seek to prejudice ICAEW's approval process.

37. Suppliers invited to tender will be asked to quote prices for a contract length of five years, which matches the opt-in period for eligible bodies. The contracts will include the option to extend the contract duration by up to a further two years, by mutual agreement.

38. Variant bids will not be permitted.

Contract lots

39. PSAA will structure its procurement and invite bids as set out in the paragraphs below, subject to confirmation once the number of eligible bodies opting into the scheme is known.

40. There will be a single England-wide contract area, containing between 7 and 11 lots. There will also be a further two lots which will be classed as “development lots”.

41. The size of the lots will be graduated to enable bidders to match their capacity and risk appetite with their preferred lot size.

42. The number of individual lots and their indicative value will be clearly set out in the invitation to tender. PSAA will reserve the right to award work in excess of the lot size as a mitigation should we be unable to award all lots.

43. For each individual lot, PSAA will give an indication of the minimum volume of work which the lot will contain.

44. The two “development lots” will be sized at around 2% and 1% of opted-in bodies in order to encourage new entrants.

45. There will be no requirement for bidders to participate in joint audits.

46. Except for the development lots, each lot in its final form will reflect a sensible balance of geography and a blend of the different authority types, taking account of the guiding principles used when making auditor appointments as set out in para 54 below. Most lots are likely to include one or more public interest entity (PIE) audits. However, in addition to the two development lots, two further lots will exclude any PIE audits.

47. The indicative value of each lot will be expressed by reference to the ‘audited body notional value’ (ABNV), which comprises the published scale fees for 2021/22 for all opted-in bodies. This will establish a consistent baseline for bidders’ pricing.

48. Within the invitation to tender we will provide further information that will be helpful to bidders in their consideration of bid prices covering:

    - those future regulatory and Code-related changes up to April 2023 that we expect bidders to reflect in their pricing. Correspondingly, we will identify those possible changes where there is insufficient information available to do so and outline how these will be handled; and
    - a schedule of opted-in bodies which details the most recent audit year completed, the scale fee and the nature and value of recurring fee variations that are already baked into the scale fee.

49. Named audits will not be allocated to a lot until the procurement is complete and the subsequent consultation processes with opted-in bodies and successful bidders have taken place. Having a larger number of lots increases the opportunity for a greater

proportion of a lot to be concentrated in specific geographical areas rather than being spread across the country.

50. There is no “auditor of last resort” in England, unlike other UK public sector procurers of volume public audit services. Given the statutory nature of audit, and its obligation to make an auditor appointment to every opted-in body, PSAA will endeavour to encourage the market to bid in a manner which represents value for money for the public purse, without damaging sustainability.

51. When making auditor appointments following contract award, PSAA will consider the status of prior year audits and will be guided by the following principles:

- ensuring auditor independence;
- ensuring any contractually guaranteed levels of work are met;
- ensuring a blend of authority types for each audit firm;
- taking account of a firm’s principal locations (as specified in its tender response);
- providing continuity of audit firm, where appropriate; and
- accommodating joint/shared working arrangements between local bodies where possible.

Bidding rules relating to lots

52. In the interests of market sustainability, and subject to receiving sufficient bids and to the outcome of the evaluation of responses to the invitation to tender, PSAA expects to award no more than 35% of the aggregate value of its total portfolio (and potentially a lesser maximum percentage) to any single supplier. Ideally PSAA wants to enter into long term contracts with a larger number of suppliers than we do currently, reflecting a more balanced distribution of work. Our lot structure will aim to enable this, subject to us receiving sufficient bids. The exact number of lots that any successful bidder could be awarded will be set out in the invitation to tender documents.

53. Bidders will be required to indicate the maximum amount of work per annum that they are able/would be willing to deliver, as a percentage of PSAA’s total work based on 2021/22 scale fees. Where a bidder submits bids for multiple lots, this information would be used by PSAA to ensure that any bidder is not awarded work in excess of its stated capacity. In addition, bidders will be permitted to indicate that, should they win a lot, their bids for smaller sized lots are to be withdrawn.

54. Bidders will not be required to bid for all lots. However, they will be able to bid for all lots which fall within the range which they have specified as their maximum capacity.

55. PSAA will award contracts to a number of suppliers, to enable it to:

- manage any independence issues that may arise when making auditor appointments to opted-in audited bodies;
- respond to shared or joint working arrangements between audited bodies;

- make an appropriate auditor appointment to each opted-in audited body after fulfilling its statutory duty to consult such bodies on proposed appointments; and
- support the drive for longer-term market sustainability.

56. Contract lots will be awarded to the suppliers submitting the most economically advantageous tenders i.e. assessed using a price/quality ratio.

57. Bidders will be invited to express their bids for each lot as a fixed proportion of the relevant ABNV. Bidders can submit a percentage value that is greater or less than 100%. Bidders will be able to submit different bid rate percentages for each lot.

58. PSAA recognises that the location of an audit is an important consideration for bidders. Bidders for all lots, other than the "development lots", will therefore be able to select up to four geographical areas which would be least attractive/convenient for them to audit (from a pre-defined list of English County and Combined Authority areas[2]). PSAA would seek to avoid appointing the bidder, if successful, to audits within the selected geographic areas. In the event that it was necessary to appoint the bidder to any audits in those areas, the relevant bid rate would be increased by a premium of 30% in respect of the audits concerned.

59. It is recognised that bidders for the "development lots" may have the capacity to work in a relatively limited geographical area compared to larger suppliers. They will therefore be able to select up to 4 areas in which they would be able to undertake audits and provide details of any exclusions within those areas using the same predefined list of English County and Combined Authority areas.

60. Should either or both of the development lots not be awarded, PSAA would seek to offer the additional volume of work initially to the highest scoring winning bidder across all the lots and, if this is declined, to offer it to the second highest scoring winning bidder across the lots and so on working down through lot winning bidders.

Audit Fees

61. PSAA strongly believes the national, sector-led, collective scheme offers benefits to both audit services suppliers and eligible bodies. By opting into PSAA's scheme, individual bodies will avoid the costs of their own procurement and management of contracts and also the requirement to set up an auditor panel with independent members. Audit services suppliers avoid the expense of participating in multiple procurements and, where successful, the challenge of being subject to and managing a range of different contract management regimes.

62. PSAA's costs of managing the scheme are covered by audit fees paid by opted-in bodies. Over the current contract term, from 2018 to 2023, our annual operating costs have averaged approximately 4% of total annual contract spend. We plan to continue to

[2] Counties (including any Councils or Other Relevant Local Bodies within the County area), and Combined Authorities (including any Councils or Other Relevant Local Bodies within the Combined Authority area)

manage our own costs appropriately and to ensure that the national scheme offers excellent value for its members.

63. PSAA will continue to pool scheme costs and charge fees to opted-in bodies in accordance with our published fee scale as amended from time to time following consultations with scheme members and other interested parties.

64. As a not-for-profit organisation, PSAA returns to opted-in bodies any surplus funds generated by the scheme after all costs have been met. This obligation is set out clearly in our articles of association. Our most recent distribution of surplus funds, totalling £5.6m was announced in August 2021.

65. PSAA expects to make a statement on the impact of the procurement outcome on 2023/24 scale fees following contract award in late Summer 2022.

66. PSAA will consult on the proposed scale of fees for 2023/24 and subsequently expects to publish the fees applicable no later than the end of November 2023, subject to approval of the anticipated amendment to the Appointing Person Regulations which would move the latest date by which audit fees must be set from 31 March to 30 November of the year to which the audit relates.

67. For each year of the contract, PSAA intends to increase the remuneration paid to its audit firms by reference to the annual increase in CPI.

68. Additional fees (fee variations) are part of the legal framework. They only occur if substantially more or less work is required than is envisaged in the scale fee or the auditor is entitled to recover costs or expenses from the audited body under specific provisions in the regulations, for example in relation to public interest reports or objection work.

69. The regulations require PSAA to consider every fee variation on a case-by-case basis. Over the past nine months we have made improvements to our internal processes to enable the handling of a larger number of claims and we will continue to review and make improvements where possible for the benefit of all parties.

70. PSAA reviews and robustly assesses each fee variation proposal. We apply our technical knowledge and experience of all audits to assess each submission and can compare with similar submissions for other bodies across all our audit suppliers before reaching a decision. Our process requires that fees for additional work are discussed with and explained to the audited body before they can be proposed to PSAA. The Regulations require that the proposals must be approved by PSAA before they can be invoiced.

71. PSAA will provide a copy of the current rate card with the invitation to tender. Each winning bidder will be remunerated for additional work for each lot that it wins at a rate equal to the current rate card multiplied by its bid rate for that particular lot.

72. PSAA will update the rate card through the appointing period in line with changes to scale fees that are not related to the level of work – for example, inflation.

73. The hourly rates used as part of the determination of the valuation of variations will continue to be the same for all audited bodies.

Procurement process

74. The key stages in the procurement process are set out below. In accordance with the Contract Regulations, PSAA will ensure that at each stage the process complies with the requirements of equal treatment, non-discrimination, transparency, and proportionality.

75. PSAA will use the Delta e-tendering platform to undertake this procurement.

Timetable and key milestones

76. The timetable and key milestones for the procurement are summarised in Table 1. The target dates are provisional and may be subject to change.

Table 1 – indicative procurement timetable

Key milestone	Target Date
Publish Contract Notice and issue documentation on request	w/c 7 February 2022
Deadline for submission of Selection Questionnaires	w/c 14 March 2022
Issue invitation to tender to short-listed suppliers	w/c 4 April 2022
Deadline for submission of tenders	w/c 11 July 2022
PSAA Board approval of contract awards, assuming a satisfactory outcome	August 2022

77. Following a statutory consultation process auditor appointment for opted-in bodies will be made by 31 December 2022 for audit years from 2023/24.

78. This timetable is consistent with the requirement set out in the Local Audit and Accountability Act 2014, for an authority to appoint an auditor to audit its accounts for a financial year by no later than 31 December in the preceding financial year.

Contract Notice

79. The purpose and scope of the procurement will be set out in the Contract Notice to be published on the Find A Tender Service and Contracts Finder.

Pre-qualification (selection) stage

80. The pre-qualification (selection) stage will be designed to enable PSAA to assess potential audit suppliers' ability to meet PSAA's requirements.

81. The selection questionnaire evaluation criteria will be:

- compliance with grounds that would otherwise lead to mandatory or discretionary rejection under the Contract Regulations;
- satisfactory organisational, financial and economic standing and insurance arrangements;
- capability and capacity;
- technical and professional knowledge and experience; and
- eligibility for appointment under the Act and Regulations, either through being registered with ICAEW or going through the process of registration.

82. Evaluation at this stage will result in a pass or fail outcome for each potential supplier. All suppliers achieving a pass outcome will be invited to tender.

Tender stage

83. The tenders for each lot will be evaluated in accordance with the published evaluation criteria to identify the most economically advantageous tenders. The relative weighting of price and quality will be 20:80 with 5 marks of the 80 quality marks being attributed to social value, which equates to 5% of the overall score. PSAA plan to ask bidders to describe the additional social value they will deliver from the contract, which could include the creation of audit apprenticeships and meaningful training opportunities. Bidders will also be asked to describe how their delivery of social value will be measured and evidenced.

84. The quality of responses at tender stage will be assessed against a range of relevant criteria such as audit approach, quality assurance, client communications and resourcing and capacity & capability including sector knowledge. Aligned with the Government's proposal that the ARGA become the local audit system leader, we will seek the FRC's input in developing our approach.

85. Bidders will only be requested to provide one response to the quality section of the tender irrespective of the number of contract lots they bid for, although some questions may require a lot-specific response. The "development lots" will be assessed against the same criteria but in some areas may have a different assessment focus requiring a separate response from bidders interested in these lots.

86. The formal tender evaluation criteria and methodology will be described in the invitation to tender documentation, and published on the PSAA website.

Establishment of a Dynamic Purchasing System (DPS)

87. Alongside the publication of a Contract Notice for the main audit services procurement outlined above, PSAA will publish a second, separate Contract Notice to establish a DPS.

88. The form of selection questionnaire used for the main audit services procurement would include a box that bidders could tick to signal their agreement to automatically qualify to participate in the DPS if they pass the pre-qualification stage of the main audit services procurement.

89. Once the DPS is established, a supplier that is not a member of the DPS (e.g. a firm that decided not to tick the box on the main procurement selection questionnaire or a new supplier to the local audit market) could apply to join at any point during the DPS's period of validity if they satisfy the selection requirements, and none of the grounds for exclusion apply. PSAA would evaluate the supplier's selection questionnaire within the legally required timescale of 10 working days of receipt unless there are justifiable reasons for an extension.

90. The establishment of a DPS has the potential to offer several benefits over the life of the term of the contracts awarded from the main audit services procurement:

- provide an alternative to the current practice of automatically seeking to distribute additional audits between contracted firms, for example, in the event of local government reorganisation, or if existing bodies request to join the scheme after the initial opt-in invitation and procurement processes;
- enable suppliers who are not awarded a contract from the main audit services procurement to bid for PSAA work, so they are not "locked out" (and provide winning suppliers the opportunity to bid for further audits);
- enable consideration of different contract durations and the potential to stagger future tenders, subject to the proposed changes to the Regulations being implemented; and
- should any of the 2017 audit services contracts need to be extended, provide a mechanism through which to undertake the procurement of services for the audits beyond 2023/24 or 2024/25.

91. Additionally, the DPS will provide a potential option in the event of not receiving sufficient bids to the main audit services procurement.

92. PSAA do not intend to use the DPS to procure replacements for auditor appointments made as part of the 2022 contract award before the end of the contract's duration unless there is a specific reason for doing so. Such reasons might include the identification of an independence conflict, the breakdown of auditor-audited body relationship, or as a result of a supplier's poor performance in line with agreed contract terms.

93. The key characteristics of any procurement undertaken through the DPS are likely to be very similar to those used for the main procurement, for example the evaluation ratio of 20:80, price to quality. Clearly there will also need to be some differences, for example, to reflect that a DPS procurement may be for an individual audit, small group of audits

or a more significant volume of work. All procurement documentation will be available when the Contract Notice for the DPS is published at the same time as the Contract Notice for the main procurement in early February 2022.

94. PSAA expect the DPS to become operational during May 2022, and intend to maintain it throughout the next contract period.

Appendix - Risk Allocation Matrix

Introduction

The allocation and management of risk is central to all commercial contracts and is one of the core commercial principles informing the approach to contracting with third parties. Each party seeks to minimise its overall risk and maximise its reward, which creates an inherent tension between contracting parties. Effectiveness and value for money of contracted services will only be achieved where risk allocation is appropriate and where the party managing the risk is the one most reasonably able to do so.

Purpose

PSAA produced this risk allocation matrix to inform the development of its commercial model and pricing approach for contract of audit services to deliver the national scheme for local auditor appointments from April 2023. It sets outs PSAA's assessment of the risks that each party is required to bear so provision can be made to mitigate and manage these risks in the most effective and economical manner.

Review

The risk allocation matrix will be reviewed periodically up to the point that the procurement is initiated where appropriate in the light of comments from audit firms and to ensure that it reflects the emergence of new information and any changes in circumstances.

Risk Allocation Matrix

Risk id	Risk Category	Explanatory comments	Potential risk allocation	
			PSAA	Audit Firms
1.	**Data inaccuracy** Risk that inaccurate (or incomplete) data is provided to bidders during the procurement exercise leading to inaccurate pricing or solution.	• PSAA will make available the latest information about the audits at the commencement of the procurement, e.g. the most recent audit year completed, the scale fee and the nature and extent of recurring fee variations that are already baked into the scale fee but do not warrant the accuracy of this information. PSAA will adjust the ABNV to reflect any inaccuracies subsequently discovered in this information (see 12 below).	●	
2.	**Inflation** Risk that the cost of supplier's inputs will rise over time due to inflation.	• The contract will provide indexation on the price paid to audit firms based on the annual application of the prevailing rate of CPI. • There is also an inflation risk for the audit firm; the cost pressures they experience may exceed their estimates and any allowance provided by an index-based adjustment.	**shared**	

Risk Allocation Matrix

Risk id	Risk Category	Explanatory comments	Potential risk allocation	
			PSAA	Audit Firms
3.	**Performance / availability** Risk that the service will not be delivered to the requisite performance/availability levels.	• Audit firms must deliver the service in accordance with the NAO's Code of Audit Practice and all regulatory requirements e.g. of the FRC. • The contract will include a performance measure that relates to the audit firm's stated capacity to deliver to a number of audits equal in value to the lot size plus a margin (say 5% of the lot size) for audits awarded before the end of 2022. The availability of sufficient audit resources is a supplier risk.		●
4.	**Volume /demand** Risk that the actual usage of the service is less than the guaranteed minimum.	• Local bodies that decide to opt into PSAA's scheme are then statutorily committed to remain in the scheme for the full appointing period of five years, unless they are abolished under local government reorganisation. • Contractual provision will guarantee a minimum volume of work.	●	
5.	**Volume /demand** Risk that the actual usage of the service is greater than the lot size plus a small margin (say 5%) for audit awards before the end of 2022.	• PSAA may only award work in excess of this figure with the supplier's agreement.	●	
6.	**Volume/demand** Substantial additional work.	• PSAA will pay for substantial additional work and certain statutory actions as defined in the Appointing Person regulations namely ○ the consideration of the making of and the making of a public interest report or a written recommendation under Schedule 7 of the 2014 Act; ○ the exercise of any functions under section 27 of the 2014 Act in relation to the right to make objections at the audit; ○ any application to the court under section 28 of the 2014 Act for a declaration that an item of account is contrary to law or any appearance as respondent to any appeal against such a declaration; ○ the consideration of the issue of and any issue of an advisory notice under Schedule 8 of the 2014 Act; ○ any application for judicial review under section 31 of the 2014 Act or any appearance as respondent to any application for judicial review made in respect of the exercise of the auditors' functions.	●	

Risk Allocation Matrix

Risk id	Risk Category	Explanatory comments	Potential risk allocation	
			PSAA	Audit Firms
		• Substantial additional work will include future regulatory and code related changes unless notified to bidders in the ITT.		
7.	**Change in law**	• The supplier mostly takes this risk. The supplier shall neither be relieved of its obligations to supply services under the contract nor be entitled to an increase in charges as the result of the general change in law.	.	●
8.	**Performance risk** Risk that the services have/project has not been planned adequately for the purpose required or are not properly performed. Performance Indicators.	• Audit firms will have the responsibility for the adequacy of the planning and performance of the service provided and their compliance with the output/performance specification. The scope of local audit is fixed by third parties. It is determined by the requirements of the: ○ NAO's Code of Audit Practice which sets the scope of the audit; ○ The Code of Practice on Local Authority Accounting published by CIPFA/LASSAC which sets the format of the financial statements; ○ HM Treasury in respect of the arrangements for Whole of Government Accounts; and ○ FRC (expected to become ARGA in the year this contract starts) who regulate the work of auditor in the application of International Auditing Standards. • PSAA intends to establish a series of KPIs as part of its contract management arrangements.		●
9.	**Delivery risk** Risk that the delivery of the audit does not meet planned timescales.	• The Accounts & Audit Regulations effectively set a target date for completion of the audit. The past two years (2018/19 and 2019/20) have featured high levels of delayed opinions as a result of a variety of factors. As a result there is a current backlog of outstanding opinions. • Audit firms must meet the target dates unless there are good reasons outside their control such as the poor preparation of audit papers or the need for statutory actions.	**shared risk**	

Risk Allocation Matrix

Risk id	Risk Category	Explanatory comments	Potential risk allocation	
			PSAA	Audit Firms
10.	**Scope of the Contract** Audits are not allocated until after contract award. Audits are awarded remote from the audit firm's principal office.	• Current thinking is that contract lots will be based on work of a specified value of work that is populated with named audits, reflecting a blend of authority types, after completing the tender evaluation process, in consultation with both winning firms and bodies. We are aware that audit firms expressed a preference for bidding for audits on a geographic basis. However, having considered this approach thoroughly we have concluded that it is likely to put at risk the statutory requirement on the appointing person to appoint an independent auditor to every opted-in authority. We intend to introduce a mechanism to enable bidders to reflect geographical preferences in their bids. In addition, when making auditor appointments following contract award (and therefore with audit quality matters already having been assessed), PSAA will have regard to the status of prior year audits and will be guided by the following principles: ○ ensuring auditor independence; ○ ensuring any minimum guarantees of work are delivered; ○ ensuring a blend of authority types for each audit firm; ○ taking account of a firm's principal locations (as specified in its tender response); ○ providing continuity of audit firm, where appropriate; and ○ accommodating joint/shared working arrangements where possible.		●
11.	**The audit services fee** Pricing for Code compliant audits where there is no substantial additional or lesser work or no statutory actions.	• The ITT will ask for prices based on the "audited body notional value" for 2021/22. The ABNV is the scale fee for 2021/22 plus any recurring fee variations that have subsequently been approved. • The winning bidder of each lot will be remunerated for their work to deliver Code compliant audits at a rate equal to the ABNV for that lot multiplied by its bid rate for that lot. • Where individual audits currently attract scale fees that do not cover the basic costs of the audit work needed for a Code-compliant audit, PSAA propose to implement a minimum fee level at the start of the next appointing period, for the audit of the 2023/24 accounts. Our independent research indicates a minimum fee level of £31,000 should apply, based on the 2020/21 scope of audit work, to any opted-in body (a police and crime commissioner and a chief constable constitute one body		●

Risk Allocation Matrix

Risk id	Risk Category	Explanatory comments	Potential risk allocation	
			PSAA	Audit Firms
		for this purpose). • PSAA cannot anticipate scale fees for the next appointing period at this stage because they will depend on the prices achieved in the procurement and any changes in audit requirements. Where any price increase means that the scale fee for a body does not reach the floor set by the minimum fee, the fee for that body would increase to reach the minimum level. PSAA consults each year on the fee scale and will consult in 2023 on the 2023/24 fee scale.		
	Valuation of substantial additional work.	• The hourly rates used as part of the determination of the valuation of variations will continue to be the same for all audited bodies. • The winning bidder of each lot will be remunerated for additional work at a rate equal to the current rate card (which will be included in the ITT) multiplied by its bid rate for that lot. • The rate card will be updated through the appointing period in line with changes to scale fees that are not related to the level of work – for example, inflation.		
12.	**Termination** Risk that PSAA will terminate (or partially terminate) the contract early i.e. before the end of the initial contract term.	• Contractual provisions describe the conditions under which termination would be invoked, covering: ○ Insolvency or change of control ○ Material irremediable or unremedied breach ○ Persistent failure ○ Corruption, bribery, or discrimination ○ Serious security risk ○ Legislative changes.		•
13.	**Subcontractor insolvency** Risk that a subcontractor within the supplier's or subcontractors' supply chain becomes insolvent during the course of the contract term.	• The audit firm must take this risk as it is responsible for its own supply chains. Failure in the subcontractor supply chain is explicitly excluded from the definition of a 'Force Majeure Event'.		•

Risk Allocation Matrix

Risk id	Risk Category	Explanatory comments	Potential risk allocation	
			PSAA	Audit Firms
14.	**Industrial action** Risk of industrial action including by any of the supplier's staff.	• The audit firm must take this risk as it is responsible for its own employee relations and it has the ability to control and it is a core element of service delivery. An industrial dispute relating to the audit firm's (or any subcontractor's) personnel is explicitly excluded from the definition of a 'Force Majeure Event'. The audit firm must also take the risk of disruption by other industrial action e.g. the transport network but not industrial action at PSAA or the audited body.		•
15.	**Force majeure** Risk of unforeseen events outside of the reasonable control of the supplier, that affect the supplier's ability to deliver any aspect of the contract to requirement time, budget, and performance.	• Neither Party shall be liable to the other Party for any delay in or failure to perform its obligations under the Contract (other than a payment of money) if such delay or failure results from a Force Majeure Event. Each Party shall use all reasonable endeavours to continue to perform its obligations hereunder for the duration of such Force Majeure Event. However, if any such event prevents either Party from performing all of its obligations under the Contract for a period in excess of six (6) Months, either Party may terminate the Contract by notice in writing with immediate effect.	**shared risk**	

Appointing Period 2023/24 to 2027/28
Form of notice of acceptance of the invitation to opt in

(Please use the details and text below to submit to PSAA your body's formal notice of acceptance of the invitation to opt into the appointing person arrangements from 2023)

Email to: ap2@psaa.co.uk

Subject:	**Mid Devon District Council** **Notice of acceptance of the invitation to become an opted-in authority**

This email is notice of the acceptance of your invitation dated 22 September 2021 to become an opted-in authority for the audit years 2023/2024 to 2027/2028 for the purposes of the appointment of our auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

I confirm that **Mid Devon District Council** has made the decision to accept your invitation to become an opted-in authority in accordance with the decision making requirements of the Regulations, and that I am authorised to sign this notice of acceptance on behalf of the authority.

Name: **[insert name of signatory]**

Title: **[insert role of signatory]** (authorised officer)

For and on behalf of: **Mid Devon District Council**

Date: **[insert date completed]**

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AUDIT COMMITTEE
25 JANUARY 2022

REVIEW AND REVISION OF THE FINANCIAL REGULATIONS

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

Reason for Report: To make recommendations for amendments to the Financial Regulations of the Authority, to ensure they are appropriate, reflecting the Authority's latest structure and delegations.

RECOMMENDATION: That the revisions to the Regulations are recommended by this Committee for approval by Full Council.

Relationship to Corporate Plan: The safeguarding of assets and the provision of practical efficient processes to provide value for money are intrinsic to the Corporate Plan.

Legal Implications: Failure to comply with legislation could lead to non-compliance and potentially prosecution and claims for damages.

Risk Assessment: Failure to comply with legislation could lead to non-compliance and potentially prosecution and claims for damages. Failing to review thresholds and procedures could lead to inefficient practices damaging value for money assessments.

Financial Implications: There are no direct financial implications arising from this report, however the Financial Regulations set the boundaries in which the Council operates.

Equality Impact Assessment: There are no direct Equality implications arising from this report

Climate Change Assessment: There are no direct Climate implications arising from this report

1.0 Introduction/Background

1.1 The Financial Regulations provide the framework rules for the management of the Council's finances. The Council has a responsibility in law for 'making arrangements for the proper administration of its financial affairs'.

1.2 This responsibility includes ensuring that the Council complies with the law, implementing an effective system of governance, financial management and internal control, making proper arrangements for the management of risk, preparing accounts and budgets, undertaking effective internal audit, preventing and detecting fraud, and putting in place arrangements for securing economy, efficiency, and effectiveness in its use of resources, and achieving value for money.

1.3 The Financial Regulations are designed to demonstrate how the Council will meet these financial responsibilities and they apply to every Member and Officer of the Council.

1.4 The Financial Regulations must be regularly reviewed and updated and to ensure that they comply with current statutory requirements, internal and external audit expectations, and current 'proper practices' with regard to financial management issued by professional bodies such as the Chartered Institute of Public Finance and Accountancy (CIPFA).

1.5 It is two years since the last review of Financial Regulations and during that time a number of changes have occurred. This report highlights the pertinent changes using "tracked changes" for easy of review by Members. In summary, amendments have been made to

- Job Titles, reflecting the corporate restructure moving from "Group Managers" to "Corporate Managers" and "Operational Managers" – Not shown as tracked changed to keep the document simple to follow
- Amendments to Financial Thresholds within Appendix A, and other minor amendments to provide greater clarity – shown through Tracked Changes.
- Amendments to provide greater clarity to the user, for example Section 14.5.1 or the Glossary – shown through Tracked Changes.

More detail in included within the sections below.

2.0 Contract Management and Procurement (Section 5)

2.1 The Procurement and Contracts Management Section has been updated to improve our internal processes and compliance with the statutory regulations. These can be found at Section 5.1.11. In addition, the financial thresholds have been updated by Government from 1 January 2022 and now include VAT. This is shown within Appendix A (Subsection H) of the Financial Regulations.

2.2 We await broader changes to the Procurement regulations arising from the UK's exit from the EU. The latest understanding is that these are due to be announced in 2023 as currently no parliamentary time has been identified to review the proposed amendments.

3.0 Emergency Action

3.1 Amendments have been made to the financial thresholds for the incursion of expenditure in the event of an emergency. Alongside, the approval process has been simplified in order to speed up the response; for expenditure upto £250k two instead of three approvers are required. For expenidutre over £250k, the approval should include the Chief Executive and Cabinet Member for Finance. A written update report should be taken to the next meeting of the Cabinet.

4.0 Delegated Authority Thresholds (Appendix A)

4.1 The authorisation to order goods and to pay invoices is an important safeguard to protect the public purse. The existing limits need to be revised to reflect

operational demands. Appendix A of the Financial Regulations shows the updated position.

4.2 It is also proposed to increase the general authorisation limit (Subsection A) for a Corporate Group Manager to £100k from £50k to reflect the level of seniority within the Council and improve efficiency within the process. Therefore, the Deputy Chief Executive is now only required to approve for transactions between £100k and £250k. Cabinet continue to approve for between £250k to £500k and Full Council is required to approve anything over £500k.

4.3 Similarly, Subsection C (Budget Virements) have also been updated to reflect the above proposed amounts. In addition, greater clarification is included within Subsection C. Each Corporate Manager has authority to move budget across services within their own area of responsibility. Where a budget is transferred from one service area to another, and where that second service are is under the responsibility of a difference Corporate Manager, both parties are required to agree in line with the authorisation level and threshold as set out in the table.

4.4 In Subsection E, the proposed thresholds for debt write off have been increased, again to reflect the seniority of the Corporate Manager and improve efficiency within the process.

4.5 Similarly, again, Subsection F is also updated using the same financial thresholds for Stock Deficiency or Obsolete Stock write off. Subsection I also reflects these proposed thresholds for Stock Adjustments / Write offs.

4.6 As highlighted in paragraph 2.1, the procurement thresholds have been increased to reflect the updated national regulations from 1 January 2022.

5.0 Conclusion

5.1 The various recommendations above are proposed to ensure compliance with current legislation and maintain best practice. Improving the efficiency of our operations, whilst safeguarding the Council's assets remains an ongoing commitment. Going forward therefore, further revisions will need to be made from time to time to ensure these goals continue to be met.

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

Paul Deal, Corporate Manager for Financial Services
pdeal@middevon.gov.uk

Circulation of the Report: Cllr Andrew Moore and Leadership Team

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MID DEVON DISTRICT COUNCIL

FINANCIAL REGULATIONS

Chief Officer: s151 Officer

Revision History

Version	Date	Main Amendment
1.0	Apr 2013	First Release
1.1	Oct 2016	Chapter 5 Procurement/App A Financial Limits
1.2	Jan 2019	Full update incl. amended App A
1.3	Dec 2021	Full review and update job titles and thresholds

MDDC Financial Regulations

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1.0 Introduction and overview

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1.0 Introduction and Overview

1.1 Status of Financial Regulations

The Financial Regulations provide the framework for managing the Council's financial affairs and contribute to good corporate governance, internal control and the management of risks. In addition they assist sound administration, reduce the risk of irregularities and support delivery of effective, efficient and economical services. Article 16 of The Constitution provides for their authority.

The Financial Regulations, which include Contract Procedure Rules and financial aspects of the Constitution, are formally adopted by the Council and provide the framework for the financial administration of the Council. The framework is designed to promote sound and proper financial management of the Council's financial affairs, meet Best Value principles and to safeguard the interests of the Council, its employees, or any person acting on behalf of the Council.

The Financial Regulations apply to all officers and Members of the Council and anyone acting on behalf of the Council. They also apply to any partnerships that the Council is a member of and for which the Council is the accountable body. Where the Council is not the accountable body then the lead Council officer is responsible for ensuring propriety and proper processes are followed so that the Council's reputation is not at risk.

All elected Members, employees of the Council and persons acting on behalf of the Council are responsible for ensuring that they use the Council's resources and assets in a responsible and lawful manner. The Council is under a statutory obligation to secure Best Value and everyone should strive to achieve the principles of Best Value and avoid any legal challenge to the Council.

These Financial Regulations cover all areas of Council activity and to assist Members and officers, the Financial Regulations are set out in self-contained sections. Any financial values are summarised in **Appendix A** to allow ease of update.

All decisions with financial implications must have regard to proper financial propriety. Where there is any doubt as to the appropriateness of a financial proposal or correctness of a financial action, clarification must be sought from the Deputy Chief Executive (S151) in **advance** of any decision or action.

To help you understand the terminology used in the Financial Regulations, a Glossary of Terms is located after Section 18.

1.2 Financial Roles and Responsibilities

1.2.1 Chief Executive

The Chief Executive, as the Head of Paid Service, is responsible for the corporate and overall strategic management of the Council as a whole. He/she must report to, and provide information for, the Cabinet, the Full Council, the Scrutiny Committee and other committees. He/she is responsible for establishing a framework for management direction, style and standards, and for monitoring the performance of the organisation.

1.2.2 Deputy Chief Executive (S151)

These Regulations (in conjunction with the remainder of the Council's Constitution) identify the financial responsibilities of Council, Cabinet, Scrutiny and Audit Committee Members, the Head of Paid Service, the Monitoring Officer, the Deputy Chief Executive (S151) and other Service managers. The functions of the Deputy Chief Executive (S151) are detailed in the Constitution at section 12.04.

Section 151 of the 1972 Local Government Act requires that every local authority shall make arrangements for the proper administration of its financial affairs. Every authority shall make one officer responsible for the administration of those affairs. Within Mid Devon District Council (MDDC) this role has been assigned to the Deputy Chief Executive (S151). The Financial Regulations assist the Deputy Chief Executive (S151) in discharging his/her duties under the 1972 Act and the Accounts and Audit Regulations 2015.

The Deputy Chief Executive (S151) is responsible for issuing advice and guidance to underpin the Regulations that Members, Officers and others acting on behalf of the authority are required to follow.

His/her responsibilities include:

- Reporting to Council Members or the Cabinet, in consultation with the Monitoring Officer and Chief Executive, if there is likely to be unlawful expenditure or an unbalanced budget (Section 114, Local Government Finance Act 1988, as amended).

- Advising Members or relevant Officers, in consultation with the Monitoring Officer, about particular decisions where those decisions are likely to be contrary to the agreed policy framework or budget (Local Government Act 2000).

- Ensuring the adequacies of accounting records and supporting information, control systems and the statement of accounts (Accounts and Audit Regulations 2015).

- Undertaking an effective system of internal audit (Accounts and Audit Regulations 2015).

- Reporting to the Council, at the time the budget is considered and the Council Tax set, on the robustness of the budget estimates and the adequacy of financial reserves (Section 25, Local Government Act 2003).

- Reporting to the Council where, in relation to the previous financial year, it appears that a controlled reserve is or is likely to be inadequate (Section 27, Local Government Act 2015).

- Setting affordable borrowing limits and to arrange the Council's affairs to remain within those limits (Section 3, Local Government Act 2003).

- Preparing five year capital and revenue forecast plans with their consequential impact on Council Tax, taking account of affordability in both the short and long term (The medium term financial plan).

- Keeping the Council's finances under review during the year and to take action if there is evidence that financial pressures will result in budget overspend or if there is a shortfall in income (Section 28(3) Local Government Act 2003).

- Maintaining strong financial management underpinned by effective financial controls.

- Contributing to corporate management and leadership by the provision of financial advice for service delivery, strategic planning and policy making across the authority.

- Supporting and advising Members on financial matters and decisions.

- Supporting and advising Officers in their operational role on financial matters and decisions.

- Producing Financial Regulations for adoption by the Council.

- Advising Corporate Managers and Directors of any amendments to Financial Regulations.

- Acting as or appointing a Money Laundering Officer in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

- Producing a robust Financial Plan, in consultation with all Corporate Managers and Directors, to achieve efficiency targets set by the Council and facilitate their delivery.

- Providing advice on the optimum use of available resources in the management of capital and revenue budgets.

- Providing financial management information in a timely manner.
- Preparation of statutory and other accounts, associated grant claims and supporting records.
- Provision of effective financial management systems and procedures.
- Provision of effective income collection and payments systems.
- Advising on treasury, investment and cash-flow management.

To ensure that the Deputy Chief Executive (S151) is able to fulfil the responsibilities identified, the post holder shall:

- Be able to contribute to papers for corporate management meetings in advance and have access to decisions made.
- Have the right to attend meetings of corporate management where financial issues are being considered.
- Have unrestricted access to the Chief Executive, the Monitoring Officer, Corporate Managers and Directors and to Members whenever they consider it appropriate to do so.
- Have unrestricted access to external organisations where the Council acts either as Accountable Body or enjoys an external relationship with a Specific Entity.
- Have the right to report to Full Council, the Cabinet and the Scrutiny Committee whenever they consider it appropriate to do so.
- Have unrestricted access to the Council's Internal Audit team, to external auditors and to other inspectorates.

1.2.3 Corporate Managers and Directors

Corporate Managers and Directors duties include**:**

- Consulting with the Deputy Chief Executive (S151), or his/her Departmental Representative, on any matter, including submission of plans and/or bids for external funding or potential costs identified through external financial relationships, that is likely to have a financial impact on the capital programme or revenue budget, prior to committing the Council to that impact.
- Managing the financial activities of their services, within the agreed budgets and procedures determined by the Deputy Chief Executive (S151).

Corporate Managers and Directors must therefore ensure that:

- Departmental financial arrangements are adequate and effective in order to comply with these Financial Regulations.
- Departmental measures are taken to confirm the legality of all financial activities.

- Implementing financial administration and accounting procedures determined by the Deputy Chief Executive (S151) and adopting detailed financial records as agreed with the Deputy Chief Executive (S151).

- Ensuring the operational use of the Council's main financial systems, except in exceptional circumstances, are agreed with the Deputy Chief Executive (S151) prior to use.

- Providing departmental support in the keeping and closing of the Council's accounts, in particular that background documentation is available, which meets the standards set by the Deputy Chief Executive (S151) in liaison with the Council's external auditors.

- Obtaining the approval of the Deputy Chief Executive (S151), or his/her Departmental Representative, prior to introducing or significantly changing financial administration/accounting procedures or associated financial records.

- Ensuring that the Deputy Chief Executive (S151) and/or his/her Departmental Representative are provided with all necessary data to allow the timely submission of grant claims, financial returns or publication of financial information.

- Ensuring the security and confidentiality of financial information within their Department, including adherence to guidance issued relating to data protection legislation.

- Where staff have financial responsibilities, ensuring wherever possible that separation of duties exist.

- Acting to implement the recommendations of reports issued by the external and internal auditors in consultation with the Deputy Chief Executive (S151) and their Departmental Representative and the appropriate Service Cabinet Member where relevant.

Corporate Managers and Directors may vest their responsibilities to other Officers provided that such authorisation is given in writing. Corporate Managers and Directors must ensure that they always retain accountability for their responsibilities.

1.2.4 Service Managers/Budget holders

Service Managers/Budget holder's duties include**:**

- Planning and agreeing budget and corresponding service provision with Corporate Managers and Directors on an annual basis.

- Ensuring that financial objectives within their area of responsibility are achieved and Best Value secured.

- Reporting adverse variances to budget and to agree remedial actions with Corporate Managers and Directors.

- Vireing between cost centres/budgets in their areas of responsibility, subject to Financial Regulations (See Section 4).

Managers are responsible for ensuring adequate records, financial and otherwise, have been maintained for all externally funded schemes subject to audit by the European Commission or grant awarding bodies.

1.2.5 Personal Responsibility

All Members and Officers have a general responsibility for taking reasonable action to provide for the security of the Council's assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves Best Value.

All employees shall inform their line manager immediately about any matter that involves or is thought to involve irregularities concerning cash, stores, income, expenditure, assets (including data held by the Council) or any suspected irregularity concerning the exercise of the functions of the Council. Line managers should consult with their Corporate Managers and/or Directors without delay.

As an alternative to the Financial Regulation above, employees may raise concerns under the Whistle-Blowing Procedures confidentially.

1.2.6 Emergency Action

In the event of an emergency, the Chief Executive, Corporate Managers or Directors are empowered to authorise all necessary actions. The Chief Executive, Corporate Managers or Directors shall notify the Deputy Chief Executive (S151), in writing, of the circumstances and estimated financial impact and report formally to Cabinet subsequently.

1.2.7 Powers of Delegation

The powers of delegation in respect of the Deputy Chief Executive (S151) are detailed in the Constitution at Section 5, page 65. Corporate Managers are required to maintain a written record where decision making has been delegated to members of their staff, including seconded staff. Where decisions have been delegated or devolved to responsible budget holders/service managers or other designated officers, references to the Service Manager in the Regulations should be read as referring to them.

1.2.8 Money Laundering Reporting Officer

The Operations Manager for Performance, Governance and Health and Safety is appointed as the Money Laundering Reporting Officer. He/ she is responsible for notifying the National Crime Agency of any suspected cases of money laundering committed within the Council as soon as possible and fulfilling other duties as defined by legislation or regulations.

1.3 Awareness of Existence and Content of Financial Regulations

Service managers are responsible for ensuring that all of their staff are fully aware of the existence and content of the Regulations and other internal regulatory documents (such as Human Resource and ICT policies and procedures) and that they comply with them.

Any non-compliance with the Regulations must be reported to the Deputy Chief Executive (S151) and the Operations Manager for Performance, Governance and Health and Safety immediately.

1.4 Reviewing and Changing Financial Regulations

The Deputy Chief Executive (S151) is responsible for maintaining a continuous review of these Regulations and submitting any additions or changes necessary to the Council for approval. The Deputy Chief Executive (S151) is also responsible for reporting, where appropriate, breaches of the Financial Regulations to the Council via the
Audit Committee.

1.5 Compliance

A failure to comply with these Financial Regulations, or procedures issued under them may constitute misconduct in the case of Officers, or a breach of the Members Code for Members. Reported breaches will be investigated by Internal Audit in the first instance and could lead to disciplinary action. The Deputy Chief Executive (S151) is to be advised immediately.

If you have any queries, comments or concerns on the content of the Regulations, please contact either the Deputy Chief Executive (S151) or the Operations Manager for Performance, Governance and Health and Safety.

2.0 Systems and Internal Control

2.1 Accounting records

2.2 Controlled stationery

2.3 Officer authorisation procedures

2.4 Security of cash, tills, safes and keys

2.5 Document retention

2.6 Segregation of duties

2.7 Business continuity

2.8 New electronic systems

2.0 Systems and Internal Control Procedures

Why are these important?

Maintaining proper accounting records is the way in which the Council evidences its responsibility for the stewardship of public resources.

The Council has a statutory responsibility to "present fairly" the financial consequences of its operations during the year, which are subject to external audit. This audit provides assurance that the accounts have been prepared in accordance with the current Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice for Local Authorities (SeRCOP) and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

Risks:

- The Council cannot account for all income received and expenditure made.
- Financial systems provide inaccurate or misleading information leading to poor decision making.
- Insecure accounting or financial systems give rise to opportunities for fraud or loss.
- Statutory timescales for reporting on the Council's financial affairs are not met.

2.1 Accounting Records

The Deputy Chief Executive (S151) is responsible for determining the accounting systems and procedures adopted and maintained by the Council. All income, expenditure, assets and liabilities are to be properly accounted for in line with published guidance, with the maintenance of a complete audit trail, either electronic or paper for all entries made.

All financial systems and records of accounting are to be in a form approved by the Deputy Chief Executive (S151), who is to be consulted and must approve any changes to accounting records and procedures prior to them being made.

Financial and accounting systems shall incorporate appropriate controls to ensure that, where relevant:

- All data input is genuine, complete, accurate, timely and not duplicated.
- All processing of data is carried out in an accurate, complete and timely manner.
- Output from the system is complete, accurate and timely.
- Segregation of duties wherever possible is built into business processes to reduce the risk of fraud e.g. a single individual cannot authorise and make payment to others.
- All transactions and activities have a clear trail of accountability by authorised, responsible officers.
- Appropriate authorisation levels are set for all staff dependent upon their level of responsibility.
- Records and data are securely retained and in accordance with data protection guidance.
- The Council's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis.

2.2 Controlled Stationery

Why is this important?

Controlled stationery by its very nature has an inherent value. Examples of such stationery are official receipt books, cheque books and cheque stationery. If such stationery is lost or stolen income due to the Council may never reach it or money may be paid out to fraudulent payees.

Risks:

- Stationery could be lost or stolen leading to financial, possibly considerable, loss to the Council.
- Income based services could be put at risk if monies collected are being diverted into fraudsters hands.

Regulations:

- The Deputy Chief Executive (S151) shall be responsible for controlling financial stationery.

- The design and use of all financial stationery shall be subject to the approval of the Deputy Chief Executive (S151).

- The Deputy Chief Executive (S151) shall nominate officers responsible for the ordering, secure storage and issue of financial stationery.

- Proper arrangements are to be made for the security of financial stationery held. No stationery is to be left in circumstances which could lead to unauthorised use.

- An adequate, but not excessive stock of financial stationery will be held. Proper and secure arrangements are to be made for the destruction of any out of date stationery.

- A record of all cheques issued, either electronic or manual is to be made.

2.3 Officer Authorisation Procedures

Why is this important?

Officers can have considerable financial power that needs to be controlled through effective delegation, with clearly defined limits to their delegated authority. Many transactions are now electronically approved and formal paper based lists of authorised signatories are now impractical.

Examples of related areas:

- Official orders
- Sales invoices
- Cheque signatories
- Electronic funds transfers
- Valuation certificates and fee accounts
- Expense claims forms
- Travel and subsistence claim forms
- Wages/timesheets
- Overtime claims

Risks:

- Officers could exceed their authority.
- Fraud, loss, extravagance or waste could arise.

Regulations:

- Procedures are to be put in place to ensure appropriate officers authorise transactions up to agreed levels. Specific guidance will be cited in relevant sections of the Financial Regulations and HR policies.

2.4 Security of Cash, Tills, Safes and Keys

Why is this important?

Money collected by the Council is extremely vulnerable until it is banked. Up to that point it is the Council's responsibility to ensure the safe storage and transit of cash. The security of cash, tills, keys and safes is therefore, essential if the Council is to fulfil its duty.

Risks:

- Cash could be lost or stolen.
- Suspicion in respect of stolen cash may rest with a number of staff if they all had access keys.
- Claims against the Council's insurers may be invalidated.

Regulations:

- Employees of the Council responsible for collecting, holding and the paying in of cash receipts must ensure that it is held under secure arrangements at all times. All cash holdings are to be kept to a minimum and within agreed insurance levels.
- Members of staff who are authorised to gain access to any Council safe or till are responsible for the security of the keys at all times.
- The combination of any Council safe must not be disclosed to another person without the express authorisation of the relevant Service manager. The combination of a safe must be changed immediately when a member of staff, who is authorised to open that safe, leaves the services of the Council.
- All keys held for any official purpose by an authorised member of staff must be held under proper and secure arrangements and not passed or be available to any unauthorised person. The loss or theft of keys is to be reported to the Deputy Chief Executive (S151) immediately.
- All staff are to ensure that all windows, safes and drawers are locked in any location wherever cash or keys are held out of hours.
- Where a till discrepancy is in excess of the amount cited in Appendix A, they shall be referred to Internal Audit.

2.5 Document Retention

Why is this important?

Although the archiving of documents may cause operational difficulties for management, it is vital that these are retained for as long as necessary, and in an adequate environment, to satisfy legal and all other practical requirements. In particular, prime records used within the Council's financial

and key non-financial systems must be given due protection to maintain an adequate trail from source right through to completion of transactions.

Risks:

- Statutory obligations concerning the retention of key documents are not met, e.g. HM Revenue and Customs requirements and penalties may arise.

- The Council may be disadvantaged in taking or defending legal action if prime documents are not retained.

- Performance statistics cannot be verified.

- The external auditor may not be able to verify the Council's final accounts and grants may be lost.

Regulations:

- Financial records, whether electronic or paper, must be retained for six years plus the current year. The Operations Manager for Performance, Governance and Health and Safety will provide guidance to Service managers on the retention of documents which is available on SharePoint.

2.6 Segregation of Duties

Wherever possible the following principles should be complied with when allocating accounting duties:

- The duties of providing information about sums due to, or from, the Council and calculating, checking and recording these sums must be separate from the duty of collecting or dispersing them.

- Employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.

2.7 Business Continuity

The Deputy Chief Executive (S151) is to ensure that accounting and financial records are held securely and procedures are in place to enable accounting records to be reconstituted in the event of a systems failure. Working with the Corporate Managers and Directors responsible for Business Continuity and ICT, a documented and tested business continuity plan to allow information processing to resume quickly in the event of an interruption, shall be in place.

2.8 New Electronic Systems

The acquisition or renewal of all accounting software must be subject to the approval of the Deputy Chief Executive (S151), the Data Protection Officer and Corporate Manager for Digital

Transformation and Customer Engagement. The purchasing or leasing of computer and ancillary equipment is only to be undertaken in accordance with the ICT Strategy.

All new financial systems shall be documented, tested in parallel and users trained in their operation, prior to the system being used in a live environment.

3.0 Financial Planning

3.1 Overall strategic policy framework

3.2 Service performance plans for financial years

3.3 Asset and vehicle management

3.4 Year end balances - earmarked reserves

3.5 Maintenance of reserves

3.6 Ring-fencing of reserves

3.7 Medium term financial planning

3.8 Reports with financial implications

3.1 Overall Strategic Policy Framework

The strategic plans of the Council are embraced by these key documents:

- Corporate Plan
- Medium Term Financial Plan
- Workforce Plan.

The Corporate Plan sets out the Council's key service priorities as agreed by Members. Policy Development Groups propose policies to the Cabinet in accordance with these priorities. The Medium Term Financial Plan looks forward to the next five years and examines the forecasted income and expenditure for both revenue and capital linked to the Corporate Plan's priorities. (See 3.7 below). Finally, the Workforce Plan looks at staff deployment and employment strategies linked to the Corporate Plan. Constraints imposed by our financial resources often limit what the Council can achieve, within a given time frame, for both revenue and capital.

3.2 Service Performance Plans for Financial Years

Corporate Managers and Directors working with their Cabinet Members are required to produce service plans detailing service provision and level of performance linked to their budget for each

financial year. Initial draft service plans should be created and available in September of each year to assist in the budget setting process.

These plans should be discussed by the Policy Development Groups when budgets are reviewed and amended accordingly. New Government initiatives and other legislative requirements will need to be brought in, also any possible savings identified to help facilitate an overall balanced budget. The service plans will therefore evolve over the budget setting period.

The final service plans, with agreed budgets and salary estimates, are to be presented to Leadership Team for approval before the commencement of the financial year, April 1, for each service.

3.3 Asset and Vehicle Management

Corporate Managers, Directors and Service Managers need to consider the equipment and assets used in the provision of their service in relation to their service performance plans. It is vital that we can demonstrate value for money in our decision making. Assets used by services will have finite lives and provision in their service revenue budgets is needed to facilitate the asset's replacement at the end of its useful life.

Where an item of equipment is needed for a service due consideration should be given to:

- the frequency of use by staff.
- the priority of future service provision.
- the asset's expected life.
- the cost of ongoing maintenance and other running costs of the asset.
- the cost to purchase the asset.
- the cost and conditions relating to leasing the asset.
- the expected residual value of the asset at the end of its useful life.

These factors should then lead to a Best Value decision as to whether the Council:

- purchases the asset.
- procures the asset by way of a finance lease.
- hires the asset for short periods, as and when required.
- enters into an agreement with another organisation for its use.

In all cases Managers should be able to demonstrate value for money and consideration of these factors if challenged on their decision - the current practice should not be mechanically followed year on year.

The current limit for capitalisation of assets is shown in Appendix A. Assets whose values exceed the threshold shown in Appendix A will be capitalised and recorded in the fixed asset register maintained by the Deputy Chief Executive (S151).

Where acquisitions of capital assets are expected in future periods, these should be planned for and be incorporated into the Medium Term Financial Plan. Although the expenditure is treated as capital in the accounts, Service Managers should make an annual revenue contribution each year

towards that asset's replacement. This will help to control demands on the capital programme and ensure ongoing provision for replacement, for example an asset costs £100k today with an expected life of 5 years. The expected replacement cost in five years is £120k. The service should budget for an annual charge of £120k/5 = £24k each year to be made into a specific earmarked reserve carried forward to year six so that in year 6 £120k is available to acquire the replacement asset.

Clearly service managers will need to consider their asset provisions made to date annually and if a shortfall is envisaged for replacement, additional provision in future budget(s) will need to be made.

Even if an asset is below the current capitalisation threshold in value, if its cyclical replacement is not budgeted for there can be large spikes in expenditure in financial years when new assets are purchased e.g. there could be a year where large amounts of equipment are to be replaced whose individual values are low. Service managers should therefore consider their future needs and create an earmarked reserve to provide for this eventuality also.

In the case of our vehicle fleet, where non specialist vehicles such as vans can be moved between services an overall strategy for vehicles needs to be made by the Corporate Manager responsible for Transport Management.

3.4 Year End Balances - Earmarked Reserves

Why is this important?

The Regulations below cover arrangements for the transfer of resources between accounting years i.e. earmarked reserves.

Risk:

- Balances are not carried forward correctly.

Regulations:

- The Deputy Chief Executive (S151) is to administer the scheme of earmarked reserves within the guidelines approved by the Council.

- Net underspends on service estimates may be carried forward, subject to:

    - The detailed constraints and completion of a request form **FIN751** as specified by the Deputy Chief Executive (S151).

    - Detailing the sources of underspends or additional income and the specific application of those resources for approval by Deputy Chief Executive (S151).

The Deputy Chief Executive (S151) is to report all underspends on service estimates carried forward to the Cabinet.

Where capital projects are part complete their unused budget shall be rolled forward automatically to future year(s) to ensure their completion, without the need for a completed form FIN 751.

3.5 Maintenance of Reserves

Why is this important?

The Cabinet must decide the level of General Fund and Housing Revenue Account reserves that it wishes to maintain before it can decide the level of council tax or council house rents.

Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending should such events occur. Reserves for specific purposes may also be maintained.

Risks:

- The Council may be unable to meet its financial commitments or any unforeseen costs that may arise during the year.

- The Council fails to comply with standard CIPFA codes of practice on local authority accounting.

Regulations:

- The Deputy Chief Executive (S151) shall advise the Cabinet and Full Council on prudent levels of reserves for the Council and take into account the advice of the external auditors and generally accepted practice.

- The Deputy Chief Executive (S151) will comply with accepted standard codes of practice in respect of the maintenance of reserves.

3.6 Ring-Fencing of Reserves

Service managers shall only use specific reserves for the purposes for which they were intended.

The Housing Revenue Account and General Fund are ring-fenced and legislation provides that neither can be used to subsidise, or help finance the other. All transactions between the two are required to be at arm's length, fair and equitable to both funds.

Unless funded by a revenue contribution to capital, all capital monies must be expended on capital expenditure. Revenue monies may be used for either revenue expenditure or a revenue contribution to capital expenditure.

3.7 Medium Term Financial Planning

Why is this important?

Without planning for the short/medium/longer term future budget shortfalls could occur impairing the delivery of corporate goals and creating a reactive rather than proactive management style.

Future expected trends and the financial “headroom” can be identified and fed into the Corporate Plan. Potential risks are also highlighted.

Regulations:

- The Deputy Chief Executive (S151) will produce and update a Medium Term Financial Plan for the Council covering an advanced period of five years. This is to be presented annually to the Leadership team and the Cabinet for approval prior to budgets for the following year having been set.

- Corporate Managers, Directors and service managers have a duty to inform the Deputy Chief Executive (S151) of any projected major changes (amounts up or down of £20k or more) to their service in future periods.

The Medium Term Financial Plan shall consider the following factors over the life of the plan:

- the Government’s current spending review proposals.
- the likely level of Council Tax rises.
- the Corporate Plan goals.
- new service initiatives.
- service savings.
- income from fees and charges.
- the effects of inflation.
- future legislative changes including taxation.
- the demands of a proposed capital programme.
- treasury management considerations.
- any other factors whose impact could exceed £20k.

Its scope shall embrace the General Fund, the future capital programme, the Housing Revenue Account, future treasury management, and identify the expected level of reserves and any shortfalls.

The plan must state what is known, estimated and assumed in producing the plan.

Sensitivity analysis should be employed to give the reader an idea of a 1% variation - some factors could have a seriously detrimental effect on budgets or reserves whereas other factors might be far less influential.

In making strategic decisions, amending the Corporate Plan, and approving future budgets, Leadership Team and the Cabinet shall have regard to the Medium Term Financial Plan and its implications.

3.8 Reports with Financial Implications

Why is this important?

Without understanding the financial impact of any proposal a poor decision could be made, exposing the Council to risks, possibly leading to an overspent budget. Significant resources could also be diverted from key corporate goals.

Regulations:

- All reports to Members of Policy Development Groups, Scrutiny and the Cabinet shall be reviewed by the Deputy Chief Executive (S151) to quantify as accurately as possible the financial effects and risks of any proposals **before** details are published and to ensure that reports published are fit for purpose.

4.0 Budgetary Control

4.1 Resource allocation

4.2 Budget preparation

4.3 Budget approval

4.4 Responsibility for budgets

4.5 Budget monitoring

4.6 Budget changes (virements)

4.0 Budgetary Control and Monitoring

Why is this important?

Budget management ensures that once Council has approved the budget, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account responsible managers for defined elements of the budget.

By monitoring the budget on a regular basis, variances against budgetary targets can be identified along with changes in trends and resource requirements at the earliest opportunity. Effective budget monitoring will also inform what management intervention is needed.

The scheme of budgetary virements is intended to enable the Council, service managers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council, and therefore optimise the use of resources.

Risks:

- There may be inefficient use of public money and a failure to comply with the Council's objectives.
- Budgets could become overspent with nobody being held accountable for them.
- Systems could fail with nobody being made aware that they have.

- The Council could face prosecution and/or a qualified external audit report for failing to comply with legislation and accepted standards.

4.1 Resource Allocation

The Chief Executive and Deputy Chief Executive (S151) are jointly responsible for developing and maintaining a resource allocation process that ensures that both capital and revenue expenditure plans take account of the Council's policy framework and changing priorities. It is the responsibility of Corporate Managers and Directors to ensure that the revenue and capital budget estimates reflect agreed service plans and are in line with the Medium Term Financial Plan and the Corporate Plan.

4.2 Budget Preparation

The Deputy Chief Executive (S151), in consultation with Corporate Managers and Directors, shall prepare a budget timetable to ensure that the draft budget is finalised for approval by the Cabinet and Full Council within statutory timetables.

The Budget will be prepared in consultation with the relevant service manager or his/her nominated representative. In assisting the Deputy Chief Executive (S151) to prepare their budgets, due regard shall be given to:

- spending patterns and pressures revealed through the budget monitoring process.
- the prior year's actual outturn.
- legal requirements.
- the Corporate Plan.
- the Workforce Plan.
- initiatives already commenced.
- the future introduction of new Central and regional Government initiatives.

The Deputy Chief Executive (S151) will encourage the best use of resources and value for money by working with service managers to identify opportunities to improve economy, efficiency and effectiveness.

The Authority is legally obliged to set a balanced budget.

4.3 Budget Approval

The Deputy Chief Executive (S151), as Section 151 Officer, is responsible for ensuring that General Fund, Housing Revenue Account and capital budgets are prepared on an annual basis for consideration by Full Council, and in accordance with professional and statutory requirements.

Full Council may amend the budget or ask the Cabinet to reconsider it before approving it.

After the budget has been approved by Council there will be no increase in the overall budget, unless sanctioned by the Cabinet. Expenditure is to be committed only against an approved budget head, unless approved virements have been made. (See section 4.6 below)

The Deputy Chief Executive (S151) will produce an annual summary Budget Book.

4.4 Responsibility for Budgets

Corporate Managers and Directors are responsible for the budgets relating to their service areas and are required to sign approving their service plans and acknowledging accountability for their budgets annually.

If the Corporate Manager or Director wishes to delegate responsibility for the budget to their service manager(s) then evidence of the onward delegation needs to be documented and the service manager will need to sign to accept the delegated budgetary responsibility. Inclusion of such accountability within the signed Job Description of the Service manager shall be regarded as sufficient documentary evidence.

It is the responsibility of Corporate Managers and Directors to control income and expenditure within their area and to monitor performance. Corporate Managers and Directors must ensure that there is a clear allocation of responsibility for revenue budget at cost centre level and capital schemes within their areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure. Corporate Managers and Directors should report on variances within their own areas. They must also take any action necessary to avoid exceeding their budget allocation and alert the Deputy Chief Executive (S151) to any problems. The notification must also include an explanation of any remedial action necessary.

4.5 Budgetary Control and Monitoring

It is the responsibility of the service manager to control income and expenditure within their service areas and monitor performance. Any variances (both over and under spends) are to be discussed with their Corporate Manager and accountant.

Service managers should also take any action necessary to avoid exceeding their budget allocation and alert the Deputy Chief Executive (S151) and Corporate Manager to any problems, immediately as they arise.

The Deputy Chief Executive (S151) will present a budget monitoring report to Leadership Team and the Cabinet, outlining any areas of concern (i.e. identified material overspends and shortfalls in income) along with explanations from service managers as to the actions that are recommended to address the concerns.

4.6 Budget Changes (Virements)

The scheme of virements is administered by the Deputy Chief Executive (S151).

The transfer of budgetary provision from one service unit to another is permissible, providing virement conditions are complied with as detailed below.

A budget virement may not be made between the Housing Revenue Account and the General Fund.

Service managers are responsible for initiating the virements procedure. Approval for each virement will require the completion of a virement request form **FIN701**.

Budgetary virements may be required by changes in accounting practice issued by CIPFA and other regulatory bodies. In such cases virement request form **FIN701** will not be required provided the overall budget, before and after, remains the same.

Appendix A shows the thresholds for approval split between those virements within service units and those between service units. Where a virement request has been approved, under no circumstances is income or expenditure to be vired between different financial years (ultimately amending the overall budget liability).

Approved virement request forms must be processed by the appropriate accountant who will amend the financial ledger accordingly. Approved forms must be retained for audit purposes.

5.0 Procurement and Contracts

5.1 Contract procedure regulations

5.2 Employment status - Use of consultants and service companies

5.3 Construction industry scheme

5.4 Receipt of goods

5.5 Authorisation for payment

5.6 Payments

5.7 Contract register

5.0 Procurement of Works, Goods and Services

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Local authorities have a statutory duty to achieve best value, in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements and reduce the following risks.

Risks:

- Goods or services may be ordered for personal use and later paid for by the Council.
- The incorrect volume, number or quality of goods and services may be received.
- The Council may be committed to spending on goods and services for which no budgetary provision has been determined.
- Officers failing to follow contract and tendering procedures may leave both themselves and the Council open to accusations of favouritism, unfair contract terms and legal challenge.
- Goods or services ordered may fail to meet the Council's environmental, health and safety and other strategies and policies.

- The procedures which should be followed when considering any spend of Council money are set out in the Contract Procedure Regulations.

5.1 Contract procedure regulations

5.1.1 Why do we have contract procedure regulations?

The Council is obligated by Section 135 of the Local Government Act 1972, to make contract procedure regulations for the supply of goods or services or for the execution of works.

The purpose of contract procedure regulations is to provide a framework within which the Council can get value for money when obtaining supplies of goods, services and works.

Officers must comply with these contract procedure regulations, which lay down minimum requirements for procuring goods, services and works. Guidance on the procurement process can be obtained from the Procurement Team. Officers must always seek advice from the Procurement Team in the first instance and from the Council's Legal Services department when in any doubt and in particular for all contracts where European Law applies. If an authorising officer has any questions about the Contract Procedure Regulations, they should contact the Deputy Chief Executive (S151).

Every contract made by the Council shall comply with these contract procedure regulations.

Every contract made by the Council shall comply with the Public Contracts Regulations 2015 (PCR) or the concessions Contracts Regulations 2016, as applicable.

Contract procedure regulations must be followed unless the law (in particular, European Procurement Directives, but also UK law) requires something different.

5.1.2 Who do the contract procedure regulations apply to?

These contract procedure regulations apply to:

- All contracts made and to all orders placed by, or on behalf of the Council for the procurement, hire and commissioning of goods, services and works including where the Council is acting on behalf of public bodies.

- All Officers and Members of the Council.

- Any person or organisation engaged to manage a contract or undertake work that involves procurement on behalf of the Council. In each case the requirement to comply with the contract procedure regulations is to be included in the terms of engagement.

- The selection of sub-contractors where these are nominated by the Council under a main contract.

5.1.3 Reviewing and changing the Contract Procedure Regulations

The Deputy Chief Executive (S151) is responsible for maintaining a continuous review of the contract procedure regulations and submitting any additions or changes necessary to the Council for approval. The Deputy Chief Executive (S151) is also responsible for reporting, where appropriate, breaches of the contract procedure regulations to the Council via the Cabinet.

Any non-compliance with the contract procedure regulations must be reported to the Deputy Chief Executive (S151) or his representative. Any Officer that breaches the contract procedure regulations may be subject to the Council's disciplinary procedures.

Anyone wishing to act outside the provisions of these contract procedure regulations in a specific instance not covered by these contract procedure regulations must seek the prior written approval of the Deputy Chief Executive (S151) or Corporate Manager for Financial Services and use the designated waiver form.

All instances of working outside these rules, including those subject to an approved waiver or an exemption, will be reported to the next meeting of the Cabinet.

5.1.4 Compliance with the Contract Procedure Regulations

Service managers are responsible for ensuring that all of their staff fully complies with the contract procedure regulations and other internal regulatory documents such as Procurement policies and procedures. The contract procedure regulations is available on a centrally accessible ICT location and hard copies can also be made available.

Staff required to use contract procedure regulations as part of their job will be required to confirm that they have read and understood the contract procedure regulations as part of their induction. If further clarification or training is required, this can be provided by the Procurement Team.

5.1.5 Procurement principles

The Council will adopt the following principles relating to the procurement of goods, services and works:

- Base its procurement requirements on the principles of Best Value to ensure that it achieves efficiency, effectiveness and value for money.

- Take a long-term strategic view of how it procures its requirements including the potential for alternative methods of service delivery, innovative funding methods and partnership working.

- Expect that externally sourced requirements will be procured as a result of a competitive process unless there are compelling or practical reasons to the contrary.

- Ensure that sustainability is an important criterion in any procurement activity as far as possible.

- Where appropriate develop procurement on a partnering basis in which both the Council and the supplier seek to achieve continuous improvements and maximise mutual benefit through longer term clearly worded contracts. These contracts will be based on measurable outcomes and performance that define the obligations of both parties.

- Where appropriate seek to work with others and through legitimate consortia in the procurement of its requirements in order to widen the scope of its experience and focus expertise, maximise purchasing power and harness economies of scale.

The Council acknowledges that cheapest is not always best and shall award the contract based on the most economically advantageous tender (to the Council). This encompasses a number of considerations and can include Best Price Quality Ratio (BPQR) and such other criteria such as environmental and social value. It is important that the criteria for selection and award are made clear in the tender pack, including any sub-criteria.

The method of contract evaluation will be included in the quotation specification or the invitation to tender.

5.1.6 Application and Interpretation of Contract Procedure Regulations

Definitions

Definitions with regard to these contract procedure regulations can be found in the Glossary.

5.1.7 Aggregation of Orders

No procurement or award of contract shall be made in a manner which seeks falsely to bring the value of the contract below the European Thresholds or those set out in these Regulations in order to avoid compliance with the applicable laws and these Regulations. This includes dividing the order(s) or contracts in order to give the appearance of being below the relevant threshold.

5.1.8 Exemption

Exemption from any contract procedure regulations may be authorised by the Corporate Manager and Deputy Chief Executive (S151) provided that:

- The decision maker or authorised officer is satisfied that the exemption is justified by special circumstances; and

- The exemption is reported in writing to the decision maker specifying the circumstances justifying the exemption.

5.1.9 Exceptional cases where Contract Procedure Regulations shall not apply (urgency etc.)

Contract procedure regulations shall not apply where in exceptional circumstances approval to proceed would be given by the official waiver procedure:

- The work, goods or materials are urgently required, and loss would be entailed by delay arising from advertising.

- The work, goods or materials required are of such special nature that no advantage would accrue by inviting competitive tenders.

- There is no effective competition for the goods or materials required by reason of the fixing of prices under statutory authority or that such goods or materials are patented or proprietary articles or materials.

- Transactions, which, because of special circumstances, may (either individually or as a class) be excepted from time to time by the Cabinet of the Council.

5.1.10 Transactions effected through public sector purchasing organisations

Contract procedure regulations shall still apply to transactions effected through well-established public sector and other purchasing and distribution organisations. A full list of these is kept by the Procurement team. The procedure will depend on the nature of the framework agreement.

Further competition procedure should be used where the statement of requirements when developed, cannot be met by the standard catalogue of goods or services or if there is no such catalogue. The contract procedure rules will then apply to the further competition process.

Advice must be sought from the Procurement Team, prior to purchasing through any purchasing organisation or consortia.

5.1.11 Contracts and official orders

The table below provides an overview of the approach to be applied to the different thresholds of spend along with a reference to where the process is explained within these regulations:

Value	Form of Agreement	Methodology	Decision Route
<£5,000	Official Purchase Order	Best endeavours	Budget holder
£5,000 - £25,000	Official Purchase Order	Minimum of 3 Written Quotations submitted by a specified date and time and based on a written specification and evaluation criteria	Budget holder
£25,000 - £50,000	Official Purchase Order	Minimum of 3 Written Quotations submitted by a specified date and time and based on a written specification and evaluation criteria and advertise award on Contracts Finder	Service Manager
£50,000 – EU Threshold	Formal Written Contract & Purchase Order	Formal Tender using to a detailed written tender specification by a defined deadline. (advertise opportunity and award on Contracts Finder)	Assuming that there is agreed budget in place, Corporate Manager + S151 Officer may approve up to £250k.
Over EU Threshold	Formal Written Contract & Purchase Order	Formal Tender using to a detailed written tender specification by a defined deadline. (advertised in OJEU)	Contracts in excess of £250k will require approval by Cabinet

Prior to commencing any procurement or raising any order, the Officer must be assured that there is sufficient budget in place for the proposed purchase and establish the expenditure code relating to where the budget is held.

Consideration to both the value of the contract and the risk of exposure to the Council should be made by the relevant Corporate Manager when deciding whether to execute a formal written contract.

5.1.12 Estimated Contract value less that £5,000

In the case of goods, where the Authority purchases a significant number of items and the aggregate total spend exceed £5,000 per year, prices must be renegotiated with the supplier annually. If the total spend exceeds £50,000 per year, a contract should be executed in line with the **tender process** below.

In the case of works or services, where the Authority appoints a supplier for a significant number of low value jobs and the aggregate total spend exceeds £5,000 per year, quotations for rates should be obtained in line with the **quotation process** outlined below. If the total spend exceeds £50,000 per year, a contract should be executed in line with the **tender process** below.

In the case of a contract whose total does not exceed £5,000, the officer may place a single order without inviting quotations provided they are satisfied that they have used their best endeavours to ensure that the most favourable prices and terms are obtained, having regard to the principles of value for money and that the supplier is financially sound and technically competent.

If the contract is related to a service or works provision, appropriate pre-qualification of suppliers must be carried out to ensure that their status in relation to health and safety, financial standing, customer care, data protection, equalities, contract management and provision of insurance is suitable for the level of the contract.

Pre-qualification through an industry recognised method such as Construction Line or Exor will be deemed acceptable although the relevant Corporate Manager may require further checks to be carried out in this regard.

In the event that competitive tenders or quotations are sought, these shall be obtained from such number of contractors/suppliers as the relevant Corporate Manager deems appropriate having regard to the principles of Best Value.

The officer is required to obtain written evidence of the quotations and the evidence is required to be kept in accordance with the Council's document retention guidance. This is 12 months or the life of the contract, whichever is the greater.

5.1.13 Estimated Contract value between £5,000 and £50,000

Competitive quotations shall be invited unless a Corporate Manager considers that it is not in the best interests of the Council to seek competitive tenders.

Where possible quotations should be sought from three contractors in writing. For further details on quotations refer to the section on the quotation process.

The officer is required to obtain written evidence of the quotations/tenders and the evidence is required to be kept in accordance with the Councils Document Retention guidance.

5.1.14 Quotation Process

Where possible at least three written quotations will be sought.

The Service Manager will ensure all appropriate documentation is provided. The FIN301 Request for Quotation form should be used; however this may be supported by additional supplementary information which will further assist the supplier in providing their quotation. The Service Manager should ensure that such contract documentation shall be approved by Legal Services if required before quotations are requested.

The information contained in the request for a quotation will state:

- The description or specification of the requirement avoiding the use of proprietary or brand names and using available recognised standards.
- The quantity required.
- The delivery time and place.
- The basis of the price to be quoted.
- Which conditions or contract or other approved condition will apply to any order.
- The date by which quotations are to be received by the Council this will normally be not less than 5 working days from the date of the request.
- The evaluation criteria the quote will be assessed upon.

Suppliers shall be required to address their quotations to the Service Manager.

Quotations may be requested and received using recommended electronic methods. The retention and administration is dealt with under the document retention policy.

Quotations received late will be disallowed. They will be retained unopened until after the quotations properly received have been opened and will be returned to the sender with an explanation.

The quotation from the supplier who has offered the lowest acceptable price taking into consideration the required quality, delivery, cost of use and cost of disposal will normally be accepted provided this is within the estimated total cost.

Written acceptance will be notified to the supplier by the officer from the service dealing with the procurement. They will also be responsible for notifying the Procurement Team in order for them to update their records with details of the contract and how they have selected the chosen supplier.

If the contract is for goods currently maintained or which are going to be maintained on the eProcurement catalogue, a full list of products should be forwarded to procurement on the FIN302 Product Upload Template to allow them to be added to the catalogue prior to ordering.

The relevant Service Manager may accept a quotation other than the lowest where it is in the best interest of the Council and best value is achieved. Such a decision and its reasons shall be recorded and this information submitted to the Procurement Team.

An order will be raised on the Council's eProcurement system at the point of awarding the contract.

If requested the unsuccessful suppliers can be notified and given reasons without breaching the commercial confidentiality of the other suppliers.

5.1.15 Estimated Contract value over £50,000 but below European thresholds

The contract opportunity shall be advertised on the Council's eTendering portal and on Contracts Finder in line with UK Procurement legislation.

Competitive tenders shall be invited. Where possible tenders shall be invited from four contractors, however in line with PCR 2015 no shortlisting will be allowed on contract values below the EU threshold. This means that all compliant bids will be evaluated.

Where it can be demonstrated that there are insufficient suitably qualified contractors to meet the competition requirement set out above all suitably qualified contractors should be invited so far as is practical.

5.1.16 Estimated Contract value exceeds European Thresholds

Where the estimated Value of the Contract exceeds the thresholds laid down in the European Directive, Public Contract Regulations 2015 will apply.

The opportunity will be advertised in the Official Journal of the European Union (OJEU) and all legislative requirements must be met.

5.1.17 The Tender Process

Before starting a tender process, and with suitable advance notice, the relevant Officer will inform the Procurement Team of the proposed contract details using a Tender Initiation Form. Unless the relevant Service Manager decides otherwise, all draft contract documents to be sent out with a request for tender shall be approved by Legal Services prior to being sent to any supplier.

Consultation will occur between the Procurement Team, Corporate Manager and where necessary Legal Services, and where relevant agree:

- The roles and responsibilities in respect of:
    - the selection process (above EU threshold only
    - the tender process
    - the evaluation of the outcomes
    - post tender negotiations
    - the contract award
    - contract management

- A procurement plan that:

    - identifies scope for working with others
    - identifies the use of the best practice contracting and procurement methods including partnerships and partnering
    - reflects any additional requirements and choice of procedure for a contract that exceeds the EU procurement thresholds
    - identifies the use of European standards where these are available
    - details timescales and major events
    - identifies and allocates responsibilities

- The selection criteria (to be used above EU threshold only) for suppliers to be invited to tender are based on commercial consideration and include:

    - financial viability and capacity
    - operational capacity
    - technical competence and capacity
    - relevant environmental issues
    - the Council's policies
    - legislative compliance
    - health and safety
    - data protection
    - equalities

- The evaluation and award criteria for the contract to achieve Value for Money or MEAT taking into account such aspects as:

    - proposed methods and approach
    - total costs to the Council over the life of the contract including disposal costs
    - quality
    - delivery
    - sustainability
    - risk including the suppliers insurance details
    - health and safety
    - social value

In the case of contract values in excess of £250,000, and any contracts in respect of which the relevant Service Manager may so direct depending on the strategic relevance of the contract, the evaluation and award criteria to be used for award will be agreed in advance of the Invitation to Tender being issued, by the Corporate Manager and relevant Cabinet Member.

Tenders will be advertised and submitted electronically via Supplying the Southwest Procurement Portal using the Council's Standard Form of Tender. Any amendment to this form must be approved in advance by Legal Services.

5.1.18 Tenders – manner of submission

Every invitation to tender shall state that tenders will be only considered if it is received electronically via Supplying the Southwest Procurement Portal.

Every invitation to tender shall state that tenders will be only considered if it is received electronically via Supplying the Southwest Procurement Portal.

5.1.19 Tenders – Procedures for opening

All tenders for a Contract shall be opened via the verification process within the eTendering portal.

Only those Officers delegated with Verifier status will be able to access the tenders and remove the Tender seal.

The tenders may then be accepted and released for evaluation or declined and reasons given.

Documentation from the eTendering portals audit log should be produced to show the following:

- The name of the Tenderers who submitted their tender on-time.
- The name of the Tenderers who submitted their tender late.
- The name of the Tenderers who opted out of the Tender process and the opt out reason (if supplied).
- The date and time of the submission.
- The Tendered price for each on-time submission as it appears on the Form of Tender.

5.1.20 Tenders – Procedures for acceptance

Where tenders have been invited in accordance with these Contract Procedure Regulations, the winning tender based on MEAT as defined at 5.1.15 shall be awarded the contract.

The winning tender will be defined as the one who scores highest based on the pre-defined evaluation criteria which was agreed at 5.1.53 and published with the Invitation to Tender.

For contracts under £250k the Corporate Manager will authorise the contract award.

For contracts above £250k, or where there is 10% excess on the budgeted tender provision, the Corporate Manager, Director and Cabinet Member will authorise the contract award.

5.1.21 Tenders - Record Retention

A full record of the procurement process followed for quotation and tenders will be maintained, including but not limited to:

- Quotations:
    - invitation to quote
    - submitted quotation
    - waivers
    - reason for not accepting lowest price and post quotation clarification including establishing value for money
    - communication with successful supplier
    - feedback (if requested) supplied to unsuccessful suppliers

- Tenders:

    - business case
    - pre-tender market research
    - method of obtaining bids
    - contracting decisions/ reasons
    - waiver
    - award criteria
    - tender documents
    - tender submissions
    - post tender clarification and establishing value for money
    - legal advice
    - evaluation
    - post contract monitoring

5.1.22 Standing Lists of Selected Suppliers

Where quotations or tenders are regularly obtained for the same or similar types of goods, services or works that are below the EU tender process value a standing list of selected suppliers may be used in the interest of efficiency and value for money.

Each standing list shall be reviewed and updated by the relevant Service Manager at least once in any 24-month period and copy sent to procurement. A list of the established select lists is held by Procurement.

5.1.23 Orders for Goods, Works and Services

Once a contract has been awarded or a quotation accepted, the following rules in relation to transactional process of ordering through to payment should be followed.

Rules:

The for the ordering of works, goods and services shall be the eProcurement Corporate Finance System or any successor system as agreed by the Deputy Chief Executive (S151). Only orders in a format agreed by the Deputy Chief Executive (S151) shall be used.

This includes:

- Hire/ rent/ lease of goods (See 6.6 Asset Leasing arrangements)
- Delivery of recruitment/ consultancy
- Appointment of Counsel
- Obtaining Finance

Any amendments or changes in procedure to the agreed system must be approved by the Deputy Chief Executive (S151) in consultation with the Corporate Manager for ICT if appropriate, prior to being updated.

Every officer and Member of the Authority has the responsibility to declare to the Monitoring Officer any links or personal interest that they may have with purchasers, suppliers and/or contractors (including sub-contractors) if they are engaged in contractual or purchasing decisions on behalf of

the Authority in accordance with the appropriate Codes of Conduct.

5.1.24 Ordering

Official orders, either in whole or in part, must not be used to obtain goods or services for private use. Any officer found to be breaching this Rule, will be subject to disciplinary proceedings.

Official eProcurement orders shall be raised for all work, goods and services to be supplied to the Council. No work is to be placed to an outside contractor without an order being raised.

All ordering must be conducted through the Procurement Team. No verbal orders are to be placed.

In the case of an emergency situation, the order must be placed as soon as is reasonably possible and in all cases prior to the supplier submitting their invoice.

Guidance must be sought from the Procurement Team for any officers placing an emergency order or orders relating to exceptional circumstances.

Prior to engaging any new supplier, Officers should consult with the Procurement Team to ensure that there is not already a contract in place which could meet their requirement.

To use the new supplier, a Request for Supplier set up form should be completed with all relevant details for verification with HMRC including where applicable:

- UTR (unique tax reference)
- National Insurance number
- Company registration number
- VAT registration number

Consideration of employment status, see 5.2 below and if the work involves construction, 5.3 below, also needs to be made before a new supplier is created.

All orders must be raised, in advance of the works, goods or services being received by the Council. A designated authorised signatory will need to authorise orders prior to the order being raised and placed by the Procurement Team.

It is the responsibility of the designated service Authoriser to confirm with the relevant budget holder and / or Accountant as to whether there is budget available prior to requisitioning the works, goods or services.

Spending limits must be observed at all times and officers must not avoid overspending on the correct expenditure code by applying an incorrect underspend code to an order.

Spending limits will be reviewed and approved by the Corporate Manager on an annual basis.

Officers initiating an order must consult the appropriate Accountant and jointly decide if a virement is required from an underspent code to the correct code before the ordering process continues. Any doubt or difficulty in correctly coding an order shall be referred to the appropriate Accountant for advice.

Orders are not to be split into smaller orders solely to avoid the value limits and procedures laid down in the Council's Contract Procedure Rules.

Orders are not required for:

- Rents
- Rates
- Supply of Utility Services (Gas, Mains Water, Electric, Telephone)
- Petty Cash reimbursements
- S151 treasury transfers.

Variations to official orders can be made by submitting a properly completed FIN305 variation order to the Procurement Team.

Full details of how to use the eProcurement system can be found in the eProcurement User Guide which is available on SharePoint.

5.2 Employment Status - Use of Consultants and Others

Employment status of non Mid Devon District Council employees should be a concern for all service managers. This guidance lays out the basic position and shows how to work out the status of an engagement.

It is vital to resolve the issue of status and inform the individual how they will be paid, **before** they undertake the work. This will prevent delays in payment and disagreements if someone is paid subject to deductions via payroll, when they were expecting to be paid gross, against invoices submitted via the Creditors system.

IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. Such workers are called 'disguised employees' by Her Majesty's Revenue and Customs (HMRC).

The service manager engaging someone to perform a task has the responsibility of determining their employment status and whether they should be paid via payroll. It is not up to the individual being asked to perform the task to indicate what their status is. If the Council treats someone incorrectly, and HMRC imposes interest and penalties these will fall on the service that has commissioned the work. (HMRC will normally go back as far as six years plus the current for unpaid tax, NI, interest and penalties.)

Even if an individual can demonstrate that they are registered with HMRC as self-employed this does not mean that they should necessarily be treated as such when they undertake an engagement for Mid Devon District Council. It depends upon the contractual arrangement with the individual (see below).

If the working arrangement is such that the individual is deemed to be employed by the Council then the HR Manager needs to be informed so the appropriate contract of employment can be drawn up and issued **before** the individual commences any work for the Council.

Employment status can still be an issue for individuals who fall under the Construction Industry Scheme (CIS). To avoid this complication the Council should not provide tools and equipment, and ensure these individuals have other self-employment in addition to the works they do for the Council. This will ensure tax is only payable under CIS, and the Council does not have to consider whether they could be employees or not.

5.2.1 Points to consider

The following are extracts from: "Are your workers employed or self-employed for tax and National Insurance contributions" HM Revenue and Customs leaflet ES/FS2.

An individual worker is likely to be **employed** if the answer is '**yes'** to most of the following questions:

- Does the worker have to do the work themselves?
- Can you tell the worker where to work, when to work, how to work or what to do?
- Can you move the worker from task to task?
- Does the worker have to work a set number of hours?
- Is the worker paid a regular wage or salary?
- Can the worker get overtime pay or bonus payments?
- Is the worker responsible for managing anyone else engaged by you?

Your worker is likely to be **self-employed** if the answer is '**yes'** to one or more of these questions:

- Can the worker hire someone to do the work, or take on helpers at their own expense?
- Can the worker decide where to provide the services of the job, when to work, how to work and what to do?
- Can the worker make a loss as well as a profit?
- Does the worker agree to do a job for a fixed price regardless of how long the job may take?

If you can't answer 'yes' to any of the above questions, your worker is still likely to be **self-employed if** you can answer **'yes'** to most of the following questions:

- Does the worker risk his own money?
- Does the worker provide the main items of equipment (not the tools that many employees provide for themselves) needed to do the job?
- Does the worker have to correct unsatisfactory work in their own time and at their own expense?

An example: If an individual contracts to paint Phoenix House for £20k and to complete the work in eighteen months at times that suit him with as many workers as he sees fit to employ it would indicate self-employment. The costs incurred could generate either a profit or a loss and there is a financial risk to him.

However, if he is to report to a service manager on Monday and paints the building using our paint and equipment, cannot contract others to do the work, and effectively works the hours we decree, then there is no financial risk to him and this would be employment.

There is an online tool that can be used to help determine the status of individuals at: **www.hmrc.gov.uk/calcs/esi.htm**

However, the online ESI tool should **not** be used for determining the status of:

- Individuals who provide their services through a limited company (known as IR35).
- Contracts with agencies to provide services to another person (client).

If you have any doubt as to the correct treatment, the matter should be referred to the Deputy Chief Executive (S151) or Corporate Manager for People, Governance and Waste without delay.

5.3 Construction Industry Scheme

Under current tax legislation the Council is a deemed Contractor and those working for the Council are sub-contractors. The Deputy Chief Executive (S151) will arrange for nominated staff to check the validation at the HMRC website when Procurement has advised of a new potential CIS subcontractor.

Payment in full can **only** be made to such a sub-contractor (company or individual) in the construction industry who has been validated by HMRC and is allowed to be paid Gross. Procurement will check the status of individuals with HMRC when creating new suppliers

Those classified to receive monies net by HMRC, will be paid with a tax deduction of 20% from the labour element of the invoice. These individuals or companies should submit invoices which clearly apportion the materials element of the charge from other elements before VAT is added. A failure to do so will mean that the invoice is not paid and returned to the supplier.

If the subcontractor is not validated the payment can only be made with 30% tax deduction.

Monthly electronic returns of CIS deductions will be made to HM Revenue and Customs by no later than 19th of each calendar month by officers nominated by the Deputy Chief Executive (S151).

5.3.1 Retentions

Payments to contractors will only be made on a certificated invoice of the designated service manager, or where engaged by the Council, the Private Architect, Engineer or Consultant. Certificated invoices shall show the value of the work, retention money, amounts previously certified and amounts now certified.

All variations to contracts are to be in writing and in the form of a properly authorised **FIN305** Variation Order.

The final payment for any contract will not be issued until the Corporate Manager has had a copy of the final account and has carried out such examination as he/she considers necessary in order to satisfy themselves as to the accuracy of the account.

It is recommended that for contracts in excess of £100,000, best practice would be to include a standard retention of 5% until practical completion of a contract and then 2.5% to be held until 12 months after practical completion of the contract, which should be specified in the contract.

It is the responsibility of the Service Manager in conjunction with the Deputy Chief Executive (S151) to agree a suitable level of retention for the specific contract on a case by case basis.

5.4 Receipt of Goods and Services

Goods works and services received by the Council will be "delivered" by approved staff on the financial system upon **receipt** of the goods or services so as to ensure the liability is promptly recorded on the financial ledger.

Certification of work undertaken by external contractors engaged by the Council is to be authorised by suitably experienced and qualified staff prior to delivery being entered on the financial system.

Documentation relating to deliveries such as Delivery notes or Job completion sheets should be kept in accordance with the Council's Document Retention guidance.

Where possible the delivery note should be scanned and attached to the eProcurement system at the point of entering the Good Received Note.

5.5 Authorisation for Payment

The Deputy Chief Executive (S151) will ensure that procedures are in place to ensure that orders made for goods and services on behalf of the Council can only be placed by suitably trained authorised individuals, up to authorised limits, covered by an appropriate budget provision.

The limits for approval of expenditure are set out in Appendix A. Where the approval will result in an increase in total contract price following the award of a contract, the Deputy Chief Executive (S151) or in his/her absence the Corporate Manager for Financial Services, must be consulted where:

- The original value of the contract was above the European Thresholds.

- The original value of the contract was £25,000 or more but below the European Thresholds and the expenditure will result in the original value of the contract being exceeded by more than 10%, taking into account any previously approved expenditure above the original contract value.

Service managers will be responsible for the authorisation of orders raised in the pursuit of their agreed service plans. All requests to add or amend authorisation amounts must be made to the relevant Corporate Manager in advance and approved prior to their use.

HR will supply a leaver's memo to the Deputy Chief Executive (S151) to ensure prompt removal of former employees.

Contract retentions in accordance with contractual arrangements are always to be made and the Accounts Payable section is to be authorised only to pay net amounts due.

5.6 Payments

Why is this important?

The Council spends significant amounts of public money on the purchase of goods and services in order to provide its services in accordance with statute and policy decisions.

Risks:

- The Council pays for goods and services that have not been received.
- The Council pays for goods and service twice or more in error.
- The Council pays incorrect suppliers or amounts due to fraud.
- Financial and accounting records are not correctly updated.

Regulations:

- The Council will pay invoices within 30 days from receipt of invoice or on other terms as maybe agreed. All staff involved with paying creditors shall ensure that invoices are dealt with promptly.

- In the cases of invoices relating to work which is covered by the Construction Act 2009, payment will be made in accordance with the protocol set out in the statutory scheme for Construction Contracts.

- No amendments, changes or avoidance of the system laid down for the processing of invoices for payment must be undertaken without the approval of the Deputy Chief Executive (S151).

- Invoices will only be accepted on which details are written in ink, typewritten, printed or generated by computer. Payment against faxed or photocopied invoices require the prior approval of the Deputy Chief Executive (S151), or his/her appointed representative.

- All Invoices must be received centrally in the Accounts Payable section of Financial Services.

It is the responsibility of the paying department to check the following:

- That an order has been raised, where appropriate and in accordance with 5.1 Procurement of Work, Goods and Services.

- The invoice is addressed to Mid Devon District Council.

- That the details listed on the invoice match the order, including the description, units, amount and VAT and that they are within the acceptable validity limit of +/- 5%.

- That the goods and services have been supplied/delivered to the Council and recorded via the ‘enter goods receipt’ section of the eProcurement system.

It is the responsibility of the Accounts Payable section to check the following:

- That any trade and cash discounts have been deducted.

- That the invoice is a genuine invoice and is not faxed or photocopied.
- That the invoice has not previously been paid.

The refunding of any payment made by a member of the public can only be considered if there are genuine reasons for doing so, e.g. cancellation of event, overpayment of Council Tax, etc. The refund request must be correctly authorised and accompanied by proof that a payment was made to the Council.

Payments on Council pre-printed forms, e.g. pro forma invoices such as Petty Cash reimbursement are to be signed by the appropriate authorising officer and checked for correct completion by the appropriate Officers and Accounts Payable staff before payment.

The Internal Audit Section will carry out checks on the Creditors system in accordance with the Audit Plan.

Payment for goods and services not yet received i.e. training courses should only occur in exceptional circumstances and with the prior approval of an authorising officer. A record of the payment should be made on the order and checks should be carried out to ensure that delivery subsequently takes place.

All Creditors cheques returned to the Council, whether by hand or by post shall be passed immediately to the Accounts Payable section of Financial Services and not to the instigating officer. The instigating officer is, however, to be informed of any cheque having been returned.

Creditors will be paid by BACS whenever possible with a remittance advice forwarded within 24 hours of payment. All Bank details to enable payment will be held on the Creditor's individual file records and amended by Procurement staff only on receipt of official notification in writing, from the Creditor.

5.7 Contracts Register

Upon award of any contract tendered via the Procurement Team, a FIN306 Contract Award Notification will be sent by the Procurement Team to the relevant Corporate Manager, Service Manager, Cabinet Member and Accountant and to the Deputy Chief Executive (S151) to notify them of the award

Where the service has awarded their own contract, without the input of the Procurement Team, it is the responsibility of the awarding service to provide the Procurement Team with the information that they require to populate the contracts register (as set out below)

It will remain the responsibility of the Procurement Team to maintain a contract register of all contracts over £5,000 awarded on behalf of the Council.

The register will be available for review on a centrally held electronic file by Officers and Members.

For each contract, the following details must be published:

- reference number
- title of agreement

- local authority department responsible
- description of the goods and/or services being provided
- supplier name and details
- sum to be paid over the length of the contract or the estimated annual spending or budget for the contract
- Value Added Tax that cannot be recovered
- start, end and review dates
- whether or not the contract was the result of an invitation to quote or a published invitation to tender
- whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.

6.0 Expenditure

6.1 Housing and council tax benefit payments

6.2 Housing renovation and associated grants

6.3 Purchase cards

6.4 Credit cards

6.5 Petty cash

6.6 Asset leasing arrangements

6.7 Urgent payments

6.8 Emergency action

6.1 Housing and Council Tax Benefit Payments

Why are these important?

The Council administers the payment of benefits, on behalf of the Department of Work and Pensions, to assist people in paying their rent and/or Council Tax bills. The Housing Benefit scheme is complex, requires people to declare both personal and financial details and is, as a result, open to error and abuse. This being the case the assessment, calculation and payment of claimants needs to be carefully controlled.

Risks:

- Benefit could be paid to fraudulent claimants.
- Personal domestic and financial details relating to a claimant could be disclosed without authority to do so.
- Benefit entitlement could be incorrectly calculated.

Regulations:

The Deputy Chief Executive (S151) shall be responsible for arranging the processing, assessment and payment of benefit.

The Deputy Chief Executive (S151) shall ensure that periodic checks on the calculations and the entitlement for benefit cases are carried out. Verification Framework checks are to be carried out on all benefit documentation received.

All records and files of personal information relating to claims and the calculation of entitlement to benefit are to be held under arrangements that will prevent access by unauthorised persons and enable compliance with the Data Protection Act.

Any information gained in the assessment and payment of benefit shall not be divulged by any member of staff to persons not authorised to receive that information. Any person seeking information on behalf of another must provide satisfactory evidence that they are authorised, by the claimant, to do so.

Any member of staff with a personal interest in a benefit claim will have no part in the assessment or payment of that claim. All staff involved in the administration of Housing and Council Tax benefit will complete an annual declaration of interests form, and notify the Benefits Manager as soon as they become aware of any personal interest.

All benefits cheques returned to the Council, whether by hand or by post, shall be passed immediately to the Accounts Payable section and cancelled. The Benefits Unit is, however, to be notified that any such cheques have been cancelled.

Lost cheques will not be reissued until the original has been cancelled or has been stopped. See 14.1.5 relating to crossed cheques.

6.2 Housing Renovation and Associated Grants and Loans

Why is this important?

Each year the Council receives applications from the public for grants and loans to assist them financially in renovating their property or associated work such as alterations for the installation of disabled facilities. Many grants and loans are for thousands of pounds and it is therefore essential that applications are correctly assessed, calculated and paid in accordance with both legislative and Council requirements.

Risks:

- Applicants may be paid and yet not be entitled to receive grant or loan monies.
- Grant or loan entitlement may be incorrectly assessed leading to an incorrect payment being made.
- The grant and loan scheme may be manipulated with fraudulent intent.

Regulations:

The Corporate Manager for Public Health, Regulation and Housing will be responsible for delegating the management and processing of applications for Housing Renovation and other related Grants or loans.

The processing of grant and loan applications shall be dealt with expeditiously in accordance with current legislation and Council policy. All applications must be approved by the Corporate Manager for Public Health, Regulation and Housing or his/her nominated representative before any payments are made.

Payments must be within the limits for such grants or loans set in the Housing Assistance Policy.

Payments of grant or loans are provided before work commences unless there are major adaptations whereby stage payments may be made when staged inspections are completed and signed off as satisfactory by the appointed officer in association with the applicant.

Employees of the Council with a personal interest in any grant application must notify the relevant Corporate Manager who shall record the interest.

Employees of the Council who have a personal interest in any grant or loan application must not participate in the processing of the application or payment of the grant or loan and comply with the Officers Code of Conduct.

6.3 Purchase cards

The Council recognises that the cost of its spending is an area which can be reduced by using more efficient payment methods which include the use of Purchase Cards and Credit Cards.

The Council has an approved purchase card scheme under the Government Procurement Card (GPC) Policy. Purchase cards are issued to Officers where it has been identified that there is either a large volume of low value transactions or a frequent urgency for a smaller number being made when at remote locations**.**

Regulations

Authorised Users sign up to the terms and conditions as set out in Appendix C, which clearly set out how the card is to be utilised and that under no circumstances may it be used for personal purposes.

The scheme is to be used in line with the Guidance document issued to users with their cards shown at Appendix C.

The Deputy Chief Executive (S151) will appoint administrators who shall be able to request information and make amendments on the company account, including the creation of additional cardholders.

Where the cardholder purchases goods or services relating to the Building Services department, the cardholder will be required to provide the Job Number which the purchase relates to alongside the receipt to ensure the goods are charged to the correct job.

Cardholders shall retain all VAT receipts from the transactions and record them on the prescribed transaction log.

The Cardholder, or an authorised user, shall reconcile all the transactions on their transaction log and statement on a monthly basis using the reconciliation software provided by the card issuer. During the reconciliation process, the following items associated with the transaction must be populated:

- Receipt reference
- VAT amount
- Accounting codes
- Description

When the cardholder has checked the statement for accuracy the cardholder's approver must complete the summary before the full month's transactions are loaded into the financial management system.

The reconciliation, approval and loading of the file will be completed in line with the timetable set out each year.

The Deputy Chief Executive (S151) will review the effectiveness of the scheme from time to time and at least at the re-tendering of the contract, usually every 3 years.

6.4 Credit Cards / Purchasing Cards

A Corporate Credit Card is used for the purchase of products or services where the only practical method of payment accepted by the supplier is credit card. The credit card is to be held in a secured location by the Procurement Team.

The Deputy Chief Executive (S151) will appoint authorised signatories who are able to request information, make changes to the account or create new cardholders.

A purchase order must be raised in line with the Financial Regulations before any transaction is made using a card. All transactions made using a credit card are to be recorded on a central log which must be reconciled monthly to the Credit Card statement.

The relevant accounting codes and VAT information from each transaction are to be allocated on the financial ledger at the point of posting. VAT receipts are to be held centrally in line with the Council's retention policy.

6.5 Petty Cash

Why is this important?

Petty cash is required to meet minor items of expenditure that may arise from time to time.

Risks:

- Cash is stolen, lost or borrowed without due authority.
- Money is spent on non-work related goods or services.

- Petty cash is used as a means to circumvent the proper procurement process.

Regulations:

The Deputy Chief Executive (S151), in consultation with Service managers, will decide on the fixed amount of the float to be used for meeting petty cash expenses at any satellite establishment.

Petty cash made available is for work related transactions only. Under no circumstances are petty cash floats to be used for personal reasons i.e., loans or advances of cash. Any officer found to be in breach of this Rule will be subject to disciplinary proceedings.

Payments from petty cash are to be limited to minor non-recurring items of expenditure, not exceeding the thresholds set out in Appendix A.

None of the following items of expenditure are to be paid out of petty cash:

- Travel and subsistence expenses of officers.
- Postage, except where a small supply of stamps is held for specific purposes.
- Sundries, such as milk, tea, coffee, biscuits, etc. for officers.
- Stationery.
- Any other payments relating to staff or persons working or providing a service to the Council.

Any officers found to be in breach of this Rule will be subject to disciplinary proceedings.

A **FIN321** form will be provided by the Deputy Chief Executive (S151) for each officer holding a petty cash float at the 31st March to certify in writing the amount held, either in cash and/or in signed vouchers awaiting reimbursement.

All payments from petty cash are to be recorded on the electronic **FIN320** Petty Cash Reconciliation form and are to be supported by vouchers in the approved form. The voucher is to be signed only by the employee entitled to receive the payment and is to be counter-signed by an authorised officer at the time of payment. Full details of the claim are to be recorded on the voucher and an official VAT receipt obtained and attached to the voucher.

On leaving the Council's employment or otherwise ceasing to be entitled to hold a petty cash float, an employee shall account to the Deputy Chief Executive (S151) for the float amount advanced to him/her.

Petty cash floats are to be reconciled and balanced (vouchers to cash balances) on a monthly basis. Replenishment of petty cash floats will be via the submission of the **FIN320** Petty Cash Reconciliation form using the guidance notes within the workbook. Floats will be replenished from a "top up" float held by the Customer First Supervisors.

The petty cash "top up" float will be replenished by replacing kiosk cash to be banked with a MDDC cheque of the same value.

The Petty cash top up float should be reconciled quarterly in line with the reconciliation of the petty cash eFinancials cost centre.

The workbook should be authorised and sent electronically to accountancy@middevon.gov.uk. A hard copy of the 'Vouchers' page and the 'Replenishment' page should be sent to Accounts Payable with all signed vouchers and receipts in support of the amount claimed.

Once Accounts Payable has verified the replenishment they will authorise the Customer First Team to contact the officer holding the float to collect the replenishment. Council identification must be presented when collecting the cash.

Cash balances and vouchers shall be available for inspection upon request, by Internal Audit.

Any till differences in excess of the amount shown at Appendix A shall be referred immediately to Internal Audit.

6.6 Asset Leasing Arrangements

Why is this important?

Capital finances are not always available to purchase an asset outright, especially larger vehicle and equipment purchases. Leasing an asset enables the cost to be spread over several financial years. Asset leasing contracts are legally binding documents which therefore need to be considered and entered into with caution.

International Financial Reporting Standards (IFRS) require Operating Leases and Finance leases to be treated differently within the year end accounts. Whether a lease is a finance lease or an operating lease depends upon the substance of the transaction, rather than the form of the contract. This is not always conclusive. The assessment requires judgement against the lease classification indicators set out in International Accounting Standards (IAS) 17.

Criteria pointing to a finance lease classification include:

- The lease transfers ownership of the asset to the lessee by the end of the lease term.
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value, so as to make it reasonably certain the option will be exercised.
- The lease term is for the major part of the economic life of the asset.
- The present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (MDDC applies a rate of 75% and above).
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

In summary not only is it important to ensure that our lease arrangements are appropriate for our needs, it is also important that each lease is classified and recorded within the correct framework.

Risks:

- The Council may fail to be able to meet future commitments.

- New annual lease payments may exceed budgetary provision.
- Assets are not appraised to ensure leasing is a more viable option than purchasing.
- Assets are not purchased following procurement guidelines or leased following a financing review.
- The asset is disposed of before the lease ends or is ready to be disposed of.
- Lease interest rates are high.
- Lease agreement contracts are not signed or stored correctly.
- Leases are classified incorrectly because IFRS regulations are not followed.

Regulations:

A business case analysis should be carried out when considering purchasing a new asset and the Service Accountant should be included in this process. The business case should show that there is a definite business need for the asset, the asset to be acquired has been appraised to be the most operational and cost effective solution and that procurement rules have been followed to obtain quotes or to tender for the asset.

At this stage the Deputy Chief Executive (S151) should consider whether finances are available to purchase or whether leasing the asset is more appropriate. In any event if the Council is to purchase the asset and subsequently undertake a sale and leaseback arrangement the normal procurement rules outlined at 5.1 above must be followed. Service Managers must therefore be mindful of lead times before the acquisition of assets.

If the asset is to be leased a leasing advisory body will be contacted to carry out a financial review and find the best leasing option. This must only be done after the decision not to purchase has been made. Additional costs could be incurred in instructing a financial review if a decision is then made not to lease.

Arranging the financing of a lease will be administered by the Deputy Chief Executive (S151). All contractual documentation should be forwarded to the Deputy Chief Executive (S151). Once signed by an authorised signatory all Contracts will be entered into the Contracts Register.

Annual payments due on new finance leases will be funded by the service acquiring the asset through a budget virement to the finance lease detail code.

6.6.1 Property Leases

If the Authority enters into any new property leases, either as Lessor or Lessee, The Deputy Chief Executive (S151) needs to be immediately advised of the transaction and the nature and terms of the agreement entered into. This is most important because the accounting treatment of the transaction and therefore our financial statements could be different, depending upon the circumstances.

6.7 Urgent Payments

Payments to suppliers and others are normally arranged in a series of weekly or monthly runs. Service managers are asked to try wherever possible to adhere to these standard payment runs to maintain efficiency.

This will be by BACS as the faster more secure option and the Service Manager will need to obtain all of the relevant details of the payee for this to occur. However in the rare case that circumstances conspire to warrant an urgent payment service managers should endeavour to obtain the bank details and full name and address of the payee so that a BACS payment can be issued without delay by the Finance Team. The monies will always clear faster than a cheque, and the process is both more secure and cheaper for the Council.

Corporate Managers and Directors and service managers must ensure that Financial Regulations and Contract Procedure Rules relating to contracts and tenders have been complied with. However, in a situation which is outside the time framework for a Cabinet decision, the decision could be taken by the Cabinet Member for Finance together with either the Chief Executive or the Deputy Chief Executive (S151) for expenditure up to the EU threshold limits. Any such decision of the Cabinet Member would however need to be reported back to the next Cabinet meeting, so that there is accountability and an audit trail of the decision.

6.8 Emergency Action < £250,000

In the event of an emergency, there is a need for ~~three~~ two authorisations, that is, the relevant Corporate Manager on duty and either the Deputy Chief Executive (S151) or the Corporate Manager for Financial Services, ~~Corporate Manager and a Cabinet Member~~ to authorise all necessary actions and to incur expenditure outside amounts included within budgets without recourse to the requirements of these Financial Regulations.

The Corporate Manager on duty ~~Chief Executive and a Cabinet Member or a Corporate Manager~~ shall notify the ~~Deputy~~ Chief Executive ~~(S151)~~ and appropriate Cabinet Members (for that service and Finance) in writing of the circumstances and estimated financial impact.

6.8.1 Emergency Action > £250,000

In the event of an emergency, there is a need for three authorisations, that is, the Chief Executive, Deputy Chief Executive (S151) ~~Corporate Manager~~ and either the Leader or ~~a~~ Cabinet Member for Finance to authorise all necessary actions and to incur expenditure outside amounts included within budgets without recourse to the requirements of these Financial Regulations.

In the event of such an emergency the provisions of the Constitution rules regarding key decisions apply. The Corporate Manager on duty prepare an update report to the next Cabinet meeting.

7.0 External Expenditure Arrangements

7.1 Work for third parties

7.2 Work by third parties

7.3 Partnerships with external entities

7.4 Projects

7.1 Work for Third Parties

Why is this important?

Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Risks:

- The Council could make a significant loss by carrying out this work.
- Internal resources are tied up in providing external users a service with a resulting detrimental effect on internal service provision.
- The Council could be held liable for the actions of its staff.

Regulations:

The Deputy Chief Executive (S151) shall provide guidance on the financial aspects of providing third parties with services and the maintenance of a contracts register.

Each service manager shall ensure that:

- Appropriate insurance arrangements are in place to the satisfaction of the Deputy Chief Executive (S151).

- The Council is not put at risk from any bad debts.
- Valid sales invoices with the correct vat treatment are created for the service.
- Wherever possible, payment is received in advance of the provision of the service.
- The relevant service has the appropriate expertise to undertake the contract.
- All contracts are properly documented and that the documentation is kept up to date.
- The Deputy Chief Executive (S151) is provided with the appropriate information to enable a note to be entered into the financial statements.

Corporate Managers and Directors must ensure that work carried out by third parties (for instance by an Arm's Length Management Organisation) for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal, HR and procurement advice should be sought at an early stage. This will ensure that the organisation only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered.

7.2 Partnerships with External Partners/Agencies

Why is this important?

Partnerships are likely to play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. The Council is working in partnership with other councils, public agencies, private companies, community groups and voluntary organisations, to bring together the contributions of the various stakeholders to deliver a shared vision of services based on user wishes.

The Council will mobilise investment, bid for funds, champion the needs of their areas and harness the energies of local people and community organisations. The Council will be measured by what it achieves in partnership with others and assist as much as possible depending upon resources.

Risks:

- Important issues and problems are not addressed. Roles and responsibilities for the partnership are not clearly defined at the outset.
- The risks associated with the partnership are not identified or addressed.
- The financial viability of the partnership is not assessed at the outset.
- The partnership may not deliver the level of staffing or expertise anticipated at the outset.
- The objective of a proposed partnership may not be achieved.

- A partnership arrangement may cost the Council more than an existing or singularly administered equivalent, or the quality of service may decline, or both.

Regulations:

It is the responsibility of all Service managers to identify any instances of partnership working within their service areas and to keep a written record.

Before entering into any partnership agreements the service manager will advise the Deputy Chief Executive (S151) of the key elements of the partnership. This will include an analysis of:

- A cost/benefit appraisal of the financial viability of the partnership, both in the current and future years (including estimated budgetary requirements)
- Risk assessment and management (including the production of a risk log)
- Resourcing, including taxation issues
- Audit, security and control requirements
- Dispute resolution.

The Deputy Chief Executive (S151) must be advised and will give advice on effective controls and ensure that accounting arrangements are satisfactory.

The Corporate Manager for Property, Leisure and Climate Change must be advised and a suitable partnership agreement drawn up and signed before commencement to safeguard all parties.

It will be the on-going responsibility of the service manager to:

- Adhere to approved Council policies relating to partnership working
- Ensure that such partnership agreements and arrangements do not impact adversely upon the services provided by the Authority

- Provide appropriate information to the Deputy Chief Executive (S151) to enable a note to be entered into the Council's statement of accounts concerning material items

- Ensure that all partnership agreements and arrangements are properly documented. Such documentation must be sufficiently detailed to allow the performance of the partnership to be effectively monitored and assessed.

Service managers are responsible for reviewing all existing partnerships on an annual basis to ensure that the partnership continues to deliver Value for Money, and that it operates in the best interests of the Council and is not in conflict with the Council's objectives.

Service managers must notify the Deputy Chief Executive (S151) and the Corporate Manager for Property, Leisure and Climate Change, if the Council intends to disengage from an existing partnership who will then advise on appropriate measures to protect the Council's interests when the partnership is dissolved.

It is the partners' responsibility to:

- If appropriate, and especially where this Council takes the lead, be aware of their responsibilities under these Financial Regulations

- Ensure that risk management processes are in place to identify, assess and monitor all known risks

- Ensure that project appraisal processes are in place to assess the viability of the project in terms of resources (including finance), staffing and expertise

- Agree and accept formally, the roles and responsibilities of each of the partners involved in the project before the project commences (including the production of terms of reference)

- Communicate regularly with other partners throughout the project or partnership so that problems can be identified and shared, to achieve their successful resolution

- Develop a framework for measuring the performance of the project or partnership and regularly share performance results with partners and stakeholders

- Ensure that any financial contributions made to the Council, for the purposes of the Partnership, are made on a timely basis.

7.3 Projects

Why is this important?

The Council normally undertakes projects for "one-off" or unique events. Projects can be caused by many factors including changes in Central Government direction or legislative changes.

All projects that have an intrinsic value (including direct and indirect costs) of £50,000 or more shall be run using structured project management such as PRINCE2 or other appropriate project methodology.

Risks:

- The project may fail due to an inadequate or inexperienced project manager.

- The project may exceed its budget both in terms of cost and time.

- Important issues and problems are not addressed and roles and responsibilities for the project are not clearly defined at the outset.

- The risks associated with undertaking the project are not identified or addressed.

- The financial viability of the project is not assessed at the outset.

- The project may not deliver the desired objectives and outcomes that were anticipated at the outset.

- Failure of a project may impact on the Council's reputation.

Regulations:

Service managers (or Corporate Manager) own the business case, including the budget for the project, and are accountable to Leadership Team for the project. The service manager is responsible for producing and submitting the business case to Leadership Team for approval. This must include:

- Reasons for the project
- Business options
- Expected benefits and Issues/dis-benefits
- Timescales
- Costs
- Investment appraisal
- Major risks

Where the business case submissions form part of a programme or is in competition with other business cases in bids for funding (e.g. capital bids), then scoring criteria will be agreed by Leadership Team. Then each business case can be considered, prioritised or rejected.

If Leadership Team has approved the business case, then at an agreed date a Project Initiation Document (PID) will be submitted by the Service Manager for approval. The PID will contain:

- The objectives of the project
- The scope of the project
- The measurable outcomes/benefits of the project
- A list of deliverables for performance monitoring purposes
- An updated business case (including a cost/benefit analysis)
- A risk log containing risks that have previously been assessed
- An action plan of how and when the project is to be delivered
- The proposed project organisation.

Where the project involves the use of consultants, their appointment should be subject to the Council's normal rules (see Chapter 5). The estimated cost of using a consultant is to be set as the consultant budget on the project. The Project Manager will be responsible for monitoring the actual spend on the consultant on a monthly basis in conjunction with the Deputy Chief Executive (S151) or designated accountant and report to the Project Board.

It is the responsibility of the Deputy Chief Executive (S151) to set up the budget for the project on the financial ledger.

It is the responsibility of the Project Manager to monitor the project budget and project progress, in conjunction with the Deputy Chief Executive (S151) or designated accountant, and to provide the Project Board with regular updates, so that any issues or concerns can be fully discussed and action taken, where appropriate.

All project documentation must be retained in accordance with the document retention guidelines available on SharePoint.

Where the project expenditure is anticipated to be £50,000 or below, it will be the responsibility of Corporate Manager to monitor the total level of expenditure and hold the Service Manager as project owner to account should any variances arise during the course of the project. If the project requires additional financing for the project, then with the approval of the Project Board, the project owner will obtain the approval of Leadership Team prior to committing the expenditure.

Where the project expenditure is anticipated to be between £50,001 and £250,000 it will be the responsibility of Leadership Team to monitor the total level of expenditure and hold the Service Manager as project owner to account should any variances arise during the course of the project. If the Project requires additional financing for the project, then with the approval of the Project Board and Leadership Team, the project owner will obtain the approval of the Cabinet prior to committing the expenditure.

Where the project expenditure is anticipated to be in excess of £250,000, it will be the responsibility of the Cabinet to monitor the total level of expenditure and hold the Corporate Manager as project owner to account, should any variances arise during the course of the project. If the project requires additional financing for the project, then with the approval of the Project Board and Leadership Team, the project owner will obtain the approval of the Cabinet prior to committing the expenditure.

8.0 Staff and Member Related Expenditure

8.1 Payroll

8.2 Travel and subsistence

8.3 Personal telephone calls

8.4 ICT auctions

8.1 Payroll

Why is this important?

Staffing the Council's services is the most expensive cost to fall on the taxpayer.

Risks:

- Payments may be made to employees who have left
- Employees may be paid incorrectly
- The Council could be prosecuted for failing to abide by employment law
- The Council could be heavily criticised by the external auditors for failing to maintain adequate employment records
- Tax compliance and associated penalties

Regulations:

The regulations, set out below, cover all officers employed by the Council and all Elected Members.

All claims from Officers and Members must be submitted to the Payroll Manager by the 6th of the month.

The Corporate Manager for People, Governance and Waste may review these dates from time to time.

8.1.1 New Employees

The Corporate Manager for People, Governance and Waste is responsible for the payment of all salaries, wages, pensions, gratuities and other emoluments to employees, former employees, Members and former Members of the Council.

Appointments will be made in accordance with the establishment and rates of remuneration approved by the Council and provided that adequate budget provision is available. Payments will be made in accordance with nationally or locally agreed conditions.

In all instances where a new appointment is to be made (whether replacing an existing post or adding to the establishment), the recruiting manager will be required to complete a Vacancy Approval Form (VAF) and justify the business case for recruiting. The VAF must then be signed off by the Corporate Manager before being passed to Finance to check that there is adequate budget to recruit. The VAF must then be passed to HR and a Director for approval.

Once an appointment has been made, a starter form will be completed by HR and will be signed by the recruiting manager prior to being passed to the Payroll Manager.

The Corporate Manager for People, Governance and Waste will ensure that baseline security checks are undertaken to satisfy eligibility to work and that new employees produce the following:

- Satisfactory Identification Tax form P45 or HMRC Starter Declaration.

HR and payroll will start and maintain personnel files, within document storage, for all new employees and will complete pension documentation as required, in accordance with the Local Government Pension Scheme.

8.1.2 Leavers

The relevant Service manager will notify the Corporate Manager for People, Governance and Waste immediately of all resignations, dismissals, redundancies, or retirements The Payroll Manager will calculate and initiate the final payment and, where applicable, forward the necessary Pension documentation, to the administering Authority.

8.1.3 Calculation and Payment of Salaries and Wages

Each Service manager will be responsible for notifying HR of all matters affecting the payment of emoluments, including changes in remuneration, other than normal increments, pay awards and agreements of general application.

Overtime must only be worked with the prior approval of the Service manager or his/her representative. Claims for overtime and other allowances must be certified by an authorised officer in accordance with the official Authorised Signatories List for overtime (or Local Conditions of Service where the officer is SCP 35 or above). These must be submitted promptly and at the latest within two months from the end of the month to which the claim relates. If the claim is submitted after two months then it will require the approval of the Director of the service before being processed and paid.

Payments will be calculated by the Payroll team in accordance with the information provided, the relevant Conditions of Service, and statutory payroll legislation. Non statutory deductions and changes to bank accounts are only to be made with the written approval of the employee concerned.

The salary in respect of each full calendar month for officers, and the allowances in respect of Members, will be paid no later than the 22nd of that month. The Corporate Manager for People, Governance and Waste may review these dates after consultation, from time to time.

Payment will be by monthly BACS for all employees. Pay advices can be viewed electronically on the self-service portal. Staff that don't have access to the self-service portal will have pay advices despatched to the relevant service units where a designated officer will be responsible for their distribution. Any undelivered pay advices must be returned to the Payroll Manager.

Payroll will be responsible for the correct accounting and supply of payment information to the relevant bodies for all deductions made from the payroll. The HR Manager will hold a list of signatories authorised to make amendments to payroll/authorise timesheets etc.

8.1.4 Absence

Service managers or their authorised officers are responsible for ensuring records of all absences including holidays, sickness, unpaid and other leave are maintained and monitored, using the appropriate time recording system and self-service portal. Service managers or their authorised officers must ensure staff comply with statutory and prescribed certification and notification procedures for periods of sickness and maternity leave. Failure to comply with these procedures may result in delayed or stopped payment. The submission of false information will be treated as gross misconduct.

Where an employee returns from sickness absence a return to work interview is to be completed by the line manager on the self-service portal, within one week of the employees return to work.

8.1.5 Regradings from Job Evaluation, Promotions and Transfers

The HR Business Partners will be provided with written notification from the Pay and Grading Group and relevant Service manager of any regradings, promotions or transfers. This notification will include the employee's personal and post details, both previous and revised, and the effective date of the change. On receipt of this information, HR Business Partners will instigate the change.

8.1.6 Honorarium

Honorarium payments are only to be made in accordance with the Human Resources policy.

Honorarium payments will only be made to employees who are acting up to cover a higher graded position. It is the responsibility of the Service Manager to notify the HR Business Partner of any members of their staff that are covering higher graded positions.

8.1.7 General

The names and grades of all employees listed on the payroll shall be annually checked and signed as correct by the appropriate service manager to verify the accuracy of the payroll records.

Retention of documents must comply with statutory requirements and be in accordance with section 2.5.

8.2 Travel and Subsistence

Why is this important?

In the course of their duties officers and Members may be required to work away from their normal place of work, attend seminars, training days etc. The officer should be reimbursed for their travel and associated costs at agreed rates and in accordance with agreed procedures. In so doing the officer receives what is due to them and the Council has an acceptable record of what is claimed and by whom.

Risks:

- Fraudulent claims are made, e.g. fictitious journeys, embellished claims, incorrect rates, etc.
- Claims are paid twice
- Financial and accounting records are not correctly updated.

Regulations:

Claims for travel and subsistence shall only be made where journeys were authorised and expenses were properly and necessarily incurred. The cheapest mode of transport should be used where practicable.

Claims for travelling and subsistence are to be made monthly on the self-service portal which must be fully completed and submitted to Payroll by the 6th day of the following month. Late submissions will result in delayed payments.

Officers claiming travelling and/or subsistence allowances are expected to be aware of the provisions of the Local Conditions of Service before a claim is submitted. If there is any doubt concerning the accuracy of an amount being claimed, the Service manager must be consulted and the advice of Payroll sought, if necessary, to ensure that all claims are in accordance with the relevant Conditions of Service.

Claims not submitted within 2 months from the end of the month, to which the claim relates, must be referred to the Director of the service together with a satisfactory explanation, in writing, before any payment will be made.

The submitted claim forms pass to the Authorising Officer first to verify the accuracy of the claim prior to submission to Payroll. Claimants are not permitted to approve their own claim. No benefits in kind or other ex-gratia payments to staff are to be made without consulting the Director of the service.

Subsistence allowances will be paid for the amount actually spent, subject to the limits approved in Local or National Conditions of Service (which is available on the Intranet).

Receipts for the subsistence allowances claimed are to be attached on document storage on the self-service portal. If a receipt is not attached an explanation of the circumstances must be given on the claim form and the allowance paid will be restricted.

Travelling and subsistence claims in connection with the taking of examinations or training should be made on the self-service portal and certified by the Service manager. Proof of attendance may

be required before payment. This will be paid at the prescribed training rate. All claims must be processed through Payroll.

Where an officer is undertaking professional qualification training, in accordance with the Local Conditions of Service, a copy of any invoice that is paid in relation to that professional training is required to be forwarded to the Corporate Manager for People, Governance and Waste.

Where an officer travels outside the prescribed boundaries of the Council for travel purposes, the journey and method of travel must be approved in advance by the Service manager. The cheapest mode of transport must be used where possible.

Where an officer travels direct from home, without first visiting the administrative centre, then the normal mileage from home to work should be deducted in calculating the car mileage allowance payable.

In exceptional circumstances, a Service manager can authorise an officer to claim car mileage allowance for travel from home to office. This must be clearly shown on the claim form. Payment will be made through the Payroll with deductions for Income Tax and National Insurance contributions.

Officers claiming car mileage allowance shall be insured for business use (i.e. not just social, domestic and pleasure) and have included and maintained in their policy of insurance a clause indemnifying the Council against all third party claims, including those concerning passengers, arising out of the use of the vehicle on official business.

It is the responsibility of the relevant Service manager to verify that the appropriate insurance discussed above is in place, along with a valid driver's licence, and evidence provided on document storage on the self-service portal.

It should be noted that these regulations apply equally to Members.

PAYROLL FORMS

STAFF FORMS

Overtime Form	On the HR Group Services page on SharePoint under Payroll
Expenses Claim Form	On the HR Group Services page on SharePoint under Payroll
Mileage Rates	On the HR Group Services page on SharePoint under Payroll
Change of Bank Details	On the HR Group Services page on SharePoint under Payroll
Christmas Club form	On the HR Group Services page on SharePoint under Payroll
HMRC Starter Checklist	Copies held in HR/Payroll
Child Care Vouchers	www.busybeesbenefits.com
Cycle to work scheme	www.cyclescheme.co.uk
Pension Joiner Form	www.peninsulapensions.org.uk
Pension Opt Out Form	www.peninsulapensions.org.uk

MEMBERS FORMS

Expenses Claim Form (paper version)	On the HR Group Services page on SharePoint under payroll
Travel and Subsistence	On the HR Group Services page on SharePoint under payroll
ICT for Elected Members	On the HR Group Services page on SharePoint under payroll

8.3 Personal Telephone Calls

Why is this important?

Telecommunications are a vital part of the Council's infrastructure. These communication channels can be abused, both in terms of the theft of telephone call time and in the theft of work time whilst making private calls.

Risks:

- Telephone calls time could be stolen, i.e. by not declaring
- Extensive use of telephones for private calls in office hours may represent a theft of time.

Regulations:

The making and receiving of personal; telephone calls is a privilege and should be kept to a ***MINIMUM***. Personal calls should only be made for urgent reasons and ideally when the officer is clocked out, e.g. lunchtime. Line Managers are responsible for monitoring that employees do not make excessive or inappropriate use of this facility.

8.3.1 Home Telephones

All officers who have their telephone line rental and business calls paid for by the Council are to pay the quarterly telephone bill in full and reclaim the line rental and business calls made. Evidence of bill payment must be provided before any claim is processed. Claims for reimbursement of line rental and business calls are to be made within two months of the date of the telephone bill.

Claims not submitted after the two month deadline must be authorised by the Corporate Manager for People, Governance and Waste upon receipt of a satisfactory explanation in writing before the claim will be processed.

8.4 ICT Auctions

All payments for assets purchased from ICT auctions should be made to the Cash Desk at Phoenix House or at other Council sites. ICT are to release assets only upon presentation of official receipts for the payment of the asset. The receipts and related records are to be retained by the Cashiers.

9.0 Income

9.1 Setting fees and charges

9.2 Rent reviews and annual increases

9.3 Invoicing

9.4 Income collection

9.5 Postal remittances

9.6 Debt collection procedures and the write off of bad debts

9.7 Refunds

9.8 Government subsidies, grants and claims

9.9 External funding

9.10 Housing advances and council house sales

9.11 Asset sales

9.1 Setting fees and charges

Service Managers shall review all fees and charges levied at least annually. Where increases of charges are recommended they shall be reported to the relevant Policy Development Group, unless authority for delegated decision making has been given to an officer. The effective date must be stated.

In some instances statutory notice must be given before new charges can be introduced and Service Managers must consider this and the timing of both PDG and Cabinet meetings to ensure that any changes are lawful.

9.2 Rent reviews and annual increases

To ensure invoiced amounts are correct Finance are to be advised immediately of any increases in rent, following rent reviews of a property.

Service Managers must notify Finance of any increases so that the system can be set for periodic invoices to recur. A failure to do so will result in the old rates of charge being levied, potentially losing income for the Council.

9.3 Invoices

Where goods or services are provided which are less than the de minimis shown in Appendix A, invoices are only to be raised if a VAT invoice is requested by a business customer. In all cases, every endeavour must be made to ensure that monies are received **before** providing the goods or services.

In terms of customer service, before raising an invoice, service managers must satisfy themselves that:

- Is the customer aware of the goods/service to be provided?
- Are they aware and have they agreed the scale of fees?

If not, **do not** proceed. Significant time is spent dealing with disputes, issuing credit notes and writing off amounts that should not have been issued in the first instance. There is also the need to declare output VAT, where applicable, to HM Revenue and Customs when raising sales invoices.

Service managers are responsible for the prompt raising of invoices associated with the activities of their services. Income for the Council is important as it affects cashflow and the ability of the Council to finance its services. The Council submits VAT returns each month and to ensure these returns are accurate sales invoices need to be within **no more than14 calendar days** of the service having been provided. Service managers should ensure therefore that sales invoices are requested **no later than 7 calendar days** after the goods or service have been provided. Requests for the creation of sales invoices should be made via SharePoint using the proforma.

All charges made shall be in accordance with the Council's approved charging policy, tariffs, or as agreed by the Deputy Chief Executive (S151) and shall include VAT at the prevailing rate, if applicable and as required by statute.

To assist the Income Team all service managers will ensure that any invoice raised clearly states the nature of the goods or services provided to the customer and the period covered.

Where new services are to be introduced Service Managers must advise the Income team and Customer First **before** starting to bill individuals.

9.3.1 Amendments

The Deputy Chief Executive (S151) must be advised promptly where there are changes in the customer's personal details, bank details, amounts or frequency of bills.

9.4 Income Collection

Income is a vulnerable asset. Effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash-flow and also avoids the time and cost of administering credit.

Since income collection at the Council can vary in its nature between different services such as leisure centres and social housing, specific procedures will not be addressed here. Rather, it is recommended that each area have their own procedure documents, which have been agreed by the Deputy Chief Executive (S151).

Risks:

- Income is incorrect, i.e. the incorrect rate or tariff is charged.
- Financial and accounting records are incorrect.
- Money owed to the Council is not pursued adequately.
- Income is not collected at all.
- Income collected is stolen.
- Financial and accounting records are not updated correctly.
- VAT returns may not be correct.

Regulations:

Arrangements for the collection of all money due to the Council shall be subject to the approval and control of the Deputy Chief Executive (S151).

The Deputy Chief Executive (S151) will, at least annually, review charging tariffs so as to ensure that they reflect current Council policy reflect an appropriate charge for the goods or services offered and will make recommendations for any changes to the relevant, PDG or Cabinet Member.

All receipt forms or books, account forms, till rolls and tickets are to be ordered and controlled in a manner approved by the Deputy Chief Executive (S151). All issues of these documents to other services shall be properly recorded and acknowledged.

Services drawing receipts or tickets in bulk will maintain a control record indicating issues made, together with signatures acknowledging receipt.

The Deputy Chief Executive (S151) is to be notified promptly of any new, or alterations to existing contracts, leases or other agreements which involve the receipt of money by the Council.

An official receipt is to be issued for all cash payments made to the Council. A receipt for any other alternate method of payment will only be issued by request. New single payment receipting system.

Under no circumstances are personal or third party cheques to be cashed, nor money loaned, out of cash held on behalf of the Council. Any officer in breach will be subject to disciplinary proceedings.

At the close of business each day (and for each individual till point) any Council establishments that receive income on behalf of the Council will be required to:

- Take a daily total income reading, which shows the amounts of cash, cheques and card payments received during the working day.

- Complete a reconciliation of the cash in the till and the total cash figure on the till reading.

- Add up the total monetary value of all cheques taken and ensure that this matches the total cheque figure on the till reading.

- Once the cash and cheque amounts have been correctly agreed, a bank paying in slip must be completed and sealed in a cash collection bag (provided by the Council's nominated Security Collection firm), along with the cash and cheques.

- The sealed cash collection bag must then be placed in the Council's designated safe, immediately.

A card payment report is to be generated from the swipe machine and the monetary value of the card payment slips must match the end of day figure. All card payment slips are to be retained for an appropriate period.

Once the banking has been prepared, the float in each till must be checked to ensure that the balance held matches the designated float total. Income must be banked intact and under no circumstances is the float to be taken out of the till before the takings to be banked.

All collecting officers must maintain an "unders and overs" record for any discrepancies. Where it is found that there is a discrepancy between the level of float in the till and the designated float total, the "unders and overs" record must be completed immediately and any discrepancies over the amount specified in Appendix A must be reported to the Internal Audit Manager. The Service manager or his/her representative is required to check the "unders and overs" record on a regular basis and Internal Audit will undertake regular random spot checks.

Officers receiving money on behalf of the Council shall keep such records of collections and deposits as the Deputy Chief Executive (S151) directs.

Officers collecting income must not also be involved in the reconciliation of that income to the amounts due. An officer who is not involved in the collection process shall ensure that the money reported as collected, has indeed been banked.

Refunds will be issued under appropriate circumstances. If it is determined that money is owed to another party, a refund will be issued only where that party has no other relevant arrears with the Council. Where such arrears exist, the amount owed should be used to reduce the outstanding arrears.

Where a charge has been raised in error e.g. against an unoccupied (void) property, those charges should be cancelled rather than a credit note raised. The effect for the customer is the same. However, since credit notes and cancellations are used under different circumstances, this approach gives a clearer picture of what has occurred.

9.5 Postal Remittances

Post is to be opened by Customer First officers based in the Post room. There are exceptions to this, which will be agreed between the Chief Executive, Deputy Chief Executive (S151) and Leadership Team. Post for HR and CRB notifications are to be opened within HR.

The post is to be opened by at least two officers who will record and witness all remittances received. The remittances and accompanying record must then be sealed prior to removal from the post room.

Postal remittances will then be passed to Customer First cashiers who will be required to sign a receipt to state that they have received the sealed remittances.

Where Planning Officers open remittances in the Post room they also complete a daily listing detailing the number of remittances they receive which is given to Cashiers. Planning is then permitted to take the remittances to check against applications and to return these payments to the cash desk the same day, who will then check the numbers received.

Responsibility for the safe custody of the postal remittances remains with the officer who received such payments until such time as the remittance has been processed and the cash or cheque securely stored in the till.

Under no circumstances are cash and cheques to be held in service areas overnight. Any officer found to be in breach of this rule will be subject to disciplinary proceedings.

9.6 Debt Collection Procedures and the Write Off of Bad Debts

The control and recovery of debts is the responsibility of the, Deputy Chief Executive (S151), as is maintaining adequate bad debt provisions.

No refunds are to be issued for amounts **less than** the de minimis shown within Appendix A, unless specifically requested by a sundry debt account payer.

Invoices raised are to be pursued within the defined timescales with the Service concerned being regularly informed of recovery progress so as to ensure that further provision of goods or services is stopped until payment is forthcoming.

9.6.1 The prescribed process:

- 1st reminder letter - 28 calendar days after issuing the invoice
- 2nd reminder letter - 14 calendar days after issuing the first reminder
- Final letter - on a case by case basis

Where the debt collection agency is experiencing problems collecting the outstanding monies the relevant service manager is to be consulted. The nature of the debt has to be considered.

- How large is the debt?
- Is it a one off single invoice?
- Is it an invoice relating to a potentially recurring item?

- Does it involve an individual with special needs?

These factors together with the overall likely cost/benefit need to be considered before referral to Legal to take legal proceedings against the individual.

9.6.2 Legal Action

Where the item is referred to Legal their professional advice is to be considered by the Recovery Team and the Service Manager who owns the debt, following the Debt Protocol.

9.6.3 Disputed Invoices

Instructions to withhold recovery action on an outstanding account must be made in writing and signed by the relevant Service manager. The written instruction is to include the period of suppression, **normally not to exceed a maximum period of one month,** and the reason for withholding action. Once the period of suppression has ceased the Recovery Team will be able to commence action against the Debtor

9.6.4 Cancellation of Invoices

Where a debt is to be removed, Service Managers must identify what is needed:

- Service billed incorrectly: Credit note issued and replacement invoice for the service/goods provided.

- Service billed correctly, but inability to recover: The debt written off as non-recoverable after all possible recovery exhausted.

The Deputy Chief Executive (S151) must be informed without delay to ensure customer service is maintained and recovery of VAT can take place.

Cancellation of invoices raised in error must be approved by the relevant Service manager.

Debts can only be written off by the Recovery Team and under no circumstances should the write off of bad debts be processed by the service area.

9.6.5 Write off of Bad debts

Copies of the invoices rendered to debtors and all supporting documents in respect of any debt due are to be held in accordance with the Council's document retention guidelines for use by the Recovery Section and Legal Services if the debtor is in default.

The writing off of any due debt (or cumulative total debt from one person) shall be authorised in accordance with the limits set out in Appendix A.

The Deputy Chief Executive (S151) is to be informed of any outstanding income relating to the previous financial year as soon as possible after the 31st March. This includes outstanding income data recorded on independent billing and collection systems (both manual and computerised) held outside Finance Services.

9.7 Refunds

Where a small cash amount has been received, equal to or below the de minimis level shown at Appendix A, then a refund can be made to the individual by cash on request.

In cases where customers have overpaid amounts in excess of the de minimis shown at Appendix A, refunds can only be made after approval by Service Managers subject to the following principles:

- Payments that were originally made by electronic cards should be refunded on the same card.

- If the original payment was received by a cheque or BACS then any refund due should be made by BACS refund in the interests of security and costs. All bank details received from customers must be in writing, to protect the Council, and the confidential data must be protected.

9.8 Government Subsidies, Grants and Claims

Why is this important?

Grants and subsidies are a significant source of finance to the Council. As such it is essential that the Council receives all that is due to it and on time.

Risks:

- Potential income from grants may not be received or received late the Council thereby having to meet any shortfall in income or cashflow.

- Grant claim forms may be incorrectly completed.
- The Council could be criticised by external audit for failing to claim and/or record grant income correctly.

Regulations:

The Deputy Chief Executive (S151) is to provide advice on the methods available for the funding of resources such as grants from Central Government and borrowing requirements and is to assist in the allocation of resources to service managers.

The Deputy Chief Executive (S151) shall be responsible for completion of all forms relating to subsidies, grants and claims submitted to Government Departments on behalf of the Council.

The Deputy Chief Executive (S151) shall ensure that subsidy, grant and claim forms are forwarded to the appropriate Government Department by the due date.

The Deputy Chief Executive (S151) shall nominate specific officers to complete various subsidy, grant and claim forms and it shall be their duty to deal with these forms expeditiously using the most accurate information available.

Copies of subsidy, grant and claim forms, together with adequate supporting working papers shall be prepared and retained and are to be made available for inspection by internal and external auditors, if requested.

Any payment by or income due to the Council arising from a submitted subsidy, grant or claim form shall be made known to the Deputy Chief Executive (S151) and the relevant amount recorded for accounting purposes.

If the grant is ring-fenced for a specific type of expenditure then it must only be used for that purpose and if capital in nature then only utilised for capital expenditure.

If grant conditions are not met within the defined period stipulated and the grant is repayable then repayment to the issuing body must be made without undue delay.

9.9 External Funding

Why is this important?

External funding is potentially an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. Local Councils are often encouraged to provide 'seamless' service delivery through working closely with other service providers from the charitable, not-for-profit and private sectors.

Funds from external agencies, such as the National Lottery, can provide additional resources to enable the Council to deliver services to the local community. However, in some instances although the scope for external funding has increased, such funding can be linked to tight specifications and may not be sufficiently flexible to link to the Council's overall plan. The cost of submitting a bid versus the likelihood of the bid being successful must also be considered when deciding whether to apply for funds for specific projects.

Risks

- Statutory requirements are not complied with
- Funds are acquired in respect of policies that have not been approved by the Council
- The Council signs up to long term agreements without securing match funding
- The Council incurs significant costs in preparing a bid for external funds which is ultimately unsuccessful.

Regulations:

The Deputy Chief Executive (S151) is to ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.

The Deputy Chief Executive (S151) is to be made aware of any prospective match funding arrangements and to ensure that the funding requirements are considered prior to entering into the agreements and future revenue budget reflect these requirements.

The Deputy Chief Executive (S151) shall ensure that the external funding requirements of the external auditors are met.

9.10 Housing Advances and Council House Sales

Why is this important?

The Council maintains a number of mortgages mainly with ex-Council tenants. It also continues to sell its housing stock to tenants under the Right to Buy legislation. Sales are often at heavily discounted rates and, the scheme is open to abuse.

Risks:

- Property could be purchased by people who do not qualify for the discounts and then sell it on at significant profit within a relatively short period.
- Property could be sold at a price lower than the market rate when not appropriate.
- Property could change hands without the Council having received payment for it.
- Ex-tenants could avoid having to pay service charges for which they are responsible.

Regulations:

The Deputy Chief Executive (S151) shall be responsible for the administration and collection of mortgage monies due to the Council. It is assumed that no further advances will be made.

9.9.1 Sale of Council Houses

Applications for the buying of council houses shall be subject to the provisions of the Housing Act 1985 as amended by Leasehold Reform, Housing and Urban Development Act 1993 and any subsequent amending legislation.

The Corporate Manager for Public Health Regulation and Housing shall be responsible for co-ordinating the processing of applications made under the Right to Buy or the Rent to Mortgage schemes.

The Corporate Manager for Public Health Regulation and Housing shall be responsible for arranging the valuation of a property to be sold and notifying an applicant of the offer price, taking into account the applicable regulations discount.

When the applicant accepts the offer price, the Corporate Manager for Public Health Regulation and Housing shall pass the applicant's documents to the Legal Section who will be responsible for the conveyancing and the preparation of any restrictive covenants affecting the property.

After approval of the draft transfer or lease by the purchaser's solicitor, Legal Services will finalise the legal work to completion.

The Corporate Manager for Property, Leisure and Climate Change, in liaison with the Deputy Chief Executive (S151) and Corporate Manager for Public Health Regulation and Housing, shall ensure that any rent arrears have been fully paid before the date of completion. If there is a default of payment, completion is not to take place.

Upon completion, the sum due from the purchaser will be exchanged for the conveyance and the money received paid in immediately.

Legal Services shall notify the Corporate Manager for Public Health Regulation and Housing and the Deputy Chief Executive (S151) that completion has taken place and provide details of the relevant income. Housing and property maintenance records shall be amended accordingly and the Deputy Chief Executive (S151) will arrange for the relevant accounting entries to be made.

Service charges for leased properties are to be calculated in accordance with the relevant legislation.

If a leasehold property is sold, the Corporate Manager for Public Health Regulation and Housing shall commence ground rent and service charge records and request the Deputy Chief Executive (S151) to ensure that the periodical income is received on the due dates.

9.10 Asset Sales

Where an asset is sold and the initial cost was less than the de minimus shown at Appendix A, the sale proceeds will be treated as **Revenue** and coded to the relevant income code.

See 12.5 for the provisions relating to the sale of capital assets.

10.0 Stock

10.1 Stock (Inventory)

10.2 Stocktakes

10.3 Write Off of Obsolete and Damaged Stocks

10.1 Stock (Inventory)

Why is this important?

The Council holds stock and inventory whose value is considerable. As such these assets need to be safeguarded from loss. In addition, the costs of holding large quantities of stock are high and so it must be used efficiently in the delivery of services.

Risks:

- Loss of stock/inventory would result in a direct adverse financial effect on the Council. This could happen for any of the following reasons.
    - Goods could be lost
    - Goods could be stolen
    - Goods could be sold below the correct selling price
    - Goods could be damaged and decrease in value
- The stores could be holding more inventory than is necessary. This would increase the cost of holding and also increase the likelihood of obsolescence.

Regulations:

Each Service Manager shall designate officers responsible for the custody and physical control of the stock in their departments.

The Service manager shall ensure that stock/inventory is not carried in excess of reasonable requirements.

10.1.1 Issuing of stocks

Materials are only to be issued to persons authorised to receive those materials. Requisition notes or other approved documents are to be used bearing the signature of the appropriate authorised officer.

All requests for stores materials must be made to the stores officer responsible for the control and issuing of those stores and materials.

The documents and method of issuing stores materials must be approved jointly by the Service manager and the Deputy Chief Executive (S151). Internal Audit may periodically test that the correct procedures are being followed.

Stores officers are to maintain accurate records of all issues and receipts in the prescribed form.

10.2 Stocktakes

Any service manager that is responsible for a quantity of stock must arrange for a stocktake to be carried out at least annually. This should be carried out at or in close proximity to the accounting year-end (31st March), since the data will be used in the annual accounts. The only exception to this rule is where a continuous stocktake system is in operation. This might be where a service carries out a count of 25% of its stock lines each quarter, meaning that 100% are covered within each 12 month period. Any such arrangement must be agreed in advance with the Deputy Chief Executive (S151).

The stocktaking exercise should be undertaken by a group of officers. This group should include staff from outside of the store i.e. those that are not responsible for the inventory on a day-to-day basis.

Those conducting the stocktake must record the quantity counted for each line of stock and identify any obsolescent or damaged items of stock.

Internal auditors should be involved on the day of the stocktake. Their role is not to take part in the stocktake, but to check a sample of completed stock sheets and carry out a second count of them. This will mean that Internal Audit can give an opinion as to the level of assurance that can be taken from the stocktake results.

Stocktaking sheets must clearly show details of all surpluses and deficiencies identified during the stocktakes. All discrepancies are to be investigated and pursued to a satisfactory conclusion before adjusting entries are approved.

Random stock checks may also be carried out by Internal Audit. This can occur at any time of year and without advance warning.

Immediately following the end of the financial year each Service manager shall certify a list of all commodities held at 31st March, together with a valuation of those commodities at the lower of cost or net realisable value (the net amount of monies the Authority might raise in the event of selling the item). These lists must be submitted to Finance no later than the ninth working day of April each year.

The Deputy Chief Executive (S151) shall arrange for stock control systems to be reconciled to the Council's accounts regularly at an appropriate frequency, and annually at 31st March as a minimum.

Where a discrepancy is identified between the stocktake results and the value held in the accounting system, a stocktake form must be signed/approved in accordance with the thresholds shown in Appendix A.

At the point of Finance receiving the stock value listings, they should be forwarded to the officer responsible for insurance cover.

10.3 Write Off of Obsolete and Damaged Stocks

Whilst held in stores, stock/inventory may become damaged or obsolete. In such circumstances, the value held in the accounts should be adjusted to reflect this. This is known as writing off or writing down and can only be done with the approval of the Deputy Chief Executive (S151).

Where obsolete or damaged stock is identified the stocktake form must be signed/approved in accordance with the thresholds shown in Appendix A.

Proposed write-offs shall not be separated to avoid the approval and reporting limits cited at Appendix A.

11.0 Taxation

11.1 Value added tax (VAT) basic guidance

11.2 Tax points - vat returns

11.3 Construction industry scheme

11.4 Responsibility

11.1 Value Added Tax (VAT)

Why is this important?

Section 33 of the VAT Act 1994 enables Mid Devon District Council to recover Input Tax on most expenditure. MDDC also have a duty to pay to HMRC the VAT collected on Vatable sales income. For detailed guidance please see Appendix B.

Risks:

- Penalties will be levied by HMRC if we fail to account for VAT in accordance with legislation.

Regulations:

11.1.1 Expenditure

All invoices due for payment by the Council are to be addressed to Mid Devon District Council. All expenditure must be supported by valid documentation (If over £250 a VAT invoice) to support the Authority's claim of input VAT. Where VAT invoices addressed to Mid Devon District Council have not been received Officers must request these from suppliers.

VAT receipts must be obtained and forwarded to the Payroll Manager to support claims for VAT on mileage expenses.

11.1.2 Sales Income

Sales invoices should be raised wherever possible before the goods or services are provided – See Invoices 9.3 above.

Where goods or services are provided in advance Finance must be advised within **7 DAYS** to raise an invoice. The invoice must be raised within 14 days or the original supply date will become the tax point and has implications for our VAT returns.

Full details of the transaction must be provided to Finance (debtors@middevon.gov.uk) to ensure that the correct VAT treatment of the sales invoice is made.

11.2 Tax Points – VAT returns

Why is this important?

VAT returns are required to be submitted monthly, VAT returns are filed online and the submission date is the 7th of the second month following that of the return, i.e. the VAT return for period 1st – 30th June is to be completed by 7th August. If a VAT return is late HMRC could impose a penalty. As the majority of our VAT returns are repayment returns it is beneficial to complete the VAT return as promptly as possible to improve our cash flow. It is important that all debtor and creditor invoices are recorded in a timely manner to ensure that any VAT is claimed or paid in the correct period.

Risks:

- HMRC can impose a penalty if we fail to submit a VAT return by the due date.
- HMRC can impose a penalty if we fail to account for tax points correctly and account for VAT in an incorrect period.
- Supporting documentation is not retained to support tax point claims.

Regulations:

The Deputy Chief Executive (S151) is responsible for ensuring that the monthly VAT return is completed and submitted to HMRC by the submission deadline. Before submission the VAT return working papers will be reviewed and signed by the preparing Officer and a reviewing Officer.

Where HMRC makes a change in a VAT rate it is important that supplies made before and after the change are made at the correct rate

Both invoices paid and invoices raised are to be kept within Document Retention Guidelines, either in hard copy or stored electronically.

All VAT is accounted for through the Council's VAT nominal codes, including any adjustments to VAT. These nominal codes will be balanced monthly as part of the VAT Return to ensure on-going VAT liabilities are accurate.

11.3 Construction Industry Scheme

What are construction operations?

CIS covers construction operations carried out in the UK. The rules of the scheme define the types of work that are classed construction operations. But, as a general rule, the scheme includes almost any work that is carried out on:

- A permanent building
- A temporary structure
- A civil engineering work or installation

Some examples of the types of construction work that are covered by the scheme include jobs like:

- site preparation
- general construction - bricklaying, roofing, plastering and so on
- alterations and extensions
- repairs and refurbishment
- decorating
- dismantling work
- demolition

You can find out more about the types of work that are covered by the scheme in HMRC's Construction Industry booklet CIS340. The scheme defines 'construction' as a term with a broad meaning that includes:

- building things
- making things
- putting things together
- assembling things

Some jobs are specifically excluded from the CIS. They include:

- professional work, like architects' services
- scaffolding hire - with no labour
- fire alarm installation
- carpet fitting
- manufacturing things like windows, blinds and shutters off-site
- making and putting up signs
- delivering materials

You will also need the following information about the subcontractor:

- their name, or the name of their business or company
- their Unique Taxpayer Reference (UTR)
- the partner's name if they're a partnership
- their National Insurance number (if you know it) if they're a sole trader
- the partner's UTR or National Insurance number if they're a partnership (or, if the partner's a company, that company's UTR or company registration number)

- their company registration number if they're a company
- HMRC’s verification of the subcontractor will advise on the payment status, this will be one of three possibilities:
- gross - meaning you don't make any deductions
- net of deductions at the standard rate (20 per cent)
- net of deductions at the higher rate (30 per cent), because the subcontractor isn't registered or couldn't be verified for some other reason

11.3.1 Making deductions

To make a deduction from a subcontractor's payment, start with the total - gross - amount of the subcontractor's invoice and then take away:

- any VAT they've charged
- the amount of any Construction Industry Training Board (CITB) levy they've paid

Then take away the amount the subcontractor actually paid for each of the following (including VAT if they're not VAT registered):

- materials
- consumable stores
- fuel used - except for travelling
- plant hire
- manufacturing or prefabricating materials
- Finally, apply either the standard or the higher rate percentage to the amount that's left to work out how much to deduct.

Each statement must include:

- the name of your business and your employer tax reference
- either the date when the tax month in which you made the payment ended, or the date when you made the payment
- the subcontractor's name and UTR
- the subcontractor's verification reference number if the deduction was at the higher rate
- the gross amount before you made the deduction but after you'd taken off any VAT, CITB levy, materials costs and so on
- the cost of any materials you took off before making the deduction
- the amount you deducted

Regulations:

The Deputy Chief Executive (S151) is responsible for providing information to HMRC in relation to the Construction Industry Tax Deduction Scheme as required and advising Corporate Managers and Directors of their responsibilities under the scheme.

Officers must have consideration of the Construction Industry scheme and liaise with Procurement before suppliers are set up on our systems.

11.4 Responsibility

Corporate Managers and Directors are responsible for ensuring that the appropriate controls and procedures are operated within their service areas in relation to taxation issues.

(See also 5.2 above relating to the Use of Consultants and Employment Status).

12.0 Asset Management

12.1 Land and buildings property register

12.2 Fixed asset register

12.3 Equipment register

12.4 Additions of assets

12.5 Disposals of assets

12.0 Asset Management

Why is this important?

The Council holds assets in the form of land, property, vehicles, equipment, furniture and other items. It is important that assets should be safeguarded and used efficiently in the delivery of services and that there should be arrangements for the security of those assets. Up to date registers are a prerequisite to maintain proper fixed asset accounting and sound asset management. These include:

- Land & Property Register of all Council owned land and buildings (See 12.1)
- Fixed Asset Register (FAR) to ensure a proper fixed asset accounting (See 12.2)
- Departmental equipment registers (See 12.3)

Risks:

- Holders of equipment and furniture may be unaware that items have been lost or stolen without a record of all such items being maintained.
- The Council's insurers may reject claims to replace lost or stolen items if the Council cannot demonstrate that it maintains adequate inventory records.
- Assets could be used for non-council business.
- Assets are not available when required in the provision of a service.
- Assets are lost or stolen.

- Assets may be acquired without prior approval, for which there is no use and/or on financially unacceptable terms.

- Assets could be sold when there remains an operational need for them.

- Assets could be sold for less than the market or expected residual value.

- Assets could be disposed of to officers, Members or others at no, or very little cost, which could be construed as tantamount to theft.

12.1 Land and Buildings Property Register

Regulations:

The Land & Property Gazetteer Management System must hold all land and buildings owned by MDDC.

When any new land plots are identified this needs to be added to the database.

When any land plots or buildings are sold/purchased they need to be removed from/ added to the database.

All title deeds to such property shall be kept secure, under the control of the Corporate Manager for People, Governance and Waste and Development.

12.2 Fixed Asset Register (FAR)

It is the responsibility of the Deputy Chief Executive (S151) to set policies to ensure that the Council's assets are managed in an efficient, effective and economic way.

The Council shall maintain an asset register to include all land, buildings, plant and equipment owned or subject to a finance lease subject to the thresholds shown in Appendix A. The register shall accurately record acquisitions, disposals (either by sale or transfer of ownership). The Fixed Asset Register will therefore only hold assets previously capitalised or new asset additions whose individual class is over the de minimis.

All assets owned by the Council are to be valued in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom.

The FAR is the responsibility of Finance to maintain. However Service Managers are expected to advise Finance throughout the year of changes to these assets (within 2 weeks of any change), so that amendments can be reflected in the FAR using form **FIN601**. Changes may include disposal, acquisition and impairment.

Asset sales including Council House Right-to Buy (RTB) and Land or Property sales will be advised promptly by Legal to the Deputy Chief Executive (S151) on an asset disposal form**.** The Corporate Manager for Public Health Regulation and Housing will also arrange for a memo of the RTB sales to be forwarded to the Deputy Chief Executive (S151).

Asset purchases subject to the de minimis referred to in 12.2.2 above, need to be promptly advised by responsible service managers at the earliest so that these changes can be picked up continuously throughout the year.

12.3 Equipment Registers

Registers of all vehicles and equipment belonging to or in care of the Council with a replacement value of greater than the thresholds shown at Table H 'Equipment Registers' in Appendix A will be prepared and maintained by the relevant Service Manager.

The registers shall be the responsibility of the responsible Service Manager in a form approved by the Deputy Chief Executive (S151). Please see proforma example **FIN603**. A register of all ICT equipment will be held by the Corporate Manager for Digital Transformation and Customer Engagement.

Each Service manager will arrange for the inventory of the physical assets to be checked at least annually and certify the inventory to that effect.

The Deputy Chief Executive (S151) or his/her representative will, at all reasonable times, have access to the property of the Council and may make such checks and tests as he/she deems reasonable and necessary.

Council property including ICT equipment will not be used for private purposes without the express approval of the relevant Corporate Manager Any officer found to be in breach of this Rule will be subject to disciplinary proceedings.

All property belonging to the Council, will so far as is practicable, be marked in a suitable manner as being the property of the Council.

In the event of items of equipment becoming obsolete or surplus to requirements, and if the value exceeds £1,000~~500~~, then the disposal should be by means of competitive tender. This requirement can be waived if the Corporate Manager receives evidence that a competitive tender would not be cost effective.

All Council land, buildings, vehicles, or items of plant or equipment are to be kept under secure arrangements at all times. Each Service Manager is responsible for ensuring the adequacy of the security arrangements.

No unauthorised private use is permitted of any land, buildings, vehicles or items of plant or equipment irrespective of whether it is owned by, or leased to, the Council. Any officer found to be in breach of this Rule will be subject to disciplinary proceedings.

All buildings, vehicles, plant or equipment shall be appropriately insured. Any instances of loss or damage to any buildings, vehicles or items of plant or equipment must be reported to the relevant Service manager and the Deputy Chief Executive (S151). The Service Manager is responsible for ensuring that any losses are recorded in the appropriate equipment register.

12.4 Additions of Assets

Service Managers must secure best value for money for the Authority on all purchases of assets. Purchase or the leasing of land, buildings and equipment shall be within overall budget provision and the Deputy Chief Executive (S151) will decide on the appropriate method of financing.

All purchases or leasing of land and buildings shall be on the best financial terms that can be obtained for the Council. The purchasing or leasing of land and buildings is to be in accordance with the Council's Procurement policies (See Chapter 5).

Lessees and other prospective occupiers of Council land or buildings are not allowed to take possession of, or enter the property, until a lease or agreement has been signed.

No purchase or leasing of land and buildings shall be undertaken without consideration of:

- current and anticipated usage; and
- consideration of the other availability of owned existing land and buildings.

The appraisal should take into account the economic benefits of renting rather than purchasing or leasing.

It is the responsibility of the Service manager to notify the Deputy Chief Executive (S151) of any acquisitions of, or disposals of, assets immediately to ensure that the asset register is updated in a timely manner. Insurance requirements, must be amended immediately if necessary.

Records must demonstrate that the income received from the disposal of an asset has been properly accounted for. Appropriate accounting entries are to be made to remove the value of the land and/or buildings from the Councils records and to include the sale proceeds.

12.5 Disposal of Assets

When assets are found to be surplus to requirements, and the Council takes the decision to dispose of them, they must be disposed of in a manner that ensures the Council receives the maximum sale value but also in accordance with regulations below.

Prior to disposal the relevant Service manager must check to confirm that the asset is owned by the Council and that the Council is free to dispose of it. Some Council assets, which were purchased initially, may subsequently have been included in a bulk lease financing arrangement and may not be the Council's to dispose of.

The market value of a property asset being disposed of must have been established and the disposal has been approved by the Leadership Team. Where the item(s) are valued up to and including the amount described at Appendix A it is the Service manager's responsibility to ensure that the best possible price is obtained, even if the asset is scrapped.

Competitive tenders are to be sought for any item of equipment valued at over the amount shown at Appendix A and it shall be the responsibility of the Service manager to obtain the best possible price, having regard to the likely disposal cost. Land or buildings should be valued by a qualified valuer to ensure that these assets are sold at their market value and at arm's length where transactions take place between the General Fund and the Housing Revenue Account.

The Service manager will be required to follow the tender process set out in Procurement (see section 5) and any evidence and/or documentation relating to the transaction must be kept in accordance with the document retention policy.

On acceptance of the highest offer, the purchaser must pay the Council and tender a Council official receipt before the item is released.

Records must demonstrate that the income received for disposal of an asset has been properly accounted for. Appropriate accounting entries are to be made to remove the value of the asset from the Council's records and to include the sale proceeds if applicable.

Any equipment register record relating to the vehicle or item of plant or equipment disposed is to be endorsed with the date of disposal and the receipt number for the income received.

It is the responsibility of the Service Manager to notify the Corporate Manager for Financial Services of any acquisition, or disposal of, assets within two weeks of the date of acquisition or disposal to ensure that the asset register is updated in a timely manner.

All property sales up to £50,000 must be approved) by the Capital Strategy and Asset Management Group (CSAG) (prior to the sale). This multi stage process, agreed by Members, is depicted below:

DISPOSAL, ACCESS RIGHTS, EASEMENTS ETC – LAND AND PROPERTY

Customer Request* or Land identified by MDDC as surplus to requirement

Section 1.01 *Inform of Administration Fee (non-refundable), legal fees and potential Valuation Fees payable to investigate
Get written confirmation that the applicant will pay all fees

ESTATES MANAGEMENT SERVICE

Legal Services

Establish Ownership

Not MDDC

Inform Applicant

Initial Assessment of Asset
Check conveyance for:
✓Planning Conditions
✓Restrictions
✓Section 106
✓Covenants
✓Other impediments to sale or granting access, etc.

CONSULTATION PROCESS

Lease, licence, wayleave, access, letting, change of use value <£10,000 (for term of the lease)

Disposal < £10,000

Granting lease, licence, easement, access, letting >7 years or change of use >£10,000

Disposal > £10,000 but less than 0.25 hectares

Disposal > 0.25 hectares (0.6 acres)

CSAG Corporate Manager as appropriate Legal Services Financial Services Ward

CSAG Corporate Manager as appropriate Legal Services Financial Services Ward

CSAG Corporate Manager as appropriate Legal Services Financial Services Ward

CSAG Corporate Manager as appropriate Legal Services Financial Services Ward

CSAG Corporate Manager as appropriate Legal

Asset sale appraisal report to Executive for disposal

Section 1.02 YES
Inform Consultees

Section 1.03 NO
Inform Consultees**

Instruct Valuer**

Section 1.04 **Invoice applicant for Fees payable regarding investigation and valuation (only for adhoc enquiries)

Section 1.05 Market Site

Section 1.08 Consideration of offers

Section 1.10
ffer rejected
Section 1.11
eappraise

Section 1.12
Offer accepted
Section 1.13
Proceed

Proceed

Section 1.06 NO

Section 1.07 CLOSE FILE

Section 1.09 YES

Delegated Decision report circulated in WIS

Instruct Legal & Monitor Completion

Set up invoicing arrangement including fees

Record data in property database
Inform CSAG and Portfolio-holder

Set up rent review, monitor expiration of lease, licence, renewal fees, reviews

13.0 The Capital Programme

13.1 Selection and Compilation of the Capital Programme

13.2 Capital Strategy Asset Group

13.3 Budgetary Control of the Capital Programme

13.4 The Prudential Code

13.5 Utilisation of Capital Receipts

13.0 The Capital Programme - Introduction

Capital expenditure differs from revenue expenditure in several ways, and falls into the following general categories:

- the purchase or construction of an asset
- the enhancement of an asset
- grants for capital purposes.

Council assets include land, buildings, vehicles, plant and equipment. The Council makes grants for capital purposes such as Private Sector Housing Grants (e.g. Disabled Facilities Grants & Empty Homes Grants) which are classed as capital expenditure. Disabled Facilities grants are mandatory whereas Empty Homes grants are not.

Capital expenditure is often of high value and the benefit is expected to be spread over a number of years. Revenue expenditure refers to the annual running costs relating to the provision of a service which may include revenue costs associated with the capital acquisition.

13.1 Selection and Compilation of Capital Programme

Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered and create financial commitments for the future in the form of financing costs and ongoing revenue expenditure.

The Government places controls on the financing capacity of the Council through the Prudential Framework and Indicators. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit from scarce resources.

Risks:

- The Council could commit itself to capital projects for which no funding is available.
- The final cost of a capital scheme could be considerably higher than that estimated at the outset.
- The Council may spend more on capital schemes than it is legally allowed to.
- The Council may choose a project at the expense of a project which has a better return or is more in keeping with the Council's corporate aims.

13.1.1 Capital Programme and New Schemes Fund Initiatives

Each year, the Deputy Chief Executive (S151) will prepare the Medium Term Financial Plan (MTFP). This looks at the current year and the following four years in respect of the Capital and Revenue Budgets. These budgets will comply with the Prudential Code.

Service Managers will prepare provisional estimates for each of their services for each of the next four years of proposed expenditure on capital schemes, including any associated capital income. Consideration will be given to any additional revenue base increases (e.g. Support & maintenance increases for new ICT systems) or additional revenue income (e.g. additional leisure income for a spend to save project. The Deputy Chief Executive (S151) will specify the form these estimates should take and the timetable for their submission.

All capital proposals will be scrutinised by the Deputy Chief Executive (S151) and the Capital Accountant. A project appraisal and a capital bid form, constituting the business case, must be prepared for consideration by the Capital Strategy and Asset Management Group (CSAG).

The Leadership Team will consider the provisional capital programme as part of the MTFP. After making any necessary amendments, the Deputy Chief Executive (S151) will submit to Cabinet the fully funded Capital Programme in conjunction with the revenue budget (that will include any revenue implications of projects included within the Capital programme). Both Capital & Revenue Budgets will be ratified at Full Council where the final budgets will be agreed and the Council Tax set.

13.2 Capital Strategy and Asset Group

The Deputy Chief Executive (S151) and Property Services shall co-ordinate the work of the Capital Strategy Asset Management Group (CSAG) and shall report the Group's recommendations to Leadership Team and the Cabinet as appropriate.

The Capital Strategy and Asset Management Group shall comprise those officers who are responsible for delivering schemes within the Capital Programme.

The Capital Strategy and Asset Management Group are to meet at least quarterly to ensure that a corporate view of the Capital Programme is taken in accordance with corporate objectives.

The responsibilities of the Capital Strategy and Asset Management Group are:

- To monitor the progress of schemes within the Capital Programme.
- To amend stage and completion timings, if necessary.
- To ensure the estimated and final cost of schemes are within approved Capital Programme limits.
- To prepare reports for Leadership Team and the Cabinet as required.
- To evaluate scheme performance.
- To consider the sale of capital assets.
- To evaluate requests for purchase of capital assets.

13.3 Budgetary Control of the Capital Programme

Service Managers are to ensure that all capital transactions are carried out in accordance with current legislation and Government guidelines. Capital works are only to be undertaken in accordance with the approved Capital Programme of the Council. The definition of 'capital' will be determined by the Deputy Chief Executive (S151) having regard to Government regulations accounting requirements and de minimis levels £k referred to in Appendix A.

Credit arrangements, such as leasing, if required for a capital asset, are to be arranged through the Deputy Chief Executive (S151).

Officers responsible for schemes where external grants are available are to ensure that those grants are claimed in the correct manner and at the proper time and that no loss occurs to the Council. Those officers will also be responsible for ensuring any conditions or restrictions associated with the grants are adhered to.

The Deputy Chief Executive (S151) must be consulted on the funding or on any financial implications arising from proposed capital transactions. The Cabinet must approve any additional bid for capital funding or borrowing approval not anticipated in the Capital Programme as extra borrowing may create further commitments to financing costs.

The officers responsible are to ensure that any overspending on a scheme is reported as part of the budget monitoring cycle and that appropriate management action is agreed.

The Deputy Chief Executive (S151) shall be responsible for reporting to the Council on financial matters associated with the Capital Programme. The Capital programme monitoring sits alongside the Revenue Monitoring and is included as an appendix to the report. The report shall state, among other things:

- The method of funding capital expenditure during the previous financial year.
- The actual capital expenditure during the previous financial year.
- Any contributions received from outside bodies.

13.4 The Prudential Code - Impact on financing of capital projects

The Prudential Code, developed by CIPFA applies to all Local Authorities. Local authorities are required by legislation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.

The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable.

The Prudential Code requires that the capital programme can only be financed by one or more of the following means:

- By using capital receipts generated by the sale of capital assets such as land and buildings.

- By making a revenue contribution to capital (RCCO) which is a real charge to the General Fund or Housing Revenue account.

- By using capital grants unapplied where any conditions associated with the grant have or will be met in full.

If monies are borrowed from an external financial institution the Council still has to meet its capital financing obligation as shown above at 13.4.3. If this cannot be met in full in the first year then this creates a Capital Financing Requirement (CFR). The Authority must make a Minimum Revenue Provision, which is a real revenue charge, similar to a revenue contribution to capital (RCCO), against any CFR that it has at 31 March each year.

13.5 Utilisation of Capital Receipts

Capital receipts, above the de minimis shown at Appendix A, derived from the sale of land and buildings can only be used to finance capital expenditure, unless there is dispensation from Central Government under a bespoke directive

14.0 Banking and Treasury Management

14.1 Banking arrangements

14.2 Treasury management policy

14.3 Investments

14.4 Loans

14.5 Loans to external bodies (including soft loans)

14.1 Banking Arrangements

Why is this important?

All the Council's income and expenditure is directed via its bank. Every day many transactions take place between the Council, its customers and the Council's bankers. Bank accounts, therefore, are a high risk in terms of their exposure to fraud or error. As a result tight control over setting them up, maintaining them and dealing with the transactions that flow through them is required.

Risks:

- Bank accounts could be opened in the name of the Council with the aim of perpetrating a fraud.
- Unauthorised persons could gain access to a Council bank account and carry out fraudulent transactions.
- Banking instruments, e.g. cheques, money orders etc. could be stolen and used to steal money from the Council's bank account.
- Fraud or error could go undetected or the investigation could be seriously delayed if bank reconciliations did not take place or were late.
- The Council would be heavily criticised by the external auditors if the bank reconciliations were not up to date and accurate.

Regulations:

Only the Deputy Chief Executive (S151) together with a member of Finance may close, open or amend the conditions relating to the operation of the Council's bank accounts. All bank accounts are to be in the name of Mid Devon District Council.

All cheques shall be ordered only on the authority of the Deputy Chief Executive (S151), who shall ensure that secure arrangements are made for their safe custody.

Cheques and payment forms of authorisation, drawn on the Council's banking accounts, shall bear signatories in accordance with Appendix A.

Both the Chief Executive and the Deputy Chief Executive (S151), acting jointly or independently shall have the authority to cancel the signature authorisation of any officer if they or either of them considers such action necessary or desirable; in which event the officer effecting the cancellation shall notify the Council's Bankers without delay.

Crossed cheques shall only be opened with the express approval and countersignature of the Deputy Chief Executive (S151) or an authorised cheque signatory.

The Deputy Chief Executive (S151) shall ensure, as far as practical, the separation of staff duties so that the following tasks are the responsibility of separate officers:

- the checking and approval of creditors' invoices, benefits, salaries and wages
- the control of cheques
- the preparation of cheques
- the signature or alteration of cheques
- the despatch of cheques
- the entries in cash accounts
- the reconciliation of bank balance

The Deputy Chief Executive (S151) shall nominate officers responsible for reconciling all bank accounts in the name of the Council with the relevant accounting records.

A detailed reconciliation statement is to be prepared, as soon as practicable, following the end of each month and is to be presented to the Deputy Chief Executive (S151).

The statement is to be signed jointly by the Deputy Chief Executive (S151) and the officer responsible for its preparation.

Any discrepancy above the de minimus limits in Appendix A arising at the time of reconciling the accounts and records will be made known to the Deputy Chief Executive (S151) and Internal Audit and any such discrepancy clearly stated on the reconciliation statement.

14.1.1 Bank Transactions and Instructions to our Bankers

Cheque and electronic bank transfer payments must only be made by authorised individuals registered with our bankers. The Deputy Chief Executive (S151) will register appropriate individuals to ensure business continuity.

Electronic bank transfers must involve a minimum of two staff with authorisation procedures and records approved by the Deputy Chief Executive (S151).

Only authorised staff may communicate with the Council's bankers.

14.2 Treasury Management Policy

Why is this important?

The Council often invests considerable sums of taxpayer's money so as to make an acceptable return on the investment, which in turn is used to help finance Council services and projects. Investment is not without risk. It is the Council's duty to ensure that such risk is minimised through prudent management of its investments in accordance with legislation and recognised standards.

Risks:

- Money invested by the Council could be lost giving rise to the Council facing serious financial difficulty.
- The Council could face prosecution and a critical external audit report for failing to comply with legislation and accepted standards.
- Council funds could be misused by a member of staff for their own ends.
- Investment returns may fall short of expectation.

Regulations:

The Deputy Chief Executive (S151) shall be responsible for the investment of Council funds in accordance with the Local Government Act 2003, the CIPFA Code of Practice on Treasury Management and the Treasury Management Strategy approved by the Cabinet, annually.

14.2.1 Statutory Requirements:

The Local Government Act 2003, and supporting regulations, requires the Council to "have regard to" the Prudential Code and the CIPFA Treasury Management Code of Practice (CIPFA TMCOP) to set Prudential and Treasury Indicators for a three year period to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

14.2.2 CIPFA Requirements:

The primary requirements of the Code are as follows:

- Creation and Maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

- The Full Council receive an annual Treasury Management Strategy Statement (including the Annual Investment Strategy and Minimum Revenue Provision Policy) for the year ahead, a Mid-year Review Report and an Annual Treasury Report (outturn report) covering activities during the previous year.

- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. In our case this is the S151 Officer.

- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specified named body. For this Council the delegated body is the Cabinet.

The S151 Officer is responsible for the administration of the financial affairs of the Council. Implementing this strategy and the CIPFA Code of Practice on Treasury Management manages the risk associated with the Council's treasury management activity.

14.3 Investments

The Council compiles its cashflow forecast for a one year period. This is done on the basis that most large items of expenditure and income are known in terms of value and date of payment/receipt. Finance should be notified immediately of any significant items of new expenditure, over £50,000, as this may impact on investment decisions for the future or, more seriously, cash flow constraints.

Investment decisions are made based upon the cash flow position on that day and the future requirements on the cash flow of the Council. This is done under the remit of the approved Treasury Strategy.

The Deputy Chief Executive (S151) shall arrange for the investment of excess funds based upon the counterparty criteria relevant at that time. This can be found on the most recent Treasury Strategy. From the pool of eligible banks or building societies the officer will call to obtain the best rate of interest on that particular day, and proceed on this basis.

All Council bank accounts have a mandate signed, typically by two senior officers of the Finance service which are filed with all relevant banking documentation.

When any investment is made, a journal is signed by the officer who authorised the payment to be made. This is then processed on E-financials to record the investment has been made.

Repayment of an investment is known in advance and is paid, typically by Clearing House Automated Payment Scheme (CHAPS), by the borrower on the due date. The cashflow spreadsheet is used as the source document to notify when funds are due back to the Council.

The investment policy is reviewed twice yearly: when both the Annual Strategy and the Half Year Investment Report are compiled.

In the event of a borrower default, the Accountant dealing with Treasury would notify the Section 151 Officer, Cabinet Member for Finance, Leader of the Council and Chief Executive. This would

then be communicated to the Leadership Team and the Cabinet. The Accountant would liaise daily with the S151 Officer on any developments and actions to recover the monies due.

All investment transactions shall be in the name of the Council. All securities, which are the property of the Council, are held in the custody of the Deputy Chief Executive (S151).

Monies invested will be paid to recipients by way of CHAPS (Clearing House Automated Payments System). Manual CHAPS payments must be checked and signed by two authorised signatories. CHAPS payments using the Payment Manager System are set up by one card holder and authorised by a second card holder.

Interest Allocation: Interest accrued on invested funds is allocated between the General Fund and the Housing Revenue Account based on average balances held each year.

14.4 Loans

Why is this important?

The Council may have a need to borrow considerable sums of money so as to help finance Council services and projects. Borrowing is not without risk. It is the Council's duty to ensure that such risk is minimised through prudent management of its borrowing in accordance with legislation and recognised standards.

Risks:

- Money could be borrowed by the Council at less than advantageous interest rates and thereby incurring higher than necessary cost.
- The Council could fail to repay money borrowed on time thereby having penalties invoked against it.
- The Council could receive a critical external audit report for failing to comply with legislation and accepted standards.
- Loans could be taken out in the Council's name by a member of staff for their own ends.

Regulations:

The Deputy Chief Executive (S151) shall be responsible for the administration and day to day operation of the Council's borrowing requirements and in so doing comply with the CIPFA Code of Practice on Treasury Management.

The Deputy Chief Executive (S151) shall ensure that money required by the Council is borrowed at the most advantageous rates and terms possible. All legal agreements are to be reviewed by the Legal Department before being signed and the Council becoming bound by their terms. All borrowings shall be in the name of the Council.

The Deputy Chief Executive (S151) shall be the Council's registrar of mortgages and shall maintain records of all monies borrowed by the Council.

Under the criteria of the Prudential Code the Deputy Chief Executive (S151) is to prepare a report prior to the commencement of each financial year for the Council to consider and then set the borrowing limits for the ensuing year.

The Council's Aggregate Credit Limit is to be monitored and at no time are the Council's borrowings to exceed the limit.

The Deputy Chief Executive (S151) shall report to the Cabinet at regular intervals on treasury management activities for the previous period.

Monies may be repaid by way of CHAPS (Clearing House Automated Payments System). Manual CHAPS payments must be checked and signed by two authorised signatories. CHAPS payments using the Payment Manager System are set up by one card holder and authorised by a second card holder.

Internal borrowing within the Authority, which will relate to the General Fund and Housing Revenue Account will be done via a service level agreement arranged by the respective Corporate Managers and Directors and Cabinet Members. The rate of borrowing agreed will be benchmarked against a publicly available rate such as the Public Works Loan Board (PWLB) or Bank of England Base Rate.

14.5 Loans to External Bodies (Including Soft loans)

Mid Devon District Council has the power to provide businesses or social organisations with soft loans.

14.5.1 Definition:

A soft loan is one with no interest or below-market rate of interest.

Lenient terms such as extended grace periods in which only interest or service charges are due, and interest holidays may be present. Typically they offer longer amortisation schedules and lower interest rates than conventional bank loans.

Risks:

- Reduced returns on available cash reserves
- Borrower default

Regulations:

Each request must be subject to a robust Business Case and will be reviewed on merit and any loan agreement requires Deputy Chief Executive (S151) and Cabinet/Council approval subject to the limits shown in Appendix A, paragraph A. Once approved, the drawdown of such loans can be phased.

In order to be eligible, the borrowing business or social organisation, shall be resident within the Mid Devon District Council boundary.

Any interest premium applied will be benchmarked against an available market rate.

The Council's security requirements will vary depending on the nature of the business, the loan value and the duration of the loan.

The Council must be mindful of the restrictions of State Aid when considering offering loans.

15.0 Insurance

15.1 Insurance

15.2 Notification of New Risks

15.3 Incident Reporting and Claims Handling

15.1 Insurance

Why is this important?

The delivery of Council services is not without inherent risk of death, injury or financial loss to staff, Members, third parties or the Council itself. The Council must make a careful assessment of these risks and how they should be covered. Some will be insurable and a balanced view will need to be taken as to what risks will be insured and those other risks which will be carried by the Council, through maintenance of earmarked funding or otherwise.

Risks:

- The Council may not be adequately insured and be unable to meet some claims made against it.
- The Council may be over insured.
- The Council may be paying too much for its insurance cover.

The Council has an internal team to manage its insurance-related responsibilities, and to help avoid disruption to Council services and finances. The Council's Insurance team:

- provides a claims management service
- arranges and negotiates appropriate insurance cover for the Council
- investigates potential and actual claims against the Council
- collates necessary supporting evidence
- submits claims on behalf of the Council
- provides control of all claims against the Council's insurance policies
- manages insurable risks to minimise potential losses and reduce disturbance to Council services
- advises on the level of claims and insurable risks

Regulations:

All insurance cover shall be reviewed at least annually by The Deputy Chief Executive (S151) and where new risks are identified due consideration in terms of cost and scope of cover will be made immediately.

15.1.1 Scope and Types of Risk

The Deputy Chief Executive (S151) is responsible for arranging all insurance cover subject to the approval of the Legal Services Manager on the form of policy.

15.1.2 Types of Cover

Public Liability: This insurance covers injury or death to any person on or around the Council's property and damage to Third Party material property.

Land & Buildings: This safeguards the Authority's properties.

Equipment: This covers specified equipment.

Motor: This provides cover for all of the Council's vehicles including plant.

Engineering Insurance: Insurance relating to the Council's plant, machinery and equipment.

Employers Liability: Protects the Council against legal liability to pay damages and legal costs arising from Employees suffering bodily injury, illness or disease and including death in the course of employment.

Fidelity Guarantee Insurance: All appropriate employees of the Council will be included in a suitable fidelity guarantee insurance policy to safeguard the Authority against losses caused by dishonesty of employees.

15.2 Notification of New Risks

Service Managers shall promptly notify the Deputy Chief Executive (S151) of the extent and nature of all new risks to be insured and of any alteration affecting insurable risk within their department. Details must be e-mailed to insurance@middevon.gov.uk.

Service Managers will consult with the Deputy Chief Executive (S151) in respect of the terms of any indemnity, which the Council is requested to give when entering into a contract with a Third Party. The Deputy Chief Executive (S151) will consult the Council's insurer if appropriate.

When any additions are made to the Corporate Risk Register consideration needs to be given to any insurance implications regarding the new risk. Details must be e-mailed to insurance@middevon.gov.uk .

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15.3 Incident Reporting & Claims Handling

Service Managers will notify the Deputy Chief Executive (S151) immediately of any loss, liability, damage or any event which seems likely to lead to a claim. The appropriate claim form shall be completed and submitted to the Insurance Section within seven days via e-mail insurance@middevon.gov.uk or Post. Any necessary supporting evidence must be submitted within two weeks of incident date.

Motor Claim Form	**FIN801**
Public Liability Claim Form	**FIN802**
Property/Theft Claim Form	**FIN803**
Employers Liability Claim Form	**FIN804**

Clear guidance is given on the forms; additional help is available via e-mail from:
insurance@middevon.gov.uk

Service Managers, staff and Members must ensure that they **do not** accept liability or make any offer to pay compensation, which may prejudice the conduct and outcome of any insurance claim.

The Deputy Chief Executive (S151) must be informed and the appropriate claim form completed, where damage is caused to Council property, plant or vehicles, by fire or other insured risk, before work or repairs, other than emergency works, shall be undertaken and necessary authority has been given by the Council's insurers.

The Insurance Section will negotiate all claims in consultation with the Insurers and Service Managers.

Policy premiums and any excess required to be paid in the claims process will be charged to relevant service expenditure codes.

15.3.1 Other

Contractors or agents acting for the Council must have insurance arrangements which adequately indemnify the Council against any third party claim. It is the Service Manager's responsibility to require this of contractors at quotation stage and to have details of the relevant insurance documents.

16.0 Postage

16.1 Postage

16.1 Postage

Why is this important?

Postage stamps, prepaid envelopes and balances held within franking machines are vulnerable to theft or loss.

Risks:

- Stamps could be lost or stolen.
- Franking machine balances could be misused.
- Prepaid envelopes could be lost or stolen.

Regulations:

Officers responsible for postal franking machines will certify the balance of impressions held in the machine at the 31 March each year. The certificate is to be forwarded to Finance without delay.

Where more than one service use the same franking machine, a record of each services usage must be maintained.

Franking machines, stamps and pre-paid envelopes are only to be used for mail sent in connection with the Council's business. Use for any private mail is not permitted and will lead to disciplinary proceedings.

All services are allocated a number for their post by Customer Services, which is input into the franking machine when the post is franked. Readings from the franking machine allocate postage costs to each service area which will then be charged to the service as part of the year end recharge.

17.0 Financial Statements and Reports

17.1 The Annual Statement of Accounts

17.2 Accounting policies

17.3 Reports containing financial information

17.1 The Annual Statement of Accounts

The Deputy Chief Executive (S151) is responsible for ensuring that the annual financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and other legal and regulatory requirements for approval by the Audit Committee. This ensures that the statement of accounts present a true and fair position of the Council at the year end and also provides detail of the expenditure and income for that year.

Finance will issue a detailed timetable to Service Managers annually to ensure that all relevant information is collected in a timely manner and that the statutory deadline is achieved.

The accounts are subject to external audit, the objective of which is to provide assurance that the accounts have been prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.

The Audit Committee is responsible for approving the annual statement of accounts, which must be signed by the s151 Officer by 1 May following the end of the financial year. The Approval by the Audit Committee and publication of the Statement of Accounts with the audit opinion must be completed by 31 July.

17.2 Accounting Policies

Why is this important?

The Accounting policies underpin the preparation of the statement of accounts and must be consistent with the basic accounting concepts of materiality, going concern, matching, consistency, prudence and substance over form.

17.2.1 Key controls

The key controls for the satisfactory completion of the statement of accounts are that:

- Suitable accounting policies are determined, communicated and their consistent application monitored.

- A reasonable and prudent policy is created to ensure a consistent approach to all instances where estimates are made and that these are documented.

- Statutory and other professional requirements are observed.

- All reasonable steps are taken for the prevention and detection of fraud and other irregularities.

- The draft statement is available for examination and report by the external auditors in accordance with the previously agreed timetable.

Regulations:

17.2.2 Responsibilities of Deputy Chief Executive (S151)

The Deputy Chief Executive (S151) is responsible for selecting appropriate accounting policies, ensuring that they are applied consistently and that they are fully disclosed in the financial statements.

17.2.3 Responsibilities of Service Managers

Service Managers are to adhere to the accounting policies and guidelines approved by the Deputy Chief Executive (S151) throughout the financial year and to submit to Finance any information considered necessary for accounting and costing purposes in accordance with the yearend timetable.

17.2.3 Internal and External Reports containing Financial Information

Why is this important?

The Council's reputation could be damaged if erroneous or misleading information is published. Poor or ill-advised decisions could be made on incorrect data published within a report.

17.2.4 Key controls

All reports should be reviewed by Finance and where appropriate, Internal Audit to safeguard the integrity of the presented data. Where amendments are required these must be made by officers before the report is published.

18.0 Risk Management and Governance

18.1 Prevention of fraud and corruption

18.2 Risk management and corporate governance

18.3 Internal audit

18.4 External audit

18.5 Financial irregularities

18.6 Money laundering

18.1 Prevention of Fraud and Corruption

18.1.1 Corporate Fraud

Why is this important?

The Council will not tolerate fraud and corruption whether externally or internally. It is determined that the culture and tone of the organisation is one of honesty and total opposition to fraud and corruption.

The Council has an established Code of Conduct for all Council Officers and Members. The Council has robust policies relating to Fraud, Corruption and Whistle-blowing.

The Council requires its contractors, suppliers, partners and other service providers to adhere to the Council's policies and procedures, which uphold the Council's high standards.

The National Fraud Initiative is actively supported and a range of measures is in place to identify and successfully prosecute anyone claiming Housing and/or Council Tax Benefit fraudulently.

Risks:

- The Council may suffer financially through fraudulent or corrupt practices and failure to maintain high standards of conduct.

- Genuine claimants may be refused.

- The confidence of the public in the Council may be undermined as a result or discovery of fraud or corruption involving Council staff, Members or its partners and contractors.

- The Council's reputation may suffer.

- Staff may be prevented from raising their concerns through 'whistleblowing' procedures under the Public Interest Disclosure Act 1998 and the Council may leave itself open to payment of compensation, (with no upper limit).

Regulations:

The Operations Manager for Performance, Governance and Health and Safety is responsible for maintaining the Council's:

- Anti-fraud and Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy

18.1.2 Benefit Fraud

As part of the National Fraud Initiative, the Council undertakes biennial data matching for Housing and Council Tax Benefit.
18.1.2 Where evidence of fraud is found the information will be passed to the DWP for further investigation.

18.1.3 Awareness

All service managers will ensure that all officers (including any new employees) within their service areas have access to, and regularly refresh their knowledge of:

- The Officers' Code of Conduct
- The Council's Anti-Money Laundering Policy
- The Council's Anti-Fraud and Corruption Policy
- The Council's Whistleblowing Policy.

All Service Managers will ensure that any contractors, or any other parties, working on behalf of the Council, within their service areas have access to, and regularly refresh their knowledge of, the Councils Whistleblowing Policy.

The Monitoring Officer will ensure that all Members have access to, and regularly refresh their knowledge of, the Members Code of Conduct.

All Officers and Members must ensure that they provide the Monitoring Officer with returns relating to the declaration of any personal interests and offers of gifts or hospitality (whether accepted or not).

18.2 Risk Management, Internal Control and Corporate Governance

Why is this Important?

Risk is identified as something that might have a detrimental impact on the Council's objectives or affect service delivery. The Council, therefore, has a duty to ensure that risks are properly identified, managed and controlled.

The objectives and many of the Council's services and activities are not without inherent risks including those of risk of death, injury or financial loss to staff, members of the public or external organisations.

Risk can be mitigated by:

- Transferring the risk to a third party, e.g. through insurance
- Implementing additional controls to those that exist to minimise the likelihood of the risk occurring or minimising its potential impact (e.g. through regular inspection and continuous monitoring of identified key risk areas).
- Establishing and regularly testing business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- Training of officers and staff in key risk areas.

The key controls for risk management are:

- Leadership Team leading and directing risk management at highest level.
- Establishing clear roles, responsibilities and reporting lines within the Council for managing risk.
- Incorporating risk management considerations/ systematic benchmarking and a performance management system.
- Maintaining documented procedures for the control of risk, the provision of suitable information, training and supervision.
- Maintaining an appropriate incident reporting, recording and investigation procedure to prevent recurrence.
- Allocating resources to identified priority risk areas.
- Training to reinforce the importance of effective risk management as part of the everyday work of employees.
- Maintaining effective communication and the active involvement of every member and employee of the Council.
- Including risk management as an agenda item at meetings as appropriate.

- Providing opportunities for shared learning on risk management across the Council.

- Preparing contingency plans in areas where there is potential for an occurrence having a catastrophic effect on the Council and its business capability.

Internal controls are one of the tools used to manage the Council's risks, and ensure that it meets its strategic objectives and statutory obligations. The Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure it has a sound system of internal control including the publication of an Annual Governance Statement.

The system of internal controls is established in order to provide measurable achievement of:

- Efficient and effective operations
- Reliable financial information and reporting
- Compliance with legislation and regulations
- Risk management
- Security of assets.

Risks:

- The opportunity for fraud, loss, extravagance, waste or reputational damage is increased.

- The Council could be in contravention of legislation.

- Incorrect political and managerial decisions could be made because of the absence of consideration of risk.

Regulations:

The Operations Manager for Performance, Governance and Health and Safety is responsible for producing, reviewing and updating the Council's Risk Management Strategy to be approved by the Audit Committee annually.

It is the responsibility of the service managers to ensure that the risks affecting their service areas are identified on a continuing basis, and documented in a risk register along with the controls for mitigating those risks.

Service Managers are responsible for ensuring that any actions that have been agreed to put controls in place to mitigate risks are completed in the agreed timescale.

The centralised risk register will be held electronically on the SPAR.net system, and will be reviewed regularly. Service managers, or their nominated representatives, will ensure that risks relating to their service area are reviewed and updated using the SPAR.net system.

Service Managers are to ensure that all staff in their service area have a clear understanding of the risks affecting the Council and their service area and the consequences of not controlling those risks.

The Leadership Team will act as the Council's Corporate Risk Management Group in order to review those risks likely to have an impact on the achievement of the Council's objectives.

18.2.1 Internal Control

Internal Audit will be responsible for conducting an annual review of the effectiveness of the Council's internal control environment, the results of which will be included in the Annual Governance Statement.

The Operations Manager for Performance, Governance and Health and Safety will produce an Annual Governance Statement in accordance with current CIPFA guidance, which is to be reviewed and approved by the Audit Committee and signed off by the Leader of the Council and Chief Executive, and published with the statement of accounts.

An action plan will be produced as part of the Annual Governance Statement, covering areas of exception. Service managers are responsible for ensuring that any recommendations relating to their service area are implemented by the agreed timescale.

Service Managers are to manage service processes to ensure that established controls are being adhered to, and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

18.2.2 Corporate Governance

The Council is responsible for approving the Council's Code of Corporate Governance following consideration by the Audit Committee.

The principle of the Code will be openness, integrity and accountability and will cover the areas required by the CIPFA delivering good governance local government framework which includes:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership
- and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Direct responsibility for the monitoring of compliance with the principles and elements of corporate governance and the requirements of the Code are placed with the Council's Operations Manager

for Performance, Governance and Health and Safety (with the exception of the application of these Regulations, which are the responsibility of the Deputy Chief Executive (S151)).

18.3 Internal Audit

Why is this important?

The Accounting and Audit Regulations 2003 requires that the Council shall be responsible for ensuring that financial management arrangements are adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The Council shall conduct a review at least once a year of the effectiveness of its system of internal control and shall include a statement on internal control to be published with the statement of accounts.

Internal Audit is an assurance function which provides an opinion to the Council. It objectively examines, evaluates and reports on the adequacy of controls that affect the Council objectives. Its contribution is to the proper economic efficient and effective use of Council's resources on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the Council's objectives. Internal Audit objectively examines, evaluates and reports on the adequacy of the internal control environment as a contribution to the proper, economic, efficient and effective use of resources.

Risks:

- Changes in the delivery of services lead to internal financial control systems failing, thereby increasing the possibility of fraud, loss, extravagance, waste or reputational damage to the Council.

- The Council could face legal action for failing to maintain an adequate internal audit service.

- The absence of an internal review process increases the opportunity for fraud, corruption or lax service delivery.

- Increased external audit costs may be incurred if the external auditor is not satisfied that the Internal Audit service is adequate.

Regulations:

The Council shall make provision for Internal Audit in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The Accounts and Audit Regulations 2015 state that a relevant body must 'maintain an adequate and effective system of internal audit of the Council's accounting records, and of its system of internal control in accordance with the proper internal audit practices'.

The Council has entered into a shared service arrangement with The Devon Audit partnership (DAP), constituted under section 20 of the Local Government Act 2000, for the provision of Internal Audit services.

The Internal Audit Manager, or representative from Internal Audit, shall, with full regard to the Data Protection and Human Rights requirements, have authority to:

- Enter at all reasonable times on to any Council premises or land.

- Have access to all records, documents and correspondence (both manual and electronic) relating to any transaction of the Council.

- Require and receive such information and explanations from any officer as are necessary concerning any matter under investigation.

- Require any employee or agent of the Council to account for cash, stores or any other Council property under their control.

- Access records belonging to third parties, such as contractors or partnerships, if required.

The Internal Audit Manager has direct access to the Chief Executive, Deputy Chief Executive (S151), Leader and Chairman/Vice Chairman of the Cabinet and the Audit Committee.

The Internal Audit Manager shall produce an operational internal audit plan and also a three year strategic audit plan, which will cover the full range of services provided by the Council. The core financial systems of the Council will be audited on an annual basis and the remaining systems will be audited on a rolling programme, according to the level of risk.

It shall be the responsibility of Internal Audit to review, appraise and report upon:

- The soundness, adequacy and application of internal financial controls.

- The extent to which the Council's assets and interests are accounted for and are safeguarded from losses of all kinds including:

    - Fraud and other offences
    - Waste, extravagance, inefficient administration, poor value for money or any other cause.

    - The suitability, reliability and use of financial and other management information available within the Council.

Service Managers (in consultation with their line manager) are to consider, and promptly respond to agreed recommendations set out in Internal Audit reports and to ensure that any agreed actions are carried out within the timescale agreed.

The Internal Audit Manager will report to the Audit Committee at each meeting. Reports will contain details of Internal Audit activities and actions agreed on any high priority recommendations.

Internal Audit shall be informed of, and can act in a consultancy capacity to officers and others acting on the Council's behalf in respect of the creation, amendment or removal of systems of a direct or indirect financial nature. This may incur an additional charge from the Internal Audit provider, DAP.

18.4 External Audit

Why is this important?

Each financial year the Council is subject to an external audit of statutory financial statements. The external auditor has rights of access to all documents and information necessary for audit purposes.

In carrying out their duties the external auditor is required to comply with statutory requirements governing them, and in particular the Local Audit and Accountability Act 2014, the Code of Audit Practice, the Local Government Act 2010 and the Accounts and Audit Regulations 2015. The Code of Audit Practice sets out the auditor's objectives to review and report upon:

- The audited body's financial statements and its Annual Governance Statement.
- Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'present true and fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the statutory requirements as set out in the current Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice (SERCOP).

Risk:

- The Council's accounts are not signed off by the external auditors or are signed off with a qualifying comment to the effect that they fail to present fairly the financial position of the Council.

Regulations:

The Deputy Chief Executive (S151) will work with the external audit staff to ensure that there is effective liaison between external and internal audit to optimise use of audit resources and that all Members and Finance staff are advised of their roles and responsibilities in relation to external audit. Service managers shall ensure that external auditors are given access (at reasonable times) to premises, personnel, documents and assets which are considered necessary for the purposes of their work.

Service Managers shall ensure that all records and systems are up to date and available for inspection.

18.5 Financial Irregularities

All suspected frauds or irregularities involving cash, property or financial transactions of the Council shall be notified immediately to the Internal Audit Manager, and the Deputy Chief Executive as Section 151 Officer.

Where fraud or irregularity is suspected:

- The relevant service manager will take immediate action and all possible steps to prevent further loss and to secure records against removal or alteration.

- The Operations Manager for Performance, Governance and Health and Safety and/or the Corporate Manager for People, Governance and Waste will initiate an immediate investigation and the Deputy Chief Executive (S151) as S151 officer will be informed.

Where sufficient evidence exists that a criminal offence may have been committed, the Operations Manager for Performance, Governance and Health and Safety, in consultation with the Chief Executive, and Deputy Chief Executive (S151) (as Section 151 Officer), will inform the police to further investigate and decide on possible future proceedings.

The relevant Service Manager with the Corporate Manager for People, Governance and Waste and Development will instigate the Council's disciplinary procedures where the outcome of an investigation indicates misconduct, fraudulent or otherwise.

18.6 Money Laundering

18.6.1 What is money laundering?

Money Laundering can be defined as "the crime of moving money that has been obtained illegally through banks and other businesses to make it appear that the money has been obtained legally".

When the Council (or any of its employees or Members) is accepting or dealing with money or other assets there is a risk that such money or assets could come from a criminal source. In the vast majority of cases this is unlikely, but everyone should bear in mind that they could contravene the law if they become aware of or suspect criminal activity and continue to be involved in the matter without reporting their concerns.

18.6.2 Recognising money laundering

Possible indicators of money laundering may include:

- Cash based businesses which are more likely to add criminal funds to legitimate business takings.
- Large cash receipts generally and always amounts over the equivalent of 15,000 Euros.
- A person who is reluctant to supply evidence of identity or address.
- Large overpayment of fees or money on account.
- Cancelled transactions without good reason, requiring a repayment.
- Requests to forward balances on to a third party.
- Information received about an individual which may reveal criminality or association with criminality.
- The use of over-complicated financial systems or funds received from third parties.

- A buyer's or seller's financial profile not "fitting" the transaction they are undertaking.

- Unexplained use of an out of area solicitor/agent in relation to a property transaction.

No payments over £5k shall be accepted without the formal consent of the Money Laundering Reporting Officer. The Council's nominated Money Reporting Officer is the Operations Manager for Performance, Governance and Health and Safety.

This list is not exhaustive but gives examples of when employees should consider whether their suspicions should be aroused and in such circumstances should suggest to the employee that they should be asking themselves questions such as *Would I expect this individual to have this amount of cash?; why do they wish to pay in cash?; Why is this person offering to pay more than the going rate for this item/service? etc.*

18.6.3 Legislation relating to money laundering

Legislation concerning money laundering has broadened the definition of money laundering and increased the range of activities caught by the statutory framework. The obligations impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

There are several pieces of legislation relating to money laundering which include:

- The Terrorism Act 2006
- The Counter-Terrorism and Security Act 2015
- The Proceeds of Crime Act 2002
- Serious Organised Crime and Police Act 2005
- Money Laundering Regulations 2017
- Third European Union Money Laundering Directive 2005

18.6.4 Purpose and scope

The aim is to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering.

The legislative requirements concerning anti-money laundering procedures are extensive and complex. These regulations have been written so as to enable the Council to meet its' legal requirement in a way which is proportionate to the very low risk the Council faces.

These regulations apply to **all employees** (including agency staff and contractors) and **elected Members**. All employees must be aware of their responsibilities and the consequences of noncompliance. Service managers must ensure that all employees are aware of these regulations during new employee induction. The Council's Money Laundering Reporting Officer (MLRO) will arrange suitable training of all staff and elected Members

An employee could potentially be caught by the money laundering provisions (if they suspect money laundering and either become involved with it in some way and/or do nothing about it) – e.g. if they:

- Assist a money launderer

- “Tip off” a person suspected to be involved in money laundering that they are suspected or that they are the subject of police investigations
- Fail to report a suspicion of money laundering
- Acquire, use of or possess criminal property.

It is extremely important that all employees are familiar with their legal responsibilities. Employees found guilty at trial of contravening the legislation may be faced with imprisonment, a fine or both.

Failure by an employee to comply with the procedures set out may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council’s Disciplinary Procedure.

18.6.5 Reporting/disclosing information

If an employee/Member suspects money laundering or has any suspicions relating to any transaction then they must report their suspicions to the Council’s Money Laundering Reporting Officer (MLRO).

The employee/Member will need to supply as much information as possible to the MLRO about the individual or company concerned i.e. name, address and their reasons for suspicion. If any other employees/Members have been involved with the transaction the names of these persons should also be passed to the MLRO.

Any disclosures must be reported using the Form to the Anti-Money Laundering Policy found on SharePoint. Upon receiving the completed form the MLRO will consider all of the applicable information in order to determine whether the grounds to suspect money laundering are valid. If the MLRO determines that the information or matter should be disclosed it will be reported to the UK Financial Intelligence Unit (UKFIU), the branch of the Serious Organised Crime Agency (SOCA) that deals with money laundering.

Disclosures should be kept confidential and not discussed with colleagues. It is important to ensure that the person(s) suspected of money laundering is not “tipped off” regarding the disclosures. It is an offence to prejudice an investigation by informing anyone of the disclosure or by tampering with evidence. If found guilty there is a punishment of up to 5 years in prison available to courts on indictment.

18.6.6 After disclosure

No transactions can be completed where it is believed that money laundering is involved until clearance has been received from either the UKFIU or the SOCA, or seven days have elapsed since the disclosure was made to them and no instructions have been received. Employees must **always** check the position with the MLRO before taking any action.

Glossary of Terms

Accounting Policies	Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented. Accounting policies do not include estimation techniques.
Accounts Payable	The ledger and process relating to the payment of trade creditors and other payments.
Accounts Receivable	The ledger and process relating to the raising of sales invoices and their collection.
Accrual	A sum included in the final accounts to cover income or expenditure attributable to that year but for which payment was not received/made during that year. Local authorities only accrue for revenue expenditure; capital expenditure is recorded on a receipts and payments basis.
Appropriation	The transfer of ownership of land or buildings from one service to another.
Asset	An asset is anything that is owed by the Council that has a value.
Asset Management Plan and Capital Strategy	A document that explains how the Council will maintain its assets over the next few years and where it is intending to spend money on new or improvements to its existing assets.
Bad Debt	Money owed to the Council that is unlikely to be paid.
Balances	The total revenue reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.
Best Practice	The term used to describe the methods used by local government to share procedures and practices in order to learn and improve from each other.

Best Value	Arrangements to secure continuous improvement in the way its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
Budget	A statement of the Authority's plans for revenue and capital expenditure and income over a specified period of time. The forecast of net revenue and capital expenditure over the accounting period.
Budgetary Control	The process of ensuring actual expenditure and income does not exceed the budget available and taking corrective action where variances are identified.
Budget Monitoring	The process of reviewing actual expenditure or income against the sum allocated for the year enabling action to be taken to reallocate budgets to or from other budget lines in a timely manner where variances are found.
Budget Head	A specific area of activity where expenditure may be incurred or income collected.
Capital Adjustment Account	This records the timing difference between the costs of fixed assets used and the capital financing set aside to pay for them.
Capital Charges	This is a general term used for the notional charges made to service revenue accounts for the use of fixed assets. The term covers: Depreciation of buildings and equipment, amortisation of intangible assets, impairment charges and amortisation of REFFCUS expenditure.
Capital Discharged	The amount of capital expenditure which has been paid for out of revenue or other sources.
Capital Expenditure	Money spent to either acquire or improve an asset owned by the Council which will be used over a period of years or money awarded to a third party towards an asset owned by them for example a grant to improve their property. Includes the purchase of land, purchase or cost of construction of buildings and the acquisition of plant, equipment and vehicles.
Capital Outlay	Expenditure on the acquisition of significant fixed assets which will be of use or benefit in providing services beyond the year of account.

Capital Programme	The Council's capital expenditure plans for the next few years. The capital programme will show the anticipated cost, usually on a scheme by scheme basis, and how it intends to finance this.
Capital Receipts	Proceeds from the sale of assets and other receipts of a capital nature.
Capital Receipts Unapplied	Capital receipts not yet used for repayment of debt, or to finance capital expenditure.
Capital Strategy Asset Group (CSAG)	A working group of senior officers set up to oversee the capital programme. The CSAG reviews new expenditure plans before they are recommended for inclusion onto the capital programme, and monitors both the capital expenditure and the financing resources on schemes in the capital programme ensuring timely action is taken for any variances identified.
Central Establishment Charges	Salaries and associated expenses of central departments together with the cost of maintaining administrative buildings and other central services.
Commitments	A commitment arises when an order is raised to purchase goods or services but the goods or services have not yet been received.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This body is responsible for interpreting accounting standards and recommending working practices to be followed by all local authorities.
Collection Fund	A separate fund that records the income and expenditure relating to council tax and non-domestic rates.
Corporate Plan	A document outlining what the Council wants to achieve and how it will get there. The Corporate Plan generally covers a period of 3 years, but is reviewed and updated on an annual basis.
Corporate Democratic Core	Those activities which the local authority is engaged in specifically because it is an elected multi-purpose authority. This includes the costs of corporate policy making, representing local interests, representatives and duties arising from public accountability.

Cost Centre	An individual reference used within the Council's financial system to enable the allocation and monitoring of expenditure and income in a meaningful way.
Creditors	Persons/businesses owed money by the Council.
Debtors	Persons owing monies to the Council.
Decision Maker	Refers to the Council, Policy Committee or any other group to whom a function has been delegated in accordance with the Council's Constitution and shall include a Corporate Manager exercising authorised powers or a delegation under the Council.
Depreciation	The allocation of the cost of the useful economic life of the Council's fixed assets for the accounting period through general wear and tear, consumption or obsolescence.
Deferred Capital Receipts	Deferred Capital Receipts are the amounts derived from sales of assets which will be received in instalments over agreed periods of time.
Earmarked Reserve	Money allocated for a specific purpose which will be spent in a future year.
Emergency	An occurrence involving or likely to 'involve danger to life or health' or 'serious damage to property' or 'destruction of property'.
Fidelity Guarantee	Insurance against fraudulent losses.
Finance Lease	A lease whereby all the risks and rewards of ownership of a fixed asset are with the lessee. In substance the asset belongs to the lessee.
Financial Regulations	A written code of procedures approved by the authority, intended to provide a framework for proper financial management. Financial regulations set out rules on accounting, audit, administrative procedures and budgeting systems.
Financial Year	A Local Authority financial year runs from 1 April to 31 March.
Fixed Asset	An asset intended to be held for a period of more than one year, such as a machine or building.

Forecast	A prediction of spend for future months/years.
General Fund	The main revenue fund of the Council. Income from the council tax precept and Government grants are paid into the fund, from which the cost of providing services are met.
Government Grants	Payments by Central Government towards local authority expenditure. They are specific for a particular service; and are receivable in respect of both revenue and capital expenditure.
Grants	Income received by the Council to support the undertaking of Council services or to support the capital programme. Grants may have terms and conditions as to use attached.
Housing Revenue Account	Statutory ring-fenced account required to represent the landlord/tenant obligations for the Council in relation to managing and maintaining its housing stock in return for rental income from tenants.
Impairment	A reduction in the value of a fixed asset to below its carrying amount on the balance sheet due to damage, obsolescence or a general decrease in market value.
Income & Expenditure Account	The net cost for the year for services provided by the Council for which it is responsible and showing how the cost has been financed from precepts, grants and other income.
Internal Control	The system of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
Internal Recharge	A charge made by one council department to another for provision of a service.
Inventories (previously Stock)	Items of raw materials, work in progress or finished goods held at the financial year end normally valued at the lower of cost or net realisable value.
Lease	An asset not owned by the Council but which the Council has an agreement to use in providing its day to day services in return for a regular cash payment.

Liquid Resources	Cash and current asset investments that can be easily converted to known amounts of cash without penalty, or can be traded on the active market.
Long Term Borrowing	Amounts borrowed in excess of one year.
Long-Term Contract	A contract entered into for the design, manufacture or construction of a single substantial asset, or the provision of a service (or a combination of assets and services which together constitute a single project), where the project falls into more than one accounting period.
Long Term Debtors	Sums of money due to the Authority originally repayable within a period in excess of twelve months but where payment is not due until future years.
MEAT	Most economically advantageous tender.
Medium term Financial Plan	A document outlining the Council's spending plans and forecast resources over the next three years.
Money Laundering	The term used where an individual uses legal payment routes to disguise income earned from illegal activities or to avoid the payment of Government taxes. In terms of the Council's activities this could include the payment of rents and council tax at the Council's payment counters with large cash payments.
Monitoring Officer	The Council is required to designate an officer as its monitoring officer. This officer is responsible for promoting and maintaining high standards of overall conduct, for reporting any actual or potential breaches of the law, or instances of maladministration either to the Council directly or via the Cabinet.
Net Book Value	The value of fixed assets included on the balance sheet, being the historical cost or a current revaluation less the cumulative amounts of depreciation.
Nominal Ledger	The nominal ledger is the main accounting record of the Council. It is basically a library of financial transactions.
Non-distributed Costs	In the main these relate to costs which are not specific to a service e.g. past service costs and settlements relating to post-employment benefits.

Operating Lease	A lease where the risks and rewards, and therefore the ownership of the asset, remains with the lessor.
Outturn	The actual income and expenditure for a financial year disclosed by the final accounts.
Overspend	This is where the actual net expenditure exceeds the budget for the same period.
Performance Indicators	A set of local authority service performance indicators.
Petty Cash	A small amount of cash held by departments and available to purchase minor items of expenditure such as postage stamps.
Policy Framework	The collective term used to describe all the Council's agreed policies and strategies which identify what the Council aims to do, how it plans to do this and what resources it has available over a period of years.
Precept	The amount levied by one authority which is collected by another. E.g. the County Council is the precepting authority and the District Council is the collecting authority.
Prepayment	An adjustment to a sum paid where the period covered by an item of expenditure partly relates to a future accounting period e.g. A single road fund tax payment partly covering two financial years.
Provisions	An amount set aside by the authority to meet a known item of expenditure but for which the actual timing and amount of the payment is not known. The main provisions relate to the Council's various insurance funds. Reserve Money set aside for future policy initiatives.
Rateable Value	The annual assumed rental value of a property, to which rate poundages are applied to arrive at rates payable.
Revenue Expenditure Funded from Capital under Statute (REFFCUS)	Expenditure which may properly be capitalised but which does not result in assets owned by the Council. These charges are amortised to revenue immediately in the year of acquisition.

Reserves	Funds set aside to meet future expenditure on specific items or as a contingency against future losses. Reserves. The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.
Revaluation Reserve	This records net gains from revaluations made after 1 April 2007 not yet realised through sales.
Revenue Contributions to Capital	This refers to the financing of capital expenditure directly from revenue rather than from loans or other sources.
Revenue Expenditure	Expenditure incurred by the Council on a day to day basis in the provision of services to the public.
Revenue Support Grant	The general grant paid by government to local authorities to enable all authorities to levy similar rate levels for similar levels of service.
Risk Management	The planned and systematic approach to the identification, evaluation and control of risk.
Section 151 Officer	Under section 151 of the Local Government Act 1972 each Council is required to have a nominated Officer with responsibility to ensure the proper administration of the Council's financial affairs. At Mid Devon this role is undertaken by the Deputy Chief Executive (S151). This Officer must be a member of a professional accountancy body.
Service Unit	A section of the Council responsible for the delivery of a single service. As a guide, the budgets for service areas are reported within the budget book.
Service Reporting Code of Practice (SERCOP)	Produced by CIPFA and required to be followed by local authorities. Preparing accounts in line with the SERCOP ensures consistency and allows comparison between authorities.
Statement of Accounts	Councils are required to produce an annual Statement of Accounts which shows how the Council has spent its money and what resources and reserves it has available. The Statement of Accounts includes the Council's statutory income and expenditure account, its balance sheet and a cash flow statement.

Support Service	The term used to describe those Council departments or services that do not provide a service direct to the public, but provide a back office function to support the staff directly working with the public. Support services include finance, IT, HR, legal, as well as property services etc.
Treasury Management	The term used to describe the Council's management of its cash, investments and borrowing requirements.
Underspend	A favourable variance. Actual net expenditure including any commitments is less than the budget set for the same period.
Value Added Tax (VAT)	Tax levied on goods and services.
Variation	A variation is an increase or decrease in a budget after the budget has been approved at the start of the year.
Virement	A switch of budget resource between cost centres or service units.

Definitions in respect of the Contract Procedure Regulations

"**Approved List**" means a list of contractors maintained by the Council, which is regularly reviewed and admission to which is the outcome of a selection process which verifies the financial soundness and technical competence of a contractor.

"**Authorised Officer**" means the officer who has delegated authority to exercise the relevant function in accordance with the Council's Scheme of Delegation within the Constitution.

"**Best Endeavours**" means that the officer has reasonably done all he/she can to ensure that the best possible value for money has been obtained on behalf of the Council.

"**Best Interest**" means that the officer has reasonably done all he/she can to ensure that the Council's best interests are met.

"**Best Value**" means the Council's duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

"**Contract**" means a contract for supplies, services or for the execution of any works which the Council is procuring and also includes framework agreements.

"**Contractor**" means any person on, or applying to be on an Approved List, Select List or European List or whom is invited to tender, negotiate or submit a quotation, or to whom a Contract has been awarded.

"**Decision Maker**" means the Council, Policy Committee or any other group to whom a function has been delegated in accordance with the Council's Constitution and shall include a Corporate Manager exercising authorised powers or a delegation under the Council'

Economy – Doing less with fewer resources, i.e. making savings.

Efficiency – Doing the same as before, but with fewer resources (money, staff, and space).

Effectiveness – Doing more than before with the same resources but to the same standard.

"**Estimated Total Cost**" means the aggregate total cost of the supplies or services to be provided or works to be performed under a contract (as distinct from the annual value) estimated prior to its procurement.

"**European Directives**" means the procurement directives of the European Union and any regulations that implement them within the United Kingdom.

"**European List**" means a list of contractors compiled by another contracting authority including the Office of Government Commerce, in accordance with European Directives admission to which is the outcome of a selection process which verifies the financial soundness and technical competence of a Contractor.

"**European Thresholds**" means the threshold limits which the European Union have set for the procurement of goods and services and works for public sector authorities.

"**Framework Agreements**" are where there are multiple suppliers or multiple purchasing organisations contracting under an umbrella set of terms and conditions and for a fixed price.

"MEAT" – Most Economic Advantageous Tender.

"**Procurement**" means the acquisition of goods, services and works in exchange for payment.

"**Select List**" means a list of Contractors prepared by the Council for a particular contract only and admission to which is the outcome of a selection process which verifies the financial soundness and technical competence of a contractor.

"**Supplier**" means an individual or business that provides goods, services or works in exchange for payment.

"**Value For Money**" is the term used to assess whether or not the organisation has obtained the maximum benefit from the goods and services it acquires within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value. Achieving Value for Money may be described in terms of the 'three E's' – economy, efficiency and effectiveness:

Appendix A

SUMMARY OF FINANCIAL LIMITS APPEARING IN THE MDDC FINANCIAL REGULATIONS

The following tables summarise the financial limits quoted in these Regulations. When looking at a specific level where there are two or more "X" the requirement is that authority needs to be made by **ALL** parties highlighted.

Financial Thresholds

A General Authorisation Limits – To exceed agreed budget for the financial year

Ref No	Limit (£)	Council	Cabinet	S151 Officer	Corporate Manager	Manager
A1	Up to £10,000k					X
A2	£10.0,001k to £100,00050k			X	X	
A3	£10050,.001k to £250,000k			X		
A4	Over £250,001 to £500,000		X			
A5	Over £500,000k	X				

A1 Authorisation to Pay Invoices within budget, including relevant earmarked reserves

Ref No	Limit (£)	S151 Officer	Corporate Manager	Manager
Level 1	Up to £50100k			X
Level 2	£50100k to £250k		X	
Level 3 *	Over £250k	X		

*Once approved by Cabinet a Corporate Manager can approve an individual order up to £5m

B Bank Payment Limits

Ref No	Limit (£)	Manager	Comments
B1	Up to £50k	X	One nominated signatory required
B2	Over £50k	XX	Two nominated signatories required

C Budget Virements (Movement of Budget from one service area to another)*

Ref No	Limit (£)	Council	Cabinet	S151 Officer	Corporate Manager	Manager
C1a	Up to £10,000					X
C1b	£10,001 to £100~~50~~,000			~~X~~	X	~~X~~
C1c	£100,001 to £250,000			X		
C1d	£250,001 to £500,000 ~~Over 50,000~~		X	~~X~~	~~X~~	~~X~~
C1e	Over £500,000	X				

*Note: A Corporate Manager has authority to move budget across services within their own areas of responsibility. Budget movements from one service area to another, across two or more Corporate Managers service areas, requires the approval of both parties at the appropriate level as outlined above.

D Till Discrepancies (See 2.4) / Petty Cash claim limit / De Minimis refund limit

Replaced By:

Ref No	Limit (£)	Comments
DE1	£50	If discrepancy greater than £50 report to Internal Audit.

E Write Off of Individual Bad and Doubtful Debts (Excluding bankruptcy administration or Debt Relief Orders)

Ref No	Limit (£)	Cabinet	S151 Officer	Corporate Manager	Manager	Comments
E1	£53,000				X	Operations Manager For Benefits and Recovery has a limit of £100 in respect of Council Tax and NNDR income.
E2	£53,000.01 to £5010,000			X		
E3	£5010,000.01 to £10050,000		X			
E4	Over £10050,000	X				

F Stock Deficiencies / Obsolete Stock Written Off

Ref No	Limit (£)	Cabinet	s151 Officer	Corporate Manager	Manager
F1	Up to £53,000 on any stock item				X
F2	Over £53,000 on any stock item		X	X	
F3	Up to £10,000 in total for one store location, per occasion		X	X	
F4	Over £10,000 up to £25,000 in total for one store location, per occasion	X	X		
F5	Over £25,000 in total for one store location, per occasion	X			

G Equipment Registers

Ref No	Limit (£)	S151 Officer	Corporate Manager	Comments
G1	Over £1,000 but less than £20k		X	Service manager to record in equipment register - **REVENUE**
G2	Over £20k	X		Asset recorded in fixed asset register maintained by Finance **CAPITAL**

H Public Procurement Thresholds (OJEU etc.)

The thresholds which apply in this country derive from the current EC thresholds. These are announced every two years and apply from 1 January. The current thresholds (see below) apply from 1 January 2018 to 31 December 2019. Thereafter the thresholds which are then announced will apply, unless national legislation indicates otherwise. It is essential that you liaise with the Council's procurement team to check the applicable threshold for your procurement before going to market – sometimes a contract may comprise a mix of services and works and it is important to understand the implications before proceeding.

From 1 January 2018 – 31 December 2019 and then by reference to latest EC thresholds and national legislation:

Goods and services: **£213,477 (inc. VAT)~~181,302~~**
Works and concessions: **£5,336,937 (inc. VAT)~~4,551,413~~**
Light Touch (social & specified other): **£663,540 (inc. VAT)~~615,278~~**

When calculating the estimated value of the contract to determine whether the regulations apply, the contract value estimation should be inclusive of the standard rate of VAT (currently 20%), where applicable, from 1 January 2022.

I **Stock Adjustments/Write Offs**

Ref No	Limit (£)	Cabinet Member	S151 Officer	Corporate Manager	Manager
I1	£5,000~~Up to £10k~~				X
I2	£5,000.01 to £50,000 ~~£10.01k to £50k~~		~~X~~	X	
I3	£50,000.01 to £100,000 ~~£50.01k to £100k~~	~~X~~	X		
I4	Over £100,000~~Over £100k~~	X			

J **De Minimis Invoice Limit**

Invoice amount	**£250.00**

K **Disposal of Assets**

K1	**Best possible price**	**Value less than or equal to £1,000**
K2	**Sealed Bids/Auction**	**Value >£1,000 or equal to £5,000**
K2	**Competitive tender**	**Value more than £5,000**
K3	**Capital assets**	**Value > £20,000 To be approved By the Capital Strategy Asset Group**

L **Money Laundering Cash Receipt Limits**

Cash Receipt	**£5,000**

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ENVIRONMENT POLICY DEVELOPMENT GROUP** held on 11 January 2022 at 5.30 pm

Present Councillors J Wright (Chairman)
E J Berry, W Burke, D R Coren, R F Radford, R L Stanley, L D Taylor and B G J Warren

Also Present Councillor(s) Miss J Norton, R Evans, B Holdman, Mrs E J Lloyd, B A Moore and C R Slade

Also Present Officer(s): Stephen Walford (Chief Executive), Andrew Busby (Corporate Manager for Property, Leisure and Climate Change), Andrew Jarrett (Deputy Chief Executive (S151)), Paul Deal (Corporate Manager for Finance), Matthew Page (Corporate Manager for People, Governance and Waste), Darren Beer (Operations Manager for Street Scene), Jason Ball (Climate and Sustainability Specialist), Clare Robathan (Policy and Research Officer) and Carole Oliphant (Member Services Officer)

38 **APOLOGIES AND SUBSTITUTE MEMBERS (0.03.12)**

There were no apologies for absence. Cllr J Norton attended via ZOOM.

39 **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (0.03.21)**

Members were reminded of the need to declare interests where appropriate.

40 **PUBLIC QUESTION TIME (0.03.41)**

There were no questions from members of the public present.

41 **MINUTES OF THE PREVIOUS MEETING (0.03.45)**

The minutes of the meeting held on 2nd November 2021 were agreed as a true record and duly **SIGNED** by the Chairman.

42 **CHAIRMAN'S ANNOUNCEMENTS (0.04.55)**

The Chairman announced that he would move item 9 on the agenda to item 13

43 CABINET MEMBER FOR THE ENVIRONMENT (0.05.17)

The Group received an update from the Cabinet Member for Environment and Climate Change who stated that the Christmas and New Year period had been busy for the Waste Service but that all waste had been collected in a timely manner.

He directed Members to the Council website and explained that it provided details of all recycling requirements and also recycling points within the District.

With regard to the recycling of pots and pans he explained that there was limited capacity on the waste lorries to introduce this kerbside collection but that they could be donated to charity or taken to the recycling centre.

44 CLIMATE AND SUSTAINABILITY UPDATE (0.10.26)

The Group had before it, and **NOTED**, a *report from the Climate and Sustainability Specialist which documented progress against the Climate Action Plan.

The Climate and Sustainability Specialist gave an overview of his report and highlighted:

- Upgrades to Social and Affordable Housing
- Research and costings were ongoing for changing the Council's transport fleet to electric
- Update on Devon Climate Emergency Response Group
- New content on website which included an interactive map and would be used for future Climate related press releases
- Update on a recent tree planting day
- Funding had been allocated for an additional 10 electric vehicle charging points which would be installed in 2022
- The Net Zero Advisory Group were working on Climate policy development

In response to questions asked he confirmed:

- The 10 additional electric vehicle charging points were to be funded by the Government and the Operator at no cost to the Council
- Changes to the transport fleet would occur when they required a change with small vans to be the first to go electric. Officers would look at the viability of greener alternatives when each set of vehicles come up for replacement
- The Council were not looking at offering free car parking for electric vehicles at this point
- The decarbonisation grants had been applied for and the Council should know if it had been successful by the end of January
- The recent conversion of houses at Lapford showed the type of decarbonisation that could be achieved with the Council's older housing stock
- The technical design of Post Hill was due to start shortly with the aim to make all social and affordable housing zero carbon
- That there were routes for individuals and Parish Councils to get electric vehicle charging points installed

Note: *Report previously circulated and attached to the minutes.

45 BUDGET OPTIONS FOR CLIMATE INVESTMENT (1.00.30)

The Group had before it a *report from the Climate and Sustainability Specialist which outlined selected budget item proposals which could be prioritised to help move ahead with the Council's Climate Action Plan.

The Climate and Sustainability Specialist explained that Annex 1 of the report presented potential investment spending and Annex 2 presented potential preparation spending. He explained that Officers had put forward numerous proposals which had arisen as part of the ongoing Climate Action Plan which identified ways to reduce the Council's carbon footprint and support the wider Climate and Sustainability Programme.

Consideration was given to:

- Working with Parishes with regard to the planting of trees
- Officers to investigate the true savings of any upgrade to the vehicle live monitoring system
- Concerns from Members of where the funds would come from to support many of the initiatives
- The need for feasibility studies before undertaking large projects

It was therefore **RECOMENDED** to the Cabinet that the potential additional budget requirements linked to the climate investment opportunities set out in Annex 1 and 2 of this report be considered

(Proposed by the Chairman)

Note: *Report previously circulated and attached to the minutes

46 BEREAVEMENT SERVICES FEES AND CHARGES (1.38.06)

The Group had before it the *report from the Corporate Manager for Property, Leisure and Climate Change presenting a review of the Bereavement Services Fees and Charges for 2022-2023.

The Officer explained that the Council's focus was on the best possible service and support to bereaved residents. The proposal was to increase fees by 2%.

It was therefore **RECOMMENDED** to the Cabinet that the proposed charges for 2022-2023 as set out in Table A be approved.

(Proposed by the Chairman)

Notes:

i. *Report previously circulated and attached to the minutes
ii. Cllr L Taylor requested that his abstention from voting be recorded

47 WASTE AND RECYCLING OPTIONS (1.43.58)

The Group had before it a *report from the Operations Manager Street Scene & Open Spaces which presented the finding from the waste trial which was carried out between July and October 2021.

The Officer explained that the trial had been completed to see if residual waste could be reduced and recycling increased. A survey of residents had been completed at the end of the trial. During the trial staff had been made available to resolve issues and educate residents and this helped residents to comply with the scheme.

Members were informed that Officers would need a long lead in time to address residents' concerns if the scheme were to go live and this would include engagement with landlords and tenants of houses of multiple occupancy.

During the trial the percentage of residual waste reduced and the percentage of wet recycling (food) had increased. Having the wheeled bins in the trial areas improved the street scene and reduced the amount of residual waste.

Consideration was given to:

- The use of soft enforcement in the first instance to educate residents on the correct recycling requirements
- Records were kept of repeated breaches and this could be used for hard enforcement (fines) if required
- The number of houses of multiple occupancy in Cullompton which would require engagement with landlords and tenants
- No increased instances of fly tipping had occurred during the trial
- Large households could be offered an additional residual bin but it would be done on a case by case basis and after engagement with Officers
- Concerns of Members that lived in rural areas that they could not drag wheelie bins up farm tracks and driveways and wanted an alternative solution for residual waste

It was therefore **RECOMMENDED** to the Cabinet that Option 2 be approved subject to Cabinet considering alternative solutions for residual waste for properties where wheeled bins might not be an option.

(Proposed by the Chairman)

Note: *report previously circulated and attached to the minutes.

48 MDDC DRAFT LITTER STRATEGY (2.39.22)

The Group had before it the draft *Mid Devon District Council Litter Strategy presented by the Operations Manager Street Scene and Open Spaces.

The Officer explained many Members had been involved in the creation of the Strategy and that it detailed how the Council would educate and enforce. The aim was to engage with partners, the community and the public to reduce littering in the District.

Consideration was given to:

- Members concerns that you could not engage with some members of the public
- Members views that the Strategy needed to be measurable and achievable

It was therefore **RECOMMENDED** to the Cabinet that the Mid Devon District Council Litter Strategy in Appendix 1 be adopted.

(Proposed by the Chairman)

Note: *Strategy previously circulated and attached to the minutes

49 **CONTRACTED OUT ENFORCEMENT DUTIES (3.00.58)**

The Group had before it, and **NOTED**, a *report from the Operations Manager Street Scene and Open Spaces which contained a review of private/external enforcement.

The Officer explained that Members had requested in 2020 that the Council looked into external enforcement as the perception was that the Council did not actively enforce breaches.

He explained that Officers had actively engaged with a number of companies to provide quotations for both cost neutral and chargeable services.

It was therefore **AGREED** that Officers did not pursue further investigations on external enforcement at this time.

Note: *Report previously circulated and attached to the minutes.

50 **MEETING MANAGEMENT**

The Chairman moved the following item from no 9 on the agenda.

51 **BUDGET UPDATE 2022/2023 (3.04.22)**

The Group had before it, and **NOTED**, the revised draft budget for 2022-2023.

The Cabinet Member for Finance explained that there was a £1.4m gap to close and that the budget was the Council's budget and not the Cabinets and he encouraged Members to contribute to the debate.

The Deputy Chief Executive (S151) explained that this was the second round of budget discussions and since the initial presentation of the draft budget that further savings had been identified along with the Governments Funding Settlement.

Consideration was given to:

- If the 3 weekly bin collections were adopted that the payback would take some time and additional financial modelling and monitoring would be required
- Corporate buildings maintenance was funded by ear marked reserves
- Members request of ongoing review of management and services

- Members discussed a range of options that were already being considered by Officers for budget savings
- No additional budget options were identified by Members of the PDG

Note: *Report previously circulated and attached to the minutes.

BUDGET UPDATE SHEET

Councillors were provided with a budget update sheet at the meeting.

52 **WORK PLAN (3.36.12)**

The Group had before it, and **NOTED**, the *Environment PDG Work Plan.

Note: *Work Plan previously circulated and attached to the minutes

(The meeting ended at 9.08 pm) **CHAIRMAN**

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **HOMES POLICY DEVELOPMENT GROUP** held on 18 January 2022 at 2.15 pm

Present Councillors	R J Dolley (Chairman) J Bartlett, J Cairney, S J Clist, D R Coren, C J Eginton, S Pugh and R F Radford
Apology Councillor	Mrs E M Andrews
Also Present Councillors	G Barnell, Mrs C P Daw, R M Deed, R Evans, B A Moore and B G J Warren
Present Officers	Andrew Jarrett (Deputy Chief Executive (S151)), Jill May (Director of Business Improvement and Operations), Simon Newcombe (Corporate Manager for Public Health, Regulation and Housing), Paul Deal (Corporate Manager for Finance), Claire Fry (Housing Services Operations Manager), J P McLachlan (Principal Accountant), Mike Lowman (Building Services Operations Manager), Sarah Lees (Member Services Officer) and Jessica Watts (Member Services Apprentice)

40 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Cllr Mrs E Andrews.

41 **PUBLIC QUESTION TIME**

There were no members of the public present and none had registered to ask a question in advance.

42 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

43 **MINUTES**

The minutes of the meeting held on 9 November 2021 were approved as a correct record of the meeting and signed by the Chairman.

44 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

45 **DRAFT 2022/23 HOUSING REVENUE ACCOUNT (HRA) (00:05:00)**

The Group had before it, a report * from the Deputy Chief Executive (S151) and Corporate Manager for Public Health, Regulation and Housing presenting proposals for the second draft of the Housing Revenue Account budget for 2022/23.

The Cabinet Member for Housing introduced the item highlighting the fact that the HRA currently showed a balanced position and the garage and units rents were proposed to remain at the current levels. Budgets to support the building and maintenance teams needed to remain at realistic levels in order to support the maintenance of the HRA housing stock. He highlighted the fact that there were additional responsibilities in terms of the decarbonisation programme which had a significant financial impact on the HRA. He thanked the staff involved for the detailed and complex work entailed in formulating a draft HRA budget that was both realistic whilst maintaining the interests of the tenants at the core.

Consideration was given to:

- The suggested level of the proposed rent increase. It was explained that this was proposed at an under inflation level despite the fact that inflation had continued to increase. Other local authorities had also proposed a 4.1% rise.
- The situation regarding rent arears was dealt with very sensitively and proactively by Housing Department officers and significant liaison and support was offered.
- An error was highlighted at section 2.9 in the report, the figure should have been cited as £570k rather than £750k, this had been a transposition error.
- Fuel and energy costs were on an increasing trajectory.
- A new regime as part of the Social Housing white paper would require tenant satisfaction to be measured to a greater extent in future.
- Utilising redundant garage sites for possible module housing schemes.
- The cost of maintaining and repairing garages that were under used.
- It was confirmed that the management team within the Housing Department were always looking for efficiencies, this was part of their standard ongoing every day procedure.
- Borrowing was always a balancing act. The Council had a policy of seeking what other funds were available first such as internal borrowing.
- Debt levels were better than the sector average.
- Regarding decarbonisation and funding schemes available centrally to help – the team were always alive to these and entered into the very competitive process to apply for these everywhere they could.
- The need for more detail in relation to the programme for council house building over the next 5 years. It was confirmed this would be coming to the Cabinet meeting on 1st February 2022. A feasibility programme had been submitted to Homes England before Christmas and their response was awaited.

RECOMMENDED to the Cabinet that the rent increase proposed and other budget proposals for 2022/23 be approved.

(Proposed by Cllr D R Coren and seconded by Cllr C J Eginton)

Reason for the decision:

A balanced and realistic budget must be set for 2022/23 in order to maintain a sustainable Housing Revenue Account with adequate investment for necessary maintenance.

Notes: (i) * Report previously circulated; copy attached to the signed minutes.

(ii) Cllr S J Clist voted against the recommendation and requested that this be recorded.

(iii) Cllr J Cairney abstained from voting and requested that this be recorded.

46 **BUDGET UPDATE 2022/2023 (00:50:00)**

The Group had before it a report * from the Deputy Chief Executive (S151) reviewing the revised draft budget changes identified and discussing further changes required in order for the Council to move towards a balanced budget for 2022/23.

The Cabinet Member for Finance stated that there had been a £1.4m budget gap which had now reduced to £947k. He outlined the process the revised budget would take allowing all Members of Council the opportunity to participate in its development before finally needing Council approval at the end of February.

The Corporate Manager for Financial Services stated that the report attached to the agenda had been written before Christmas and a updated position needed to be relayed.

In order to address the current budget gap of £947k he outlined the following options to balance:

PDG Saving Target	-500
Release Earmarked Reserves	-200
Further savings / Income required	-247

Having looked at the income and expenditure of each PDG area the savings needing to be identified by this Group were circa £15,200 and/or above.

A number of suggested areas for discussion had been identified on the update sheet to aid this process and to provide officers with a steer as to the work needed to identify savings and possible increases in income going forwards.

Discussion took place regarding:

- How the Council could realistically reduce B&B costs whilst having a statutory obligation regarding Homelessness.
- The draft budget deficit position and the need for more detail.
- The complexities involved in trying to create a draft budget with so much uncertainty. Carefully educated forecasting had been undertaken during the preparation of the draft budget.
- Investment in IT systems and the move to a greener fleet as soon and as realistically possible.

- The difficulties presented to Members in trying to recommend savings when indicative figures hadn't been provided. However, it was explained that precise figures were not necessary just an indication or steer from Members as to the areas that could be looked at to aid the financial position of the Council. Having a steer would enable officers to go away and undertake some modelling work in line with Members wishes.
- A lack of appetite for out sourcing services at the current time.

RECOMMENDED to the Cabinet that the Council undertake a formal marketing campaign on the Piper Alarm System within the Private Sector, in particular in areas where there were large numbers of retired electors but also to notify all tenants of the facility as well.

(Proposed by Cllr C J Eginton and seconded by Cllr R J Dolley)

Reason for the decision:

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.

Notes: (i) * Report previously circulated; copy attached to the signed minutes.

(ii) Cllr S J Clist abstained from voting and requested that this be recorded.

47 **THE TENANT INVOLVEMENT AND EMPOWERMENT STANDARD POLICY (01:45:00)**

The Group had before it a report * from the Operations Manager for Housing Services. It was explained that the landlord service, Mid Devon Housing, was currently reviewing previously adopted policies with the aim of rationalising them and ensuring that they support work to ensure regulatory compliance. To this end, policies were being more closely aligned with each of the individual Standards within the regulatory framework.

The following was highlighted within the report:

- The after effects of the Grenfell Tower disaster and the lesson's learned regarding the need for tenants views to be heard. National housing policy would be changing as a result of this and a Government white paper calling for more tenant involvement had been issued at the end of 2020 with new legislation likely to be announced in the imminent future.
- The Housing Ombudsman has responsibility for dealing with complaints. As part of the new regime, there would be tenant satisfaction measures (TSMs) in place.

Discussion took place with regard to:

- Tenant Involvement in 'on-line' meetings – the Council now had a Customer Engagement Co-ordinator who would be undertaking work in this area. Although formal meetings were not being run at the moment, lots of interest

had been expressed and consideration of how best to run these meetings was being undertaken, such as offering evening meetings for those tenants who worked during the day.
- It was confirmed that only missed appointments, previously confirmed over the phone, would be charged for.
- Members had previously approved the Neighbourhood Management Policy which stated a zero tolerance for any obstructions brought in my tenants to communal hallways. These could pose a serious risk to escape routes should tenants need to evacuate in an emergency.
- The need to remember that rented properties were people's homes and a consequent need for respect.

RECOMMENDED to the Cabinet that the draft Tenant Involvement and Empowerment Standard policy be approved.

(Proposed by Cllr S J Clist and seconded by Cllr C J Eginton)

Reason for the decision:
MDH is a social landlord and is registered with the Regulator for Social Housing (RSH), meaning that it is a Registered Provider (RP). The RSH sets consumer standards and the Tenant Involvement and Empowerment Standard is one of these. The role of the regulator is to intervene where failure to meet the standards has caused, or could have caused, serious harm to tenants. MDH is also obliged to manage complaints in line with the Complaints Handling Code issued by the Housing Ombudsman Service (HOS) and completed a self-assessment against this, which is available to view on the Council's webpages, in line with the requirements of the HOS.

Agreed housing policy provides a framework for decision-making which ensures that customer-facing teams deliver consistency in the discharge of duties to support good housing management. This ensures that both properties and tenancies are managed effectively and reduces reputational risk.

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

48 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (02:12:00)**

In addition to the items already identified within the work programme for the next meeting, the following was also requested to be provided:

- An update on the void situation within the private sector and whether anything could be done.

(The meeting ended at 4.26 pm) **CHAIRMAN**

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 13 January 2022 at 5.30 pm

Present Councillors	J M Downes (Chairman) Mrs C Collis, N V Davey, R J Dolley, Mrs S Griggs, R F Radford and J Wright
Apology Councillor	D F Pugsley
Also Present Councillors	R M Deed, R Evans, B A Moore and B G J Warren
Present Officers	Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Richard Marsh (Director of Place), Dean Emery (Corporate Manager for Revenues, Benefits and Recovery), Paul Deal (Corporate Manager for Finance), John Bodley-Scott (Economic Development Team Leader), Jason Berry (Economic Development Project Manager), Fiona Wilkinson (Operations Manager for Revenues Benefits & Recovery), Sally Gabriel (Member Services Manager) and Sarah Lees (Member Services Officer)

38 Apologies and Substitute Members

Apologies were received from Cllr D F Pugsley.

39 Public Question Time

There were no members of the public present and none had registered a question in advance.

40 Declaration of Interests under the Code of Conduct

There were no interests declared under this item.

41 Minutes

The minutes of the meeting held on 4 November 2021 were confirmed as a true and accurate record and signed by the Chairman.

42 **Chairman's Announcements**

The Chairman reminded the Group that there would be an informal workshop on 20th January 2022 to discuss 'Skills and Employment' with representatives from Petroc. This would be held at 5.30pm via Zoom.

43 **Meeting Management**

The Chairman informed the Group that he would be taking 'Urban Renewal in Coastal and Market Towns' as the next item of business.

44 **Urban renewal in coastal and market towns (00:05:00)**

Mr Gareth Jones from 'Hardisty Jones' attended the meeting via Zoom to present a report prepared for Devon County Council entitled 'Urban Renewal in Devon's Coastal and Market Towns'. This study was about the future role and prosperity of market and coastal towns in Devon. The county was part of the Heart of the South West (HotSW), so original research undertaken for the study on Devon complimented recent work on the future of towns in HotSW.

The following was highlighted within the presentation:

- Policy Objectives for Towns
- Challenges
- Opportunities
- Devon Towns: Future Objectives
- Pilot Towns: High Level Plan
- Potential Projects: Themes
- Recovery from Covid 19
- Places to live
- Places to work
- Places to visit
- Places to shop
- Places to access services
- Healthy and vibrant places
- Inclusive places
- Sustainable places
- Connected places

The following comments and discussion took place following the presentation regarding:

- Managing to achieve affordable housing within towns remained a difficult issue. A number of mechanisms could aid this such as accessing available government funds, investing in the conversion of unused spaces, working with Homes England and developing robust Local Plans and development strategies.
- Evidence for the study had been gathered from businesses, resident groups and district councils. All the towns spoken to had shown great enthusiasm for economic growth.

- Investors needed confidence in the potential success of suggested projects. Taking an initial risk which proved to be successful could lead to further investment and an increase in confidence amongst investors going forwards.
- The Group felt that they agreed with the aspirations and goals of the study but that they had heard a lot of this before and questioned the reality of being able to achieve these objectives given current financial constraints.
- The key was having projects, a strategy and a vision that were 'shovel ready' so that when government funding was available the Council was ready to proceed as quickly as possible.
- 'Business improvement districts' could have a strong role to play in the future but there were challenges since they were largely funded through additional Business Rates.
- The need for examples of projects nationally where initial investment had led to successful outcomes for the economy of regenerated towns.
- The need for reality checks, for example, public transport challenges in the local area, also Mid Devon had a limited amount of land available and that which was available was expensive. Also the lack of adequate Broadband continued to be a key issue of concern in rural areas.
- Applying for funding was an extremely competitive business, however, funding pots were available. Local Councils had been promised 'Levelling Up' funds and Devolution in the future so there was a reason to be optimistic.
- The study had identified Tiverton as being one of the towns which would benefit from further funding. Work was being undertaken to articulate a clear vision and strategy which could be used as a future template for other towns within the district.

The Chairman concluded the discussion by stating that the Economic Development Team needed to thoroughly analyse the report and extract from it the benefits that could be applied to Mid Devon. The key appeared to be having 'shovel ready' projects so that as soon as government funds were available the Council could apply without delay. It was about putting the Council in the best possible position and investing in project plans and business cases as soon as possible.

45 **Budget 2022/2023 update (01:17:00)**

The Group had before it a report * from the Deputy Chief Executive (S151) reviewing the revised draft budget changes identified and seeking discussion on the further changes required in order for the Council to move towards a balanced budget for 2022/23.

The Cabinet Member for Finance stated that there had been a £1.4m budget gap which had now reduced to £947k. He outlined the process the revised budget would take allowing all Members of Council the opportunity to participate in its development before finally needing Council approval at the end of February.

The Deputy Chief Executive (S151) stated that the report attached to the agenda had been written before Christmas and an updated position needed to be relayed. He referred to the budget being 'squeezed' for a number of years and the fact that it may be necessary for Members to consider a reduction in service provision.

In order to address the current budget gap of £947k he outlined the following options to balance:

PDG Saving Target	-500
Release Earmarked Reserves	-200
Further savings / Income required	-247

Having looked at the income and expenditure of each PDG area he had apportioned the savings needing to be identified by this Group as circa £11,500.

Consideration was given to:

- Maximising opportunities of motorway junction development to enable further business growth opportunities. Concern was expressed that there had not been an opportunity to progress this since the adoption of the Local Plan. It was felt that the Group could undertake a proactive role in steering progress in this area. It was **AGREED** that an item be placed on the agenda for the next meeting to discuss this further.
- A possible increase in car parking charges, however, the future effect of the continuing pandemic on shoppers visiting the towns was still unclear and increasing the budget target in this area would present a risk.
- Consideration of the development of underused car parks for housing schemes was supported and might enable a better utilisation of the Councils land assets. This would need a great deal of consideration in the initial stages but could be something the Economy and Homes PDG's could work on jointly.

RECOMMENDED to the Cabinet that, as part of the budget for 2022/2023:

a) Consideration be given to development on car parks and other land assets such as market housing and modular housing in order to better utilise Council assets and maximise income.
b) The Council maximise the opportunities presented by motorway junctions development to allow for further business growth opportunities.

(Proposed by the Chairman)

Reason for decision:

To maximise all possible opportunities for the Council to set a balanced budget for 2022/2023.

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

46 Covid 19 Economic Recovery Update (01:52:00)

The Group had before it, and **NOTED**, a report * from the Director of Place updating members on recovery activities at county and district level and progress on the preparation of a districtwide COVID 19 Economic Recovery Plan.

It was explained that since the report had been written there was a need to update the Group on a number of the activities referred to within the report. This included the following:

- Currently the unemployed claimant count remained above the pre-pandemic levels but had fallen slightly from 2.8% to 2.7%.
- Since the report was written the Government had announced two more business grants schemes in response to the Omicron variant and its impact in particular on the hospitality and leisure sectors.
- The Omicron Hospitality and Leisure Grant Scheme, £1.6 million for distribution as grants of £2,667, £4,000 and £6,000 dependant on the business rate value. Both these schemes would need to be fully allocated and processed by the end of February which mean't that the deadline for applications was the 14th Feb.
- The Additional Restrictions Grant (ARG) Scheme, would be receiving £187k to support business linked to hospitality and leisure that were not eligible for the main scheme. The team were still awaiting further clarification before this could be open for applications.
- It was a great credit to the team that they had been able to open the scheme for applications so quickly and had already received 11 applications.
- The nature of the management of the grants scheme mean't that the Economic Development Team would be fully occupied in grant delivery for the next 6-8 weeks.
- Up to 31st December £70,366 of the Household Support Fund had been allocated, with a further £10,000 of applications still in the pipeline out of the original £86,836 allocation. The team had now managed to negotiate a further £44,000 to top up the fund, which would hopefully extend the programme until the end of February.
- The team had been planning to run an event to bring tourist and hospitality businesses together in the middle of February this year, however the venue that had been booked had now decided to close until April 2022, so the event had been postponed until later in the year.
- Work in relation to the Public Realm project had also been affected by the high workload created by the management and distribution of business grants and the team would need to postpone the meeting arranged for next week.

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

47 **Identification of items for the next meeting (02:00:00)**

The Chairman stated that the items listed on the agenda for the future meetings were an indication only. There had been a shift in the workload priorities within the Economic Development team and items would come forward when they were realistically able to. However, it was requested that there be an update to the next meeting on work being undertaken to progress opportunities for business growth by development at the motorway junctions.

(The meeting ended at 7.16 pm) **CHAIRMAN**

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **COMMUNITY POLICY DEVELOPMENT GROUP** held on 25 January 2022 at 2.15 pm

Present Councillors	Mrs M E Squires (Chairman) Mrs C Collis, W Burke, L J Cruwys, S Pugh and Mrs E J Slade
Apologies Councillor(s)	Mrs E M Andrews, J M Downes and B Holdman
Also Present Councillor(s)	J Cairney, Mrs C P Daw, R M Deed, D J Knowles and B G J Warren
Also Present Officer(s):	Andrew Jarrett (Deputy Chief Executive (S151)), Jill May (Director of Business Improvement and Operations), Karen Trickey (District Solicitor and Monitoring Officer), Paul Deal (Corporate Manager for Finance), Clare Robathan (Policy and Research Officer), Carole Oliphant (Member Services Officer) and Jessica Watts (Member Services Apprentice)

44 **APOLOGIES AND SUBSTITUTE MEMBERS (0.02.38)**

Apologies were received from Cllr B Holdman and Cllr J M Downes. The Leader provided apologies for Cllr Mrs E M Andrews.

45 **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (0.03.15)**

Councillors were reminded of the need to make declarations where appropriate.

46 **MINUTES OF THE PREVIOUS MEETING (0.03.27)**

The Minutes of the Meeting held on 20th December 2021 were approved as a correct record and **SIGNED** by the Chairman.

47 **PUBLIC QUESTION TIME (0.04.22)**

There were no members of the public present.

48 **CHAIRMANS ANNOUNCEMENTS (0.04.35)**

The Chairman had no announcements to make.

49 CREDITON AREA HISTORY & MUSEUM SOCIETY (0.04.41)

Members of the Crediton Area History and Museum Society gave an overview of an exhibition that they intended to run in 2023 by way of a presentation which told the story of the fire which took hold of Crediton High Street in 1743.

They explained that for the exhibition to appeal to a wide range of people it needed to be relatable so would include map images and a research area. They were hoping to get local people involved as back yard archaeologists to find and submit local artefacts. The Society was also intending to publish a book to go along with the exhibition.

The Society was hoping to secure Heritage Funding which would require evidence of:

- How more people would be involved with heritage
- How the local economy would be boosted
- How heritage would be better explained and understood

The Society estimated that the project would cost in the region of £10k.

Members of the Group voiced their support for the project and suggested that the Council could offer practical support at this time. If financial support was required a proper fully funded request would need to be formally submitted with details of what was required and by when. Once this had been presented the PDG, if it so wished, the Group could recommend any such request to the Cabinet to consider.

It was therefore **AGREED** that the Society would return to a future meeting of the PDG to present their case for financial support from the Council.

50 BUDGET UPDATE 2022/2023 (0.27.34)

The Group had before it, and **NOTED**, the revised draft *budget for 2022-2023.

The Cabinet Member for Finance, via the Deputy Chief Executive (S151), explained that there was a £1.4m gap to close initially and that the budget was the Council's budget and not the Cabinets and he encouraged Members to contribute to the debate.

The Deputy Chief Executive (S151) explained that this was the second round of budget discussions and since the initial presentation of the draft budget that further savings had been identified along with the Government's Funding Settlement.

The Corporate Manager for Finance explained that the funding gap was down to £947k and welcomed any further options for savings that the PDG could offer in its portfolio which would then be put forward to the Cabinet to consider.

The Group then discussed the savings measures which had been suggested by officers and consideration was given to:

- The suggestions for savings provided were for debate and discussion but the PDG would always get political sign off before any increase in fees for discretionary services were implemented
- Customer retention and growth in the leisure service was a priority and that major significant capital investments had been made in the leisure centres
- Members views that the leisure service was an asset to the Council and the people of the District and should not be outsourced at this time
- Although the Council could look to increase a self-service offering for customer contacts, the need for face to face interactions for those who could not use on line services would always be offered and retained
- Previous investigations into contracted out enforcement had found that the option was not financially viable or reliable
- Members would find it difficult to reduce Grants to strategic partners in future years but felt that as they had remained at the same levels for a number of years, this was effectively a cut in funding due to inflation
- Officers and Members should actively promote chargeable discretionary services to the public to increase revenue from these services
- No additional budget savings were identified by the PDG

Note: *Budget previously circulated and attached to the minutes.

51 **REGULATION OF INVESTIGATORY POWERS (1.31.29)**

The Group had before it the *Annual Review of the Regulation of Investigatory Powers (RIPA) Policy from the District Solicitor and Monitoring Officer.

It was therefore **RECOMMENDED** to the Cabinet that the Council's RIPA Policy be amended as outlined in section 3 of the report.

(Proposed by the Chairman)

Note: *Policy previously circulated and attached to the minutes

52 **WORK PLAN (1.35.00)**

The Group had before it, and **NOTED**, the *Community PDG Work Plan.

The Crediton Area History & Museum Society were invited to return to the PDG at its June meeting to present a fully costed case for financial support.

Note: *Work Plan previously circulated and attached to the minutes

(The meeting ended at 3.56 pm) **CHAIRMAN**

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **PLANNING COMMITTEE** held on 5 January 2022 at 2.15 pm

Present Councillors P J Heal (Chairman)
E J Berry, S J Clist, Mrs F J Colthorpe, L J Cruwys, Mrs C P Daw, R J Dolley, C J Eginton, F W Letch, B G J Warren and B Holdman

Apologies Councillor(s) G Barnell

Also Present Councillor(s) R J Chesterton, D R Coren, R M Deed, R Evans and Mrs M E Squires

Present Officers: Stephen Walford (Chief Executive), Richard Marsh (Director of Place), Karen Trickey (District Solicitor and Monitoring Officer), Angharad Williams (Interim Development Management Manager), Adrian Devereaux (Area Team Leader), Arron Beecham (Principal Housing Enabling & Forward Planning Officer), Jake Choules (Planning Assistant), Oliver Gibbins (Planning Officer), Sarah Lees (Member Services Officer), Jessica Watts (Member Services Apprentice) and Sally Gabriel (Member Services Manager)

131 **APOLOGIES AND SUBSTITUTE MEMBERS (00-03-56)**

Apologies were received from Cllr G Barnell who was substituted by Cllr B Holdman.

132 **PUBLIC QUESTION TIME (00-04-14)**

Mrs Donovan referring to Item 2 (Exe Valley Brewery) on the plans list asked the following questions: How can the lane from Old Butterleigh Road to the brewery be safe enough for more traffic which is proposed when it is so narrow with bends? Is this not an accident waiting to happen, and a continuing health and safety issue?

She then referred to the narrow single track and her concerns with regard to the number of vehicles that would be using it.

Mr Donovan referring to Item 2 (Exe Valley Brewery) on the plans list asked the following questions: What rights do the unneighbourly Exe Valley Brewery applicants have over us, the peaceful owners of Land farm, to use our title deeds address to further their own cause at our expense to give us a loss of amenity?

He referred to his objections concerning a range of neighbour amenity issues including noise, disturbance, smell, light pollution, access problems, parking issues, biodiversity sanitation issues, waste and litter; lack of information with regard to the frequency of their events, the number of public likely to attend, the absence of a shelter if it rains and potential closure of the brewery, he also asked what are the contingency plans and controls in place and will Land Farm be left to muddle through an uncontrolled work site?

Miss Glover referring to item 3 (Meadow Park, Willand) on the plans list asked the following questions:

Will the Section 106 money still be available for this development and if so will they still be released at the start?

With Mid Devon having a net zero target for properties for 2023 what will this housing developer be doing to ensure targets are met?

The housing documents in the past have said, the houses are made for lifetime use. With this we know many get dementia in old age, what will the developer do to ensure this area is made friendly, and where are they seeking advice to make sure this is done correctly?

She also referred to conversations she had had with the Woodland Trust with regard to the protection of ancient trees that needed to be maintained and protected and asked that there be a robust policy to cover the other trees (and replanting schemes) within the development.

133 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT (00-16-48)**

The following interests were declared:

Member	**Type of Interest**	**Reason and Application**
E J Berry	Protocol	21/01879/FULL - received emails from objector
S J Clist	Protocol	21/01879/FULL - received emails from objector 21/01754/MARM - received emails
Mrs F J Colthorpe	Protocol	21/01879/FULL - received emails from objector
Mrs C Daw	Protocol	21/01879/FULL - received emails from objector 21/01754/MARM – received emails

R J Dolley	Other Interest	21/01879/FULL- was an acquaintance of the applicant and the objector
C J Eginton	Other Interest	21/01879/FULL - objector was known to him
P J Heal	Protocol	21/01879/FULL – received emails from objector
F W Letch	Protocol and Other Interest	Item 10 – attended Parish Council meetings to do with the application
B G J Warren	Protocol Other Interest	21/01879/FULL –received emails from objector 21/01754/MARM –– Chairman of the Parish Council and Ward Member

134 **MINUTES OF THE PREVIOUS MEETING (00-20-05)**

The minutes of the meeting held on 1 December 2021 were agreed as a true record and duly signed by the Chairman.

135 **CHAIRMAN'S ANNOUNCEMENTS (00-20-40)**

The Chairman reminded those present that there would be a special meeting of the Committee on Wednesday 19 January 2022.

136 **DEFERRALS FROM THE PLANS LIST (00-20-58)**

There were no deferrals from the Plans List.

137 **THE PLANS LIST (00-21-09)**

The Committee considered the applications on the *Plans List

Note: *List previously circulated and attached to the minutes

Applications dealt with without debate.

In accordance with its agreed procedure the Committee identified those applications contained in the Plans List which could be dealt with without debate.

RESOLVED that the following application be determined or otherwise dealt with in accordance with the various recommendations contained in the list namely:

a) ***Application 21/02289/CLP –Certificate of lawfulness for the proposed erection of a single storey rear extension at 79 Queensway, Tiverton*** be approved as recommended by the Interim Development Management Manager.

(Proposed by the Chairman)

Reason for the decision: As set out in the report

b) Application 21/01879/FULL – Change of use of storage area to outdoor seating area for host visitors for tastings and similar activities and erection of bar/shed – Exe Valley Brewery, Land Farm, Silverton

The Planning Officer presented updates to his report stating that an additional letter from the objector had been received with regard to the 2017 planning permission for the site and he confirmed that the planning permission was for the land and that permission was granted. He also confirmed the reason for the call in and that an amendment to Condition 3 had been proposed.

The Officer then answered questions posed in Public Question Time, stating that the access lane had been considered, there had been no objection from the Highways Authority, there were no grounds for refusal as this was an existing brewery, with regard to ownership, any application stayed with the land and the right amount of notice had been given, the land and the brewery had operated since 1980, it was an established business and this would have been known by the objector when he purchased his property. The issue of amenity had been addressed within the report, conditions had been put in place and he reminded the meeting that the permission would be temporary.

He then outlined the contents of the report by way of presentation highlighting the site location plan, a block plan, floor plans, elevations, the fencing screen, the supporting information and photographs from various aspects of the site. He confirmed that the business had operated since the 1980's, Policy DM18 did support expansion of the business and the impact on the neighbouring property had been considered.

Consideration was given to:

- Whether the application conflicted with Policy DM5
- Whether further consideration of the application should have been considered by the Highway Authority
- Parking arrangements on the site and the nature of the events that were being proposed
- Highway issues with regard to the Open Days that had and would take place
- The number of events that could take place without permission on an annual basis
- The views of the objector with regard to the impact of the proposal on his property, the lack of shelter proposed if it rained, noise, smells, disruption, the number of people in attendance, loss of privacy and amenity, parking issues and the fact that there was no space for additional parking
- The views of the applicant with regard to the fact that the brewery had been on the site for 37 years, it was a much loved community asset which had always offered tasting and talks and that the planned garden space would allow her to expand this; tasting events would be by appointment, some additional space was available for parking and that operating hours would be limited. Open

days would take place at the most twice a year and locals walked to the event or a minibus was provided

- The views of the Ward Member referring to whether there was an impact on the neighbouring property, the brewery premises had existed for many years, the applicant wished to expand her business and whether such an expansion was unreasonable in terms of scale and the consequent impact on the neighbour
- How the temporary permission would be assessed with regard to the number of people attending events
- The period of the proposed temporary permission and the proposed opening hours

RESOLVED that a temporary permission be granted subject to conditions as recommended by the Interim Development Management Manager subject to an amendment to Condition 3 to read that: The planning permission hereby granted shall be limited to a period of 18 months starting from the date in which the use is first commenced. After which the use of the land shall cease and be reinstated to an area used for storage for the brewery only.

(Proposed by Cllr Mrs F J Colthorpe and seconded by Cllr S J Clist)

Reason for the decision: as set out in the report

Notes:

i) Declarations of interest were reported as set out in Minute 133;
ii) Mr Donovan spoke in objection to the application;
iii) Ms Wright spoke as the applicant;
iv) Cllr R M Deed spoke as Ward Member;
v) Cllr R J Dolley requested that his abstention from voting be recorded;
vi) The following late information was provided:

22/12/21
Reason for Call in by Cllr R M Deed - 'Consideration to the impact of the development on the amenity of the neighbouring property' – this was missing from the report.

05/01/22
Condition 3 - The planning permission hereby granted shall be limited to a period of 18 months starting from the date in which the use is first occupied. After which the use of the land shall cease and be reinstated to an area used for storage for the brewery only.

Changed to :

The planning permission hereby granted shall be limited to a period of 18 months starting from the date in which the use is first commenced. After which the use of the land shall cease and be reinstated to an area used for storage for the brewery only.

c) Application 21/01754/MARM – Reserved matters for residential development of 125 dwellings (including 35% affordable housing), with public open space, landscaping and associated infrastructure following outline approval 18/00175/MOUT – land at NGR 303288 110467 Adj to Meadow Park, Silver Street, Willand

The Principal Housing Enabling & Forward Planning Officer, outlined the contents of the report providing some background into applications on the site including: the outline application that had been granted at appeal in 2019, the conditions already attached to that permission, the separate planning permission granted for the vehicular access and the current reserved matters application alongside the discharge of the outline conditions. He highlighted that the reserved matters application and the discharge of conditions from the outline permission were intertwined but were separate.

He then provided the meeting with a presentation which highlighted: the site location plan, an aerial view of the site, the proposed block plan, building heights proposed across the development, the affordable housing distribution plan, the landscape strategy, street scenes, proposed play areas and photographs from various aspects of the site.

Referring to questions asked in public question time, he stated that with regard to the S106 monies – a unilateral undertaking had been signed, all the obligations and conditions had been retained. With regard to the net zero target and addressing climate change in main standards, the development would need to comply with building regulations. With regard to the housing being for lifetime use, 27 of the 125 dwellings met accessibility standards. With regard to tree planting and the advice of the Woodland Trust, the detail was in the report and related to Condition 7 of the outline application which had been discharged.

Consideration was given to:

- The views of the applicant with regard to the contents of the reserved matters application for 125 dwellings, public open space, landscaping, play areas and 35% affordable housing. The application complied with the terms of the outline permission and a set of conditions had been discharged. She highlighted the pedestrian cycle way, the designated footpath, car parking provision and vehicle charging points. She noted the concerns of the Parish Council, the proposed drainage was in line with the flood risk assessment and the tree planting had been agreed by the arboricultural officer. Financial obligations would be met.
- The views of the Parish Council with regard to the concerns as to whether the financial obligations would be paid prior to commencement of the development. The road entrance off Meadow Park did not look like a temporary measure, but a permanent access and whether S56 should come into force and that the S106 monies should be collected by the Local Planning Authority.
- Concerns by Members of the committee with regard to the TPO's, the loss of oak trees
- The amount of affordable housing
- The outline appeal decision for a maximum of 125 dwellings on the site; the number of documents that had been added to the portal with regard to the

reserved matters application and the outline application (discharge of conditions) and whether Members of the committee had all the relevant information before them on highways issues, tree planting on verges, footpath improvements and tandem parking for 88 of the houses
- How the arboricultural officer graded the trees
- The number of conditions within the outline permission that had been discharged
- Who would be responsible for the play areas and their maintenance
- The Tree Preservation Orders on the site
- Whether the planting of established trees could be conditioned

RESOLVED that planning permission be granted subject to conditions as recommended by the Interim Development Management Manager with discussions to take place in advance with the applicant with a view to seeking to ensure that the landscaping details included trees which are more mature than just saplings.

(Proposed by Cllr Mrs F J Colthorpe and seconded by the Chairman)

Reason for the decision: as set out in the report

Notes:

i) Declarations of interest were reported as set out in Minute 133;
ii) Ms Taylor (applicant) spoke;
iii) Cllr Grantham spoke on behalf of Willand Parish Council
iv) Cllrs S J Clist and B G J Warren requested that their abstention from voting be recorded.

138 MAJOR APPLICATIONS WITH NO DECISION (2-11-26)

The Committee had before it, and noted, a *list of major applications with no decision.

Note: *list previously circulated and attached to the minutes.

139 APPEAL DECISIONS (2-12-29)

The Committee had before it, and noted, a *list of appeal decisions

Noted: *List previously circulated and attached to the minutes

140 CASE FOR NON-DETERMINATION APPEAL (2-14-00)

The Committee had before it a *report of the Interim Development Management Manager.

The Chairman indicated that discussion with regard to this item, may require the Committee to pass the following resolution to exclude the press and public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the

Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Committee would need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 5 respectively of Part 1 of Schedule 12A of the Act, information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

(Proposed by the Chairman)

Consideration was given to the report before Members and it was:

RESOLVED that Option 2 as outlined in the report be pursued.

(Proposed by Cllr B G J Warren and seconded by Cllr S J Clist)

Notes:

i) Cllr F W Letch requested that his vote against the decision be recorded;
ii) *Report previously circulated.

(The meeting ended at 5.25 pm) **CHAIRMAN**

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **PLANNING COMMITTEE** held on 19 January 2022 at 2.15 pm

Present Councillors P J Heal (Chairman)
G Barnell, E J Berry, S J Clist, Mrs F J Colthorpe, L J Cruwys, Mrs C P Daw, R J Dolley, C J Eginton, F W Letch and B G J Warren

Also Present Councillor(s) B Holdman

Present Officers: Stephen Walford (Chief Executive), Richard Marsh (Director of Place), Karen Trickey (District Solicitor and Monitoring Officer), Dean Emery (Corporate Manager for Revenues, Benefits and Recovery), Angharad Williams (Interim Development Management Manager), Christie McCombe (Area Planning Officer), Carole Oliphant (Member Services Officer) and Sally Gabriel (Member Services Manager)

Also Present: Michelle Woodgates (DCC Highways Authority)

141 APOLOGIES AND SUBSTITUTE MEMBERS

There were no apologies.

142 PUBLIC QUESTION TIME (00-03-53)

The Chairman read a set of questions from Mrs Bingham referring to Item 6 (application 21/00454/MARM) on the agenda:

Why are Redrow Homes being allowed to place 20 properties against the boundary of the existing 10 Blundell's Road properties, which is a ratio of 2-to-1 and yet David Wilson placed only 11 properties against the 14 existing properties at The Fairway - a ratio of 0.8?

Why are Redrow Homes being allowed to present that there are no amenity impacts by having this higher density housing against the existing 10 Blundell's Road properties?

Why are Redrow Homes only providing 2 bungalows when there is a pressing requirement for more bungalows in Tiverton?

The Chairman also read a set of questions from Hannah Kearns with regard to the same application:

How can it be justified for the Planning Officer to state “that Members also noted ongoing concern in relation to road safety? However, road crossings on Blundells Road/Linking Road Spine Road lie outside the parameters of this Reserved Matters application”. The matter of road safety surely cannot simply be dismissed in this manner?

If road safety matters cannot be discussed by Planning Committee Members in relation to this application, then when have they been discussed in the past, or when will they be in the future?

Why are Redrow Homes being allowed to totally ignore the road safety concerns highlighted by the belatedly formed Specialist Design Review Panel?

Why have Redrow Homes been allowed to totally remove the fully segregated off road cycle lanes either side of the Linking Road and Spur Road?

Why are Redrow Homes being allowed to totally remove the Green Boulevard to the north of Blundells Road i.e. the Linking Road?

Mr Salter referring to the same application and referring to an email written by the Cabinet Member for Planning with regard to the Ministerial Statement of 22 November 2021 with regard to the provision of EV charging and stating that despite this statement it is observed that Redrow Homes are only intending to install working charging points to market homes, and only ducting, with no cables to affordable homes. Can the Planning Officers please explain what has changed, and. why do Redrow Homes appear to be discriminating against Affordable Home owners?

Again referring to the Ministerial Statement or a change in policy he asked: as the policy has changed will the Planning Committee now give material consideration to the fact that Redrow Homes are not providing active charging points to all, irrespective of tenure?

Referring to the approved revised Building Regulation L – Conservation – Fuel and Power which would come into effect in June 2022: Do the Redrow Homes already meet this standard, and do Redrow Homes currently meet all the other revised standards in the new Regulation Part L?

Given that Redrow Homes have stated in a separate document that they do not expect completion of this first phase of the Tiverton EUE Development until 2026, is this just one more material consideration for the Planning Committee Members to consider?

Mr Elstone again referring to Item 6 on the agenda asked the following questions:

Why did the MDDC Area Planning Officer in an email, dated 9 December 2020 say she felt both pressured and backed into a corner to sign off on the key Urban Design and Architectural Principles Document?

Why did the MDDC Area Planning officer send an email on the same day as signing off the UDAP stating the importance of the urgent sign off of the document?

Why did MDDC Planning Officers allow Redrow Homes to totally ignore the prerequisite and prescribed requirement to consult with the stakeholders and the general public at the key UDAP stage of the masterplan design process?

Why did MDDC Planning Officers allow Redrow Homes to totally ignore the prerequisite and prescribed requirement to engage with the important external and specialist Design Review Panel prior to submission of their reserved matters application?

Why did MDDC Planning Officers allow Redrow Homes to totally ignore even their own UDAP flow chart requiring them to engage with the Design Review Panel prior to the submission of the reserved matters application?

Why did it take the persistence of a member of the general public and not the MDDC Planning Officers to make Redrow Homes even engage in a Design Review Panel despite it being far too late in the process?

Why did MDDC Planning Officers not intervene when the Design Review Panel had been given to believe that the UDAP document was an MDDC protected document when it was not?

Why did MDDC Planning Officers say in an email that the MDDC Ward Councillors had been consulted about the UDAP prior to sign off?

Why did the MDDC officers not intervene when the Design Review Panel were critical in being introduced into the design process very late and therefore again felt restricted in the comments it could make?

Why did the Planning Officer not intervene when the Design Review Panel primarily restricted themselves to looking at the development to the south of Blundells Road and with consequential results for the north?

Are the committee aware that the former Head of Planning participated in a video which is available on You-Tube in which she extols the importance of Design Review Panels?

Why did Redrow Homes say they had consulted with Post Hill residents when they only sent a letter to a few properties and only after submitting the reserved matters application?

Sir David Jephcott again referring the same application spoke about the high density centre of the application from the centre to the edge and asked why had Redrow been allowed to locate the largest density by the school and put their show home there? Why was Redrow allowed to overturn the centre to edge policy by having high density on the Spur Road?

Mrs Seaton again referring the item 6 on the agenda asked whether committee members were aware that Redrow Developments have already submitted a Condition 14 application which shows both their proposed phasing and end build date for their development proposals? Were Members aware that in this Redrow are trying to totally overturn the original phasing plans by first building to the south of Blundells Road as opposed to the north? Were Members aware that should Redrow Homes, Condition 14 be approved, they will be permitted to make another two entrances to Blundells Road, one to the north and one to the south being the use of West Manley Lane, for heavy vehicles, creating noise, disturbance and further traffic problems on a stretch of road which has suffered at least 4 road fatalities to my knowledge? Also were Members aware that if this Condition 14 application is approved and allows Redrow to use West Manley Lane as a heavy goods and workers entrance existing residents would be surrounded?

Emma Way again referring to item 6 on the agenda asked the following questions:

Why is the applicant permitted to cut back branch canopies of oak trees which are over 200 years old and which have TPO's?

Why is the applicant being permitted to build over the tree root protection zone of a tree over 100 years plus and subject to a TPO?

Are you aware that the applicant's arboriculture report states that the root protection zone need only be 8 metres when according to standards it is closer to 12?

Why is the applicant not providing EV charging points to all homes particularly in the light of imminent changes of legislation?

Please explain why the applicant is only installing ducting and not cabling for everyone and does this discriminate against the affordable homes occupants?
Why is the applicant not following the example of the recently approved Willand development which will have electrical vehicle charging points installed for all affordable homes from day 1?

Why has the applicant chosen to site the playground right on a ferociously busy main road spur with a busy T junction leading to other houses and the car park of a possible care home?

Is this truly the best outcome for the initial phase of the EUE Plan? Will this set the bench mark?

Separate to the public questions, but with the agreement of the Chairman, Cllr B Holdman asked the following questions:

Regarding the S9 Policy, can we have more mature trees if those have to be taken out and can we have more than 1 like for like replacement?

Regards to Policy S2, will all houses have heat source pumps?

Regarding Policy SP2, I am concerned about the mix of housing, we do not have enough bungalows or social housing for the needs of the community, how will you address this?

The Chairman indicated that answers to questions would be provided when the application was considered.

143 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT (00-26-00)**

The following declarations were declared:

Cllrs G Barnell, E J Berry, S J Clist, Mrs F J Colthorpe, L J Cruwys, Mrs C P Daw, R J Dolley, C J Eginton, P J Heal and F W Letch made declarations in accordance with the Protocol of Good Practice for Councillors dealing with planning matters as they had received emails and attended meetings with regard to application 21/00454/MARM.

Cllr B G J Warren also made a declaration as set out above with the additional reasons that he had received information, complaints and allegations as the Chairman of the Scrutiny Committee.

144 **MINUTES OF THE PREVIOUS MEETING (00-28-57)**

The minutes of the meeting held on 4 January 2022 were agreed as a true record and duly signed.

145 **CHAIRMAN'S ANNOUNCEMENTS (00-29-56)**

The Chairman explained his proposed process for discussing the application before the Committee.

146 **APPLICATION 21/00454/MARM - RESERVED MATTERS (APPEARANCE, LANDSCAPING, LAYOUT AND SCALE) FOR 164 DWELLINGS WITH THE PROVISION OF PUBLIC OPEN SPACE, VEHICULAR AND PEDESTRIAN ACCESS, LANDSCAPING, DRAINAGE AND RELATED INFRASTRUCTURE AND ENGINEERING WORKS FOLLOWING OUTLINE APPROVAL 14/00881/MOUT - LAND EAST OF TIVERTON, SOUTH OF A361, AND BOTH NORTH AND SOUTH OF BLUNDELLS ROAD, UPLOWMAN ROAD, TIVERTON (00-30-50)**

The Committee had before it a *report of the Interim Development Management Manager with regard to the above application.

The Area Planning Officer addressed the questions posed in public question time: referring to the questions received in writing prior to the meeting, she advised that she had provided a written response to members which would be attached to the minutes. She advised that:

With regard to questions relating to procedure, these were not directly related to the application.

With regard to the question highlighting the centre to edge policy, the officer's report of 28 July 2021 detailed the centre to edge policy.

Referring to the question about Condition 14 and the phasing of the scheme; the application had been submitted but no decision had been made.

With regard to questions referring to the trees – she would like more details and then could provide an answer. Addressing the questions with regard to the local vernacular and the proposed red brick properties, this had been raised before. With regard to the location of the play area and its proximity to the linking road, the masterplan identified play areas to the south of Blundells Road. The play area to the north of Blundells Road had been at the request of members – she would provide a further written response.

Addressing questions with regard to policies: she referred to more mature planting, she would seek clarification from the questioner and provide an answer to the concerns raised. With regard to the heat source pumps, the applicant had followed the Fabric First approach through the proposed constructions and was meeting the standards as required. Referring to the lack of social housing and a request for more bungalows, this was the first phase of the larger development; this scheme included social housing and bungalows had been introduced into the scheme at the request of Members.

Referring to the EV charging points, the cabling and ducting would all be installed, all that would be missing was the final plug in box and this was referred in Condition 12.

The officer then outlined the contents of the report by way of presentation highlighting the site location plan, the table of events as set out in the officer report which included the committee dates, the officer/member and stakeholder meetings that had taken place, the key changes following engagement and the issues that had been raised during those meetings. She outlined the issues raised from the meeting of 6 December 2021 that would be addressed today: that of the inclusion of visitor parking and a review of landscape planting at the play area north of Blundells Road. She also explained the illustrative framework plan, an aerial view of the site, the parking layout and visitor spaces which had been achieved by extending the hard landscaping and the informal play space which had included a full review of the planting scheme.

The objector then addressed the Committee highlighting the following:

- The planning process and the failings of the developer to meet the requirements of the masterplan and design guide
- The fact that the developer had only conceded on some of the requests from members and local stakeholders
- The adverse impact of the development on existing properties north of Blundells Road
- The affordable housing close to the linking road and close to the industrial buildings and the care home
- The similarity of the development proposals to other developments by the developer, something which the masterplan and design guide had attempted to prevent.

The applicant then addressed the Committee highlighting the following:

- He recognised the importance of the development and that provision had been made over and above that outlined within policies
- The work that had taken place with the design team and officers
- The EV provision exceeded the policy requirements
- The number of properties had been reduced
- Green buffers had been introduced
- Building regulations would be complied with and the use of the Fabric First approach to construction

Members then posed questions which were addressed relating to:

- Clarification with regard to Condition 7 (H) within the report
- Building materials and whether alternatives to the red brick could be requested to include natural stone
- Further details required with regard to the tree canopies and root-ball work
- The position of the play area close to the linking road and air quality issues
- The centre to edge policy
- Road safety concerns with regard to the positioning of the play areas north and south of Blundells Road with regard to road crossings and the consultation process that had taken place
- Disappointment with regard to the location of the additional play space
- The visitor parking spaces and whether they would be used by residents
- The Condition 14 application and issues with regard to work that had commenced prior to approval
- The parking courts and whether provision had been considered for a disabled parking space

During the debate consideration was given to:

- The involvement of members and the public in large scale developments
- Further concerns with regard to road safety and engagement with the Highways Authority and local County Councillors
- Road safety assessments
- The impact of the development on existing properties north of Blundells Road
- Construction traffic and the impact of this on local residents
- Whether all the concerns raised by members had been addressed

It was therefore:

RESOLVED that planning permission be granted subject to conditions as recommended by the Interim Development Management Manager with an amendment to Condition 7 (H) as set out in the report to correctly refer to Condition 14 of the outline planning permission with further conditions relating to: a wide disabled parking space, building materials to include natural stone and an arboricultural method statement that would be required prior to construction.

(Proposed by Cllr Mrs F J Colthorpe and seconded by Cllr C J Eginton)

Notes:

i) Cllr R J Dolley requested that his abstention from voting be recorded;

ii) Cllrs G Barnell, S J Clist and L J Cruwys requested that their vote against the decision be recorded;

iii) The following late information was reported: a correction to the number of visitor parking spaces north and south of Blundells Road;

iv) *Report previously circulated, copy attached to minutes.

(The meeting ended at 4.41 pm) **CHAIRMAN**

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **PLANNING COMMITTEE** held on 2 February 2022 at 2.15 pm

Present Councillors
P J Heal (Chairman)
G Barnell, E J Berry, S J Clist, Mrs F J Colthorpe, L J Cruwys, Mrs C P Daw, R J Dolley, F W Letch, B A Moore and B G J Warren

Apologies Councillor(s)
C J Eginton

Also Present Councillor(s)
R J Chesterton, R M Deed, R Evans, Mrs N Woollatt and R L Stanley

Present Officers:
Richard Marsh (Director of Place), Angharad Williams (Interim Development Management Manager), Maria De Leiburne (Operations Manager for Legal and Monitoring), Adrian Devereaux (Area Team Leader), Sally Gabriel (Member Services Manager) and Carole Oliphant (Member Services Officer)

147 **APOLOGIES AND SUBSTITUTE MEMBERS (0.03.46)**

Apologies were received from Cllr C J Eginton who was subsituted by Cllr B A Moore.

148 **PUBLIC QUESTION TIME (0.04.09)**

Mr Elstone referring to No 2 on the Plans list asked:

Why are the Applicant i.e., Zed Pods being permitted to very seriously violate the privacy of existing residents?

Why are Zed Pods stating that a building just 14 metres from the Zed Pods structure is an office building when in fact it is a residential building?

Why are there are only 7 parking spaces provided when MDDC policy requires 10?

Are Members aware that MDDC's own contracted Tree Officer first used the word "significant" when determining the amenity value of the Sycamore Tree?

Mr Hughes referring to No 1 on the Plans list asked:

The line block plan currently on the table still shows 3 shower/WC blocks and could, therefore, still lead to a misunderstanding in the future.

In order to avoid any confusion in the future could the agent be asked to submit a line block plan showing just the 2 WC and 1 boiler blocks accurately reflecting the elevations, floor plans and the statement, showing foul water drainage to just the two WC blocks?

That leaves just a couple of questions:

For the record are plumbed in structures, with electricity, classified as permanent or temporary buildings?

Where does the dividing line lie between these two classifications?

Would the boiler block require planning approval for 'change of use' should the applicants wish to convert it to a shower/WC block in the future?

The Chairman indicated that answers to questions would be provided when the application was considered.

149 DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT

The following declarations were declared:

Cllrs G Barnell, S J Clist, L J Cruwys, P J Heal, F W Letch, B G J Warren made declarations in accordance with the Protocol of Good Practice for Councillors dealing with planning matters as they had received emails from objectors and applicants with regard to applications 21/02158/FULL and 21/01956/FULL

Cllr R J Dolley declared a personal interest for application 21/01956/FULL as he was the Chairman of Homes PDG

Cllr R J Dolley declared a personal interest for application 16/01707/MOUT as he was a personal friend of the applicant

Cllr S J Clist declared a disclosable pecuniary interest for application 16/01707/MOUT as he was related to the applicant and left the meeting during the discussion and vote on this item.

150 MINUTES OF THE PREVIOUS MEETING (0.12.55)

The minutes of the meeting held on 19 February 2022 were agreed as a true record and duly signed.

151 CHAIRMAN'S ANNOUNCEMENTS (0.13.39)

The Chairman informed the Committee that there may be a need for an additional meeting in March.

152 **DEFERRALS FROM THE PLANS LIST (0.14.11)**

There were no deferrals from the Plans list.

153 **THE PLANS LIST (0.14.16)**

The Committee considered the applications on the *Plans List

Note: *List previously circulated and attached to the minutes

a) Application 21/02158/FULL - Variation of condition 2 of planning permission 21/00443/FULL to allow substitute plans - Change of use of land for the siting of 2 glamping tents and associated facilities at Deer Park Camping, Hockworthy, Wellington.

The Interim Development Management Manager outlined the application by way of a presentation which highlighted the site location, the approved block plan and elevations, the proposed block plan and photographs of site in summer and winter. She explained that the new plans had introduced low level lighting but this was not considered harmful to bats by the applicants ecologist.

In response to public questions she stated:

- The application included two shower/WC blocks and a store to hold a fire extinguisher
- The site as a whole includes two units of holiday accommodation, three facilities blocks and car parking with lighting
- Floor plans for the ancillary blocks had been provided and included within the presentation
- The proposed plans were deemed to be sufficiently detailed
- No conditions had been imposed to remove the ancillary buildings whilst they remained in use and they were referred to semi-permanent as they were relatively easy to dismantle and remove
- The third ancillary building would not require change of use permission if it was turned into a shower/WC block
- Two shower blocks were not considered too onerous for the site
- Planning officers had looked into the ecological advice from the ecological advisor which stated that the low level lighting would cause no harm to wildlife

The officer explained that as the Committee had approved the original application it now came before them to determine the amended plans.

Consideration was given to:

- Members views that the amended plans would not cause any additional harm
- That the ancillary buildings should be accessible by disabled users

It was therefore:

RESOLVED that planning permission be granted with delegated authority given to the Interim Development Management Manager to amend conditions 3, 4 & 9 and to

introduce a condition to ensure the ancillary buildings were accessible for disabled users

(Proposed by R J Dolley and seconded by Cllr E J Berry)

Notes:

i) The Chairman read a statement by the applicants agent
ii) The following late information was received:

21/02158/FULL - Variation of condition 2 of planning permission 21/00443/FULL to allow substitute plans - Change of use of land for the siting of 2 glamping tents and associated facilities - Deer Park Camping Hockworthy Wellington.

1. A revised version of plan reference P/SS/01, now Rev 3. This shows an additional floor plan for the facilities building noting the layout to include storage of an emergency telephone, honesty box for store, emergency contact details, fire extinguisher and first aid kit.

2. Rope light specification, showing a typical detail for such lighting, this was alongside an email which confirmed that this rope light is proposed or another of the same specification.

3. A specification for the outdoor wall light fitting

4. A specification for the Rusty Slot 80, outdoor floor stand LED light

5. A specification for the Adana Solar Lantern

6. A letter from the Ecologist, Richard Green Ecology confirming the following:

An extended phase 1 habitat survey of land at The Deer Barn, Hocksworthy, Wellington, TA21 0NW, NGR ST 03716 19607, was undertaken by Richard Green Ecology Ltd on 18 March 2021.

Since the initial survey and ecological appraisal report issued on 1 April 2021 (Richard Green, 2021), there have been some minor amendments to the proposal plans.

The initial proposal plans included the installation of two bell tents, three shower and W.C shacks, and a car park screened by a new double row native species hedge, with no external lighting.

The amended proposal plans include the installation of one bell tent, a larger safari tent, three shower and W.C. shacks, a car park screened by a new double row native species hedge, and a variety of low energy lighting solutions (refer to Figure 1).

The amended plans would increase the loss of improved grassland from approximately 550 m2 to approximately 570 m2, considered to result in a negligible ecological impact.

The addition of external lighting is also considered to result in a negligible ecological impact, given that the proposed lighting is to be at a low Lux level and to use passive infrared (PIR) sensors. The site boundaries would remain dark, resulting in minimal impact upon commuting and foraging bats that may be crossing the site or foraging around trees and hedgerows.

The other measures for ecological mitigation and enhancement referred to in our ecological appraisal report would remain unchanged.'

7. A photograph of the proposed canvas lodge adopting beige canvas. This application originally proposed green canvas but this is not available at present and so the agent has sent an email to confirm that the applicant is now proposing that either green or beige canvas will be used for the canvas of the canvas lodge. This will be dependent on the availability of the canvas at the time that it needs replacing. The approved glamping tents were proposed to be beige and the canvas lodge was proposed to be green at the time of completing the committee report. Both the beige canvas and the green canvas has been considered acceptable by officers and it is not considered that varying between these two colours will cause any harm to the character or appearance of the locality.

8. A brochure for the canvas lodge include build specification

9. In addition to the attached documents/plans, the Agent has confirmed that the scaling on the plans is accurate, an additional block plan has also been submitted omitting the aerial photograph and clarifying the position of the proposed holiday units and facilities blocks.

The outstanding matters referred to within the recommendation are now considered to be resolved. The updated recommendation is now as follows: Conditional approval. Final wording and drafting of conditions to be delegated to the Interim Development Management Manager.

b) 21/01956/FULL - Erection of a three-storey block of 6 dwellings with associated soft and hard landscaping works at Garage Site 10 to 19, St Andrews Road, Cullompton

The Area Team Leader outlined the application by way of a presentation which highlighted the site location, block plan, site plan, floor plans, elevations, section plan, landscape plan site aerial view, street view and photographs of the site.

In response to public questions he stated:

- The LPA did not have adopted design guidance to certain distances
- The 23 metres was usually taken between two rear elevation windows facing each other and that the rear elevation of the application faced a car park and the gable end of the nearest property
- The distance between neighbouring properties was considered adequate
- The neighbouring property was described as an office as it was believed there was an architect's office on site but the development did not face the rear of the property and was offset to the car park
- The shortfall in parking had been noted in the officers report and the Highways Authority had no objections to the proposal

- There was a difference of opinion between the Council's Arboricultural Officer and the tree consultants appraisal about the condition of tree but further tree planting had been provided and the tree officer had advised that this would be a benefit to the area in terms of amenity.

Consideration was given to:

- The views of the objector who felt that the application did not comply to parking standards and that the application was trying to shoehorn 3 storey flats into a small area
- The views of the ward member who welcomed the scheme but stated that car parking was a concern and that alternative provisions for this on the estate should be explored. That she would like to see the sycamore tree preserved even if this meant ongoing maintenance to it
- The officer outlined to Members of the legal position behind listed buildings and the need to weigh up the harm against the public benefits of the development. On this occasion the officer advised that given the conservation officer view that the harm was negligible, the officer advised members that it was considered the public benefit arising from the development outweighed any impact on the listed building
- The officers explanation that the existing tree could not be maintained but that the tree officer had noted the benefit of more replacement trees with semi mature specimens
- Additional car parking was not possible on the site but could be available elsewhere on the estate subject to relevant planning permissions
- Members views that they would have liked to have had a site visit
- National space standards had been used to determine the likely occupancy of the flats

It was therefore:

RESOLVED that planning permission be granted with delegated authority given to the Interim Development Management Manager to condition the use of semi mature replacement trees and for the Cabinet Member for Planning and Economic Regeneration to investigate the introduction of additional parking on the estate

(Proposed by Cllr Mrs F J Colthorpe and seconded by Cllr Mrs C P Daw)

Notes:

i) A motion to defer a decision to allow members to properly consider the implications and advice contained in the Conservation Officers report and to allow a site visit for members to assess the affect the proposed building would have on the area was not supported
ii) Cllrs S J Clist, L J Cruwys and B G J Warren requested that their abstention from voting was recorded
iii) Cllr G Barnell requested that his vote against the decision be recorded
iv) Mr Elstone spoke as the objector
v) Cllr Mrs N Woollatt spoke as the ward member
vi) The following late information was received:

Response received from Ward Member Cllr Ashley Wilce:

‘I wish to echo Cllr Woollatt’s concerns over parking and the increased pressure that any development not complying with local planning policy in this regard, will cause. Cullompton is a rural commuter town without a train station and poor links to the nearest one, not an urban conurbation well-served by public transport, or with a wealth of local jobs. Cars - and parking for them – are a necessity until such time as this situation significantly improves. If the developer plans to place reliance on the argument that cars are not needed for those living in the Town centre, such a position is clearly untenable; residents already have to drive around trying to find somewhere to park.’

02/02/22
21/01956/FULL - Erection of a three-storey block of 6 dwellings with associated soft and hard landscaping works on Garage Site 10 to 19, St Andrews Road, Cullompton

Response received from Conservation Officer – 2/02/22

The site is in an elevated position on the hillside as the land rises up St Andrews Road, and it separated from the conservation area by the public car park to the east. To the south the conservation area includes the dwelling to the rear of No 28 High Street off of St Andrews Road. Listed Buildings near the site are Nos 28, 38, 40, 42 and 44 (all separate entries). This part of the conservation area is clearly visible from the site and vice versa. There is clear inter-visibility between the listed building at Nos 28, 40 and 42 with the site.

It should be noted that the draft Cullompton Conservation Area Assessment and Management plan, due for adoption at Full Council on the 23rd of February does not propose any changes to the extent of the conservation area nearby. There are no important unlisted buildings nearby.

You will recall that when you first consulted me on this application I visited the site and noted that the proposal had potential to impact on heritage assets: the conservation area and nearby listed buildings. No heritage assessment had been submitted with the application, and the application was contrary to policy DM25 and the NPPF in that respect.

154 **APPLICATION 16.01707/MOUT SOUTH OF LEA ROAD, TIVERTON - S106 ALLOCATION**

The Committee had before it a *report of the Interim Development Management Manager which confirmed the Committees resolution on 1st December 2021 to accept changes to the S106 agreement relating to outline planning permission 16/01707/MOUT. The Committee were asked for clarification as to how members wished for the revised S106 agreements to be allocated.

The Area Team Leader reminded members of the application by way of a presentation which highlighted an illustrative layout, photographs of the site and the background of the S106 agreement.

Consideration was given to:

- Members views that the relatively small amount of money requested for education from Devon County Council would not have much impact
- There was a mechanism for review of the contribution should the viability assessment change

It was therefore:

RESOLVED that the Council allocate the £23,000 to off-site housing provision for affordable housing.

(Proposed by Cllr B G J Warren and seconded by Cllr E J Berry)

Notes:

i) Cllr S J Clist had declared a Disclosable Pecuniary Interest as he was related to the applicant and was not present for the deliberations or vote
ii) *Report previously circulated and attached to the minutes
iii) The following late information was received:

Response received from Children's Services at D.C.C.:

'Given the viability assessment completed on this application, we understand that full education contributions originally signed into a section 106 agreement against this development cannot be secured. Therefore, as you have requested, we have reviewed our position and provide a revised response below based upon current pupil forecasts within Tiverton.

Regarding the above application, Devon County Council has identified that the proposed increase of 41 family type dwellings will generate an additional 10.25 primary pupils and 6.15 secondary pupils which would have a direct impact on the Primary Schools in Tiverton and Tiverton High.

In order to make the development acceptable in planning terms, an education contribution to mitigate its impact will be requested. This is set out below:

In accordance with the Education Infrastructure Plan 2016-2033, DCC will consider the adopted Local Plan allocations in addition to the forecast spare capacity and already approved but not yet implemented developments. We will share the forecast spare capacity of an area proportionately between all outstanding development sites allocated in the Local Plan. Based on this, a percentage is established, which will be requested for developments in the area.

The primary schools in Tiverton are forecast to have capacity for the number of pupils likely to be generated by the proposed development. Therefore a contribution towards primary education infrastructure will not be sought.

Tiverton High is forecast to have capacity for 96% of all pupils likely to be generated by the proposed development. Therefore, Devon County Council would seek a contribution based on the Tiverton secondary percentage of 4% of the total number of pupils generated directly towards additional secondary education infrastructure at Tiverton High School. The contribution sought towards secondary is £5,790 (based

on the DfE extension rate of £23,540 per pupil). This would relate directly to providing secondary education facilities for those living in the development.

All contributions would be subject to indexation using BCIS, it should be noted that education infrastructure contributions are based on June 2020 rates and any indexation applied to contributions requested should be applied from this date.

The amount requested is based on established educational formulae (which related to the number of primary and secondary age children that are likely to be living in this type of accommodation) and the cost of transporting pupils from Bampton to Tiverton High. It is considered that this is an appropriate methodology to ensure that the contribution is fairly and reasonably related in scale to the development proposed which complies with CIL Regulation 122.

In addition to the contribution figures quoted above, the County Council would wish to recover legal costs incurred as a result of the preparation and completion of the Agreement.'

155 **MAJOR APPLICATIONS WITH NO DECISION (1.54.10)**

The Committee had before it, and **NOTED**, a *list of major applications with no decision.

It was agreed that:

22/00063/MARM – To be determined by committee and full committee site visit was required
22/00040/MARM – To be determined by committee and full committee site visit was required

Note: *list previously circulated and attached to the minutes.

156 **APPEAL DECISIONS (1.58.09)**

The Committee had before it, and **NOTED**, a *list of appeal decisions

Noted: *List previously circulated and attached to the minutes

Update Sheet

(The meeting ended at 4.33 pm) **CHAIRMAN**

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **STANDARDS COMMITTEE** held on 9 February 2022 at 6.00 pm

Present Councillors	C J Eginton (Chairman) Mrs F J Colthorpe, D J Knowles, C R Slade, Mrs M E Squires, Mrs N Woollatt and A Wyer
Apologies Councillor(s)	L D Taylor and R M Deed
Also Present Councillor(s)	D R Coren, B G J Warren and A Wilce
Also Present Officer(s):	Stephen Walford (Chief Executive), Karen Trickey (District Solicitor and Monitoring Officer), Maria De Leiburne (Operations Manager for Legal and Monitoring), Sarah Lees (Member Services Officer) and Sally Gabriel (Member Services Manager)
Also in Attendance:	John Smith (Independent Person)

26 **APOLOGIES AND SUBSTITUTE MEMBERS (00-02-59)**

Apologies were received from: Cllr R M Deed who was substituted by Cllr D J Knowles, Cllr L D Taylor and R Jeanes (Independent Person).

27 **PUBLIC QUESTION TIME (00-03-22)**

There were no questions raised by members of the public present in the meeting.

28 **MINUTES (00-03-30)**

The minutes of the previous meeting were approved as a true record and signed by the Chairman.

29 **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00-04-24)**

Members were reminded of the need to make declarations of interest when necessary.

30 **CHAIRMAN'S ANNOUNCEMENTS (00-04-42)**

The Chairman had no announcements to make.

31 **REVIEW OF PROCEDURES (00-04-52)**

The Committee had before it a *report of the District Solicitor and Monitoring Officer considering a review of the Council's Procedure Rules.

The officer outlined the contents of the report which proposed the formation of a Task and Finish Group to consider amendments to the Procedure Rules and highlighted changes to the Standards Complaint Criteria which had previously been highlighted by the Independent Person.

Discussion took place with regard to:

- Whether the cross party group should include members of the committee
- How the members of the group would seek the views of all members and provide feedback
- The need to include one other member of the Committee as well as the Chairman
- An additional meeting of the Committee in April

RESOLVED that:

a) A Task and Finish Group is established (consisting of the Group Leaders or their nominee, the Chairman of the Standards Committee and Cllr Mrs F J Colthorpe) to undertake a review of the Council's Procedure Rules as outlined in Section 2 of the report; and

b) The Standards Complaint Criteria be amended as outlined in Section 3 of the report.

(Proposed by the Chairman)

Note: *Report previously circulated, copy attached to minutes.

32 **MOTION 577 - COUNCILLOR A WILCE (00-15-57)**

The following Motion had been forwarded from Council on 15 December 2021 for consideration by the Committee:

A Motion to improve public accountability and to address the inequality of rights of Members of the Council, when compared to members of the public.

This Council resolves that:

When an enquiry is made by a Member at any formal meeting (verbally, or in writing) and a substantive answer is not given at that meeting, a written response shall be sent to the enquiring member within 10 days.

Wherever possible, any written questions submitted in the absence of the Member shall be submitted in advance of the meeting, but a failure to do so will not invalidate that enquiry.

A copy of the question(s) and answer(s) will be circulated to members of the committee (or Full Council) and will also be attached to the minutes.

Cllr Wilce was invited to address the Committee: he explained that he had put forward his motion in the hope that it would provide some clarity with regard to how questions from Members were dealt with. He requested that Members had the same rights as members of the public in that any written response to questions raised were published alongside the minutes of the meeting. He added that the contents of the motion may fit well within the review of the procedure rules undertaken by the proposed Task and Finish Group.

It was therefore: **RESOLVED** that the contents of Motion 577 be considered as part of the work of the Task and Finish Group.

(Proposed by the Chairman)

33 **MONITORING OFFICER UPDATE (00-25-00)**

The Committee had before it and noted a *report of the District Solicitor and Monitoring Officer providing an update on conduct matters and to help identify any associated matters for future consideration.

Consideration was given to the Standards Training proposed, new dates would be arranged for in person events which would include an evening session.

Note: *Report previously circulated, copy attached to minutes.

34 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (00-27-00)**

It was suggested that the following items be added to the agenda for the next meeting of the Committee:

- The proposed additional meeting in April would receive an interim report on the work of the Task and Finish Group
- The June meeting would receive recommendations from the Task and Finish Group and also the Monitoring Officer's annual report.

(The meeting ended at 6.27 pm) **CHAIRMAN**

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