

Scrutiny Committee

Monday, 26 January 2026 at 5.00 pm
Phoenix Chambers, Phoenix House, Tiverton

Next meeting
Monday, 23 February 2026 at 5.00 pm

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

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

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Meeting ID: 348 117 605 499
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Membership

Cllr L G J Kennedy (Chair)
Cllr G Westcott (Vice-Chair)
Cllr C Adcock
Cllr D Broom
Cllr E Buczkowski
Cllr A Cuddy
Cllr G Czapiewski
Cllr M Farrell
Cllr C Harrower
Cllr L Knight
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 notices of appointment of substitute Members (if any).
- 2 **Declarations of Interest under the Code of Conduct**
To record any interests on agenda matters.
- 3 **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.
- 4 **Minutes of the previous meeting (Pages 5 - 14)**
To consider whether to approve the minutes as a correct record of the meeting held on 15 December 2025.
- 5 **Chairman's Announcements**
To receive any announcements that the Chairman of Scrutiny Committee may wish to make.
- 6 **Decisions of the Cabinet**
To consider any decisions made by the Cabinet at its last meeting that have been called in.
- 7 **2026/27 Budget (Pages 15 - 90)**
To receive a report from the Deputy Chief Executive (S151) presenting to the Scrutiny Committee the work performed so far in formulating the 2026/27 draft budget and providing the opportunity to Members to consider the position proposed so far and make any relevant observations/recommendations back to Cabinet at its meeting on the 10 February 2026.
- 8 **Regulation of Investigatory Powers Act Annual Report (Pages 91 - 110)**
To receive a report from the Director of Legal, People & Governance (Monitoring Officer) updating Members on the Regulation of Investigatory Powers Act (RIPA) following receipt of the Investigatory Powers Commissioner's Office (IPCO) Audit and in accordance with IPCO's recommendation that the Policy is presented to Members annually.
- 9 **Local Government Reorganisation (LGR) Update (Pages 111 - 124)**
To receive a report from the Chief Executive providing members of the

committee with an update on the latest situation with regards to local government reorganisation (LGR) and to consider how the committee might best scrutinise and add value to the next phases of LGR.

10 **Work Programme (Pages 125 - 144)**

To review the existing Work Plan and consider items for the committee's future consideration, taking account of:

- a) Any items within the Forward Plan for discussion at the next meeting;
- b) Suggestions of other work for the committee including any topic suggestion forms which have been received since the last meeting.

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 **SCRUTINY COMMITTEE** held on 15 December 2025 at 5.00 pm

**Present
Councillors**

L G J Kennedy (Chair)
G Westcott (Vice-Chair),
A Cuddy, G Czapiewski,
C Harrower, B Holdman,
J Poynton and R Roberts

**Apologies
Councillors**

D Broom and E Buczkowski

**Also Present
Officers**

Maria De Leiburne (Director of Legal, People & Governance (Monitoring Officer)) and Lisa Lewis (Head of Digital Transformation & Customer Engagement) and Sarah Lees (Democratic Services Officer)

**Councillors
Online**

G DuChesne, S Keable and D Wulff

Officer Online

Dr Stephen Carr (Corporate Performance and Improvement Manager)

55 APOLOGIES AND SUBSTITUTE MEMBERS

Apologies were received from Cllr D Broom and Cllr E Buczkowski who was substituted by Cllr B Holdman.

56 DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT

No interests were declared under this item.

57 PUBLIC QUESTION TIME

The following questions were received from members of the public:

Councillor Barry Warren – Chairman of Willand Parish Council.

My questions relate to item 8 on your agenda.

Recently, in my position as Parish Council Chair, it was necessary to make a formal complaint against a lack of enforcement of planning conditions and also an officer discharging a condition which was blatantly flawed.

The Complaints Policy states that “Stage 1 will be to refer the complaint to the relevant service manager or Housing Complaints Officer. If the customer/tenant is still unhappy with the response, Stage 2 will result in a further investigation by an alternative officer or more senior officer as appropriate.”

The Stage 1 complaint was dealt with by the officer that was the subject of the complaint. This is contrary to policy.

Under Section 6 of the policy it states:

“....respond to all complaints and include in our response:
an apology
confirmation of whether the complaint was upheld or not.”

The only words that could be considered an apology in the response were –“I am sorry you felt you had to make a complaint.”

Part of the complaint was considered to be upheld but no apology was offered for the officer not having done his job with care and due diligence.

Question 1

What is there in the report which brings such a breach of policy to the attention of members of Committee?

The Stage 2 complaint was dealt with by the original officer’s manager whose first mention of an apology was – “I am sorry that you remain dissatisfied and felt that you had to escalate your complaint.” Explanations and excuses were given for policy not being followed.

The officer did later state: “I would apologise that this breeched the council’s investigations procedure.”

Question 2

The explanations given tend to show that there is a mind set to keep complaints within a department when policy allows ‘external’ involvement. Is there a lesson to be learned here or a training need identified?

Question 3

How do the decisions made on complaints within a department feed into the system to be able to be shown in figures in a report such as presented to Committee?

Question 4

Rather than just note a report, will the Scrutiny Committee undertake some work to satisfy themselves and the public that policies are being correctly followed and relevant information being recorded and presented?

The Chair stated that written replies to the questions would be provided within the next ten working days.

58 MINUTES OF THE PREVIOUS MEETING

The minutes of meeting held on 20 October 2025 were approved as a correct record and **SIGNED** by the Chair.

In approving the minutes a brief discussion took place regarding the future involvement of South West Water (SWW) in Scrutiny Committee discussions. It was confirmed that SWW were happy to attend a future meeting when there was something to update the Committee on. At the present time they felt that all questions asked at the March 2025 Scrutiny Committee had been answered. In the meantime it was noted that both Cllr A Stirling and Cllr D Wulff would be meeting with SWW onsite at the Tiverton Sewerage Treatment Works and would be reporting back to colleagues in the near future.

59 CHAIR'S ANNOUNCEMENTS

The Chair had no announcements to make.

60 DECISIONS OF THE CABINET

The Committee **NOTED** that none of the decisions made by the Cabinet on 4th November and 2nd December 2025 had been called in.

61 INTERIM CORPORATE PERFORMANCE REPORT TO QUARTER 2 (00:17:00)

The Committee had before it, and **NOTED**, a report * from the Head of People, Governance & Waste and the Corporate Performance & Improvement Manager providing Members with an update on performance against the Corporate Plan 2024-2028 and service performance measures for Quarter 2 (2025/2026).

Discussion took place regarding:

- Electric charging points and the factors which slowed down installation.
- The numbers of net zero MMC (Modern Methods of Construction) properties being built and whether it was possible to get an indication as to how things were going rather than just whether or not the Council was achieving its target? It was explained that a further 51 completions were expected in quarter four. The process for setting targets was explained in terms of their being different processes. Some targets were set as fixed thresholds. Other targets are often a figure to achieve by year end, and a linear progression is assumed in year. For some performance indicators, profiled targets can be calculated.
- There had been 17 new subscribers to 'Let's Talk Mid Devon' in the year to date. This was felt to be quite a low number. It was explained that there were obvious benefits to residents subscribing to this particular platform in terms of providing contact details for the future and pushing out communications but having to subscribe was felt to be a barrier to some people engaging. Therefore this requirement had been removed meaning a fewer new

subscribers. Conversely it had meant the number of people engaging with the platform had increased dramatically.

- There had been a slight increase in responses to the Resident Survey. This platform had also hosted the consultation in relation to the Local Government Review (LGR).
- A further and deeper analysis of the 'Let's Talk Mid Devon' platform by the Scrutiny Committee was felt to be necessary and it was **AGREED** that this become an agenda item for a future meeting.
- Figures in relation to Agency Spend. It was confirmed that council-wide agency spend, broken down by department, was reviewed by senior officers monthly by the Corporate Performance Meeting.

Note: * Report previously circulated.

62 ANNUAL REPORT OF COMPLAINTS AND COMPLIMENTS (00:27:00)

The Committee had before it, and **NOTED**, a report * from the Corporate Manager for Business Transformation & Customer Engagement providing the annual report on the customer feedback received in relation to compliments, comments and complaints.

The following was highlighted in the report:

- The biggest service areas receiving feedback were Leisure, Recycling, Council Tax and Benefits. From a complaints point of view, most were about recycling and rubbish followed by Leisure and Council Tax and Benefits. Leisure received the most compliments, followed by recycling and rubbish. Waste had high rates of upheld complaints which indicated that some kind of corrective measure was necessary, however, this was the service which all residents of the district received meaning comparatively these numbers would always be high. In comparison, Council Tax, Benefits and Planning had lower rates of upheld complaints, which suggested that many of those complaints related to decisions that were bound by policy rather than service delivery.
- With regard to key performance indicators acknowledgement of complaints was underperforming. The target was 85% for responding within five days and the Council was currently running at an average of approximately 74%. However, for the resolution of complaints within target time scales, the Council was at or above our target.
- Most compliments the Council received related to staff conduct and service delivery exceeding expectations. Positive feedback was always relayed back to specific staff members.
- Understanding what the Council did well in, in comparison to what people feel unhappy about was often a useful measure.
- There were 10 referrals to the Ombudsman in 2024/2025, four were closed after initial inquiry, four incorrectly registered, meaning only two of those ten were actually investigated by the Ombudsman. In only one of those two cases was the compliant upheld. The Council was committed to dealing with complaints promptly, fairly and as transparently as it possibly could.
- Under the new Code of Complaints, qualitative and quantitative work would need to be undertaken, therefore, analysis of how the Council dealt with the complaints, what the complaints were about and what decisions were taken and how follow on recommendations were monitored would be undertaken.

Additional training in this area would also be undertaken next year for those staff involved.

- The Council's website pages would be changed, providing more information about how to report complaints and compliments.
- The Council was benchmarked in a similar position to neighbouring authorities in terms of complaints referred to the Ombudsman.
- All customer feedback was taken seriously and this was a continuous improvement piece.

Discussion took place regarding:

- Complaints in relation to housing need and homelessness and an acknowledgement that these were critical areas needing a 'lessons learnt' exercise where possible.
- The provision of training for staff dealing with complaints early next year was confirmed.
- Complaints in relation to Anti-Social Behaviour (ASB) and how these were dealt with. It was acknowledged that this was a complex process, involving different service areas.
- It was felt to be remarkable that numbers of complaints were so low in the area of Waste given the high frequency of 'touch point' opportunities.
- It was pleasing to see that staff sickness levels had reduced.
- The need for the Scrutiny Committee to have an interim report. The Clerk would liaise with the Head of Service regarding timetabling something into the Scrutiny Work programme at an appropriate time in the next 6 - 8 months.
- Unless the public reported ASB the Police were constrained in terms of what they could do. The Chair stated that he would be bringing a Motion to Council regarding this issue. Cllr G Czapiewski also stated that as the Councillor Advocate on the Police and Crime Panel for Devon and Cornwall he would also lobby for more information in relation to ASB.
- It was also noted that there were regular updates from the Police at the Community, People & Equalities Policy Development Group.

Note: * Report previously circulated.

63 WORK PROGRAMME (00:53:00)

The Committee had before it the Cabinet Forward Plan *, the Scrutiny Committee Work Programme and a topic suggestion form from Cllr Gordon Czapiewski in relation to void properties.

At the beginning of the meeting consideration was given to the Work Programme, reference was made to the concerns about the role of Scrutiny on Local Government Reorganisation (LGR) and could LGR be put on the Scrutiny work programme for future meetings.

The following was **AGREED** to be added to the Scrutiny Work Programme:

- A review of the Local Government Reorganisation (LGR) process moving forwards once more detail was known in the spring of next year.
- A review of the 'Lets Talk Mid Devon' platform and customer engagement.

- A review of the 'Compliments and Complaints' position in 6 – 8 months time.
- Housing Voids – more detail was requested in order to understand the complex nature of this area. A request was made for information or a breakdown by ward if this was at all possible. It was felt that it would be better to have this issue come to the Scrutiny Committee rather than refer it to the Homes Policy Development Group.

(The meeting ended at 6.00 pm)

CHAIR

Scrutiny Committee 15th December 2025 - Public Questions and Answers

Name of person submitting	Questions
Barry Warren	<p>My questions relate to item 8 on your agenda.</p> <p>Recently, in my position as Parish Council Chair, it was necessary to make a formal complaint against lack of enforcement of planning conditions and also an officer discharging a condition which was blatantly flawed.</p> <p>Complaints Policy states that “Stage 1 will be to refer the complaint to the relevant service manager or Housing Complaints Officer. If the customer/tenant is still unhappy with the response, Stage 2 will result in a further investigation by an alternative officer or more senior officer as appropriate.”</p> <p>The Stage 1 complaint was dealt with by the officer that was the subject of the complaint. This is contrary to policy.</p> <p>Under Section 6 of the policy it states: respond to all complaints and include in our response: an apology confirmation of whether the complaint was upheld or not</p> <p>The only words that could be considered an apology in the response were –“I am sorry you felt you had to make a complaint.”</p> <p>Part of the complaint was considered to be upheld but no apology was offered for the officer not having done his job with care and due diligence.</p>

Question 1

What is there in the report which brings such a breach of policy to the attention of members of Committee?

Response:

The purpose of the report is to provide an overview of customer feedback and performance around complaints. This includes recognition of patterns of feedback and performance, not necessarily reporting of individual events.

The Stage 2 complaint was dealt with by the original officers manager whose first mention of an apology was – “I am sorry that you remain dissatisfied and felt that you had to escalate your complaint.” Explanations and excuses were given for policy not being followed.

The officer did later state: “I would apologise that this breached the council’s investigations procedure.”

Question 2

The explanations given tends to show that there is a mind set to keep complaints within a department when policy allows ‘external’ involvement. Is there a lesson to be learned here or a training need identified?

Response:

Though external involvement is permitted, the service is typically best equipped to address complaints related to its own regulations and processes. Complaints are assigned upon receipt, and training will be updated to stress independent investigation.

Question 3

How does do the decisions made on complaints within a department feed into the system to be able to be shown in figures in a report such as presented to Committee?

Response:

The report includes data identifying whether complaints were upheld or not and establishes those services with a higher/lower frequency of different decisions. The report also confirms that qualitative analysis was not possible in the commissioning of the report due to capacity issues. This will be addressed prior to the next annual report.

Question 4

Rather than just note a report, will the Scrutiny Committee undertake some work to satisfy themselves and the public that policies are being correctly followed and relevant information being recorded and presented?

Response:

The committee has requested an interim report from the Head of Service in 6-8 months to review the current position.

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Report for: Scrutiny

Date of Meeting:	26 January 2026
Subject:	2026/27 Budget
Cabinet Member:	Cllr John Downes – Cabinet Member for Governance, Finance & Risk
Responsible Officer:	Andrew Jarrett – Deputy Chief Executive (S151)
Exempt:	N/a
Wards Affected:	All
Enclosures:	<p>Cabinet Reports from:</p> <ul style="list-style-type: none">• 2 September 2025• 7 October 2025• 4 November 2025• 2 December 2025• 13 January 2026

Section 1 – Summary and Recommendation(s)

To present Scrutiny with the work performed so far in formulating the 2026/27 draft budget and provide the opportunity to Members to consider the position proposed so far and make any relevant observations/recommendations back to Cabinet at its meeting on the 10 February 2026.

Recommendation(s):

That Scrutiny review the draft budget and provide any relevant feedback to Cabinet for consideration at its meeting on the 10 February 2026.

Section 2 – Report

1. Introduction

1.1. The balancing of the Council's budget continues to be a challenge year-on-year following the Government's austerity measures and the subsequent reduction in funding. To mitigate these austerity measures, the Council has already

secured and delivered significant savings for over more than a decade in order to “balance the books” and maintain service delivery.

- 1.2. The Council has a legal requirement to set a balanced 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.
- 1.3. The scrutiny process provides an opportunity to review the process and the proposals made within the draft 2026/27 budget. This is an integral part of the budget setting process; one that all councils are required to do.

2. Scrutiny of Budget Process

- 2.1. Members are referred to the various Cabinet reports on the 2026/27 budget since September 2025 for the financial detail and the budget options considered to date. They document the evolving position working towards the draft budgets for the Council’s General Fund, Housing Revenue Account and Capital Programme for 2026/27.
- 2.2. The latest update report to Cabinet on 13 January (attached) presented a remaining shortfall of £1.019m. Whilst we are still finalising aspects of the budget, for example the implications of the financial settlement, collection fund and capital financing requirements arising from the finalised capital programme, and whether any other short-term savings measures need to be considered, the budget is nearing its completion.
- 2.3. The final Cabinet meeting on the 10 February 2026 will need to consider the finalised budget, including any other measures to reach a balanced budget position. This will form the recommendation from the S151 officer in their report to Full Council on the 18 February 2026.

3. Conclusion

- 3.1. Effective scrutiny of the budget setting process is not only a legislative requirement, but it is also a healthy corporate check and challenge exercise. The Council strives to ensure that all members, through various rounds of Committees and informal budget briefings are actively involved in shaping the budget. In addition it also takes a strong lead from the feedback received from its Resident Survey which indicates how our residents want us to prioritise our ongoing service delivery.

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 various cabinet papers referred to. Many areas require greater clarity, particularly around national funding and possible changes to Government Policy. Therefore, several 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

To comply with the requirement to set a balanced budget, The MTFP makes several financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. These continue to be kept under review and updated where necessary. Management must ensure that the proposed savings are robust and achievable. Failure to set a robust deliverable budget puts the Council at risk of not being able to meet its commitments and casts doubt on its “going concern” and “Value for Money” status.

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 investment is included within the Capital Programme, however this will be dependent upon full options appraisals and levels of Grant funding available.

Equalities Impact Assessment

There are no Equalities Impact implications relating to the content of 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: 15/01/2026

Agreed by or on behalf of the Section 151

Date: Andrew Jarrett

Statutory Officer: 15/01/2026

Agreed on behalf of the Monitoring Officer

Date: Maria De Leiburne

Chief Officer: 15/01/2026

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

Date: Stephen Walford

Performance and risk: 15/01/2026

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: Dr Stephen Carr

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

Contact: Paul Deal – Corporate Manager for Finance, Property and Climate Change

Email: pdeal@middevon.gov.uk

Telephone: 01884 234254

Background papers:

- 2026/27 – 2028/29 Medium Term Financial Plan update (2 September Cabinet)
- 2026/27 Draft Budget Report (7 October Cabinet)
- 2026/27 Draft Budget Report (4 November Cabinet)
- 2026/27 Budget Update (2 December Cabinet)
- 2026/27 Draft Budget Report (13 January Cabinet)

Report for: Cabinet

Date of Meeting: 2 September 2025

Subject: Medium Term Financial Plan

Cabinet Member: Cllr John Downes – Cabinet Member for Governance, Finance and Risk

Responsible Officer: Andrew Jarrett – Deputy Chief Executive (S151)

Exempt: N/a

Wards Affected: All

Enclosures: Appendix 1 – MTFP Summary Position – General Fund
Appendix 2 – MTFP Summary Position - HRA

Section 1 – Summary and Recommendation(s)

To present the updated Medium Term Financial Plan (MTFP) which covers the period 2026/27 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 Cabinet:

- 1. Note the updated MTFPs for the General Fund covering the years 2026/27 to 2028/29;**
- 2. Agree to apply the principles set out in Section 4 where possible and endorse the approach to balancing the General Fund Revenue Budget outlined in paragraph 7.2.**
- 3. Seek recommendations from the Policy Development Groups on the Budget Proposals identified by senior managers and garner their views on where savings should be sought and to what level.**

Section 2 – Report

1.0 Executive Summary

- 1.1 The 5-year timeframe usually covered by the MTFP is not applicable due to the Government's previous announcement of Local Government Reorganisation (LGR) for authorities within Devon. The current expected date for commencement of the new entity, in whatever form, is April 2028. However, to show a meaningful MTFP period, we have continued financial estimations through to 2028/29.
- 1.2 2026/27 is an exceptional year in terms of funding for the sector. The Government have announced that practically all the various funding mechanisms within the sector will alter. Although there are various ongoing consultations, the final changes and implications for each funding stream is not currently known and will not be until the autumn at best. It's likely that individual authority allocations will not be known until the Local Government Finance Settlement is announced, which will then cover 2026/27 – 2028/29, the first multi-year settlement in a decade. The Settlement has at least been promised to be made earlier than the norm of the week before Christmas. This leads to an unprecedented level of uncertainty and makes it practically impossible to explain let alone forecast and plan for.
- 1.3 As stated within the 2025/26 Quarter 1 Budget Monitoring Report, it is understood that the Council has been targeted as part of a minority group of around 50 authorities that will be one of the biggest losers based on their initial draft calculations on funding – which would see us targeted for between a 5-7% real terms cut in 2026/27 as opposed to the 0% cash floor applied to the remaining c300 authorities. The funding baseline to which this cut will apply is not clear, but if this is applied the funding shortfall will be in the region of £2m - £3m.
- 1.4 However, there are other new sources of funding expected outside of the settlement that will reduce the impact. The Extended Producer Responsibility (EPR) Grant was introduced late in the budget process for 2025/26. The indicative allocation was £927k, however this has recently been amended to £1,438k. Government have indicated that similar levels of funding should be available in future years, albeit that as producers reduce the volume of packaging, the grant received will fall. Therefore a prudent assumption of £1,000k is included within the MTFP.
- 1.5 Similarly, we assume that all authorities will receive a share of the Weekly Food Collection Grant funding in the future, hence the inclusion of £250k per annum in the MTFP. Currently the Government is not providing any indicative figures and timing of such announcements is likely to be at the same time as the funding settlement.

1.6 The above paragraphs demonstrate the high degree of uncertainty that remains on what level of funding might be received from 2026/27 onwards. There is ongoing modelling by the Ministry of Housing, Communities and Local Government (MHCLG) on the new funding formulae and only in late November / early December are we expecting full clarity of our individual position. Over and above the changes in the formulae and the setting of negative funding floors, MHCLG are also discussing options for transitional reliefs and further flexibilities etc to smooth the impact of the changes. Should the Council be one of those c50 authorities targeted for the largest cuts in funding this will be especially relevant, particularly in respect to business rates where we have seen significant growth in our funding.

2.0 The purpose of the Medium Term Financial Plan

- 2.1 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.
- 2.2 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.
- 2.3 The MTFP is an essential part of the budget setting process. It provides a financial model which forecasts the cost of providing Council services in the future, together with an estimate of the financial resources that will be available. This model provides an early warning mechanism if there is a significant budget gap between estimated costs and available resources.
- 2.4 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.
- 2.5 The Council also prepares an MTFP for the Housing Revenue Account (HRA). This shows the key issues affecting the HRA costs and income streams across 2026/27 – 2028/29.
- 2.6 Work is underway to develop the capital programme and this will follow in due course.

3.0 Framework for the Medium Term Financial Plan

- 3.1 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.
- 3.2 Given the level of uncertainty on the future funding, the focus is on the expenditure. The starting base for the MTFP is the 2025/26 approved budget assuming that the current level of service provision remains.
- 3.3 It is then adjusted for any supplementary estimates approved by the Council or any significant budget variances identified in the budget monitoring report to the Cabinet. Forecasts of unavoidable costs, such as, pay increases, inflation, service pressures associated with new legislation, a growing residential or business property base or improving performance, etc are then included. The MTFP will also consider forecasts for investment receipts and income from fees and charges.
- 3.4 Normally 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. However, the scale of change in the majority of these funding streams practically renders this impossible. This is covered in more detail in the next section.
- 3.5 The development of a multi-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.

4.0 The Underlying Principles – still applicable?

- 4.1 The Council previously adopted the following underlying principles as a base assumption during the life of the MTFP:

4.1.1 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).

Whilst every effort will be made to identify efficiency savings, given the scale of the likely funding reductions it is unlikely that a sufficient level can be identified to fully balance the 2026/27 budget without significant implications on service provision. Also, there is an extremely limited time frame available between finalisation of the funding settlement and setting the budget for 2026/27. Therefore, as a result of this combination of issues, it is highly likely that some level of draw from reserves will be required, and a full review of Earmarked Reserves will be necessary to see what can be realigned, and whether a minimum balance of £2m in General Reserves can be maintained.

4.1.2 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 3% or £5 across the 3-year settlement period.

It should be noted that Government expect all councils to maximise the increase in Council Tax in line with the referendum limits. Furthermore, the Government continue to raise additional flexibilities within the Council Tax scheme as possible options to mitigate the impact of the substantial funding reductions.

- 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).

In reality, the current fees are at the higher end of the scale locally, meaning that only inflationary increases are likely to be tolerated by the local marketplace.

4.1.3 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.

Following the LGR announcement, opportunities for new service delivery models are not deliverable in the timeframe. Similarly, financial gains from longer term contracts will be limited by the reduced timeframe.

4.1.4 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.

With LGR on the horizon, the planning of debt finances leads to ongoing commitments for the new entity. At present there is a case to undertake cheaper short term financing solutions, leaving the new entity free to re-finance as it deems appropriate in due course.

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

5.0 Summary of the likely changes to Local Government Funding

- 5.1 There are significant and wide ranging changes likely for all local authority funding streams. The main areas of change are:

- 5.2 Core Government Funding

The formulae used to distribute the funding for the last 20+ years is being replaced through a review called the “Fair Funding Review 2.0” (first announced in 2016). The formulae will be simplified and the underlying base data updated, leading to very different outcomes for individual authorities. Furthermore, political decisions to prioritise certain indicators, such as deprivation over sparsity give rise to significant swings in funding from one geographical area to another – something known as resource equalisation.

- 5.3 Business Rates

The biggest impact for the Council will be the changes announced for Business Rates. Again, many of these changes are the first since the current scheme’s introduction in 2013/14. In summary, the main changes are:

- The revaluation of the local business properties by the Valuation Office – leading to changes in the charge placed on local businesses;
- The introduction of 5 new multipliers (replacing 2 currently);
- The removal / reduction in the application of reliefs, such as that awarded to Retail, Hospitality and Leisure, as the new multipliers will now incorporate that adjustment;
- The reset of the funding baseline from that used within the current funding settlement, which was based upon 2010/11 and 2011/12. This is designed “to move business rates income retained by local authorities to the places which need it most”.

None of these values will be known until the autumn, with the levels of the multipliers and reliefs expected in the Chancellor’s Autumn Budget, the date for which is yet to be announced.

The clear outcomes of these changes are:

1. Places more responsibility on local authorities to administer the more complex scheme and increases their risk of non-collection;
2. Shifts funding from those that have most increased the business rates baseline – whether through council led initiatives, or simply through movements in valuations.

5.4 Council Tax

Perhaps the area with the least change, which remains unchanged from its introduction in 1993. There is no change to the scheme itself, or the prescribed level of the referendum limit. However, the change here is in how councils can chase and enforce outstanding debt. Government proposals include extending the timeframe before a council can enforce, and softens its enforcement capability. The outcome of this is likely to be that less council tax will ultimately be collected, reducing the Council's funding. Also changes to payment periods will have treasury cash flow implications.

5.5 Extended Producer Responsibility (EPR)

The EPR Grant was introduced late in the budget process for 2025/26. The indicative allocation of £927k was fully earmarked in the budget to set it aside to contribute to the remodelling works planned at the waste depot. Subsequently this indicative allocation has increased to £1,438k reflecting the increase in recycling rates secured after the successful implementation of Bin-It 123. Government have indicated that similar levels of funding should be available in future years, albeit that as producers reduce the volume of packaging, the grant received will fall. Therefore a prudent assumption of £1,000k is included within the MTFP.

5.6 Food Waste

Similarly, there is potential funding available to help meet the cost of weekly food collection from 2026/27. It is considered “potential” as this funding has been targeted to those authorities that have not yet moved to weekly collection. We consider this grossly unfair as our local tax payers have funded this move and therefore we assume that all authorities will be treated fairly and all receive a share of this funding in the future, hence the inclusion of £250k per annum in the MTFP.

5.7 Wider reforms are also being considered. It still remains unclear how some of the incentive funding schemes such as New Homes Bonus and Business Rates will be refocused and how some of the new proposed changes will be offset by New Burdens funding. It is further assumed that the number of separate grants available (largely through competitive bidding processes) will reduce.

5.8 It is expected (and hoped) that over and above all of these changes will be a scheme of transitional support. Currently the Government have indicated that the movement from the current formulae will be implemented across the 3-years

of the settlement (1/3, 2/3, 3/3). In addition, the cash impact of the change will also be “smoothed” across the 3 years (100%, 0%, 0%) – meaning there will likely be a “big bang” in 2026/27, and then funding will be frozen for the following 2 years. It is not clear if full transition to the new funding mechanisms will occur within the 3-year settlement.

- 5.9 With any significant changes to funding streams, there would normally be a level of transitional support to smooth the impact over time. Should the Council be one of those c50 authorities targeted for the largest cuts in funding this will be especially relevant, particularly in respect to business rates where we have seen significant growth in our funding.

6.0 Summary of the Medium Term Financial Plan

- 6.1 As outlined above, the MTFP takes into consideration the current financial position against the 2025/26 base budget. The Qtr. 1 forecast indicated an over spend of £232k on the General Fund, indicating that although services generally are managing their budgets well, they are feeling pressure.
- 6.2 The 2025/26 pay offer has been agreed at 3.2%, slightly above the 3% budgeted for, and forms part of that pressure. With inflation staying stubbornly above the Government’s 2% target, the assumed pay award has been set at 3% across the MTFP timeframe – adding a pressure of circa £550k per annum to the budget. Utility price increases and the growing cost of ICT software and licences form the remainder of the overall c£700k annual inflationary pressure.
- 6.3 In addition to the normal pay assumptions, the triannual pension valuation took place on 31 March 2025. This considers and sets the levels of employer contribution rates applicable across the 2026/27 – 2028/29 MTFP period. The Devon Pension Fund, along with almost all other local government pension funds across the country is now fully funded. Therefore, it is possible that we may see changes in these rates that benefit the financial position.
- 6.4 Many services are experiencing high staff turnover 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. A number of the budget options to be considered by the Policy Development Groups (PDGs) throughout September contain potential proposals to reduce staffing. This will only be possible through natural staff turnover and therefore cannot be

guaranteed. Furthermore, this saving will further stretch service delivery and is likely to lead to lower levels of service provision if agreed.

- 6.5 The only real mitigations come in the form of additional income from fees and charges. For example, we are able to charge for services, such as the Green Waste service, Planning and Car Parking. Some services are experiencing greater take up, i.e. Leisure and Car Parking or increasing recyclate 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.
- 6.6 Therefore, all options to limit costs where possible, including vacancy management processes, further service efficiencies and a review of fees and charges are being considered.
- 6.7 As there is not clarity on the potential funding, Table 1a, 1b and 1c below give a guide to the potential scale of the funding shortfall.

Table 1a – Original Assumption

Funding Stream	2025/26 Funding		2026/27 Original Funding Assumption	Movement from 2025/26		
	Settlement	Budget		£	%	
				£	%	
Revenue Support Grant	(139,800)	(139,800)	(111,840)	27,960	-20%	
NNDR Baseline Funding Level ¹	(2,386,319)	(5,079,330)	(4,662,410)	416,920	-8%	
Compensation for under-indexing the business rates multiplier ²	(522,972)	-	-	-	0%	
Council tax requirement excluding parish precepts ³	(7,299,123)	(7,472,010)	(7,495,830)	(23,820)	0%	
New Homes Bonus	(498,147)	(498,150)	(398,520)	99,630	-20%	
Domestic Abuse Safe Accommodation Grant	(35,362)	(35,360)	(28,290)	7,070	-20%	
Recovery Grant	(57,495)	(57,500)	(46,000)	11,500	-20%	
Employer National Insurance Contributions Grant	(150,766)	(122,500)	(98,000)	24,500	-20%	
Funding Floor	(739,653)	(739,650)	(591,720)	147,930	-20%	
Core Spending Power	(11,829,637)	(14,144,300)	(13,432,610)	711,690	-5.03%	
Add: New Extended Producer Responsibility Grant ⁴	(927,000)	(927,000)	(1,000,000)	(73,000)	+7.8%	
Add: New Weekly Food Waste Collection Grant ⁵	0	0	(250,000)	(250,000)	+100%	
New Core Funding Total	(12,756,637)	(15,071,300)	(14,682,610)	388,690	-2.58%	

- 1 – The settlement includes a funding baseline from 2010/11 – 2011/12, whereas the Council budgets for the current 2025/26 retained Business Rates
- 2 – The settlement includes a notional figure “compensating” authorities when government have not applied inflation to the multiplier
- 3 – The settlement includes a notional council tax figure based upon an assumed taxbase and average council tax charge
- 4 – The new Extended Producer Responsibility Grant sits outside of the Settlement. The indicative allocation for 2025/26 was £927k, however recently the Government have increased this to £1,438k. A prudent assumption of £1,000k has been made for future years. Note, as producers decrease the volume of packaging, the value of this grant will also fall.
- 5 – This is a broad assumption that MDDC will qualify for this grant funding, and a high level assumption of the funding we might receive. Note the costs of delivering weekly food collect far exceed this assumed level of funding.

Table 1b – (7%) of Core Spending Power and Locally Retained Business Rates

Funding Stream	2025/26 Funding
	£
Revenue Support Grant	(139,800)
Locally Retained Business Rates Baseline Funding Level 1	(5,079,330)
Compensation for under-indexing the business rates multiplier	(522,972)
Council tax requirement excluding parish precepts	(7,299,123)
New Homes Bonus	(498,147)
Domestic Abuse Safe Accommodation Grant	(35,362)
Recovery Grant	(57,495)
Employer National Insurance Contributions Grant	(150,766)
Funding Floor	(739,653)
Core Spending Power	(14,522,648)
7% reduction	1,016,585
Funding Forecast	(13,506,063)
Add: New Extended Producer Responsibility Grant	(1,000,000)
Add: New Weekly Food Waste Collection Grant	(250,000)
New Core Funding Total	(14,756,063)
Movement from 2025/26	315,237

1 – This simply replaces the government's outdated baseline with the local 2025/26 retained income figure, which is an approach that has been mooted by Government

Table 1b – (7%) of Core Spending Power

Funding Stream	2025/26 Funding
	£
Revenue Support Grant	(139,800)
Locally Retained Business Rates Baseline Funding Level	(2,386,319)
Compensation for under-indexing the business rates multiplier	(522,972)
Council tax requirement excluding parish precepts	(7,299,123)
New Homes Bonus	(498,147)
Domestic Abuse Safe Accommodation Grant	(35,362)
Recovery Grant	(57,495)
Employer National Insurance Contributions Grant	(150,766)
Funding Floor	(739,653)
Core Spending Power	(11,829,637)
7% reduction	828,074
Funding Forecast	(11,001,563)
Add: New Extended Producer Responsibility Grant	(1,000,000)
Add: New Weekly Food Waste Collection Grant	(250,000)
New Core Funding Total	(12,251,563)
Movement from 2025/26	2,819,737

Based on the above potential forecasts, the reduction in funding from 2025/26 levels ranges between £315k (Table 1b) and £2,820k (Table 1c). Clearly this is a substantial range and does not give any confidence where the actual reduction will fall.

- 6.8 When added to the assumed inflationary pressure, currently forecast to be c£600k plus relatively minor movements in Non-Service budgets, the overall

forecast shortfall for 2026/27 ranges between c£900k to c£3,300k, as shown in **Appendix 1** and summarised in the table below:

Table 4 – MTFP 2026/27 General Fund Assumptions Summary

2025/26		Assumption 1a	Assumption 1b	Assumption 1c
		2026/27	2026/27	2026/27
£000		£000	£000	£000
15,071	Expenditure	15,602	15,602	15,602
(15,071)	Funding	(14,683)	(14,756)	(12,252)
0	Annual Shortfall	919	846	3,350

Note, if the shortfall is not mitigated by ongoing savings, the shortfall remains in future years; in essence the problem has only been bumped into the future.

- 6.9 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.
- 6.10 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.

7.0 Approach to closing the Budget Gap

- 7.1 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.
- 7.2 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 (via vacancy management) – which may incur short term upfront costs;
 - Investigation of spend to save projects;
 - Maximise procurement efficiencies;
 - 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.

Some of the savings strategy shown above are now less likely to be pursued due to the current and ongoing focus on LGR.

- 7.3 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.
- 7.4 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 2026/27. Indicative areas where possible budget savings could be found will form the basis of the discussions with the PDGs. In addition the PDGs will be asked to identify further options to resolve the immediate budget gap for 2026/27 and future years.
- 7.5 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.

- 7.6 Clearly there is a significant budget shortfall in 2026/27. 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 2026/27 budget in February 2026. All service areas will be required 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.
- 7.7 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.

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 2025/26 which is currently forecasting an over spend and therefore a decrease in general reserves of £232k.

- 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 may be necessary. If so, this would normally be on the basis that the reserve is replenished by the end of the MTFP period. Due to LGR, this is not likely to be possible and therefore will remain below the recommended level for the remainder of the Council's existence.
- 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.
- 8.5 If reserves are required to balance the budget for 2026/27 and potentially 2027/28, the overall level of balances transferring to the new entity will be reduced and would therefore clearly have financial consequences for the inheriting organisation.

9.0 Housing Revenue Account (HRA)

- 9.1 The HRA is a ring-fenced account within the Council's financial accounting system. This means that a balanced budget must be set each year including all income and expenditure pertinent to the Council's landlord function and excluding all other income and expenditure (since this would be captured as part of the General Fund budget).
- 9.2 The draft HRA MTFP for 2026/27 to 2028/29 is summarised below:

Table 5- HRA MTFP Summary

	2025/26		2026/27	2027/28	2028/29
	£000		£000	£000	£000
10,282	Direct Expenditure	10,911	11,319	11,742	
(16,191)	External Income	(16,877)	(17,575)	(18,145)	
(5,909)	Net Cost Of Services	(5,965)	(6,256)	(6,403)	
5,909	Indirect Expenditure	6,306	6,549	6,966	
0	Budget (Surplus) / Deficit	541	492	763	
0	Cumulative (Surplus) / Deficit	541	1,033	1,796	

- 9.3 Overall the shortfall is forecast at £1,796k over the MTFP period if no remedial action is taken. This includes a modest replenishment of the HRA Reserve which was used to fund the Rent Refunds. Work is well underway with making these refunds. Should the initial forecast for the provision prove to be overestimated, this will be returned to the reserve and would alter the amount of the top-up required.
- 9.4 £250k has also been included to address disrepair costs which are seeing increasing legal and repairs and maintenance costs. This includes compliance costs arising from the introduction of the new Awaab's Law damp and mould legislation. The budget also includes provision to continue to address other issues such as fire safety and carbon reduction in line with the Council's commitment.
- 9.5 Pay inflation has been included at 3% across the MTFP in line with the General Fund. Other non-staffing related costs of providing both the repairs and tenancy services are increased by between 3% - 5%.
- 9.6 Rent policy set out by central government states that existing rents must be increased annually by the previous September's CPI rate, plus an additional 1%. At present this rate is not yet known so an assumption of 3% has been applied across the MTFP. Given CPI is currently at 3.8% (July August 2021), this is prudent but also allows for the ongoing impact of the Cost of Living and wider economic constraints.
- 9.7 Due to the current economic climate it is also assumed that garage ground rents will be retained at their current level, £275 per annum. This can be reviewed in a year's time when we may have more economic certainty.
- 9.8 With interest rates slowly falling, and with lower overall balances to be invested, income generated from interest where cash balances have been invested is also assumed to be at prudent falling levels. There is an increase in the cost of Capital Financing and interest payable reflecting the proposed investment in housing shown in the Capital Programme.

- 9.9 At the moment there hasn't been any inclusion of the possible implication of other MHCLG announcements such as Right-to-Buy and increasing the level of funding for increases in affordable housing delivery.
- 9.10 Efficiency savings will be required to offset these shortfalls. As with the General Fund, senior managers have been considering options to mitigate the shortfall and these will be brought to the Housing PDG for consideration. These include:
- Consideration of asset lifetimes for maintenance works
 - Options for rent convergence as currently being consulted upon by MHCLG.
 - Increases in garage rents and other fees and charges.
- 9.11 Any surpluses generated by the HRA are used to contribute to the Housing Maintenance Fund (HMF). This fund is designed to meet any spikes in the cost of major works in the HRA's 30-year Business Plan. The need for external borrowing will be minimised as far as possible through the use of the Housing Maintenance Fund (HMF) which currently holds over £12.1m.

10.0 Conclusion

- 10.1 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.
- 10.2 Like all councils, the Council 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.
- 10.3 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.
- 10.4 Having a realistic financial plan 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 and must clearly be matched by the financial resources that are available.
- 10.5 2026/27 onwards is the most uncertain time from a government funding perspective coupled with the implementation and delivery of LGR is resulting in the most challenging budget planning process. These facts will result in many councils, including our own, having to rely on the temporary use of reserves until some urgently needed government clarity is forthcoming.
- 10.6 The imprudent use of reserves formed a key piece of feedback made to MHCLG in the response to the Fair Funding consultation provided by the S151 Officer.

- 10.7 Any finalised clarity regarding our government funding will not be provided until late November / early December which will result in urgent update papers from the S151 Officer indicating our final position for 2026/27 and the subsequent two financial years.

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.

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: 22 August 2025

Statutory Officer: Maria De Leiburne
Agreed on behalf of the Monitoring Officer
Date: 22 August 2025

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

Performance and risk: Dr Stephen Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 22 August 2025

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:

- 2025/26 Budget
- 2025/26 Qtr. 1 Budget Monitor

Appendix 1

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 – assumed worst position

2025/26 £'000		Notes	2026/27 £'000	2027/28 £'000	2028/29 £'000
16,284	Net Direct Cost of Services	1, 2	16,973	17,692	18,441
(2,050)	Net recharge to HRA		(2,112)	(2,175)	(2,240)
857	Provision for Repayment of Borrowing	3	1,021	1,249	1,294
15,091	Net Service Costs		15,882	16,766	17,495
(481)	Net Interest Costs/(Receipts)	4	(280)	(100)	(50)
462	Net Transfers to/(from) Earmarked Reserves	5	0	0	0
15,071	Total Budget Requirement		15,602	16,666	17,445
	Funded By:				
(5,079)	Retained Business Rates		0	0	0
(7,472)	Council Tax		0	0	0
(140)	Revenue Support Grant		0	0	0
(35)	Domestic Abuse Safe Accommodation Grant		0	0	0
(57)	Recovery Grant		0	0	0
(27)	Employer National Insurance Contributions Grant		0	0	0
(740)	Funding Floor		0	0	0
(498)	New Homes Bonus		0	0	0
0	New Core Funding Assumption	6	(11,002)	(10,702)	(10,402)
(927)	Extended Producer Responsibility Grant	1, 7	(1,000)	(1,000)	(1,000)
0	New Weekly Food Waste Collection Grant 5	8	(250)	(250)	(250)
(15,071)	Total Funding		(12,252)	(11,952)	(11,652)
0	Annual Gap – Increase/(Decrease) In-year		3,350	4,714	5,793
0	Cumulative Gap		3,350	7,764	13,257

The above figures are based on business as usual with no remedial management intervention. So is very much the most prudent worst case scenario, prior to any offsetting action.

Notes:

1. The Extended Producer Responsibility (EPR) Grant is currently assumed to be a direct grant. For illustration purposes, this has been stripped out of the Direct Service cost and shown separately under funding.
2. This includes the assumed inflationary pressure.
3. The Provision for repayment of borrowing incorporates the financial implications of the current Capital Programme.
4. The reduction in Net Interest Costs/(Receipts) reflects a prudent assumption of the interest earnt on balances held. The annual falls as balances held are reducing to fund the capital programme, plus interest rates are falling.
5. Net Transfers to/(from) Earmarked Reserves reflects assumed contributions to, or drawdowns from reserves. At the outset, it is prudent that the working assumption is that reserves are not required.
6. For illustration purposes, all core funding has been included within a single line – see Table 1c within the covering report. In reality, Council Tax will reflect our locally calculated figure, not that assumed by Government. It is assumed that this will also be relevant for Business Rates. A prudent assumption

- of a reduction in core funding of £300k occurs in years 2027/28 and 2028/29 – although this could be protected by transitional grant.
7. The new Extended Producer Responsibility Grant sits outside of the Settlement. The indicative allocation for 2025/26 was £927k, however recently the Government have increased this to £1,438k. A prudent assumption of £1,000k has been made for future years. Note, as producers decrease the volume of packaging, the value of this grant will also fall.
 8. This is a broad assumption that MDDC will qualify for this grant funding, and a high level assumption of the funding we might receive. Note the costs of delivering weekly food collect far exceed this assumed level of funding.

MID DEVON DISTRICT COUNCIL
HRA MEDIUM TERM FINANCIAL PLAN 2026-27 TO 2028-29

	2025-26	Infl	2026-27	Infl	2027-28	Infl	2028-29	
	£	%	£	%	£	%	£	
Employee costs								
Base salary budget	4,578,730		4,725,249		4,867,007		5,013,017	
Other Employee costs								
	<i>Inflation base</i>	4,578,730	3.0%	4,725,249	3.0%	4,867,007	3.0%	5,013,017
Total in year cost	4,578,730		4,725,249		4,867,007		5,013,017	
Premises costs								
Base budget	551,430		578,270		605,920		634,400	
Cost pressures	10,000		-		-		-	
	<i>Inflation base</i>	561,430	3.0%	578,270	3.0%	605,920	3.0%	634,400
Total in year cost	561,430		578,270		605,920		634,400	
Transport related costs								
Base budget	287,530		301,910		317,010		332,860	
Cost Pressures								
	<i>Inflation base</i>	287,530	5.0%	301,910	5.0%	317,010	5.0%	332,860
Total in year cost	287,530		301,910		317,010		332,860	
Supplies and services								
Base budget	2,503,910		2,944,106		3,353,811		3,521,501	
Cost Pressures	300,000		250,000		-		-	
	<i>Inflation base</i>	2,803,910	5.0%	3,194,106	5.0%	3,353,811	5.0%	3,521,501
Total in year cost	2,803,910		3,194,106		3,353,811		3,521,501	
Support services	2,050,250	3.0%	2,111,758	3.0%	2,175,110	3.0%	2,240,364	
Total gross expenditure	10,281,850		10,911,292		11,318,858		11,742,142	
Rents , fees, charges and Other Income								
Housing Rents	(15,145,680)		(15,822,565)		(16,571,164)		(17,184,081)	
Garage and Garage Ground Rent income	(368,530)		(366,926)		(366,926)		(366,926)	
Other Income	(676,380)		(687,136)		(637,054)		(593,796)	
	<i>Inflation base</i>	(16,190,590)	3.0%	(16,876,627)	3.0%	(17,575,144)	3.0%	(18,144,803)
Total in year cost	(16,190,590)		(16,876,627)		(17,575,144)		(18,144,803)	
NET COST OF SERVICES	(5,908,740)		(5,965,335)		(6,256,286)		(6,402,661)	
Capital Financing	1,057,450		1,074,977		1,101,142		1,145,399	
Interest Payable (PWLB)	1,024,080		1,117,100		1,191,600		1,376,700	
Interest Payable HRA to GF	34,870		32,377		29,816		27,185	
Interest Payable (finance leases)	24,330		24,330		21,900		61,000	
Contribution to Capital - MRA	2,903,900	3.0%	2,991,017	3.0%	3,080,748	3.0%	3,173,170	
Principal adjustment to MRP	960,635		1,016,223		1,073,458		1,132,386	
Transfers to sinking funds	50,000		50,000		50,000		50,000	
Contribution / (Draw) from reserves	(146,525)		200,000		200,000		200,000	
Indirect costs/reserve transfers	5,908,740		6,506,024		6,748,664		7,165,840	
Annual Deficit (Surplus) / Savings to be found	0		540,689		492,378		763,178	
Cumulative Deficit (Surplus) / Savings to be found	0		540,689		1,033,066		1,796,245	

Assumptions:

- 1 Salary inflation in line with General Fund assumptions
- 2 Utilities costs assumed a general uplift in line with General Fund assumptions
- 3 Transport costs assumed inflationary increase only
- 4 Supplies and Services - additional Disrepair costs
- 5 General Fund recharges assumed in line with GF forecast
- 6 Rents increases assume a nominal 3% inflation
- 7 Capital Financing are based upon current Capital Programme assumptions. Reasonable stepped increases occur after the lifetime of this MTFP in order to fund the delivery of the approved development programme.

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Report for: Cabinet

Date of Meeting: 7 October 2025

Subject: 2026/27 Draft Budget Update

Cabinet Member: Cllr John Downes – Cabinet Member for Governance, Finance and Risk

Responsible Officer: Andrew Jarrett – Deputy Chief Executive (S151)

Exempt: N/a

Wards Affected: All

Enclosures: Appendix 1 – Emerging Budget Pressures
Appendix 2 – Savings Options – General Fund - Cabinet
Appendix 3 – Savings Options – General Fund - PDGs
Appendix 4 – HRA Savings Options

Section 1 – Summary and Recommendation(s)

To present to Members the potential pressures and savings options for consideration / approval to mitigate the forecast Medium Term Financial Plan (MTFP) shortfall covering the period 2026/27 to 2028/29.

Recommendation(s):

That Cabinet Members:

1. Consider and agree the Green and Amber pressures on the General Fund within Appendix 1;
2. Consider and agree the Green and Amber savings options for the General Fund for services reporting directly into the Cabinet, as shown within Appendix 2;
3. Consider and agree the Green and Amber savings options for the General Fund for services reporting into the five Policy Development Groups Cabinet within Appendix 3, taking into account the recommendations from the Policy Development Groups as noted in paragraph 2.11;
4. Consider and agree the Green and Amber savings options for the Housing Revenue Account within Appendix 4, taking into account the recommendations from the Homes Policy Development Group as noted in paragraph 2.11;

5. Consider the pressures / savings options with a red risk/deliverability rating within Appendices 1 – 4 and agree if any should be included within the 2026/27 Budget;
6. Consider any additional suggestions to balance the remaining shortfall for both the General Fund and Housing Revenue Account and request that the Policy Development Groups identify further savings options and recommend back to Cabinet for approval.

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 years beyond that.
- 1.2 On 2 September, the first draft MTFP covering the period 2026/27 to 2028/29 for the General Fund and Housing Revenue Account (HRA) was presented to Cabinet. For the General Fund, this estimated a funding shortfall for 2026/27 within the range £846k to £3,350k, due to the significant uncertainty surrounding future funding streams. This number is largely driven by inflation and assumptions around further cuts in grant funding using 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.
- 1.3 For the HRA, an estimated funding shortfall of £541k in 2026/27 rising to £1,796k by 2028/29 was presented. The future years shortfall is a cumulative figure without any remedial action taken, i.e. if the £546k is found to balance the 2026/27 position, the overall budget gap will reduce to £1,255k.
- 1.4 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 agreed to apply the four main principles for balancing the budget, and therefore need to take the necessary decisions and actions to manage net spending within affordable limits.

2.0 2026/27 Budget Options – General Fund

- 2.1 During the summer, Leadership Team and senior service managers 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 2026/27. Indicative areas where possible budget pressures (**Appendix 1**) are being felt and budget savings (**Appendices 2 and 3**) could be found have formed the basis of the discussions with the Policy Development Groups (PDGs). In addition the PDGs were asked to identify further options to resolve the immediate budget gap for 2026/27 and future years.

- 2.2 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.

Officers recommend approving the Green and Amber Pressures and Savings. However the Policy Development Group views are included within paragraph 2.8 below.

- 2.3 Within the proposals put forward, a number have options for the level of pressure / saving. For example, in terms of setting a fee, the minimum proposals would be to increase by inflation, but Members could choose to go beyond this and increase the fee further, thereby potentially generating additional income. Within the Appendices and table below, Option 1 is the officer recommendation and is included as Green. Option 2 is considered Amber, with Option 3 classified as Red.
- 2.4 In addition, a number of the budget options contain potential proposals to reduce staffing. This will only be possible through natural staff turnover and therefore cannot be guaranteed. Furthermore, these savings will further stretch service delivery and is likely to lead to lower levels of service provision if agreed. Therefore, it is proposed that only a proportion of the overall value is assumed within the budget, increasing the existing Vacancy Target within the baseline by either £181k (20% of total saving, amber risk) or £272k (30% of total saving, red risk).
- 2.5 Based on only accepting the Green and Amber budget proposals, the overall 2026/27 position is forecast to move as set out below:

	Option 1a	Option 1b	Option 1c
Initial forecast Shortfall	£919k	£846k	£3,350k
Emerging Budget Pressures – Appendix 1			
Green and Amber	+ £1,513k	+ £1,513k	+ £1,513k
Budget Proposals Identified (Green and Amber inc Option 1):			
Cabinet – Appendix 2	(£703k)	(£703k)	(£703k)
Economy & Assets PDG – Appendix 3	(£85k)	(£85k)	(£85k)
Community, People and Equalities PDG – Appendix 3	(£20k)	(£20k)	(£20k)
Homes – Appendix 3	(£125k)	(£125k)	(£125k)
Planning, Environment & Sustainability PDG – Appendix 3	(£120k)	(£120k)	(£120k)
Service Delivery & Continuous Improvement PDG – Appendix 3	(£364k)	(£364k)	(£364k)
Total Green & Amber Savings Options	(£1,417k)	(£1,417k)	(£1,417k)
Revised forecast Shortfall	£1,015k	£942k	£3,446k

- 2.6 **This position reflects the recommendations from officers.**

Officers will continue to look at further options to mitigate the shortfall.

- 2.7 Clearly this leaves a sizeable shortfall still to be addressed. This could be reduced by the inclusion of the stretched savings options (Option 2 or 3 where relevant). These options are mutually exclusive, meaning only one option can be implemented.

Replacing Option 1 savings with Option 2 savings that are categorised as Amber, potentially further reduces the shortfall to:

Revised forecast Shortfall (see above)	£1,015k	£942k	£3,446k
Add back Green Option 1 saving – SD & CI Appendix 3	£89k	£89k	£89k
Stretch Budget Proposals Identified (inc Options 2):			
Replace with Amber Savings Options – SD & CI Appendix 3	(£206k)	(£206k)	(£206k)
Potential Revised forecast Shortfall	£898k	£825k	£3,329k

It should be noted that the Service Delivery & Continuous Improvement Policy Development Group did not wish to recommend using the stretched savings options.

- 2.8 Applying the Red savings (option 3 instead of Amber option 2), potentially further reduces the shortfall to:

Revised forecast Shortfall (see above)	£1,015k	£942k	£3,446k
Add back Amber Option 1 or 2 saving			
Green Option 1 saving – SD & CI Appendix 3	£89k	£89k	£89k
Cabinet – Appendix 2	£181k	£181k	£181k
Total Amber Savings	£270k	£270k	£270k
Stretch Budget Proposals Identified (inc Options 3):			
Red Budget Savings Proposals Identified – Appendix 2	(£322k)	(£322k)	(£322k)
Red Budget Proposals Identified – Appendix 3	(£290k)	(£290k)	(£290k)
Red Budget Proposals Identified (inc Options 2 & 3 – Appendix 3)	(£339k)	(£339k)	(£339k)
Total Red Savings Options	(£951k)	(£951k)	(£951k)
Potential Revised forecast Shortfall	£334k	£261k	£2,765k

Note, the above exclude the Red Pressures identified which sum to £160k.

It should be noted that officers are not recommending the inclusion of red risk savings at this time, and none of the Policy Development Groups supported the inclusion of these savings options.

- 2.9 If the funding settlement is in line with Option 1a or 1b, and all savings options proposed were maximised (stretched) and agreed, the projected shortfall is reduced to such a level that could be managed through a small draw from reserves. However, it should be noted that this goes beyond the officer recommendations and would have negative implications for service delivery.

2.10 Under option 1c, there clearly remains a significant budget shortfall in 2026/27. Therefore, all possible options to increase income or reduce costs must be considered. This 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. Further options will be investigated and will be brought forward for consideration over the next few months in the run up to setting the 2026/27 budget in February 2026.

2.11 During the PDG discussions, the following recommendations were made:

- SD & CI PDG – that only the Green (option 1) savings were accepted

The relevant Amber savings within that PDG sum to £260k. However, the bulk of those relate to the potential level of Extended Producer Responsibility Grant, whatever the level of grant award, this will be included within the base budget, and therefore the officer's view of the applicable risk that this value doesn't materialise is considered relatively low.

- Community PDG – that Appendix 3 – row 20 – Cease Community Development Grants – (£120k red saving) was rejected.

As a red saving, this is not the recommendation of officers anyway.

- Economy & Assets PDG – that Cabinet positively and more flexibly consider the red saving proposal for letting out further space within Phoenix House (Appendix 3 – Row 7). Consideration should be given to identifying a suitable partner organisation to maximise the usage of the building and potentially build greater working relationships.

Whilst this is possible, with Local Government Reorganisation on the horizon, the pool of potential partners wishing the rent is extremely limited. Hence the red risk rating.

- PES PDG – the committee were concerned about a potential reduction in Section 106 monitoring fees (Appendix 2 – row 15) and whether this would affect the quality of the facilities being provided. The committee asked that S106 income be considered further.

This is a pressure and therefore this increased the budget for S106 Monitoring Fees. Officers continue to recommend approval of this pressure.

- Homes PDG – no comments were received and all proposals were supported.

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

3.0 2026/27 Budget Options – Housing Revenue Account

- 3.1 The HRA is a ring-fenced account within Mid Devon's financial accounting system. This means that a balanced budget must be set each year including all income and expenditure pertinent to the Council's landlord function and excluding all other income and expenditure (since this would be captured as part of the General Fund budget).
- 3.2 Similar to the General Fund, Leadership Team have worked with the HRA to identify 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 2026/27. The RAG (Red, Amber, Green) approach has been applied, along with Option 1 being considered Amber and Option 2 being considered Red where applicable. These options were considered by the Homes PDG.
- 3.3 The overall forecast position for the HRA is as follows:

		2026/27
Initial forecast Shortfall		£546k
Emerging Budget Pressures / (Savings)		
Green Savings	Appendix 3	(£27k)
Amber Savings		(£450k)
Total Savings Options		(£477k)
Revised forecast (Surplus) / Shortfall		£69k

- 3.4 Therefore, if the assumptions are correct, there remains a small shortfall to be addressed.
- 3.5 This could be mitigated by the inclusion of the red risk saving (option 2). Note, in this case, the red saving is in addition to the amber saving as it stretches the saving possibility, not replaces it. If the red option was supported, this could be sufficient to mitigate the current projected shortfall.

4.0 Conclusion

- 4.1 The potential significant General Fund budget shortfall remaining if only Green and Amber options are agreed, or if option 1c becomes reality, is a significant challenge and the identification of further budget reductions is critical to balancing the budget for 2026/27 and indeed future years.
- 4.2 Whilst every effort will be made to identify efficiency savings, given the scale of the likely funding reductions it is unlikely that a sufficient level can be identified to fully balance the 2026/27 budget without significant implications on service provision. Also, there is an extremely limited time frame available between finalisation of the funding settlement and setting the budget for 2026/27.

- 4.3 As members are aware, the Autumn Budget is now set for 26 November which means any settlement announcement is going to be later than previously advised which will result in the detail at local authority level potentially being announced later than anticipated. This may require additional information being present to members either late or outside of the standard committee papers process. In addition to this challenge, changes in key senior ministerial positions are also likely to potentially build further uncertainty and delay into these announcements.
- 4.4 Therefore, as a result of this combination of issues, it is highly likely that some level of draw from reserves may be required, and a full review of Earmarked Reserves will be necessary to see what can be realigned, and whether a minimum balance of £2m in General Reserves can be maintained.
- 4.5 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.
- 4.6 In order to conclude the statutory budget setting process, updates to the draft budget position will go through the November PDG's and all Cabinet meetings in the run up to the budget being agreed at Full Council on the 18 February 2026. During this period Officers will continue to identify and examine further savings possibilities that can reduce the longer term budget gap.

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. These continue to be kept under review and updated where necessary.

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: 23 September 2025 via Leadership Team meeting

Statutory Officer: Maria De Leiburne

Agreed on behalf of the Monitoring Officer

Date: 23 September 2025 via Leadership Team meeting

Chief Officer: Stephen Walford

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

Date: 23 September 2025 via Leadership Team meeting

Performance and risk: Dr Stephen Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 23 September 2025

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:

- 2025/26 Budget
- 2025/26 Qtr. 1 Budget Monitor
- 2 September Cabinet report – 2026/27 – 2028/29 MTFP

Row	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	£50	2026/27			2027/28			2028/29		
							Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
1	Finance Leasing costs	Cabinet	Paul Deal	CR210?	Likely increase in financing lease charges due to increase in numbers of vehicles leased	£50									
2	Finance	Cabinet	Paul Deal	FP100	Revise Budget to reflect employee joining the pension scheme	£11									
3	Finance	Cabinet	Paul Deal	IE290	Reduced investment returns as rates and cash balances reduce	£300				£100					
4	Property	Economy & Assets	Paul Deal	PS810	Increase budget for contract cleaning in line with current costs	£10									
5	Property	Economy & Assets	Paul Deal	PS991	Amend Lease income to reflect current tenant leases	£20									
6	Property	Economy & Assets	Paul Deal	PS991	Amend Cemetery income to reflect current levels	£10									
7	Property	Economy & Assets	Paul Deal	PS810	Amend Lease income to reflect current tenant leases	£15									
8	Property	Economy & Assets	Paul Deal	PS880	Amend Bus Station income to reflect current income levels	£10									
9	Property	Economy & Assets	Paul Deal	OS460	Failure to achieve full assumed financial contribution or transfer of assets is secured with some of all of the major town and parish councils		£50								
10	Public Health & Licensing	Community, People & Equalities / Homes	Simon Newcombe	PH733 / PH740	Additional staffing required within Public Health & Licensing (x2 FTE's) to deal with minimum statutory service levels	£91									
11	GF Housing Options	Homes	Simon Newcombe	PH320	Anticipated reduction in HPG income received in 2026/27 due to a change to formula calculation - Not expected to be known until Dec 25/Jan 26	£25									
12	People Services	Cabinet	James Hamblin	HR100	0.5 FTE increase in staffing to support the Council's Learning & Development requirements	£18									
13	People Services	Cabinet	James Hamblin	HR100	Payroll & HR System Ongoing annual costs	£11									
14	Property	Planning, Environment & Sustainability	Paul Deal	PS950	Option 1 Increase budget within Climate Change - originally planned for consultancy, funding bid completion, grant schemes or increased officer time			£100							
15	Development Management	Planning, Environment & Sustainability	John Hammond	PR200	Reduced S106 Monitoring fees - Budget currently at £51k	£25									
16	Development Management	Planning, Environment & Sustainability	John Hammond	PR225	Waiting on Govt decision on J28. assume 50% of costs	£40									
17	Forward Planning	Planning, Environment & Sustainability	Tristan Peat	PR600	Additional agency costs if unable to recruit to perm posts	£70									
18	Forward Planning	Planning, Environment & Sustainability	Tristan Peat	PR200	Increased planning appeals due to local plan		£100								
19	Communications	Cabinet	Lisa Lewis	CS200	Increase hours previously agreed	£10									
20	Revenues and Benefits	Cabinet	Fiona Keyes	RB100	Granicus additional software	£14									
21	Revenues and Benefits	Cabinet	Fiona Keyes	RB100	Council Tax disregard, S13A and Ukraine	£80									
22	Revenues and Benefits	Cabinet	Fiona Keyes	RB200	Band G business rates specialist Possible use of EMR (EQ787) to offset	£48									
23	Revenues and Benefits	Cabinet	Fiona Keyes	RB100 / 200 / 300	MOU change required for NEC to go on the Cloud (encryption)	£10									
24	Revenues and Benefits	Cabinet	Fiona Keyes	Collection Fund	Possible reduction in Council Tax collection due to softening of enforcement / increase in staffing required to drive up collection rate	??									
25	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	DCC Shared Savings funding (Budget for 2025-26 £450k) - Shared Savings cease to be paid after 2025/26.	£450									
26	Street Scene - Recycling	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS725	Dry recycling material income (2025-26 £636.5k). Actual for 2024-25 £600k - Very volatile in terms of income per tonne. Assumed possible 10% reduction in income			£60							
27	Street Scene - Recycling	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS725	Recycling Credit funding (Budget 2025-26 £566k) - For 2026-27 this has been reduced by £1 per tonne from £72.72 to £71.83 inline with pEPR, therefore a reduction £7k projected. Actual 2024-25 £474k.	£7									
28	Street Scene	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	Street Scene Services 3404/3405	Option 3: Projection on fuel spending. Budgeted 2025-26 £471.5k @ £1.25 per litre, currently £1.08 per litre. Projection of pressure is budgeted at £1.35. Prices can fluctuate dependent on external factors. (This only includes Street Scene services)		£38								
29	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	Impact of the Emission Trading Scheme - 11500 tonnes of waste 2024-25 at current government estimate of £49 per tonne.									£500	

£1,325	£188	£160	£100	£0	£0	£0	£0	£500
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Savings including Option 1 - Recommended by Policy Development Groups

Row	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
1	All Services	Cabinet	Paul Deal	Account codes 2301 / 2304	Saving estimation on Utilities spend			(£100)						
2	All Services	Cabinet	Paul Deal	Account codes 2501	Saving estimation on Business Rates on MDDC Property - subject to revaluation and changes to overall scheme				(£50)					
3	All Services	Cabinet	Paul Deal	All	Potential to free up minor Earmarked Reserves through reprioritisation of funds			(£100)						
4	All Services	Cabinet	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)			(£150)						
5	All Services	Cabinet	Paul Deal	All	Likely reduction in capital financing charge due to level of slippage in 2024/25 Capital Programme	(£50)								
16	People Services	Cabinet	James Hamblin	HR100	Mgt of Staff Survey in-house instead of outsourced (alternate years)				(£10)					
24	ICT	Cabinet	Brian Trebilcock	IT700-4106	Reduction in cost of Veeam Licences, as licenced differently RISK: * none		(£5)							
25	ICT	Cabinet	Brian Trebilcock	IT400-4103	Reduce budget for Computer Hardware (Operational) RISK: * insufficient funds to replace computer equipment in-year. * Extending the use-life of End Users Devices * Possible security risk if firmware and software updates are not available			(£15)			£0			£0
26	ICT	Cabinet	Brian Trebilcock	IT400-4110	Reduction in Budget for Equipment Maintenance RISK: * Unsupported hardware, increased risk of failure due to age, * Security, if patches and updates not available.			(£10)			£0			£0
27	ICT	Cabinet	Brian Trebilcock	IT200-4103 (EMR755)	Reduce budget for Computer Hardware Currently £100k per year (£120k for 26-27) - reduce this request over next three years by £40K to £60 per year. RISK: * Insufficient funds to replace computer equipment in-year. * Extending the use-life of End Users Devices - 4 years to 5 years * Possible security risk if firmware and software updates are not available			(£60)						
28	Revenues and Benefits	Cabinet	Fiona Keyes	RB100	Encouraging take-up of council tax e-billing to save on printing and postage costs Work in progress hard line approach required whilst it is the right thing to do members may not like it			(£25)						
29	Revenues and Benefits	Cabinet	Fiona Keyes	RB340	LHA assistance scheme. Budget not fully used since 2018		(£7)							
42	All Services	Cabinet	Stephen Walford	All	Within the base budget there is already £282k Vacancy Target included. This assumption assumes we can increase Vacancy Savings Target from amalgamation of specific service proposals impacting upon staffing levels. Option 1 - 20% of Green / Amber / Red of the total service proposals affecting staffing levels.			(£181)			(£22)			(£2)
						Cabinet Total	(£62)	(£641)	(£50)	(£10)	(£22)	£0	£0	(£2)

Options 2 and 3 - to stretch Option 1 further.

Row	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
55	All Services	Cabinet	Stephen Walford	All	Within the base budget there is already £282k Vacancy Target included. This assumption assumes we can increase Vacancy Savings Target from amalgamation of specific service proposals impacting upon staffing levels. Option 2 - 30% of Green / Amber / Red of the total service proposals affecting staffing levels.			(£272)			(£33)			(£3)

Amalgomated Staffing Savings (for information only)

Row	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
	All Services	Cabinet	Stephen Walford	All	Within the base budget there is already £282k Vacancy Target included. This assumption assumes we can increase Vacancy Savings Target from amalgamation of specific service proposals impacting upon staffing levels. Option 1 - 10% of Green / Amber / Red of the total service proposals affecting staffing levels. Option 2 - 20% of Green / Amber / Red of the total service proposals affecting staffing levels. Option 3 - 30% of Green / Amber / Red of the total service proposals affecting staffing levels.	(£51)	(£441)	(£413)	£0	(£48)	(£63)	£0	£0	(£10)

(£51)	(£441)	(£413)	£0	(£48)	(£63)	£0	£0	(£10)
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Savings including Option 1 - Recommended by Policy Development Groups

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
8	Property	Community, People & Equalities	Paul Deal	PS200	CCTV Saving achieved through contract extension - subject to continued agreement with Town Council			(£10)						(£10)
12	Licensing	Community, People & Equalities	Simon Newcombe	PH740	Uplift in licensing fee income for 2026/27		(£10)							(£10)
20	Growth and Economic Development	Community, People & Equalities	Adrian Welsh	CD200 4701	Cease Community Development grants.				(£120)					(£120)
Community, People & Equalities Total						(£10)	(£10)	(£120)	£0	£0	£0	£0	£0	(£140)

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
6	Property	Economy & Assets	Paul Deal	RS140 / RS150	Inclusion of new income budget for Renewable Heat Initiative (RHI) following end of previous contract		(£30)							
7	Property	Economy & Assets	Paul Deal	PS810	Lease more space commercially within Phoenix House (include recharges). Clarity required on requirements for PH, flexibility in changing accommodation, hybrid working etc				(£50)					
9	Property	Economy & Assets	Paul Deal	PS992	Refresh out of date leases - dependent upon market conditions at the time, income might reduce, might push some tenants out				(£10)					
10	Property	Economy & Assets	Paul Deal	PS160	Potential reduction in maintenance spend - high risk as dependent upon condition survey results and requirements				(£100)					
21	Growth and Economic Development	Economy & Assets	Adrian Welsh	PR400 4701	Cease Grants			(£30)						
22	Growth and Economic Development	Economy & Assets	Adrian Welsh	PR400 4442	Reduce Local projects initiatives by 50%			(£25)						
Economy & Assets Total						(£30)	(£55)	(£160)	£0	£0	£0	£0	£0	£0

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
11	GF Housing Options	Homes	Simon Newcombe	PH320	Reduction in TA hotel and B&B budget costs due to uplift in GF owned accommodation		(£25)							
13	GF Housing Options	Homes	Simon Newcombe	PH320	Further reduction in TA hotel and B&B costs due to better 16-18yr homelessness support (potential Young Devon contract)		(£10)							
14	GF Housing Options	Homes	Simon Newcombe	PH320	Increase in licence fee income from TA rents - reflects 2024/25 outturn and trend		(£30)							
15	GF Housing Options & Public Health	Homes	Simon Newcombe	CR380 / PH320 / PH733	Contribution from the Homes for Ukraine pot towards staffing costs within Public Health & GF Housing		(£60)							
Homes Total						(£125)	£0	£0	£0	£0	£0	£0	£0	£0

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29			
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	
17	Development Management	Planning, Environment & Sustainability	John Hammond	PR200 7254	Planning Performance Agreements - increase income from £20,000 - £40,000 for 2025/26. Note the use of PPA's should reflect the service looking to acquire additional capacity resource to deal with increased demands. As such, an increase in PPA income should also reflect an increase in consultants commissioned to act on new applications. Note use of PPA likely to increase because of (i) HLS and (ii) Familiarity with process		(£20)			(£10)			(£10)		
18	Development Management	Planning, Environment & Sustainability	John Hammond	PR200 7201	Fees & Charges - Increase in national fees for particular application types. The target of £835,000 for 2024/25 was not achieved by reason of national trends resulting in the submission of fewer applications. MHCLG introduced new fees for a number of application types which result in high volume submissions, which, based upon the 2024/25 submissions would increase actual (rather than target) income by @ £100,000			(£50)							
19	Development Management	Planning, Environment & Sustainability	John Hammond	PR200 7201	7201 - Fees & Charges Likely increase if applications for housing. The target of £835,000 for 2024/25 was not achieved by reason of national trends resulting in the submission of fewer applications. As MDDC no longer has a sufficient housing supply it is likely that we will receive speculative applications for housing development until a new Local Plan is put in place. Combined with line 8 above fees should increase compared to recent levels.			(£50)							
23	Forward Planning	Planning, Environment & Sustainability	Tristan Peat	PR600 4701	Grants £10K SLA with the Devon Community Housing Hub to undertake parish based housing needs surveys for planning purposes and to support Community Land Trusts wishing to bring forward local housing schemes. The Council is presently unable to undertake local housing needs surveys in house and is not aware of a suitable alternative provider. There may be potential to use funds from S106 agreements for the provision of affordable housing instead to pay for part / all of the SLA with the Devon Community Housing Hub subject to this being CIL regulation 122 compliant.			(£10)							
Planning, Environment & Sustainability Total						(£20)	(£100)	(£10)	(£10)	£0	£0	(£10)	£0	£0	

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
30	Leisure Income	Service Delivery & Continuous Improvement	Andy Mackie	RS140	Tennis courts conversion to include Padel courts increase income circa £50k			(£50)						
31	Leisure Income	Service Delivery & Continuous Improvement	Andy Mackie	RS150	Tennis court upgrade and convert 1-2 for padel, increase income circa £10k			(£10)						
32	Leisure income	Service Delivery & Continuous Improvement	Andy Mackie	RS140	Pool inflatable fun sessions circa £10k uplift in income pa			(£10)						
33	Leisure income	Service Delivery & Continuous Improvement	Andy Mackie	RS140	Stock resale potential			(£5)						
34	Leisure Income	Service Delivery & Continuous Improvement	Andy Mackie	RS140	New Softplay and Café income with upfront investment required (potential of £60k - £100k)							(£60)		
35	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	Option 1: Projection on Garden Waste income from residents (Budget 2025-26 £850k) - Currently customers are charged £72/£61, 12150 subscribed and has plateaued in 2024-25. Freeze prices	£0								
36	Street Scene - Trade Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS710	Option 1: Projection on Trade Waste income from customers (Budget for 2025-26 £1056k). Increase of 3%	(£32)								
37	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	Option 1: Projection in Bulky Waste income from residents (Budget for 2025-26 £58.5k) - Adding 3% for each additional item	(£2)								
38	Street Scene - Car Parks	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	CP520/540	Option 1: Projection on Parking Income from customers (Budget for 2025-26 £855k) - Increase in 5% advised	(£44)								
39	Street Scene - Car Parks	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	CP520/541	Option 1: Projection on Parking Permits from customers (Budget 2025-26 £219k) Actual for 2024-25 £30k under budget. Increases of 5%	(£11)								
40	Street Scene - Recycling	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS725	pEPR funding (Provisional 2025-26 £1380k. Guaranteed £927k) - Projection dependant on recycling figures at 85%, 95% and 105%. This will be impacted in 2027-28 when DRS is introduced along with soft plastic recycling. £200k reflects a potential increase in grant over and above current assumption.			(£200)						
41	Street Scene	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	Street Scene Services 3404/3405	Option 1: Projection on fuel spending. Budgeted 2025-26 £471.5k @ £1.25 per litre, currently £1.08 per litre. Prices can fluctuate dependent on external factors. (This only includes Street Scene services)	£0								
Service Delivery & Continuous Improvement Total						(£104)	(£260)	£0	£0	£0	(£60)	£0	£0	£0

Grand Total - Option 1 (£289) (£425) (£290) (£10) £0 (£60) (£10) £0 (£140)

Options 2 and 3 - to stretch Option 1 further.

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
43	Property	Planning, Environment & Sustainability	Paul Deal	PS950	Option 2 Reduce budget within Climate Change - originally planned for consultancy, funding bid completion, grant schemes or increased officer time. Note Option 1 is a proposal to further increase this budget.			(£100)						
Planning, Environment & Sustainability Total						£0	£0	(£100)	£0	£0	£0	£0	£0	£0

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
44	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	Option 2: Projection on Garden Waste income from residents (Budget 2025-26 £850k) - Currently customers are charged £72/£61, 12150 subscribed and has plateaued in 2024-25. Increase of 3% (£2)			(£25)						
45	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	Option 3: Projection on Garden Waste income from residents (Budget 2025-26 £850k) - Currently customers are charged £72/£61, 12150 subscribed and has plateaued in 2024-25. Increase of 5% (£3.50)			(£43)						
46	Street Scene - Trade Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS710	Option 2: Projection on Trade Waste income from customers (Budget for 2025-26 £1056k). Increase of 5%			(£54)						
47	Street Scene - Trade Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS710	Option 3: Projection on Trade Waste income from customers (Budget for 2025-26 £1056k). Increase of 8%			(£84)						
48	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	Option 2: Projection in Bulky Waste income from residents (Budget for 2025-26 £58.5k) - Adding 5% for each additional item			(£3)						
49	Street Scene - Waste	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	WS700	Option 3: Projection in Bulky Waste income from residents (Budget for 2025-26 £58.5k) - Adding 8% for each additional item.			(£5)						
50	Street Scene	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	Street Scene Services 3404/3405	Option 2: Projection on fuel spending. Budgeted 2025-26 £471.5k @ £1.25 per litre, currently £1.08 per litre. Projection of saving if reduced to £1.15. Prices can fluctuate dependent on external factors. (This only includes Street Scene services)			(£38)						
51	Street Scene - Car Parks	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	CP520/540	Option 2: Projection on Parking Income from customers (Budget for 2025-26 £855k) - Increase in 8%			(£69)						
52	Street Scene - Car Parks	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	CP520/540	Option 3: Projection on Parking Income from customers (Budget for 2025-26 £855k) - Increase in 10%			(£86)						
53	Street Scene - Car Parks	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	CP520/541	Option 2: Projection on Parking Permits from customers (Budget 2025-26 £219k) Actual for 2024-25 £30k under budget. Increases of 8%			(£18)						
54	Street Scene - Car Parks	Service Delivery & Continuous Improvement	Darren Beer / Matthew Page	CP520/541	Option 3: Projection on Parking Permits from customers (Budget 2025-26 £219k) Actual for 2024-25 £30k under budget. Increases of 10%			(£22)						
Service Delivery & Continuous Improvement Total						£0	(£206)	(£239)	£0	£0	£0	£0	£0	£0

Grand Total - Option 2 or 3 £0 (£206) (£339) £0 £0 £0 £0 £0 £0

Amalgamated Staffing Savings (for information only)

ROW	Service	Cabinet / Policy Development Group	Budget Holder	Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
						Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
	All Services	Cabinet	Stephen Walford	All	Within the base budget there is already £282k Vacancy Target included. This assumption assumes we can increase Vacancy Savings Target from amalgamation of specific service proposals impacting upon staffing levels. Option 2 - 20% of Green / Amber / Red of the total service proposals affecting staffing levels. Option 3 - 30% of Green / Amber / Red of the total service proposals affecting staffing levels.	(£51)	(£441)	(£413)	£0	(£48)	(£63)	£0	(£60)	(£10)

Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
		Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
HO700	Rent convergence			(£137)			(£136)			(£135)
	Option 1: Assumed £1 pw cap									
	Risk - subject to consultation									
HO770	Increase in garage rents			(£18)			(£18)			(£18)
	Assumed CPI+1%									
	Risk - reduced uptake of garage rental									
HO700	Increase in Housing rents			(£155)						
	Option 1: Assumed increase to CPI+1%									
	Risk - lower levels of rent received									
Multiple	Government compensation for employer NI increase		(£27)							
	Risk - retained by GF									
Multiple	Extension of component replacement timeframes			(£140)						
	Kitchens and bathrooms excluded									
	Risk - increased cost of in-year maintenance									
		(£27)	(£450)	£0	£0	(£154)	£0	£0	(£153)	£0

Options 2 and 3 - to stretch Option 1 further.

Cost Centre	BRIEF Saving Description (including risks of delivery)	2026/27			2027/28			2028/29		
		Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)	Low Risk (£k)	Medium Risk (£k)	High Risk (£k)
HO700	Rent convergence			(£136)			(£118)			£0
	Option 2: Assumed £2 pw cap									
	Risk - subject to consultation									
		£0	£0	(£136)	£0	£0	(£118)	£0	£0	£0

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Report for: Cabinet

Date of Meeting: 4 November 2025

Subject: 2026/27 Draft Budget Update

Cabinet Member: Cllr John Downes – Cabinet Member for Governance, Finance and Risk

Responsible Officer: Andrew Jarrett – Deputy Chief Executive (S151)

Exempt: N/a

Wards Affected: All

Enclosures: Appendix 1a – Emerging 2026/27 – 2030/31 Capital Programme for the General Fund
Appendix 1b – Emerging 2026/27 – 2030/31 Capital Programme for the Housing Revenue Account

Section 1 – Summary and Recommendation(s)

To approve the budget options as previously recommended by the Policy Development Groups to mitigate the forecast Medium-Term Financial Plan (MTFP) shortfall covering the period 2026/27 to 2028/29. Also, to trail the emerging Capital Programme covering the period 2026/27 to 2030/31.

Recommendation(s):

That Cabinet Members:

1. Consider and agree to leave amber budget options in as budget planning assumptions until clarity is received from the government financial settlement announcement;
2. Consider and comment on the emerging Capital Programme covering the period 2026/27 to 2030/31 within Appendix 1a and 1b;
3. Note that there remains little clarity on the financial settlement currently and that this is likely to require additional ad hoc updates as and when greater information is known, particularly following the announcement of the Local Government Finance Settlement.

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 to support the delivery of the priorities detailed in the Corporate Plan 2024 – 2028 and years beyond that.
- 1.2 On 02 September, the first draft MTFP covering the period 2026/27 to 2028/29 for the General Fund and Housing Revenue Account (HRA) was presented to Cabinet. For the General Fund, this estimated a funding shortfall for 2026/27 within the range £846k to £3,350k, due to the significant uncertainty surrounding future funding streams.
- 1.3 During the summer, Leadership Team and senior service managers have been reviewing a range of budget options that could be considered to help mitigate that remaining budget shortfall across this MTFP, with a particular focus on 2026/27. In putting forward the budget 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 – previously approved.

- 1.4 On 07 October, Cabinet agreed the Green Budget Options summing to a net pressure of £974k (£1,325k pressures and £351k savings). Based on the original assumptions, this increases the current projected funding shortfall to a range of £1,820k to £4,324k.

Table 1

General Fund	Option 1a	Option 1b	Option 1c
Initial forecast Shortfall	£919k	£846k	£3,350k
Net Impact of decision on 7 October	+£974k	+£974k	+£974k
Current Forecast Shortfall	+ £1,893k	+ £1,820k	+ £4,324k

- 1.5 For the HRA, an estimated funding shortfall of £541k in 2026/27 rising to £1,796k by 2028/29 was presented. The future years shortfall is a cumulative figure without any remedial action taken, i.e. if the £546k is found to balance the 2026/27 position, the overall budget gap will reduce to £1,255k. Also on 07 October, Cabinet agreed the Green Budget Options summing to £27k, thereby reducing the forecast shortfall to £514k for 2026/27 and £1,769k over the MTFP timeframe.

Table 2

Housing Revenue Account	Budget Shortfall
Initial forecast Shortfall	£541k
Net Impact of decision on 7 October	- £27k
Current Forecast Shortfall	£514k

- 1.6 Cabinet deferred consideration of the Amber and Red Budget Options until this meeting.
- 1.7 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 agreed to apply the four main principles for balancing the budget and therefore need to take the necessary decisions and actions to manage net spending within affordable limits.

2.0 2026/27 Budget Options – General Fund

- 2.1 Following the deferral of the Amber and Red Budget Options, this report seeks approval for those Budget Options in line with the recommendations of the Policy Development Groups (PDGs). Since the last meeting, Leadership Team and senior service managers have further reviewed these budget options and updated narrative or values and risk rating as required, based upon the latest position. This has not materially altered the options as previously considered.
- 2.2 Officers continue to recommend approving the Green and Amber Pressures and Savings. However, during the PDG discussions, the following recommendations were made, with the officer response included below:

- SD & CI PDG – that only the Green (option 1) savings were accepted**

The relevant Amber savings within that PDG sum to £260k. However, the bulk of those relate to the potential level of Extended Producer Responsibility Grant (saving ref 40). Within 2025/26, the indicative level of grant is £1,380k, whilst within the MTFP assumptions, £1,000k has been included. This amber option increases that to £1,200k, well below the current year allocation. Whatever the level of grant award, this will be included within the base budget, and therefore the officer's view of the applicable risk that this value doesn't materialise is considered relatively low.

The other Amber savings (savings ref 30 and 31) relate to an option to amend the sports offering at the leisure centres – this is time specific, and any further delay could mean less income.

- Community PDG – that Appendix 3 – saving ref 20 – Cease Community Development Grants – (£120k red saving) was rejected.**

As a red saving, this is not the recommendation of officers anyway.

- **Economy & Assets PDG – that Cabinet positively and more flexibly consider the red saving proposal for letting out further space within Phoenix House (Appendix 3 – saving ref). Consideration should be given to identifying a suitable partner organisation to maximise the usage of the building and potentially build greater working relationships.**

Whilst this is possible, with Local Government Reorganisation on the horizon, the pool of potential partners wishing the rent is extremely limited. Letting space at below commercial rate does not return the potential value included within this option. Hence the red risk rating.

- **PES PDG – the PDG were concerned about a potential reduction in Section 106 monitoring fees (Appendix 2 – saving ref 15 from October report) and whether this would affect the quality of the facilities being provided. The committee asked that S106 income be considered further.**

This is a green pressure and therefore this increases the budget for S106 Monitoring Fees. This was accepted at October Cabinet.

- **Homes PDG – no comments were received, and all proposals were supported.**

2.3 There clearly remains a significant budget shortfall in 2026/27 for the General Fund. Therefore, tacit approval is sought for those budget options in line with the recommendations of the PDGs. A further review of all the budget options will be undertaken once full clarity is available on the funding position and the 2026/27 budget is finalised in February.

2.4 Similarly, if tacit approval is given for the HRA budget options in line with the recommendations of the Homes PDG, a small shortfall will remain. This could be mitigated by the inclusion of the red risk saving (Convergence option 2 - using up to a £2 per week cap – if the Government consultation outcome enables this). The November Homes PDG will consider this in more detail.

2.5 Further updates will be brought forward as necessary and available, and further budget options will be investigated and proposed for consideration over the next few months in the run in to setting the 2026/27 budget in February 2026.

3.0 2026/27 – 2030/31 Capital Programme The Overall Capital Programme includes new bids for capital funding to support new programmes as well as updated to ‘rolling’ approvals from current and prior year’s Capital Programmes.

3.2 The draft Capital Programme has been reviewed/challenged by the Corporate Strategic Asset Advisory Group (CSAG) prior to being proposed. The final programme being brought forward for approval in February.

- 3.3 Generally, the bids are restricted to replacement equipment, largely based upon health and safety requirements in the leisure centres, new ICT kit, income generation schemes, economic regeneration schemes or invest to save bids.
- 3.4 **Appendix 1a** provides a summary of the new bids received for the new 2026/27 – 2030/31 Capital Programme from General Fund services areas and **Appendix 1b** for the Housing Revenue Account. In February, Members' will be asked to approve the Year 1 programme and note the indicative future years.
- 3.5 Table 3 below shows the forecast capital expenditure profile during the life of the MTFP and the Deliverable Budget for each year.

Table 3

Expenditure Profile	2026/27 £k	2027/28 £k	2028/29 £k	2029/30 £k	2030/31 £k	Total £k
General Fund	2,178	903	20	20	3,354	6,485
Housing Revenue Account	5,797	17,477	-305	-14,275	4,265	12,959
Overall Deliverable Budget	7,975	18,380	-285	-14,245	7,619	19,444

Note, the minus figures show an acceleration of expenditure from previous assumptions.

- 3.6 In terms of associated funding, a prudent forecast of capital receipts is factored into the model, with no major asset sales anticipated. Similarly, prudent assumptions are included for the availability of Capital Grant to help mitigate some of the proposed costs. If additional receipts are generated, or grant received, the capital prioritisation list could be revisited to bring forward new schemes into the programme or decrease any borrowing requirement.
- 3.7 Currently any revenue contribution to the Capital Programme is limited to funding held within Earmarked Reserves (i.e. Sinking Funds). Ultimately, any outstanding funding requirement after utilising revenue contributions, reserves and any external funding sources will need to be funded through Prudential Borrowing. This will be refined and updated as we move through the MTFP timeframe.

4.0 Conclusion

- 4.1 The potential significant General Fund budget shortfall remaining if only Green and Amber options are agreed, or if option 1c becomes reality, is a significant challenge and the identification of further budget reductions is critical to balancing the budget for 2026/27 and indeed future years.
- 4.2 Whilst every effort will be made to identify efficiency savings, given the scale of the likely funding reductions it is unlikely that a sufficient level can be identified to fully balance the 2026/27 budget without significant implications on service provision. Also, there is an extremely limited timeframe available between finalisation of the funding settlement and setting the budget for 2026/27.

- 4.3 As Members are aware, the Autumn Budget is now set for 26 November which means any settlement announcement is going to be later than previously advised which will result in the detail at local authority level potentially being announced later than anticipated. In addition to this challenge, changes in key senior ministerial positions are also likely to potentially build further uncertainty and delay into these announcements. This may require additional information being presented to members either late or outside of the standard committee papers process.
- 4.4 Therefore, because of this combination of issues, it is highly likely that some level of draw from reserves may be required, and a full review of Earmarked Reserves will be necessary to see what can be realigned, and whether a minimum balance of £2m in General Reserves can be maintained.
- 4.5 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.
- 4.6 To conclude the statutory budget setting process, updates to the draft budget position will be brought as and when greater clarity emerges in the run up to the budget being agreed at Full Council on the 18 February 2026. During this period Officers will continue to identify and examine further savings possibilities that can reduce the longer-term budget gap.

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, several 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 several key financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. These continue to be kept under review and updated where necessary.

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 Officer

Date: 27 October 2025

Statutory Officer: Maria De Leiburne

Agreed on behalf of the Monitoring Officer

Date: 27 October 2025

Chief Officer: Andrew Jarrett

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

Date: 27 October 2025

Performance and risk: Dr Stephen Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 24 October 2025

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:

- 2025/26 Budget
- 2025/26 Qtr. 1 Budget Monitor
- 2025/26 Qtr. 2 Budget Monitor
- 2 September Cabinet report – 2026/27 – 2028/29 MTFP
- 7 October Cabinet report – 2026/27 Budget Update

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Row number	Sub Area	Project Title	Description	Category of project	Operational Lead Officer	Total Project Budget Approval					Spend Profile for NEW Indicative Capital Programme					Total £000's			
						2026/27 £000's	2027/28 £000's	2028/29 £000's	2029/30 £000's	2030/31 £000's	Total £000's	2026/27 £000's	2027/28 £000's	2028/29 £000's	2029/30 £000's	2030/31 £000's			
1	MDDC Depots	Twiga side arm flail	Machine replacement for GM (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					30	30					30	30		
2	Other Projects	Kubota Mini Excavator (Digger)	Machine replacement for GM (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					31	31					31	31		
3	Other Projects	Wood-chipper Timberwolf	Machine replacement for GM (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					22	22					22	22		
4	Other Projects	Wood-Chipper Elite	Machine replacement for GM (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					23	23					23	23		
5	GF Vehicles	New Vehicle Leases (replaced every seven years)	Vehicle replacement for GM (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					320	320					320	320		
6	HRA Vehicles	New Vehicle Leases (replaced every seven years)	Vehicle replacement for HRA Fleet - New Leases (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer			50		488	538					50	488	538	
7	GF Vehicles	New Vehicle Leases (replaced every seven years)	Vehicle replacement for Caretaking Fleet - New Leases (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					50	50					50	50		
8	GF Vehicles	New Vehicle Leases (replaced every seven years)	Vehicle replacement for Street Cleansing Fleet - New Leases (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					64	64					64	64		
9	GF Vehicles	New Vehicle Leases (replaced every seven years)	Vehicle replacement for Recycling Fleet - New Leases (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					2,186	2,186					2,186	2,186		
10	GF Vehicles	New Vehicle Leases (replaced every seven years)	Vehicle replacement for Property Services Fleet - New Leases (replaced every seven years)	3. Essential Asset Replacement/Enhancement	Darren Beer					50	50					50	50		
11	ICT Projects	Server & Storage Hardware Refresh 2030	Replacement For Servers and Storage Area Network in Phoenix house (Disk storage)	3. Essential Asset Replacement/Enhancement	Brian Trebilcock					- 30	- 30					- 30	- 30		
12	ICT Projects	UPS Replacements	Replacements of Uninterruptable Power Supply (UPS) - Battery backup for Servers and Switches. (7 in total 5 large 2 smaller)	3. Essential Asset Replacement/Enhancement	Brian Trebilcock		- 30	30		-	-					- 30	30	-	
13	ICT Projects	User Device Replacements' Refresh 30/31	On-going annual Laptop refresh program	3. Essential Asset Replacement/Enhancement	Brian Trebilcock					120	120					120	120		
14	Leisure - Other	Exe Valley CCTV	Replace the current outdated system	3. Essential Asset Replacement/Enhancement	Keith Ashton	35					35					35		35	
15	Other Projects	Kingsmill/Simmons Industrial Units	Roof/Wall Sheets/Sky Lights/Facia/Gutter Replacement	2. Health & Safety (Liability includes DFG)	Keith Ashton	150					150					75	75		150
16	Other Projects	Market Walk	Removal of paparit overhang/new porches	2. Health & Safety (Liability includes DFG)	Keith Ashton	50					50					50		50	
17	Other Projects	Market Walk	Roof area replacement	2. Health & Safety (Liability includes DFG)	Keith Ashton	150					150					100	50		150
18	Other Projects	Market Walk Communal Areas	Communal Area Enhancement	3. Essential Asset Replacement/Enhancement	Keith Ashton	25					25					25			25
19	Phoenix House	Wall / Window Inspection & Repairs	Curtain Walling Repairs, Deep Cleaning, Sofia Repairs & Cleaning and Masonary Repairs	3. Essential Asset Replacement/Enhancement	Keith Ashton		27				27					27		27	
20	Phoenix House	Lift Upgrades / Replacement Panels	Replace obsolete control boards and general overhaul	3. Essential Asset Replacement/Enhancement	Keith Ashton		65				65					65		65	
21	Phoenix House	AHU, Extracts, Control Panel, Comfort Cooling (Split Units), Ancillary TRV Pipework	Replace associated equipment	3. Essential Asset Replacement/Enhancement	Keith Ashton	330					330					180	150		330
22	Phoenix House	Lighting Upgrades	Lighting Upgrades (Internal / External), Small Power Upgrades (generator point, Distribution Boards)	3. Essential Asset Replacement/Enhancement	Keith Ashton	339					339					339			339
23	Phoenix House	Intruder Alarm	Replacement of current system	3. Essential Asset Replacement/Enhancement	Keith Ashton	40					40					40			40
24	Exe Valley Leisure Centre	Glazing, Steel Work & Timber Purlin Repairs / Treatment	Glazing, Steel Work & Timber Purlin Repairs / Treatment	2. Health & Safety (Liability includes DFG)	Keith Ashton	85					85					85			85
25	Exe Valley Leisure Centre	Swimming Pool Motorised Pool Cover	Replace pool cover	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20					20			20
26	Exe Valley Leisure Centre	AHU x2	Bring into service / replace	3. Essential Asset Replacement/Enhancement	Keith Ashton		120				120					120			120
27	Exe Valley Leisure Centre	Pool Side Assets	UV, Ballast Tank, Control Panel	2. Health & Safety (Liability includes DFG)	Keith Ashton	41					41					41			41
29	Culm Valley Sports Centre	External Fabric	Fascias, Soffits, Flashing, Glazing	3. Essential Asset Replacement/Enhancement	Keith Ashton	25					25					25			25
30	Culm Valley Sports Centre	Internal Fabric	Reception, Toilets, Stores & Halls	3. Essential Asset Replacement/Enhancement	Keith Ashton	46					46					46			46
31	Culm Valley Sports Centre	Internal Fabric MEP	Toilets, Circulation Routes - Plumbing	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20					20			20
32	Culm Valley Sports Centre	Internal Fabric MEP	Toilets, Circulation Routes - Electrical	2. Health & Safety (Liability includes DFG)	Keith Ashton	30					30					30			30
33	Culm Valley Sports Centre	Internal Fabric MEP	Toilets, Circulation Routes - Mechanical (HVAC), Split Units, Local Duct Repairs	3. Essential Asset Replacement/Enhancement	Keith Ashton	25					25					25			25

Row number	Sub Area	Project Title	Description	Category of project	Operational Lead Officer	Total Project Budget Approval					Spend Profile for NEW Indicative Capital Programme					Total £000's	
						2026/27 £000's	2027/28 £000's	2028/29 £000's	2029/30 £000's	2030/31 £000's	2026/27 £000's	2027/28 £000's	2028/29 £000's	2029/30 £000's	2030/31 £000's		
34	Lords Meadow Leisure Centre	External Fabric	Gutter Joint Replacement	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20	20				20	
35	Lords Meadow Leisure Centre	External Fabric	Brickwork / Masonry Repairs	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20	20				20	
36	Lords Meadow Leisure Centre	Internal Fabric	Squash Courts & Viewing Gallery	3. Essential Asset Replacement/Enhancement	Keith Ashton		44				44	44				44	
37	Lords Meadow Leisure Centre	Internal Fabric	Sports Hall	3. Essential Asset Replacement/Enhancement	Keith Ashton		22				22	22				22	
38	Lords Meadow Leisure Centre	Internal Fabric	Main Pool (Timber Ceiling)	3. Essential Asset Replacement/Enhancement	Keith Ashton		35				35	35				35	
39	Lords Meadow Leisure Centre	Internal Fabric	Male & Female Toilets	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20	20				20	
40	Lords Meadow Leisure Centre	Pool Side Assets	UV, Ballast Tank, Control Panel	2. Health & Safety (Liability includes DFG)	Keith Ashton		65				65	65				65	
41	Lords Meadow Leisure Centre	Internal Fabric MEP	Toilets, Circulation Routes - Plumbing	3. Essential Asset Replacement/Enhancement	Keith Ashton	30					30	30				30	
42	Lords Meadow Leisure Centre	Internal Fabric MEP	Toilets, Circulation Routes - Electrical	2. Health & Safety (Liability includes DFG)	Keith Ashton	45					45	45				45	
43	Lords Meadow Leisure Centre	Internal Fabric MEP	Toilets, Circulation Routes - Mechanical (HVAC)	3. Essential Asset Replacement/Enhancement	Keith Ashton	62					62	62				62	
44	Other Projects	Pannier Market Secure Storage	Storage and additional traders secure area	3. Essential Asset Replacement/Enhancement	Keith Ashton	50					50	50				50	
45	Other Projects	Pannier Market Café	Ventilation/Floor and internal walls	3. Essential Asset Replacement/Enhancement	Keith Ashton	35					35	35				35	
46	Other Projects	Pannier Market Roof	Parapets/roof area stone work	3. Essential Asset Replacement/Enhancement	Keith Ashton		30				30	30				30	
47	Parks & Play Areas	Cullompton Skatepark	Replacement	3. Essential Asset Replacement/Enhancement	Keith Ashton		200				200	200				200	
48	Parks & Play Areas	Cullompton Crossparks Play Area	Refurbishment to consolidate local provision following other closures	3. Essential Asset Replacement/Enhancement	Keith Ashton	50					50	50				50	
49	General Car Parks	Cullompton Station Road Car Park	Flood defence drainage improvements	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20	20				20	
50	Parks & Play Areas	Crediton Newcombes Meadow Jubilee Garden	Refurbishment of 1977 Jubilee Garden enhance park and seek to discourage ASB	3. Essential Asset Replacement/Enhancement	Keith Ashton	25					25	25				25	
51	Parks & Play Areas	Crediton Queen Elizabeths Drive Play Area	Refurbishment to retain local provision	3. Essential Asset Replacement/Enhancement	Keith Ashton	75					75	75				75	
52	Other Projects	Crediton St Lawrence Green	Enhancement of western gateway to town	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20	20				20	
53	Other Projects	Crediton Queen Elizabeths Drive/ Avranches	Reconstruction of steps to linking path between estates/ routes to school/ public transport	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20	20				20	
54	Other Projects	Crediton Cemetery Chapel	Refurbishment	3. Essential Asset Replacement/Enhancement	Keith Ashton	20					20	20				20	
55	Parks & Play Areas	Tiverton Amory Park Hardcourt	Refurbishment	3. Essential Asset Replacement/Enhancement	Keith Ashton	200					200	200				200	
56	Parks & Play Areas	Tiverton Westexe Rec Paths	Improved access esp for those with reduced mobility	3. Essential Asset Replacement/Enhancement	Keith Ashton	30					30	30				30	
57	Parks & Play Areas	Parks	Replacement seating	3. Essential Asset Replacement/Enhancement	Keith Ashton	40					40	20	20			40	
58	Other Projects	Closed Church Yards	Reconstruction of boundary walls	2. Health & Safety (Liability includes DFG)	Keith Ashton	150					150	150				150	
59	Leisure - Other	Assisted Lifeguard Technology	Lifeguard technology at Crediton and Tiverton to improve safety and reduce cost	1. Spend to Save/Income Generation	Andy Mackie	50					50	50				50	
60	Leisure - Other	Reformer Pilates equipment	Introduction of hugely popular form of pilates to grow revenue / membership sales and retention. Each reformer pilates table/unit is approx £2k, look to invest in 15 units.	1. Spend to Save/Income Generation	Andy Mackie	30					30	30				30	
61	Economic Development	EUE Community Centre	Support to submit a planning application for a new community centre at the Tiverton EUE site.	4. Economic Development	Adrian Welsh	50					50	50				50	
General Fund Subtotals						2,473	608	20	30	3,354	6,485	2,178	903	20	30	3,354	6,485

Row Number	Project Title	Detailed Project Description	Category of project	Total Project Budget Approval						Spend Profile for NEW Indicative Capital Programme						
				2026/27 £000's	2027/28 £000's	2028/29 £000's	2029/30 £000's	2030/31 £000's	Total £000's	2026/27 £000's	2027/28 £000's	2028/29 £000's	2029/30 £000's	2030/31 £000's	Total £000's	
1	Roofing	Replacement roofing to HRA stock	5. Housing						450	450					450	450
2	Decent Homes	Decent Homes	5. Housing	1,250					1,250		250	250	250	250	250	1,250
3	Fire Safety	Fire Safety	5. Housing	30			15	30	75		30		15	30	75	
4	Windows/Doors	Replacement of UPVC Windows and doors	5. Housing						400	400					400	400
5	Heating	Replacement of Gas and Electric Heating	5. Housing						480	480					480	480
6	Renewables	Installation of renewable Heating Systems - income generation	5. Housing	1,750					1,750		350	350	350	350	350	1,750
7	Adaptations	Disabled Adaptations to HRA stock	5. Housing	-20	-30	-40	-50	280	140		-20	-30	-40	-50	280	140
8	Responsive Capital works	Modernisation works to Responsive Properties	5. Housing	-20	-10	-10	0	80	40		-20	-10	-10	0	80	40
9	Void Capital Works	Modernisation works to Void Properties	5. Housing	-25	-30	-35	-40	125	-5		-25	-30	-35	-40	125	-5
10	Structural	Major Structural works to HRA Properties	5. Housing						300	300					300	300
11	Double Glazed Unit Replacement	Double Glazed Unit Replacement	5. Housing						20	20					20	20
12	Housing Development Project No5	Housing Development Project No5	5. Housing	-233	0	0	0	0	-233		-233	0	0	0	0	-233
13	Housing Development Project No8	Housing Development Project No8	5. Housing	18	0	0	0	0	18		18		0	0	0	18
14	Housing Development Project No12	Housing Development Project No12	5. Housing	-901	0	0	0	0	-901		0	-50	-851	0	0	-901
15	Housing Development Project No22	Housing Development Project No22	5. Housing	431	0	0	0	0	431		431	0	0	0	0	431
16	Housing Development Project No23	Housing Development Project No23	5. Housing	431	0	0	0	0	431		0	0	431	0	0	431
17	Housing Development Project No35	Housing Development Project No35	5. Housing	-1,003	0	0	0	0	-1,003		0	-103	-900	0	0	-1,003
18	Housing Development Project No52	Housing Development Project No52	5. Housing	6	0	0	0	0	6		6	0	0	0	0	6
19	Housing Development Project No54	Housing Development Project No54	5. Housing	5	0	0	0	0	5		5	0	0	0	0	5
20	Housing Development Project No55	Housing Development Project No55	5. Housing	505	0	0	0	0	505		505	0	0	0	0	505
21	Housing Development Project No57	Housing Development Project No57	5. Housing	300	0	0	0	0	300		0	300	0	0	0	300
22	Housing Development Project No58	Housing Development Project No58	5. Housing	300	0	0	0	0	300		0	300	0	0	0	300
23	Housing Development Project No59	Housing Development Project No59	5. Housing	-300	0	0	0	0	-300		0	0	0	-300	0	-300
24	Housing Project Buy Back	Right To Buy, Buy Backs	5. Housing	2,000					1500	3,500		500	500	500	1,500	3,500
25	MDH Depot Relocation	MDH Depot Relocation	5. Housing	3,000	0	0	0	0	3,000		1,000	2,000	0	0	0	3,000
26	HRA Development Strategy	HRA Development Strategy	5. Housing	-30,000					-30,000					-15,000	-15,000	-30,000
27	Housing Development Project No60	Housing Development Project No60	5. Housing	32,000	0	0	0	0	32,000		3,000	14,000	15,000	0	0	32,000
				9,524	-70	-85	-75	3,665	12,959		5,797	17,477	-305	-14,275	4,265	12,959

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Report for: Cabinet

Date of Meeting: 2 December 2025

Subject: 2026/27 Draft Budget Update

Cabinet Member: Cllr John Downes – Cabinet Member for Governance, Finance and Risk

Responsible Officer: Andrew Jarrett – Deputy Chief Executive (S151)

Exempt: N/a

Wards Affected: All

Enclosures: N/a

Section 1 – Summary and Recommendation(s)

To update members on the latest information from Government in respect of changes to local government funding from 2026/27 onwards.

Recommendation(s):

That Cabinet Members note the update included within the report.

Section 2 – Report

1. Introduction

- 1.1. In previous reports the ambiguity surrounding the changes to local government funding have been trailed. A commitment was given to provide further updates as necessary and available in the run in to setting the 2026/27 budget in February 2026.
- 1.2. On 20 November, the Ministry of Housing, Communities and Local Government (MHCLG) published their response to the Fair Funding 2.0 consultation held over the summer. In addition, a Finance Policy Statement has been published outlining some key elements for next year's funding changes. This included a policy paper regarding Resetting the Business Rates Retention System. Although these documents provide some information and a degree of clarity, they do not enable a local authority to accurately project its funding for 2026/27 to 2028/29. This will only become available

upon the publication of the Local Government Finance Settlement to be published week commencing 15 December 2025.

- 1.3. The Autumn Budget was announced on 26 November which set out some national headlines which will ultimately impact on the council and affect the levels of funding. Once again, little of this can be clearly applied at a local level, but the main points are included within this report.
- 1.4. The main points from these papers are included within this report.

2. Government Response to the Fair Funding 2.0 Consultation

- 2.1. The Fair Funding 2.0 reforms introduce significant changes to how local government funding is allocated. The main objectives of the proposed changes are:
 - **Fairness and Transparency:** Funding is directed to areas of greatest need, with a transparent approach to allocations.
 - **Financial Sustainability:** Measures are included to support councils' financial resilience and ability to deliver essential services.
 - **Ongoing Review:** The commitment to ongoing review of fees, charges, and funding arrangements.
- 2.2. In summary the consultation outlined proposals to make council funding fairer, clearer, and more focused on areas with the greatest need using new funding formulas applying up-to-date data on deprivation, population, costs, and local resources. Several adjustments that previously benefited rural and district councils including sparsity have been removed.
- 2.3. While some transitional protections are in place including phased implementation and minimum funding floors, the overall impact is expected to be negative for many district councils, especially those in rural or less deprived areas. Further calls have taken place with MHCLG which have continued to indicate that MDDC along with several neighbouring councils have been targeted for a lower level of protection, albeit that this reduction has been confirmed as up to 5% across 2026/27 to 2028/29, down from the 7% previously indicated.
- 2.4. The Government have reviewed the 440 responses to the Fair Funding 2.0 consultation held over the summer and have released their response outlining the merging and simplifying of over 30 funding streams, confirming the redirection of funding to the most deprived areas and those with high social care needs. The growth in the number of specific grants will reduce, with more funding being rolled into the main formula, or larger specific grants covering several related themes, i.e. a new combined Homelessness, Rough Sleeping and Domestic Abuse Grant. These changes to the system will be phased in over three years to avoid sudden changes.
- 2.5. Another significant area of change is the Resetting of the Business Rates Retention Scheme. This includes fully resetting the baseline for the first time since the retention

system was implemented in 2013/14, reallocating growth in the taxbase from authorities that have growth to those that haven't. Five new multipliers will be introduced, designed to support local businesses and ensure fairer contributions from larger operations. Businesses affected by these changes will require transitional support. These changes coincide with the regular 3-year revaluation of all properties and create a significant burden on the council to administer.

2.6. Other points included within the response is the confirmation that New Homes Bonus funding will end; that money will go into the main funding pot. This arguably removes an incentive for house building. Also, that local authorities may get more control over some fees and charges, but only after a review.

3. **Local Government Finance Policy Paper** As speculated within the previous update, the Government have now published a Policy Paper setting out the approach to local government funding for the financial years 2026-27 to 2028-29. It outlines the proposed changes at a headline level; it is not possible to apply these to give an improved forecast for our specific funding.

3.2. The policy confirms several elements that were widely expected:

- **Multi-Year Settlement:** Councils will receive a multi-year finance settlement, supporting longer-term planning and financial stability.
- **Funding Formula Changes:** The revised formula will focus more on deprivation and population, removing certain bespoke adjustments (such as those for flood defence and sparsity).
- **Grant Consolidation:** Several grants will be merged into broader funding streams, simplifying the funding landscape and reducing administrative burden.
- **Business Rates Reset:** The baseline for retained business rates will be reset in full for 2026-27, which will affect councils' that have seen strong business rates growth.
- **New Homes Bonus:** Confirmation that this funding stream will end; with the funding going into the main funding pot. This arguably removes an incentive for house building.
- **Transitional Protection:** A minimum funding floor will be in place to protect councils from significant funding reductions, with special arrangements for those most affected.
- **Extended Producer Responsibility:** this grant will continue to be additional to core funding for waste collection authorities.
- **Support for Specific Pressures:** Targeted grants will continue for areas such as homelessness, public health, and councils affected by Internal Drainage Board levies.

3.3. There were some changes to the proposals outlined within the summer consultation. These are:

- **Use of 2025 IMD Data:** Now factors in housing costs more heavily, benefiting urban authorities, particularly Inner London Boroughs.

- **Reduced Weight for Visitor/Commuter Population:** Disadvantaged areas with high tourist/commuter numbers.
- **Remoteness Adjustment Removed:** Except for adult social care, which negatively impacts rural/remote councils.
- **Preservation of Recovery Grant:** Maintained at 2025-26 levels for the spending review period, benefiting deprived areas.
- **New Funding Floor for Social Care Councils:** Real-terms protection for those currently receiving the Recovery Grant (not applicable to district councils).

- 3.4. The Minimum Funding Floor has been set at 0% (cash frozen). However, some authorities where existing funding is more than 15% higher than the new funding calculated, indicatively including MDDC, will receive a 95% floor. Anecdotally, reference was also made to those authorities having higher levels of reserves.
- 3.5. At this time, certainty cannot be given over what that 95% floor will be applied to. However, a significant point of clarity has been the inclusion of business rates growth within the funding baseline on which the 95% floor will be applied. This should mean that the worst-case scenario included within the Medium-Term Financial Plan included within the September Cabinet report, is now unlikely and should leave the position closer to the lower officer estimates.
- 3.6. The options for authorities to use MHCLG flexibilities have been withdrawn, but they can still request a Council Tax increase above the referendum threshold. It should be noted that the expectation is that councils will increase council tax to the maximum within the threshold, for MDDC this is the higher of 3% or £5.

4. Resetting Business Rates Retention Scheme

- 4.1. As part of the wider reforms to local government funding, this document outlines the Government's plan to reset the business rates retention system for local authorities, effective from the 2026/27 financial year.
- 4.2. It aims to address the imbalance of business rate growth across the country by redirected funds to areas that have seen the least growth. By doing so, similarly to the cessation of New Homes Bonus, this arguably removes the incentive for councils to drive economic growth, although new growth from that point will be retained, until the next reset in three years' time. Renewable Energy, which the council retains 100%, is not subject to the reset.
- 4.3. At the reset, all local authorities will be assigned a new Business Rates Baseline (BRB) and Baseline Funding Level (BFL) based upon the updated assessments of need. Top-ups or Tariffs will be recalculated to reflect relative resources, and a new tiered levy on growth has been designed. The new BFL will feed into the new need assessment as part of the Fair Funding 2.0 changes. This enables the transitional support through phasing and minimum funding floors, as outlined above, to cushion councils from the cliff edge drop in income. Further transition protection is given by

setting the safety net threshold at 100% for 2026/27, falling back to 92.5% by 2028/29.

4.4. In addition to the reset, there are other significant changes to the overall business rates scheme. These are:

4.4.1. On 1 April 2026, all commercial properties across the UK will be reassessed for business rates based on rental values as at 1 April 2024. To support ratepayers facing large bill increases at the revaluation the government is introducing a package worth £4.3 billion over the next three years. This includes a Transitional Relief scheme worth £3.2 billion over the next three years, decreases to small business and standard multipliers, and expansion of the Supporting Small Business scheme who are eligible for Retail, Hospitality and Leisure relief, providing more generous support for those paying higher tax rates. In addition, there will be a 1p Business Rates Transitional Relief Supplement on the relevant tax rate for ratepayers who do not receive Transitional Relief or the Supporting Small Business scheme. This will apply for one year from 1 April 2026. The transitional relief scheme will be administered by the Council.

4.4.2. Five new multipliers will be introduced

- 1) **Small business RHL multiplier:** Retail, Hospitality and Leisure (RHL) businesses with RV below £51,000, set at 38.2p
- 2) **Small business non-RHL multiplier:** Non-RHL businesses with RV below £51,000, set at 43.2p
- 3) **Standard RHL multiplier:** RHL businesses with RV between £51,000 and £499,999, set at 43p
- 4) **Standard non-RHL multiplier:** Non-RHL businesses with RV between £51,000 and £499,999, set at 48p
- 5) **Large property multiplier:** For all properties with RV of £500,000 and above, set at 50.8p

These require manual evaluation to classify which multiplier should be applied to each business.

4.4.3. Reliefs will continue, and indeed increase, meaning that councils will continue to receive offsetting funding through Section 31 grant. This should improve stability.

4.4.4. Pooling of business rates will continue, although at present it is questionable whether there are sufficient gains to be made from doing so. The Devon Pool is currently assessing this.

5. Autumn Budget

5.1. Chancellor Rachel Reeves delivered the long-awaited Autumn Budget for 2025 on 26 November. Although this announces a raft of policy changes around government spending and taxation, few directly relate to Local Government, so it is difficult to

assess the impact on the Council's finances. The following are some initial reflections on the areas that may impact our Authority.

- 5.2. Although not directly related to the Council's finances, employee's will pay more in tax due to the freezing of thresholds – which was previously announced. Similarly, National Insurance will be charged on salary sacrifice schemes where annual contributions exceed £2,000 from April 2029.
- 5.3. The Minimum Wage will rise by 4.1% for over 21s, which will have a knock-on impact for the grades above this, to ensure equitable differentiation in grades. This has not been costed as new pay scales from April 2026 are yet to be agreed.
- 5.4. From April 2028, a new "mansion tax" surcharge of £2,500 will be introduced on Council Tax for residential properties valued above £2m, rising to £7,500 on homes above £5m in value. Billing authorities will collect this additional charge on behalf of Government, and the funding will be used to support funding for local services. However, currently it is not clear whether this income is additional for the council, or passported back to Government.
- 5.5. The current 5p cut in vehicle fuel duty has been extended until September 2026, when it will be uplifted by inflation. In addition, a new Electric Vehicle (EV) tax will be introduced from April 2028 at 3p per mile. This will cost the council as we continue to move more of the fleet to electric.
- 5.6. £100m additional funding for local authorities to accelerate installation of EV charging stations, and an extra £100m investment in EV charging infrastructure. EV charging points will benefit from 100% relief from business rates.
- 5.7. Following consultation, a visitor levy on overnight visitor accommodation could be introduced for mayoral strategic authorities and potentially other local leaders.
- 5.8. Changes to energy bills were announced which would give an average household savings of £150 per year. At this time, it is not clear if or how this might affect the council's energy cost.
- 5.9. Additional funding of £48m will be available over the next three years to boost capacity and capability in the planning system, through the recruitment of an extra 350 planners by expanding the Pathways to Planning Graduate Scheme and creating a new Planning Careers Hub to retain and retrain mid-career professionals. Although welcomed, this small increase will only make a small difference.
- 5.10. The Government announced changes to cut the cost of politics, through the abolition of Police and Crime Commissioners, and reaffirmed savings are expected from local government reorganisation, particularly through reducing the number of councillors.
- 5.11. Finally, there are a couple of announcements relating to those on benefits:

- 5.11.1. Help to Save scheme, which offers people on universal credit a bonus on savings, extended and expanded beyond 2027.
- 5.11.2. Introduce new earned income disregards in Housing Benefit for claimants in supported housing and temporary accommodation.
- 5.11.3. Disappointedly, the outcome of the consultation on Social Rent Convergence is delayed until January. This leaves the timeframe extremely tight if this is to be implemented within the 2026/27 Budget.

6. Conclusion

- 6.1. As previously stated, although welcomed and to a degree helpful, these announcements do not enable the Council to forecast its financial position for 2026/27 with any greater certainty. Over the coming weeks, further work will be undertaken to refine our understanding, however full clarity will only become available within the Local Government Finance Settlement which is scheduled to be released week commencing 15 December 2025.
- 6.2. As such, this may require additional information being presented to members either late or outside of the standard committee papers process. It is highly likely that some level of draw from reserves may be required, and a full review of Earmarked Reserves will be necessary to see what can be realigned, and whether a minimum balance of £2m in General Reserves can be maintained.
- 6.3. To conclude the statutory budget setting process, updates to the draft budget position will be brought as and when greater clarity emerges in the run up to the budget being agreed at Full Council on the 18 February 2026. During this period Officers will continue to identify and examine further savings possibilities that can reduce the longer-term budget gap.

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, several 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 several key financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. These continue to be kept under review and updated where necessary.

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: 27 November 2025

Statutory Officer: Maria De Leiburne
Agreed on behalf of the Monitoring Officer
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Chief Officer: Stephen Walford
Agreed by or on behalf of the Chief Executive/Corporate Director
Date: 27 November 2025

Performance and risk: Dr Stephen Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 27 November 2025

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Andrew Jarrett – Deputy Chief Executive (S151)
Email: ajarrett@middevon.gov.uk
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Background papers:

- 2025/26 Budget
- 2025/26 Qtr. 1 Budget Monitor
- 2025/26 Qtr. 2 Budget Monitor
- 2 September Cabinet report – 2026/27 – 2028/29 MTFP
- 7 October Cabinet report – 2026/27 Budget Update
- 4 November Cabinet Report – 2026/27 Budget Update

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Report for: Cabinet

Date of Meeting: 13 January 2026

Subject: 2026/27 Draft Budget Update

Cabinet Member: Cllr John Downes – Cabinet Member for Governance, Finance and Risk

Responsible Officer: Andrew Jarrett – Deputy Chief Executive (S151)

Exempt: N/a

Wards Affected: All

Enclosures: Appendix 1 – MDDC Core Spending Power 2026/27 – 2028/29

Section 1 – Summary and Recommendation(s)

To provide a further update on the progress towards balancing the budget for 2026/27 and future years.

Recommendation(s):

That Cabinet Members:

1. Note the updated General Fund budgetary position included within Section 2.
2. Note the headline update from the recently announced Local Government Finance Settlement within Section 3, and that work continues to understand the implications for the Council.
3. Note the updated HRA budgetary position included within Section 5, and agree the specific savings proposals contained within paragraph 5.4.

Section 2 – Report

1.0 Introduction

- 1.1 The main purpose of the MTFP is to show how the Council will strategically manage its finances to support the delivery of the priorities detailed in the Corporate Plan 2024 – 2028 and years beyond that.

- 1.2 On 02 September, the first draft MTFP covering the period 2026/27 to 2028/29 for the General Fund and Housing Revenue Account (HRA) was presented to Cabinet. For the General Fund, this estimated a funding shortfall for 2026/27 within the range £846k to £3,350k, due to the significant uncertainty surrounding future funding streams. The HRA estimated a funding shortfall of £546k in 2026/27 rising to £1,796k by 2028/29.
- 1.3 The future years shortfall is a cumulative figure without any remedial action taken, i.e. if the shortfall is found to balance the 2026/27 position, the overall budget gap will reduce.
- 1.4 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.

2.0 2026/27 Budget Update

- 2.1 During the summer, Leadership Team and senior service managers have been reviewing a range of budget options that could be considered to help mitigate that remaining budget shortfall across this MTFP, with a particular focus on 2026/27. In putting forward the budget 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 – previously approved.

- 2.2 On 07 October, Cabinet agreed the Green Budget Options summing to a net pressure of £974k (£1,325k pressures and £351k savings). Based on the original assumptions, this increases the current projected funding shortfall to a range of £1,820k to £4,324k.

Table 1

General Fund	Option 1a
Initial forecast Shortfall	£919k
Net Impact of decision on 7 October	+£974k
Current Forecast Shortfall	+ £1,893k

Following the announcement that future funding would be protected to 95% of current funding, the options have been revised back to the single option 1a.

- 2.3 Since then, work has continued to refine the budget position and the options proposed. Some of the key changes to the Green Options agreed by Cabinet include:

- Pressure – REF 9 – Agency budget with Forward Planning team no longer required, saving £70k
- Saving – REF 39 – Parking Permits, the proposed additional income has been removed and replaced with a pressure of c£30k as income is currently below target within 2025/26 – this is an overall movement of c£41k.
- There are other very minor amendments to the financial value of some of these pressures.

Combined, these amendments save a further c£35k

2.4 There has also been further refinement to some of the Amber options proposed, including these key amendments:

- Pressure – REF 17 – Reduced Maintenance costs through the transfer of assets or increased financial contributions from Town or Parish Councils – looking unlikely this will be achieved given the limited conversations – moving the £50k pressure from Amber to Green. However, conversations continue with several Town and Parish Councils on the potential transfer of assets or increased financial contributions.
- Pressure – REF 28 – Fuel Budgets – price increase looks to be less likely therefore the proposed pressure is reversed to a saving of c£65k.
- Saving – Ref 1 – Utilities spend – following a review a saving of c£125k has been identified, increasing the Amber saving by £25k and moving it to Green.
- Saving – Ref 2 – Business Rates on MDDC properties – following the revaluation, an additional saving of c£20k has been identified and moves the overall £70k saving from Amber to Green.
- Saving – Ref 40 – Extended Producer Responsibility Grant – It has now been confirmed that the provisional grant allocation for 2026/27 will be £1,412k, which is an increase of £485k over the 2025/25 budget – this amber therefore increases and has been re-categorised as Green.

2.5 The results of the latest tri-annual pension valuation have also been received. This fixes the pension costs for the three years 2026/27 to 2028/29. The valuation indicates that the fund has a funding deficit of £9.41m at 31 March 2025, equating to a funding level of 90.8%, compared to a funding deficit of £10.6m at 31 March 2022, equating to a funding level of 88%. This results in the following changes to the contribution rates:

- Primary Contribution Rate will reduce from 19% to 15.9% - reflecting the ongoing value of the contributions from the employer is sufficiently covering the future liabilities.
- Secondary Contribution Rate will increase from £780k to £859k – reflecting that the overall deficit has not materially altered, and by retaining the recovery period to 11 years, the required contribution needs to increase.

Overall, the net impact of these changes is an additional saving of c£420k from the MTFP assumption, split c£325k to the General Fund and c£95k to the HRA. There

are other minor adjustments to the salary budget, therefore the overall saving is c£329k from the original MTFP assumption.

- 2.6 Another significant movement in the budget has been for vehicle maintenance following the extension to the vehicle leasing contract which previously ended in June 2026 (the leases continued, but maintenance ended). This adds a further c£183k, although this can be offset through a draw from the relevant sinking fund if necessary.
- 2.7 Therefore, prior to the implications of the funding settlement, the budget gap for 2026/27 stands at c£1,019k.

Table 2

General Fund	Option 1a
October forecast Shortfall	+ £1,893k
Net Impact of changes to Green Savings	- £35k
Net Impact of changes to Amber Savings	- £695k
Net Impact of Salary Budget Changes	- £329k
Net Impact of adding Vehicle Servicing	+ £183k
Current Forecast Shortfall	+ £1,019k

- 2.8 There are a few corporate budgets that need to be reviewed and updated, mainly focused on the financing implications of the Capital Programme and the movements to or from earmarked reserves. Otherwise, the expenditure part of the budget is largely finalised.

3.0 Provisional Local Government Finance Settlement (LGFS)

- 3.1 On the 17 December, the widely anticipated LGFS was announced by the Minister of State for Local Government and Homelessness (Alison McGovern MP). This is the first multi-year settlement since 2015/16 and over 10 years after a review of local government funding was originally announced, during which there has been austerity, Brexit, a global pandemic and a cost-of-living crisis.
- 3.2 Known as Fair Funding 2.0, the new funding mechanism is supposed to build a fairer, more sustainable system for everyone. The revised formulae attempt to curb the pressures felt in the sector particularly in respect on social care and homelessness and rebalance funding where economic growth has been slower. However, there is a clear political steer included with a greater focus on deprivation and less significance given to sparsity and rurality.
- 3.3 At a national level the settlement delivers nearly £78bn in core spending power, a 5.7% increase compared to 2025/26. This increases to nearly £85bn by 2028/29. In theory, funding allocation has become simpler with 36 funding streams being merged. However, the new formulae are extremely complex and fairly opaque therefore it remains difficult to understand how funding at a local authority level has been derived.

- 3.4 The core spending power assumes that the maximum increase permitted within the Council Tax referendum limits is applied by all councils (greater of 3% or £5 for MDDC). It also now assumes a level of growth in the taxbase where previously no growth assumption was included.
- 3.5 Alongside is the first reset of the business rates system since its introduction in 2013/14. This realigns funding driven by economic growth, again moving funding away from Mid Devon, although there is a protection mechanism within the new system to limit the overall loss to a maximum of 5% over the 3-years of the settlement. There is also the introduction of 5 new multipliers which alter the charge for businesses, meaning that the scheme is much more complex and administratively burdensome.
- 3.6 The Core Spending Power for Mid Devon District Council is shown within **Appendix 1**. Given the timing of this announcement, work continues to ensure we fully understand how the funding has been allocated and the implications it has for the Council's financial position. Referring to Appendix 1, this shows an overall funding reduction of 3.8% between 2026/27 – 2028/29. However, this is less than transparent as many other service grants have been merged into the core funding position. If we were to also assume a reasonable level of funding, as promised, to meet the cost of food waste collection, this may well take the funding reduction to in excess of 5%.
- 3.7 We will, as will many others, make these "fair funding" observations in our consultation response.

4.0 Capital programme and funding implications

- 4.1 The proposed capital programme was included within the November cabinet report. This largely remains unaltered, also some refinement will be required.
- 4.2 As trailed in paragraph 2.8 above, the funding of the capital programme and its implications for the revenue budget will be finalised in early January.

5.0 2026/27 HRA Budget Update

- 5.1 On 07 October, Cabinet agreed the Green Budget Options summing to £27k, thereby reducing the forecast shortfall to £514k for 2026/27 and £1,769k over the MTFP timeframe.

Table 3

Housing Revenue Account	Budget Shortfall
Initial forecast Shortfall	£546k
Net Impact of decision on 7 October	- £27k
Current Forecast Shortfall	£519k

5.2 As with the General Fund, work has continued to refine the position and the Budget Options to address the remaining budget shortfall. These include:

- A review of staffing with an additional 2 FTE included within the budget.
- Updating the base budget for the higher than forecast pay award for 2025/26 plus spinal / grade progression
- The implications of the Tri-annual Pension valuation as outlined in paragraph 2.3 above

In total, the additional pressure on the salary budget since the initial forecast is c£152k.

5.3 The following amendments have also been applied:

- +£85k additional budget included for insurance premiums – as highlighted within the quarterly budget monitoring report
- +£26k increase in the budget for Council Tax on void properties
- +£20k increase in vehicle maintenance as outlined in paragraph 2.6 above.
- - £65k various minor reductions to budgets reflecting historical trends and the latest forecasts from 2025/26 budget monitoring.

Overall, this leaves the HRA with a current shortfall of £737k.

Table 4

HRA	2026/27
October forecast Shortfall	+ £519k
Net Impact of Salary Budget Changes	+ £152k
Net Impact of other changes	+ £66k
Current Forecast Shortfall	+ £737k

5.4 The following proposals will reduce this position to a balance of **£237k**, with the outcome of the Government's proposal on Rent Convergence being the other element to resolve the 2026/27 budget (see 5.5 and 5.6).

- - £40k – reduction in planned maintenance
- - £50k – reduction in repairs management.
- - £50k – additional income from non-tenant adaptations (funded from Disabled Facilities Grant).
- - £360k draw from a combination of HRA Earmarked Reserves.

5.5 Convergence would allow rents for social rent properties that are currently below 'formula rent' to increase by an additional amount each year, over and above the CPI+1% limit, until they 'converge' with formula rent. Convergence is expected to commence in April 2026 over a 10-period and follows a consultation last year on a £1 or £2 per week increase. Details of how this mechanism will be implemented are expected to be announced in January.

5.6 Currently over 50% of Mid Devon council homes have a rent below formula rent. Should the Government allow a rent convergence of £1 per week, the remaining shortfall will reduce to c£100k, with the final balance proposed to come from the HRA Reserve. If the convergence is set at £2 per week, the full shortfall will be addressed and a small contribution back into the HRA Reserve will be possible.

6.0 Conclusion

- 6.1 There clearly remains a significant budget shortfall in 2026/27 for the General Fund. Once the settlement is better understood, it will be possible to finalise the 2026/27 budget position and consider how to resolve any remaining shortfall.
- 6.2 We have also received the initial feedback from our Resident Survey. This has indicated a similar level of budgetary prioritisation as in previous surveys but has also indicated a very positive direction of customer satisfaction with waste services. Further consideration of the responses will be undertaken and used in the decision making in finalising the 2026/27 budget. A detailed report on this will be included on the March Cabinet agenda.
- 6.3 Further updates will be brought forward as necessary and available, and further budget options will be investigated and proposed for consideration in February 2026. Whilst every effort will be made to identify efficiency savings, given the scale of the likely funding reductions it is unlikely that a sufficient level can be identified to fully balance the 2026/27 budget without significant implications on service provision. Therefore, because of this combination of issues, it is highly likely that some level of draw from reserves may be required, and a full review of Earmarked Reserves will be necessary to see what can be realigned, and whether a minimum balance of £2m in General Reserves can be maintained.

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, several 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 several key financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. These continue to be kept under review and updated where necessary.

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

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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.

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Agreed by or on behalf of the Section 151

Date: 23 December 2025

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Performance and risk: Dr Stephen Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 23 December 2025

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- 2 December Cabinet Report - 2026/27 Budget Update

Appendix 1 – Mid Devon District Council Core Spending Power 2026/27 – 2028/29

Illustrative Core Spending Power of Local Government:

	2024-25 £ millions	2025-26 £ millions	2026-27 £ millions	2027-28 £ millions	2028-29 £ millions
Fair Funding Allocation¹	0.000	0.000	6.923	6.002	5.042
of which: Baseline Funding Level	0.000	0.000	2.304	2.357	2.405
of which: Revenue Support Grant ²	0.000	0.000	4.619	3.645	2.637
of which: Local Authority Better Care Grant ³	0.000	0.000	0.000	-	-
Legacy Funding Assessment	7.440	7.461	0.000	0.000	0.000
of which: Legacy Business Rates ⁴	5.640	5.933	0.000	0.000	0.000
of which: Legacy Grant Funding ⁵	1.800	1.528	0.000	0.000	0.000
of which: Local Authority Better Care Grant	0.000	0.000	0.000	0.000	0.000
Council tax requirement^{6,7}	7.016	7.349	7.707	8.082	8.476
Homelessness, Rough Sleeping and Domestic Abuse^{8,9}	0.318	0.377	0.504	0.524	0.542
Families First Partnership¹⁰	0.000	0.000	0.000	0.000	0.000
Total Transitional Protections¹¹	0.000	0.000	0.000	0.247	0.814
of which: 95% income protection	0.000	0.000	0.000	0.247	0.814
of which: 100% income protection	0.000	0.000	0.000	0.000	0.000
of which: Fire and Rescue Real-terms floor	0.000	0.000	0.000	0.000	0.000
Grants rolled in to Revenue Support Grant¹²	0.216	0.279	0.000	0.000	0.000
Recovery Grant	0.000	0.057	0.057	0.057	0.057
Recovery Grant Guarantee¹³	0.000	0.000	0.000	0.000	0.000
Mayoral Capacity Fund	0.000	0.000	0.000	0.000	0.000
Core Spending Power	14.991	15.523	15.191	14.913	14.931
Core Spending Power year-on-year change (£ millions)	0.532	-0.332	-0.278	0.018	
Core Spending Power year-on-year change (%)	3.5%	-2.1%	-1.8%	0.1%	
Core Spending Power change since 2024 (£ millions)	0.5	0.2	-0.1	-0.1	
Core Spending Power change since 2024 (%)	3.5%	1.3%	-0.5%	-0.4%	
Core Spending Power change since 2025 (%)		-2.1%	-3.9%	-3.8%	

Footnotes

Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Spending Power.

¹The figures presented in Core Spending Power do not reflect the changes to the Fair Funding Allocation made for authorities with increased Business Rate Retention arrangements. For information about authorities with increased Business Rates Retention Arrangements see the Explanatory Note. For Fair Funding Allocation figures after adjustments for increased Business Rate Retention authorities please see the Key Information for Local Authorities table.

²From 2026-27, Revenue Support Grant includes: funding streams which are all being added to Core Spending Power for the first time, as set out in footnote 12 below; Legacy Grant Funding in 2025-26, as outlined in footnote 5 below; Historic business rates grant compensation for under-indexation of tax rates; Green Plant and Machinery exemptions; and Small Business Rates Relief lost supplementary income.

³The 10 Year Health Plan announced reform to the Better Care Fund to focus on integrated services, DHSC and MHCLG will shortly set out further detail on our approach to reform. Where this involves any changes to NHS and local authority minimum contributions to pooled funding, we will not introduce those changes before 2027-28. The 2026-27 local authority allocations of the LABC will be the same as the grant allocations in 2025-26. Indicative allocations of the Local Authority Better Care Grant for 2027-28 and 2028-29 have not been published. LABC funding is included within the Fair Funding Assessment, and presented within the Revenue Support Grant for 2027-28 and 2028-29.

⁴Legacy Business Rates notionally includes: Historic business rates grant compensation for under-indexation of tax rates; Green Plant and Machinery exemptions; and Small Business Rates Relief lost supplementary income in 2025-26 and 2024-25. This funding becomes part of Revenue Support Grant from 2026-27.

⁵Legacy Grant Funding includes funding streams that were already within Core Spending Power in 2025-26, including: Social Care Grant; Market Sustainability and Improvement Fund; Employer National Insurance Contributions; New Homes Bonus; and 2025-26 Funding Floor. This funding becomes part of Revenue Support Grant from 2026-27.

⁶Council tax projections for 2026-27 to 2028-29 assumes local authorities increase their Band D council tax in line with the maximum allowable level set out by the council tax referendum principles published alongside the settlement. That is: a 3% core principle; a 2% adult social care precept; the greater of 3% or £5 cash principle for shire districts; a cash principle of £5 on Band D bills for Fire Authorities; and a cash principle of £14 on Band D bills for the police element of the Greater London Authority.

⁷ The government will not set council tax referendum principles for six local authorities (Westminster, Windsor and Maidenhead, Kensington and Chelsea, Hammersmith and Fulham, City of London, and Wandsworth) in financial years 2027-28 and 2028-29. For these authorities, the government has made an assumption on the Council Tax Requirement within the CSP tables.

⁸Provisional allocations for the Domestic Abuse Safe Accommodation Duty are based on flat cash value of £480m. The final Settlement will reflect the £19m uplift that the Government has announced on Monday 15 December.

⁹Numerous grants have been given out to local authorities in recent years linked to homelessness and rough sleeping. In order to provide, as far as possible, a direct comparison with predecessor grants, we have limited our data to 24/25 and 25/26 and to include:

- a) For Rough Sleeping Prevention and Recovery Grant (RSPARG): funding that was issued under the payment code for RSPARG, Rough Sleeping Initiative (RSI), and Accommodation for Ex-Offenders. This includes the £69.9m uplift to RSPARG in 2025/26. Payments data to local authorities does not reflect local arrangements on the distribution of funding. For example, where pooled partnerships exist through joint-bidding or sub-regional arrangements, these have not been apportioned out.
- b) For Rough Sleeping Accommodation Programme (RSAP): funding that was issued under the payment code for RSAP only (reference Rough Sleeping Accommodation Project). This does not include payments made by MHCLG to Homes England, which was then issued to Registered Providers and local authorities outside London. Payment data does not reflect local arrangements on the distribution of funding. For example, in London, where funding is issued to the Greater London Authority (GLA) to manage, these payments have not been apportioned out.
- c) For Homelessness Prevention Grant (HPG): funding that was issued under the payment code for Homelessness Prevention Grant. We have backdated an assumed split between (i) temporary accommodation and (ii) prevention, relief and staffing funding in 2024/25 and 2025/26. This is a proxy only. This ensures that Core Spending Power is not artificially inflated or deflated and reflects that, from 2026/27, the temporary accommodation element of the HPG will be rolled into the Revenue Support Grant and the prevention, relief and staffing element of the HPG will be consolidated into the Homelessness, Rough Sleeping and Domestic Abuse Grant. This baseline split in both years assumes 51% of the HPG was for temporary accommodation and 49% was for prevention, relief and staffing. This mirrors the HPG grant conditions in 25/26. On top of this, the prevention, relief and staffing element also includes the £10.9m one-off top up made to some local authorities in 2025/26. It does not include the further £50m top up announced on 11 December as this was not confirmed in time for Settlement modelling and analysis. The government does not intend to retrospectively include the further £50m top up in backdated numbers.
- d) Payments data used may include additional payments that we have not identified in the scope, but were paid under the same payment code and equally may exclude payments such as top-ups where they are not associated with the main grant payment code.

Figures are based on MHCLG payment record. Payments data has been taken from August 2025 – therefore, some forecasting was required for financial year 25/26. The delivery of programmes is still on-going and therefore these forecasted figures may be subject to change. Payments data is representative of the funding that was paid to an authority. This may not match published data on allocations as it may account for underspends from a previous year, recoveries from incorrect payments or rounding

¹⁰This is part of the new Children, Families and Youth Grant. Further information can be found in the Funding Simplification explanatory note published alongside the Settlement. Funding for the Families First Partnership (FFP) programme is allocated using the latest Children and Young People's Services Relative Needs Formula (CYPs RNF) and the Children's Social Care Area Cost Adjustment (ACA). A minimum allocation level ensures that no authority receives less than its 2025–26 Children's Social Care Prevention Grant and Family Help funding. To calculate these minimum levels, a proxy split based on the mid-2024 population aged 0–17 has been applied to North Northamptonshire's 2025–26 Family Help grant allocation, reflecting that this funding was used for both North Northamptonshire and West Northamptonshire councils.

¹¹ Details of the eligibility for and operation of 95% income protection, 100% income protection, real-terms protection are set out in the consultation and technical note published alongside the settlement.

For the small number of local authorities who would otherwise fall below 100% or 95% income protection because of the redistribution of grant within the Homelessness, Rough Sleeping and Domestic Abuse Grant, we will allocate transition funding to ensure they continue to benefit from the level of income protection they are eligible for.

¹² For 2024–25 and 2025–26, Grants rolled in to Revenue Support Grant includes the following funding streams, which are all being added to Core Spending Power for the first time: Social Housing new burdens; Awaab's Law new burdens; Enforcement of OOH Calorie Labelling Regulations; Enforcement of Location and Volume Price Promotions Restrictions; LGF Data Review; Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding; Biodiversity Net Gain Planning Requirement; War Pensions Disregard; Social Care in Prisons; Virtual School Heads for children with a social worker and children in kinship care; Virtual School Heads (VSH) Extension of the VSH role to previously looked after children; Supported Accommodation Reforms (New Burdens); Personal Advisors Extended Duty; Leaving Care Allowance uplift; Staying Put; and the temporary accommodation element of the former Homelessness Prevention Grant (HPG). For HPG, we have backdated an assumed split between (i) temporary accommodation and (ii) prevention, relief and staffing funding in 2024/25 and 2025/26. This is a proxy only. Please see footnote 6 above for further details. From 2026–27, all funding in Grants rolled in to Revenue Support Grant becomes part of Revenue Support Grant.

¹³Details of the eligibility for and operation of the Recovery Grant Guarantee are set out in the consultation and technical note published alongside the settlement.

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Report for:**Scrutiny Committee**

Date of Meeting:	26 January 2026
Subject:	Regulation of Investigatory Powers Act
Cabinet Member:	Cllr Wulff, Cabinet Member for Quality of Living, Equalities and Public Health
Responsible Officer:	Maria de Leiburne, Director of Legal, People & Governance (Monitoring Officer)
Exempt:	There are no exemptions within the documents
Wards Affected:	All
Enclosures:	Appendix 1 - RIPA Policy

Section 1 – Summary and Recommendation(s)

To update Members on RIPA following receipt of the Investigatory Powers Commissioner's Office (IPCO) Audit and in accordance with IPCO's recommendation that the Policy is presented to Members annually.

Recommendation(s):**That Scrutiny notes that:**

- (a) The Council's policy for ensuring compliance with Regulation of Investigatory Powers Act 2000 (RIPA) is appropriate and shall remain as currently drafted;**
- (b) To note that the Council has not used its powers under RIPA since March 2014.**

Section 2 – Report**1.0 Background**

- 1.1 Everyone has a fundamental right to privacy. This right is contained in Article 8 of the European Convention on Human Rights enshrined in the Human Rights Act 1998 (HRA 1998); "Everyone has the right to respect for his private and family life, his home and his correspondence".

- 1.2. This means, for example, a right not to be watched, have your mail opened or have your personal space invaded including by a public authority. Accordingly, a local authority is required to respect the private and family life of each citizen, their homes and correspondence. However, this right is qualified such that it can be interfered with where it is necessary and proportionate and carried out in accordance with the law. If these requirements are not met and an investigation undertaken that interfered with these rights then it would be unlawful interference.
- 1.3 The Regulation of Investigatory Powers Act 2000 (RIPA) is one such law that permits interference – it details ways in which public bodies can lawfully carry out investigations when there is a wish to use surveillance techniques. For local authorities these comprise:
 - Directed surveillance (covert surveillance of individuals outside of residential premises and vehicles);
 - Covert human intelligence sources (CHIS) (such as the deployment of undercover officers); and
 - The acquisition and disclosure of communications data (such as telephone billing information or subscriber details)
- 1.4 Where a local authority carries out overt investigation (e.g. enforcement officers on patrol, signposted CCTV cameras in normal use) then this does not fall within the scope of RIPA. Equally, obtaining information that is not private information about an individual but which is obtained without someone's immediate knowledge is in most cases not caught (e.g. including recording noise levels from outside a property where the occupier has been warned this will happen if the noise continues or Food Safety or Health and Safety inspections).
- 1.5 The general guiding principle is that if surveillance is overt, or is not obtaining private information it does not need to follow RIPA requirements. Where there is directed surveillance or use of a covert human intelligence source then the requirements of RIPA must be followed.
- 1.6 Following criticism of local authorities' use of covert surveillance powers additional safeguards were put in place including:
 - The need to obtain magistrate approval
 - Only be used to investigate offences which attract sentences of six months or more or relate to the underage sale of alcohol or tobacco.
- 1.7 The Council's RIPA Policy as currently published is attached as Appendix 1. As it provides and as is appropriate, the Council's policy is to not use these covert surveillance powers save where absolutely necessary and the procedure is set out for what should be done where it is felt that it is necessary, including requiring the authority of named Authorised Officers.

1.8 Adopting this practice has not been to the detriment of carrying out the Council's functions and the Council has not used these powers of surveillance since 2014, providing an annual nil return to the IPCO, which requests statistics of how these powers are being used by public authorities across the country.

2.0 The Council and RIPA in the last 12 months

- 2.1 The Council has not used its RIPA surveillance powers in the last 12 months. The last time such powers were used dates back to 2014.
- 2.2 In August 2024, the Investigatory Powers Commissioner's Office (IPCO) conducted its 3 year review/inspection of the Council. The inspector appointed by the IPCO conducted a "remote" inspection. This was reported to the Community, People and Equalities PDG in December 2024, where it was recommended no amendments to the policy.
- 2.3 The RIPA policy is attached at Appendix 1. This was last approved at the February 2025 Cabinet meeting.
- 2.4 On 24 February 2025, the Council arranged RIPA training for officers, and in particular for front-line practitioners. The training was provided by an experienced external trainer in RIPA and was well attended. The training included social media surveillance, and this has been cascaded down to their teams. Training is appropriate to avoid inadvertently carrying out directed or other form of covert surveillance in breach of the Procedures in place.

Financial Implications: None directly arising from this report.

Legal Implications: The use of RIPA powers is heavily regulated and scrutinised by the Investigatory Powers Commissioner's Office ("IPCO"). The legislation, combined with Codes of Conduct, sets the framework for the use of RIPA powers. Statutory guidance requires the Council to review the use of RIPA and the RIPA policy annually.

Risk Assessment: There are no risks directly arising from this report. The Council has the necessary policy and procedures in place with appropriate training have been given to officers.

Impact on Climate Change: None.

Equalities Impact Assessment: None directly arising from this report, but human rights, including equalities matters, are central to RIPA.

Relationship to Corporate Plan: None.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett
Agreed by or on behalf of the Section 151
Date: 28.10.25

Statutory Officer: Maria de Leiburne
Agreed on behalf of the Monitoring Officer
Date: 23 October 2025

Chief Officer: Stephen Walford
Agreed by Chief Executive
Date: 28.10.25

Performance and risk: Stephen Carr
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: 24 October 2025

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Maria de Leiburne, Director of Legal, People & Governance (Monitoring Officer)
Email: mdeleiburne@middevon.gov.uk

Background papers:

None

MID DEVON DISTRICT COUNCIL

POLICY ON THE USE OF COVERT INVESTIGATION TECHNIQUES (Application of the Regulation of Investigative Powers Act (RIPA) 2000)

1.0 INTRODUCTION

- 1.1 The Regulation of Investigatory Powers Act 2000 (hereafter referred to as 'the Act' or 'RIPA') regulates the use of covert investigative techniques by public authorities. It provides for the application for, and granting of, lawful authorisations for those surveillance techniques covered by the Act.
- 1.2 The European Convention on Human Rights (ECHR) is enshrined in UK law through the Human Rights Act 1998.

Article 8 of the ECHR provides a right to private and family life. This is not an absolute right; it may be infringed in certain circumstances. The RIPA is designed to provide a statutory regulatory framework, which will meet the requirements of the European Convention on Human Rights.

2.0 PURPOSE

The purpose of this policy is to ensure that the Council complies with the requirements of RIPA (and the overarching human rights and freedoms) - and that appropriate authorisations are given for covert surveillance, the use of covert human intelligence sources and, even rarer still, the acquisition and disclosure of communications data.

3.0 ASSOCIATED DOCUMENTS

3.1 Background documents

Report to the Council's Policy and Development Committee –15.02.01

3.2 Statutes and Statutory Instruments

- (a) Regulation of Investigatory Powers Act 2000
- (b) Human Rights Act 1998
- (c) Police and Criminal Evidence Act 1984
- (d) Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010
- (e) Protection of Freedoms Act 2012
- (f) Investigatory Powers Act 2016
- (g) General Data Protection Regulations (GDPR)
- (h) Data Protection Act 2018

3.3 Guidance

- (a) Explanatory Notes to RIPA
- (b) Code of Practice for covert surveillance and property interference
- (c) Code of Practice for the use of covert human intelligence sources

All Codes of Practice are currently available on the Home Office Web Site
<https://www.gov.uk/government/collections/ripa-codes>

4.0 SCOPE

- 4.1 The Act provides a regime of primary legislation and Codes of Practice, which divide covert investigation techniques into categories distinguished (to an extent) by the degree of intrusion involved. This procedure applies to all investigation and surveillance that require an authorisation under RIPA.
- 4.2 This policy document relates to the **use of directed surveillance and covert human intelligence sources (CHIS)**. It does not cover the acquisition and disclosure of Communications Data (CD) as this engages an entirely separate procedure under The Investigatory Powers Act 2016 (IPA) which governs how law enforcement agencies use the investigatory powers available to them, in relation to the lawful acquisition of CD. Independent Authorisation for the acquisition of CD is through the new Office for Communications Data Authorisations (OCDA). All applications for CD must be made via an Accredited Officer known as a Single Point of Contact (SPoC) who has passed a Home Office approved course. All Councils must use the National Anti-Fraud Network (NAFN) as their SPoC. All applications to access CD will be made through NAFN via their online application service. The introduction of OCDA means the acquisition of CD by Council officers no longer requires judicial approval.

Guidance must be sought from Legal Services before any decision is taken to seek authority for the acquisition of CD.

- 4.3 This policy does not cover intrusive surveillance, because local authorities are not allowed to do this. Intrusive surveillance is the covert (i.e. secret) surveillance of anything taking place:
- in residential premises or
 - a private car and
 - involves the presence of an individual on the premises, or in the vehicle, or
 - is carried out by means of a surveillance device.

- 4.3 RIPA sets out the purposes for which directed surveillance and CHIS may be used, and who should authorise the use.

Authorisation under RIPA gives lawful authority for the use of covert methods of obtaining information, provided there is compliance with the statutory requirements and procedures. Obtaining an authorisation will ensure that the action is carried out in accordance with law and subject to stringent safeguards against abuse. It will also make the action less vulnerable to challenge under the Human Rights Act 1998.

- 4.4 For district councils, RIPA does not allow directed surveillance or CHIS at all, except for the purpose of preventing or detecting crime or preventing disorder. For example, this means that you cannot carry out these covert activities prior to the service of a statutory notice, unless you believe an offence
- may have been committed,
 - may be about to be committed, or
 - there could be public disorder.

The only option in any other cases will be to carry out overt – open, non-secretive – surveillance.

4.5 Services likely to conduct investigations covered by RIPA are Planning, Environmental Health, Housing and Audit, however, any officer of the Council (if he or she conducts an investigation using methods or techniques covered RIPA) is required to seek the necessary authorisation, provided always that the purpose of the investigation is one which RIPA says can justify covert surveillance – see 4.4 above.

5.0 ACTIVITY REQUIRING AUTHORISATION

5.1 The following types of activity will require authorisation:

- directed surveillance
- the conduct and use of a CHIS

5.2 Directed surveillance is, in essence, any activity undertaken covertly for the purpose of a specific investigation, in such a way that is likely to result in obtaining information about a person's private life.

5.3 A covert human intelligence source (CHIS) is effectively, an inside informant or undercover officer, (i.e. someone who develops or maintains their relationship with the surveillance target), having the covert purpose of obtaining or accessing information, for the investigator.

6.0 APPLYING FOR AUTHORISATIONS

6.1 Subject to the provisions of paragraphs 6.3 and 8.7 the Directors are Authorising Officers for the Council.

In the absence of an Authorising Officer, applications for authorisation should be submitted to Chief Executive, who also has the delegated authority to issue authorisations in relation to any service of the Council.

Authorising Officers may authorise for any service within the Council.

6.2 Any officer intending to use directed surveillance or a CHIS must apply for authorisation from an Authorising Officer by completing the appropriate application form as set out at **Appendix DS/1 or CHIS/1**.

6.3 Special care needs to be taken with **confidential personal information**. This is information held in confidence, relating to the physical or mental health or spiritual counselling concerning an individual (whether living or dead) who can be identified from it.

Such information, which can include both oral and written communications, is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation. Examples might include consultations between a health professional and a patient, or information from a patient's medical records. This also includes legally privileged material, journalistic materials and information given to a Member of Parliament.

Owing to the very sensitive nature of this type of information authorisations potentially involving confidential personal information must always be made by the **Chief Executive** or in his/her absence the person who is formally nominated to act on behalf of the Chief Executive.

- 6.4 When completing the application, always include a full account of the steps to be taken in the investigation, which require authorisation.

7.0 GRANTING OF AUTHORISATIONS FOR DIRECTED SURVEILLANCE

- 7.1 Section 28 of RIPA provides that '*a person shall not grant authorisation for directed surveillance unless he believes that the authorisation is:*

(a) necessary for the purpose of preventing or detecting crime, or of preventing disorder involving a crime; and

the authorised surveillance is proportionate to what is sought to be achieved by it. '

There is a **crime** threshold to be reached, i.e. the criminal offence:

- is or would be punishable (whether on summary conviction or on indictment) by a maximum term of at least 6 months of imprisonment, or
- it arises from the underage sale of alcohol, tobacco, or nicotine inhaling products.

Authorising Officer

- 7.2 The Authorising Officer, in determining whether the surveillance is proportionate, will give particular consideration to any collateral intrusion on, or interference with, the privacy of persons other than the subject(s) of the surveillance.

Such consideration of proportionality must involve:

- **balancing** the size and scope of the proposed activity against the gravity and extent of the perceived crime or harm;
- **explaining** how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- **considering** whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought;
- **evidencing**, as far as reasonably practicable, what other methods had been considered and why they were not implemented, or have been implemented unsuccessfully.

The Home Office Code of Practice on Covert Surveillance and Property Interference has the following to say on the issue of proportionality:

"4.5 if the activities are deemed necessary on...the statutory grounds, the person granting the authorisation... must also believe that they are proportionate to what is sought to be achieved by carrying them out. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative and operational terms.

4.6 The authorisation will not be proportionate if it is excessive in the overall circumstances of the case. Each action authorised should bring an expected

benefit to the investigation or operation and should not be disproportionate or arbitrary. The fact that a suspected offence may be serious will not alone render intrusive actions proportionate. Similarly, an offence may be so minor that any deployment of covert techniques would be disproportionate.

No activity should be considered proportionate if the information which is sought could reasonably be obtained by other less intrusive means.”

7.3 Authorisations must be given in writing.

It is possible that Authorising Officers may face cross-examination in court about the authorisation sometime after it is granted, and memories fade. It is therefore important that a full written record of what they are being asked to authorise, appears on the application form. If in doubt, Authorising Officers should ask for more detail.

7.4 Authorising Officers should not be responsible for authorising their own activities.

7.5 All RIPA authorisations must be approved by a Magistrate before an authorisation becomes effective and directed surveillance is undertaken, or a CHIS deployed. .

7.6 **Duration of Authorisations and Reviews**

An authorisation in writing ceases to have effect at the end of a period of 3 months beginning with the day on which it took effect, e.g. an authorisation starting 1st January would come to an end on 31st March.

Regular reviews of authorisations should be undertaken. The results of the review should be recorded on **Appendix DS/2** and a copy filed on the central record of authorisations. If the surveillance provides access to confidential information or involves collateral intrusion, more frequent reviews will be required. The authorising officer should determine at the time of giving the initial authorisation, how often a review should take place (and this may also be subsequently reviewed).

7.7 **Renewals**

7.7.1 While an authorisation is still in force, the Authorising Officer can renew it if he considers this necessary for the purpose for which the authorisation was originally given. The authorisation will be renewed in writing for a further period, beginning with the day when the authorisation would have expired, but for the renewal, and can be for a period up to 3 months.

7.7.2 Applications requesting renewal of an authorisation are to be made on the appropriate form as set out at **Appendix DS/3** and submitted to the Authorising Officer.

The renewal must be granted before the original authorisation ceases to have effect.

7.7.3 Applications for renewal will record whether it is the first renewal; and if not, every occasion on which the authorisation has previously been renewed. Applications must also detail:

- the significant changes to the information in the initial authorisation
- the reasons why it is necessary to continue with the surveillance

- the content and value to the investigation or operation, of the information so far obtained by the surveillance
 - The results of regular reviews of the investigation or operation.
- 7.7.4 When a directed surveillance authorisation requires renewal, the renewal must be approved by a magistrates' court in the same manner as an initial authorisation.

7.8 Cancellations

The person who granted or last renewed the authorisation (or other person with Authority under this policy) **MUST** cancel it if he is satisfied that the directed surveillance no longer meets the criteria for authorisation.

Requests for cancellation will be made on the appropriate form as set out at **Appendix DS/4** and submitted to the Authorising Officer for authorisation of the cancellation. All directed surveillance cancellations must include directions for the management and storage of any surveillance product.

8.0 GRANTING OF AUTHORISATION FOR THE CONDUCT AND USE OF COVERT HUMAN INTELLIGENCE SOURCES (CHIS)

- 8.1 The same requirements of necessity and proportionality exist for the granting of these authorisations as with directed surveillance.
- 8.2 Additionally, the Authorising Officer shall not grant an authorisation unless he /she believes that arrangements exist which satisfy the following requirements:
- there will at all times be an officer with day to day responsibility for dealing with the source and the source's security and welfare
 - there will at all times be an officer who will have general oversight of the use made of the source
 - there will at all times be an officer with responsibility for maintaining a record of the information supplied by the source
 - records which disclose the identity of the source will not be available to persons except to the extent that there is a need for access to them to be made available
- 8.3 Similarly, before authorising the use or conduct of the source, the Authorising Officer must be satisfied that the conduct/use is proportionate to what the use or conduct of the source seeks to achieve, taking into account the likely degree of intrusion into the privacy of those potentially effected, and for the privacy of persons other than those who are directly the subjects of the operation or investigation.
- Measures should be taken, wherever practicable, to avoid unnecessary intrusion into the lives of those not directly connected with the operation.
- 8.4 Particular care is required where people would expect a high degree of privacy, or where, as a consequence of the authorisation, 'confidential material' is likely to be obtained.

- 8.5 Consideration is also required to be given to any adverse impact on community confidence that may result from the use or conduct of a source or information, obtained from that source.
- 8.6 Additionally, the Authorising Officer should make an assessment of any risk to a source, in carrying out the conduct in the proposed authorisation.
- 8.7 Authorisation for the use of a CHIS must be given in writing.

Only the Chief Executive (or in his/her absence the person who is formally nominated to act as the Chief Executive) may authorise the use of a juvenile or vulnerable CHIS.

- 8.8 Ideally, the Authorising Officers should not be responsible for authorising their own activities e.g. those in which they themselves are to act as a source, or in tasking a source. However, it is recognised that this will not always be possible, especially in the case of small departments. Authorisations must be approved by a Magistrate (see paragraph 7.5).

The Solicitor employed by the Council will arrange the appointment before the Magistrate(s) and explain the procedure to the Authorising Officer. The Solicitor employed by the Council and the Authorising Officer will be required to attend before the Magistrate(s) to seek the Magistrate's approval to the authorisation.

- 8.9 An application for authorisation for the use or conduct of a CHIS will be made on the appropriate form, as set out at **Appendix CHIS/1** and must record:
 - Details of the purpose for which the source will be tasked, or deployed.
 - The reasons why the authorisation is necessary in the particular case and the grounds on which authorisation is sought (e.g. for the purpose of preventing or detecting crime or disorder).
 - Where a specific investigation or operation is involved, details of that investigation or operation.
 - Details of what the source would be tasked to do.
 - Details of potential collateral intrusion and why the intrusion is justified.
 - Details of any confidential material that might be obtained as a consequence of the authorisation.
 - The reasons why the authorisation is considered proportionate to what it seeks to achieve.
 - The level of authorisation required.
 - A subsequent record of whether authorisation was given or refused by whom and the time and date.

8.10 **Duration of Authorisations**

A written authorisation, unless renewed, will cease to have effect at the end of a period of twelve months beginning with the day on which it took effect except in the case of a juvenile CHIS which has a duration of 4 months . Oral authorisations will, unless renewed, last 72 hours.

8.11 **Renewals**

As with authorisations for directed surveillance, authorisations for the conduct and use of CHIS can be renewed, the same criteria applying. However before an Authorising Officer renews an authorisation, he must be satisfied that a review has been carried out of the use of a CHIS and that the results of the review have been considered.

Applications for renewal must be made on the appropriate form as set out at **Appendix CHIS/3** and submitted to the Authorising Officer. However, an application for renewal should not be made until shortly before the authorisation period is coming to an end.

8.12 An authorisation may be renewed more than once – provided it continues to meet the criteria for authorisation.

8.13 When CHIS authorisation requires renewal, the renewal must be approved by a magistrates' court in the same manner as an initial authorisation

8.13 **Reviews**

Regular reviews of authorisations should be undertaken. The results of the review should be recorded on **Appendix CHIS/2** and a copy filed on the central record of authorisations.

If the surveillance provides access to confidential information, or involves collateral intrusion, frequent reviews will be required. The Authorising Officer should determine how often a review should take place.

8.14 Before an Authorising Officer renews an authorisation he must be satisfied that a review has been carried out of:

- The use made of the source during the period authorised
- The tasks given to the source
- The information obtained from the use or conduct of the source

8.15 If the Authorising Officer is satisfied that the criteria necessary for the initial authorisation continue to be met, he may renew it in writing as required.

When CHIS authorisation requires renewal, the renewal must be approved by a magistrates' court in the same manner as an initial authorisation

8.16 **Cancellations**

The officer who granted or renewed the authorisation **MUST** cancel it if he/she is satisfied that

- the use or conduct of the source no longer satisfies the criteria for authorisation, or

- that the arrangements for the source's case no longer exist
- 8.17 Requests for cancellation will be made on the appropriate form, as set out at **Appendix CHIS/4** and submitted to the Authorising Officer for authorisation of the cancellation.

All CHIS cancellations must include directions for the management and storage of any surveillance product.

8.18 Management Responsibility

The day to day contact between the Council and the source is to be conducted by the handler, who will usually be an officer below the rank of the Authorising Officer.

No vulnerable person or young person under the age of 18 should be used as a source.

8.19 Security and Welfare

Account must be taken of the security and welfare of the source. The Authorising Officer, prior to granting authorisation, should ensure that an assessment is carried out to determine the risk to the source of any task and the likely consequences should the target know the role of the CHIS.

8.20 Confidential Material

Where the likely consequence of the directed surveillance or conduct of a source would be for any person to acquire knowledge of confidential material, the deployment of a source should be subject to special authorisation. In these cases , the proposed course of conduct must be referred to the Head of Paid Service or (in his absence) a Director for a decision as to whether authorisation may be granted.

8.21 Monitoring of personal information online

The study of an individual's on-line presence may engage privacy considerations requiring RIPA authorisation. The attached annex gives guidance on the monitoring of information online, such as social media.

9.0 MAINTENANCE OF RECORDS

- 9.1 Each Service shall keep in a dedicated place
- a record of all authorisations sought
 - a record of authorisations granted and refused
 - applications for the granting, renewal and cancellation of authorisations
- 9.2 The records will be confidential and will be retained for a period of 3 years from the ending of the authorisation.
- 9.3 Each Authorising Officer shall send original copies of all applications/authorisations, reviews, renewals and cancellations to the RIPA Co-ordinating Officer, who will maintain a central record of all authorisations. The report will include details of the level of compliance with the requirements for authorisation.

9.4 Authorising Officers will ensure compliance with the appropriate data protection requirements and any relevant codes of practice produced by individual authorities in the handling and storage of material.

9.5 Where material is obtained by surveillance which is:

- wholly unrelated to a criminal or other investigation, or
- to the person subject of the surveillance, and
- there is no reason to believe it will be relevant to future civil or criminal proceeding

it should be destroyed immediately. The decision to retain or destroy material will be taken by the relevant Authorising Officer.

10.0 AWARENESS OF THE CONTENTS OF THE ACT AND TRAINING

It shall be the responsibility of each Service Manager, or an Authorised Officer for that service, to ensure that all staff involved or likely to be involved in investigations, are adequately trained so as to be aware of the requirements and implications of the Act.

It shall be the responsibility of the Senior Responsible Officer with the assistance of the RIPA Co-ordinating Officer to ensure that all relevant officers have received appropriate training and are aware of the requirements and implications of the Act.

11.0 SENIOR RESPONSIBLE OFFICER AND RIPA CO-ORDINATING OFFICER

The Monitoring Officer is the Senior Responsible Officer for the Council whose role is:

- (i) to be responsible for RIPA training throughout the Council;
- (ii) to ensure that all Authorising Officers are of an appropriate standard; and
- (iii) to be responsible for raising RIPA awareness throughout the Council.

The Senior Responsible Officer will nominate a suitable officer employed by the Council as the RIPA Co-ordinating Officer, whose role is:

- (i) to collate all original applications and authorisations, reviews, renewals and cancellations;
- (ii) to keep the Central Record of Authorisations; and
- (iii) to notify the Leader of the Council of the receipt of authorisations from Authorising Officers.

12.0 MEMBER INVOLVEMENT

Cabinet will consider reports from the IPCO. The Cabinet should also consider reports on the use of the powers under the Act on a regular basis, which shall be at least every year, to ensure that it is being used consistently with this policy.

Members of the Council will not however be involved in making decisions on specific authorisations.

Inventory of Surveillance Equipment held by MDDC

None as at 1 December 2020

Standard Operating Procedure for use of Surveillance Equipment

The Equipment should be stored, when not in use, in a locked cabinet under the control of the Senior Responsible Officer.

Any Officer of the Council considering using the Equipment for covert surveillance in a public place must make a written request to the Senior Responsible Officer or the RIPA Co-ordinating Officer, who will consider and decide whether the proposed use of the Equipment is appropriate, bearing in mind the provisions of RIPA and the associated codes of practice.

Any Officer who uses the Equipment to record digital images may only view such images once captured, and shall not download them on to a computer or other electronic storage facility unless this is first agreed by the Senior Responsible Officer and/or the RIPA Co-ordinating Officer.

Mid Devon District Council

Annex 1 to the Council's RIPA Policy

Open Source Internet Research (OSIR) and RIPA

Background

The internet enables access to a vast amount of information which can be useful to the Council in carrying out its statutory functions as well as engaging with the public.

Open Source Internet Research (OSIR) is the name given to viewing, collecting processing, and analysing publicly available personal information stored on the internet, including on Social Media. Social Media in this Annex means social networking websites such as Twitter, Facebook, YouTube, online communities, and blogs.

This Annex to the Council's RIPA Policy covers the use of OSIR in investigations. Advice should be taken from HR should an investigation involve a member of staff. Where officers are carrying out OSIR they must be aware of the Council's RIPA Policy and the information contained in this annex.

Using OSIR raises the issue of whether RIPA authorisation must be obtained. This policy indicates when RIPA authorisation should be obtained.

If RIPA authorisation is required the Council's RIPA policy must be complied with.

1.0. Open Source Internet Research (OSIR)

- 1.1 OSIR is the collection, evaluation and analysis of materials from sources available to the public, whether on payment or otherwise, to use as intelligence or evidence, within investigations.
- 1.2 OSIR is a powerful tool against crime. MDDC needs to ensure that any collection of information from the internet for an enforcement purpose is conducted in such a way that the integrity of any evidence gained is maintained.
- 1.3 MDDC staff must consider whether their evidence or intelligence gathering is likely to interfere with a person's right to respect for their family life (Human Rights Act 1998 - Article 8) and, if so obtain appropriate authorisation under the RIPA for their research. Where RIPA does not apply, a privacy impact statement may still be required.

2. General principles

- 2.1 Online communication via the internet has become the preferred method of communication between individuals, within social groups or indeed with anyone in the world with internet access.
- 2.2 Such communication may involve web sites, social networks (e.g. Facebook), chat rooms, information networks (e.g. twitter) and/or web based electronic mail.
- 2.3 Just because other people may also be able to see it, does not necessarily mean that a person has no expectation of privacy in relation to information posted on the

internet. Think of it as similar to a private conversation between diners in a restaurant – you would not expect other diners to listen too closely or to make recordings.

2.4. Online research and investigative techniques capable of interfering with a person's Article 8 rights should be used only when necessary and proportionate.

3.0 Categories of OSIR

This Annex focuses on four broad categories of OSIR, to give an indication when RIPA authorisation is required.

Category 1

Category 1 is viewing publicly available postings, or websites where the person viewing does not have to

- register a profile,
- answer a question, or
- enter correspondence

in order to view the posts, e.g. a trader's website.

There must be a low expectation of privacy and no RIPA authorisation would normally be required to view or record these pages. However, repeated visits over time, which amount to monitoring an individual's on-line presence, will require RIPA authorisation.

How a person runs his/her business can be private information even if they do so in the public domain.

No monitoring of a person's online presence can take place without RIPA authorisation. The exception to this is where prior notification is given to the person that the Council is monitoring that person's online presence; this would then be overt monitoring and would not require RIPA authorisation.

All visits to such websites for the purposes of any investigations must be recorded and be available for inspection by the Senior Responsible Officer and/or the Co-ordinating Officer - see Part 12 of the RIPA Policy for more details about these roles.

Guidance approved by the Senior Responsible Officer on record keeping of viewings will be distributed by the Co-ordinating Officer and must be adhered to.

Using test purchases in an investigation does not necessarily trigger the need for RIPA authorisation but in each case advice must be sought beforehand from the Co-ordinating Officer

Category 2

Category 2 is viewing postings on social networks where the viewer has to register a profile, but there is not otherwise a restriction on access. This would include Facebook where there is no need to be accepted as a “friend” to view. E.g. a trader has a “shop window” on Facebook advertising business and products

There are differences between this and Category 1.

The person who posts information or runs such a website may reasonably expect viewers to work within the terms and conditions of the website. Viewings using a fictitious identity, or a “covert account” require RIPA authorisation. No such viewings may take place without RIPA authorisation. Viewing conducted in an overt manner do not require RIPA authorisation.

Viewings can be conducted in an overt manner via an account profile which uses the officer’s correct name and email address (which should be a middevon.gov.uk).

All viewings for investigations, regardless of whether RIPA authorised or not, will need to be recorded and available for inspection by the Senior Responsible Officer and/or the Co-ordinating Officer.

Guidance approved by the Senior Responsible Officer on record keeping of viewings will be distributed by the Co-ordinating Officer and must be adhered to.

Category 3

Category 3 is viewing postings on social networks which require a “friend” or similar status to view.

Viewings using a covert account or fictitious identity will require RIPA authorisation. No such viewings may take place without RIPA authorisation.

Viewing conducted by using the officer’s correct name and email address (which should be a middevon.gov.uk) to acquire “friend status” may still require a RIPA authorisation.

Officers will need to be sure that their access is being granted as a representative of the Council.

If officers are not sure that access is being granted to the officer as a representative of the Council, then RIPA authorisation **must** be obtained before such viewings take place.

All viewings for investigations, regardless of whether RIPA authorised or not, will need to be recorded and available for inspection by the Senior Responsible Officer and/or the Co-ordinating Officer.

Guidance approved by the Senior Responsible Officer on record keeping of viewings will be distributed by the Co-ordinating Officer and must be adhered to.

Category 4

Category 4 is the use of sophisticated OSIR tools and techniques including active search, reverse engineering and/or tools or filters, etc., to obtain information on an individual on the wider web. The use of such tools is likely to involve monitoring an individual and RIPA authorisation **must** be obtained before use

Covert Facebook accounts and similar covert social media accounts

Use of such covert accounts requires RIPA authorisation. Even with RIPA authorisation, use of such covert accounts may be judged to be unlawful because the companies' terms and conditions do not allow such covert accounts.

RIPA authorisation is not in itself sufficient to legally permit breaching a company's terms and conditions. Advice must be sought from the Co-ordinating Officer.

Procedures/instructions

Senior managers may issue instructions and procedure notes to provide further safeguards in using OSIR

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Report for:**Scrutiny Committee**

Date of Meeting:	26/01/2026
Subject:	Local Government Reorganisation (LGR) Update
Cabinet Member:	Leader – Cllr Luke Taylor
Responsible Officer:	Stephen Walford – Chief Executive
Exempt:	N/A
Wards Affected:	All
Enclosures:	Appendix A – Minister's letter, Devon LGR, 17/12/25
	Appendix B – Minister's letter, Devon elections, 18/12/25

Section 1 – Summary and Recommendation(s)

This report provides members of the committee with an update on the latest situation with regards to local government reorganisation (LGR) and considers how the committee might best scrutinise and add value to the next phases of LGR.

Recommendation(s):

1. **It is recommended that the report and update be noted.**

Section 2 – ReportBackground

- 1.0 As with previous reports on this topic, members will recall the background to this item, being covered in detail at numerous council meetings during 2025. Scrutiny has also received a number of reports and updates, most recently on 29/09/25.
- 1.1 The full and final submission to government was made ahead of the 28th November 2025 government deadline and was considered and debated by all members at an extraordinary meeting of full council on 26/11/25.

Current Status

- 2.0 In the weeks since submission, discussion has focused on understanding what the next phases of the programme may look like, as well as readying councils for responding to the various government decisions and steps in the process.
- 2.1 At the time of writing this report, council Chief Executives across Devon were due to hold their first meeting post-submission with the government's strategic adviser towards the end of January. Initial conversations have been had around how to start compiling all relevant data on a range of topics on a solution-agnostic basis, in order that we have this ready to go for when the government decision comes on what version of LGR we are to implement (expected around July 2026). Initial discussions on this have been positive with the vast majority of Devon's 11 councils agreeing the benefit of this approach.

The Potential for Scrutiny

- 3.0 The role of scrutiny during the LGR process changes in accordance with the actions and phasing of that (externally specified) timeline. For example, throughout 2025, scrutiny considered reports on the initial approach, the steps being taken to develop the submission, and a further update ahead of submission including incorporating resident sentiment as captured during summer public engagement.
- 3.1 At all times, the committee has been keen to test collaboration – seeking views and input from the Leader and Chief Executive as required, as well as ensuring that the whole membership has visibility and is included in the process. This has been aided by the Leader calling 3 extraordinary meetings of the Council in 2025, specifically to ensure openness and transparency as to the approach being taken and decisions being made.
- 3.2 After final submission, there has been some discussion among committee members about how to best utilise the interest and experience of scrutiny to maximise the effectiveness of the committee with respect to LGR moving forward.
- 3.3 There have been proposals covering a range of different perspectives. These have ranged from ensuring the committee knows what LGR activities are ongoing and what the future programme looks like (recognising that this cannot be a running commentary on all discussions), through to consideration of how the future councils should operate and how they should be structured with regards to directorate and departmental makeup.
- 3.4 The expected elections in May 2027 will see a new cohort of councillors elected to form a 'shadow authority', and it is this entity that will make and take decisions on how the new council(s) are to be structured. At this stage in the process, it is recommended that scrutiny do not invest significant time

in seeking to design the structure of new councils, since this will not be a role for this council.

- 3.5 Areas of potential interest for scrutiny have been captured below, and while this list may not be exhaustive, it is considered a useful starting point for member discussion and debate.

On the nature of LGR progress (Leader and Chief Executive):

- Liaison with other Devon Councils
- Directions or feedback from Ministry of Housing, Communities and Local Government (MHCLG)
- Provision of information to MHCLG
- Preparation of processes and procedures in advance of any decision on the selected “way forward”
- Timetable/Plan updates

On associated devolution activities:

- Liaison with other Devon Councils
- Liaison with other Councils on devolution ambitions (Cornwall, Heart of Wessex etc)
- Directions or feedback from Ministry of Housing, Communities and Local Government (MHCLG)
- Provision of information to MHCLG
- Timetable/Plan updates

Current Timelines

- 4.0 The Minister wrote to all Leaders across Devon on 17th December (see appendix A) to thank all councils for their submissions and to set out the expectation that the government will commence its consultation on reorganisation across the remaining 14 areas of England in early February 2026, with the expectation that this consultation will last for 7 seven weeks.
- 4.1 The Minister wrote again to council Leaders on 18th December in relation to potentially postponing elections that were due in May 2026 (see appendix B). However, this does not apply to Mid Devon, as this council’s scheduled elections are not due to take place until May 2027.
- 4.2 While preparations continue for implementation, the next milestone on the process will be to respond effectively to that government consultation. Therefore, scrutiny might wish to consider the council’s draft response to this at the relevant meeting (February or March, depending on final timelines).

Next Steps

- 5.0 If the committee agrees, a draft response to the government’s consultation could be brought to the next relevant meeting, as per 4.2 above.

Financial Implications

None arising from this report; no decisions are being recommended.

Legal Implications

None arising from this report; no decisions are being recommended.

Risk Assessment

The corporate risk register contains an item on local government reorganisation, which is updated monthly in accordance with normal risk management protocols.

Impact on Climate Change

None arising from this report; no decisions are being recommended.

Equalities Impact Assessment

None arising from this report; no decisions are being recommended.

Relationship to Corporate Plan

The local government reorganisation process seeks to abolish the county council and all district councils in Devon. Once this process is formally initiated, public service provisioning will continue, but they will be under the remit of a new organisation and new council entity.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer:

Agreed by or on behalf of the Section 151

Date:

Statutory Officer:

Agreed on behalf of the Monitoring Officer

Date: N/A

Performance and risk:

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: N/A

Cabinet member notified: YES

Contact:

Stephen Walford, Chief Executive

Telephone: 01884 255255

Appendices:

Appendix A – Minister's letter, Devon LGR, 17/12/25

Appendix B – Minister's letter, Devon elections, 18/12/25

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Ministry of Housing, Communities & Local Government

Alison McGovern MP
*Minister of State for Local Government and
 Homelessness*
 2 Marsham Street
 London
 SW1P 4DF

Leaders of Councils in Devon, Plymouth and
 Torbay:

Cllr Dan Thomas, Cllr David Clayton, Cllr David Thomas, Cllr Julian Brazil, Cllr Ken James, Cllr Luke Taylor, Cllr Mandy Ewings, Cllr Paul Arnott, Cllr Philip Bialyk, Cllr Richard Keeling, Cllr Tudor Evans

17 December 2025

Dear Leaders,

Thank you for your continued hard work to deliver unitary local government. I greatly appreciate the hard work and excellent joint working that has gone into submitting proposals across your areas.

As I have set out, this Government is determined to work with you to streamline local government by replacing the current two-tier council system with new single-tier unitary councils. We are progressing this landmark reform at pace, which will be vital in delivering our vision: stronger local councils equipped to drive economic growth, improve local public services, and empower their communities. Empowered local government, based on unitary councils and strategic authorities, is the foundation for growth across the country – the government's number one mission.

I am therefore grateful for the collaborative work you have already done to produce proposals, and I look forward to working with you over the coming months.

The Local Government and Public Involvement in Health 2007 Act requires that before a proposal can be implemented the Secretary of State must first consult any council affected that has not submitted the proposal, as well as any other persons considered appropriate. In response to feedback from the sector and to provide clarity on the programme timeline, I expect to launch a consultation in early February on proposals from the remaining 14 areas that seek to meet the terms of the 5 February 2025 statutory invitation. That consultation would also be for seven weeks.

As you will appreciate, I am not able to give views on the substance of your proposals at this stage. But I appreciate that some of your submissions include questions for government, and my officials will work with you to provide answers as soon as practicable.

I am copying this letter to your Chief Executives, local MPs, and to the Police and Crime Commissioner Alison Hernandez.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Alison" above "McGovern".

Alison McGovern MP

Minister of State for Local Government and Homelessness



Ministry of Housing, Communities & Local Government

To: Leaders of councils with elections in May 2026 where proposals for reorganisation have been submitted and decisions not yet taken

Alison McGovern MP
Minister of State for Local Government and Homelessness
2 Marsham Street
London
SW1P 4DF

18 December 2025

Dear Leader,

I am writing to you regarding the elections your council is scheduled to hold on 7 May 2026.

This Government is determined to streamline local government by replacing the current two-tier system with new single-tier unitary councils, ending the wasteful two-tier premium. We are progressing this landmark reform quickly, which will be vital in delivering our vision: stronger local councils equipped to drive economic growth, improve local public services, and empower their communities. I am fully committed to ensuring councils can deliver new, sustainable structures within this Parliament.

We have now received proposals from all 20 remaining invitation areas, demonstrating strong collaboration between local partners. A consultation is open on 17 of those proposals from six invitation areas. I expect to launch a consultation in early February on proposals from the remaining 14 areas that seek to meet the terms of the 5 February statutory invitation. That consultation would be for seven weeks.

I remain committed to the indicative timetable that was published in July, that sees elections to new councils in May 2027 and those councils going live in April 2028. This is a complex process, and we will take decisions based on the evidence provided.

We have listened to councils telling us about the constraints they are operating within, and the work that reorganisation introduces on top of existing challenges. Now that we have received all proposals, it is only right that we listen to councils who are expressing concerns about their capacity to deliver a smooth and safe transition to new councils, alongside running resource-intensive elections to councils who may be shortly abolished. We have also received representations from councils concerned about the cost to taxpayers of holding elections to councils that are proposed to shortly be abolished.

Previous governments have postponed local elections in areas contemplating and undergoing local government reorganisation to allow councils to focus their time and energy on the process. We have now received requests from multiple councils to postpone their local elections in May 2026.

The Secretary of State recognises that capacity will vary between councils and that is why he has reached the position that, in his view, councils are in the best position to

judge the impact of potential postponements on your area and in the spirit of devolution and trusting local leaders, this Government will listen to you.

I am therefore inviting you, by midnight on Thursday 15 January, to set out your views on the postponement of your local election and if you consider this could release essential capacity to deliver local government reorganisation in your area and so allow reorganisation to progress effectively. For those who have already made their views known, we will be taking these into account. Views should be sent by email to LGRElections@communities.gov.uk.

The Secretary of State has adopted a locally-led approach. He is clear that should a council say they have no reason for postponement, then we will listen. But if you voice genuine concerns about your capacity, then we will take these concerns seriously. To that end, the Secretary of State is only minded to make an Order to postpone elections for one year for those councils who raise capacity concerns. A list of the relevant elections is annexed.

For areas where there are also scheduled town or parish council elections, the Secretary of State is minded to make no provision in the Order so these elections continue as scheduled, given town and parish councils are outside of local government reorganisation.

I appreciate that preparations for elections may have started, and you will be keen to have certainty, which we will deliver as soon as possible.

I am copying this letter to your Chief Executives, the other Leaders and Chief Executives of councils in the local government reorganisation programme, and to local MPs, Combined/Combined County Authority Mayors, Police and Crime Commissioners and Best Value Commissioners in local government reorganisation areas.

Yours sincerely,



ALISON MCGOVERN MP

Minister of State for Local Government and Homelessness

**Annex – 63 councils with elections under consideration for postponement
(there are 64 elections including that for the Mayor of Watford)**

1. Adur District Council
2. Basildon Borough Council
3. Basingstoke and Deane Borough Council
4. Blackburn with Darwen Council
5. Brentwood Borough Council
6. Broxbourne Borough Council
7. Burnley Borough Council
8. Cambridge City Council
9. Cannock Chase District Council
10. Cheltenham Borough Council
11. Cherwell District Council
12. Chorley Borough Council
13. City of Lincoln Council
14. Colchester City Council
15. Crawley Borough Council
16. East Sussex County Council
17. Eastleigh Borough Council
18. Epping Forest District Council
19. Essex County Council
20. Exeter City Council
21. Fareham Borough Council
22. Gosport Borough Council
23. Hampshire County Council
24. Harlow District Council
25. Hart District Council
26. Hastings Borough Council
27. Havant Borough Council
28. Huntingdonshire District Council
29. Hyndburn Borough Council
30. Ipswich Borough Council
31. Isle of Wight Council
32. Newcastle-under-Lyme Borough Council
33. Norfolk County Council
34. North East Lincolnshire Council
35. Norwich City Council
36. Nuneaton and Bedworth Borough Council
37. Oxford City Council
38. Pendle Borough Council
39. Peterborough City Council
40. Plymouth City Council
41. Portsmouth City Council
42. Preston City Council
43. Redditch Borough Council
44. Rochford District Council

45. Rugby Borough Council
46. Rushmoor Borough Council
47. South Cambridgeshire District Council
48. Southampton City Council
49. Southend-on-Sea City Council
50. St Albans City and District Council
51. Stevenage Borough Council
52. Suffolk County Council
53. Tamworth Borough Council
54. Three Rivers District Council
55. Thurrock Council
56. Tunbridge Wells Borough Council
57. Watford Borough Council
58. Watford Borough Council Mayor
59. Welwyn Hatfield Borough Council
60. West Lancashire Borough Council
61. West Oxfordshire District Council
62. West Sussex County Council
63. Winchester City Council
64. Worthing Borough Council

Mid Devon District Council Scrutiny Proposal Form

(This form should be completed by Member(s), Officers and / or members of the public when proposing an item for Scrutiny).

Note: The matters detailed below have not yet received any detailed consideration. The Scrutiny Committee reserves the right to reject suggestions for scrutiny that fall outside the District Council's remit.

Proposer's name and designation	Cllr Lance	Date of referral	20/12/2025
Proposed topic title	LGR Working party		
Link to national, regional and local priorities(Corporate Plan) and targets	Examining the impact on and future working arrangements for the proposed Unitary Authority encompassing the current MDDC area.		
Background to the issue	Government intent to create Unitary councils Devon		
List main points this report should cover (What do you want to achieve?)	Creation of future departments and possible amalgamation of current Devon County and MDDC departments where feasible. Location of central office Location of secondary offices including planning to be representative. Any other item considered by working party as necessary. Composition of WP, members, officers and any other person with skill set considered useful. To achieve the basis of a seamless system of transfer of authority.		
Should this be referred to the appropriate PDG/ Committee?	No		
What degree of priority is this issue? 1 = Urgent 2= High 3=Medium 4=Low	2		

Mid Devon District Council

Proposing an item for the Scrutiny Committee Work Programme

Step 1

- Member of Committee / Cabinet / Council / Officer/Residents raise an issue that they feel could be included in the Scrutiny Work Programme. A **Proposal form** should be completed and forwarded to the Scrutiny Officer. Residents can access the form online or contact the Scrutiny Officer directly.

Step 2

- Individual Members and residents can bring forward a proposal or issue to the Scrutiny Committee for consideration. Initially, if required, the Scrutiny Officer will discuss the suggestion in more detail with the proposer and confirm any details and/or work up a more detailed proposal making sure there are clear outcomes identified.

Step 3

- The Scrutiny Committee will take a vote on whether the proposal warrants investigation. During the discussion, members will be supported in ensuring that all proposals clearly demonstrate:
 - Where they will add value to the work of the Council or to our communities
 - Resources available to address the issue
 - Ability to make a distinct and positive impact through the scrutiny function
 - Topics that are timely and relevant, but not already under review elsewhere

Step 4

- If Committee agree, item will be included in the Work Programme – either way, decision (and reasons) will be communicated to the proposer.
- Following this recommendation a discussion on how to progress the issue will be made by the Committee.
- The Scrutiny Committee will decide when the item is included in the **Scrutiny Committee Work Programme**.

MID DEVON DISTRICT COUNCIL – NOTIFICATION OF KEY DECISIONS

January 2026

The Forward Plan containing key Decisions is published 28 days prior to each Cabinet meeting

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
January 2026					
127 MSCP Solar Project	Cabinet	13 Jan 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open
128 Crediton GP Surgery - Additional loan	Cabinet	13 Jan 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open
129 Padel Business case	Cabinet	13 Jan 2026	Andy Mackie, Leisure Services Manager	Cabinet Member for Quality of Living, Equalities and Public Health	Open
130 Green Enterprise Grants	Cabinet	13 Jan 2026	Jason Ball, Climate and Sustainability Specialist	Cabinet Member for Environment and Climate Change	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
North Devon Railway Development Alliance To consider the report	Planning, Environment & Sustainability Policy Development Group Cabinet	25 Nov 2025 13 Jan 2026	Adrian Welsh, Strategic Manager for Growth, Economy and Delivery	Cabinet Member for Planning and Economic Regeneration Cabinet Member for Planning and Economic Regeneration	Open
Regulation of Investigatory Powers Act Annual Report To consider the report.	Cabinet Scrutiny Committee	13 Jan 2026 26 Jan 2026	Maria De Leiburne, Director of Legal, People & Governance (Monitoring Officer)	Cabinet Member for Quality of Living, Equalities and Public Health	Open
Leisure Pricing Strategy To receive a revised draft leisure Pricing Strategy for 2026.	Service Delivery & Continuous Improvement Policy Development Group Cabinet	24 Nov 2025 13 Jan 2026	Dean Emery, Head of Revenues, Benefits & Leisure	Cabinet Member for Service Delivery and Continuous Improvement	Fully exempt Contains commercially sensitive information.
Draft Budget Report 2026/2027	Cabinet	13 Jan 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
February 2026					
Fees and Charges Report	Cabinet	10 Feb 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open
Mid Devon Housing Depot	Cabinet	10 Feb 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Housing, Assets and Property and Deputy Leader	Part exempt
Gas Servicing and Maintenance	Cabinet	10 Feb 2026	Mike Lowman, Operations Manager for Housing	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
Replacement Roofing Programme 2026-2030	Cabinet	10 Feb 2026	Mike Lowman, Operations Manager for Housing	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
Local Nature Recovery Strategy (LNRS)	Cabinet	10 Feb 2026	Jason Ball, Climate and Sustainability Specialist	Cabinet Member for Planning and Economic Regeneration	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
Tiverton Town Centre Masterplan SPD	Cabinet	10 Feb 2026	Adrian Welsh, Strategic Manager for Growth, Economy and Delivery	Cabinet Member for Planning and Economic Regeneration	Open
Bow Conservation Area Appraisal and Management Plan	Cabinet	10 Feb 2026	Tristan Peat, Forward Planning Team Leader	Cabinet Member for Planning and Economic Regeneration	Open
Pay Policy Report	Cabinet Council	10 Feb 2026 18 Feb 2026	James Hamblin, Operations Manager for People Services	Leader of the Council	Open
Draft Budget Report 2026/2027	Cabinet Council	10 Feb 2026 18 Feb 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open
2025/26 Budget Monitoring - Quarter 3	Cabinet	10 Feb 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/27	Cabinet Council	10 Feb 2026 18 Feb 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open
2026/2027 Capital Strategy and 2026/2027 Capital Programme	Cabinet Council	10 Feb 2026 18 Feb 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open
Establishment Report	Cabinet Scrutiny Committee	10 Feb 2026 23 Feb 2026	James Hamblin, Operations Manager for People Services	Cabinet Member for Service Delivery and Continuous Improvement	Open
Policy Framework	Cabinet Council	10 Feb 2026 18 Feb 2026	Laura Woon, Democratic Services Manager	Leader of the Council	Open
Business Rates Tax Base	Cabinet Council	10 Feb 2026 18 Feb 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
March 2026					
Mid Devon Resident Survey	Cabinet	3 Mar 2026	Andrew Jarrett, Deputy Chief Executive (S151) Officer	Leader of the Council	
Draft Vision and Spatial Options	Cabinet	3 Mar 2026	Tristan Peat, Forward Planning Team Leader	Cabinet Member for Planning and Economic Regeneration	Open
April 2026					
Destination Management Plan for Mid Devon	Economy & Assets Policy Development Group Cabinet	12 Mar 2026 7 Apr 2026	Adrian Welsh, Strategic Manager for Growth, Economy and Delivery	Cabinet Member for Planning and Economic Regeneration	Open
Economic Strategy 2024 - 2029	Economy & Assets Policy Development Group Cabinet	12 Mar 2026 7 Apr 2026	Adrian Welsh, Strategic Manager for Growth, Economy and Delivery	Cabinet Member for Planning and Economic Regeneration	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
Shopfront Enhancement Schemes To receive a report setting out the Shopfront Enhancement Scheme for approval.	Economy & Assets Policy Development Group Cabinet	12 Mar 2026 7 Apr 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Planning and Economic Regeneration	Open
Motion 608- Anaerobic Digester Plants Page 133	Planning, Environment & Sustainability Policy Development Group Planning, Environment & Sustainability Policy Development Group Cabinet Council	23 Sep 2025 10 Mar 2026 7 Apr 2026 22 Apr 2026	Jason Ball, Climate and Sustainability Specialist	Cabinet Member for Planning and Economic Regeneration	Open
Asset Management Plan To receive the revised Asset Management Plan.	Economy & Assets Policy Development Group Cabinet	12 Mar 2026 7 Apr 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Governance, Finance and Risk	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
Housing Strategy To receive the revised Housing Strategy.	Homes Policy Development Group Cabinet	17 Mar 2026 7 Apr 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
Corporate Anti-Social Behaviour Policy To consider the report.	Community, People & Equalities Policy Development Group Cabinet	24 Mar 2026 7 Apr 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Quality of Living, Equalities and Public Health	Open
Unauthorised Encampment Policy To consider the report	Community, People & Equalities Policy Development Group Cabinet	24 Mar 2026 7 Apr 2026	Paul Deal, Head of Finance, Property & Climate Resilience	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
Corporate Safeguarding Policy	Community, People & Equalities Policy Development Group Cabinet	Not before 1st Mar 2027 Not before 1st Apr 2027	Simon Newcombe, Head of Housing & Health	Cabinet Member for Quality of Living, Equalities and Public Health Cabinet Member for People, Development and Deputy Leader	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
Tenancy Strategy To receive the revised Tenancy Strategy	Homes Policy Development Group Cabinet	Not before 1st Jun 2026 Not before 2nd Jun 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
Domestic Abuse Policy (NEW) To receive a new policy in relation to Domestic Abuse in MDH properties.	Homes Policy Development Group Cabinet Council	17 Mar 2026 7 Apr 2026 22 Apr 2026	Simon Newcombe, Head of Housing & Health Tel: 01884 244615	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
Knowledge & Information Strategy 2026 - 2030 (NEW) for MDH To receive the new Data Policy for Mid Devon Housing	Homes Policy Development Group Cabinet Council	17 Mar 2026 7 Apr 2026 22 Apr 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
Single Equalities Policy and Equality Objective To consider the report.	Community, People & Equalities Policy Development Group Cabinet	24 Mar 2026 7 Apr 2026	Dr Stephen Carr, Corporate Performance & Improvement Manager, Matthew Page, Head of People,	Cabinet Member for People, Development and Deputy Leader	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
			Performance & Waste		
Corporate Recovery Policy	Audit Committee Cabinet	31 Mar 2026 7 Apr 2026	Dean Emery, Head of Revenues, Benefits & Leisure		Open
Corporate Risk Report	Cabinet	7 Apr 2026	Dr Stephen Carr, Corporate Performance & Improvement Manager	Leader of the Council	Open
Corporate Performance Q3	Cabinet	7 Apr 2026	Dr Stephen Carr, Corporate Performance & Improvement Manager	Leader of the Council	Open
Customer Care Policy To received the revised Customer Care Policy.	Service Delivery & Continuous Improvement Policy Development Group Cabinet	23 Mar 2026 7 Apr 2026	Lisa Lewis, Head of Digital Transformation & Customer Engagement	Cabinet Member for Service Delivery and Continuous Improvement	Open

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
Aids and Adaptations policy To receive a report updating and reviewing the Aids and Adaptations Policy.	Homes Policy Development Group Cabinet	Not before 1st Apr 2026 Not before 2nd Apr 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
May 2026					
June 2026					
Tenancy Fraud (NEW) To receive and approve a new policy in relation to Tenancy Fraud.	Homes Policy Development Group Cabinet Council	Not before 1st Jun 2026 Not before 2nd Jun 2026 Not before 3rd Jun 2026	Simon Newcombe, Head of Housing & Health	Cabinet Member for Housing, Assets and Property and Deputy Leader	Open
July 2026					

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SCRUTINY COMMITTEE WORK PLAN 2025-2026

Meeting Date	Agenda Item	Theme	Officer Responsible	Comments
26 January 2026				
26.01.26	Budget Update To consider the initial draft 2026/2027 Budget and options available in order for the Council to set a balanced budget.		Deputy Chief Executive (S151)	
13.01.26 26.01.26 Page 130	Regulation of Investigatory Powers Act Annual Report To consider the report.		Director of Legal, People and Governance (Monitoring Officer) Maria De Leiburne	
26.01.26	LGR & Scrutiny Providing members of the committee with an update on the latest situation with regards to local government reorganisation (LGR) and to consider how the committee might best scrutinise and add value to the next phases of LGR.		Chief Executive	

Meeting Date	Agenda Item	Theme	Officer Responsible	Comments
26.01.26	<p>Work Plan To review the existing Work Plan and consider items for the Committee's future consideration including a) Any items within the Forward Plan, b) Suggestions for future work.</p>		Clerk	
23 February 2026				
23.02.26	<p>Housing Voids To receive and discuss background information in relation to housing voids.</p>		Simon Newcombe	
23.02.26	<p>Freedom of Information Dashboard for 2025/26 Quarter 3 To receive the Dashboard</p>		Deputy Chief Executive (S151) Lisa Lewis	
23.02.26	<p>Whistleblowing Annual Update To consider the report.</p>		Director of Legal, People and Governance (Monitoring Officer) Matthew Page	
23.02.26	<p>Establishment Report To consider the report.</p>		Director of Legal, People and Governance (Monitoring Officer) James Hamblin, Matthew Page	
23.02.26	<p>Work Plan To review the existing Work Plan and consider items for the Committee's future consideration including a) Any items within the Forward Plan, b) Suggestions for future work.</p>		Clerk	

Meeting Date	Agenda Item	Theme	Officer Responsible	Comments
16 March 2026				
16.03.26	<p>Customer Engagement - Let's Talk Mid Devon To receive and discuss background information in relation to customer engagement through the Let's Talk Mid Devon platform.</p>		Deputy Chief Executive (S151) Lisa Lewis	
16.03.26	<p>South West Water (only if an update is due / ready) Review of actions and responses following 17th March 2025 Scrutiny Committee</p>			
16.03.26	<p>Work Plan To review the existing Work Plan and consider items for the Committee's future consideration including a) Any items within the Forward Plan, b) Suggestions for future work.</p>		Clerk	
20 April 2026				
20.04.26	<p>Freedom of Information Dashboard for 2025/26 Quarter 4 To receive the Information Dashboard</p>		Deputy Chief Executive (S151) Lisa Lewis	
20.04.26	<p>Scrutiny Chair's Annual Report To receive a report from the Chair of the Scrutiny Committee on the work the Scrutiny Committee has conducted over the last year.</p>		Chair	

Meeting Date	Agenda Item	Theme	Officer Responsible	Comments
20.04.26	<p>Work Plan</p> <p>To review the existing Work Plan and consider items for the Committee's future consideration including a) Any items within the Forward Plan, b) Suggestions for future work.</p>		Clerk	

Mid Devon District Council Scrutiny Proposal Form

(This form should be completed by Member(s), Officers and / or members of the public when proposing an item for Scrutiny).

Note: The matters detailed below have not yet received any detailed consideration. The Scrutiny Committee reserves the right to reject suggestions for scrutiny that fall outside the District Council's remit.

Proposer's name and designation	Rhys Roberts	Date of referral	20 th December 2025
Proposed topic title	Let's Talk Mid Devon Platform		
Link to national, regional and local priorities (Corporate Plan)and targets	The platform is heavily promoted by the council as the community's engagement hub and has links to other website and activities across the council's wider activities.		
Background to the issue	<p>The dedicated website was launched last year and promoted by MDDC as the community's hub to share ideas and join conversations to shape the future work of the council.</p> <p>The website offers residents the opportunity to consult on draft policies and provide an opportunity for residents tap into an online destination for personalised services and information.</p> <p>It was reported at the last scrutiny meeting that the current residents engagement rate was around 14%, a disappointing figure given the importance and promotion conducted by the council since its launch</p>		
List main points this report should cover (What do you want to achieve?)	In view of the engagement rate, I believe the report should cover set up and running costs and future targets of community engagement		
Should this be referred to the appropriate PDG/ Committee?	No		

What degree of priority is this issue? 1 = Urgent 2= High 3=Medium 4=Low	3
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