

# Public Document Pack

## MID DEVON DISTRICT COUNCIL

**A MEETING** of the **MID DEVON DISTRICT COUNCIL** will be held in the Phoenix Chambers, Phoenix House, Tiverton on Wednesday, 19 July 2023 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, 6 September 2023 at 6.00 pm]**

**Please Note:** this meeting will take place at Phoenix House and members of the Public and Press are able to attend via Teams. If you are intending to attend in person please contact the committee clerk in advance, in order that numbers of people can be appropriately managed in physical meeting rooms.

To join the meeting online, [click here](#)

**STEPHEN WALFORD**

Chief Executive

11 July 2023

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

## **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 5 - 22*)

To consider whether to approve the minutes as a correct record of the meeting held on 26 April & 24 May 2023.

### **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 593 (Councillor N Woollatt – 19 June 2023)**

Motion: Leisure Services VAT

1. That this Council is pleased at the outcome of the legal challenge which has concluded in March that local authority leisure services are to be treated as non-business for VAT purposes and welcomes the Leisure VAT refund of almost £3M now due from HMRC.
2. The use of this significant refund should be considered carefully, and this Council should have an input on how it is dealt with. Therefore, this Council asks that a report be prepared for the appropriate Policy Development Group to consider the various issues and options available and then make recommendations to Cabinet and Council in the usual way in relation to the budget.
3. That this Council recommends to Cabinet that Mid Devon now stops collecting the VAT element included in any current pricing for Leisure Services which can now be classified as 'non-business' and reduces the price to customers by that amount.

4. That IF this Council wishes to increase Leisure Service pricing on services which are now classified as 'non-business' for VAT purposes that it should do so in an open and transparent way by conducting a review of pricing through the appropriate Policy Development Group before making recommendations to Cabinet in the usual way.

**2. Motion 594 (Councillor N Woollatt – 19 June 2023)**

1. That this Council does not approve of the suggestion that funds expected from the HMRC VAT refund may be used to finance the impairments of loans to 3 Rivers.
2. That this Council has concerns that utilising funds earmarked for a new waste depot to finance impairments of 3 Rivers loans will affect this Council's ability to deliver a new waste depot and lead to increased costs.
3. That this Council asks for a report to be prepared for the Audit Committee covering the impairment of loans to 3 Rivers, the impact on Council finances and planned projects and options for alternative ways to mitigate the impairments, preferably in areas which will have a lesser impact and cost to council service users.

8      **Reports** (*Pages 23 - 42*)

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

1. Cabinet  
- 6 June

9      **Appointment to Outside Bodies** (*Pages 43 - 44*)

To appoint Councillors to outstanding outside bodies.

10     **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.

11     **Special Urgency Decisions**

To note any decisions taken under Rule 16 (of the Constitution) Special Urgency.

12     **Questions to Cabinet Members**

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

## 13 **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.

### **Meeting Information**

From 7 May 2021, the law requires all councils to hold formal meetings in person. The Council will enable all people to continue to participate in meetings via Zoom.

If you want to ask a question or speak, email your full name to [Committee@middevon.gov.uk](mailto:Committee@middevon.gov.uk) by no later than 4pm on the day before the meeting. This will ensure that your name is on the list to speak and will help us ensure that you are not missed. Notification in this way will ensure the meeting runs as smoothly as possible.

Please note that a reasonable amount of hardcopies at the meeting will be available, however this is a limited number. If you are attending the meeting and would like a hardcopy of the agenda we encourage that you notify Member Services in advance of the meeting to ensure that a hardcopy is available. Otherwise, copies of the agenda can be found on our website.

If you would like a copy of the Agenda in another format (for example in large print) please contact Andrew Seaman on: [aseaman@middevon.gov.uk](mailto:aseaman@middevon.gov.uk)

Public Wi-Fi is available in all meeting rooms.

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **COUNCIL** held on 26 April 2023 at 6.00 pm

### **Present**

#### **Councillors**

R F Radford (Chairman)  
G Barnell, J Bartlett, E J Berry, J Buczkowski, W Burke,  
J Cairney, S J Clist, 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, P J Heal, B Holdman, D J Knowles,  
F W Letch, Miss J Norton, S Pugh, D F Pugsley, Mrs E J Slade,  
C R Slade, Mrs M E Squires, B G J Warren, A White, A Wilce,  
N Woollatt and J Wright

### **Apologies**

#### **Councillors**

R J Chesterton, Mrs F J Colthorpe, R Evans, Mrs S Griggs,  
B A Moore, S J Penny, R L Stanley, L Taylor and A Wyer

#### **161 Apologies (0:06:52)**

Apologies were received from Councillors: R J Chesterton, Mrs P Colthorpe, R Evans, Mrs S Griggs, B A Moore, S J Penny, R L Stanley, L Taylor and A Wyer.

Councillors D Coren, C J Eginton, Mrs E Lloyd and R Deed attended via Zoom.

#### **162 Public Question Time (0:07:23)**

Sophia Beard asked, the Tiverton Town Centre Partnership are undertaking our AGM at the same time that your meeting is taking place. Therefore you may have noticed that some of the faces that have been following the issue of the proposed parking charge rises are unable to attend in person this evening. However the Tiverton Town Centre representatives are in the audience with you this evening and listening attentively.

The Tiverton Town Centre Partnership look forward to a positive working relationship with Mid Devon Council, where communication and consultation are expected to be greatly improved for the benefit of the Town Centre businesses.

It is acknowledged that movement has been made on the issue of the parking charge increases. It is felt that the steps proposed so far by the Economic Group and discussed by Cabinet have addressed much of the immediate concerns for residents, workers and employees of the town centre.

However, on the issue of parking conditions which work to attract and support visitors to our town centre there is more work to be done. It is acknowledged that Cabinet have highlighted the issue to be part of a future consultation process, but the issue of attracting visitors to the town centre is an urgent matter now! And so the questions this evening are;

1. Please can the council members consider introducing 30 minute free parking for daytime visitors to the town centre as part of its deliberations and motions on the issue of parking charge rises this evening?

2. Please can the council members discuss the implementation of monthly direct debit payments for the parking permits as this will make them far more accessible to local residents, workers and employees of the town centre?

3. Following the public interest in this issue, what are the council proposing to do about advertising the existence of and the newly agreed tariffs of the annual permits to local businesses, workers, employees and residents of the town centre?

In response to question 1, the Chairman responded by saying that the new working group which the Economy PDG asked to be established to look at future changes will happily explore all possibilities which support the town centre and businesses whilst also examining the financial implications.

In response to question 2, the Chairman responded by saying that this was discussed during Cabinet debate and a motion was carried to introduce monthly payments for most permits (annual allocated space permits will remain as a yearly charge due to the nature of the space and permit conditions). This will be implemented at the earliest opportunity.

In response to question 3, the Chairman responded by saying that the parking manager is working closely with local town councils to ensure local businesses, residents and employees are aware of the new charges. The service is also working closely with growth and regeneration service in order to utilise their links to local businesses and communities. Advertisement of the new charges will occur on varying platforms including but not limited to local press release, notices in all car parks, website and social media, business newsletters and town council commerce groups.

Cllr A Wilce expressed that the constitution required that unanswered questions are reported to the next relevant meeting but having looked at all the papers that's not included in any of them. Cllr Wilce asked for an explanation as to why that might be. To which the District Solicitor & Monitoring Officer explained that this would be looked into.

#### **163 Declarations of Interest under the Code of Conduct (00:14:26)**

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

#### **164 Minutes (00:14:40)**

The minutes of the Full Council meetings held on the 14 December 2022, 18 January 2023, 22 February 2023 and 8 March 2023 were agreed as a correct record and **SIGNED** by the Chairman.

#### **165 Chairman's Announcements (00:17:38)**

Attended an event with the Air Training Corps at West Exe.

Thanked those that were not standing and wished them the best of health, thanked them for their service and wished those standing all the best.

166 **Petitions (00:19:07)**

No petitions were presented.

167 **Notices of Motions (00:19:13)**

There were none.

168 **Cabinet - Report of the meeting held on 7 February 2023 (00:19:20)**

The Leader presented the report of the meeting of the Cabinet held on 7 February 2022.

1. Pay Policy (minute 133)

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

**THAT** the recommendations of the Cabinet as set out in Minute 133 be **ADOPTED**

Following discussion and upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

Reason for the Decision – The Localism Act 2011 requires an annually published Pay Policy be adopted by the Council.

2. Establishment (Minute 134)

The Leader **MOVED**, seconded by Councillor A Wilce

**THAT** the recommendations of the Cabinet as set out in Minute 134 be **ADOPTED**

Following discussion and upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

Reason for the Decision – The Constitution states that the Establishment should be received by Council annually.

3. Cullompton Town Centre Masterplan (Minute 137)

The Leader **MOVED**, seconded by Councillor DJ Knowles

**THAT** the recommendations of the Cabinet as set out in Minute 137 be **ADOPTED**

Following discussion and upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

Reason for the Decision – So that the Draft Cullompton Town Centre Masterplan Supplementary Planning Document and Delivery Plan can be approved.

4. East Cullompton (Culm Garden Village) Masterplan SPD (Minute 139)

The Leader **MOVED**, seconded by Councillor G Barnell

THAT the recommendations of the Cabinet as set out in Minute 139 be **ADOPTED**

Following discussion and upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

Reason for the Decision – So that the revised East Masterplan Supplementary Planning Document could be adopted.

5. Policy Framework (Minute 142)

The Leader **MOVED**, seconded by Councillor C P Daw

THAT the recommendations of the Cabinet as set out in Minute 142 be **ADOPTED**

Following discussion and upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

Reason for the Decision – the Constitution states that the Policy Framework must be approved by Council each year.

6. Schedule of Meetings (Minute 143)

The Leader **MOVED**, seconded by Councillor G Barnell

THAT the recommendations of the Cabinet as set out in Minute 143 be **ADOPTED**

Following discussion and 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.

169 **Cabinet - Report of the meeting held on 7 March 2023 (00:28:12)**

The Leader presented the report of the meeting of the Cabinet held on 7 March 2023.

170 **Cabinet - Report of the meeting held on 4 April 2023 (00:28:57)**

The Leader presented the report of the meeting of the Cabinet held on 4 April 2023.

171 **Scrutiny Committee - Report of the meeting held on 17 April 2023 (00:29:56)**

The Chairman of the Scrutiny Committee presented the report of the meeting held on 17 April 2023.

172 **Audit Committee - Report of the meeting held on 28 March 2023 (00:32:11)**

The Chairman of the Audit Committee presented the report of the meeting held on 28 March 2023.



**173 Environment Policy Development Group - Report of the meeting held on 14 March 2023 (00:33:20)**

The Chairman of the Environment Policy Development Group presented the report of the meeting held on 14 March 2023.

**174 Homes Policy Development Group - Report of the meeting held on 21 March 2023 (00:34:05)**

The Chairman of the Homes Policy Development Group presented the report of the meeting held on 21 March 2023.

**175 Community Policy Development Group - Report of the meeting held on 28 March 2023 (00:35:51)**

The Chairman of the Community Policy Development Group presented the report of the meeting held on 28 March 2023.

**176 Economy Policy Development Group - Report of the meeting held on the 16 March 2023 (00:36:36)**

The Chairman of the Economy Policy Development Group presented the report of the meeting held on 16 March 2023.

**177 Planning Committee - Report of the meeting held on 1 March 2023 (00:37:39)**

The Chairman of the Planning Committee presented the report of the meeting held on 1 March 2023.

**178 Planning Committee - Report of the meeting held on the 15 March 2023 (00:38:16)**

The Chairman of the Planning Committee presented the report of the meeting held on 15 March 2023.

**179 Planning Committee - Report of the meeting held on the 5 April 2023 (00:38:38)**

The Chairman of the Planning Committee presented the report of the meeting held on 5 April 2023.

**180 Standards Committee - Report of the meeting held on the 8 February 2023 (00:39:17)**

The Chairman of the Standards Committee presented the report of the meeting held on 8 February 2023.

**1. Task and Finish Group (Council Procedure Rules Review) (minute 17)**

A written **AMENDMENT** was **MOVED** by Cllr Mrs N Woollatt, seconded by Councillor A Wilce that:

- a) The Council Procedure Rule 25.2 be suspended to allow the following amendments to be made to the Constitution at its next meeting.
- b) Subject to any further changes to recommendations (c), (d) and (g) below, the Council Procedure Rules be amended as outlined in Appendix B to this report subject to the following:
  - i. Under 4.3 word 'approved' be removed, to read "the Chief Executive will send a summons".
  - ii. With the removal of "present at the meeting where physical presence is required (or in attendance including remotely where such physical presence is not required)" from 6.1.
  - iii. That point 9 to 9.2, single issue debate be kept, pending an investigation by the Monitoring Officer as to whether it could be removed.
  - iv. That 11.1.6 (b) be kept unchanged, but with proposition changed to motion.
  - v. That 12.1 (b) (rules of debate) and the paragraph below, not be removed, pending an investigation by the Monitoring Officer as to whether it could be removed.
  - vi. That section 106 of the Local Government Finance Act 1992 be added to the constitution under section 15.7, voting.
- c) The Council Procedure Rules regarding Member Questions be amended as set out in Appendix B Rule 10. except for the removal of text at 10.2 (b) and 10.2 (d)

*Entire extract of 10.2 copied here for clarity and context with text to be removed struck through in bold.*

#### 10.2 Questions on notice at full Council

A Member of the Council may, ask the Chairman of the Council, the Leader, a Cabinet Member or the Chairman of any Committee any question which:

(a) concerns the Council's powers / duties or which otherwise affects the District;

**~~(b) relates to matters on which the Council has or may determine a policy;~~**

(c) the Member has provided written notice of the question to the Chief Executive no later than noon, two clear days preceding the Council meeting;

**~~(d) the question has first been discussed at a meeting of the Cabinet or Committee and the Member is not satisfied with the adequacy of the answer contained in the relevant Minutes;~~** and

(e) the question is not (in the opinion of the Chairman taking account of the advice on the matter from the Chief Executive, Monitoring Officer or Member Services Manager) one which:

- (i) is scurrilous, improper, capricious, irrelevant or otherwise objectionable
- (ii) is substantially the same as a question which has been put at a meeting of the Council (or other meeting to which these rules apply) in the past six months;
- (iii) requires the disclosure of confidential or exempt information unless the question is raised in closed session;
- (iv) contains expressions of opinion; or
- (v) relates to questions of fact.

d) The Council Procedure Rules regarding Public Questions be amended as set out in Appendix B Rule 8 subject to the additions and omissions shown by strike through and bold text below:

#### 8. Questions **and Statements** by ~~from~~ the Public

8.1 Residents, electors or business rate payers of the District **may make a statement or** ~~shall be entitled to~~ ask questions at a meeting **which** ~~provided that:~~

**(a) concerns the Council's powers / duties or which otherwise affects the District; Where a question does not relate to an agenda item, and a response is required from a member or an officer, the question must be submitted to the Member Services Manager two working days before the meeting to give time for a response to be prepared. Where such advance notice is given, the questioner may ask a supplementary question at the meeting, if it is relevant to the original question. Contributions from members of the public will be limited to 3 minutes and 15 minutes (extendable at the Chairman's discretion) will be available at the beginning of meetings for such questions and statements.**

**(b) At all meetings of the Cabinet, PDGs, Scrutiny, Audit and Standards Committees, members of the public have the general right to make statements and/or ask questions in respect of all agenda items. The normal procedure to be that after a report has been introduced by the relevant Portfolio holder and/or officer the Chair will enquire of any member of the public whether they wish to speak in respect of the matter and/or ask questions. In each case, contributions from members of the public will be limited to 3 minutes.**

**(c) The Chair of any meeting has the right and discretion to control question time to avoid disruption, repetition and wasting of meeting time.**

**(d) NB Planning Committee has its own arrangements for public questions**

- ~~(a) the question(s) are relevant to an item on the Agenda for that meeting;~~
- ~~(b) all the questions from one body shall not exceed three minutes when read out;~~
- ~~(c) written notice has been given to the Member Services Manager by noon plus one clear working day before the meeting (via email or otherwise as he / she agrees) of the question(s) to be asked; and~~
- ~~(d) the questions have not been rejected in accordance with Rule 8.5.~~

## 8.2 Time for Public Questions

~~Any public question shall be dealt with at the beginning of the Agenda and limited to 30 minutes provided that the Chairman may extend the time, or proceed to the next agenda time within the shortened period if there are no questions or all permitted questions are answered.~~

## 8.3 8.2 Attendance

Persons submitting questions must be present (remotely or in person) at the meeting unless the Chairman agrees to address the questions in the questioner's absence.

## 8.4 8.3 Order of Questions

Questions will be asked in the order they have been received.

## 8.5 Scope

~~The Chairman may, following advice from either the Chief Executive, Monitoring Officer or Member Services Manager, reject a question giving reasons for that rejection, if it:~~

- ~~(a) Is not about a matter for which the Council has a responsibility or which affects the District;~~
- ~~(b) Is in his/her opinion scurrilous, improper, capricious, irrelevant or otherwise objectionable;~~
- ~~(c) Is substantially the same as a question which has been put at a meeting to which these rules apply in the past six months; or~~
- ~~(d) Requires the disclosure of confidential or exempt information.~~

## 8.6 Supplementary question

~~At the discretion of the Chairman questioners may ask one supplementary question~~

- e) Members' Business remain on full Council but Members be asked to take account of the guidance on its use set out in this report at paragraph 4.4.
- f) The requirement for the Planning Committee to consider an Implications Report (if it proposes to determine an application contrary to policy and officer recommendation) before decision confirmed, be removed.
- g) The rules on Substitute Members be amended so that trained substitutes may come from any group where there is no other trained Member in the permanent Members' political group.
- h) The practice at full Council for Chairs to have to read out minutes of each committee (including PDGs and Cabinet) be changed to reading out the minute number range and asking if there are any questions on any of those minutes.

A further **AMENDMENT** was **MOVED** by Cllr Mrs M Squires, seconded by Cllr C Slade that:

For the written amendment to be put back to the Standards Committee after the election, to be discussed in full.

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

A **MOTION** was **MOVED** by Councillor G Barnell, seconded by Councillor J Downes that:

The Standards Report and the written amendment be referred to the next Standards Committee.

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

**181 Annual Reports of Audit Committee, Scrutiny Committee and the Policy Development Groups (00:55:57)**

The Chairmen of the Audit Committee and the Scrutiny Committee and the Chairmen of the Environment, Homes, Community and Economy Policy Development Groups presented their Annual Reports\* to the Council.

Note: \*Reports previously circulated, copy attached to minutes.

**182 Appointment of Returning Officer and Electoral Registration Officer (00:56:36)**

It was **MOVED** by the Chairman that:

That the Council appoints Stephen Walford as the Returning Officer and Electoral Registration Officer, as of the 1<sup>st</sup> of June 2023.

Following discussion and upon a vote being taken the **MOTION** was declared to have been **CARRIED**.

**183 Questions in accordance with Procedure Rule 13 (00:59:22)**

There were no questions submitted under Procedure Rule 13.

**184 Special Urgency Decisions (00:59:29)**

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.

**185 Questions to Cabinet Members (00:59:33)**

There were none.

**186 Members Business (00:59:42)**

An event was due to take place on 6 May 2023 for the King's Coronation in the Tiverton Town Centre.

Thoughts were given to Hon. Alderman Paul Williams who sadly passed away.

**187 Invitation for Retiring Members to address the Council (1:02:23)**

The Chairman thanked those Members not seeking re-election for their work and invited them to address the Council:

Councillors G Barnell, D Coren, R Dolley, D J Knowles, Mrs E Lloyd, Miss J Norton, D Pugsley, A White and A Wilce addressed the Council.

(The meeting ended at 7.45 pm)

**CHAIRMAN**

# Public Document Pack

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **COUNCIL** held on 24 May 2023 at 6.00 pm

### **Present Councillors**

C Adcock, M D Binks, D Broom, E Buczkowski, J Buczkowski, J Cairney, S Chenore, S J Clist, G Cochran, F J Colthorpe, C Connor, L J Cruwys, A Cuddy, G Czapiewski, J M Downes, G Duchesne, M Farrell, B Fish, M Fletcher, R Gilmour, A Glover, C Harrower, B Holdman, S Keable, L G J Kennedy, L Knight, N Letch, F W Letch, J Lock, S J Penny, J Poynton, R Roberts, S Robinson, L D Taylor, H Tuffin, G Westcott, N Woollatt, J Wright and D Wulff

### **Apologies Councillors**

J Frost and M Jenkins

#### **1 CHAIRMAN OF THE COUNCIL (00:11:20)**

Cllr L Taylor nominated Cllr F Letch for election as Chairman of the District Council for the year 2023/2024. This nomination was seconded by Cllr S Clist. Upon a vote being taken it was then:

**RESOLVED** that Cllr F Letch be elected Chairman of the Mid Devon District Council for the Municipal Year 2023/2024.

In accordance with Section 83 of the Local Government Act 1972, Cllr F Letch then made a Declaration of Acceptance of Office.

#### **2 CHAIRMAN'S ADDRESS (00:14:21)**

The Chairman addressed the Council and thanked the Members for electing him as Chairman.

#### **3 RETIREMENT OF CHAIRMAN (00:18:35)**

The Chairman thanked the retiring Chairman, Mr Ray Radford and retiring Vice Chairman Mr Ron Dolley for the way in which they had carried out the duties.

#### **4 APOLOGIES (00:19:16)**

Apologies were received from Cllrs J Frost and M Jenkins.

Cllr N Bradshaw attended the meeting online.

#### **5 DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00:19:32)**

None were made, Councillors were reminded to do so where necessary.

## 6 PUBLIC QUESTION TIME (00:19:45)

Paul Elstone asked questions in relation to the appointment of a Councillor to Three Rivers Developments Ltd. It was asked whether the Council would reconsider this Delegation and perhaps agree on nominating an appropriate Member for this post directly. In addition, it was asked if Council would advise Cabinet to appoint someone with a proven financial background as well as the appointment of a second representative with project management experience.

The Chairman, responded by noting that when the Cabinet is formed these questions raised would be carefully considered.

Nick Quinn submitted questions in relation to item 5. These were read out by the Chairman, it was asked if the Council would not agree the minutes of the previous meeting and that they be revised to include the detail of the public questions and the answers given at the meeting, and then returned to the next meeting of the Council for agreement.

In response to the questions asked the District Solicitor & Monitoring Officer explained that the minutes made reference to the public questions and referred to the audio recording where they could be found. Copies of the audio recordings were stored on the Council's system and not just online.

Goff Welchman asked a question in relation to Three Rivers Developments Ltd. Mr Welchman wanted to know why Three Rivers Developments Ltd has filed late accounts with potential inaccuracies and also asked why this matter was not high on the agenda for this meeting.

The Chairman explained that this Council meeting was the Annual Meeting of Council where the administration makes a number of official appointments, with the need for the topic of Three Rivers Developments Ltd to be discussed with the Cabinet.

Tim Bridger asked which of the Committees would be tasked with investigating Three Rivers Developments Ltd and how had the competence of those appointed been discussed. In addition, it was asked, when the investigation could be questioned in case Committee Members do not have relevant skills to fulfil that role.

The Chairman explained that this should be discussed with the new Leader and Cabinet but highlighted that the findings of an investigation would likely be presented to the Audit Committee or Scrutiny Committee.

Honorary Alderman D Nation asked would the election of the Leader of the Council result in the implementation of the Council moving to a modernised committee structure by May 2024.

The Chairman explained that this issue would be addressed by the new Leader of the Council and Cabinet.



7 **MINUTES (00:34:07)**

Cllr N Woollatt **MOVED**, seconded by Cllr J Buczkowski that:

“That both those issues need to be corrected and that the minutes are deferred to the next meeting, to be corrected and agreed at the next meeting”

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

8 **VICE CHAIRMAN OF THE COUNCIL (00:37:55)**

Cllr A Glover **MOVED**, seconded by Cllr G Czapiewski that Cllr G Duchesne be appointed as Vice Chairman of the Council for the Municipal Year 2023/2024.

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

In accordance with Section 83 of the Local Government Act 1972, Cllr G Duchesne then made a Declaration of Acceptance of Office and thanked the Council for having appointing her as its Vice Chairman.

9 **LEADER OF THE COUNCIL (00:42:49)**

Cllr J Cairney nominated Cllr L Taylor for election as Leader of the Council for the four years until 2027. This nomination was seconded by Cllr Jane Lock. Upon a vote being taken it was then:-

**RESOLVED** that Cllr L Taylor be elected Leader of the Council until 2027.

Cllr L Taylor then made declaration of Acceptance of Office and thanked the Council for appointing him as Leader.

In regards to the public questions that related to Three Rivers Developments Ltd, the Leader responded by reassuring the public that meetings with relevant Officers would be organised and understood the concerns raised. In Addition, the Leader raised that he had started discussions with the Local Government Authority in relation to hybrid councils.

10 **CHAIRMAN OF THE SCRUTINY COMMITTEE (00:49:00)**

Cllr B Holdman nominated Cllr R Gilmour for election as Chairman of Scrutiny. The nomination was seconded by Cllr N Letch.

Upon a vote being taken, it was then:

**RESOLVED** that Cllr R Gilmour be elected Chairman of Scrutiny for the Municipal Year 2023/2024.

11 **AMENDMENT OF CONSTITUTION IN RELATION DEPUTY LEADER OF THE COUNCIL (00:52:46)**

The chairman **MOVED** that

“In order to maintain leadership availability at all times it is proposed that the Council agrees to amend the Constitution to allow the Leader to appoint two deputies to their Cabinet, and that the Monitoring Officer is instructed to amend the Constitution accordingly so as to reflect that any reference to ‘Deputy Leader’ is given to mean either of the members appointed to that role where two such members have been appointed.”

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

Cllr N Woollatt **MOVED** a written amendment, seconded by Cllr L Taylor that:

That if the above changes are agreed that the constitution is further amended to reflect that:

- a. if 2 deputy leaders are appointed that the total composition of the Executive remains at a maximum of 10 members
- b. should any additional Special Responsibility Allowance be applicable to the Deputy Leader role in future, that if 2 members have been appointed to that role such uplift as may be applicable to the role of deputy leader over a cabinet member be split equally between them so as not to add to the overall cost of the allowance scheme in this circumstance.

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

12 **APPOINTMENT OF COMMITTEES, SUB COMMITTEES, WORKING GROUPS AND OTHER INTERNAL BODIES (01:04:07)**

The Council had before it Tables setting out the proposed allocation of seats on Committees and other Council bodies. Arising thereon:-

Appointment of Committees and Allocation of Seats on Committees and other Council Bodies

The Chairman **MOVED** that,

- a. That the Council approve the allocation of seats on Committees and other Council Bodies as shown on the schedule;
- 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 Members also be appointed to Working Groups and other Internal Bodies 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;
- d. that the Chief Executive be authorised to make changes to membership of Committees, Working Groups and other Internal Bodies as may be notified to him from time to time by the relevant Political Group to which those seats have been allocated by the Council.

Cllr N Woollatt **MOVED** a written amendment, seconded by Cllr G Westcott that:

(a) That the Council approve the allocation of seats on Committees and other Council Bodies as shown on the schedule; Subject to the Green Group gifting their Standards seat to Ungrouped and Ungrouped gifting their Licensing and Regulatory seats to the Green Group.

(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 Members also be appointed to Working Groups and other Internal Bodies 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;

(d) that the Chief Executive be authorised to make changes to membership of Committees, Working Groups and other Internal Bodies as may be notified to him from time to time by the relevant Political Group to which those seats have been allocated by the Council.

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

### 13 APPOINTMENT TO OUTSIDE BODIES (01:08:43)

The following appointments to outside bodies in accordance with the list as follows were **AGREED**:

Outside Body	Representative/s	Appointment Length
Blackdown Hills AONB Partnership	Cllr N Bradshaw	Annual
Broadpath Landfill Liaison Committee	Cllr A Glover	Annual
Building Control Joint Committee	The Leader Cabinet Member for Planning and Economic Regeneration	Annual
Business Forum Mid Devon	Cabinet Member for Planning and Economic Regeneration	Annual
Churches Housing Action Team Management Board	Cllr G Cochran	4 years until May 2027
Culm Garden Village Delivery Board	The Leader Cabinet Member for Planning and Economic Regeneration	Annual
Citizens Advice Torridge, North, Mid & West Devon	Cllr R Gilmour	4 years until May 2027
Community Safety Partnership	Cabinet Member for Community & Leisure	4 years until May 2027
Cullompton Town Team 2 Members	Cllr L Knight Cllr S Robinson	Annual
Dartmoor National Park Authority Forum 2 Members	Cllr C Connor Cllr J Downes	4 years until May 2027
Devon Armed Forces Community Well-Being Partnership	Cllr G Cochran	4 years until May 2027
Devon Authorities Strategic Waste Committee (formally known as 'Devon Authorities Waste Reduction & Recycling Committee')	Cabinet Member for the Environment & Services (plus a deputy)	4 years until May 2027

Devon Districts Forum / Devon Local Government Steering Group	Leader	Annual
Devon Historic Buildings Trust	Cllr G Duchesne	Annual
Devon Rail Forum	Cllr J Downes	Annual
LGA General LGA Assembly / Annual Conference	Leader	4 years until May 2027
Gypsy and Traveller Forum	<ol style="list-style-type: none"> <li>1. Cabinet Member for Planning and Economic Regeneration</li> <li>2. Cabinet Member for Housing &amp; Property Services</li> <li>3. Cllr A Glover</li> </ol>	Annual
Heart of the South West Joint Committee	Leader	Annual
Heart of the South West Local Enterprise Partnership Joint Scrutiny Committee	Cllr S Clist	Annual
INVOLVE – Voluntary Action in Mid Devon	Cllr S Robinson	Annual
Mid and East Devon Children's Centres Advisory Board (2 Members)	Cllr S Robinson Cllr F Letch	4 years until 2027
Mid Devon Highways and Traffic Orders Committee (hosted by DCC) (2 Members)	Cllr J Poynton Cllr J Cairney	Bi-annual
Mid Devon Locality (County) Committee (hosted by DCC) 2 Members	Cllr F Letch Cllr S Keable	4 years until May 2027
Most Sparsely Populated Councils Group (part of the RSN Rural Services Network)	Cllr G Czapiewski	4 years until May 2027
OkeRail Forum	Cllr J Downes	Annual
PCC Councillor Advocate Scheme	Cllr L Kennedy	4 years until 2027

Plastic Free Tiverton	Cllr B Fish	4 years until 2027
South West Councils	Leader	Annual
South West Councils Employers Panel	Cabinet Member for the Working Environment	Annual
Tiverton Adventure Playground Committee	Cllr B Holdman	4 years until May 2027
Tiverton & District Community Transport Association	Cabinet Member for Community & Leisure	4 years until May 2027
Tiverton Museum of Mid Devon Life	Cllr L Cruwys	4 years until May 2027
Tiverton Town Centre Partnership (3 Tiverton Town Members)	Cllr D Wulff Cllr L Cruwys Cllr A Cuddy	Annual

#### 14 **SCHEME OF DELEGATIONS (01:35:04)**

The Chairman **MOVED** that the Council agree the existing scheme of delegations as set out in Part 3 of the Constitution.

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

#### 15 **PROGRAMME OF MEETINGS (01:36:01)**

The Chairman **MOVED** that the following programme of ordinary meetings of the Council for the year 2023/2024 be approved:-

- 19 July 2023
- 6 September 2023
- 1 November 2023
- 20 December 2023
- 21 February 2024
- 24 April 2024

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

(The meeting ended at 7.37 pm)

**CHAIRMAN**

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **CABINET** held on 6 June 2023 at 5.15 pm

### **Present**

#### **Councillors**

L Taylor (Leader)  
J Buczkowski, S J Clist, S Keable, J Lock,  
J Wright and D Wulff

### **Also Present**

#### **Councillors**

D Broom and G Duchesne

### **Also Present**

#### **Officers:**

Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Richard Marsh (Director of Place), Maria De Leburne (District Solicitor and Monitoring Officer), Matthew Page (Corporate Manager for People, Governance and Waste), Paul Deal (Corporate Manager for Finance), Simon Newcombe (Corporate Manager for Public Health, Regulation and Housing), Jason Ball (Climate and Sustainability Specialist), Andrew Seaman (Member Services Manager) and Sarah Lees (Member Services Officer)

## **1. APOLOGIES**

There were none.

Cllrs N Bradshaw, Cllr Mrs F J Colthorpe, Cllr L Cruwys and F Letch attended the meeting virtually.

## **2. PUBLIC QUESTION TIME**

Nick Quinn asked questions in relation to item six the financial outturn report, his questions were read out by the Leader. Mr Quinn asked for the date of the meeting of the Council, at which the loan impairment stated in the report (more than £4.5m) was considered and this conclusion reached?

It was also asked, which loans to Three Rivers Development Ltd were being impaired and how was the specific amount of this impairment arrived at.

Furthermore, in relation to the £3m leisure VAT refund, it was asked if there was a requirement to have specific approval to use this refund to mitigate the financial impact of the impairment.

The final question was in relation to existing impairments that had been written down over a five year period. It was asked if this impairment was just a way of "writing-off"

another £4.5Million of Public Money loans to Three Rivers Developments Ltd - while some cash was available.

Barry Warren asked questions in relation to items five 2022/23 Annual Treasury Management Outturn Report and six 2022/23 Financial Outturn Report of the agenda, regarding the Council's relationship with Three Rivers Development Ltd. It was asked if the company was currently making interest payments to the Council. In addition a question was asked if the company had not sold a property since The Orchards in Halberton, is it a fact that the company were paying interest on loans from the Council.

Final questions were asked in relation to the commission of an external options appraisal into Three Rivers Development Ltd, with £30k included in the revised 2023/24 budget and for a reviewer to be appointed by 4 May 2023. It was asked if this review had been commissioned by the due date and when would it report; if it had not been commissioned by the due date had it been commissioned since that date and when will it report and finally, were the suggestions in paragraph 3.6.12 of item 6 from Officers or an independent source.

Paul Elstone raised concern over item, 6 Financial Outturn Report over the loan impairments related to Three Rivers Development Ltd and asked if Cabinet would commission a wide-ranging external investigation into what had gone wrong.

In relation to the £3m VAT refund from HMRC that the Council was due to receive, it was asked if Cabinet would reject the report and ask that Leisure Services identified those customers who were wrongly charged VAT and return the overcharged amounts to them.

A final question was asked if Cabinet would implement an external investigation into an increased project impairment not being reported to the Audit Committee amongst others at that time (March 2022).

The Leader explained that written answers to the questions asked would be provided and reassured the questioners that the Cabinet would look into all aspects of Three Rivers Development Ltd.

### **3. DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT**

None were made, Councillors were reminded to make declarations of interest where appropriate.

### **4. MINUTES OF THE PREVIOUS MEETING**

Due to the new administration, the minutes of the previous meeting were noted. With the addition that former Cllr Wilce attendance be added to the minutes of the previous meeting.

### **5. 2022/23 ANNUAL TREASURY MANAGEMENT OUTTURN REPORT**

Cabinet received a report\* which provided Members with a review of activities and the prudential treasury indicators on actuals for 2022/23.



The following was discussed:

- The return rate of return at 1.84% seemed low, it was asked if this was expected at the beginning of the year. The Corporate Manager for Finance explained that next year's return was expected to be better but reassured that this average return was good for this particular financial year.
- Asked whether the Council could mitigate rates set by the Bank of England the Corporate Manager for Finance explained that the Council could not.
- Asked why treasury investments had reduced by £11m, it was explained by the Corporate Manager for Finance that the Council had been holding Government money which made up the majority of that difference.
- It was noted that there seemed to be a discrepancy with the NHS figures. The Corporate Manager for Finance explained that the figures were all correct and the differences were due to loan payments being made.
- In relation to the interest received from Three Rivers Development Ltd it was asked how much was paid from their own earnings. The Corporate Manager for Finance explained that the repayments were based on loans to the company and were classified as working capital.
- It was asked if officers could expand on the credit loss model being problematic. The Corporate Manager for Finance explained that any loan had risk attached to it and with factors such as the pandemic and the cost of living crisis negatively impacting the housing market, the likelihood of repayment was now less likely.
- Concern was raised over the financial management and the impairment of over £4.5m and was noted that this was a quarter of the loans to the company. The Corporate Manager for Finance explained that the Council had agreed to fund existing loans.
- Loans to other authorities was raised with concern that they might be outstanding. The Deputy Chief Executive (S151) explained that these loans were repaid and that there were no concerns of these loans not being repaid.
- It was asked if all members would be involved in decisions relating to Three Rivers Development Ltd, to which the Leader said decisions on this would go to Council and invited Councillors to attend Cabinet meetings to have an input.

**RESOLVED:**

1. That Cabinet note the treasury activities for the year.
2. That Cabinet approve the actual 2022/23 prudential and treasury indicators in this report.

(Proposed by the Leader)

Reason for Decision: So that the treasury indicators could be approved and the Cabinet were kept updated on the treasury activities for 2022/23.

Note: \*report previously circulated and attached to the minutes

## 6. 2022/23 FINANCIAL OUTTURN

Cabinet received a report\* which presented the Revenue and Capital Outturn figures for the financial year 2022/23 for both the General Fund (GF) and Housing Revenue Account (HRA).

The following was discussed:

- Agency costs were raised and it was clarified by the Deputy Chief Executive (S151) that the costs in the report detailed the gross spend.
- Had all grants been paid in their entirety? The Deputy Chief Executive (S151) explained that 90-95% had been paid and that a final settlement was due to be paid.
- Explanation was sought on the slippage within the capital programme. In addition it was asked if there had been no external borrowing. The Deputy Chief Executive (S151) explained that a capital programme was a best estimate and that these estimates were still on track and was likely to roll into the next financial year. In addition it was confirmed that there had been no external borrowing as internal borrowing and cash flow management had been utilised.
- Concern was raised in regards to the improvements in recycling uplift effectiveness of the 'Bin It 1, 2, 3' refuse strategy and whether this strategy had provided good value for money. It was explained that a report due to the Environment PDG would provide more up-to-date data.
- With regards to the Leisure VAT refund a councillor suggested that the Council considered prices be reduced by 20% for the customer due to the overcharging, particularly during a cost of living crisis. The Leader highlighted that this refund, if kept, would not offset the loss made by the loss making leisure centres.
- It was suggested that if Leisure centre prices were to increase, an open and transparent review would be needed.
- Household support fund grant was raised and confirmation was sought over whether air-fryers had been distributed as a scheme and if so why had Councillors not been informed. The Deputy Chief Executive (S151) offered for an officer to clarify this.
- Asked if there was a plan to restore the reserve to £2m, the Deputy Chief Executive (S151) explained that there was a need to find savings, otherwise the Council would be below the recommended threshold of £2m.
- It was felt that the rough sleepers grant was successful, which had prevented 75 people sleeping rough and was noted to be commended.
- The management of staff vacancies was raised and how this was reported to Councillors, to which it was explained that a quarterly report was provided to Councillors, with services managers providing necessary updates.
- On the amount of £2m reserves, it was asked how often the reserve was needed. The Deputy Chief Executive (S151) explained that the last three years had seen the council use roughly £200k each year but could easily be needed unexpectedly.

## **RESOLVED:**

That Cabinet consider the finance position reported and:

1. Note the General Fund Outturn achieved in 2022/23 which shows an overall over spend of £190k (1.38% on the Net Cost of Services Budget) and the Housing Revenue Account which shows an under spend of £312k (2.90% on the Total Direct Expenditure Budget).
2. Approve the transfer of the £190k General Fund over spend to the General Fund Reserve which will decrease the balance to £2,025k; above the minimum recommended level of £2,000k. Similarly, approve the transfer of the £312k Housing Revenue Account surplus to the ring-fenced HRA Earmarked Reserves.
3. Approve the Net Transfers from Earmarked Reserves of £2,496k detailed in the General Fund Service Budget Variance Reports shown in Appendix 1a and 1b and summarised in Appendix 3. Similarly, approve the Net Transfers to HRA Earmarked Reserves of £312k as detailed in the HRA Budget Variance Report shown in Appendix 2 and summarised in Appendix 3.
4. Approve the slippage of £7,229k from the 2022/23 Capital Programme and the £29,940k for the schemes to be delivered in 2023/24 or later years. Also approve the virement as explained in para 7.8 for the amalgamation of budgets for the modular developments.
5. Note the procurement waivers used in Quarter 4 of 2022/23, as outlined in Section 10.

(Proposed by the Leader)

Reason for Decision: The financial resources of the Council impact directly on its ability to deliver the Corporate Plan prioritising the use of available resources carried forward into 2023/24. The Outturn Report indicates how the Council's resources have been used to support the delivery of budgetary decisions.

Note: \*report previously circulated and attached to the minutes

## **7. LOAN TO CREDITON PHARMACY**

Cabinet received a report\* which considered a long term loan arrangement to help facilitate the construction of a Pharmacy at the NHS Hub building in Crediton.

The following was discussed:

- The pharmacy supported a local community, but concern was raised of the commercial elements.
- Officer reassured Cabinet that there was no conflict of interest with this arrangement.
- Asked why this loan was repayable over 13 years, it was explained that this was the requested timeframe and was not an issue for the Council.

- It was raised that there were already three pharmacies within this area and would not want to see an independent pharmacy disappear, however it was noted that the public wanted an extra pharmacy. It was explained that this was a relocation of an existing pharmacy.

**RESOLVED:**

1. To delegate approval to the Deputy Chief Executive (S151) of a loan to the GP Practice of £240k repayable over 13 years on an annuity basis at a commercial fixed interest rate, subject to the completion of legal due diligence and documentation.

(Proposed by the Leader)

Reason for Decision: Achieving a greater return on investments would enable additional service provision.

Note: \*report previously circulated and attached to the minutes

**8. NOTIFICATION OF KEY DECISIONS**

The Cabinet had before it, and **NOTED**, the notification of \*Key Decisions.

(The meeting ended at 6.31 pm)

**CHAIRMAN**

**Report for: Cabinet**

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Date of Meeting:	6 June 2023
Subject:	<b>Annual Treasury Management Review 2022/23</b>
Cabinet Member:	Cllr James Buczkowski, Cabinet Member for Finance
Responsible Officer:	Andrew Jarrett, Deputy Chief Executive (S151)
Exempt:	N/A
Wards Affected:	All
Enclosures:	N/A

**Section 1 – Summary and Recommendation(s)**

To provide Members with a review of activities and the prudential treasury indicators on actuals for 2022/23.

**Recommendation(s):**

- 1. That Cabinet note the treasury activities for the year.**
- 2. That Cabinet approve the actual 2022/23 prudential and treasury indicators in this report.**

## **Section 2 – Report**

### **1. Introduction**

- 1.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.2 During 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:
- an annual treasury strategy in advance of the year (Council 23/02/2022)
  - a mid-year (minimum) treasury update report (Council 14/12/2022)
  - an annual review following the end of the year describing the activity compared to the strategy (this report)
- 1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 1.4 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by Cabinet before they were reported to the full Council. Member training on treasury management issues was undertaken during 2019 in order to support members' scrutiny role, with further training being planned during 2023 following the recent district elections.

### **2. The Council's Capital Expenditure and Financing**

- 2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
  - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

- 2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

<b>Capital Expenditure &amp; Financing</b>	<b>2021/22 Actual £000</b>	<b>2022/23 Actual £000</b>
<b>General Fund</b>		
<b>Capital expenditure</b>	7,479	10,273
Financed in year	1,545	4,815
<b>Unfinanced capital expenditure</b>	5,934	5,458
Funded by Leases	52	95
Funded by Internal & External Borrowing	5,882	5,363
<b>HRA</b>		
<b>Capital expenditure</b>	4,241	6,957
Financed in year	4,195	5,035
<b>Unfinanced capital expenditure</b>	46	1,922
Funded by Leases	44	63
Funded by Internal & External Borrowing	2	1,859

### 3. The Council's Overall Borrowing Need

- 3.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).
- 3.2 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2021/22) plus the estimates of any additional capital financing requirement for the current (2022/23) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

<b>Capital Financing Requirement</b>	<b>31 March 2022 Actual £000</b>	<b>31 March 2023 Actual £000</b>
CFR General Fund	21,525	26,226
CFR HRA	39,603	40,552
Total CFR	61,127	66,778
Gross borrowing position	37,424	35,291
(Under) / over funding of CFR	-23,703	-31,487

- 3.3 **The authorised limit** is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.
- 3.4 **The operational boundary** is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

<b>Borrowing Limits</b>	<b>2022/23 £000</b>
Authorised limit	96,000
Maximum gross borrowing position during the year	37,424
Operational boundary	87,000
Average gross borrowing position	36,358

#### 4. Treasury Position as at 31 March 2023

- 4.1 At the beginning and the end of 2022/23 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

<b>Debt Portfolio</b>	<b>31 March 2022 £000</b>	<b>31 March 2023 £000</b>
<b>Fixed rate funding:</b>		
-PWLB	35,234	33,310
<b>Total debt</b>	<b>35,234</b>	<b>33,310</b>
<b>CFR</b>	<b>58,938</b>	<b>64,797</b>
<b>(Under) / over borrowing</b>	<b>-23,704</b>	<b>-31,487</b>
<b>Total treasury investments*</b>	<b>32,000</b>	<b>21,000</b>
<b>Net debt</b>	<b>3,234</b>	<b>12,310</b>

\*See 4.3 for a breakdown of treasury investments

- 4.2 The maturity structure of the debt portfolio was as follows:

<b>Debt Maturity Structure</b>	<b>31 March 2022 Actual £000</b>	<b>31 March 2023 Actual £000</b>
Under 12 months	1,924	1,937
12 months and within 24 months	1,937	1,975
24 months and within 5 years	6,100	6,279
5 years and within 10 years	11,420	11,756
10 years and within 20 years	13,853	11,364
20 years and within 30 years	0	0



4.2.1. During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were initially low and minimising counterparty risk on placing investments also needed to be considered.

4.2.2. The policy of avoiding new borrowing by running down spare cash balances, has served the Council well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this Authority may not be able to avoid new borrowing to finance capital expenditure.

4.3 The Council's investment portfolio as at 31 March was as follows:

Investment Portfolio	31 March 2022 Actual £000	31 March 2022 Actual %	31 March 2023 Actual £000	31 March 2023 Actual %
<b>Treasury investments</b>				
Banks	12,000	38%	4,000	19%
Local authorities	15,000	47%	12,000	57%
Other Government Organisations	0	0%	0	0%
<b>Total managed in house*</b>	<b>27,000</b>	<b>84%</b>	<b>16,000</b>	<b>76%</b>
Property funds (CCLA)	5,000	16%	5,000	24%
<b>Total managed externally</b>	<b>5,000</b>	<b>16%</b>	<b>5,000</b>	<b>24%</b>
<b>Total Treasury Investments</b>	<b>32,000</b>	<b>100%</b>	<b>21,000</b>	<b>100%</b>

\*See Appendix 1 for a breakdown of internally managed investments held as at 31 March.

4.4 The value shown in the above table for the Council's CCLA investment is the amount paid by the Council on share acquisition. This differs to the carrying amount in the year end accounts of £4,639k (£5,554k in 2021/22) as there is a requirement to carry the investment at fair value. The fair value of the fund will continue to change over the longer term, and so this decrease in value may only be temporary in which case it would not be realised as a loss to Council funds.

- 4.5 During 2021/22 the Council made two loans to Redlands Primary Care to help fund the construction of a new NHS hub in Crediton. The first loan of £1,200k was made on 18/06/2021 and the second of £975k on 25/10/2021, giving a total of £2,175k. These loans are being repaid in quarterly instalments over a period of 27 years, with a balance of £2,100k outstanding at 31 March 2023.

Investment Portfolio	31 March Actual £000	31 March Actual %	31 March Actual £000	31 March Actual %
<b>Non-treasury investments</b>				
Subsidiaries (3 Rivers Developments Ltd)	13,536	86%	20,075	91%
Crediton NHS Hub (Redlands Primary Care)	2,151	14%	2,100	9%
<b>Total non-treasury investments</b>	<b>15,711</b>	<b>100%</b>	<b>22,175</b>	<b>100%</b>

## 5. Borrowing Outturn

- 5.1 **Borrowing** – due to investment concerns, both counterparty risk and comparatively low investment returns, no borrowing was undertaken during the year.
- 5.2 **Borrowing in advance of need** – the Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.
- 5.3 **Rescheduling** – no rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

## 6. Investment Outturn

- 6.1 **Investment Policy** – the Council's investment policy is governed by the Department of Levelling Up, Housing and Communities (DLUHC) investment guidance, which has been implemented in the annual investment strategy approved by the Council on 23/02/2022. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data from our treasury advisers (Link Asset Services).
- 6.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

**6.3 Investments held by the Council** – the Council made a total return of £1,671k from investments in 2022/23 against a budget of £940k. This can be broken down as follows:

- The Council maintained an average balance of £28.6m of internally managed funds.
- The internally managed funds earned interest of £539k (£270k of which was transferred to HRA) giving an average rate of return of 1.84%.
- The comparable performance indicator is the 365 day backward looking SONIA rate, which was 0.9159%.
- The Council held £5m invested in Churches, Charities and Local Authorities (CCLA) property funds earning dividends of £201k (4.02%) in 2022/23.
- Interest received from 3 Rivers Ltd amounted to £856k in 2022/23.
- Interest received from Redlands Primary Care amounted to £75k in 2022/23.

## **7. Other Issues**

### **7.1 IFRS 9 fair value of investments**

7.1.1. Following the consultation undertaken by DLUHC on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31 March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

7.1.2. Risk management will need to take account of the 2018/19 Accounting Code of Practice proposals for the valuation of investments. Whilst for many authorities, this may not be a significant issue, key considerations include:

- Expected credit loss model. Whilst this should not be material for vanilla treasury investments such as bank deposits, this is likely to be problematic for some investments such as property funds, loans to third parties or loans to subsidiaries.
- The valuation of investments previously valued under the available for sale category e.g. equity related to the “commercialism” agenda, property funds, equity funds and similar, have been changed to Fair Value through the Profit and Loss (FVPL).

## **7.2 Non-treasury management investments**

- 7.2.1. As shown in the non-treasury investments table in section 4, the Authority holds a 100% interest in 3 Rivers Developments Limited (3 Rivers), a private limited company engaged in construction in the Mid Devon area. The Authority advances funds to the Company to facilitate operations with the intention that they are repaid from the proceeds of the sale of the developments.
- 7.2.2. During the year ended 31 March 2023, £6,540k was loaned to the Company. This brings the total loan value at 31 March 2023 to £20,075k. During the year £856k in interest was paid to the Authority in respect of these loans.
- 7.2.3. These loans are subject to overarching management review on a regular basis. This is reflected in the impairments of £4,527k provided for in the financial statements for 2022/23, which are additional to the impairments of £790k first provided for in 2019/20. These impairments do not necessarily mean that these amounts will never be recovered from 3 Rivers, rather they are a prudent provision based on possible outcomes given the company's current direction of travel.

## **8. Conclusion**

- 8.1 Whilst 2022/23 has been far from that initially anticipated, it has provided the Council with significant additional income through its increased returns on investments, £731k above budget.
- 8.2 The Council continued its under borrowed position effectively utilising its balances to avoid additional debt financing costs. It also complied with all internal policies agreed by the previous Full Council and all requirements under the CIPFA Code of Practice.

## **Financial Implications**

Good financial management and administration underpins the entire document. The Council's treasury position is constantly reviewed to ensure its continued financial health.

## **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 manages the risk associated with the Council's treasury management activity.

## **Impact on Climate Change**

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.

### **Equalities Impact Assessment**

No equality issues identified for this report.

### **Relationship to 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.

### **Section 3 – Statutory Officer sign-off/mandatory checks**

#### **Statutory Officer: Andrew Jarrett**

Agreed by or on behalf of the Section 151

**Date: 24/05/2023**

#### **Statutory Officer: Maria De Leburne**

Agreed on behalf of the Monitoring Officer

**Date: 24/05/2023**

#### **Chief Officer: Stephen Walford**

Agreed by or on behalf of the Chief Executive/Corporate Director

**Date: 24/05/2023**

#### **Performance and risk: Dr Stephen Carr**

Agreed on behalf of the Corporate Performance & Improvement Manager

**Date: 24/05/2023**

**Cabinet member notified:** Yes.

### **Section 4 - Contact Details and Background Papers**

**Contact:** Kieran Knowles, Principal Accountant & Procurement Manager

Email: [kknowles@middevon.gov.uk](mailto:kknowles@middevon.gov.uk)

Telephone: 01884 24(4624)

**Background papers:** Treasury Management Strategy Statement 2022/23 (Council 23/02/2022) & Treasury Mid-Year Review 2022/23 (Council 14/12/2022)

## Appendix 1: Investment Portfolio

Internally managed investments held as at 31 March:

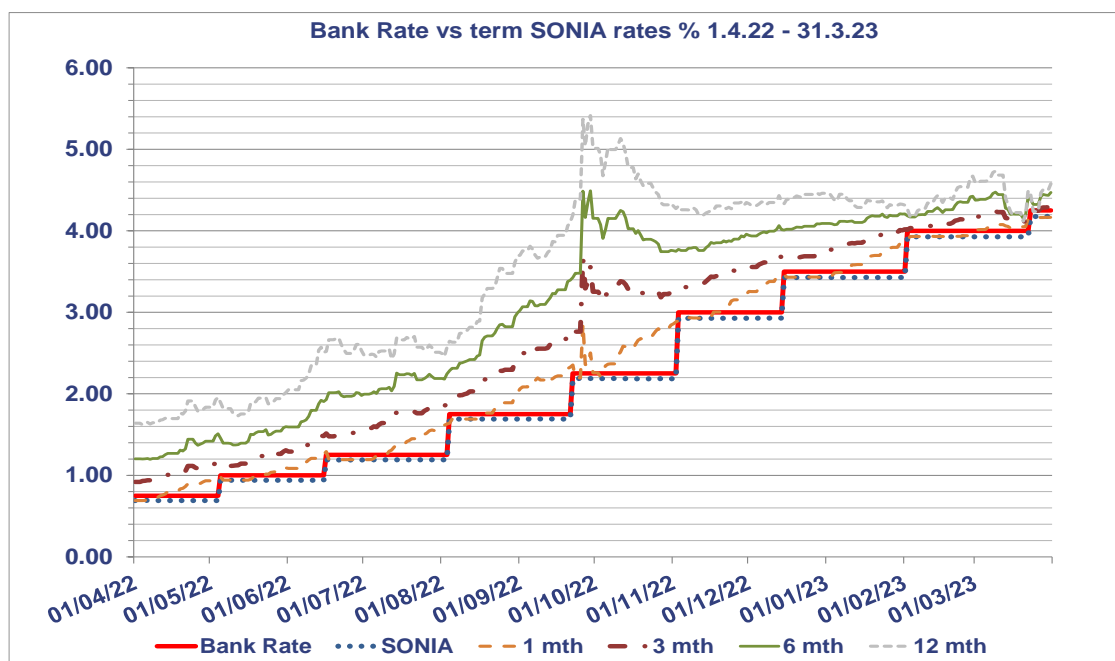
Bank/Building Society/Local Authority/PCC	Term		Fixed Interest Rate %	31/03/2022	31/03/2023
	From	To		£000	£000
Surrey Heath Borough Council	10/12/2021	10/06/2022	0.10%	2,000	
Thurrock Council	26/04/2021	25/04/2022	0.40%	2,000	
NBK International PLC	27/07/2021	27/07/2022	0.23%	1,500	
NBK International PLC	22/10/2021	21/10/2022	0.56%	1,500	
Lancashire County Council	25/10/2021	24/10/2022	0.15%	3,000	
Coventry BS	24/11/2021	24/05/2022	0.17%	4,000	
Surrey Heath Borough Council	16/12/2021	16/06/2022	0.10%	2,000	
Thurrock Council	16/12/2021	16/09/2022	0.18%	2,000	
Thurrock Council	14/01/2022	14/07/2022	0.20%	2,000	
Goldman Sachs International Bank	01/02/2022	01/08/2022	0.82%	3,000	
NBK International PLC	04/02/2022	03/02/2023	1.30%	2,000	
Slough Borough Council	15/02/2022	14/02/2023	1.10%	2,000	
Thurrock Council	25/10/2022	24/10/2023	3.55%		2,000
Thurrock Council	14/07/2022	14/04/2023	2.00%		2,000
London Borough of Croydon	24/10/2022	24/04/2023	4.00%		3,000
West Dunbartonshire Council	25/10/2022	25/07/2023	3.90%		2,000
NBK International PLC	15/11/2022	15/05/2023	3.92%		1,500
Santander	01/12/2022	01/06/2023	3.90%		2,500
Aberdeen City Council	26/01/2023	26/05/2023	3.60%		3,000
<b>Total</b>				<b>27,000</b>	<b>16,000</b>

## Appendix 2: Market commentary provided by out Treasury Advisors (Link Group)

### The strategy for 2022/23

#### Investment strategy and control of interest rate risk

The following chart shows how Bank Rate and SONIA (Sterling Overnight Index Average) rates have changed during the year.



Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23, but by August it had become clear that inflation was moving up towards 40-year highs. The Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. At the year end the CPI measure of inflation was still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

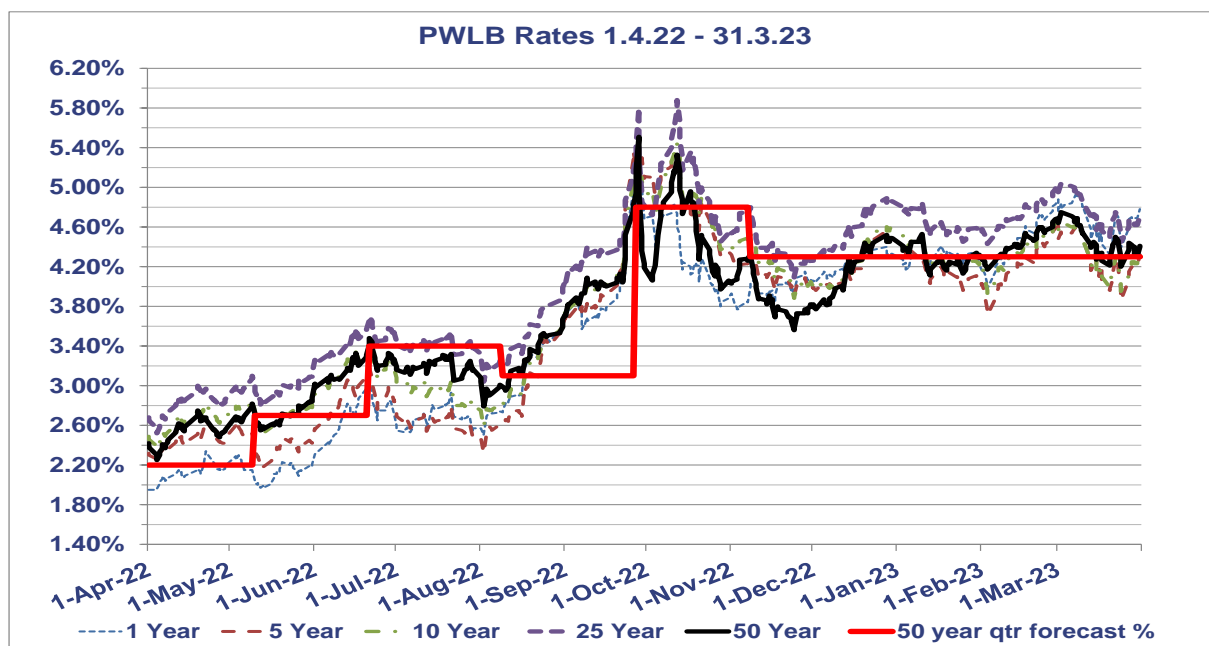
The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cash flow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

Through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Great Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

## Borrowing strategy and control of interest rate risk

PWLB rates during 2022/23 are illustrated by the following chart:



	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/20	13/05/20	04/04/20	04/04/20	04/04/20
<b>High</b>	5.11%	5.44%	5.45%	5.88%	5.51%
<b>Date</b>	28/09/20	28/09/20	12/10/20	12/10/20	28/09/20
<b>Avera</b>	3.57%	3.62%	3.76%	4.07%	3.74%
<b>Sprea</b>	3.16%	3.26%	3.09%	3.36%	3.26%

The following table shows forecast interest rates over the next three years:

Link Group Interest Rate View 27.03.23													
		Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
<b>BANK RATE</b>		4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings		4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings		4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings		4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB		4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10
10 yr PWLB		4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB		4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40
50 yr PWLB		4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10



PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. In recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies reopened post-Covid-19; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the Fed, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Gilt yields have been on a continual rise since the start of 2022, peaking in the autumn of 2022. Currently, yields are broadly range bound between 3% and 4.25%. At the close of the day on 31 March 2023, all gilt yields from 1 to 50 years were between 3.64% and 4.18%, with the 1 year being the highest and 6-7.5 years being the lowest yield.

Regarding PWLB borrowing rates, the various margins attributed to their pricing 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)

**Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target. As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

The Bank of England is also embarking on a process of Quantitative Tightening, but the scale and pace of this has already been affected by the Truss/Kwarteng "fiscal experiment" in the autumn of 2022 and more recently by the financial market unease with some US (e.g., Silicon Valley Bank) and European banks (e.g., Credit Suisse). The gradual reduction of the Bank's original £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

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## Additional Outside Body Appointments 2023/24

Outside Body	Relevant information	Representatives	Appointment Length
Armed Forces Partnership	1 Member to act as the Armed Forces Champion for the Council		4 years until May 2027
Cullompton HAZ / Town Centre Regeneration Partnership	1 additional Member representing Cullompton Town Centre is needed  (Cabinet Member for Planning and Economic Regeneration has already been appointed as MDCC (Chair))		4 years until May 2027
Mid Devon Locality Committee	1 replacement Member needed as, although Cllr F Letch was appointed by Council on 24 May to be the representative, he is already on the Committee as a County Councillor		4 years until May 2027
Most Sparsely populated Councils Group (part of the RSN Rural Services Network)	1 substitute Member needed in case Cllr Czapiewski cannot attend a meeting		4 years until May 2027
PATROL: Parking and Traffic Regulations Outside London (meet virtually)	1 Member needed		4 years until May 2027
Police and Crime Panel for Devon and Cornwall	1 Member needed  (Previously the Cabinet Member for Community)		4 years until May 2027
Westleigh Quarry Liaison Group	1 additional Member needed  (Cllr J Lock is already on this Group)		

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