

Community, People & Equalities Policy Development Group

**Tuesday, 24 September 2024 at 12.30 pm
Phoenix Chambers, Phoenix House, Tiverton**

**Next ordinary meeting
Tuesday, 3 December 2024 at 12.30 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: 354 035 647 703

Passcode: Vtw2df

Membership

Cllr B Holdman
Cllr C Connor
Cllr D Broom
Cllr A Cuddy
Cllr M Farrell
Cllr A Glover
Cllr C Harrower
Cllr H Tuffin

A G E N D A

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

- 1 **Apologies and Substitute Members**
To receive any apologies for absence and notices of appointment of substitute Members (if any).

- 2 **Public Question Time**
To receive any questions from members of the public and replies thereto.

Note: A maximum of 30 minutes is allowed for this item.

- 3 **Declarations of Interest under the Code of Conduct**
To record any interests on agenda matters.

- 4 **Minutes of the Previous Meeting** (*Pages 5 - 12*)
To consider whether to approve the minutes as a correct record of the meeting held on 25th June 2024.

- 5 **Chair's Announcements**
To receive any announcements that the Chairman may wish to make.

- 6 **Performance Dashboard - Quarter 1** (*Pages 13 - 14*)
To receive the Performance Dashboard for Quarter 1

- 7 **Medium Term Financial Plan (MTFP) for 2025/26** (*Pages 15 - 42*)
To present to Member's the updated Medium Term Financial Plan (MTFP) which covers the period 2025/26 to 2028/29 for the General Fund (GF) and consider initial savings options.

- 8 **Work Programme** (*Pages 43 - 46*)
To receive the current work plan for the Community PDG.

Stephen Walford
Chief Executive
Monday, 16 September 2024

Meeting Information

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

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

Residents, electors or business rate payers of the District may make a statement or shall be entitled to ask questions at a meeting which concerns the Council's powers / duties or which otherwise affects the District. If your question does not relate to an agenda item, the question must be submitted to the Democratic Services Manager two working days before the meeting to give time for a response to be prepared.

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

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Public Wi-Fi is available in all meeting rooms.

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MINUTES of a MEETING of the COMMUNITY, PEOPLE & EQUALITIES POLICY DEVELOPMENT GROUP held on 25 June 2024 at 2.15 pm

Present

Councillors

B Holdman (Chairman)
C Connor (Vice-Chair), D Broom, A Cuddy,
M Farrell, A Glover, C Harrower and
H Tuffin

Also Present

Councillor(s)

G Duchesne, J Lock and D Wulff

Also Present

Officer(s):

Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Maria De Leiburne (Director of Legal, HR & Governance (Monitoring Officer)), Simon Newcombe (Head of Housing & Health), Harriet Said (Team Leader (Commercial), Public Health), Angie Howell (Democratic Services Officer) and David Parker (Democratic Services & Policy Research Officer)

Councillors

Online

L G J Kennedy and S Robinson

Officers Online

Dr Stephen Carr (Corporate Manager for Performance and Improvement), Tanya Wenham (Operations Manager for Public Health), Lewis Dyson (Resilience Officer), Laura Woon (Democratic Services Manager).

1 ELECTION OF CHAIR (0:03:11)

The Chair of the Council invited nominations for the election of Chair of the Policy Development Group (PDG) for the municipal year 2024/25.

RESOLVED that Cllr B Holdman be elected Chair of the Community, People and Equalities Policy Development Group for the municipal year 2024/2025.

(Proposed by Cllr A Glover and Seconded by Cllr D Broom).

2 **ELECTION OF VICE-CHAIR (0:14:32)**

The Chair of the Community, People and Equalities Policy Development Group invited nominations for the election of Vice Chair of the PDG for the municipal year 2024/25.

RESOLVED that Cllr C Connor be elected Vice Chair of the Community, People and Equalities Policy Development Group for the municipal year 2024/2025.

(Proposed by Cllr C Harrower and Seconded by A Glover).

3 **START TIME OF MEETINGS (0:07:10)**

Cllr A Glover proposed, seconded by Cllr C Harrower that the Community, People and Equalities PDG meet at 12.30pm for the remainder of the 2024/25 municipal year.

This was AGREED.

4 **APOLOGIES AND SUBSTITUTE MEMBERS (0:09:34)**

There were no apologies.

5 **PUBLIC QUESTION TIME (0:09:57)**

No members of the public had registered to ask a question in advance.

6 **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (0:10:13)**

No interests were declared under this item.

7 **MINUTES OF THE PREVIOUS MEETING (0:10:34)**

The Minutes of the Meeting held on Tuesday 26 March 2024 were amended to record that Cllr A Glover sent her apologies and that Cllr D Wulff attended the meeting. Subject to those amendments the minutes were approved as a correct record and **SIGNED** by the Chair.

8 **CHAIR'S ANNOUNCEMENTS (0:16:38)**

The Chair commented that under the new Corporate Plan the following thematic areas for this PDG were:

- Emergency Plan
- Parish Liaison
- Community Engagement and Consultation

- Grants and Funding
- External Health & Safety
- Equalities
- Local Welfare Assistance
- Air Quality
- Contaminated Land
- Licensing
- Food and Water Control
- Pollution and Noise Control
- Poverty Premium/Vulnerable Persons Strategy
- Benefits
- Health Services
- Community Safety
- Anti-Social Behaviour
- CCTV
- Gazetteer Management
- Land Charges
- Street naming and numbering
- Public health,
- Environmental Health (e.g. food standards, water quality)
- Presentations from grant funded organisations
- Safeguarding children and vulnerable adults
- Community engagement and consultation
- Digital transformation – broadband,
- Local welfare assistance, Benefits, Presentations from local interest groups such as Drink Wise Age Well, Youth Services, Older Persons strategy,
- Updates from the clinical commissioning group,
- RIPA,
- Targeted families.

9 DRAFT CORPORATE PLAN (0:19:05)

The Group had before it a report * from the Chief Executive, Head of People, Performance and Waste and Corporate Performance and Improvement Manager to consider the draft Corporate Plan for 2024-2028. The Group were invited to provide feedback on the document to recommend back to the Cabinet before the final draft was presented to Full Council for approval.

The contents of the report were outlined by the Corporate Performance and Improvement Manager and the following was highlighted in the report:

- The draft document had been developed by officers and Members over the past 6 months and set out the draft aims and objectives of the Council from 2024 – 2028.
- The document had been presented to Cabinet on 4th June and had been discussed at every PDG, before returning to Cabinet and ultimately Full Council in mid-July.
- The draft plan was structured around five thematic areas for which the Council now had a fifth PDG in place.
- Draft performance measures and targets were set out within the report. It was explained that these metrics were still in development

Discussion took place regarding:

- The performance measure targets should exceed those achieved in 2023/24.
- Whether planning enforcement was going to be supported by a viable number of officers? That would be a challenge for the budget but the Council should be willing to accept the challenge.
- Whilst the document mentioned supporting groups and stakeholders e.g. voluntary, community and social enterprise organisations, there was no mention of more meaningful engagement. This should be added to the Plan.
- Why there was no performance target for supporting residents and communities through the Cost of Living Crisis? Officers responded to say that not all Aims and Objectives suit being measured through metrics. An annual report will be presented covering all aspects of the Plan.
- Why the target set for complaints resolved within time scales was being reduced? It was explained that the time scales in which to respond to complaints were due to be reduced even for complex cases. The proposed target is pragmatic based upon the revised timescales.
- Whether the targets in the document could show an improvement year on year? The targets in the document stated the Council's minimum aspirations but the Council always tried to be ambitious and to improve. The Corporate Performance and Improvement Manager commented that sometimes maintaining performance was an achievement when the Council had fewer resources.
- What areas complaints were more prevalent in and whether it was possible to be more specific in areas of complaint. The levels of complaint were higher in the Council's major areas of service due to their volume – Housing, Waste and Street Scene and Open Spaces.
- Geographically, where did more complaints come from? Officers commented that an annual complaints report is presented to this PDG that provides a more in-depth analysis of the Council's complaints.

RECOMMENDED to the Cabinet that the draft Corporate Plan for 2024 – 2028 be approved.

(Proposed by Cllr C Connor and seconded by Cllr A Glover)

Reason for the decision

Setting out the Council's aims and objectives through a Corporate Plan, communicated and provided a framework for the delivery of strategic priorities.

Note: * Report previously circulated.

10 PERFORMANCE DASHBOARD AND OUTTURN QUARTER 4 (0:19:05)

The Group received, and **NOTED**, information * showing performance data for quarter 4 of 2023/24.

This included the following summary in relation to the red and amber RAG ratings:

- The only Corporate Risk relating to this PDG was Severe Weather Emergency Recovery and that risk rating remained at 12.
- All Council complaints resolved within timescale was amber and this reflected lower levels in performance in quarter 1 relating to housing complaints. Performance had recovered towards target levels throughout the remainder of the financial year.
- Environmental protection service requests (red rated) was a new indicator in 2023/24. Following data cleansing from quarter 2, performance had continued to improve (quarter 3 was 100% and quarter 4 was 98%).
- Capital Slippage of projects was red and that related to delays in projects such as getting the new Changing Places toilets into operation.
- The performance dashboard would be reviewed as part of the new Corporate Plan. Any changes for this revised PDG would be reflected in the performance data for quarter 1 2024/2025.

Consideration was given to the following:

- What were the reasons for the slippage in getting the Changing Places toilets into operation? The Corporate Performance and Improvement Manager would investigate and reply in writing.

Note: * Performance Dashboard and Outturn previously circulated.

11 FOOD SAFETY PLAN (0:40:33)

The Group had before it and **NOTED** a report * from the Head of Housing and Health relating to Public Health Food Safety Service Plan and Service update.

The contents of the report were outlined by the Head of Housing and Health. He highlighted that the Council operated under the guise of the Food Standards Agency (FSA) and that the Council worked in partnership with the FSA. The FSA set the standards and the Council had to deliver the functions locally. Public Health and Food Safety were a statutory service. The Team Leader (Commercial), Public Health stated that they had an obligation to provide data back to the FSA. Previously the Council had fallen short and as a result was in a period of enhanced engagement with the FSA. Once the new plan was in place the FSA were content for the Council to return to six monthly reporting.

Discussion took place regarding:

- The backlog the service had been experiencing was a result of the Covid pandemic. Now measures had been put in place the Council was on top of the situation.

- Whether the Council had enough resources? Two new posts were being advertised and once filled, the manager was confident that they would have sufficient capacity to move forward. There had been a loss of competent staff across the industry and so the Council were now training their own staff in house.
- Whether the team regulated tattoo piercing premises? The lead officer confirmed that they were responsible for infectious disease control and so did regulate that area.
- With regard to Food Safety Service it was clear in the district that the standard was high but it had to be accepted that there would always be those businesses that needed to improve. Where any business was rated zero, one or two, then, the team would work with them to achieve a level of compliance that was acceptable.

Note: * Report previously circulated.

12 RESILIENCE STRATEGY (0:54:24)

The Group had before it and **NOTED** a report * from the Head of Housing and Health relating to Resilience Strategy.

The report was introduced by the Head of Housing and Health who noted that this report was before the PDG for the first time. It was not a mandatory requirement for the Council to have this strategy, but the document did set out how the Council would meet its statutory duties under Civil Contingency legislation. The report covered the response the Council would take if there was a major incident. That response included the recovery of the various communities in mid-Devon.

The report covered the areas of Risk Management, Core Plans, Supporting Plans and Preparedness. It was largely a framework for officers to follow.

The Head of Housing and Health then introduced the Council's Resilience Officer who outlined the contents of the report:

- The Council were a category 1 responder.
- The plan covered both response and recovery.
- The Resilience Officer and the Corporate Management Team had an on-call rota should an emergency occur.
- Each service area had a business continuity plan detailing how best to manage resources in the event of a problem.
- Community Resilience – the officer would be working with people at local community level.
- The Resilience Officer stated that he would provide another update at the next Community, People and Equalities PDG on the Council's plans for Community Resilience going forward.

Discussion took place regarding:

- Volunteers – was there a list, how were they managed, what training were they given and were volunteers DBS checked? – The Resilience Officer

explained that they were internal volunteers who were employed by the Council and were suitably trained.

- The perception of some communities as to whether their town or parish Council was doing enough.
- The strategy outlined was about getting the Council's own house in order first, in terms of a wider community strategy, the Council would work out where their key risk areas were through their community risk register, that document would give the Council a much better understanding as to where the key risks were across mid-Devon.
- Devon Communities Together were a partner organisation in this work and the officer would check with them whether they had engaged with the community. Work needed to be done in communicating the community plans.
- Any review of the strategy would be brought back to the PDG.
- A target had been proposed relating to the number of communities that had an Emergency Plan and the number of communities that the Council had engaged with, this would show on the PDG's performance dashboard.

Note: * Report previously circulated.

13 **TOWN AND PARISH CHARTER (1:12:55)**

The Group had before it a report * from the Town and Parish Liaison Officer.

The Town and Parish Charter reflected a partnership between the Council and the Towns and Parishes within its district.

The PDG had considered the Charter and the process for renewing it, at its meeting in January 2024 and had approved a decision to send the Charter to the Towns and Parishes for consultation. Subsequently, the draft Town and Parish Charter and its annexe regarding planning, had been sent to the Town and Parish Councils in the district and their views on the Charter sought. The Towns and Parishes had been given three months in which to respond in order that it would fit into their meeting cycle.

The Council had received 24 responses out of 50 Towns and Parishes, some of the town and parish councils had made comments, the majority had accepted the proposed changes and only one had not accepted the document. Many of the suggestions that the Towns and Parishes had made, had been incorporated into the revised Charter documents.

The Chairman of the Group expressed his thanks to those Towns and Parishes that did engage with this piece of work. The Town and Parish Liaison Officer was also thanked for an excellent piece of work.

RECOMMENDED to the Cabinet that the revised Town and Parish Charter and its annex be approved as set out in the report.

(Proposed by Cllr A Glover, Seconded by Cllr C Harrower)

Reason for the decision:

The Town and Parish Charter is evidence of the Council's vision to engage with others in a collaborative way and to work closely with Town and Parish Councils.

Note: * Report previously circulated.

14 **WORK PROGRAMME (1:16:35)**

The Group had before it, and **NOTED**, the current work programme for the Community, People and Homes PDG for 2024 / 2025.

Members were asked to consider whether there were other areas that they wanted to focus on in addition to those already listed in the work programme.

The following was discussed and **AGREED**:

- The Police would be invited to the September meeting of the Group.
- Would it be possible for a CCTV operator to come and speak with the Group? The CCTV was managed and run out of a hub in Exeter. It was hoped that the Group would be able to understand the operator's perspective of operating the equipment and whether it covered all areas or whether there were blind spots. The Corporate Manager for Housing and Health commented that this linked back to the Corporate Anti-Social Behaviour Policy and the Corporate Safety Partnership. CCTV was one small area of the policy, it was not just about geography but also about targeting the individual. It would be better to bring the Police in first and then look at CCTV.
- Were there any available statistics from the Police on cases where they intervened following information received by CCTV operators?

AGREED that an operator from the CCTV Central Hub be invited to address the Group.

(Proposed by Cllr A Glover, seconded by Cllr C Harrower)

Note: * Work Programme previously circulated.

(The meeting ended at 3.50 pm)

CHAIRMAN

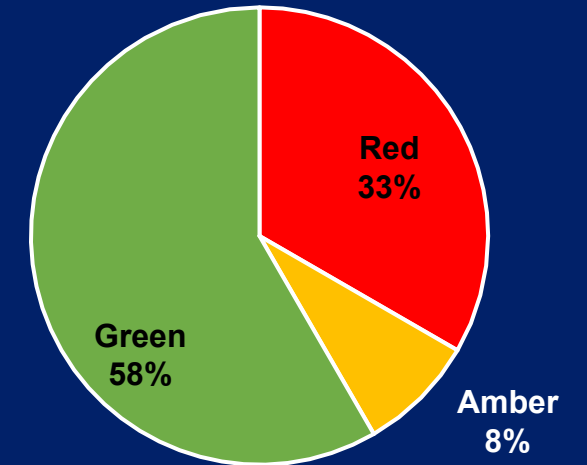
Community, People & Equalities PDG Performance Dashboard – Quarter 1 2024/25

Performance Measures	Performance	Annual Target	RAG
Homes made safe under the Housing Assistance Policy (YTD)	21	60	G
Complaints resolved within target timescales (YTD)	95 %	85 %	G
New Subscribers to Let's Talk Mid Devon (YTD)	1	400	R
Support towns and parishes to develop their Community Emergency Plans (YTD)	1	4	G
Support VCSE sector by securing external funding (YTD)	£182,013	£200,000	G
Licenced vehicle inspections (YTD)	3	40	R
Food safety inspections (YTD)	72	200	G
Private water supply sampling (YTD)	22	120	R
Environmental protection service requests (Average YTD)	93 %	95 %	A
Engagement rate on Let's Talk Mid Devon (Current)	0.4 %	16.0 %	R

Finance Measures	Performance	Annual Target	RAG
CP&E PDG – Outturn	£1,197k	£1,197k	G
CP&E PDG – Capital Slippage % of projects (Current)	0 %	0 %	G
Council Tax Reduction Scheme (YTD)	£4,898k	N/A	

Corporate Risk	Risk Rating (Trajectory)
Severe Weather Emergency Recovery	9 (decreasing)

Overall Performance Q1



In Focus

Community Emergency Plans: The Council continues to engage with towns and parishes on the potential benefits of a Community Emergency Plan. A meeting was held in collaboration with Devon Communities Together in Uffculme in which six parishes were represented. To date two plans have been significantly updated (Cullompton and Bradninch).

Next steps include the introduction of the Community Risk Register which will help to identify the most at risk communities and therefore where the Council will more proactively engage.

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Report for: Community, People and Equalities (CPE) 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 4 – 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.

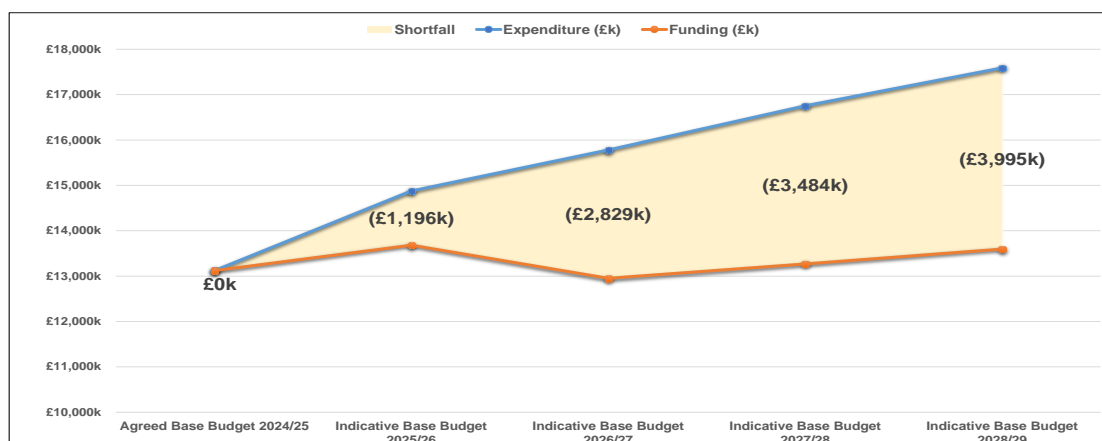
5.0 Summary of the Medium Term Financial Plan

- 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 (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

Meeting Date	Agenda Item	Theme	Officer Responsible	Comments
3 December 2024				
3.12.24 13.01.25 4.02.25	Regulation of Investigatory Powers		Maria De Leiburne	
3.12.24	Performance Dashboard - Quarter 2		Director of Place and Economy Dr Stephen Carr	
7.12.24 9.12.24 10.12.24	2024/2025 Medium Term Financial Plan (MTFP)		Deputy Chief Executive (S151) Paul Deal	
3.12.24 7.01.25	CCTV Policy To receive the updated CCTV Policy		Paul Deal	
2.12.24 7.01.25	Air Quality Action Plan To consider the report		Director of Place and Economy Simon Newcombe Jason Ball	
	Work Programme - 2024/2025			

Meeting Date	Agenda Item	Theme	Officer Responsible	Comments
25 March 2025				
25.03.25	Performance Dashboard - Quarter 3		Director of Place and Economy Dr Stephen Carr	
25.03.25 1.04.25	Community Safety Partnership Policy To consider the report		Simon Newcombe Director of Place and Economy	
25.06.24 25.10.24	Corporate Anti Social Behaviour Policy		Paul Deal	
25.03.25 1.04.25	Safeguarding Children & Adults at Risk Policy		Director of Place and Economy Simon Newcombe	
25.03.25 1.04.25	Single Equalities Policy and Equality Objective		Maria De Leiburne Matthew Page	

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