

Economy & Assets Policy Development Group

Thursday, 19 September 2024 at 5.30 pm
Phoenix Chambers, Phoenix House, Tiverton

Next meeting
Thursday, 28 November 2024 at 5.30 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.

The meeting will be hybrid and an audio recording made and published on the website after the meeting.

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

Meeting ID: 391 152 959 24
Passcode: QnnqP8

Membership

Cllr G Cochran
Cllr J M Downes (Chair)
Cllr M Farrell
Cllr M Fletcher
Cllr L Knight
Cllr N Letch
Cllr J Poynton
Cllr R Roberts

AGENDA

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

- 1 **Apologies and Substitute Members**
To receive any apologies for absence and notice of appointment of substitutes.
- 2 **Public Question Time**
To receive any questions from members of the public and replies thereto.
- 3 **Declaration of Interests under the Code of Conduct**
To record any interests on agenda matters.
- 4 **Minutes** (*Pages 5 - 14*)
To consider whether to approve the minutes as a correct record of the meeting held on 20th June 2024.
- 5 **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
- 6 **Performance Dashboard Q1** (*Pages 15 - 16*)
To receive the quarter 1 Performance Dashboard from the Corporate Performance and Improvement Manager.
- 7 **Medium Term Financial Plan - General Fund (GF)** (*Pages 17 - 46*)
To receive a report from the Deputy Chief Executive (S151) presenting to Member's the updated Medium Term Financial Plan (MTFP) which covers the period 2025/2026 to 2028/2029 and takes account of the Council's key strategies and demonstrates it has the financial resources to deliver the Corporate Plan.
- 8 **Economic Development Team Update Report** (*Pages 47 - 52*)
To receive a report from the Director of Place and Economy updating Members on town centre health, projects and activities undertaken by the Growth, Economy and Delivery Team during the last couple of months.
- 9 **Green Enterprise Grants Update** (*Pages 53 - 58*)
To receive a report from the Director of Place and Economy updating Members on the Green Enterprise Grants and providing an overview of post project evaluation.

10 **Identification of items for the next meeting**

Members are asked to note that the following items are already identified in the work programme for the next meeting:

- Medium Term Financial Plan Update
- Performance Dashboard for Quarter 2
- Destination Management Plan for Mid Devon
- Economic Strategy 2024-2029
- Economic Development Team Update
- Update from COTIE(to be confirmed)

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

Guidance notes for meetings of Mid Devon District Council

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 Teams.

If the Council experience technology difficulties at a committee meeting the Chairman may make the decision to continue the meeting 'in-person' only to conclude the business on the agenda.

1. Inspection of Papers

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at Committee@middevon.gov.uk

They can also be accessed via the council's website [Click Here](#)

Printed agendas can also be viewed in reception at the Council offices at Phoenix House, Phoenix Lane, Tiverton, EX16 6PP.

2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership.

The Code of Conduct can be [viewed here](#):

3. Minutes of the Meeting

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Committee will be asked to approve as a correct record at its next meeting. Minutes of meetings are not verbatim.

4. Public Question Time

Residents, electors or business rate payers of the District wishing to raise a question and/or statement under public question time are asked to provide their written questions to the Democratic Services team by 5pm three clear working days before the meeting to ensure that a response can be provided at the meeting. You will be invited to ask your question and or statement at the meeting and will receive the answer prior to, or as part of, the debate on that item. Alternatively, if you are content to receive an answer after the item has been debated, you can register to speak by emailing your full name to Committee@middevon.gov.uk by no later than 4pm on the day before the meeting. You will be invited to speak at the meeting and will receive a written response within 10 clear working days following the meeting. Notification in this way will ensure the meeting runs as smoothly as possible.

5. Meeting Etiquette for participants

- Only speak when invited to do so by the Chair.
- If you're referring to a specific page, mention the page number.

For those joining the meeting virtually:

- Mute your microphone when you are not talking.
- Switch off your camera if you are not speaking.
- Speak clearly (if you are not using camera then please state your name)
- Switch off your camera and microphone after you have spoken.
- There is a facility in Microsoft Teams under the ellipsis button called "turn on live captions" which provides subtitles on the screen.

6. Exclusion of Press & Public

When considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act. If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, ask participants to leave the meeting when any exempt or confidential information is about to be discussed. They will be invited to return as soon as the meeting returns to open session.

7. Recording of meetings

All media, including radio and TV journalists, and members of the public may attend Council, Cabinet, PDG and Committee meetings (apart from items Media and Social Media Policy - 2023 page 22 where the public is excluded) you can view our Media and Social Media Policy [here](#). They may record, film or use social media before, during or after the meeting, so long as this does not distract from or interfere unduly with the smooth running of the meeting. Anyone proposing to film during the meeting is requested to make this known to the Chairman in advance. The Council also makes audio recordings of meetings which are published on our website [Browse Meetings, 2024 - MIDDEVON.GOV.UK](#).

8. Fire Drill Procedure

If you hear the fire alarm you should leave the building by the marked fire exits, follow the direction signs and assemble at the master point outside the entrance. Do not use the lifts or the main staircase. You must wait there until directed otherwise by a senior officer. If anybody present is likely to need assistance in exiting the building in the event of an emergency, please ensure you have let a member of Democratic Services know before the meeting begins and arrangements will be made should an emergency occur.

9. WIFI

An open, publicly available Wi-Fi network is normally available for meetings held in the Phoenix Chambers at Phoenix House.

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MINUTES of a **MEETING** of the **ECONOMY & ASSETS POLICY DEVELOPMENT GROUP** held on 20 June 2024 at 5.30 pm

Present

Councillors

J M Downes, M Farrell, G Cochran,
M Fletcher, N Letch and R Roberts

Also Present

Councillors

D Broom, S Keable and F Letch

Also Present

Officers

Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Richard Marsh (Director of Place & Economy), Dr Stephen Carr (Corporate Performance & Improvement Manager), Adrian Welsh (Strategic Manager for Growth, Economy and Delivery), Zoë Lentell (Economic Development Team Leader), Laura Woon (Democratic Services Manager) and Sarah Lees (Democratic Services Officer)

Councillors

Online

E Buczkowski, J Buczkowski, G Czapiewski and J Lock

Officers

Online

S Walford

Also in

Attendance

J Walker and J Yates from Petroc

1 ELECTION OF CHAIRMAN

RESOLVED that Cllr J Downes be elected as Chairman of the Economy & Assets Policy Development Group for the municipal year 2024/2025.

2 ELECTION OF VICE CHAIRMAN

RESOLVED that Cllr M Farrell be elected Vice Chairman of the Economy & Assets Policy Development Group for the municipal year 2024/2025.

3 **START TIME OF MEETINGS**

RESOLVED that the start time of meetings of the Economy & Assets Policy Development Group continue to be 5.30pm on Thursday evenings for the remainder of the municipal year.

4 **APOLOGIES AND SUBSTITUTE MEMBERS**

There were no apologies for absence.

5 **PUBLIC QUESTION TIME**

There were no members of the public present and none had registered to ask questions in advance.

6 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

7 **MINUTES**

The minutes of the previous meeting, held on 7 March 2024, were approved as a correct record and **SIGNED** by the Chairman.

8 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

1. He thanked the Group for electing him as Chair for a further year.
2. He referred to the 'Flock that Rocks' swan sculptures and suggested that perhaps the plinths that they sat on could have been painted.
3. He hoped that going forwards, the Policy Development Group would be more policy orientated. He referred to the Car Parking Working Group which had been established by the Group and had been a 'trail blazer' in terms of community engagement and consultation prior to making its recommendations. It was confirmed by the Chair of the Car Parking Working Group that work was ongoing and they would next be meeting in July.

9 **PRESENTATION FROM PETROC ON THE BUSINESS INNOVATION CENTRE PROJECT (00:10:00)**

Representatives from Petroc were present to provide a presentation on the Business Innovation Centre Project.

This included the following summary information:

- The centre was called the 'Centre of Technology & Innovation Excellence' or 'COTIE' for short.
- Refurbished 7 rooms for business activity including, hot-desking, conferences/expos, creative spaces, meeting pod's.
- Created a new link bridge to creative spaces.
- Created a new and separate IT infrastructure.

- Purchased a wide range of equipment to support the engagement project.
- They wanted to work with businesses who had innovative new ideas, new products/service, wanted to be more proactive or increase revenue, wanted to create more jobs or safeguard ones at risk, share knowledge and participate in research and development.
- They had delivered 16 engagements or training sessions/events and much more was planned from September onwards including digital skills training for businesses, support for business startups, Expo's and events and opportunities for businesses to use creative spaces.
- A vast array of technology had been purchased to support the help offered to businesses including the latest 3D photography technology, the latest 360 degree filming equipment, the very latest in extended reality headsets. As well as this, they had also invested in 10 Dell laptops, 2 gaming spec PC's. 3 27" monitors, 15 Microsoft Office 365 licences, 2 x 75" iiyama smart screens and 1 meeting owl.
- Upcoming events included the 'Business Innovation Showcase' on 11 July which would run all day and allow interested parties to drop in at any point during the day to find out how the programme could support them. The day would feature a tour of the Innovation Hub, free learning workshops, technology demonstrations and a virtual reality experience.

Discussion took place with regard to:

- Local businesses were actively marketed and Eventbrite used to market training courses.
- This was a project receiving funding specifically for businesses in Mid Devon and whilst this was the priority they were also reaching out to businesses in the wider community.
- They were working very closely with the Federation of Small Businesses.
- Different social media platforms were used to promote activities.
- They also had links with Exeter University who had also launched their own Incubator Hub.
- Despite what had been achieved so far the centre was still very much operating at an early stage of its development and much more was hoped for in the future.
- Voluntary groups could be helped, for example, the Scouts, if there was a business need.
- COTIE had a very good working relationship with the Economic Development Team. Helpful collaboration and referrals were working well.
- Since a key priority of the Group had been to support and encourage Incubator space start up activities, it was requested that it received a case study at a future meeting, particularly one that had been a start-up and which had progressed to be a success.
- It was confirmed that COTIE were focussing on certain core areas such as Agritech, Engineering, Digital and Food Manufacturing. However, support could be offered to other types of business, for example, a café, with issues such as website advice and financial support advice. Each business and the knowledge of those running the business was different, therefore a tailored approach was needed in each case.

10 DRAFT CORPORATE PLAN 2024-2028 (00:49:00)

The Group had before it a report * from the Chief Executive, the Head of People, Performance and Waste and the Corporate Performance and Improvement Manager presenting the draft Corporate Plan for 2024-2028.

The following was highlighted within the report:

- The Corporate Plan had been developed over the past 6 months and had been presented to Cabinet on 4 June.
- It provided a summary of the Council's strategic objectives and ambitions and highlighted the key areas for each Policy Development Group.
- The name of the Corporate Plan was still to be decided and Cabinet may choose to leave it as the 'Corporate Plan 2024-2028'.
- All PDG's were being asked to provide feedback so that the new Corporate Plan was in the best state it could be before being approved by Full Council.
- Comments from Members could be forwarded to the Corporate Performance and Improvement Manager outside of this meeting.

The Group provided the following feedback:

- Under the Economy & Assets area, it would be good to have listed the number of current jobs in Mid Devon and how many businesses those jobs supported set against how many the Council would like to help the District achieve in the next 4 years. This could then be measured.
- The paragraphs in 'The background' section could be rearranged to so that the third paragraph become the first one and the current first one become the last one. The middle paragraph did not need to be so detailed.
- Under the 'Medium Term Financial Plan' section accountant 'speak' needed to be avoided so as to make the numbers referred to easier for non-accountants to understand.
- Under the 'Planning, Environment & Sustainability' area mention should be made that the District Council is a 'considerate' Planning Authority.
- Under 'Service Delivery & Continuous Improvement' it would be better not to refer to the 'right price' as this gave the wrong message.
- Under the number of town events supported it should say 'a minimum of three'.
- J27 was not mentioned under section 4.5 in the relevant table, should it be?
- It was hoped that the Performance Measures and Targets under the 'Economy & Assets' area would be more populated the next time the Group saw it.

RECOMMENDED to the Cabinet that the draft Corporate Plan be approved subject to consideration of the Group's feedback.

(Proposed by the Chair)

Reason for the decision

Setting out the Council's aims and objectives through a Corporate Plan helped the Council demonstrate its performance in relation to Value for Money considerations.

Note: * Report previously circulated.

11 **PERFORMANCE DASHBOARD Q4 (01:02:00)**

The Group were presented with, and **NOTED**, summary information * reflecting performance in the Economy & Assets areas for quarter 4 2023/2024.

The following was highlighted on the Performance Dashboard:

- The data presented referred to the Economy PDG area for the last quarter of 2023/2024. This was before the creation of the newly titled PDG areas.
- The Corporate Performance and Improvement Manager listed the RAG ratings which were showing as either red or amber.
- Car parking income was slightly behind target, however, the new charges would not be applied until quarter 1 of 2024/2025.
- Pannier Market income was shown as amber and there were a couple of long term commercial voids
- Capital slippage was shown as red and was mainly to do with the delay of the Cullompton Relief Road.
- The Dashboards for quarter 1 in 2024/2025 would be updated once the new Corporate Plan had been approved.

Consideration was given to:

- What 'Outturn' actually meant? It was explained as a way of looking backwards to see how an area had performed.
- It was within the gift of the Group to ask officers why performance in relation to corporate buildings and commercial premises was under achieving.
- It was requested that the Group receive a list of commercial premises and where they were.
- Whilst there had not been any capital expenditure in relation to J28, a significant amount of officer time had been spent doing feasibility studies and trying to secure external funding for its progression, this was why costs were showing.

It was **AGREED** that a meeting be set up to allow information relating to income and expenditure in the Economy & Assets area to be relayed to the Group by the Accountants so as to improve their knowledge in this area.

Note: * Summary information previously circulated.

12 **SPF/REPF YEAR 2 OVERVIEW (AND Y3 DELIVERY PLAN) (01:19:00)**

The Group received a presentation, and **NOTED**, an update from the Economic Development Team Leader providing an overview of the Shared prosperity Fund (SPF) and Rural England Prosperity Fund (REPF) Year 2 and the Year 3 Delivery Plan.

This included the following summary information:

Love Your Town Centre

'Love Your Town Centre' was a flexible funding mechanism offering small grants through a competitive bidding process with four strands aimed at improving the town centre and increasing the vibrancy and vitality of our three main markets towns: Crediton, Cullompton and Tiverton. This included:

- a) Shopfront Enhancement Schemes.
- b) Vibrant Town Centre Scheme.
- c) Vacant Shop and Business Growth Scheme (Year 2 onwards).
- d) Digital High Streets Scheme (Year 2 onwards).
- e) For year two, we also contributed towards the Cullompton Heritage Action Zone public realm enhancement project.

The Cullompton Scheme had funding from GED to support delivery of the HAZ shopfront scheme. The team intends to use the underspend returned to us towards a new shopfront scheme that aligns with the Tiverton and Crediton schemes and it had already received two enquiries.

Vibrant Town Centres

This had been a popular scheme and helped to support 68 events and activities in our town centres.

In addition to the events supported and grants offered outputs, the scheme also supported 10 volunteering opportunities.

The scheme continued this year with the first round already complete and more events and activities funded including the Tiverton Literary Festival, Crediton's Big Boniface Bash and an arty party in Cullompton amongst others. The next round was in the autumn, which would complete the programme for this year.

Across the LYTC scheme, through engagement with the team, we have achieved additional outputs of 15 businesses receiving non-financial support (including signposting, advice and guidance) and supported 12 businesses who were taking on empty units. 9 commercial properties were improved within year 2 and the remaining applicants are on schedule to complete their improvements this year.

This year, all four schemes would continue with open applications for shopfront, digital high street and business growth.

Field to Fork

This focused on promoting direct supply, 'buy local' campaigns and linking local food producers and businesses.

There are three key strands to this project:

- Buy Local Campaigns
- Networking Support
- Showcasing Events

The 'Meet the Producer' project supported 14 of our producers and their food retailers as presented at the last PDG. The Team would continue this project this year focusing on food tourism businesses.

Under networking support, the team funded free membership (for 12 months) for local food businesses with Food Drink Devon (FDD). FDD was a Community Interest Company, membership organisation was made up of hospitality, retail, food and drink producers and support businesses from the County. Their aim was to support and promote members and raise Devon's culinary profile as a whole.

Off the back of the Membership scheme, we also worked with FDD on 'Meet the Expert' networking events including an event in Westpoint towards the end of the financial year.

In addition to businesses supported, Field to Fork had also achieved a reach (which means engagement) of 39,898.

This year the team had an expression of interest for a grant to a local producer to host a Taste Mid Devon event. This was now in application stage and more information would be shared at the next PDG.

The team were continuing to work with Mid Devon Show this year to provide free space for Mid Devon producers attending for the first time. Six producers had already booked and a number of other businesses had expressed an interest.

At this year's show, the team would have a Taste Mid Devon tent bringing producers together. The team would also have a stand in the tent promoting the Farm Shop Trail and a special swan guest with them.

Visitor Economy

Visitor Economy focuses on linking to outputs around promoting Mid Devon as a tourism destination and supporting leisure and tourism businesses. There are three main themes being:

- Promoting Mid Devon
- Tourism Events
- Campaigns and Competitions

New for this year: Using REPF funding, the team also have a project to create some "welcome to Mid Devon" signage subject to owner consent at gateway locations.

Much of year two was spent on planning and preparing for the Swan Trail and Walking Festival.

The Search Engine Optimisation enhancement project took place early in year two making improvements to the visibility of the Visit Mid Devon website in results from online search engines. As a result, this has achieved an increased number of web searches for a place of 259,627 in year two.

The campaigns and competitions were run via the Visit Mid Devon Facebook page, promoting a number of our leisure and tourism businesses as well as Mid Devon as a destination.

In total, 47 businesses and organisations (not including duplicates across campaigns) were featured across different promotional activities.

Other Projects

These are mostly the projects the Team were not delivering directly themselves but were working in partnership with external organisations to deliver.

This included:

- Business Support
- People and Skills
- Business Growth and Innovation
- Flexible Workspace

People and Skills

The team awarded a grant to the Apricot Centre in January for provision of regenerative farming training to Mid Devon farmers. An update was expected from them about take-up and delivery at the end of this quarter.

New this year would be the introduction of an Employment and Skills Hub project coordinated by Devon County Council. Many of the Devon authorities had contributed SPF towards this service. This would involve an Advisor based in Mid Devon two days a week offering 1:1 advice, guidance and skills coordination to help economically inactive people and young people access employment.

Business Growth and Innovation

Incorporating grant funding to Petroc College towards the creation of a business innovation centre (COTIE @ Tiverton) and a programme of business innovation outreach activities as outlined in Petroc's presentation earlier this evening.

Flexible Workspace

There was an amount of REPF and SPF funding for the creation of flexible workspace in year 3 of the delivery programme. The team commissioned a feasibility study in year 2 looking at the Market Centre as a potential location and the study confirmed there was an appetite from the local business community – homeworkers and self-employed – for a site in the town centre. Year 3 would focus on the delivery of this project.

Prosperity Programme

The prosperity programme was the Council's main grants scheme to support businesses with projects that facilitate growth. This used the bulk of the REPF funding and contributions from SPF.

Over the first year of REPF: 14 businesses were offered grant funding, with one declining the grant offer (with a further two businesses offered funding from SPF at the tail end of Yr 1).

The Economic Development Team Leader was congratulated on her presentation and the successful projects which had been referred to.

Discussion took place with regard to:

- The well deserved appreciation by the Group of the hard working Economic Development Team.
- A leaflet listing all available grants could be circulated.
- It was confirmed that there was no minimum grant request for the Shopfront Scheme, although the paperwork needed to be provided up front.
- The team were easily able to access advice from colleagues in Planning to assist with enquiries.
- With regard to the Shopfront Enhancement Scheme businesses were encouraged to come forward.
- On occasions the paperwork side of things was viewed as bureaucratic, however, it was explained that the Council needed to be compliant with procurement obligations. However, businesses having difficulties with the paperwork or procurement elements were encouraged to speak to the team directly.

13 **ECONOMIC DEVELOPMENT TEAM UPDATE (01:46:00)**

The Group received, and **NOTED**, a report * from the Director of Place & Economy providing an update on activities carried out by the Growth, Economy and Delivery Team since the last committee meeting.

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

- There had been an increase year on year of vacancy rates, however, all three town centres had vacancy levels below the national average between quarters 3 and 4.
- The new Green Enterprise Grants Scheme launched for applications in April but was now closed. At the time of the report 14 businesses had requested the application, although one was ineligible as it was out-of-area.
- The bid for a Local Visitor Economy Partnership (LVEP) was successfully approved by Visit England. Devon County Council were acting as the accountable body for the LVEP and were in the process of setting up a steering group. It was likely it would take around 12 months for the LVEP to get up and running, therefore the Economic Development Team would continue to progress the review of the Destination Management Plan (DMP) with the intention of linking this into the LVEP's Destination Plan once published. As part of the DMP research, the team had commissioned a visitor survey which was being conducted over the May and Summer school holiday periods; the results of this would be fed back to Members later in the year.

Discussion took place with regard to:

- The demise of the Tourist Information Centres several years ago and whether the District Council could do anything to help? It was explained that no funding was available at the moment but officers were in the process of commencing work on a Destination Management Plan and Members would have the opportunity to comment on this as it was developed.
- There was currently a lack of clarity as to what would happen once the SPF and REPF funding programmes have ended. Officers would continue to

pursue potential grant funding opportunities as, and when, they became available.

Note: * Report previously circulated.

14 **WORK PROGRAMMING FOR 2024 / 2025 (02:00:00)**

The Group had before it the draft work programme * for the Economy & Assets Policy Development Group.

Throughout the meeting various requests had been made for the Group to receive information or hold further discussion on the following areas:

- A better financial understanding of the Economy & Assets area.
- To receive information with regard to the commercial assets held by the Council, how much they were worth, where they were and what could be done with them.
- Regular and proactive discussion on Incubator Space for Business Start Ups, to include the plans for a Hub at the Pannier Market.
- Updates in relation to J27 and J28 when appropriate.
- Regular on-going updates in relation to the work of the Economic Development Team and associated activities.
- A presentation from a representative of 'Food & Drink Devon'.
- 'Start Up' case studies.

It was **AGREED** to add these areas into the work programme for 2024/2025.

Note: * Draft work programme previously circulated.

15 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

The items already listed in the work programme for the next meeting were **NOTED**. It was also requested that the following be on the agenda:

- Commercial Assets – what were they, how much were they worth and what could be done with them?
- An update from Petroc regarding the 'COTIE' project and the presentation of a 'Start Up' case study.

(The meeting ended at 7.32 pm)

CHAIRMAN

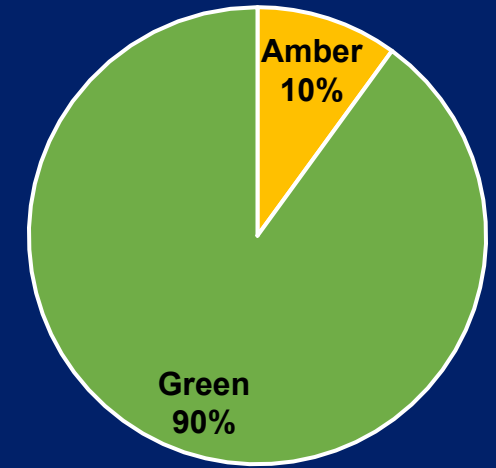
Economy & Assets PDG Performance Dashboard – Quarter 1 2024/25

Performance Measures	Performance	Annual Target	Rating
Pannier market occupancy rate (Average YTD)	87 %	85%	G
Businesses supported – non financial support (YTD)	113	250	G
Commercial property voids (YTD)	1.7 %	5%	G
Events supported in our town centres (YTD)	25	6	G
Tourism events supported (YTD)	3	2	G
Business rateable value (Current)	£54,520,977	N/A	
Empty business properties (Current)	227	N/A	
Funding secured to support economic projects (YTD)	£1,289,226	£400,000	G

Finance Measures	Performance	Annual Target	Rating
E&A PDG - Outturn	£1,586k	£1,631k	G
Car Parking Income - Outturn	(£1,102k)	(£1,102k)	G
Pannier Market Income - Outturn	(£108k)	(£108k)	G
E&A PDG – Capital Slippage % of projects (Current)	21%	0%	A

Corporate Risk	Risk Rating (Trajectory)
Culm Garden Village – Loss of capacity funding	25 (no change)
Culm Garden Village – Project delays/ impacts due to infrastructure delays	20 (no change)
Cullompton Town Centre Relief Road	25 (no change)

Overall Performance Q1



In Focus

Co-working Spaces: The Market Centre, Tiverton has been proposed as a co-working space, to provide flexible office space. Strong demand has been identified, particularly from self-employed homeworkers, employees of larger organisations who often work remotely, small local start-up businesses and people who are visiting/holidaying that require reliable Wi-Fi to work. A public consultation closed on the 5th August 2024.

Tourism Events: Mid Devon Walking Festival will take place between 14 to 29 September. The festival will feature guided walks, live music and local artisan markets.

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**Report for: Economy & Assets Policy
Development Group**

Date of Meeting:	19 September 2024
Subject:	Medium Term Financial Plan – General Fund (GF)
Cabinet Member:	James Buczkowski – Cabinet Member for Governance, Finance and Risk
Responsible Officer:	Andrew Jarrett – Deputy Chief Executive (S151)
Exempt:	N/a
Wards Affected:	All
Enclosures:	Appendix 1 – Sensitivity Analysis Appendix 2 – MTFP Summary Position Appendix 3 – Emerging Budget Pressures Appendix 4a – E&A PDG Savings Options Appendix 4b – All Savings Options

Section 1 – Summary and Recommendation(s)

To present to Member’s the updated Medium Term Financial Plan (MTFP) which covers the period 2025/26 to 2028/29 and takes account of the Council’s key strategies (i.e. the Corporate Plan, Business Plans, Treasury Management Plan, Asset Management Plan, Work Force Plan and Capital Strategy) and demonstrates it has the financial resources to deliver the Corporate Plan. This models potential changes in funding levels, new initiatives, unavoidable costs and proposed service savings.

Recommendation(s):

That Members of the Policy Development Group:

- 1. Note the updated MTFP for the General Fund covering the years 2025/26 to 2028/29;**
- 2. Consider the principles and endorse the approach to balancing the General Fund Revenue Budget outlined in paragraph 6.2;**
- 3. Note the emerging budget pressures included within Appendix 3;**

4. **Consider and recommend to Cabinet the Round 1 Budget Proposals as set out in Appendix 4a, and where further savings should be sought and to what level.**

Section 2 – Report

1.0 Introduction and purpose of the Medium Term Financial Plan

- 1.1 The main purpose of the MTFP is to show how the Council will strategically manage its finances in order to support the delivery of the priorities detailed in the Corporate Plan 2024 – 2028 and future years beyond that plan.
- 1.2 The MTFP links the financial requirements, constraints and objectives included in all the key planning documents of the Council (i.e. Asset Management Plan, Treasury Management Strategy, Work Force Plan, and Business Plans) which culminate in the Corporate Plan.
- 1.3 The MTFP has been a key corporate requirement for a number of years and is an essential part of the budget setting process. It provides a financial model which forecasts the cost of providing Council services over a future rolling five year period, together with an estimate of the financial resources that will be available. Note a new year 5 covering 2029/30 is currently being modelled. This model provides an early warning mechanism if there is a significant budget gap between estimated costs and available resources.
- 1.4 The MTFP helps strategically plan the budget setting process, but of equal importance, gives Management and Members an overview of future budget gaps so strategic decisions can be made over levels of future spending, Council Tax levels, policies for fees and charges, asset investment or disposal, etc.
- 1.5 In addition to considering the General Fund financial position, the MTFP also reviews the affordability of the Council's Capital Programme over the same five year period. It forecasts required capital projects (in the main focusing on essential asset replacement and health and safety items) matched against potential capital receipts and grant funding. Note however, at this time, the financing requirement included reflects the 2024/25 Capital MTFP as it is currently being refreshed. The update will be brought back to Cabinet later in the budget cycle.
- 1.6 In addition to these two key areas of Council expenditure, the Council also prepares an MTFP for the Housing Revenue Account (HRA). This also shows a five year programme and outlines the key issues affecting the HRA costs and income streams from April 2025 onwards. Once again, the 2025/26 – 2028/29 HRA MTFP is currently being refreshed as there are significant implications arising from the Capital Programme. The update will be brought back to Cabinet later in the budget cycle.

1.7 Therefore this report focuses solely on the General Fund Account.

2.0 Framework for the Medium Term Financial Plan

- 2.1 The starting base for the MTFP is the 2024/25 approved budget, which is then adjusted for any supplementary estimates approved by the Council or any significant budget variances identified in the monthly budget monitoring report to the Cabinet.
- 2.2 This base then has to be adjusted for unavoidable costs, such as, pay increases, inflation, service pressures associated with new legislation, a growing residential or business property base or improving performance, etc. The MTFP will also consider forecasts for investment receipts and income from fees and charges.
- 2.3 Finally the MTFP considers and makes assumptions regarding future levels of funding, in particular Council Tax including the potential growth in tax base, Business Rates again including any movement in the baseline as well as changes in the reliefs, multipliers and overall retention levels. Forecasts are also made for the likely level of future Central Government funding.
- 2.4 The MTFP models an overall aggregated position for the Council based on a range of assumptions. This then predicts an overall budget position, which can highlight a potential budget gap and then propose remedial action which can be taken to resolve it. Clearly, these assumptions can be challenged. They will vary due to changes in the local, national and international economic position and of course, the ongoing consequences of the Cost Of Living Crisis will have implications, not only for the current year, but also for the years to come.
- 2.5 The development of a five year financial model is based on a number of assumptions and perceived risks. These become more difficult to predict the further into the future you consider. In general terms a prudent/reasonable approach has been taken regarding forecasts, professional accounting guidance has been followed and external technical opinion has been sought where necessary. As a consequence, **Appendix 1** illustrates possible risks within the plan and the potential financial sensitivity to changes in the assumptions.
- 2.6 The following underlying principles have been adopted as a base assumption during the life of the MTFP:

2.6.1 Principle 1 – General Fund Reserves

- Each year the Council will target a balanced revenue budget without the use of General Fund reserve balances. The level of predicted deficits over the period of this plan may ultimately require the application of reserves to a degree to achieve the mandatory balance. However, this option is not reflected in the numbers presented and must only be considered as a last resort;
- The Council faces considerable financial risks that can have a potentially significant and immediate impact on its finances. The MTFP will attempt to ensure that the General Fund Reserve balance does not fall below the current minimum agreed level (£2m).

2.6.2 Principle 2 – Optimise Income Generation

- Council Tax funds the largest share of the Council's budget. Annual increases will be kept within Government set guidelines. In reality this now gives the Council very little scope to significantly increase Council Tax income as the recent nationally prescribed referendum rate has been limited to a maximum of 2% or £5. This plan assumes that this rate will remain unaltered throughout the five year cycle;
- The Council will continue to look at opportunities to generate additional sustainable income. This could be through reviews of existing Fees and Charges or through new charges for discretionary services. Such charges should be set at levels that are appropriate and proportionate to the costs of the service they are delivering and the market within which they operate. The Council will continue to explore new commercial opportunities (as a 'business as usual' model is clearly no longer deliverable).

2.6.3 Principle 3 – Allocation of Revenue Resources

- Resources will be directed to high priority and statutory services and hence away from low priority services, which will likely result in less investment in discretionary areas. With the exception of spend to save projects on lower priority services that can either cut future costs or increase revenue to enable cross subsidisation of higher priority services;
- It will seek to deliver further efficiency in its service delivery models and secure procurement savings in its new contractual arrangements which will then be factored into future spending plans. Note that opportunities to improve efficiency reduce over time and now only deliver benefits at the margins. Similarly, effective procurement does not always deliver savings as it is dependent upon market conditions at that time.

2.6.4 Principle 4 – Allocation of Capital Resources

- The Council will continue to prioritise schemes, for instance to generate income, to meet corporate objectives and to enhance its asset base;
- The Council will continue to ensure it provides Value for Money through the efficient and effective use of its assets. The Council will look to dispose of surplus assets in order to maximise capital receipts and reduce ongoing revenue maintenance costs associated with holding the asset. Careful consideration will also need to be used to ensure the maximum market value is achieved when disposing of assets;
- Prudential borrowing will only be made during the life of the MTFP after the production of a fully costed business case that demonstrates how the investment meets the Council's policy objectives, has exhausted all other external funding routes and delivers measurable improvement within a reasonable payback period;
- The Council will keep its internal borrowing under review and when appropriate will consider the potential to fix rates in the medium to long term to manage the risk and potential financial impact of interest rate increases. Consideration will also be given to whether the most appropriate funding mechanism is to fully utilise cash balances and undertake short-term borrowing to meet cash flow requirements. The Council continues to consult specialist advice to keep this under review.

2.7 These are all underpinned by a culture of Budget Ownership across all services.

3.0 Background to the Medium Term Financial Plan

3.1 Members should be aware that this MTFP has been developed against a backdrop of:

- Austerity – an aggregate cut in Central Government Grant of c£5m during the austerity measures put in place since 2010/11 and been replaced with lower levels of more volatile funding sources e.g. Service Grant / Funding Guarantees, Business Rates and numerous one-off grants;
- Covid-19 – service income through fees and charges in some areas has only just recovered to pre-covid-19 levels, i.e. Leisure and Car Parking;
- The invasion of Ukraine significantly impacted the availability and therefore price of energy and fuel, leading to A Cost of Living Crisis not seen since the early 1980's. It has required the reallocation of Council resources into supporting the Government Homes for Ukraine scheme for example;
- Nationally, the cost of the Pandemic and Cost of Living Crisis has been significant, with the government's latest gross debt being £2,721bn (101.3%

of GDP) with the net borrowing £40.8bn¹. This indicates that austerity measures are likely to continue;

- Political change at a national level leading to uncertainty and emerging policy decisions;
- High interest rates and high inflation which are now expected to reduce at a slower rate.

Yet the Council continues to deliver a wide range of well performing services.

- 3.2 There are still some fundamental issues that have not been resolved or are still to be fully evaluated. These issues may either improve or worsen the summary budget position currently reported and are covered in Section 7 of this report.

4.0 Current In-Year Monitoring Position and associated actions taken

- 4.1 As outlined above, the MTFP takes into consideration the current financial position against the 2024/25 base budget. The Qtr. 1 forecast indicated an under spend of £350k on the General Fund, indicating that services are managing their budgets well and further savings could be captured.

- 4.2 The initial 2024/25 pay offer has been tabled and is being considered by the unions. Currently, the tabled pay offer should not add material pressure to the 2024/25 in-year position. However, with a new Government keen to resolve outstanding public sector pay disputes, discussions continue nationally. Given the delays in agreeing the 2024/25 pay award, it is difficult to project what the 2025/26 pay award might be, particularly in the current economic circumstances which is extending over a longer period than first envisaged and the appetite for industrial action across many sectors. Therefore, the assumed pay award has been increased to circa 3% across the MTFP timeframe – adding a pressure of circa £500k per annum to the budget.

- 4.3 Many services are experiencing high staff turnover and sickness levels requiring additional temporary staff being employed to keep key services such as waste collection operational. To mitigate this pressure we continue to examine all vacancies as and when they occur. Where a role is required to maintain key service provision, for example a lifeguard or waste operative, these positions will be filled. However, where other posts become vacant, recruiting is being delayed / postponed to free up budget. Inevitably, this does impact on the quality and speed of service delivery, and this is mitigated as far as possible.

- 4.4 The significant increases in energy charges have also had an impact on the Council's finances. The Cabinet agreed to extend the current provider (Laser) and increase the proportion of Electricity purchased from 100% renewable sources. It is currently too early to receive the new energy prices due to cover

¹ [UK government debt and deficit - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

the year beginning 1 October 2024, therefore the forecast remains as previously projected, although the energy cap has reduced since that forecast, potentially leading to a saving for the Council from the assumed circa £400k pressure. To mitigate this, the Council has invested in options to reduce energy consumption, for example switching from Gas to renewable energies using ground and heat source pumps and increasing the volume of LED lighting at two of our leisure centres. Further options include lowering the heating temperature of our buildings and swimming pools and isolating areas of buildings where heating can be switched off.

- 4.5 In summary, the forecast shortfall for 2025/26 can be attributed to the assumed inflationary uplift driven by the Cost of Living Crisis and a lower draw on reserves. The sum of these pressures has added c.£1.2m to our cost base.
- 4.6 Other mitigations include additional income from fees and charges. For example, we are able to charge for services, for example the Green Waste service, Planning and Car Parking. Some services are experiencing greater take up, i.e. Leisure and Car Parking or increasing recycle prices, however, some are also seeing the impact of the economic conditions, with Qtr. 1 forecasting a drop in income from Planning and Building Control.
- 4.7 Therefore, all options to limit costs where possible, including vacancy management processes and a review of fees and charges are being considered.

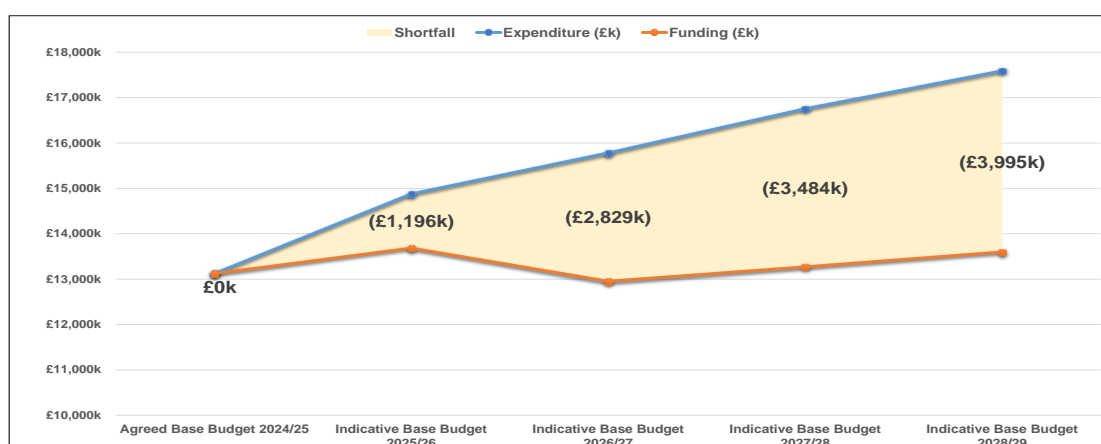
5.0 Summary of the Medium Term Financial Plan

- 5.1 Table 1 and the associated graph shown below, gives a summary position for the MTFP with greater detailed information is shown in **Appendix 2**. This shows an overall deficit of £3,995k over the life of the plan, equivalent to approximately 25% of the current Net Service Cost.

Table 1 – MTFP General Fund Summary

2024/25		2025/26	2026/27	2027/28	2028/29
£000		£000	£000	£000	£000
13,123	Expenditure	14,878	15,782	16,754	17,591
(13,123)	Funding	(13,682)	(12,952)	(13,270)	(13,596)
0	Annual Shortfall	1,196	1,633	655	511
0	Cumulative Shortfall	1,196	2,829	3,484	3,995

Graph 1 – MTFP General Fund Cumulative Budget Gap 2024/25 to 2028/29



5.2 Due to the cumulative nature of this plan, if the Council balances its revenue spend to its available funding, each subsequent year will only then need to find the difference (the annual shortfall). However, if no remedial action is taken to reduce the overall level of spend, the MTFP predicts an estimated cumulative shortfall on the General Fund budget of £3,995k. At present the General Fund reserve of £2,025k (plus/minus any in-year movement would be sufficient to absorb the 2025/26 deficit).

5.3 The majority of this cumulative deficit impacts during years one and two largely due to the Cost of Living Crisis and the assumed reductions in funding across Business Rates and Government Grants after years of delays.

5.4 This is clearly a challenge built upon a number of assumptions, caveats, decisions based upon external advice and the most up to date information available at this time. Clearly, any major variations in these assumptions would require a fundamental review of the Council’s MTFP and would be reported back to Cabinet and the wider Membership as soon as practical, coupled with proposed courses of action that could be implemented.

5.5 The Council has a legal requirement to set a balance budget and needs to ensure its overall costs are affordable i.e. they can be funded through income and planned short-term use of reserves. Members therefore need to take the necessary decisions and actions to manage net spending within affordable limits.

6.0 Approach to closing the Budget Gap

6.1 Many of the issues, assumptions and sensitivity of items included within the MTFP are complex, often inter-related and will undoubtedly be subject to variation and ultimately fundamental review depending on the levels of future funding reductions. However, strategic decisions have been ongoing to reduce the current and future operational costs.

6.2 In order to reduce the forecast deficit the Council will strive to constantly manage its costs and revenues by:

- Ensure fees/charges are revisited regularly and that the Council are charging appropriately for all items possible;
- A continued reduction of discretionary service and employee costs – which may incur short term upfront costs;
- Continue and expand partnership working where practical;
- Investigation of spend to save projects;
- Review the current and future property asset requirements;
- Maximise procurement efficiencies;
- Explore new commercial opportunities;
- Examine different ways of delivering services to reduce costs;
- Continued benchmarking and learning from best practice;
- Consideration of growing the residential and commercial property base to align delivery with Government funding priorities.

6.3 Part of that saving could come from increasing income from Service Fees and Charges. Following a full review last year, many services now have delegated authority to increase fees in line with inflation. The working assumption is that this will be done.

6.4 During the summer, Leadership Team and services have been reviewing a range of budget options that could be considered in order to help mitigate that remaining budget shortfall across this MTFP, with a particular focus on 2025/26. Indicative areas where possible budget savings could be found will form the basis of the discussions with the Policy Development Groups (PDG's). In addition the PDG's will be asked to identify further options to resolve the immediate budget gap for 2025/26 and future years.

6.5 In putting forward the options, officers have applied a risk level to them based upon Red, Amber, Green as follows:

- Red** – indicates the saving could be taken, but there are higher risks/ implications associated with it and therefore officers would not recommend it;
- Amber** – indicates the saving could be taken, but there are risks and implications associated that members need to be aware of / accept;
- Green** – indicates a saving that is recommended by officers.

6.6 Based on only accepting the Green and Amber budget options, the overall 2025/26 position is forecast to move as set out below:

Initial forecast Shortfall		£1,196k
Emerging Budget Pressures	Appendix 3	+ £725k
Budget Options Identified:		
Cabinet	Appendix 4b	(£757k)

Economy & Assets PDG	Appendix 4b	(£172k)
Community, People and Equalities PDG	Appendix 4b	0
Homes	Appendix 4b	(£129k)
Planning, Environment & Sustainability PDG	Appendix 4a	(£39k)
Service Delivery & Continuous Improvement PDG	Appendix 4b	(£434k)
Revised forecast Shortfall		£390k

6.7 Clearly there remains a significant budget shortfall in 2025/26. Therefore, all possible options to increase income or reduce costs must be considered. Options will be brought forward for consideration over the next few months in the run in to setting the 2025/26 budget in February 2025. The above plans will require all service areas to play an active role in securing future savings and the Council will also continue to consult with all of its major stakeholders, especially the tax payers, to ensure all future budgetary decisions accord with their priorities.

6.8 Members will appreciate that all budget options will require political support and therefore if some suggestions are deemed to be unacceptable then other savings will need to be proposed. Members should indicate where these alternatives should be sought.

7.0 Risk, Opportunities and Uncertainty

7.1 The level of uncertainty in funding and external pressures as outlined below makes forecasting difficult and with it a need to highlight risks and the need to push for further efficiencies within services. Ongoing risks and uncertainty for the budget at this stage include:

7.1.1 **New Government** – following the July General Election and the change in Government, a number of announcements have been made in areas such as Housing Targets, further increases to Planning Fees and possible multi-year Funding Settlements. However, announcements have also been made to “fix the broken NHS” and continue spending levels on defence and tackling unemployment, all of which draw on very limited public funding. Therefore, it is not expected that Local Government will see significant changes, and importantly increases, in funding.

7.1.2 **Future Local Government Funding** – the Council awaits to hear the level of funding it will receive in 2025/26 and future years. Although some ambiguous messages have been given by government, these then need to be translated into individual Council funding. These will be dependent upon the Governments views on the long term funding requirement and allocation mechanism. Therefore, it is critical that we continue to lobby for the Fair Funding Review and holistic review of Business Rates to be completed fully as soon as possible, along with the implementation of any replacement of the New Homes Bonus Scheme.

Delays in additional funding opportunities – consultation and announcements with regard to major income opportunities e.g. Extended Producer Responsibilities and move to increase Planning Fees towards a breakeven revenue position have, as yet, not been implemented.

- 7.1.3 **Local Government Finance Settlement (LGFS)** – the Council await the Provisional Settlement expected to be announced in December, covering 2025/26. The previous multi-year settlement expired in 2019/20 and for the last five years has simply been rolled forwards as the sector awaits the outcomes of the much delayed Fair Funding Review. We continue to lobby for multi-year settlements that offer some certainty over the level of grants and therefore enable more meaningful planning.
- 7.1.4 **Cost of Living Crisis / Inflation** – As highlighted previously in this report, the Cost of Living Crisis has had a significant impact upon the Council's finances, although this is beginning to reduce.
- 7.1.5 To combat high inflation, the Bank of England Base Rate is increased to reduce spending levels. Whilst this provides a greater return on our investments, this has a significant impact on the interest rates the Council is able to borrow at. With the significant growth in the Capital Programme primarily to deliver additional homes across the district, additional borrowing will be required. Although inflation has reduced back to near the Government's 2% target, interest rates are only just beginning to fall and this is likely to reduce / slow the deliverability of such projects.
- 7.1.6 **Council Tax** – The MTFP is based on the assumption of a maximum 2% increase on a Band D property each year. This may of course not be possible due to Central Government restrictions. This is only likely to be known on an annual basis as each Settlement is announced. Lobbying continues to remove, or relax, the referendum limit
- 7.1.7 **Council Tax Base** – This MTFP must consider the impact of the Cost of Living Crisis on collection rates. Recovery can be estimated back to the normal 98% over the MTFP.
- 7.1.8 **100% Business Rates Retention / Revaluation** – Government had committed to devolve 100% of Business Rates to Local Government in 2015 but this was later reduced to 75% before being abandoned in 2021. As with the fair funding Review, any proposed changes have been significantly delayed, with no changes to be brought in before 2025/26. A full or partial reset of this baseline will divert resources away from Mid Devon. The sector also awaits what transitional measures will be included to smooth this detrimental impact.

7.1.9 **Levelling Up Fund** – The future long term growth relies on the large scale infrastructure projects such as J28, Tiverton Eastern Urban Extension and Culm Garden Village. The Council has to date been unsuccessful in its bids for substantial funding to support the Cullompton HIF Project. As such, the project is delayed and alternative funding sources are being sought. Should a bid be successful, plans to deliver the major infrastructure project will continue. All the while, the costs continue to rise due to the economic climate. Similarly, plans to reopen Cullompton train station are dependent upon government support, and we await formal clarity from the new Government on their direction of travel.

7.1.10 **Homes for Ukraine Scheme** – Part of the national support to the Ukraine is to offer safe housing for those escaping the conflict. Funding measures have already been reduced to support the scheme. Once the scheme ends it is not clear whether there will be options to relocate families to other hosts or to private landlords. Therefore there is a risk that some of those initially covered by the scheme could present as homeless and require the Council to house them. Less, if any, associated funding will be available to cover those additional costs.

7.1.11 **Net Zero Commitments** – The council needs to reflect on the availability of resources or the reprioritisation required to deliver this ambition. Currently the only government assistance is linked to one off bids to deliver specific schemes. We await any national announcements from Government on how this will be funded / prioritised in the future.

7.2 All of the above items highlight once again just how difficult it is to forecast ahead with any degree of accuracy. Nevertheless, the MTFP helps us examine the likely trends to assist in setting realistic capital and revenue budgets going forward.

8.0 Balances and Reserves

8.1 The Council should look to match on-going spending plans to available in-year resources. However, it currently holds an uncommitted General Fund Reserve with a balance of £2,025k, which is above the current balance of £2m set by Full Council. However, this will be impacted by the outturn position of 2024/25 which is currently forecasting an underspend and therefore an increase in general reserves of £350k.

8.2 The Council holds this reserve for a number of reasons. Firstly to deal with any short term cash flow or funding issues. Secondly to provide a contingency for exceptional one-off acts (i.e. flooding, fire, terrorism, business rate failure, etc.) and, thirdly to provide a buffer for known circumstances whose final affect is unknown (i.e. changes in legislation or major funding changes). Clearly, the more uncertainty that exists, the higher the balance required to mitigate this risk. This level of minimum reserves is assessed annually to ensure it is adequate.

- 8.3 As stated above, this plan does not include any utilisation of these reserves. However, with the scale of the deficit, it is conceivable that some utilisation could be necessary. If so, this should be on the basis that the reserve is replenished by the end of the MTFP period.
- 8.4 The Council also holds Earmarked Reserves which have been set aside for a specific purpose, such as sinking funds for asset replacement. Although these reserves are ring-fenced and not available to support the budget generally, a review of all Earmarked Reserves is undertaken annually and any identification of funding no longer required to be earmarked can be released and could be used to support the budget. As these funds are one-off, they should not be used to support ongoing expenditure and therefore only delay the requirement for the identification and implementation of a sustainable saving.

9.0 Conclusion

- 9.1 The MTFP will continue to be updated to ensure it is a live document. It is subject to amendment and review by Leadership Team and Members and will provide a clear guide prior to commencing the annual budget setting process in future years.
- 9.2 Like all councils, Mid Devon is facing an ongoing and very challenging financial future. The Corporate Plan aligns to available financial resources so that the District can be best placed to maximise cost effective delivery of its services that are valued by its residents.
- 9.3 It should also be noted that Management will continue to play a pro-active role in both reducing ongoing service costs and exploring new possibilities to raise additional income.
- 9.4 Having a realistic financial plan for the next five years will enable the Council to ensure it is allocating its limited financial resources to its key priorities. The Corporate Plan sets out the Council's goals/objectives over a four year period and must clearly be matched by the financial resources that are available. The previous Government's move from a relatively fixed core funding system to more of a '*payment by results*' process has introduced a lot more uncertainty and volatility for the future of the Council's funding streams, which makes medium term financial planning an even more challenging process. We await the funding approach of the new Government.
- 9.5 Like any strategic plan, the MTFP has been compiled based upon all available information at a fixed point in time. Clearly, as time moves on assumptions will change, Central Government will set new targets, bring in new legislation and adjust funding levels. The Council is aware that the Fair Funding Review may, in time, bring significant changes in its core funding including a full or partial Baseline reset in Business Rates. Residents' expectations will change, Member priorities will alter and therefore any plans must be flexible enough to cope with

major changes. It is not only prudent but imperative that the Council seeks to maintain its reserve levels to the fullest extent possible. Moving forward Members will be provided with regular updates on the financial impact of any variation to what has been previously assumed.

Financial Implications

By undertaking regular reviews of the MTFP the Council can ensure that its Corporate Plan priorities are affordable. The implications of the budget gap are set out within the paper. Many areas require greater clarity, particularly around national funding and possible changes to Government Policy. Therefore a number of key assumptions underpin the reported position, which will be refined as greater clarity is received through the budget setting process.

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

The MTFP makes a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. However, many of these assumptions are open to challenge and due to this fact **Appendix 1** of this report shows the financial effect on key items in the plan if assumptions were to change (this is referred to as sensitivity analysis).

Impact on Climate Change

The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years. However, some provision has already been included in the base budget and further evaluation/consideration will be made as the draft budget passes through the PDGs over the next few months. Significant investment is currently forecast within the Capital Programme, however this will be dependent upon full options appraisals and levels of Grant funding available.

Equalities Impact Assessment

No implications arising from this report.

Relationship to Corporate Plan

The Medium Term Financial Plan (MTFP) sets out the financial resources available to deliver the Council's ongoing Corporate Plan priorities.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett
Agreed by or on behalf of the Section 151
Date: 21 August 2024

Statutory Officer: Maria De Leiburne
Agreed on behalf of the Monitoring Officer
Date: 21 August 2024

Chief Officer: Stephen Walford
Agreed by or on behalf of the Chief Executive/Corporate Director
Date: 21 August 2024

Performance and risk: Dr Stephen Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 21 August 2024

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Andrew Jarrett – Deputy Chief Executive (S151)
Email: ajarrett@middevon.gov.uk
Telephone: 01884 234242

Background papers:

- 2024/25 Budget
- 2024/25 Qtr. 1 Budget Monitor

Key Assumptions used in Medium Term Financial Plan

A number of assumptions have been made in formulating the strategy. Clearly some of these are harder to predict than others and in addition the magnitude of the “error” of prediction may be greater in certain specific areas. Detailed below are the main assumptions made and importantly an analysis of the sensitivity to variance.

As previously mentioned, many of the assumptions could be subject to challenge and may well alter during the life of the MTFP. Therefore, it is important to show the magnitude (or sensitivity) in financial terms of minor alterations to assumptions made.

Inflation

Future inflation is of course an unknown quantity. It has been at a generational high in recent times peaking at over 10%, but has now fallen back close to the Government’s 2% target. It is critical to use as realistic assumptions as possible.

The level of inflation assumed in this plan is therefore high and it could come to pass that the actual inflation figures are higher, having a significant impact on our medium term projections. The sensitivity analysis below provides some context for the scale of any variation from the forecast.

The forecast inflationary increases across this MTFP period are (applicable to both General Fund and HRA – as appropriate):

	2025/26 %	2026/27 %	2027/28 %	2028/29 %
Staffing*	3.00%	3.00%	3.00%	3.00%
Pension Back Funding	3.00%	3.00%	3.00%	3.00%
Business Rates on Council Properties	2.00%	2.00%	2.00%	2.00%
Computer Software	5.00%	5.00%	5.00%	5.00%
Gas#	25.00%	12.50%	6.25%	6.25%
Electric#	16.75%	8.38%	4.19%	4.19%
Water	2.00%	2.00%	2.00%	2.00%
Members Allowances*	3.00%	3.00%	3.00%	3.00%
Insurance	3.00%	3.00%	3.00%	3.00%
Fuel-	5.00%	5.00%	5.00%	5.00%
Leisure Fees and Charges	2.00%	2.00%	2.00%	2.00%
Support Service Recharge to HRA	3.00%	3.00%	3.00%	3.00%

A change in the inflation factors causes the following movements:

	2024/25 Budget £000	Inflation Assumption %	2025/26 Forecast Financial Impact £000	(+/-) 1% Change £000
Staffing*	16,663	3.00%	500	166
Pension Back Funding	590	3.00%	24	N/A
NDR on Council Properties	729	2.00%	15	8
Computer Software	1,031	5.00%	52	10
Gas#	107	25.00%	27	5
Electric#	862	16.75%	144	9
Water	178	2.00%	4	2

Members Allowances*	343	3.00%	10	3
Insurance	309	3.00%	9	3
Fuel	522	5.00%	26	5
Leisure Fees and Charges	(3,419)	2.00%	(68)	(34)
Support Service Recharge to HRA	(1,945)	3.00%	(58)	(19)
TOTAL	15,970		1,046	148

* Recent pay offers, including the current 2024/25 offer, have been a flat cash uplift as opposed to a percentage. However for the purposes of the MTFP, a percentage is applied which on average broadly equates to what we anticipate any pay offer to be.

The increase in energy budgets reflects the increase in prices from October 2023. Prices will be available shortly as all energy is purchased in advance of need.

Localised Tax Funding

Internal estimates have used to project the levels of Council Tax and Business Rates income over the five year period.

The Council Tax taxbase forecasts growth in line with the Local Plan. This equates to approximately 350 homes and contributes approximately £80k per annum. A prudent collection rate of 98% is expected, having recovered from the impacts of the Covid-19 pandemic.

The assumed annual increase in the Band D charge is in line with the Governments recent referendum limits at 2%. Each 1% increase in Council Tax generates approximately £70k. It should be noted that extra housing also affects the Council's cost base too, i.e. waste collection, street cleaning etc.

The overall Business Rates scheme is likely to be reviewed and altered by the new Government. Currently there is little on how or when this might happen. The key Business Rates assumptions are:

- that the expected Baseline Reset continues be delayed. The Baseline Reset will update the baseline year(s) used in the Settlement funding model and therefore a degree of local growth will be lost depending on the method of the reset applied. The assumption is that the reset will remove approximately half of the growth in the retained income since the introduction of the baseline in 2013/14, which equates to approximately £500k. This is currently included within 2026/27 but there is no clarity on this date. No expectation of transitional support or use of the Business Rates Smoothing Reserve is currently assumed, but is available and could well happen;
- the estimate is for a minimal growth in the overall Rateable Value and the national multiplier in 2025/26, which is normally linked to CPI inflation. Growth in future years is based upon a 2% increase. Anything above this will benefit the Council.
- The next revaluation is introduced in 2026/27 – the assumption is that this is cost neutral for the Council, but this could increase or decrease retained income.

A 1% variation within these assumptions is very difficult to calculate as each could impact onto the other. For example, a significant increase in the annual multiplier, or the rateable value arising from the Revaluation could potentially force a business to close, which would consequently reduce our retained income. Therefore, an overall movement of 1% in our retained income equates to approximately £43k.

Government Funding

Most forms of Government funding is included within the Local Government Financial Settlement provided by the (renamed) Ministry of Housing, Communities and Local Government (MHCLG). Given there is a new Government, little is known about possible changes or timing of the funding settlement.

However, at an individual local authority level, there can still be movement depending on the way funding is allocated – i.e. at a sector level the funding could be the same, but if more funding is directed towards Social Care for example, as a lower tier authority, this will negatively impact our funding. For 2025/26, the current assumption is for a cash freeze.

It is very difficult to predict whether the current grants will continue, and if so at what value. It is also difficult to envisage a reduction in funding in the current economic climate. The current sum of these four grants is £1,732k. Therefore a movement of +/- 10% would equate to £173k.

We await the Provisional Settlement (usually in December) and the Final Settlement (usually in the following February) for the definitive figures to use in our final budget calculations.

Interest – Investment Returns and Financing Costs

To combat inflation, the Bank of England's Monetary Policy Committee move interest rates to encourage/discourage spending. With inflation being at a 40-year high, interest rates have been increasing rapidly, starting at a historic low of 0.1% up to December 2021 to the peak of 5.25% (August 2023). The first reduction following the reduction in inflation back to nearer the Government's 2% target occurred in August 2024, with further movements are expected during the remainder of 2024 and 2025.

The largest impact of movements in interest rates will be on the cost of financing external (PWLB) debt. Given the increase in the Capital Programme in the last couple of years and the ambitious plans for the development of more social housing, external borrowing is likely to be required. Wherever possible, the continuation of internal borrowing will be undertaken. However it's unlikely there is sufficient capacity to meet the full demand of the full programme.

Forecasts for interest rate increases are difficult to predict as they will adjust to the current circumstances. Current expectation is that inflation is not easing as quickly as projected and therefore interest rates will not fall back as quickly. It is also likely that the economy will fall into recession.

At present, we are expecting PWLB rates will increase to broadly the below levels:

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

A 0.25% movement in interest rates equates to £3,500 – £4,500 per annum¹ additional interest earned/cost for every £1m lent/borrowed.

Risk

All of the assumptions made in the MTFP have been examined for risk and estimates of expenditure and income have been made on a prudent/most likely occurrence. This has been based on previous experience, evidence in the current financial year, consultation with specialist advisers and taking account of all known market factors at the time of finalising the plan.

¹ Depending on the initial interest rate

The Table below gives an overall summary of the Council's General Fund MTFP position (which includes a wide range of assumptions).

MTFP General Fund Summary

2024/25 £'000		Notes	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
15,815	Net Direct Cost of Services		16,477	17,309	17,997	18,612
(1,957)	Net recharge to HRA		(2,015)	(2,076)	(2,137)	(2,201)
813	Provision for Repayment of Borrowing	1	872	968	1,093	1,138
14,670	Net Service Costs		15,334	16,202	16,953	17,548
(1,059)	Net Interest Costs/(Receipts)	2	(629)	(680)	(633)	(628)
352	Finance Lease Interest Payable		352	352	352	352
(841)	Net Transfers to/(from) Earmarked Reserves	3	(178)	(92)	83	319
13,123			14,878	15,782	16,754	17,591
	Funded By:					
(4,422)	Retained Business Rates	4	(4,610)	(4,200)	(4,282)	(4,366)
(105)	Revenue Support Grant	5	(105)	(52)	(52)	(52)
(634)	Rural Services Delivery Grant	5	(634)	(634)	(634)	(634)
(414)	New Homes Bonus	5	(414)	(207)	(207)	(207)
(14)	2024/25 Services Grant	5	(14)	(7)	(7)	(7)
(566)	2024/25 Funding Guarantee	5	(566)	(283)	(283)	(283)
(6,968)	Council Tax–MDDC	6	(7,340)	(7,569)	(7,805)	(8,047)
(13,123)	Total Funding		(13,682)	(12,952)	(13,270)	(13,596)
0	Annual Gap – Increase/(Decrease) In-year		1,196	1,633	655	511
0	Cumulative Gap		1,196	2,829	3,484	3,995

Notes:

1. The Provision for repayment of borrowing incorporates the financial implications of the current Capital Programme.
2. The reduction in Net Interest Costs / (Receipts) reflects the assumption that interest rates reduce and balances held reduce as they are used to fund the capital programme.
3. Net Transfers to / (from) Earmarked Reserves reflects planned contributions to, or drawdowns from reserves. This is likely to change significantly during this budget process.
4. The Retained Business Rates increase is assumed to be a 2% increase. However income drops in 2026/27 to reflect the potential changes the Government might implement to the Business Rates Retention Scheme. These include Re-Baselining and Resource Equalisation. No use of the Smoothing Reserve has been factored in (currently £801k but dependent upon annual collection surplus/deficit).
5. The current assumption is for a cash freeze in grants for 2025/26. However in 2026/27, it is assumed that the long awaited implications for grant funding arising from the Fair Funding Review are implemented, i.e. those announced as one off / ceasing will have stopped. However, there is an expectation that these are replaced, at least in part, but forecasting that is impossible. For simplicity, all except the Rural Services Grant are assumed to half, but it is hoped that this is the prudent / worst case forecast.
6. Council Tax income is forecast assuming Band D charge increases in line with recent referendum limits and an increase in the taxbase in line with the local plan requirements (c350 properties per annum) and a return to normal (98%) collection rate over the life of the MTFP.

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Emerging Budget Pressures

(xk) = Saving, +£k = Pressure

Ref	Cabinet / PDG	Service	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	Low Risk	Medium Risk	High Risk
						(£k)	(£k)	(£k)
1	Cabinet	ICT	Lisa Lewis	IT700	Increased resources to tackle Cyber Security	£50		
2	Cabinet	ICT	Lisa Lewis	IT700	Possible increase resources to fully implement CRM / Transformation and gain maximum benefit (one off)		£125	
3	Cabinet	ICT	Lisa Lewis	IT900	Increased costs of payment card security solution		£30	
4	Cabinet	All Services	All CMT	All	Develop a plan to increase the cohort of Apprentices, considering static placements, rotating around service areas, and a graduate trainee programme		£150	
5	Cabinet	Property	Paul Deal	PS codes	Increase provision to sinking funds		£100	
6	Cabinet	Finance Leasing costs	Paul Deal	All	Likely increase in financing lease charges due to increase in numbers of vehicles leased	£50		
7	Economy & Assets	Property	Paul Deal	PS950	Increase budget within Climate Change - planned for consultancy, funding bid completion, grant schemes or increased officer time			£100
8	Homes	Housing	Simon Newcombe	PH373	Additional 1.2 FTE to support homelessness		£50	
9	Homes	Housing	Simon Newcombe	PH320	Creation of a new Sinking Fund to maintain the 11 new temporary accommodation houses	£20		
10	Planning, Environment & Sustainability	Planning (Development)	Angharad Williams	PR200	Reduction in Planning Income		£150	
11	Planning, Environment & Sustainability	Planning Enforcement	Angharad Williams	PR110	Increase the resource for Planning Enforcement			£100
Emergin Budget Pressures - Sub Total						£120	£605	£200
								£925

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Round 1 - Initial Savings Options

(xk) = Saving, +£k = Pressure

Ref	Cabinet / PDG	Service	Budget Holder	Cost Centre	BRIEF Saving Description	2025/26		
						Low Risk	Medium Risk	High Risk
23	Economy & Assets	Property	Paul Deal	PS810	Lease more space commercially within Phoenix House (including recharges). Clarity required on requirements for PH, flexibility in changing accommodation, hybrid working etc			(£50)
24	Economy & Assets	Property	Paul Deal	PS980	Capturing benefits from CRM system to achieve efficiency saving. (previously offered in 2024/25 but this will be delivered through vacancy management).			(£30)
25	Economy & Assets	Property	Paul Deal	PS200	An assumption that either a financial contribution or transfer of assets is secured with some or all of the major Town and Parish Councils.		(£60)	
26	Economy & Assets	Property	Paul Deal	PS992	Refresh out of date leases - dependent upon market conditions at the time			(£10)
27	Economy & Assets	Property	Paul Deal	PS810	Use PH or leisure centres for pick-up points for Amazon, etc.			(£5)
28	Economy & Assets	Car Parking	Darren Beer / Matthew Page	CP520 / CP540	Pay & Display - recommended fee increase plus inclusion of growth	(£30)		
29	Economy & Assets	Car Parking	Darren Beer / Matthew Page	CP520 / CP540	Permits - recommended fee increase plus inclusion of growth	(£10)		
30	Economy & Assets	Car Parking	Darren Beer / Matthew Page	CP530	Introduce notional charge to most utilised Amenity Car Parks	(£10)		
31	Economy & Assets	Economic Development	Zoe Lentell / Adrian Welsh	PR400	Restructure staffing resources OR seek cost contribution from Towns / Parishes		(£62)	(£50)

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Round 1 - Initial Savings Options

(xk) = Saving, +£k = Pressure

Ref	Cabinet / PDG	Service	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2025/26		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
1	Cabinet	Finance	Paul Deal	FP100	Saving delivered through revised staffing structure	(£20)		
2	Cabinet	Finance	Paul Deal	FP200	Reduction in internal audit	(£15)		
3	Cabinet	People Services	James Hamblin / Matthew Page	HR100	Capturing benefits from CRM system to achieve efficiency saving.		(£27)	
4	Cabinet	People Services	James Hamblin / Matthew Page	HR100	We obtain legal insights from seminars and other online means	(£3)		
5	Cabinet	People Services	James Hamblin / Matthew Page	HR100	Centralise Training budgets and capture underspend		(£5)	
6	Cabinet	Corporate Performance	Dr Stephen Carr	CM205	Remove the support and maintenance for the SPAR software	(£3)		
7	Cabinet	Revenues & Benefits	Dean Emery / Fiona Keyes	RB100	Review staffing structure as more more benefits claimants more to Universal Credit.			(£30)
8	Cabinet	Communications	Lisa Lewis	IT200	Let's Talk MidDevon - reduction in engagement activity opportunities digitally		(£11)	
9	Cabinet	ICT	Lisa Lewis	IT500	Remove MBPM - old CRM	(£7)		
10	Cabinet	Elections	Jackie Murphy	LD100 LD200 LD201	Maximise the recharges included within the recovery of external election costs from Government	(£5)		
11	Cabinet	Elections	Jackie Murphy	LD100 LD200 LD201	Increase the use of temporary staff and reduce the permanent staffing	(£5)		
12	Cabinet	Elections	Jackie Murphy	LD100 LD200 LD201	Reduce postage costs through increased electronic communications		(£1)	
13	Cabinet	Finance	Paul Deal	IE290	Possible increase in investment returns while rates are higher (based on ave 3.5% return on £20m ave investment, less 40% to HRA) - one off		(£100)	
14	Cabinet	All Services	Darren Beer / Matthew Page	Account code 3404	10% saving estimation on both fuel spend/savings	(£50)		
15	Cabinet	All Services	Paul Deal	Account codes 2301 / 2304	Saving estimation on Utilities spend, following reduction in prices and price cap		(£150)	
16	Cabinet	All Services	Workforce Review Group and CMT	All	Vacancy Saving from Workforce Review Group delivered through delayed recruitment and robust challenge	(£50)		
17	Cabinet	All Services	Workforce Review Group and CMT	All	Reduced Sickness levels across the council increase productivity and reduced agency requirement		(£20)	
18	Cabinet	Capital Financing	Paul Deal	All	Likely reduction in capital financing charge due to level of slippage in 2023/24 Capital Programme	(£50)		
19	Cabinet	All Services	Paul Deal	All	Potential to free up Earmarked Reserves through reprioritisation of funds		(£100)	
20	Cabinet	All Services	Paul Deal	All	Potential further increase in Council Tax income above current assumptions (e.g. a combination of further increase Band D charge, additional growth in Taxbase and improvement in collection rate)		(£50)	

Ref	Cabinet / PDG	Service	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2025/26		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
21	Cabinet	All Services	Paul Deal	All	Potential further increase in Business Rates income above current assumptions (e.g. a combination of additional growth in Taxbase and improvement in collection rate)		(£50)	
22	Cabinet	All Services	Paul Deal	All	Potential increase in Grant Funding income above current cash frozen assumptions (2% increase = £35k)		(£35)	
23	Economy & Assets	Property	Paul Deal	PS810	Lease more space commercially within Phoenix House (including recharges). Clarity required on requirements for PH, flexibility in changing accommodation, hybrid working etc			(£50)
24	Economy & Assets	Property	Paul Deal	PS980	Capturing benefits from CRM system to achieve efficiency saving. (previously offered in 2024/25 but this will be delivered through vacancy management).			(£30)
25	Economy & Assets	Property	Paul Deal	PS200	An assumption that either a financial contribution or transfer of assets is secured with some or all of the major Town and Parish Councils.		(£60)	
26	Economy & Assets	Property	Paul Deal	PS992	Refresh out of date leases - dependent upon market conditions at the time			(£10)
27	Economy & Assets	Property	Paul Deal	PS810	Use PH or leisure centres for pick-up points for Amazon, etc.			(£5)
28	Economy & Assets	Car Parking	Darren Beer / Matthew Page	CP520 / CP540	Pay & Display - recommended fee increase plus inclusion of growth	(£30)		
29	Economy & Assets	Car Parking	Darren Beer / Matthew Page	CP520 / CP540	Permits - recommended fee increase plus inclusion of growth	(£10)		
30	Economy & Assets	Car Parking	Darren Beer / Matthew Page	CP530	Introduce notional charge to most utilised Amenity Car Parks	(£10)		
31	Economy & Assets	Economic Development	Zoe Lentell / Adrian Welsh	PR400	Restructure staffing resources OR seek cost contribution from Towns / Parishes		(£62)	(£50)
32	Homes	Housing	Simon Newcombe	PH320	Reduced B&B costs following the purchase of 11 houses for temporary accommodation Potential further reduction in B&B costs through investment in additional temporary accommodation. (match funding to LAHF3).		(£75)	
33	Homes	Housing	Simon Newcombe	PH320	Proposal to include assumed grant allocation for Domestic Abuse - as received in recent years		(£34)	
34	Homes	Housing	Simon Newcombe	PH320	Increased income from recent houses purchased for temporary accommodation	(£20)		
35	Planning, Environment & Sustainability	Planning (Development)	Angharad Williams	PR200	Additional Pre-App Planning Income			(£40)
36	Planning, Environment & Sustainability	Planning (Development)	Angharad Williams	PR200	Cease advertising within local newspapers, online only	(£10)		
37	Planning, Environment & Sustainability	Planning (Development)	Angharad Williams	PR200	Additional income generated from Planning Engagement in EUE proposals.			(£10)
38	Planning, Environment & Sustainability	Planning (Forward Planning)	Tristan Peat	PR600	Review service costs/delivery		(£29)	
39	Service Delivery & Continuous Improvement	Customer Services	Lisa Lewis	CS932	Close reception to walk-ins - would still need a solution to building access			(£25)
40	Service Delivery & Continuous Improvement	Customer Services	Lisa Lewis	CS932	Restructure staffing resources			(£25)

Ref	Cabinet / PDG	Service	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2025/26		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
41	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS700	Projection on Garden Waste Income from residents - recommended fee increase plus inclusion of growth in subscriptions	(£50)		
42	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS710	Projection re Trade Waste - recommended fee increase plus inclusion of growth in subscriptions	(£38)		
43	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS725	Projection of recycle income - volatile area in terms of selling prices		(£100)	
44	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS700	Recover set up costs from new housing developments			(£20)
45	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS710	Price increase in waste disposal charges	£100		
46	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS725	Price increase in recycling credits	(£100)		
47	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS725	Review Management Structure		(£25)	
48	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS700	Shared Savings - Assumes current agreement ceases on 2025/26 to be replaced by EPR - see below.		(£120)	
49	Service Delivery & Continuous Improvement	Waste Services	Darren Beer / Matthew Page	WS770	Increased rental charges from increased footprint at Carlu Close to future proof service for next 15-20 years. Potential release on one area once new operational layout implemented.	£53		
50	Service Delivery & Continuous Improvement	Leisure Services	Dean Emery	RS140 / RS150 / RS160	Review staffing Structure		(£83)	
51	Service Delivery & Continuous Improvement	Leisure Services	Dean Emery	RS140 / RS150 / RS160	Reduce overtime by minimum target		(£25)	
52	Service Delivery & Continuous Improvement	Leisure Services	Dean Emery	RS140 / RS150 / RS160	Recognise growth in income - over and above assumed inflationary increase	(£34)		
53	Service Delivery & Continuous Improvement	Leisure Services	Dean Emery	RS140 / RS150	Change from Chlorine to Salt solution	(£12)		
54	Service Delivery & Continuous Improvement	Leisure Services	Dean Emery	RS140 / RS150 / RS160	Potential income from advertising on Apps			(£10)

Initial Savings Options - Sub Total

(£369)	(£1,162)	(£305)
(£1,836)		

Ideas that need more consideration to identify possible financial benefit

Ref	Cabinet / PDG	Service	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2025/26		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
55	Cabinet	Property	Paul Deal	PS160	Potential reduction in project maintenance spend - high risk as dependent upon condition survey results and requirements			??
56	Cabinet	Customer Services	Lisa Lewis	CS932	Reduce Contact Centre hours to match open hours e.g. 09:00 - 14:00			??

Ref	Cabinet / PDG	Service	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2025/26		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
57	Cabinet	Revenues & Benefits	Dean Emery	IT500	Investment in GovTech/CRM and migration from NEC portal for self-serve and automation into back office		??	
58	Cabinet	Waste Services	Darren Beer / Matthew Page	WS700	EPR is due to go live for 2025-26. Value assumed equal and opposite to loss of Waste Shared Saving	??		
59	Cabinet	Economic Development	Adrian Welsh	PR992	Maximise the use of S106 within economic development projects		??	
60	Cabinet	All Services	Paul Deal	All	Potentially sell services, or provide training to other organisations			??
61	Cabinet	Democratic Services	Laura Woon	LD300	Cease printing committee papers and fully utilise Mod.Gov		??	
62	Cabinet	All Services	Paul Deal	All	Improved procurement could save money across all service areas		??	
63	Cabinet	All Services	Paul Deal	All	Possible reduction in pension contributions in 2026/27 based on current fund valuation		??	
64	Cabinet	All Services	Paul Deal	All	Policy on printing [default email for services - statutory excluded if necessary) - costings/savings TBC		??	
Ideas that need further work - Sub Total						£0	£0	£0

Report for: Economy and Assets PDG

Date of Meeting:	19 September 2024
Subject:	Economic Development Team Update
Cabinet Member:	Cllr Steve Keable, Planning & Regeneration
Responsible Officer:	Richard Marsh, Director of Place
Exempt:	N/A
Wards Affected:	All wards
Enclosures:	N/A

Section 1 – Summary and Recommendation(s)

To update Members on projects and activities undertaken by the Growth, Economy and Delivery Team during the last couple of months.

To also update Members on plans (procedure and timescale) for review of the Economic Strategy for Mid Devon.

Recommendation(s):

That members note the contents of the report.

Section 2 – Report

1.0 Introduction

1.1 This report provides an update on activities carried out by the Growth, Economy and Delivery Team since the last committee meeting.

2.0 Shared Prosperity Fund and Rural England Prosperity Fund

2.1 Work continues on the delivery of the final phase of the Shared Prosperity and Rural England Prosperity Fund Delivery Plan. Following completion of the

second quarter, we will undertake the next monitoring reviews to measure progress against projected outputs and outcomes. This will be completed by the end of October and updates presented to PDG in November. Some key items to note include:

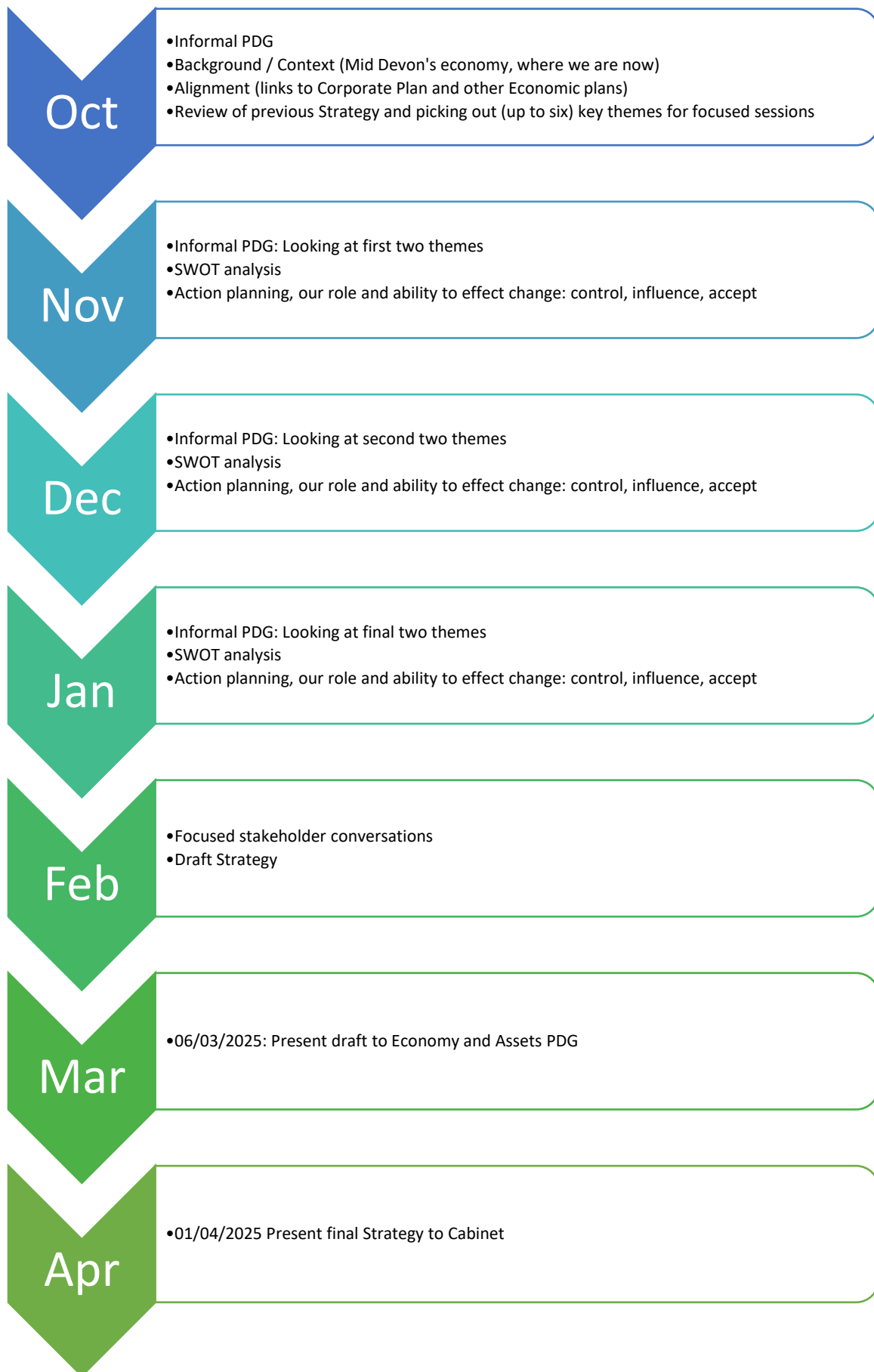
- **Funding:** The final tranche of funding arrived in July 2024; therefore we have now received our full allocation of Shared Prosperity and Rural Prosperity Funding.
- **Prosperity Grants:** The Prosperity Grants Programme is now fully committed. The Funding has supported 39 businesses/projects across all of the themes. We are now working with the Grants Management partner to monitor progress of funded project delivery and ensure defrayal of funds before year-end.
- **Flexible Workspace:** Planning Permission (24/00814/FULL) was granted for the Change of Use of the Market Centre building. A second Planning Application (24/01252/FULL) is now live for the physical amendments to the building to facilitate the improved workspace. We are tendering for the contractor to deliver the works with the aim (subject to Planning Permission being granted) of this commencing early November. In addition to the Prosperity Funding, we have secured a small 'Quick Wins' grant from Devon County of £5,000 towards this project.
- **Love Your Town Centre:** This year's final round of Vibrant Town Centres closed for applications on 31 August. We received five applications covering Bampton, Crediton, Cullompton and Tiverton. These will go to a Funding Panel mid-September for decision.
- **Field to Fork:** Work continues on Phase 2 of the Meet the Producer project. A further 14 businesses have engaged in the project this phase to date. Whereas the first phase focused primarily on the 'field' element (local produce and where to buy), this phase will focus more on the 'fork' highlighting the end-journey (food tourism). This includes food and drink experiences and hospitality businesses (in this case we are categorising hospitality under 'instagrammable locations' showcasing the beauty of the food and location). The imagery will be featured as part of promotional campaigns during January to March.
- **Visitor Economy:** We are in the final countdown phase ahead of Mid Devon's first Walking Festival (taking place 14 – 29 September). The full published programme can be viewed on the Visit Mid Devon website at: <https://www.visitmiddevon.co.uk/walking-festival/programme/>. Details of further tie-in events were received after advertised print-deadlines and all walking festival events are listed on

the What's On page (filter category for 'Walking Festival' to just see these events): <https://www.visitmiddevon.co.uk/events/>. Post project evaluation in October will collate data such as booking numbers and qualitative feedback from the organisers.

- **People and Skills:** This is a new element for Year 3, with funding under this pillar not being available the previous two years. We have used the People and Skills funding to work with Devon County Council and partner District Authorities on an 'Employment and Skills Hub'. The support includes a dedicated advisor offering free 1:1 employment and skills advice, signposting and more direct support with identifying training opportunities available. We have two hubs in Mid Devon: one in Cullompton Library each Monday and in Tiverton on Tuesdays at Old Heathcoat School Community Centre. Mid Devon residents can, however, access support from any of the hubs (including elsewhere in Devon): <https://www.devon.gov.uk/economy-enterprise-skills/skills/employment-hubs/>. A virtual offer is available to those who find it difficult to travel.
- **Business Support:** the next Mid Devon based Devon Agri-Tech Alliance events are as follows:
 - I. Early November (Date TBC): Agroforestry and Biodiversity Net Gain. This will be a mixed event including talks, a guided farm walk and resource packs for information to take away and ensure engagement post event.
 - II. 21 November at Lee Farm Services: Land Management with Regenerative Practices, looking at livestock and arable farming. The event will include a farm tour, open discussion and some food.

3.0 Economic Strategy Review

- 3.1 The Economic Strategy for Mid Devon (<https://www.middevon.gov.uk/media/348894/economic-strategy-final.pdf>) covers 2019 – 2024. This document outlines our direction and key priorities for focus to support sustained economic growth in Mid Devon. Although, the five priority themes in the Strategy have not changed, in the wake of COVID, the action plans were superseded by economic recovery plans and the Shared Prosperity and Rural Prosperity Fund Investment Plan.
- 3.2 With the approach of the completion of the Prosperity Fund, the Economic Strategy is due for review to direct our focus for the next five years. The role of the Economy and Assets PDG will be to steer the design and content of the new Strategy. Therefore, in a similar way to the previous review, we propose a series of informal PDG meetings as follows:



- 3.2 Dates for the Informal PDGs to be finalised with Democratic Services.
- 3.3 The Destination Management Plan is also in the process of being reviewed this year and will follow a similar timescale. A visitor survey is being undertaken by a third party on our behalf. We expect the results to be available to us in October/November, which will be fed back to PDG in the November meeting. It is proposed that more detailed action planning to be covered as part of the Economic Strategy Informal PDGs above (under the relevant corresponding theme) and will follow a similar timescale for consultation and reporting as above.

Financial Implications

The report is an information report and does not of itself have any financial implications and require any decisions.

It is hoped that the report demonstrates that the Economy and Growth team is achieving in line with expectations in terms of the successful utilisation of grant monies and other financial resources.

Legal Implications

There are no legal implications arising from this information report.

Risk Assessment

There are no further risks associated with the updates in this report that have not already been reported.

Impact on Climate Change

The impact of individual projects on climate change has been included in the individual reports that will have already been presented to committee.

Equalities Impact Assessment

It is acknowledged that there is a relationship between economy and equality whereby disadvantaged groups of people can have greater or lesser opportunities for economic advantage depending on the climate and growth potential. Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital or credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. There are unfortunate intersections between socioeconomic status and those with protected characteristics or from marginalised or minority communities putting them at greater risk of social and therefore economic disadvantage. Social and digital isolation issues across a rural district has the potential to exacerbate these risks.

Mid Devon's Prosperity Programme and the Economic Strategy outline key projects to tackle these risks and grow the economy. They are supported by equality assessments and communication plans.

Key strands of the work of the Economy and Growth team continue to seek to address and tackle causes of inequality and deprivation.

Relationship to Corporate Plan

The work of the Growth, Economy and Delivery team supports the corporate objectives for the economy:

- Bringing new businesses into the District
- Business development and growth
- Improving and regenerating our town centres
- Growing the tourism sector

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151

Date: 11.9.24

Statutory Officer: Maria DeLeiburne

Agreed on behalf of the Monitoring Officer

Date: 11.9.24

Chief Officer: Richard Marsh

Agreed by Corporate Director

Date: 11.9.24

Performance and risk: Dr Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 11.9.24

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Zoë Lentell, Economic Development Team Leader

Email: zlentell@middevon.gov.uk

Telephone: 01884 234298

Background papers:

Report for: Economy and Assets PDG

Date of Meeting: 19 September 2024

Subject: Green Enterprise Grants Update

Cabinet Member: Cllr Steve Keable, Planning & Regeneration

Responsible Officer: Richard Marsh, Director of Place

Exempt: N/A

Wards Affected: All wards

Enclosures: N/A

Section 1 – Summary and Recommendation(s)

To update Members on the Green Enterprise Grants and overview of post project evaluation.

Recommendation:

- 1. That members note the contents of the report.**

Section 2 – Report

1.0 Introduction

- 1.1** This report provides an update on the Green Enterprise Grants Scheme, which was open for applications between April and June 2024.

2.0 Green Enterprise Grants

- 2.1** Following a successful bid to the Heart of the South West Local Enterprise Partnership (Local Growth Fund), we ran a Green Enterprise Grant Scheme

offering small capital grants (between £500 and £5,000) to carbon reduction projects that could be delivered by 31 December 2024.

- 2.2 Given the programme’s short timescale, the relatively small amount of funding and unknown demand, the Scheme was run as a pilot to enable us to explore demand and to learn from the process.
- 2.3 In total, we awarded £24,484.66 funding (£24,245.00 funding from the LEP and £239.66 from the Economic Projects budget). The funding was able to support five businesses with carbon reduction projects as follows:

Business	Project	Grant Amount	kgCO ₂ e avoided pa
Dolphin Stairlifts	Solar panels	£5,000.00	1,275.00
Swallow Court Devon Ltd	Energy efficient lighting	£5,000.00	1,951.00
Moore Inns Ltd T/A The Globe Inn	Solar panels	£4,541.66	6,200.00
Kirton Kayaks	Energy efficient lighting	£5,000.00	2,126.76
Thunderflower Ltd	Solar panels	£4,943.00	1,849.48
		£24,484.66	13,402.24

3.0 Performance and Evaluation

- 3.1 Our targets committed with the funding bid are as follows:

Objective	Target	Actual
Enterprises receiving grant support	5	5 (achieved)
Kg CO ₂ emissions avoided	1,000	13,402.24 (projected)
Match spend	£24,245.00	£51,132.74 (projected)

- 3.2 A post-project evaluation highlighted feedback on the scheme including:

- **Business Engagement:** There was a sensible level of interest in the scheme with 14 enquiries and others on a funding alert email list. However, businesses that had proactively engaged with the programme team (asking questions and seeking advice) were more likely to proceed to full application.
- **Timescales and Lead-in Times:** Businesses need considerable time to bring together the required information for their application as well as to schedule in delivery / works at a time that is convenient for the business and their supplier / installer. The short delivery timescale required by the LEP meant that a few businesses experienced some difficulty obtaining the required quotes.
- **Statutory Compliance (Planning):** The application criteria made it clear that if planning consent is required for the project / development, then consent must be obtained prior to submitting an application. However, there is the potential for risk where some projects (such as solar panels)

could either fall under Permitted Development Rights or require Planning Permission. We had one unsuccessful funding application where due to the proximity to a Listed Building, the solar panels required Permission, which had not been secured.

- **Scale of Scheme:** The maximum grant of £5,000 was appropriate for this small-scale scheme, particularly given that businesses are likely to make energy / cost savings and there are a number of grant schemes that could potentially match fund as well as, in some circumstances, payment schemes for the generation of renewable power.
- **Commercial Property Ownership:** We noted that the majority of the applicants either own or are in the process of purchasing their properties. We are aware that across the District, some businesses have short lease terms or licence agreements and whilst these provide a business with flexibility, it is not necessarily a basis upon which a business might consider investing in energy efficient solutions for a property. Therefore, it is important that for any future schemes, property owners are aware and support grant investment in their commercial properties. In the case of our applicants, one was a commercial landlord providing small business suites. In that instance, the project benefit (reduced energy bills) is enjoyed by the occupying tenants but would not have been achievable without the landlord's direct intervention and support.

3.3 Overall, the grant scheme is viewed to be a successful pilot project. The PDG is asked to note that there is the potential to run a second phase to follow the pilot, subject to securing funding. The team is in liaison with the Council's Climate and Sustainability Specialist and finance colleagues looking at options for a possible extension to the scheme, or a Phase 2 and further information will be presented in due course. .

Financial Implications

The report is an information report and does not of itself have any financial implications and require any decisions.

It is hoped that the report demonstrates that the Economy and Growth team is achieving in line with expectations in terms of the successful utilisation of grant monies and other financial resources.

Legal Implications

There are no legal implications arising from this information report.

Risk Assessment

There are no further risks associated with the updates in this report that have not already been reported.

Impact on Climate Change

The Green Enterprise Grants Scheme seeks to reduce carbon emissions through capital investment.

Equalities Impact Assessment

The Grants Scheme is supported by equality and risk assessments. As outlined in the report, there is a lower application rate from businesses without secure long-term tenures therefore we are highlighting the need to engage with landlords / property owners in any future scheme to ensure all businesses can access the funding opportunity.

Relationship to Corporate Plan

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- Bringing new businesses into the District
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- Improving and regenerating our town centres
- Growing the tourism sector

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Background papers:

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