

***PLEASE NOTE EARLIER START TIME***

**Mid Devon District Council**

**Economy Policy Development Group**

**Thursday, 17 November 2016 at 5.00 pm  
Exe Room, Phoenix House, Tiverton**

**Next meeting  
Thursday, 19 January 2017 at 6.00 pm**

Those attending are advised that this meeting will be recorded

**Membership**

Cllr Mrs A R Berry  
Cllr Mrs J B Binks  
Cllr J M Downes  
Cllr R Evans  
Cllr S G Flaws  
Cllr T G Hughes  
Cllr Mrs B M Hull (Chairman)  
Cllr F J Rosamond  
Cllr Mrs N Woollatt

**A G E N D A**

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

**1 Election of Vice Chairman**

To elect a Vice Chairman of the PDG for the remainder of the municipal year 2016/17.

**2 Apologies and Substitute Members**

To receive any apologies for absence and notice of appointment of substitutes.

**3 Public Question Time**

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

4 **Minutes** *(Pages 5 - 10)*

To approve as a correct record the minutes of the previous meeting (copy attached).

5 **Chairman's Announcements**

To receive any announcements that the Chairman may wish to make.

6 **Pledge to support British Farming**

On 4 August 2016 the Cabinet voted unanimously to support the NFU pledge to back British Farming. Discussion to take place with a representative from the NFU as to the practical ways in which the Council can support this important sector within Mid Devon.

7 **Agriculture in Mid Devon** *(Pages 11 - 16)*

To receive a briefing paper from the Community Development & Regeneration Manager having recently attended a conference entitled 'Brexit: The future of farming' with the Chairman of the Policy Development Group. This paper will also help to provide some background information to the previous item on the agenda.

8 **Culm Valley in Business and Cullompton Town Team presentation**

To receive a presentation from the Culm Valley in Business Group and the Cullompton Town Team regarding the work that they do.

9 **Joint Exeter and the Heart of Devon (EHOD) Economic Development Strategy** *(Pages 17 - 68)*

To receive a report from the Economic Development Officer providing Members with an update on the development of the Joint Economic Strategy for Exeter and the Heart of Devon (EHOD).

10 **Performance and Risk for the second quarter of 2016-17** *(Pages 69 - 76)*

To receive a report from the Internal Audit Team Leader providing Members with an update on performance against the Corporate Plan and local service targets for 2016/17 as well as providing an update on any key risks.

**Please note: If Members have questions regarding this report please submit them to the clerk in advance of the meeting so that the appropriate officer can be asked to attend or provide a written response.**

11 **Financial update for the 6 months to September 2016** (*Pages 77 - 94*)

To receive a report from the Director of Finance, Assets & Resources presenting a financial update in respect of the income and expenditure so far in the year.

12 **Draft 2017/18 General Fund and Capital Budgets** (*Pages 95 - 114*)

To receive a report from the Director of Finance, Asset and Resources considering the options available for the Council to set a balanced budget for 2017/18 and agree a future strategy for further budget reductions for 2018/19 onwards.

13 **Economic Briefing for Mid Devon** (*Pages 115 - 122*)

To receive a briefing paper from the Community Development and Regeneration Manager providing some statistical information in relation to the employment, business, industry and tourism figures for Mid Devon.

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

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

- Presentation from the Crediton Town Team (to be confirmed)
- Tiverton Town Centre Action Plan and Market Strategy
- Update on the Tourism Strategy
- Update on car park vends
- Draft budget 2017/18
- Economic Development update

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

**Stephen Walford**  
Chief Executive  
9 November 2016

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting

and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Member Services Officer in attendance so that all those present may be made aware that is happening.

Members of the public may also use other forms of social media to report on proceedings at this meeting.

Members of the public are welcome to attend the meeting and listen to discussion. Lift access the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, or if you would like a copy of the Agenda in another format (for example in large print) please contact Sarah Lees on:

Tel: 01884 234310

E-Mail: [slees@middevon.gov.uk](mailto:slees@middevon.gov.uk)

Public Wi-Fi is available in all meeting rooms.

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 15 September 2016 at 6.00 pm

### **Present**

#### **Councillors**

Mrs B M Hull (Chairman)  
Mrs A R Berry, J M Downes, K Busch,  
Mrs S Griggs, F J Rosamond and  
Mrs N Woollatt

### **Apologies**

#### **Councillor**

R Evans

### **Also Present**

#### **Councillor**

R J Chesterton

### **Also Present**

#### **Officers**

Stephen Walford (Chief Executive), Andrew Jarrett (Director of Finance, Assets and Resources), Jenny Clifford (Head of Planning and Regeneration), Amy Tregellas (Head of Communities and Governance and Monitoring Officer), Andrew Cawdron (Finance Manager), John Bodley-Scott (Economic Development & Regeneration Manager), Chris Shears (Economic Development Officer), Alan Ottey (Market Manager) and Sarah Lees (Member Services Officer)

## 24 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Cllr R Evans.

## 25 **PUBLIC QUESTION TIME**

There were no members of the public present.

## 26 **MINUTES**

The Minutes of the previous meeting were confirmed as a true and accurate record and **SIGNED** by the Chairman.

## 27 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make other than to state that, Andrew Cawdron, the Finance Manager, would support the Group in the future regarding any financial matters.

## 28 **FINANCIAL MONITORING - 3 MONTHS TO JUNE 2016**

The Group had before it, and **NOTED**, a report \* from the Director of Finance, Assets and Resources presenting a financial update in respect of the income and expenditure so far in the year.

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

- The forecasted General Fund deficit for the current year was currently showing as £202k.
- There was a £20k deficit for market income however the Market Manager was actively seeking new traders and it was still early in the financial year.

Discussion took place regarding:

- Footfall figures for Tiverton being down. The question was asked as to how footfall figures were collected and what they were measured against. It was confirmed that in relation to the market counts were undertaken on market days and at three different time slots throughout the day. It could not be possible to guarantee 100% accuracy but they would typically be within 10% and would indicate a trend.
- The Group had responsibility for holding service managers and their budgets to account for the areas that fell within the Economy remit. This would be especially important during the budget setting exercise at the end of the year.
- The fact that this Group was now responsible for overseeing car parking and there would be an update on vends at the next meeting and regular six monthly reviews.
- There had been a need to incur some expenditure in relation to commissioning some work to support the Local Plan, for example, traffic assessment modelling, the Council did not have this type of expertise in house.
- There needed to be further clarity regarding the areas the Group would be responsible for in terms of financial monitoring and the Constitution needed to reflect this.

The Finance Manager stated that in future the report would be clearer in terms of showing which committee various budget lines came under.

Note: \* Report previously circulated; copy attached to the signed minutes.

## 29 **BUSINESS RATES CONSULTATION RESPONSE**

Following a request made at the last meeting, the Director of Finance, Assets and Resources and the Finance Manager provided the Group with a presentation regarding the Business Rates Consultation exercise currently being run nationally.

This included the following relevant information:

- The Government required a response from local authorities by 26 September 2016. More technical consultation would be issued in the autumn and

legislation itself in early 2017. By April 2017 the first pilot scheme would commence.

- A document containing thirty six questions had been sent to all local authorities.
- Currently 50% of Business Rates were retained nationally with Mid Devon District Council keeping 13% of what it collected.
- A key principle of the new scheme would be that 100% of Business rates would be retained by Councils nationally but the Government needed to decide how to allocate 'fairly' across the country and between different authorities.
- The Government wanted to reward growth whilst recognising the need to manage risk in a new system.
- The first group of questions covered a review of Councils to establish a new baseline for each Council and their 'relative' need'.
- The second group of questions covered how to account for tax growth but no details were provided on how local tax growth would be reflected in future funding allocations.
- The third group covered how to transition to the new scheme funding levels which could be more or less for an individual Council. It was not possible at this stage to say whether Mid Devon would benefit or be penalised by the new system.
- Even if the Council received more monies in the future it would have more responsibilities and as a result more risk which would require more ear marked reserves to provide a buffer against possible funding swings.

The Director of Finance, Assets and Resources stated that he would draft a response to the questions and copy it to all Members the following week together with the slides that had been shown during the meeting.

### 30 **PERFORMANCE AND RISK Q1**

The Group had before it, and **NOTED**, a report \* from The Head of Communities and Governance providing Members with an update on performance against the Corporate Plan and local service targets for the first quarter of 2016/17 as well as providing an update on the key business risks.

Discussion took place regarding:

- The number of apprentices working for the Council was not seen as an adequate indicator for the aim 'Focus on business retention and growth'.
- It was confirmed that performance indicators were being looked at corporately.
- The Group were requested to identify the indicators that it would find meaningful in the future. Some existing indicators were based on annually produced national statistics which may not have much meaning locally.
- The question was asked as to why the 'annual target' for the number of empty shops seemed to be higher than on the 'actual number' for the previous year, surely the target should be lower. It was confirmed that officers would look at these targets again.
- It was reiterated that the funding to support economic projects reflected Mid Devon District Councils share of the Exeter & Heart of Devon Business Support Funding (£53,092) and the Devon Enabling Fund (£3,750).

- A structural survey had been commissioned to identify the cause of the bow in some of the glass doors of the market. However, this was no longer as serious as first thought and possibly related to badly fitted hinges.

Note: \* Report previously circulated; copy attached to the signed minutes.

## 31 **ECONOMIC DEVELOPMENT UPDATE**

The Group had before it, and **NOTED**, a report \* from the Head of Communities and Governance providing it with an update on the work and projects of the Economic Development and Regeneration team.

Discussion took place regarding the following projects:

### Supporting Key Business and Inward Investment Opportunities

- At the last meeting a potential investment with Hitchcocks, a horticultural business, had been mentioned, this was now advancing to the final stages.
- It was requested that the business projects in this section be listed in the report in future.

### Exeter and the Heart of Devon (EHOD)

It was confirmed that the workshop referred to at the last meeting had now taken place with all the planning leads to discuss how economic development teams would feed into the planning process. An update would be provided at the next meeting.

### Better Business for All

TESCO were undertaking an engagement exercise with the supplier network seeking honest opinion as to what the issues were. The Council was working to partner with them in order to get feedback on the regulatory services in the south west and how the Council could help to improve the relationship with the supplier network.

### Growth Hub

It was reported that the bid for the diagnostic and bespoke support element of the Growth Hub had been successful. Devon County Council would be the contract holder and sitting under that would be a partnership of 5 delivery organisations which would deliver detailed diagnostics to businesses across Devon and Somerset.

It was further reported that there would be workshops and all sorts of activities to support the business community to ensure collaborative working. The project had ambitious targets and as soon as the contract was signed the Group would be informed as to what those targets were. Through the district's involvement it had ensured a strong presence in the governance of the project.

### Incubator Space / Work-hub project

A feasibility study would be undertaken to explore possible expansion in the Hayridge Centre.



## Tourism

A verbal update would be reported at the next meeting regarding the Tourism Strategy consultation.

The 'face to face' survey sent out to 200 businesses and which had been very detailed had been an adjunct to a number of other means of gathering feedback from the local community on the strengths and weaknesses of current provision to tourists.

## Tiverton Coach Park

The Chairman stated that it was disappointing there had only been 5 bookings since April. The Head of Communities and Governance stated that the relevant officer would be actively marketing Tiverton to coach companies in the near future.

## High Street Innovation Fund

- The Cullompton Farmers Market were in the process of revising their business plan and the website was a part of that. Members would be updated following the meeting as to what the sum of £9,500 allocated to them had been used for.
- The question was asked as to why footfall figures were down for Tiverton despite money being allocated to the Tivvy Bumper Trail and the Access Tiverton project? It was explained that the Museum had reported higher visitor number as a result of these two projects. The Tivvy Bumper Trail had been launched during the summer holidays and it maybe that family's had been away for much of the summer having an effect on footfall within the town.
- The Tiverton Dementia Action Alliance project was still in the early stages, part of the next stage would be to roll out training so that shop staff, for example, knew how to deal with somebody having difficulties.

Note: \* Report previously circulated; copy attached to the signed minutes.

## 32 **TIVERTON TOWN CENTRE ACTION PLAN AND MARKET STRATEGY UPDATE**

The Group received an update from the Tiverton Town Centre and Market Manager regarding the recent consultation on the Tiverton Town Centre Action Plan and the Market Strategy \*. It was explained that there had been some recent staffing changes in that the previous Town Centre Manager had now left and that for the next 12 months at least, Alan Ottey, the Market Manager, would be covering the Town Centre Manager post for 2 and a half days while Zoe Lentell and Alan Ottey would be covering the Market Manager role for 2 and a half days each.

The Group were informed that a consultation had taken place with some helpful responses. The intention was now to amalgamate both documents into one since they were closely linked and one document would provide more clarity as to the overall vision. The finalised version for approval would be brought before the Group at their next meeting.

Discussion took place regarding:

- Strong leadership from the Council was needed together with a strong partnership with and between local businesses.
- The 'drab' appearance of the town as visitors walked from the Multi Storey Car Park up through to the High Street. The back of the shops was seen as being particularly off putting. The Group were reminded that a Tiverton Town Centre Masterplan was being commissioned which would address these very issues as well as the future role and function of the town centre and regeneration as a whole.
- The expertise of the Tiverton Town Centre Manager would be shared with colleagues in both Crediton and Cullompton.
- It was stated that previous attempts to bring groups together within the town had not been very successful, however, the new Town Centre Manager explained that it took time and that a positive attitude needed to be fostered whereby, having learnt from lessons in the past, opportunities for collaborative working for the benefit of the town needed to be promoted and encouraged.
- Food markets and arts and crafts were nationally the most popular reasons for people visiting markets.
- The Council was working with Petroc in trying to encourage young people to think about what it took to run a business.

Note: Tiverton Town Centre Action Plan and Market Strategy previously circulated; copy attached to the signed minutes.

### 33 IDENTIFICATION OF ITEMS FOR THE NEXT MEETING

In addition to the items already listed in the work programme, the following was requested to be on the agenda for the next meeting:

- An update on car park vends
- An update on Rural Broadband
- Budget planning for 2017/18
- Verbal update on the Tourism Strategy consultation
- The Joint Exeter and the Heart of Devon (EHOD) Economic Development Strategy.

(The meeting ended at 7.40 pm)

**CHAIRMAN**

- 1.0 As a predominately rural district agriculture has played a significant role in shaping and defining the character of the district. Although farming has undergone major difficulties in recent years and its contribution to the national economy is declining in relative terms, agriculture still remains an important driver for the local economy – not only through direct employment in farming, but also through food processing and manufacturing.
- 2.0 Mid Devon Farming in Figures:
- There are 1,374 agricultural holdings and 522 agricultural businesses in the district, representing 10% of all Mid Devon businesses.<sup>1</sup>
  - There are a further 435 businesses involved in food processing, food manufacturing and primary retailing of agricultural products.
  - In total, therefore, 18.5% of Mid Devon businesses are directly dependant on agriculture, either as primary producers, processors, manufacturers or retailers.<sup>2</sup>
  - Livestock farming is the dominant land usage in Mid Devon, with 70% of holdings managed as grassland for dairying, lowland cattle and sheep, with a further 10% under mixed usage.<sup>3</sup>
  - In 2013 3,327 people were directly employed in agriculture, representing 9% of the total Mid Devon workforce at the time. Of these 49.3% were working full time, including 1,113 full time farmers, and 370 full time farm workers.<sup>3</sup>
  - Agriculture tends to have relatively low levels of labour productivity, and therefore in pure economic terms its contribution to the Mid Devon economy is significantly less than its impact on the landscape character and social fabric of the district.
  - In 2008 agriculture's share of Devon's GVA was less than 2%.<sup>4</sup> If one includes the whole agri-food industry in its broadest sense, including restaurants, bars, supermarkets and accommodation, the contribution to the county's GVA is 13%. This is nearly double the equivalent figure for Great Britain at 7.6%.<sup>5</sup>
  - However, the economic significance of agriculture as a sector has been contracting. Agriculture's share of Devon's GVA had fallen from 3.5% in 1995 to under 2% in 2008, which compares with a fall from 2% to less than 1% for the UK as whole.<sup>5</sup>
- 3.0 Current Issues in Farming
- Obviously, the dominant issue at the moment is the future of farming post Brexit and the need to develop a truly national agricultural policy that meets the needs of all UK farmers, balances food production and environmental needs, and provides value for UK taxpayers.
  - However, we must not forget that even before the EU referendum UK farming was facing significant pressures from increasing competition from imports, soaring feed prices, increasing energy costs, prices being driven down by the large supermarket chains and incidents of major diseases such as foot and

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<sup>1</sup> Defra June Farm Survey 2013 & MintUK database. Holdings are not the same as farm businesses, as farm businesses often include a number of agricultural holdings.

<sup>2</sup> MintUK database

<sup>3</sup> Defra June Farm Survey, 2013

<sup>4</sup> Gross Value Added (GVA), the standard measure of productivity, is only available at county level

<sup>5</sup> *Lobley, M, Trail Thomas, J., Barr D A (2012) Review of Devon's Food Economy CRPR No 34, Centre for Rural Policy Research, Exeter*

mouth & Bovine TB etc. These have all had and continue to have serious impacts on the nature and shape of British farming.

#### 4.0 Agriculture Post Brexit

- From even a quick scan of the media, it is apparent that no one is mourning the loss of the EU's Common Agricultural Policy. Many people see it as an opportunity for a well needed national debate on the future of farming and more broadly on the future of the countryside.
- The emerging issues include:
  - What should be the extent and nature of agricultural subsidies? In 2014 agricultural subsidies made up 55% of farming income nationally (up to 80% in upland LFA (Less Favoured Areas).
  - The need to increase competitiveness and productivity within the agricultural sector to meet future challenges
  - Food security – How much food should we produce and how much should we import? We currently produce only 54% of our food needs. However, intensification of food production is likely to mean greater environmental impact.
  - The role of farming in ensuring broader environmental benefits – flood prevention, carbon capture, maintaining water quality, biodiversity, protecting soils, landscape management.
  - Balancing food production and other land uses e.g. for energy – biofuels, solar farms, wind turbines.

5.0 Since the June referendum a number of bodies representing the broad range of interests in farming and the countryside more generally have made policy statements in advance of a wider national debate. To get a flavour of the current debate it is worth looking at the following papers:

- The National Farmers' Union (NFU) 's 'Brexit Policy Statement' - calls for the development of 'competitive, profitable and progressive farming' and stresses food security alongside broader environmental benefit.  
[\(https://www.nfuonline.com/news/latest-news/nfu-council-supports-bold-vision-for-post-brexit-farming/\)](https://www.nfuonline.com/news/latest-news/nfu-council-supports-bold-vision-for-post-brexit-farming/)
- CLA (Country Landowners Association)'s 'New Opportunities' sets out six principles for a new food, farming and environmental policy:
  - A productive, competitive farming and forestry sector
  - Food security
  - Enhance the Environment
  - A dedicated UK budget
  - Value for money
  - Clear, proportionate regulation<https://www.cla.org.uk/newopportunities>
- National Trust (UK's largest landowner) – 'The Future of our Countryside' (Aug 16) calls for a more direct link between subsidies and environmental benefits  
'Taxpayers should only pay public subsidy to farmers in return for things that the market won't pay for but are valued and needed by the public' *NT Director-General, Helen Ghosh.*  
<https://www.nationaltrust.org.uk/news/the-future-of-our-countryside>

- Campaign for the Protection of Rural England (CPRE) – ‘New Model Farming’ (July 2016) Brexit vote offers chance for farming to become more diverse and environmentally resilient <http://www.cpre.org.uk/resources/farming-and-food/farming/item/4347-new-model-farming>
- Joint Statement by WWF, RSPB, & NT - ‘A new policy for our countryside’ - *The need for a policy for the countryside that delivers high environmental standards for land management.*  
[http://assets.wwf.org.uk/downloads/18109\\_farming\\_wildlife\\_policy\\_a4\\_leaflet\\_27\\_9\\_16\\_c.pdf](http://assets.wwf.org.uk/downloads/18109_farming_wildlife_policy_a4_leaflet_27_9_16_c.pdf) -

Also see the following article:

<https://www.theguardian.com/environment/2016/oct/08/walking-into-the-unknown-rural-england-weighs-up-the-reality-of-brexit>

## Detailed Statistics

**Number of Agricultural Holdings:** 1,374 (Defra, June Agricultural Survey, 2013)<sup>6</sup>

Area of key crops			% difference 2010 - 2013
Total Hectares	81,591		+ 7%
<i>of which</i>			
Grasslands	57,282	70.2%	+6%
Cereals	12,056	14.7%	+16%
Arable Crops (excl. cereals)	6,830	8.4%	+11%
Fruit & Veg	458	0.5%	+4%

Source: DeFRA June Farm Survey 2013

<https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june>

## Agricultural Holdings by Type

% of holdings not classed as other	Mid Devon (2004)	Devon (2006)	South West (2006)	England (2006)	
Cereals	7%	7.2 %	10.3 %	19.0 %	
General Cropping	1%	1.7 %	2.3 %	7.5 %	
Horticultural	6%	7.6 %	8.5 %	7.8 %	
Pig	7%	1.4 %	1.6 %	1.9 %	
Poultry		5.4 %	5.1 %	5.2 %	
Dairy	23%	15.9 %	15.8 %	10.7 %	
Cattle & Sheep (LFA)	-	15.3 %	8.5 %	10.7 %	
Cattle & Sheep (lowland)	46%	34.9 %	37.6 %	27.7 %	

<sup>6</sup> <https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june>

Mixed	11%	10.7 %	10.3 %	9.2 %	
Other <sup>7</sup>	31%	43.0 %	44.2 %	41.2 %	

Source: Butler, A. and Lobley M. (2007) *Farming in Devon: Changes since 2002 and developments in the near future*. CRPR Report No. 22. CRPR, Exeter

### Agricultural Holdings by size

2006	Mid Devon	Devon	England
Less than 5ha	39.9 %	42.0 %	42.2 %
5 ha to less than 20 ha	21.2 %	20.3 %	19.8 %
20 ha to less than 50 ha	16.3 %	16.0 %	13.8 %
50 ha to less than 100 ha	13.4 %	12.5 %	10.9 %
100 ha and over	9.1 %	9.2 %	13.3 %

Source: Butler, A. and Lobley M. (2007) *Farming in Devon: Changes since 2002 and developments in the near future*. CRPR Report No. 22. CRPR, Exeter

### Holding size in Devon districts in 2006

% of holdings in each district

	Mid Devon	East Devon	North Devon	South Hams	Teign-bridge*	Torrige	West Devon
Less than 5ha	39.9	43.9	37.6	44.1	55.2	39.9	43.3
5 ha to less than 20 ha	21.2	18.9	19.4	20.0	26.6	21.4	18.8
20 ha to less than 50 ha	16.3	16.1	17.7	14.5	18.2	15.8	15.8
50 ha to less than 100 ha	13.4	12.0	14.7	12.3	-	13.2	12.1
100 ha and over	9.1	9.0	10.6	9.1	-	9.7	10.0

\* Information suppressed about holdings between 50 ha to 100 ha and 100 ha and over.

Source: Butler, A. and Lobley M. (2007) *Farming in Devon: Changes since 2002 and developments in the near future*. CRPR Report No. 22. CRPR, Exeter

### Agricultural Labour Force

Agricultural Labour Force on commercial holdings 2013		%
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<sup>7</sup> The high proportion of farms classified as 'other' may be a reflection of the well-known trend of new entrants purchasing small areas of land with a dwelling, but it could also be a consequence of a more rigorous approach to bio-security which has led Defra to issue more holding numbers

Farmers, partners, directors and spouses, Full Time	1,270	38.2%
Farmers, partners, directors and spouses, Part Time	1,113	33.5%
Regular Workers, full time	370	11.1%
Regular Workers, part time	314	9.4%
Casual Workers	203	6.1%
<b>Total Labour Force</b>	<b>3,327</b>	
<i>Source: DeFRA June Farm Survey 2013</i>		
<a href="https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june">https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june</a>		

- There has been a decrease in full time farmers and increase in part-time farmers – including those who are semi-retired, farmers scaling back on farming activities to develop other economic activities, and new entrants where agriculture is only part of their business activities.
- Fewer young people see a full time career in farming as a viable choice, leading to a lack of skilled labour and people with the appropriate training to take farming industry forward in Devon.

### Components of the Agri-Food Sector

		Mid Devon	% of agri-food businesses	% of total businesses	SIC 2007 Codes
<b>Core agri-food industry</b>	Primary Production	522	54.5%	10.1%	01
	Food and Drink Manufacturing	38	3.9%	0.7%	101, 102, 103, 104, 105, 106, 107, 108, 109, 110
	Food and Drink Wholesaling	39	4.1%	0.7%	4611, 4617, 4620, 4630
	Specialist Food and Drink Retailing	48	5.0%	0.9%	4721, 4722, 4723, 4724, 4725, 4729, 4781
<b>Secondary Food sectors</b>	Non-specialist predominantly food and drink retailing	12	1.2%	0.2%	4711
	Food and Beverage services	202	21.1%	3.9%	5610, 5620, 5630
<b>Food related</b>	Accommodation	96	10.0%	1.8%	55
<b>Total Agri-food businesses</b>		957	100%	18.5%	
<b>TOTAL Businesses</b>		5176		100%	

Data Source: Mint Database 11/10/16

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**ECONOMY PDG  
17 NOVEMBER 2016**

## **JOINT ECONOMIC STRATEGY UPDATE**

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

**Responsible Officer** Chris Shears, Economic Development Officer

**Reason for Report:** To provide members with an update on the development of the Joint Economic Strategy for Exeter and the Heart of Devon (EHOD).

**RECOMMENDATION:** That the PDG recommends to the Cabinet that the Joint Economic Strategy be adopted.

**Relationship to Corporate Plan:** The economy is one of the Council's key corporate priorities within the Corporate Plan.

**Financial Implications:** None at this stage.

**Legal Implications:** No legal implications.

**Risk Assessment:** None

### **1.0 Introduction**

1.1 Mid Devon District Council has been working collaboratively with neighbouring local authorities, Exeter, East Devon and Teignbridge, to develop a joint economic strategy that sets out our collective growth ambitions, priorities and approach that we will take to support economic growth and development for the Greater Exeter area.

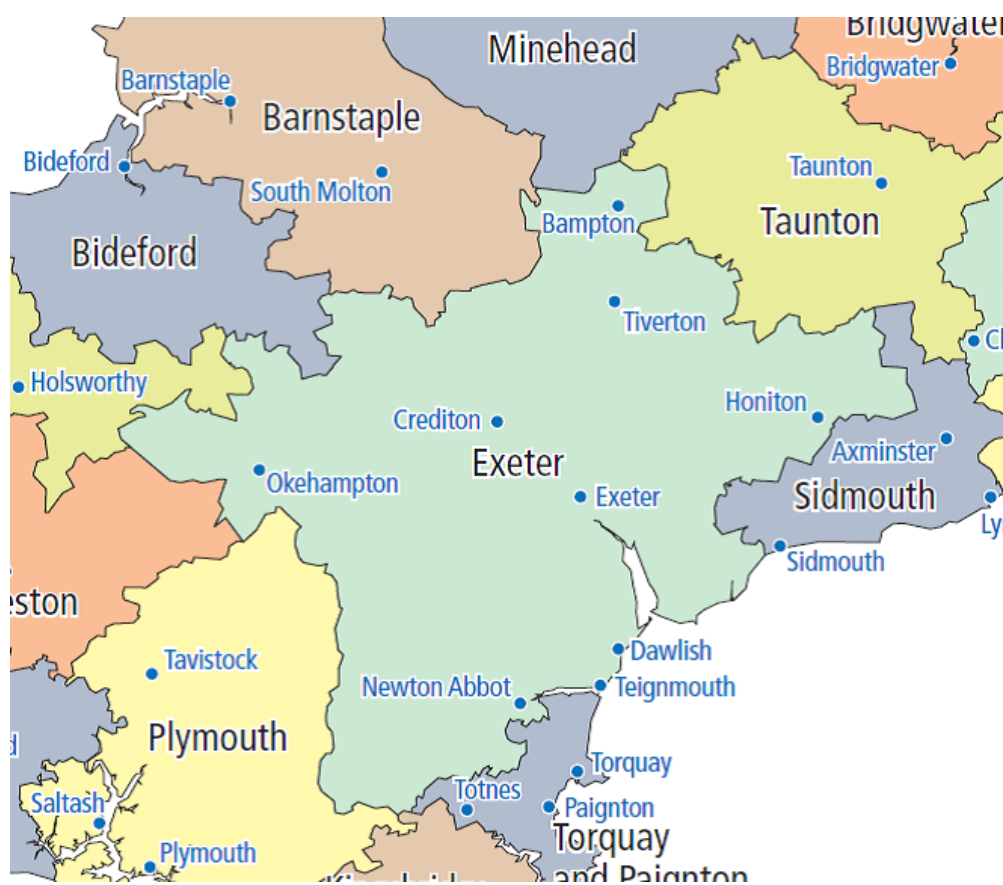
1.2 No new resource or structural changes are being put forward in this Strategy – only an assurance that EHOD authorities continue to dedicate the existing economic officer resource to the 4 key EHOD intervention areas where we can show collaborative working to be more effective and efficient in delivering outputs for our local authority areas beyond what we could achieve in isolation.

1.3 Members are invited to provide feedback on the draft Strategy by the 24<sup>th</sup> of November, and a final draft is expected to be produced by the partnership on 7<sup>th</sup> of December 2016. It will then be sent to the Cabinet for their endorsement on 5<sup>th</sup> January 2017.

### **2.0 Summary of the Strategy**

2.1 The Strategy is a partnership agenda that builds on current collaborative activities: the four authorities have been delivering a range of joint economic development projects and programmes for a number of years. We share a functional economic geography, have many of the same aspirations and

recognise that more can be achieved working together, particularly in an environment where resources are increasingly scarce.



Functioning Economic Geography of Exeter and the Heart of Devon

- 2.2 The document sets out key activities and a mechanism to formalise and make a step change in partnership working. It is not about a 'combined economic development service' but a practical response to the need to secure efficiencies and maximise impact.
- 2.3 It communicates a shared agenda for sustainable economic growth to maximise leverage for the region.
- 2.4 The strategy sets out a pragmatic approach to shape and deliver interventions that will make a difference in terms of business growth and investment. Critically, it focuses on those activities where clear economies of scale and efficiencies can be achieved:
  - Business transformation
  - Inward investment
  - Employment and skills
  - Strategic planning and infrastructure
- 2.5 It has a focus on inward investment and attracting new, quality jobs as well as supporting and working with existing businesses to help them to grow.
- 2.6 It is a shared approach, with each authority taking responsibility for leading on specific thematic areas, committing staffing and budget to deliver that activity.
- 2.7 The Economic Strategy has not been prepared in isolation. The four authorities have been mindful of the need to align the strategy with the LEP and DCC growth plans to ensure a strong, shared voice for the region.

2.8 Economic Development Officers across the four authorities have ensured that their respective Portfolio Holders and leadership teams are informed and engaged in our partnership work throughout. This has enabled us to make significant progress within our shared functioning economic market area.

**Contact for more Information:** Chris Shears, Economic Development Officer  
**Circulation of the Report:** Cllr Richard Chesterton and Stephen Walford

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# A shared strategy for economic growth and prosperity 2017–20

Version 1  
November 2016  
Draft

Pragmatic in its focus, the strategy sets out how our economic development teams are working effectively on the areas where our respective council/corporate plans overlap.

The strategy also sets out our collective growth ambitions, priorities and future approach that we will take to support economic growth and development for the greater Exeter area.

No new resource or structural changes are being put forward in this strategy – only an assurance that EHOD authorities continue to dedicate the existing economic officer resource to the four key EHOD economic initiatives where we can show collaborative working to be more effective and efficient in delivering outputs for our local authority areas beyond what we could achieve in isolation.

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10	Our shared strategy
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Exeter International  
Airport is a key attractor  
to inward investors



# Foreword

We are pleased to present our Shared Economic Strategy for Exeter and Heart of Devon (EHOD), which sets out our growth ambition, priorities and approach that we will take to enable the growth of the regional economy. This is a joint agenda across the four Councils that make up the EHOD sub-region, taking into account the different opportunities and challenges across our local authority areas of Exeter City, East Devon, Mid Devon and Teignbridge.

Creating a sustainable high performing economy at a time of comparative uncertainty is at the heart of our strategy and action priorities. We have established priorities around increasing high-quality jobs, attracting and retaining investment, unlocking and enabling development as well as improving productivity, skills, qualifications and employability. This Shared Economic Strategy sets out a shared vision and framework to steer the economic interventions of the Councils and partner organisations. We cannot create jobs and wealth in isolation, but we can create the right environment for businesses to grow and flourish.

Creating a sustainable high performing economy at a time of comparative uncertainty is at the heart of our strategy and action priorities

We will use the Shared Economic Strategy to communicate to partners our ambitions and plans, with a view of improving collaboration and maximising leverage. The strategy will address the key themes of the Heart of the South West Local Enterprise Partnership (HOTSW LEP) Devolution Prospectus and support the delivery of the emerging Single Productivity Plan, maximising the effectiveness of the group's work with the HOTSW LEP. It will complement the ambitions of the updated

EAST DEVON DISTRICT COUNCIL

*Signature here*

Cllr Paul Diviani  
*Leader*

*Signature here*

Cllr Philip Skinner  
*Economy PFH*

EXETER CITY COUNCIL

*Signature here*

Cllr Pete Edwards  
*Leader*

*Signature here*

Cllr Rosie Denham  
*Economy & Culture PFH*

Devon Strategy for Growth, shaping our conversations with Devon County Council and our partners in supporting delivery of the wider regional growth programmes. It will also help better coordinate our collaboration with the business community to drive forward our economic growth plans.

The collaborative approach our respective Economic Development teams have developed is strong in its pragmatism and representativeness. We have acted on efficiencies and are exploiting opportunities for shared sub-regional economic growth, whilst still delivering on our local economic priorities at district level. This incremental approach to economic partnership is de-risked. It enables the local delivery of individual Corporate Plan requirements and presents an optimal shared platform for the identification of robust and deliverable employment and infrastructure allocations through joint Strategic and Spatial Planning.

This EHOD economic partnership and Shared Strategy is endorsed by the Leader and Portfolio Holder (PFH) for each of the four EHOD authorities. We will continue to dedicate an Economic Development resource to ensure the EHOD partnership continues to deliver the strategy's economic initiatives.

MID DEVON DISTRICT COUNCIL

*Signature here*

Cllr Clive Eginton  
Leader

*Signature here*

Cllr Richard Chesterton  
Deputy Leader  
Planning & Economic  
Regeneration PFH

TEIGNBRIDGE DISTRICT COUNCIL

*Signature here*

Cllr Jeremy Christophers  
Leader

*Signature here*

Cllr Doug Hellier-Laing  
Economy, Skills & Tourism PFH

# Realising our growth potential

# Our sub-region incorporates three overlapping functioning economic market areas

## The area

Our sub-region incorporates three overlapping functioning economic market areas (FEMAs) within the South West Region: the 'M5 Corridor', 'South Central' part of the region and the 'A303', which includes parts of East Devon, adjacent to Exeter and Mid-Devon. We can also be described as a city-region, with Exeter at the core of an interdependent rural and coastal hinterland.

The structure and strength of the economy of Exeter is a key regional driver for the EHOD economy and is recognised as the central economic hub by EHOD districts. Similarly, there is a shared recognition that Exeter's housing and economic needs will increasingly be met beyond the borders of Exeter, within East Devon, Mid Devon and Teignbridge.

Fig. 1: EHOD sub-region



# Our shared strategy

## The EHOD shared strategy defines our joint growth ambitions and how we aim to increase competitiveness and improve productivity in the area

The importance of Exeter and Heart of Devon (EHOD) as an economic hub and focus for growth within Devon is clear. The sub-region's economy has recorded strong growth in recent years, outperforming the county and Heart of the South West LEP (HOTSW LEP) average on a number of indicators. We will build on our distinctive competitive and environmental advantages:

- World class research, education, and training organisations.
- Central location in the South West with good transport access by road, rail, and air.
- Outstanding strategically important employment sites and office locations.
- Competitive consistently lower rents and rates to comparable sub-regions.
- High quality of life, with rich cultural heritage and natural landscape and a variety of urban centres, thriving market towns and small communities.

Whilst the local economy has shown itself to be relatively resilient through recent economic difficulties, the area faces a number of challenges. These need to be addressed in a coordinated and collaborative way if EHOD is to realise its growth potential. These include poor performance in terms of productivity, low average earnings and some skills deficiencies. The availability of high end broadband capacity is an issue in a number of our business locations. A shared challenge is the lack of physically available and deliverable employment land to accommodate different levels of growth requirement – many in response to indigenous growth.

More recently, the potential impact of a changed economic relationship with the European Single Market must also be considered in terms of how we might adapt our collaborative working, especially in our approach to encouraging inward investment.



Exeter is EHO's  
economic hub



The EHOD Shared Strategy defines our joint growth ambitions and how we aim to increase competitiveness and improve productivity in the area. This is a partnership agenda between four local authorities and represents a major opportunity to have a strong, shared voice for the region and make a step change in our collective efforts to drive the economic growth of the area. The focus is on inward investment and attracting new, quality jobs, as well as supporting and working with existing businesses to help them to grow.

The Shared Strategy has not been prepared in isolation. It takes account of the Government's own 'Plan for Growth', the HOTSW LEP's Strategic Economic Plan (SEP) and the developing Single Productivity Plan (SPP)

for the area, together with the refreshed Devon Strategy for Growth and EHOD Skills Plan Evidence Base. We are already supporting delivery of a range of growth projects, including the major transformational £2 billion Exeter and East Devon Growth Point, as well as the ground-breaking development of a new joint Greater Exeter Strategic Plan (GESP). We need to ensure we are working in synergy to develop these programmes further, maximising our promotion of inward investment to populate existing strategic employment areas, whilst informing the identification of future sites best suited to economic growth.

As an area, we share many of the same aspirations and recognise that more can be achieved working together, particularly in an environment where resources are increasingly scarce. The assets, opportunities and level of collaboration and partnership working demonstrate that with the right strategy in place, EHOD has the potential to build its profile and competitive position in order to compete for investment, talent and high quality jobs. In this sense, our Shared Strategy is straightforward in its scope. It promotes a less fragmented, more collaborative working arrangement between our local authorities on the shared economic objectives articulated in our individual Council/Corporate Plans.

These areas of economic overlap we have identified as:

See page 29  
'Shared economic initiatives'

A *Business Support and Transformation*: we each share a commitment to supporting the success and development of businesses in our respective districts. It makes sense to work together, pooling resource to unlock value through joint contracting which also ensures consistent, high quality support provision across our functioning economic geography.

### Where our work overlaps, it's easy to demonstrate the added value of joint working

- B *Joint approach to inward investment*: companies don't see local authority boundaries and our ED teams working to attract these businesses recognise this fact. We share a wish to see an increased number of skilled, well paid jobs through successful inward investment. Whereas we would struggle to promote any single district, we can work together more effectively to market Exeter and the Heart of Devon and maximise the chance of successful investment.
- C *Strategic planning*: employment land and infrastructure. Most recently, we have responded as a partnership in becoming part of the formal planning structure to ensure the right employment opportunities and required infrastructure will be identified through our GESP.
- D *Employment and skills*: improved engagement working together in partnership with our EHOD Employment and Skills Board is crucial to create a world class workforce and maintain our competitive position. Given the labour market challenges currently faced by EHOD, we will be more successful in promoting the area to high value inward investors if we can tailor skills delivery to the future needs of these businesses.

As Economic Development teams, we will continue to deliver on our individual district level Economic Development Strategies and Service Plans, but where our work overlaps, it's easy to demonstrate the added value of joint working to maximise efficiencies and avoid duplication and inconsistency.

Fig. 2: economic development work overlap



# We need to address opportunities and threats to strengthen the local economy

### **Our challenges**

Our review of the socio-economic profile of the EHOD area has identified a number of opportunities and threats, which we need to address to strengthen the local economy. These have informed our economic initiatives later outlined and include:

#### *EHOD strengths and opportunities*

- Significant growth potential beyond Enterprise Zone
- Recognised as an opportunity area in HOTSW LEP's current priorities
- Delivery focus on the Devolution Prospectus priorities (See Appendix 3)
- Met Office High Performance Computer
- Development of the knowledge economy
- Tourism helping to promote inward investment and workforce relocation
- Potential of Exeter City Futures to shape change

#### *EHOD threats and weaknesses*

- Ageing workforce and population
- Rural communities becoming more dormitory, increasing commuting and loss of sustainability
- Lack of ability to bring forward employment land within a constrained timescale
- Low number of JSA claimants (limited pool for new jobs)
- Enterprise Zone can present challenges for existing EHOD employment sites
- Hinkley Point C could exacerbate skills shortages
- South West sectors disproportionately reliant on trade with European Single Market

Much can be missed with acting only on the opportunities available for us to grow our economy, without fully addressing some of our most pressing shared challenges. These too require further analysis to develop a shared understanding to enable an effective joint response.

Our current challenges include:

- The area faces a widening ‘productivity gap’ compared with other parts of England. In relative terms, the North Devon economy has overtaken EHOD in terms of productivity growth (SQW, June 2015)
  - GVA per job is the most accurate measure of productivity. EHOD’s contribution to Devon’s total GVA has dropped from 65% in 2000 to 62% in 2014 (SQW, June 2015)
  - North and South West Devon contribute considerably less to Devon’s overall GVA (38%). However, their annual GVA growth rate (2.76% and 2.49% respectively) is higher than EHOD’s at 1.88% (2000 to 2014). In this way, they are gradually catching up to EHOD in terms of overall contribution to Devon’s total GVA (SQW, June 2015)
  - Devon’s productivity was 84% of the England average in 2000. This gap has widened to 80% (2014) (SQW, June 2015)
- The sectoral composition of the economy is dominated by low value, low productivity jobs, which largely service the needs of the local population
  - The sectoral composition of the EHOD area is over-represented in ‘Public admin, education and health’ (33% compared a UK figure of 27%) along with ‘wholesale and retail’ (19% compared with 16% nationally). (ONS Business Register and Employment Survey, 2015)
  - To put this into context, in 2014 it was estimated an average of 26% of jobs across the EHOD area paid below the recommended living wage. This equates to over 45,000 low paid jobs across EHOD (Annual Survey of Hours and Earnings (2014 – provisional))
- Earnings are lower than average in most of the EHOD area and link to housing affordability and relative poverty
  - Wages are broadly comparable across the EHOD area. By place of residence, they are lowest in Teignbridge (£440.80/week) and highest in East Devon (£498.90/week) (ONS annual survey of hours and earnings – resident analysis, 2015)
  - By place of work (not residence), wages are notably higher in Exeter (£536.50/week) than in the rest of EHOD (EHOD less Exeter £446.40/week) (ONS annual survey of hours and earnings – workplace analysis, 2015)

- Average EHOD wages (£20,491 pa) are still lower than both the South West (£21,283 pa) and England (£22,716 pa) average (ONS, 2015)
  - EHOD has a higher house price ratio than the rest of England (9 times the average salary compared to 7.5 times nationally) (Housing Market Profile, July 2016). With higher house prices and lower than average wage levels, many young skilled workers move out of the county to pursue careers and more affordable housing
  - For Exeter, the loss of employment premises to residential use is being compounded by the loss of sites to student accommodation
- Our labour market is limited in size. Low unemployment means a shortage of workers and shortage of skills required for our businesses to expand. This is exacerbated by demographic change with a loss of young adults and a growing proportion of retired people
- Employment rates in all four EHOD authorities (82.2%) are higher than the South West (77.4%) and the UK (73.7 %) (ONS annual population survey, 2016).
  - The average overall unemployment rate across EHOD (3.2%) is lower than the South West (3.9%) and UK (5.1%) (ONS annual population survey, 2016).
  - The proportion of economically active residents claiming Job Seeker's Allowance (JSA) across EHOD is (0.8%) This is considerably lower than the UK JSA claimant rate (1.5%) and the South West average (1.00%) (DWP benefit claimants - working age client group, 2016). At the time of writing, EHOD has just 2,200 JSA claimants (DWP benefit claimants – working age client group, 2016) many of whom are longer term unemployed and have multiple barriers, limiting our labour market and presenting challenges for our growing businesses and major inward investment.
  - The 65+ age group is the only age group currently growing as a proportion of EHOD's overall population (ONS Predictions based on Census data, 2011)
  - We face a potential drop in the net migration of younger workers following the UK decision to leave the EU. This could mean fewer employees available to all of our business sectors, including those supporting this ageing population.

## We are working to improve our connectivity and infrastructure

- There is a lack of physically available and deliverable employment land to accommodate indigenous growth and inward investment opportunities
  - Exeter City has just 6 acres of available employment development land with only a further 6 hectares in the pipeline
  - Teignbridge, East Devon and Exeter have employment allocations adopted within their Local Plans which are challenged in terms of their deliverability
  - Environmental, landscape and geographical constraints make it difficult to deliver economic growth outside of these allocated sites
  - The Growth Point employment sites are coming forward, but more slowly than anticipated
  - Infrastructure constraints remain with Junction 29 and 30 of the M5 currently beyond capacity and A303, A30 and A358 improvements planned
- Our location in the South West and access to key economic markets is an important issue. We are working to improve our connectivity and infrastructure, particularly mobile and broadband
  - Connecting Devon and Somerset are set to achieve 90% of premises with access to superfast broadband by Dec 2016. This leaves our more deeply rural settlements and employment sites without sufficient broadband access.
  - Over the past 15 years Devon has seen an increase of 13% more traffic on major roads (Department of Transport, 2015).
  - The Chancellor has committed to delivering at least £7.2 billion of investment in transport in the south west and deliver a step change in digital connectivity (Jan, 2015).
  - We are still facing serious challenges in our utilities capacity and the associated ability to bring new employment land forward. Investment in utilities infrastructure has waned in recent decades, particularly electricity and gas and major investment is required across the South West.

Further information about the EHOD economy is included in Appendix 1

Our focus is to secure better jobs, a skilled labour market and a higher value business base. We need to collectively steer our own economic destiny and do so in a manner that creates sustainable opportunities, particularly for our talented young people and graduates.

# Policy alignment



This strategy has not been prepared in isolation. The four authorities have been mindful of the need to align the strategy with relevant policy and the LEP and DCC growth plans, to ensure a strong, shared voice for the region.

Our Shared Strategy sits in a policy hierarchy that flows down from Central Government policies on employment, planning, business support, innovation, skills and learning and investment, through to sub-regional and local policies and strategies. Fig. 3 sets out the policy framework and defines the core role and function of the Shared Strategy.

We will ensure that the priorities contained within the Shared Strategy appropriately reflect those of the HOTSW LEP's Devolution Prospectus, Strategic Economic Plan and Single Productivity Plan. We will also ensure that our work delivers on the relevant areas of the refreshed Devon Strategy for Growth, maximising our alignment with both current and emerging funding streams. See Appendix 3 for more detail.

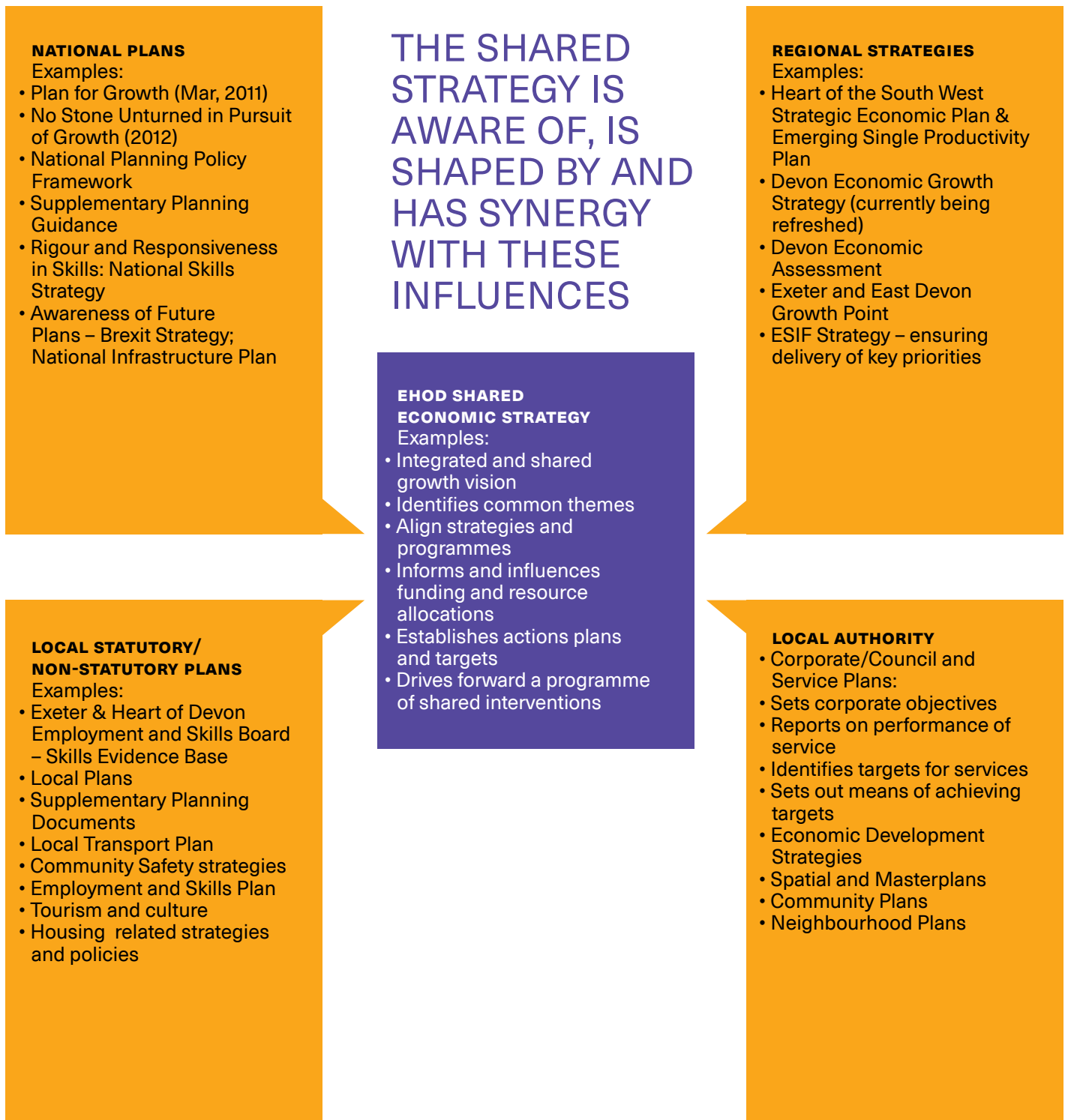
Equally important is that our own intimate knowledge and insight of our local, shared economic growth opportunities and unique delivery capabilities are reflected in these emerging works, as well as our own district level strategies. Only then will the region's higher level strategic ambition connect through to local economic resources and their commercially informed capacity to deliver.

The Growth Point is a significant feature of the EHOD area, even more so as it will soon be located within an Enterprise Zone. This will create a step change in investment and job creation and an up-lift in funds available for increasing productivity and economic benefits across our wider economic area. It will also offer discounted rates to new businesses locating in the zone, simplified planning rules and other support, such as enhanced broadband provision.



Teignmouth's Pavilions is an arts and community venue promoting sustainable economic growth, providing valuable employment

Fig. 3: strategic fit



# Our growth ambition and strategic priorities

# The emphasis is on establishing EHOD as a leading knowledge economy and entrepreneurial region in the UK

## **Our growth vision**

Our ambition is to strengthen the EHOD economy to secure sustainable growth through creating more, higher-value, better-paid jobs. We will provide an environment that creates opportunities for business growth that make a positive difference to people's lives, with businesses that start, stay and invest in the area.

The emphasis is on establishing EHOD as a leading knowledge economy and entrepreneurial region in the UK, building on our comparative advantages, specifically our innovation assets including the University of Exeter, the Met Office, its 'super computer', the Science Park Centre and our growing knowledge sectors.

By 2040, EHOD will have been transformed to a leading business location, attracting more high value investors and businesses through its diverse and skilled workforce; high-quality commercial sites; local services; accessibility to transport links and strategic routes to the south west, UK, continental and global markets.

The strategy focuses on agreed actions to help create the right business, employment and workforce environment – enabling the sub-region to realise its growth ambition.

Our purpose is to support the right conditions for growth and sustainable investment in the EHOD economy. We need to achieve SMART growth, using our resources for maximum impact and focusing on our growth sectors and clusters of activities, that will create high-value jobs and seek to improve the level at which our existing workforce is employed.

We need to use our Shared Strategy to articulate to partners our ambitions and plans with a view of improving collaboration and maximising leverage. The strategy will help shape our conversations with the HOTSW LEP in supporting delivery of the wider regional growth programmes and unlocking development funding.

# Our purpose is to support the right conditions for growth and sustainable investment in the EHOD economy

## Underlying principles

Our growth priorities and activities are underpinned by a number of principles:

- *Partnership and collaboration*: more than ever, delivery of the Shared Strategy will be about working in partnership to get the most from scarce resources. This will include formalising how EHOD works and establishing a new relationship with the private sector to drive forward our growth agenda.
- *SMART growth*: our Shared Strategy seeks to increase productivity without damaging the quality of life or the environment of the area. This more sustainable approach to development means driving economic growth through knowledge, innovation and creativity.
- *Equality*: social equality and ensuring that all residents benefit from growth will be at the heart of the Shared Strategy, articulated by ‘every individual matters’ in our EHOD Employment and Skills Plan & Evidence Base (2015).
- *Maximising financial incentives*: a driver will be to maximise income from the various financial mechanisms introduced by central government to generate additional revenue for each council as core grant funding is reduced. Specifically the New Homes Bonus, Community Infrastructure Levy and business rates retention will be central.
- *Understanding, monitoring and communicating trends*: our plans and activities will be based on sound research and intelligence to support and monitor economic change.

Fig. 4: how we work together to achieve our overall priority

## WE WORK TOGETHER ON FOUR ECONOMIC INITIATIVES ...

### **Business transformation**

Retain and grow the business base. Provide the conditions for business-led growth. Promoting innovation to maximise competitiveness.

### **Inward investment**

Design and deliver a proactive and targeted approach to inward investment.

### **Employment and skills**

Transform skills from a growth barrier to a growth stimulus.

### **Strategic planning and infrastructure**

Support the identification and delivery of strategic and deliverable employment sites through strategic planning. Pursue investment to deliver transport and digital infrastructure.

## WE HAVE TO BE AWARE AND PROACTIVE ...

### **Cross-cutting theme: knowledge and innovation**

This is the successful generation and exploitation of new ideas. We aim to maximise our world class research and knowledge strengths and assets by attracting significant investment, creating sustainable high quality employment, raising income levels and identifying the challenges that need to be addressed to raise innovation levels. Innovation will also shape how we work. As a partnership, we are committed to design, test and apply better solutions and interventions that meet the needs and opportunities of our local economy.

**THIS MEANS WE CAN ACHIEVE:**

## OVERALL PRIORITY

Strengthen the sub-regional economy to secure sustainable growth through creating more, higher-value, better-paid jobs

Exeter Science Park,  
the south west's home to  
science and technology







# Shared economic initiatives

### **A Business transformation**

The Shared Strategy will build on the strengths of our business base. Over the next three-year period, the focus will be on supporting the creation of new, high-value businesses and jobs, as well as supporting the growth of our existing companies. Given proposed changes to the funding of core services through retained business rate revenue, local authorities now have an even more vested interest to promote and secure this growth.

High levels of new business formation are an essential quality of a dynamic local economy. We recognise that achieving this increase in the business birth rate will be a long-term process. We need to build the foundations to foster the next generation of entrepreneurs, ensuring existing businesses have the right support to grow, innovate and become more competitive.

Over 90% of the sub-regional economy consists of small and micro enterprises operating in niche sectors. If they are able to continue to innovate and diversify, they will remain successful and continue to grow.

We have identified key industry sectors which will provide a focus for initial priority action:

- Professional Scientific and Technical Services
- Engineering
- Big Data and Environmental Futures
- Digital Economy
- Leisure and Tourism

Leisure and tourism is unlikely to reduce the productivity gap or develop the knowledge economy, but contribute significantly to the quality of life of people living in the EHOD area. This will play a strong role in encouraging skilled workers to stay in the area, and to relocate to EHOD from outside the area.

We will concentrate on our existing and emerging competitive strengths within these industry sectors to ensure that the right mix of people, skills and technology is available to improve productivity, competitiveness and profitability.

The four EHOD authorities have been working closely together to achieve positive tangible outcomes for our business communities. Our actions demonstrate that this collaborative approach to a more consistent and inclusive business support service is effective and provides far better value for money. Achievements include:

- The development and procurement of a joint business support service for businesses in the EHOD area – ‘Business Boost’. This means that all businesses start-ups within EHOD are able to access the same, high quality service, simplifying the support landscape and increasing the value for money achieved in funding the service.
- Joint procurement of business intelligence systems and sharing of business data. This enables economic development services to better understand the economic landscape; respond more effectively to incoming business enquiries; to identify business needs, and to shape the best methods of meeting these needs. This will also enhance future collaborative project development.

We will continue to seek and engage with funding opportunities to deliver new business support services and to extend the longevity of our existing support provision.

The four EHOD authorities have been working closely together to achieve positive tangible outcomes for our business communities

### PARTNERS' ACTIONS

- Design and implement a comprehensive all-age entrepreneurship and enterprise programme to accelerate new business start-ups.
- Monitor and evaluate our jointly contracted Business Boost support programme to ensure the growth and expansion of a world-class business support network.
- Design and develop a series of cluster development programmes prioritising the sectors outlined above that show potential for growth and development.
- Encourage the commercialisation of the research and development capability of the University of Exeter.
- Design and implement an EHOD workspace strategy and action plan for thriving start-ups and move-on space for next stage growth.
- We will work with our partners across the EHOD region, committed to establishing the Greater Exeter region as one of the UK's leading knowledge economies, foremost in the areas of high performance computing, data analytics and environmental futures.
- Work to ensure the fast-tracking of all planning applications associated with employment growth within EHOD
- Remove a key barrier to growth by pushing for pre-application consultation fees to be removed for all small scale applications associated with business growth

### **B Inward investment**

Attracting inward investment is fundamental to achieving our growth ambitions for EHOD. We need to generate a more in-depth understanding and intelligence regarding our growth sectors and sharpen our focus on how we enable investment and growth in our priority sectors.

Through joint initiatives, such as the Exeter & East Devon Growth Point and ExIST, EHOD continues to be an attractive location for inward investment, garnering 600 to 1,000 annual enquiries to expand or relocate within the area. Plans for a new Enterprise Zone at the Exeter & East Devon Growth Point will enhance the ability to attract investment into EHOD. However, we need to develop and implement a more effective enquiry-handling service to convert high value, knowledge based business enquiries

into secured investment. We will co-ordinate all activity relating to inward investment, drawing together all interests and activities to unite all involved behind one common vision and resource pool. The aim is to attract significant investment, create sustainable high quality employment, raise income levels and identify the challenges that need to be addressed to raise innovation levels, including retaining and attracting ambitious young people to the area.

We will design and implement a proactive approach in the form of a new Inward Investment Programme. We will focus the core sectors we have identified, functions and geographies, which will be carefully researched. Activities will be prioritised to ensure best use of resources and effective marketing, building on our USP and an appropriate blend of media collateral. In addition, we will, in partnership with the Dept. for International Trade (DIT, formerly UK Trade and Investment), the HOTSW LEP and Devon County Council, re-shape our engagement with key employers through a consistent Key Account Management approach to proactively manage relationships with all strategically important businesses.

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#### PARTNERS' ACTIONS

- Work with DIT, the HOTSW LEP and partners in Devon County Council to promote and market the EHOD offer regionally, nationally and internationally
- Develop and implement a proactive Inward Investment programme and 'soft-landing package' – consistent across all EHOD authorities. This will define our targeted inward investment sector priorities based on our existing strengths and national relevance
- Continue to develop the Commercial Property Register and EHOD CRM system to strengthen information exchange, joint handling of enquiries, referrals and performance monitoring
- Formalise a shared approach to Key Account Management to work with companies to retain and grow our key employers, which aligns with the strategic and global accounts managed by DIT
- Monitor feedback and record any reduction in inward investment activity associated with the UK's withdrawal from the European Union (EU). Report direct to the HOTSW LEP, DIT and Department for Communities and Local Government (DCLG). Adapt our engagement and EHOD promotion to mitigate any such impact.

### **C Strategic planning and infrastructure**

Successful economies also need adequate infrastructure to provide the basis for smart economic growth. The quality of our economic infrastructure is of strategic importance to business growth. The reliability of transport networks – road, rail and air, the security and cost of energy, the resilience of water and waste services and the speed of broadband connections are all critical factors for business.

The EHOD local authorities along with Devon County Council have commenced work to align planning policy and development strategy through the production of a joint Greater Exeter Strategic Plan (GESP). This will guide change and development over the next 25 years. It is through this process that the EHOD partnership can support and guide the identification and delivery of suitable employment sites.

The process includes the production of a Housing and Economic Land Availability Assessment (HELAA) that will cover the whole of the EHOD area. This will be informed by an Economic Development Needs Assessment (EDNA) that has recently been commissioned. We will support the development of the EDNA through a robust analysis of the jobs and growth scenarios underpinning this work.

Our EHOD partnership will also provide business intelligence to ensure that the HELAA methodology is sound in its approach to the identification and assessment of employment land. We will do this by ensuring that deliverability and viability underpins the identification of these strategic employment sites across the EHOD geography – directly informing more robust allocations within our respective Local Plans. We will then enable future growth by supporting and bringing forward investment in these key development sites through supporting indigenous business growth and promoting inward investment.

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## PARTNERS' ACTIONS

- Help ensure the HELAA methodology and pro-forma is robust and captures information to inform an assessment of the deliverability of land put forward for employment use
- EHOD ED Officers commit to ongoing attendance on the HELAA panel. This will help ensure that the delivery of housing across EHOD is balanced against the delivery of sufficient employment premises. In this way, we will be promoting the right mix of housing and employment land in the right locations to meet the needs of businesses now and in the future
- Engage with estates management functions in the EHOD Local Authorities to ensure Local Authority owned land is submitted to the process in the same way as any other site
- To assist planning officers with the initial filtering of sites (assessing suitability and availability) pre-panel assessments and highlight major transport needs.
- Ensure the demand data collated by the Commercial Property Register informs both the identification of suitable employment sites through the GESP and supports the approval of planning applications for commercial use.
- Directly inform scenario development in EDNA. Propose appropriate amendments to existing growth trajectory scenarios based on local employment step change interventions such as the Enterprise Zone
- EHOD will lead a broadband development event, bringing together all major developers and broadband providers to focus on maximising the delivery of superfast connectivity in all major construction projects across EHOD

## **D Employment and skills**

Enhancing and developing the skills of our adult workforce and young people entering the workforce is critical to enable economic growth. We need to match skills with jobs to ensure the diverse skills and employment needs of existing enterprises and potential investors are provided for - now and in the future. In addition, with such comparatively low levels of current unemployment, it is essential to engage and promote opportunities to heighten

individual aspirations and skills development within the existing workforce – improving work prospects, productivity and average earnings throughout the region.

We need to respond to a much changed policy and programme environment for education and skills. Skills and employment will see further major reforms to achieve the Government's productivity and economic growth aims across the labour market. Specifically the re-shaping and re-commissioning of Post 16 education and the continuing emphasis on apprenticeships is designed to equip people with the skills that employers need to compete and grow.

This is perhaps the most challenging of our priorities. However, we are fortunate that the EHOD Employment and Skills Board's (ESB) has been established, who's overall mission is for a 'local world-class workforce where every individual matters'. Their priority areas are:

- Improving impartial up-to-date Careers Education Information Advice and Guidance (CEIAG) through greater employer-education engagement
- Linking local people to local job creation particularly in growing sectors with recruitment difficulties
- Growing the number of Apprenticeships, particularly higher and graduate level well paid Apprenticeships
- Addressing low levels of progression into Higher Education given EHOD's strategy of Knowledge Intensive (KI) growth and the presence of a World renowned university
- Improving levels of graduate retention from the large pool of young talent which routinely leaves EHOD
- Developing higher level and technical skills to support Smart specialisation

We need to forge a closer working relationship with the ESB to align activities and help promote more tangible outputs that meet the needs of business and our working residents. By working more closely with our employer-led EHOD ESB, the four district authorities can help ensure that stronger links with our education and skills providers are developed and maintained with this crucial group of major local businesses.



Through detailed analysis of our businesses, together we can also both identify and translate sector-specific evidence of skills and training needs into detailed funding applications (where available). This is to enable tailored delivery, creating adaptations to local training and education provision based on up to date local economic intelligence.

---

#### PARTNERS' ACTIONS

- EHOD Economic Development (ED) teams will formalise a collaborative working relationship with the ESB as an employer-led independent organisation to help unlock potential and achieve their stated aims
- To fulfil this obligation in the short term, EHOD ED teams will demonstrate improved engagement with the ESB through EDO support and representation at ESB meetings
- Employment and Skills will also become a standing item for review at monthly EHOD ED team meetings with quarterly ESB representation
- EHOD ED teams will identify future skills needs within the EHOD Strategy priority sectors (Section A) that show potential for growth and development and feed these into the ESB for response
- In the medium term, EDOS will help identify and promote the skills needs of the current and future business base through comprehensive intelligence-driven research and business engagement to gather local economic and employment data
- Our EHOD ESB lead will develop an action plan which takes into account the new Government employment and skills guidance and aligns with the devolution agenda
- EHOD ED teams will also work with the ESB to develop a balanced ESB representation to include greater engagement with Mid Devon and Teignbridge
- Support the development of higher level apprenticeship programmes for our key sectors

# Implementation and delivery





EHOD promoting the development  
of skills required for high-value  
future employment

Much has been achieved over the last 18 months in terms of partnership action. The economic development teams will have a critical role to play to drive forward the growth agenda across the EHOD area. The roles, responsibilities and resources within the teams will need to be reviewed and agreed in light of the new priorities set out in the strategy. Collective functions will include:

- Formalising the Shared Economic and Investment Strategy in consultation with the HOTSW LEP and business community.
- Ensuring effective alignment between decision making on transport and decisions on other areas of policy such as economic development and wider regeneration.
- Using EHOD economic intelligence and analysis as a basis for strategic planning, investment and coordination.
- Coordinating inward investment activity through the development of a shared CRM system and a range of investment mechanisms.
- Decision-making on the Skills Strategy and agenda across the EHOD area.

### What we want to achieve

Our collaborative approach will focus on delivering actions that will:

- Improve the productivity of the EHOD economy
- Attract and retain investment in knowledge and innovation sectors
- Support the creation of high value jobs that raise the wage profile
- Work with planning teams to identify and enable employment provision and infrastructure to support economic growth
- Ensure local skills meet the current and future needs of the EHOD business landscape

Through ongoing EHOD partnership engagement we will prepare Business Plans for each of the priorities highlighted in the Shared Strategy that will identify:

- The principal activities that will be taken forward;
- Key targets and milestones; and
- The resources required.

Lead authority and partners to take forward the activities are identified as:

- Business Support and Transformation: Lead Team: Mid Devon District Council
- Joint Approach to Inward Investment: Lead Team: Exeter City Council
- Strategic Planning: Employment Land and Infrastructure: Lead Team: East Devon District Council
- Employment and Skills: Lead Team: Teignbridge District Council

## Measuring progress

The Partner Actions we have outlined in delivering each of the four economic initiatives articulate our specific aims and commitments. A Business Plan will be developed to encapsulate the actions for each common economic objective which will be subject to ongoing progress review at monthly EHOD meetings.

Beyond these Partner Actions, the wider strategic outcomes of our work are identified as:

- Securing stakeholder and business agreement with our Shared Strategy
- Formal adoption through our committee processes of the Shared Strategy by our four EHOD authorities
- Recognition from the HOTSW LEP and DCC of the work EHOD are doing to actively deliver on the economic growth and productivity aims of their SEP, SPP, Devolution Prospectus and Strategy for Growth (Appendix 3)
- Evidence-led tailoring of our Business Boost support programme
- An increase in inward investment enquiries, conversions and jobs created across the 4 districts
- The growth of our existing business base with improved engagement through our Key Employer Programme
- The identification and eventual adoption of the most optimal employment sites across EHOD
- To maximise synergies between employment and skills provision and local employer needs

Making the case for growth will be crucial if EHOD is to benefit from external funding support. The focus will be on developing and bringing forward projects that will have major economic impact, improve productivity and bring wider benefit to the area. This Shared Strategy for Economic Growth and Prosperity will also ensure parity of resource input by partner authorities in the overall delivery of our shared EHOD economic objectives.

# Appendix 1

## EHOD economic indicators

	Teignbridge	East Devon	Exeter	Mid Devon	EHOD	South West	England
<b>Population</b>							
Total population	128,826	138,141	127,308	79,510	473,785	5,413,094	63,258,400
Population under 16 %	16.2%	15.7%	15.4%	18.4%	16.4%	16.6%	20.1%
Population 16 - 64 %	58.2%	54.5%	69.0%	58.9%	60.1%	61.8%	62.1%
Population 65+ %	25.6%	29.8%	15.7%	22.7%	23.4%	21.6%	17.7%
<b>Labour Market</b>							
Employment	98.4%	97.0%	95.6%	97.9%	97.2%	96.1%	95.0%
Economically inactive	9.3%	8.4%	10.2%	8.6%	9.1%	11.5%	11.8%
Unemployed	2.9%	2.8%	4.3%	2.8%	3.2%	3.9%	5.0%
Out of work benefits claimants	9.3%	8.4%	10.2%	8.6%	9.1%	10.4%	11.8%
Job Density	0.71	0.81	1.20	0.77	0.87	0.86	0.82
<b>Average wages</b>							
Weekly wage by residence	£440.80	£498.90	£478.10	£479.90	£474.43	£498.80	£527.70
Weekly wage by place of work	£402.90	£466.70	£536.50	£469.70	£468.95	£492.80	527.7
Average annual wage	£19,922	£21,235	£20,104	£20,703	£20,491.00	£21,283	22,716
Average house price	£220,802	£250,048	£229,377	£210,267	£227,623.60	£212,878	£202,856
House price ratio	10.23	10.02	7.86	8.08	9.05	10	7.49
<b>Enterprises</b>							
Micro enterprises (0 - 9)	87.6%	89.1%	83.6%	91.8%	88.0%	88.7%	88.8%
Small enterprises (10 - 49)	10.6%	9.6%	13.4%	7.3%	10.2%	9.5%	9.2%
Medium enterprises (50 - 249)	1.6%	1.1%	2.2%	0.8%	1.4%	1.4%	1.6%
Large enterprises (250+)	0.2%	0.2%	0.8%	0.1%	0.3%	0.3%	0.4%
<b>Skill levels<sup>1</sup></b>							
No Qualification	5.50%	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>	<sup>2</sup>	5.50%	8.60%
NVQ1 and equivalent %	12.6%	7.2%	11.3%	8.8%	10.0%	13.2%	12.8%
NVQ2 and equivalent %	18.2%	19.9%	18.6%	12.9%	17.4%	18.9%	18.1%
NVQ3 and equivalent %	26.2%	18.0%	26.4%	37.1%	26.9%	21.0%	19.1%
NVQ4 and above %	37.4%	54.9%	43.7%	41.2%	44.3%	40.9%	40.7%

<sup>1</sup> Some percentages will not equal 100% due to rounding methods

<sup>2</sup> too small to measure

# Appendix 2

## EHOD inward investment memorandum of understanding

*Memorandum of understanding (MoU) for the new collaborative delivery model for economic development for Exeter and the Heart of Devon ('EHOD') from 3 November 2016 onwards*

### INTRODUCTION:

This MoU outlines the guiding principles by which all the participating local authorities will co-operate and co-ordinate their support for the new service delivery model for economic development from 3 November 2016.

The MoU is based on the local authorities working together in a transparent and collaborative way; it sets out the themes under which economic activities will take place, and identifies which local authority will be the lead partner in each activity:

- Inward Investment – Exeter City Council
- Business Transformation – Mid Devon District Council
- Strategic Planning and Infrastructure – East Devon District Council
- Employment and Skills – Teignbridge District Council

The benefits of the MoU to all parties is the potential for economies of scale and provision of service; the joint sharing of intelligence and resource; and the increased capacity for EHOD as a whole to be a more encouraging location for indigenous growth and inward investment within the sub-regional, regional and national context. It is also intended to ensure greater efficiency through optimising the use of collective resources such as sector intelligence and market understanding.

## Overarching principles

The driver behind this approach to delivering economic development is the recognition that businesses do not operate within local authority boundaries. Instead the majority of their activities take place within functioning geographical areas. EHOD is a long established functioning economic geography, covering the local authority areas of Exeter, East Devon, Mid Devon and Teignbridge.

Within this setting, each of the four local authorities has strengths and weaknesses in the development and implementation of business focused activities. However, the local authorities have limited resource to support and grow economic activities, and must therefore be more innovative in the way that we work and explore opportunities to develop services in partnership to achieve success. By working in a more collaborative way, we can build upon the strengths of each authority, and mitigate areas of weakness, making the whole of the EHOD area economically more successful.

The participating local authorities will look for opportunities to more closely align our business focused activities, and where it becomes sensible to do so, the activity will be delivered in partnership. This process will create a low risk method of combining activities, by ensuring that a decision to work collaboratively is only ever made when it is to the benefit of each local authority.

Each local authority will also develop a business plan for the EHOD area, focused on their recognised areas of expertise (see above themes). These business plans will support the aims and objectives of the Joint EHOD Economic Strategy (2016), and align with the key themes it seeks to address.

The business plans will be reviewed annually, and refreshed following the renewal of the EHOD Joint Economic Strategy in 2020. This MoU will be formally reviewed annually.



## Status

This MoU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the parties from this MoU. The parties enter into the MoU intending to honour all their obligations. Nothing in this MoU is intended to, or shall be deemed to, establish any partnership or joint venture between the parties, constitute either party as the agent of the other party, nor authorise either of the parties to make or enter into any commitments for or on behalf of the other party.

## Agreement

Based on the above principles and intended process, this MoU confirms the organisations stated have agreed on the delivery of EHOD services against the principles above.

Signed on behalf of:

*Signed by*

*Date*

*Signature here*

East Devon District Council

*Signature here*

Exeter City Council

*Signature here*

Mid Devon District Council

*Signature here*

Teignbridge District Council

# Appendix 3

## EHOD shared strategy: synergy matrix

### *Most important local economic strategies*

<i>EHOD economic initiatives</i>	<b>Hart of the South West Local Enterprise Partnership Devolution Proposal</b>	<b>Hart of the South West Local Enterprise Partnership Strategic Economic Plan</b>	<b>Devon County Council Strategy for Growth</b>
<b>Inward investment actions</b>	<ul style="list-style-type: none"> <li>• Supporting the local supply chain needs of Hinkley Point C</li> <li>• Making the area more attractive to Inward Investment</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalising on our distinctive assets to create higher value growth and better jobs</li> <li>• By 2020 – improve up to the middle third of LEPs for innovation and knowledge economy indicators; middle third for higher value employment indicators</li> </ul>	<ul style="list-style-type: none"> <li>• Priority Action: A more productive Economy – Inward Investment</li> </ul>
<b>Business transformation actions</b>	<ul style="list-style-type: none"> <li>• Improved tax revenues from business growth</li> <li>• Contribute towards the pledged £4b additional GVA towards the UK economy</li> </ul>	<ul style="list-style-type: none"> <li>• Stimulating jobs and growth across the whole economy</li> </ul>	<ul style="list-style-type: none"> <li>• Priority Action: A thriving Business Community</li> </ul>
<b>Employment and skills actions</b>	<ul style="list-style-type: none"> <li>• A highly skilled high productivity labour market meeting businesses employment priorities</li> <li>• Contribute towards the 163,000 new jobs</li> <li>• Raise wage levels above the national average</li> <li>• Increase apprenticeships by 400%</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise productivity and employment to benefit all sectors</li> <li>• By 2020, placed in middle third of LEPs for competitiveness, exporting and enterprise indicators</li> <li>• Top 15 LEPs for youth unemployment</li> <li>• Reduce the gap with the average UK wages</li> </ul>	<ul style="list-style-type: none"> <li>• Priority Action: A workforce with the right skills and employment opportunities for the future</li> </ul>
<b>Strategic planning actions</b>	<ul style="list-style-type: none"> <li>• Delivery of infrastructure that supports these ambitious plans;</li> <li>• 179,000 more homes and accelerated delivery in major growth points</li> </ul>	<ul style="list-style-type: none"> <li>• Creating the conditions for Growth through infrastructure and services to underpin growth.</li> <li>• Making transport infrastructure more resilient</li> <li>• 95% superfast broadband coverage</li> <li>• 10,000 new homes per year</li> </ul>	<ul style="list-style-type: none"> <li>• Priority Action: A well connected county with the road, rail, cycle networks, economic hubs, broadband and housing it needs</li> </ul>





Exeter + Heart of Devon Economic Partnership members:



## **ECONOMY PDG 17 NOVEMBER 2016**

### **PERFORMANCE AND RISK FOR THE SECOND QUARTER OF 2016-17**

**Cabinet Member** Cllr Richard Chesterton  
**Responsible Officer** Director of Growth & CEO, Stephen Walford

**Reason for Report:** To provide Members with an update on performance against the corporate plan and local service targets for 2016/17 as well as providing an update on the key business risks.

**RECOMMENDATION(S):** That the PDG reviews the Performance Indicators and Risks that are outlined in this report and feeds back any areas of concern to the Cabinet.

**Relationship to Corporate Plan:** Corporate Plan priorities and targets are effectively maintained through the use of appropriate performance indicators and regular monitoring.

**Financial Implications:** None identified

**Legal Implications:** None

**Risk Assessment:** If performance is not monitored we may fail to meet our corporate and local service plan targets or to take appropriate corrective action where necessary. If key business risks are not identified and monitored they cannot be mitigated effectively.

#### **1.0 Introduction**

- 1.1 Appendix 1 provides Members with details of performance against the Corporate Plan and local service targets for the 2016-17 financial year.
- 1.2 Appendix 2 shows the section of the Corporate Risk Register which relates to the Economy Portfolio. See 3.0 below.
- 1.3 Appendix 3 shows the profile of all risks for the Economy Portfolio for this quarter.
- 1.4 All appendices are produced from the corporate Service Performance And Risk management system (SPAR).

#### **2.0 Performance**

- 2.1 In this first year for the Economy PDG; members are asked to continue to consider what targets they would like to monitor but existing metrics are included at Appendix 1.

- 2.2 It should be noted that for **empty shops** a favourable result is achieved when the actual is less than the target and that as they are counted at the start of the quarter Q3 is included.
- 2.3 The **funding to support economic projects** reflects MDDC's share of the Exeter & Heart of Devon business support funding (£53,092), the Devon Enabling Fund (£3,750) and LEADER funding (£541).
- 2.4 There will be statistics to reflect the general state of MDDC's economy available from time to time; there is a separate briefing on this at this meeting.

### **3.0 Risk**

- 3.1 The Corporate risk register has been reviewed by Management Team (MT) and updated. Risk reports to committees include risks with a total score of 15 or more and all those with an impact score of 5. (See Appendix 2)
- 3.2 The **Pannier market risk** has been shown on Appendix 2 even though it has been reassessed and now scores 12 because this had been a matter of some concern so it is useful to know these concerns have been downgraded.

### **4.0 Conclusion and Recommendation**

- 4.1 That the PDG reviews the performance indicators and risks for 2016-17 that are outlined in this report and feeds back any areas of concern to the Cabinet.

**Contact for more Information:** Catherine Yandle, Audit Team Leader ext 4975

**Circulation of the Report:** Management Team and Cabinet Member

## Corporate Plan Quarterly PI Report Economy

**Quarterly report for 2016-2017**  
**Arranged by Aims**  
**Filtered by Aim: Priorities Economy**  
**For MDDC - Services**

**Key to Performance Status:**

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
-------------------------	---------	-------------------	--------------	-----------	--------------	-------------------

\* indicates that an entity is linked to the Aim by its parent Service

### Corporate Plan Quarterly PI Report Economy

#### Priorities: Economy

#### Aims: Attract new businesses to the District

Performance Indicators										
Title	Prev Year (Period)	Prev Year End	Annual Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Number of business rate accounts</u>		2,872	No target - for information only.	2,868	2,880			2,880 (2/4)	John Chumbley	

#### Aims: Focus on business retention and growth of existing businesses

Performance Indicators										
Title	Prev Year (Period)	Prev Year End	Annual Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Number of Apprentices at MDDC</u>		13	9	14	13			13 (2/4)	Jill May	(Quarter 1) Government target proposed is 2.3% of FTEs (JM)

#### Aims: Improve and regenerate our town centres

Performance Indicators										
Title	Prev Year (Period)	Prev Year End	Annual Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Increase in Car Parking Vends</u>	n/a	n/a	No target - for information only.	129,488	159,929			159,929 (2/4)	Andrew Jarrett	(Quarter 1) The accountant noticed there was missing data in May and logged this with the supplier who

Corporate Plan Quarterly PI Report Economy										
Priorities: Economy										
Aims: Improve and regenerate our town centres										
Performance Indicators										
Title	Prev Year (Period)	Prev Year End	Annual Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act	Actual to Date	Head of Service / Manager	Officer Notes
										confirmed there was a "driver error". (JN)
<b><u>Tiverton Town Centre Masterplan</u></b>	n/a	n/a		n/a	n/a	n/a		n/a	Jenny Clifford	
<b><u>The Number of Empty Shops (TIVERTON)</u></b>	16 (3/4)	16	18	18	17	18		18 (3/4)	John Bodley-Scott	(Quarter 3) 18 out of 248 making an overall vacancy rate of 7.3% (JB)
<b><u>The Number of Empty Shops (CREDITON)</u></b>	6 (3/4)	7	8	9	7	8		8 (3/4)	John Bodley-Scott	(Quarter 3) 8 out of 117 properties (6.8%) (JB)
<b><u>The Number of Empty Shops (CULLOMPTON)</u></b>	7 (3/4)	8	8	10	10	10		10 (3/4)	John Bodley-Scott	(Quarter 3) 10 out of 86 properties (JB)

Aims: Other										
Performance Indicators										
Title	Prev Year (Period)	Prev Year End	Annual Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act	Actual to Date	Head of Service / Manager	Officer Notes
<b><u>Local Plan Review</u></b>	n/a	n/a		n/a	n/a	n/a		n/a	Jenny Clifford	
<b><u>Funding awarded to support economic projects</u></b>	n/a	n/a	No target - for information only	£53,092	£57,383			£57,383 (2/4)	None	(Quarter 2) Moved £3,750 from Q1 (CY)



## Economy PDG Risk Management Report - Appendix 2

Report for 2016-2017

For Economy - Cllr Richard Chesterton Portfolio

Filtered by Flag:Include: \* CRR 5+ / 15+

For MDDC - Services

Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

Risks: No Data (0+) High (15+) Medium (5+) Low (1+)

### Economy PDG Risk Management Report - Appendix 2

**Risk: Pannier market general risk assessment** General risk assessment for the market's day to day operation

**Effects (Impact/Severity):** Score of 5 as their appears to be a movement in the structure causing the glass doors to bow

**Causes (Likelihood):** Unclear structural survey required

**Service: Pannier Market**

<b>Current Status: Medium (12)</b>	<b>Current Risk Severity: 4 - High</b>	<b>Current Risk Likelihood: 3 - Medium</b>
------------------------------------	--	--

**Head of Service: None**

**Review Note:** A structural survey has been done we still need to identify the cause of the bow in some of the glass doors but they are not load bearing and are made of toughened glass which beads when shattered.

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# Risk Matrix Economy Appendix 3

**Report**  
**For Economy - Cllr Richard Chesterton Portfolio**  
**For MDDC - Services**  
**Current settings**

<b>Risk Likelihood</b>	<b>5 - Very High</b>	No Risks	No Risks	No Risks	No Risks	No Risks
	<b>4 - High</b>	No Risks	No Risks	No Risks	No Risks	No Risks
	<b>3 - Medium</b>	No Risks	No Risks	No Risks	1 Risk	No Risks
	<b>2 - Low</b>	No Risks	No Risks	No Risks	No Risks	No Risks
	<b>1 - Very Low</b>	No Risks	No Risks	No Risks	No Risks	No Risks
		<b>1 - Very Low</b>	<b>2 - Low</b>	<b>3 - Medium</b>	<b>4 - High</b>	<b>5 - Very High</b>
		<b>Risk Severity</b>				

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**CABINET**  
**27 OCTOBER 2016**

## **FINANCIAL UPDATE FOR THE SIX MONTHS TO 30 SEPTEMBER 2016**

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Andrew Jarrett – Director of Finance, Assets & Resources

**Reason for Report:** To present a financial update in respect of the income and expenditure so far in the year.

**RECOMMENDATION(S):** The Cabinet note the financial monitoring information for the income and expenditure so far for the 2016/17 financial year.

**Relationship to the Corporate Plan:** The financial resources of the Council impact directly on its ability to deliver the corporate plan; prioritising the use of available resources brought forward and any future spending will be closely linked to key Council pledges from the updated Corporate Plan.

**Financial Implications:** Good financial management and administration underpins the entire document.

**Legal Implications:** None.

**Risk Assessment:** Regular financial monitoring information mitigates the risk of over or underspends at year end and allows the Council to direct its resources to key corporate priorities.

### **1.0 Introduction**

- 1.1 The purpose of this report is to highlight to Cabinet our current financial status and the likely reserve balances at 31 March 2017. It embraces both revenue, in respect of the General Fund and Housing Revenue Account, and capital and aims to focus attention on those areas which are unlikely to achieve budget. It is particularly important for next year's budget setting and, looking further ahead, with the medium term financial plan.
- 1.2 Favourable variances generating either increased income or cost savings are expressed as credits (negative numbers), whilst unfavourable overspends or incomes below budget are debits (positive numbers). This report only includes budget variances in excess of £10k as the purpose of the report is to concentrate on material issues that may require further investigation/action. Budget variances are expressed net of budgeted transfers to or from earmarked reserves, which were previously approved by Cabinet. A more detailed analysis will be provided with the final outturn report for the year.

## 2.0 Executive Summary of 2016/17

2.1 The table below shows the opening position of key operational balances of the Council, the forecast in year movements and final predicted position at 31 March 2017:

<b>Usable Reserves</b>	<b>31/03/2016</b>	<b>Forecast in year movement</b>	<b>31/03/2017</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
<b>Revenue</b>			
General Fund – see note	<b>(2,211)</b>	<b>134</b>	<b>(2,077)</b>
Housing Revenue Account (see paragraph 4.2)	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>
<b>Capital</b>			
Major Repairs Reserve	<b>0</b>	<b>0</b>	<b>0</b>
Capital Receipts Reserve	<b>(1,442)</b>	<b>(693)</b>	<b>(2,135)</b>
Capital Contingency Reserve	<b>(567)</b>	<b>285</b>	<b>(282)</b>

## 3.0 The General Fund Reserve

3.1 This is the major revenue reserve of the Council. It is increased or decreased by the surplus or deficit generated on the General Fund in the year. This reserve held a balance of £2,211k as at 31/03/16.

3.2 The forecast General fund *deficit* for the current year is £162k as shown at Appendix A. The most significant *service* movements this month comprise:

- £220k savings as a result of the Shared Waste Agreement.
- £83k deterioration in Leisure Services forecast, made up of both costs and income.

3.3 The major variances are highlighted at Appendix B. The current incomes from our major funding streams are shown at Appendix C, whilst current employee costs are shown at Appendix D.

## 4.0 Housing Revenue Account (HRA)

4.1 This is a ring-fenced account in respect of the Council's social housing function. Major variances and proposed corrective action are highlighted at Appendix F.

4.2 Appendix E shows that the reserve opening balance is £2m. It is anticipated that the forecast variance of £30k will affect the budgeted

transfer to the Housing Maintenance Fund and so the HRA reserve balance should remain at £2m.

4.3 Overall, the HRA forecast underspend of £30k in 2016/17, the most significant items of which comprise the following:

- £50k staffing saving across the housing and tenancy teams, largely due to vacancies going unfilled for the early part of the year
- £49k surplus is forecast on dwelling rent since this area is slightly ahead of target at this stage
- £76k additional funding for major works is anticipated, since there are expected to be £2,876k worth of costs in 2016/17

4.4 There are budgeted revenue contributions to capital projects as follows for 2016/17.

<b>Description</b>	<b>Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
1 x Tipper Vehicle	24	24	0

4.5 The following works are expected to be funded from the Housing Maintenance Fund during 2016/17.

<b>Description</b>	<b>Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
Birchen Lane re-development	40	40	0
Palmerston Park	2,339	266	(2,073)
Queensway development	299	0	(299)
Burlescombe development	424	0	(424)
Stoodleigh development	223	0	(223)
	<b>3,325</b>	<b>306</b>	<b>(3,019)</b>

In addition, £25k is planned to be spent on sewage treatment works and funded by an earmarked reserve.

## **5.0 Major Repairs Reserve**

5.1 The Major Repairs Reserve had a nil balance at 31 March 2016. After this year's capital expenditure and funding of the Major Repairs Reserve the closing balance is forecast to be £0k. Whilst there is a forecast underspend of £115k on the Capital Programme relating to 'Major Repairs to Housing Stock' this will remain in the Housing Maintenance Fund for future reprioritisation.

## 6.0 Capital Programme

- 6.1 Capital projects by their very nature often overlap financial years. In some cases it is known from the outset that the construction of buildings may fall into 3 separate accounting years. The status of this year's capital programme is shown at Appendix G.
- 6.2 Committed and Actual expenditure is currently £7,110k against a budgeted Capital Programme of £15,710k. (Note this includes £7,669k of slippage rolled forward from 15/16). As projects often overlap financial years officers have given their best estimate of what is 'deliverable' in 16/17; this amounts to £10,583k. Committed and Actual expenditure will therefore be monitored against this & currently shows an uncommitted amount of £3,473k (£10,583k - £7,110k).
- 6.3 At this stage in the year the forecast underspend amounts to £360k, £115k of this relates to major repairs to our housing stock and £130k for renewable energy projects, also associated with our housing stock; both these amounts will remain in their respective reserves for reprioritisation in future years. The remaining forecast underspend mainly relates to £105k associated with the replacement of waste vehicles; due to changes in the waste scheme 3 of the 5 large vehicles budgeted to be replaced can be replaced with smaller vehicles.
- 6.4 Currently the forecast slippage to carry forward to 17/18 amounts to £140k, this mainly relates to ICT projects for PC replacement £40k, Server upgrades £32k and replacement of CRM £50k which are forecast to be completed in 17/18.

## 7.0 Capital Contingency Reserve

- 7.1 The Capital Earmarked Reserve has been set aside from Revenue to fund Capital Projects; the movement on this reserve is projected below:

	£k
Capital Earmarked Reserve at 1 April 2016	(567)
Funding required to support 2016/17 Capital Programme	285
<b>Forecast Balance at 31 March 2017</b>	<b>(282)</b>

## 8.0 Capital Receipts Reserve (Used to fund future capital programmes)

- 8.1 Unapplied useable capital receipts are used to part fund the capital programme, the movement on this account for the year to date is given below:



	£k
Unapplied Useable Capital Receipts at 1 April 2016	(1,442)
Net Receipts to date (includes 15 RTB's)	(1,023)
<b>Current Balance</b>	<b>(2,465)</b>
Forecast further capital receipts in year	(740)
Forecast capital receipts to be applied in year	1,070
Forecast Unapplied Capital Receipts c/fwd. 31 March 2017	<b>(2,135)</b>

**8.2** Please note the majority of these balances on the Capital Contingency Reserve and the Capital Receipts Reserve are required to balance the Medium Term Financial Strategy.

## **9.0 Treasury Management**

9.1 The interest position so far this financial year can be summarised as follows:

### Interest Receivable:

	Budget £k	Forecast outturn £k	Forecast variance £k
Investment Income Received	171	201	30
Interest from HRA funding	54	54	0
<b>Total Interest Receivable</b>	<b>225</b>	<b>255</b>	<b>30</b>

## **10.0 Conclusion**

10.1 Members are asked to note the revenue and capital forecasts for the financial year. Cost pressures and income trends will become more apparent as we progress through the year.

10.2 The Finance team are working with service managers to produce proposals for the policy development groups in the Autumn. As emerging trends develop in the current year any future impacts will be factored into next year's budgets.

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**Circulation of the Report:**

Cllr Peter Hare-Scott, Management Team

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**GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE  
PERIOD 01 APRIL TO 30 SEPTEMBER 2016**

			2016/17 Annual Budget	Full Year Forecast (0 = On budget)	Variance
Com	General Fund Summary	Note	£	£	%
	<b>Cllr C J Eginton</b>				
CM	Corporate Management	A	1,139,580	(38,000)	-3.3%
LD	Legal & Democratic Services: Member/Election Services	B	579,870	(28,000)	-4.8%
	<b>Cllr K Busch</b>				
CP	Car Parks	C	(616,390)	8,150	1.3%
ES	Cemeteries & Public Health	D	(47,610)	45,772	-96.1%
ES	Open Spaces	F	54,800	5,000	9.1%
GM	Grounds Maintenance	E	562,130	(10,130)	-1.8%
WS	Waste Services	H	1,775,510	100,200	5.6%
	<b>Cllr C R Slade</b>				
CD	Community Development	I	414,980	500	0.1%
ES	Environmental Services incl. Licensing	D	552,870	23,400	4.2%
IT	IT Services	Q	879,310	(14,600)	-1.7%
PR	Planning - Land charges	N	(24,600)	(12,000)	48.8%
RS	Recreation And Sport	J	(82,410)	238,000	-288.8%
	<b>Cllr P H D Hare-Scott</b>				
FP	Finance And Performance	K	680,960	0	0.0%
RB	Revenues And Benefits	L	266,600	(60,000)	-22.5%
	<b>Cllr R L Stanley</b>				
ES	ES: Private Sector Housing Grants	D	165,720	(12,100)	-7.3%
HG	General Fund Housing	M	232,470	(3,000)	-1.3%
PS	Property Services	G	272,580	8,680	3.2%
	<b>Cllr R J Chesterton</b>				
CD	Community Development: Markets	I	(3,410)	30,000	879.8%
PR	Planning And Regeneration	N	741,670	256,908	34.6%
	<b>Cllr M Squires</b>				
CS	Customer Services	O	860,060	(81,000)	-9.4%
ES	Environment Services - Public Health	D	74,990	(12,000)	-16.0%
HR	Human Resources	P	479,310	22,800	4.8%
LD	Legal & Democratic Services: Legal Services	B	215,730	0	0.0%
	<b>All General Fund Services</b>		<b>9,174,720</b>	<b>468,580</b>	<b>5.1%</b>
	Net recharge to HRA		(1,265,490)	0	
IE260	Interest Payable		146,030	0	
IE290	Interest Receivable on Investments		(171,000)	(30,000)	
	Interest from Funding provided for HRA		(54,000)	0	
	New Homes Bonus Grant		(1,831,460)	0	
	Sundry Grants		0	0	
ABFGF	Statutory Adjustments (Capital charges)		400,720	0	
TREMR	Net Transfer to/(from) Earmarked Reserves	APP B	2,169,990	(304,314)	
	<b>TOTAL BUDGETED EXPENDITURE</b>		<b>8,569,510</b>	<b>134,266</b>	<b>1.6%</b>
	Formula Grant		(2,973,150)	0	
	Rural Services Delivery Grant		(463,810)	0	
	Transitional Grant		(31,630)	0	
	Council Tax		(5,092,690)	0	
	Collection Fund Surplus		(8,230)	0	
	<b>TOTAL BUDGETED FUNDING</b>		<b>(8,569,510)</b>	<b>0</b>	<b>0%</b>
	<b>Forecast in year (Surplus) / Deficit</b>		<b>0</b>	<b>134,266</b>	
	General Fund Reserve 01/04/16			(2,211,035)	
	<b>Forecast General Fund Balance 31/03/17</b>			<b>(2,076,769)</b>	

## GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2016

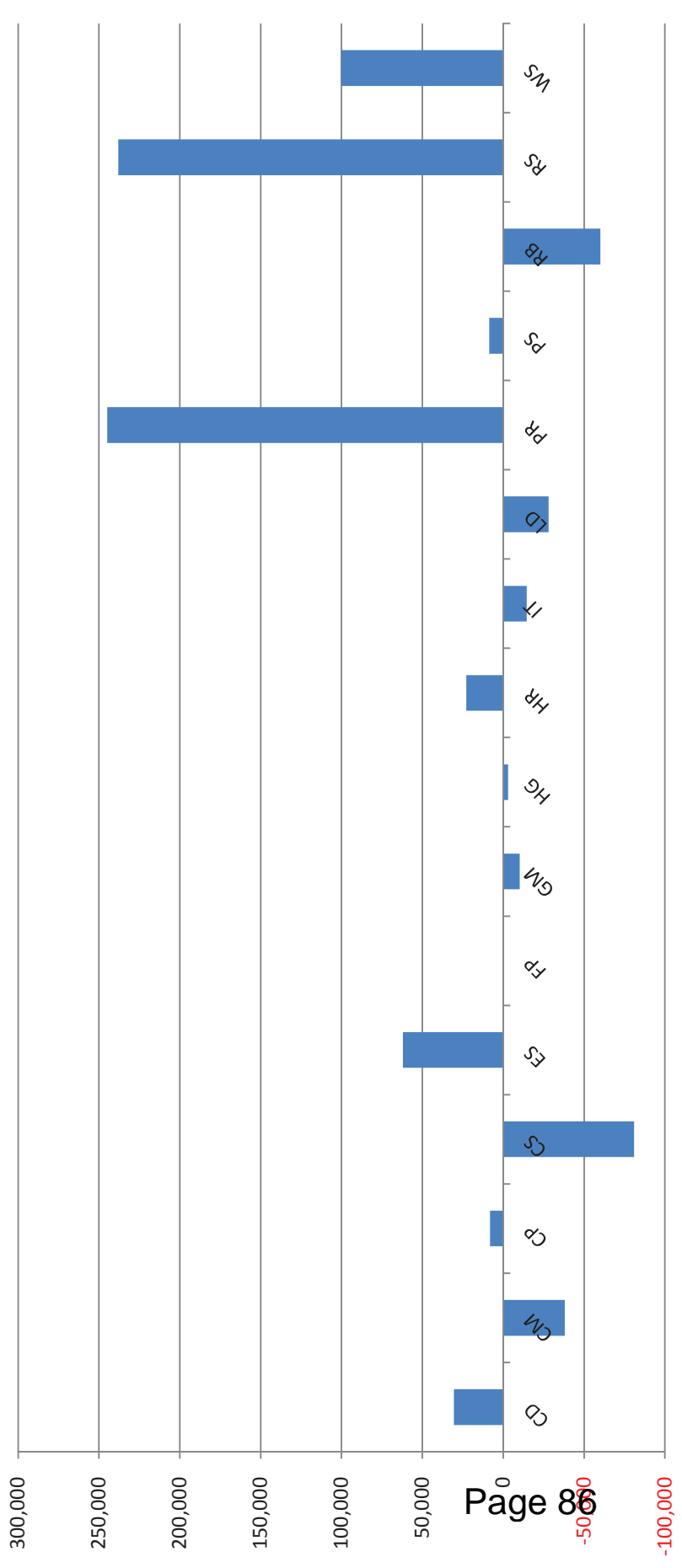
Note	Description of Major Movements	Full Year Forecast Variation (Net of Trf to EMR)	PDG
<b>C</b>	<b>Car Parks</b>		
	Pay and Display income down against budget for the first 5 months	25,000	Economy
	Increase in Off-street fines	(12,000)	Economy
	Maintenance underspend	(4,850)	Economy
		8,150	
<b>I</b>	<b>Community Development</b>		
	Market Income - Market Manager actively seeking new traders	30,000	Economy
		30,000	
	<b>FORECAST (SURPLUS)/DEFICIT AS AT 31/03/17</b>	<b>38,150</b>	

<b>Cabinet</b>	<b>(138,800)</b>
<b>Community</b>	<b>434,808</b>
<b>Homes</b>	<b>(6,420)</b>
<b>Environment</b>	<b>140,842</b>
<b>Economy</b>	<b>38,150</b>
	<b>468,580</b>

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2016

Committee	Net Transfers to / from Earmarked Reserves	(Net Trf to EMR)
<b>CD</b>	Community Development	
	Grant spend from Seed Fund earmarked reserve released	(12,000)
	New Homes Bonus monies earmarked for additional Grants and Funding Officer post	(21,210)
<b>CM</b>	Corporate Management	
<b>CP</b>	Car Parks	
<b>CS</b>	Customer Services	
	Contribution towards digital strategy salaries	(37,030)
<b>ES</b>	Cemeteries & Public Health	
	EMR release for Public Health Officer	(18,950)
	Parks & Open Spaces Developers Contributions	7,860
	Play Area's Developers Contributions	10,870
	Newcombes Play Area enhancement funded from S106 Monies	(9,326)
<b>FP</b>	Finance And Performance	
<b>GM</b>	Grounds Maintenance	
<b>HG</b>	General Fund Housing	
<b>HR</b>	Human Resources	
	Management Training 16/17	(30,000)
<b>IT</b>	IT Services	
	Aerial photography ear marked reserve released	(2,800)
<b>LD</b>	Legal & Democratic Services: Member/Election Services	
	Contribution towards additional staffing requirement	(14,180)
<b>PR</b>	Planning - Land charges	
	Grant spend from High Street Innovation Fund ear marked reserve released	(43,308)
	New Homes Bonus monies earmarked for the Town Centre Manager post	(42,720)
	New Homes Bonus used to offset one-off costs shown against service	(150,000)
	Contribution towards Economic development activities	(100,000)
<b>PS</b>	Property Services	
	Town Hall Toilet refurbishment	(11,300)
	Market Walk Profit	202,410
	Release of Market Walk profit	(150,000)
<b>RB</b>	Revenues And Benefits	
<b>RS</b>	Recreation And Sport	
<b>WS</b>	Waste Services	
	New Homes Bonus monies earmarked for the new waste depot, move and fit out costs	(256,000)
<b>Various</b>	Sinking fund contributions for vehicles & plant	711,900
<b>IE</b>		
	New Homes Bonus monies earmarked for capital and economic regeneration projects	1,831,460
	<b>Net Transfer to / (from) Earmarked Reserves</b>	<b>1,865,676</b>
	Budgeted Net Transfer to Reserves	2,169,990
	<b>Forecast Variance</b>	<b>(304,314)</b>

## 2016/17 General Fund Projected Outturn Variance £



**Key** + = Overspend / Income under target - = Savings / Income above budget

- |           |                         |           |                           |
|-----------|-------------------------|-----------|---------------------------|
| <b>CD</b> | Community Development   | <b>IT</b> | I.T. Services             |
| <b>CM</b> | Corporate Management    | <b>LD</b> | Legal and Democratic      |
| <b>CP</b> | Car Parks               | <b>PR</b> | Planning and Regeneration |
| <b>CS</b> | Customer Services       | <b>PS</b> | Property Services         |
| <b>ES</b> | Environmental Services  | <b>RB</b> | Revenues and Benefits     |
| <b>FP</b> | Finance and Performance | <b>RS</b> | Recreation and Sports     |
| <b>GM</b> | Grounds Maintenance     | <b>WS</b> | Waste Services            |
| <b>HG</b> | General Fund Housing    |           |                           |
| <b>HR</b> | Human Resources         |           |                           |



	2016/17	2016/17	2016/17	2016/17
	Annual Budget	Profiled Budget	Actual	Variance
	£	£	£	£
<b>Total Employee Costs</b>				
<b>General Fund</b>				
Community Development	295,180	147,590	137,050	(10,540)
Corporate Management	901,960	450,980	437,820	(13,160)
Customer Services	764,610	382,305	341,958	(40,347)
Environmental Services	923,320	461,660	493,778	32,118
Finance And Performance	632,710	316,355	311,310	(5,045)
General Fund Housing	197,330	98,665	92,750	(5,915)
Grounds Maintenance	448,900	224,450	203,799	(20,651)
Human Resources	361,460	180,730	185,180	4,450
I.T. Services	522,100	261,050	236,065	(24,985)
Legal & Democratic Services	417,660	208,830	191,041	(17,789)
Planning And Regeneration	1,525,620	762,810	678,031	(84,779)
Property Services	385,320	192,660	171,676	(20,984)
Recreation And Sport	1,630,750	815,375	861,970	46,595
Revenues And Benefits	668,450	334,225	344,585	10,360
Waste Services	1,863,780	931,890	886,657	(45,233)
	<b>11,539,150</b>	<b>5,769,575</b>	<b>5,573,668</b>	<b>(195,907)</b>
<b>Housing Revenue Account</b>				
SHO13A Repairs & Maintenance	593,480	296,740	292,492	(4,248)
SHO17A Housing & Tenancy Services	1,432,670	716,335	648,536	(67,799)
SHO22 Alarms expenditure	66,720	33,360	19,279	(14,081)
	<b>2,092,870</b>	<b>1,046,435</b>	<b>960,307</b>	<b>(86,128)</b>
<b>Total</b>	<b>13,632,020</b>	<b>6,816,010</b>	<b>6,533,975</b>	<b>(282,035)</b>

	2016/17	2016/17	2016/17	2016/17
	Annual Budget	Profiled Budget	Actual	Variance
	£	£	£	£
<b>Agency Staff</b>				
<b>General Fund</b>				
Car Parks	0	0	0	0
Community Development	0	0	0	0
Corporate Management	0	0	0	0
Customer Services	0	0	1,621	1,621
Environmental Services	0	0	0	0
Finance And Performance	0	0	0	0
General Fund Housing	0	0	0	0
Grounds Maintenance	5,000	2,500	14,439	11,939
Human Resources	0	0	0	0
I.T. Services	0	0	0	0
Legal & Democratic Services	0	0	0	0
Planning And Regeneration	0	0	0	0
Property Services	0	0	7,166	7,166
Recreation And Sport	0	0	0	0
Revenues And Benefits	0	0	0	0
Waste Services	128,500	64,250	107,406	43,156
	<b>133,500</b>	<b>66,750</b>	<b>130,632</b>	<b>63,882</b>
<b>Housing Revenue Account</b>				
SHO13A Repairs & Maintenance	0	0	3,622	3,622
SHO17A Housing & Tenancy Services	0	0	25,301	25,301
SHO22 Alarms expenditure	0	0	0	0
	<b>0</b>	<b>0</b>	<b>28,923</b>	<b>28,923</b>
<b>Total</b>	<b>133,500</b>	<b>66,750</b>	<b>159,555</b>	<b>92,805</b>



**HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR  
THE PERIOD 01 APRIL TO 30 SEPTEMBER 2016**

		2016/17 Annual Budget	Forecast	Variance
Housing Revenue Account (HRA)	Notes	£	£	%
<b>Income</b>				
SHO01 Dwelling Rents Income	A	(12,593,760)	(49,000)	0.4%
SHO04 Non Dwelling Rents Income	B	(554,070)	(2,000)	0.4%
SHO06 Tenant Charges For Services	C	(42,360)	32,000	-75.5%
SHO07 Leaseholders' Service Charges	D	(23,540)	0	0.0%
SHO08 Contributions Towards Expenditure	E	(33,720)	0	0.0%
SHO09 Alarm Income - Non Tenants	F	(194,660)	(13,000)	6.7%
SHO10 H.R.A. Investment Income	G	(40,000)	0	0.0%
SHO11 Miscellaneous Income	H	(19,000)	0	0.0%
<b>Services</b>				
SHO13A Repairs & Maintenance	I	3,214,780	11,000	0.0%
SHO17A Housing & Tenancy Services	J	1,354,750	(50,000)	-3.7%
SHO22 Alarms expenditure	K	152,200	(36,000)	-23.7%
<b>Accounting entries 'below the line'</b>				
SHO29 Bad Debt Provision Movement	L	25,000	0	0.0%
SHO30 Share Of Corporate And Democratic	M	177,400	1,000	0.6%
SHO32 H.R.A. Interest Payable	N	1,268,030	0	0.0%
SHO34 H.R.A. Transfers between earmarked reserves	O	2,393,010	0	0.0%
SHO36 H.R.A. R.C.C.O.	P	24,000	0	0.0%
SHO37 Capital Receipts Reserve Adjustment	Q	(20,800)	0	0.0%
SHO38 Major Repairs Allowance	R	2,800,000	76,000	2.7%
SHO45 Renewable Energy Transactions	S	(130,000)	0	0.0%
		<b>(2,242,740)</b>	<b>(30,000)</b>	<b>-1.3%</b>
Net recharge to HRA		1,265,490		
Capital Charges		977,250		
<b>Net Housing Revenue Account Budget</b>		<b>0</b>		

Housing Revenue Account	£k
Total HRA reserve as at 01/04/16	(2,000)
Forecast movement in the year	0
<b>Forecast HRA reserve as at 31/03/17</b>	<b>(2,000)</b>

Housing Maintenance Fund	£k
Opening balance	(8,886)
Reserve utilised for capital works (see appendix G)	306
Budgeted transfer to reserves	(1,704)
Forecast variance for the year (see above)	(30)
<b>Forecast closing balance</b>	<b>(10,314)</b>

Renewable Energy Fund	£k
Opening balance	(342)
Expenditure forecast for this year (see appendix G)	70
Net income forecast for this year	(130)
<b>Forecast closing balance</b>	<b>(402)</b>

**HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD 01  
APRIL TO 30 SEPTEMBER 2016**

Note	Description of Major Movements	Corrective Action	Forecast Variance £
<b>A</b>	Dwelling rent is 0.4% ahead of target	N/A	(49,000)
<b>B</b>	Minor variance	N/A	(2,000)
<b>C</b>	The Learning Disability Support contract has ceased to operate	N/A	32,000
<b>F</b>	Community Alarm sales continue to be high	N/A	(13,000)
<b>I</b>	Minor variance	N/A	11,000
<b>J</b>	Savings due to restructuring of staffing across several teams	N/A	(50,000)
<b>K</b>	The Learning Disability Support contract has ceased to operate	N/A	(36,000)
<b>M</b>	Minor variance	N/A	1,000
<b>R</b>	£2,876,000 is expected to be spent on major works this year (see appendix G)	None	76,000
		<b>TOTAL</b>	<b>(30,000)</b>

Scheme	Notes	Budget £	Expenditure £	Variance £	Forecast (Underspend)/ Overspend £	Forecast Slippage to 17/18 £
<b>General Fund Projects</b>						
<b><u>Lords Meadow leisure centre</u></b>						
Main car park resurfacing		50,000	0	(50,000)		
<b><u>Exe Valley leisure centre</u></b>						
EVLC - Pressure set replacement Hot/Cold		35,000	0	(35,000)		
EVLC - Fitness extension - subject to business case *		22,000	0	(22,000)		
* Note £500k in 15/16 will be slipped to 16/17						
<b><u>Phoenix House</u></b>						
Phoenix House - Ground Floor changes - subject to business case		163,000	112,282	(50,718)		
<b><u>Pannier Market</u></b>						
Pannier Market - Pedestrian roof cover - subject to business case **		0	0	0		
** Note £110k in 15/16 will be slipped to 16/17						
Tiverton Pannier Market Piggins		73,000	0	(73,000)		
Pannier Market Clock Tower		34,000	33,479	(521)	4,500	
<b><u>MSCP Improvements</u></b>						
MSCP improvements (refer to Matrix condition report)		50,000	0	(50,000)		
<b><u>Play Areas</u></b>						
Play area refurbishment - Wilcombe Tiverton		50,000	59,995	9,995		
Play area refurbishment - West Exe Recreation Ground Tiverton		50,000	0	(50,000)		
<b><u>Other Projects</u></b>						
Town Hall Redevelopment Project		20,000	5,878	(14,122)		
Land drainage flood defence schemes - Ashleigh Park Bampton		67,000	0	(67,000)		
Angel Hill improvements		15,000	3,458	(11,543)		
Town centre/Market area fibre optic hub and camera system		30,000	32,603	2,603		
Station Yard re construct shower block welfare		35,000	0	(35,000)		
Land drainage flood defence scheme - Newton St Cyres		50,000	0	(50,000)		
Phoenix Lane - Conversion to homeless shelter		60,000	1,626	(58,374)		
St Lawrence Green Project		30,000	0	(30,000)		
Waste move - Porta Cabins at Carlu Close		114,000	113,910	(90)		

Scheme	Notes	Budget £	Expenditure £	Variance £	Forecast (Underspend)/ Overspend £	Forecast Slippage to 17/18 £
<b><u>ICT Projects</u></b>						
Replacement of PC estate 330s		40,000	0	(40,000)		40,000
Continued replacement of WAN/LAN		60,000	0	(60,000)		
Server farm expansion/upgrades		108,000	12,028	(95,972)		32,000
Unified Communications/telephony		25,000	0	(25,000)	(25,000)	
Digital Transformation		104,000	25,275	(78,725)		
Mobile Working NDL MX		39,000	70,000	31,000	31,000	
Arc Server Spatial (open Source Mapping)		18,000	0	(18,000)		18,000
E-Financials Technical refresh		30,000	29,742	(258)		
Digital Transformation - replacement of CRM		50,000	0	(50,000)		50,000
Digital Transformation including Cosmic for Mid Devon		20,000	0	(20,000)	(20,000)	
SQL/Oracles refreshes		50,000	24,945	(25,055)		
<b><u>Replacement Vehicles - Grounds Maintenance</u></b>						
Iveco Tipper (or equivalent)		24,000	0	(24,000)		
<b><u>Replacement Vehicles - Refuse Collection</u></b>						
Dennis Eagle Terberg RCV 22-26t (or equivalent)		160,000	0	(160,000)		
5 Refuse Vehicles with Food waste capability ***		900,000	0	(900,000)	(105,000)	
<b>*** Note £740k in 15/16 will be slipped to 16/17</b>						
7.5T Tipper		100,000	0	(100,000)		
<b><u>Replacement Vehicles - Street Cleansing</u></b>						
3.5T Tipper		25,000	0	(25,000)		
3.5T Tipper		25,000	0	(25,000)		
		<b>2,726,000</b>	<b>525,220</b>	<b>(2,200,780)</b>	<b>(114,500)</b>	<b>140,000</b>
<b><u>Private Sector Housing Grants</u></b>						
Works in Default Grants			17,238	17,238		
Private Sector Housing initiatives to be prioritised		104,000	0	(104,000)		
Disabled Facilities Grants-Private Sector		468,000	204,111	(263,889)		
		<b>572,000</b>	<b>221,349</b>	<b>(350,651)</b>	<b>0</b>	<b>0</b>
<b><u>Affordable Housing Projects</u></b>						
Grants to Housing Associations to provide units (funded by commuted sum)		100,000	12,495	(87,505)		
		<b>100,000</b>	<b>12,495</b>	<b>(87,505)</b>	<b>0</b>	<b>0</b>
<b>Total General Fund Projects</b>		<b>3,398,000</b>	<b>759,064</b>	<b>-2,638,936</b>	<b>(114,500)</b>	<b>140,000</b>

Scheme	Notes	Budget £	Expenditure £	Variance £	Forecast (Underspend)/ Overspend £	Forecast Slippage to 17/18 £
<b>HRA Projects</b>						
Major repairs to Housing Stock		2,991,000	2,062,331	(928,669)	(115,000)	
Renewable Energy Fund Spend		200,000	67,640	(132,360)	(130,000)	
Birchen Lane - re development of unit for housing conversion (4 units)		367,550	367,554	4		
Palmerston Park Tiverton - affordable dwellings (26 units)		3,160,700	3,660,714	500,014		
Iveco Tipper 3.5t (or equivalent)		24,000	0	(24,000)		
Queensway (Beech Road) Tiverton (3 units)		10,000	0	(10,000)		
Disabled Facilities Grants - Council Houses		297,000	187,475	(109,525)		
Burlescombe (6 units) ****		80,000	880	(79,120)		
Waddeton Park - (70 units)		10,000	4,640	(5,360)		
Sewerage Treatment Works - Washfield		25,000	0	(25,000)		
* Stoodleigh - Pending feasibility (4 units)		20,000	0	(20,000)		
<b>Total HRA Projects</b>		<b>7,185,250</b>	<b>6,351,233</b>	<b>(834,017)</b>	<b>(245,000)</b>	<b>0</b>
<b>CAPITAL PROGRAMME GRAND TOTAL SPEND</b>						
		<b>10,583,250</b>	<b>7,110,297</b>	<b>(3,472,953)</b>	<b>(359,500)</b>	<b>140,000</b>

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**Cabinet**  
**27 October 2016**

## **Draft 2017/18 General Fund and Capital Budgets**

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Andrew Jarrett Director of Finance, Assets & Resources

**Reason for the report:** To consider options available in order for the Council to set a balanced budget for 2017/18 and agree a future strategy for further budget reductions for 2018/19 onwards.

**RECOMMENDATION:** To consider the draft budget proposals for 2017/18 and start to plan for additional savings as identified in the Medium Term Financial Plan.

**Relationship to the Corporate Plan:** To deliver our Corporate Plan's priorities within existing financial resources.

**Financial Implications:** The current budget for the General Fund shows a deficit of £419k. In addition we have predicted a funding deficit of just under £1m on our General Fund by 2020/21. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

It is a statutory requirement for the Local Authority to set a balanced budget each year.

**Risk Assessment:** Service Managers and Finance staff have assessed volatility in income and large contractor budgets, taking account of current and estimated future demand patterns. In addition prudent levels of reserves will also continue to be maintained.

### **1.0 Introduction**

1.1 We have recently applied to the Department of Communities and Local Government for a four year fixed funding settlement which will see the complete removal of the remaining Revenue Support Grant of £1.0m by 2019/20.

1.2 It is worth reflecting that our budgets are affected in a number of ways:

- a) The funding received from central government.
- b) Devon County Council's budget being cut leads to them cutting funding to us, and others, in a variety of ways.
- c) Government departments such as Department of Work and Pensions and Department for Communities and Local Government also have lower budgets and reduce grants.
- d) Changes in customer demand/expectations in the context of the local/national economy.

1.3 Although the priority is to balance next year's budget, strategic decisions will need to be made to accommodate reduced funding going forward. So far

senior managers will have produced a draft budget based upon “business as usual.”

- 1.4 Based on seven years of Public sector austerity many services can no longer continue to reduce cost and still expect “business as usual”. We have therefore asked them to consider the impact and risks associated with 10% and 20% savings on their budgets. It is important to remember that some services are statutory and in some cases must breakeven. i.e. we cannot generate a profit. This restricts where savings/cuts can be imposed, section 7 below provides more details.
- 1.5 The proposed savings embodied in the draft budget will need to be agreed by Members, as every proposed saving that is rejected will need to be matched by a suggestion of where a similar saving could be made. Members will be aware that the budget is an evolving process. We have already made a range of assumptions relating to: pay awards, inflation, fees/charges, demand for services, property increases, etc. More information may well change/alter our assumptions in the months leading up to February, when the budget has to be finalised. So the current budget gap of £419k will be revised over the next few months, but it is based on the most current information, in conjunction with professional guidance, that is available.
- 1.6 The Council continues to look into opportunities to further reduce operational costs without immediately reducing service levels. However it remains a real possibility moving forward that some difficult decisions will have to be made relating to what the Council can and can’t afford to deliver/support in the future.

## 2.0 The Draft 2017/18 Budget

- 2.1 The initial aggregation of all service budgets (which also includes assumptions surrounding predictions of interest receipts, contributions to our capital programme, transfers from/to reserves and Council Tax levels) currently indicates a General Fund budget gap of £419k (see Appendix 1).
- 2.2 At this point it is worth summarising how we have arrived at this deficit. The table shown below shows the main budget variances affecting the 2017/18 draft budget.

**Table 1 – Reconciliation of Major 2017/18 Budget Variances**

<b>Variances</b>	<b>Amount £k</b>
<b><i>External items outside of our control</i></b>	
Reduced formula grant settlement	609
Decrease in Housing Benefit Grant	25
Pay award	100
Pension provision	35
Price inflation	50
New Apprenticeship Levy	40
<b><i>Subtotal</i></b>	<b>859</b>
<b><i>Other changes</i></b>	
New apprentices	20



DCC sharing of waste	(200)
Market Walk income	(20)
Increased income from CCLA investments	(38)
Increase in Collection Fund surplus	(45)
Contributions from town and parish councils	(8)
Increase Council tax income (£5 rise + new 200 properties)	(176)
Department of Work and Pensions rent	(45)
Additional election monies	(29)
Various additional fee income	(60)
Other net cost pressures (including reflection on 16/17 budget pressures)	161
<b>Draft budget gap for 2017/18</b>	<b>419</b>

2.3 In compiling the 2017/18 draft budget we have also examined budget performance during 2016/17 and then made any relevant budget corrections for staffing changes, levels of income, changes in legislation, increases in inflation, etc.

2.4 Due to the need to get budget information to all of the PDG and Cabinet meetings during November and early December there are still a few key issues that have not been resolved or are still to be fully evaluated. These issues may either improve or worsen the summary budget position currently reported.

### **3.0 The Future**

3.1 It is clear that a lot of work has already been undertaken in order to deliver a draft budget gap of £419k. We now are set with two tasks: firstly, to deliver a balanced General Fund budget by February 2017 in order to formally set the Council Tax and secondly, and of equal importance, begin to plan how our future spending plans can be financed. The work with town and parish councils will continue.

3.2 After the BREXIT referendum and with effectively a new government there is some uncertainty over the exact level of Formula Grant reduction going forward. The new Chancellor's Autumn Statement will hopefully provide us with a clearer picture of whether the offer of a fixed four year funding settlement is honoured.

### **4.0 Capital Programme**

4.1 In addition to this revenue funding pressure, is our ongoing commitment to future capital programmes, not helped by the current low levels of capital receipts. Even greater pressure may be placed on future programmes if additional borrowing was made to fund new Council Houses, Depots, Sport Centre enhancements, Town Centre enhancement works, vehicle replacements, etc.

4.2 The draft Capital Programme for 2017/18 is attached at Appendix 5. The size of our current and future capital programmes has substantially reduced, due to the reductions in funding and level of sale receipts and now only includes material projects that are essential maintenance, or asset replacement or income generating/cost reducing.

## **5.0 The November/December PDGs and Cabinet meetings**

- 5.1 The first round of draft budget meetings will allow discussions with Members, Senior Management, Service Managers and Finance Officers in order to review the proposed draft 2017/18 budget – see Appendix 2. This will include scrutinising and challenging the initial position (and confirming acceptance of all proposed savings put forward) and discussing any other budget areas that Members would like to see additional savings from.
- 5.2 Before the next round of PDGs and Cabinet in January the Council will receive formal confirmation regarding its; Formula Grant other emerging legislative changes, more information regarding the 2016/17 budget performance, etc. At this point if any of the initial assumptions/estimates significantly worsen, then we will need to bring further savings options forward for consideration.

## **6.0 Public Consultation**

- 6.1 Earlier year's consultations have consistently highlighted the three most valued services:
- REFUSE COLLECTION & RECYCLING - First
  - PARKS, OPEN SPACES & PLAY AREAS - Second
  - ENVIRONMENTAL HEALTH - Third

The three services valued the lowest comprised:

- COMMUNITY GRANTS - First
  - PUBLIC CONVENIENCES - Equal second
  - COMMUNITY SAFETY - Equal second
- 6.2 With the Council having to make more challenging decisions with regard to service prioritisation these views and our Corporate Plan should be foremost in determining changes to the base budget.

## **7.0 Statutory, Discretionary Services and the Level of Service Provision**

- 7.1 Whilst the Council has a legal obligation to perform some activities, others are at the discretion of the elected members, subject to funding. Although some undertakings are clearly statutory and others clearly discretionary, there are some service areas that have elements of both.
- 7.2 The main *discretionary* services of the Council comprise:
- Business development (although a corporate priority)
  - Community development (includes community group grants)
  - Leisure facilities
  - Parks and open spaces
  - Shops and industrial units

### **What can we do to balance the budget?**

- 7.3 An activity's net cost could be changed by one or more of these factors:

- a) Changing the frequency
- b) Changing the quality, instead of a “Platinum service” we may be forced to offer a “Silver service”
- c) Increasing fees or start charging for a service
- d) Reducing the overheads
- e) Stopping the activity entirely
- f) Different models of service delivery (including partnership)

7.4 Over the last five years the Authority has concentrated its efforts in maintaining frontline service levels across all sectors by reducing overheads. It is now clear that following those budgetary cuts some service areas are struggling to deliver their service plans, within their existing budgets. Indeed in a few cases external reviews have necessitated increasing the resources in a particular service area to meet our legal obligations.

**What options are available if something is *statutory*?**

7.5 Although we cannot stop the function, we may be able to approach it differently in terms of frequency or quality.

7.6 Some of our income streams are influenced by external market forces and in setting prices we have to be mindful of the going market rate. Aside from Council tax, the main discretionary income streams are:

- Building control fees
- Burial fees
- Car park charges
- Industrial unit rent
- Leisure centre fees
- Licence fees
- Market tolls
- Shop rents
- Planning fees
- Trade waste fees
- Garden waste

7.7 Any multi million pound business employing staff and utilising assets needs teams to support them and our frontline services are no different.

7.8 The key components, some statutory, others essential, include:

- Audit
- Accountancy
- Customer First
- Procurement (Buying goods and services)
- Human resources (Includes health and safety)
- IT
- Legal services
- Property services

7.9 For example our waste service has to have vehicles and depots to operate from, both of which need to be maintained. The staff need to be managed, to be paid, and legislation provides for health and safety considerations. Depots

and building such as Phoenix House are fixed costs, although even here we have created savings by renting out some space. The “back office” activities are therefore intrinsically linked to the “frontline” and savings from both areas have continued to be made.

## **8.0 Conclusion**

- 8.1 The feedback from all of the PDGs and Scrutiny will be reported to the January Cabinet for consideration in order to set a balanced 2017/18 budget and agree a forward plan. Early in the New Year senior management will meet to establish a strategic plan of how £1m of savings in the next four years can be achieved. This process will be based upon giving Members a series of options, some of which may require short term investment, to generate medium or long term savings. The savings options will need to be considered across all Member meetings, based upon the priorities contained within the new corporate plan. Having identified possible savings, there will need to be careful consideration of their potential impact, probable lead times for delivery of that saving and any associated disengagement costs or possible ‘spend to save’ implications that would arise.

**Contact for more information:** Andrew Jarrett – Director of Finance, Assets & Resources (01884 234242 / [ajarrett@middevon.gov.uk](mailto:ajarrett@middevon.gov.uk))

**Circulation of the Report:** Management Team, Members and relevant Service Managers

## GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2017/18

	Notes	Net Direct Costs Budget 2016/17 £	Budget Changes £	Draft Net Direct Costs Budget 2017/18 £
Cabinet	2,4	3,974,760	278,130	4,252,890
Community	2,4,7	2,593,410	7,420	2,600,830
Economy	2,4	(922,960)	186,840	(736,120)
Environment	2,4	2,413,390	(185,340)	2,228,050
Housing	2,4	1,116,120	93,650	1,209,770
<b>TOTAL NET DIRECT COST OF SERVICES</b>		<b>9,174,720</b>	<b>380,700</b>	<b>9,555,420</b>
Net recharge to HRA	6	(1,265,490)	(11,000)	(1,276,490)
<b>NET COST OF SERVICES</b>		<b>7,909,230</b>	<b>369,700</b>	<b>8,278,930</b>
PWLB Bank loan interest payable		112,030	(5,110)	106,920
Finance Lease interest payable		34,000	2,760	36,760
Provision for the financing of capital spending		400,720	(2,350)	398,370
Interest from Funding provided for HRA		(54,000)	0	(54,000)
Interest Received on Investments	5	(171,000)	(38,000)	(209,000)
Revenue contribution to capital programme		0	0	0
New Homes Bonus		(1,831,460)	0	(1,831,460)
Transfers into earmarked reserves	3	2,745,770	(222,340)	2,523,430
Transfers from earmarked reserves	3	(575,780)	(6,810)	(582,590)
<b>TOTAL BUDGETED EXPENDITURE</b>		<b>8,569,510</b>	<b>97,850</b>	<b>8,667,360</b>
<b>Funded by:-</b>				
Revenue Support Grant		(1,017,260)	519,710	(497,550)
Rural Services Delivery Grant		(463,810)	89,300	(374,510)
Transition Grant		(31,630)	120	(31,510)
NNDR revenue		(2,055,890)	(9,320)	(2,065,210)
NNDR appeals		100,000	(50,000)	50,000
CTS Funding Parishes		55,250	(8,290)	46,960
Collection Fund Surplus		(8,230)	(44,630)	(52,860)
Council Tax - 27,707.03 x £192.15	1	(5,147,940)	(175,970)	(5,323,910)
<b>TOTAL FUNDING</b>		<b>(8,569,510)</b>	<b>320,920</b>	<b>(8,248,590)</b>
<b>REQUIREMENT TO BALANCE THE BUDGET</b>		<b>0</b>	<b>418,770</b>	<b>418,770</b>

**Current Assumptions :**

1. Council Tax has been increased by £5 as an illustration with an increased property growth of 200.
2. 2017/18 salary budgets include an increase of 1%.
3. All earmarked reserves have been reviewed and adjustment made based upon existing need.
4. All income flows have been reviewed and adjusted for changes in demand and unit price.
5. Investment income has been based upon the existing lending criteria now in force.
6. Support services have been inflated in accordance with the pay award.
7. No reductions to grant budgets have been made.
8. Car parking fees are based upon 2016/17 fees and vends.

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PDG SERVICE UNIT MOVEMENTS

Appendix 2

GENERAL FUND SUMMARY		FTE	Budget Net Direct Cost	Impact of 10% savings	Impact of 20% savings	FTE	Current Budgeted Net Direct Cost	Movement	+/- %	
	Notes	2016/17	2016/17	2016/17	2016/17	2017/18	2017/18	2017/18	2017/18	
<b>Cabinet</b>										
SCM01	Leadership Team	2.0	165,450	16,545	33,090	5.0	448,430	282,980	171.0%	
SCM03	Corporate Fees/Charges	0.1	149,120	14,912	29,824	0.0	202,310	53,190	35.7%	
SCM06	Pension Backfunding	0.0	825,010	82,501	165,002	0.0	860,010	35,000	4.2%	
SFP01	Accountancy Services	8.5	414,750	41,475	82,950	7.5	337,860	(76,890)	-18.5%	
SFP02	Internal Audit	2.7	100,770	10,077	20,154	2.7	101,700	930	0.9%	
SFP03	Procurement	2.5	75,880	7,588	15,176	2.5	77,390	1,510	2.0%	
SFP04	Purchase Ledger	1.5	46,360	4,636	9,272	1.5	45,480	(880)	-1.9%	
SFP05	Sales Ledger	1.5	43,200	4,320	8,640	1.5	44,580	1,380	3.2%	
SHR01	Human Resources	6.8	275,980	27,598	55,196	6.4	249,820	(26,160)	-9.5%	
SHR02	Mddc Staff Training	0.0	95,400	9,540	19,080	0.0	96,880	1,480	1.6%	
SHR03	Payroll	1.9	62,630	6,263	12,526	1.7	57,020	(5,610)	-9.0%	
SHR04	Learning And Development	1.4	45,300	4,530	9,060	2.4	62,640	17,340	38.3%	
SIT01	It Gazeteeer Management	2.0	64,820	6,482	12,964	2.0	65,080	260	0.4%	
SIT03	It Information Technology	12.7	814,490	81,449	162,898	12.7	800,320	(14,170)	-1.7%	
SLD01	Electoral Registration	4.0	155,710	15,571	31,142	4.0	126,740	(28,970)	-18.6%	
SLD02	Democratic Rep And Management	2.8	424,160	42,416	84,832	2.8	439,180	15,020	3.5%	
SLD04	Legal Services	5.5	215,730	21,573	43,146	5.8	237,450	21,720	10.1%	
		<b>55.9</b>	<b>3,974,760</b>	<b>397,476</b>	<b>794,952</b>	<b>58</b>	<b>4,252,890</b>	<b>278,130</b>	<b>7.0%</b>	
<b>Community PDG</b>										
SCD01	Community Development	5.0	414,980	41,498	82,996	0.0	98,700	(316,280)	-76.2%	
SCS20	Customer Services Admin	4.0	108,040	10,804	21,608	4.0	108,030	(10)	0.0%	
SCS22	Customer First	24.2	752,020	75,202	150,404	22.7	682,530	(69,490)	-9.2%	
SES04	Public Health	0.0	22,640	2,264	4,528	1.0	44,370	21,730	96.0%	
SES16	Es Staff Units/Recharges	15.0	557,070	55,707	111,414	15.5	593,750	36,680	6.6%	
SES17	Community Safety	1.5	53,970	5,397	10,794	1.4	57,890	3,920	7.3%	
SES18	Food Safety	0.0	(4,650)	(465)	(930)	0.0	(12,530)	(7,880)	169.5%	
SES21	Licensing	3.0	(12,430)	(1,243)	(2,486)	3.0	(15,470)	(3,040)	24.5%	
SES22	Pest Control	0.0	4,000	400	800	0.0	4,000	0	0.0%	
SES23	Pollution Reduction	0.0	4,230	423	846	0.0	4,240	10	0.2%	
SPR01	Building Regulations	5.6	(2,060)	(206)	(412)	6.1	(5,330)	(3,270)	158.7%	
SPR02	Enforcement	2.5	96,500	9,650	19,300	2.5	102,170	5,670	5.9%	
SPR03	Development Control	22.7	142,100	14,210	28,420	24.3	161,010	18,910	13.3%	
SPR04	Local Land Charges	1.6	(24,600)	(2,460)	(4,920)	1.6	(33,010)	(8,410)	34.2%	
SPR09	Forward Planning	6.5	205,210	20,521	41,042	5.5	199,290	(5,920)	-2.9%	
SPR11	Regional Planning	0.0	92,200	9,220	18,440	0.0	318,340	226,140	245.3%	
SRB01	Collection Of Council Tax	9.3	234,950	23,495	46,990	8.3	227,600	(7,350)	-3.1%	
SRB02	Collection Of Business Rates	1.0	(74,290)	(7,429)	(14,858)	1.0	(76,180)	(1,890)	2.5%	
SRB03	Housing Benefit Admin & Fraud	11.9	118,030	11,803	23,606	11.4	139,530	21,500	18.2%	
SRB04	Housing Benefit Subsidy	0.0	(75,000)	(7,500)	(15,000)	0.0	(75,000)	0	0.0%	
SRB06	Debt Recovery	1.9	62,910	6,291	12,582	2.9	94,380	31,470	50.0%	
SRS01	Recreation And Sport	57.2	(82,410)	(8,241)	(16,482)	57.6	(17,480)	64,930	-78.8%	
		<b>172.9</b>	<b>2,593,410</b>	<b>259,341</b>	<b>518,682</b>	<b>169</b>	<b>2,600,830</b>	<b>7,420</b>	<b>0.3%</b>	
<b>Economy PDG</b>										
SCD02	Economic Development - Markets	2.0	(3,410)	(341)	(682)	2.2	420	3,830	-112.3%	
SCP01	Parking Services	0.0	(616,390)	(61,639)	(123,278)	0.0	(592,390)	24,000	-3.9%	
SES03	Community Safety - C.C.T.V.	0.2	3,030	303	606	0.2	3,060	30	1.0%	
SPR06	Economic Development	2.5	207,720	20,772	41,544	5.3	415,970	208,250	100.3%	
SPS12	GF Properties Shops / Flats	0.0	(513,910)	(51,391)	(102,782)	0.0	(563,180)	(49,270)	9.6%	
		<b>4.7</b>	<b>(922,960)</b>	<b>(92,296)</b>	<b>(184,592)</b>	<b>8</b>	<b>(736,120)</b>	<b>186,840</b>	<b>-20.2%</b>	
<b>Environment PDG</b>										
SES02	Cemeteries	1.5	(47,610)	(4,761)	(9,522)	1.5	(34,850)	12,760	-26.8%	
SES05	Open Spaces	1.2	54,800	5,480	10,960	1.2	82,410	27,610	50.4%	
SGM01	Grounds Maintenance	20.0	562,130	56,213	112,426	20.0	560,950	(1,180)	-0.2%	
SPS03	Flood Defence And Land Drain	0.0	26,430	2,643	5,286	0.0	26,430	0	0.0%	
SPS04	Street Naming & Numbering	0.2	7,910	791	1,582	0.2	7,220	(690)	-8.7%	
SPS07	Public Transport	0.0	(15,080)	(1,508)	(3,016)	0.0	(15,110)	(30)	0.2%	
SPS11	Public Conveniences	1.3	49,300	4,930	9,860	1.3	43,230	(6,070)	-12.3%	
SWS01	Street Cleansing	7.4	322,770	32,277	64,554	7.4	334,720	11,950	3.7%	
SWS02	Waste Collection	29.6	546,720	54,672	109,344	30.6	352,880	(193,840)	-35.5%	
SWS03	Recycling	30.8	730,150	73,015	146,030	30.8	699,380	(30,770)	-4.2%	
SWS04	Waste Management	5.7	175,870	17,587	35,174	4.7	170,790	(5,080)	-2.9%	
		<b>97.7</b>	<b>2,413,390</b>	<b>241,339</b>	<b>482,678</b>	<b>98</b>	<b>2,228,050</b>	<b>(185,340)</b>	<b>-7.7%</b>	
<b>Housing PDG</b>										
SES15	Private Sector Housing Grants	4.6	165,720	16,572	33,144	4.1	163,900	(1,820)	-1.1%	
SHG03	Homelessness Accommodation	6.5	232,470	23,247	46,494	7.4	271,340	38,870	16.7%	
SPS05	Administration Buildings	0.0	260,260	26,026	52,052	0.0	271,090	10,830	4.2%	
SPS06	Mddc Depots	0.0	57,960	5,796	11,592	0.0	62,680	4,720	8.1%	
SPS08	Office Building Cleaning	3.1	59,880	5,988	11,976	3.0	59,750	(130)	-0.2%	
SPS09	Property Services Staff Unit	10.9	339,830	33,983	67,966	10.9	381,010	41,180	12.1%	
		<b>25.1</b>	<b>1,116,120</b>	<b>111,612</b>	<b>223,224</b>	<b>25.4</b>	<b>1,209,770</b>	<b>93,650</b>	<b>0.4</b>	
<b>GRAND TOTAL</b>		<b>356.3</b>	<b>9,174,720</b>	<b>917,472</b>	<b>1,834,944</b>	<b>358.1</b>	<b>9,555,420</b>	<b>380,700</b>	<b>0.2</b>	
<b>Net recharge to HRA</b>			<b>(1,265,490)</b>				<b>(1,276,490)</b>	<b>(11,000)</b>	<b>0.9%</b>	
	PWLB Bank Loan Interest Payable		112,030				106,920	(5,110)	-4.6%	
	Finance Lease Interest Payable		34,000				36,760	2,760	8.1%	
	Provision for the Financing of Capital Spending		400,720				398,370	(2,350)	-0.6%	
	Interest Received on Investments		(171,000)				(209,000)	(38,000)	22.2%	
	Interest from Funding provided for HRA		(54,000)				(54,000)	0	0.0%	
	Revenue Contribution to Capital Programme		0				0	0	#DIV/0!	
	New Homes Bonus		(1,831,460)				(1,831,460)	0	0.0%	
	Transfers into Earmarked Reserves	APP 3	2,745,770				2,523,430	(222,340)	-8.1%	
	Transfers from Earmarked Reserves	APP 4	(575,780)				(582,590)	(6,810)	1.2%	
<b>Funded by:-</b>										
	Revenue Support Grant		(1,017,260)				(497,550)	519,710	-51.1%	
	Rural Services Delivery Grant		(463,810)				(374,510)	89,300	-19.3%	
	Transitional Grant		(31,630)				(31,510)	120	-0.4%	
	NNDR		(2,055,890)				(2,065,210)	(9,320)	0.5%	
	NNDR Appeals		100,000				50,000	(50,000)	-50.0%	
	CTS Funding Parishes		55,250				46,960	(8,290)	-15.0%	
	Collection Fund Surplus		(8,230)				(52,860)	(44,630)	542.3%	
	Council Tax (27,707.03 x £192.15)		(5,147,940)				(5,323,910)	(175,970)	3.4%	
	<b>Total Budget</b>		<b>0</b>				<b>418,770</b>	<b>418,770</b>	<b>#DIV/0!</b>	
<b>Projected Budget Overspend 2016/17</b>			<b>296,892</b>							
<b>GF Balance B/F</b>			<b>(2,211,036)</b>				<b>(1,914,144)</b>			
<b>GF Balance C/F</b>			<b>(1,914,144)</b>				<b>(1,495,374)</b>			

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**ECONOMY PDG 2017/18 Service Unit Budgets**

**Summary of PDG**

Service Unit	Description	2015/16 Actual	2016/17 Budget	2017/18 Budget	Movement
SCD02 Economic Development	Economic Development	31,783	(3,410)	420	3,830
SCP01 Parking Services	Parking Services	(545,749)	(616,390)	(592,390)	24,000
SES03 Community Safety - C.C.T.V.	Community Safety - C.C.T.V.	2,670	3,030	3,060	30
SPR06 Economic Development	Economic Development	178,362	207,720	415,970	208,250
SPS12 Gf Properties Shops/Flats	Gf Properties Shops/Flats	(490,796)	(513,910)	(563,180)	(49,270)
<b>TOTALS</b>	<b>Sum:</b>	<b>(823,730)</b>	<b>(922,960)</b>	<b>(736,120)</b>	<b>186,840</b>

## SCD02 Economic Development

Group	Description	2015/16 Actuals	2016/17 Budget	2017/18 Budget	Movement £
1000	Employees	63,938	62,120	62,500	380
2000	Premises	44,153	44,180	45,280	1,100
3000	Transport	(24)	0	0	0
4000	Cost Of Goods And Services	17,789	12,760	13,310	550
7000	Income	(94,073)	(122,470)	(120,670)	1,800
	<b>Sum:</b>	<b>31,783</b>	<b>(3,410)</b>	<b>420</b>	<b>3,830</b>

Cost Centre	Cost Centre Name	2017/18 Budget	10% Savings	20% Savings
CD300	Markets	420	(341)	(682)
	<b>TOTAL</b>	<b>420</b>		

### Cost Pressures/Savings on Basis of Current Service Provision

No major budget variations to report.

### Impact and Risks if 10% Savings Imposed

It would be unrealistic to set an increased income budget as the current income budget is not being met, proactive work is however being carried out to try and meet the gap. The saving could then only be achieved by reducing staff hours.

### Impact and Risks if 20% Savings Imposed

Same as above but would mean a significant reduction in staff.

## SCP01 Parking Services

Group	Description	2015/16 Actuals	2016/17 Budget	2017/18 Budget	Movement £
1000	Employees	0	0	0	0
2000	Premises	136,436	170,090	169,720	(370)
4000	Cost Of Goods And Services	35,233	27,720	32,340	4,620
7000	Income	(717,417)	(814,200)	(794,450)	19,750
	<b>Sum:</b>	<b>(545,749)</b>	<b>(616,390)</b>	<b>(592,390)</b>	<b>24,000</b>

Cost Centre	Cost Centre Name	2017/18 Budget		
CP510	Market Car Park	(187,780)	<b>10% Savings</b>	<b>(61,639)</b>
CP520	Multi-Storey Car Park	(53,980)	<b>20% Savings</b>	<b>(123,278)</b>
CP530	Amenity Car Parks	7,560		
CP540	Paying Car Parks	(358,190)		
CP550	Civil Parking Enforcement	0		
	<b>TOTAL</b>	<b>(592,390)</b>		

### **Cost Pressures/Savings on Basis of Current Service Provision**

**7000** - Pay and Display income budgets have been **reduced** to reflect the predicted shortfall in 16-17.

### **Impact and Risks if 10% Savings Imposed**

Consider making some community car parks "Pay and Display" and continue dialogue with town and parish councils re funding contributions.

### **Impact and Risks if 20% Savings Imposed**

Consider making some community car parks "Pay and Display" and continue dialogue with town and parish councils re funding contributions.

**SES03 Community Safety - C.C.T.V.**

Group	Description	2015/16 Actuals	2016/17 Budget	2017/18 Budget	Movement £
1000	Employees	3,820	3,780	3,830	50
2000	Premises	49	0	0	0
3000	Transport	(2)	0	0	0
4000	Cost Of Goods And Services	3,847	4,250	4,230	(20)
7000	Income	(5,044)	(5,000)	(5,000)	0
	<b>Sum:</b>	<b>2,670</b>	<b>3,030</b>	<b>3,060</b>	<b>30</b>

Cost Centre	Cost Centre Name	2017/18 Budget	10% Savings	20% Savings
ES200	Cctv Initiatives	3,060		
	<b>TOTAL</b>	<b>3,060</b>	<b>303</b>	<b>606</b>

**Cost Pressures/Savings on Basis of Current Service Provision**

Minor variations.

**Impact and Risks if 10% Savings Imposed**

The CCTV Supervisor is only currently employed for 7hrs paid work per week. The worker already does at least a further 10-12hrs per week as a volunteer and therefore unpaid.

**Risks** - Many partners on the CCTV Stakeholder Group are keen to increase monitored hours and not reduce them further. Tiverton Town Council make a (£5k) contribution and the risk of cutting hours would put this contribution and our relationship with the Town Council at risk. In addition the Tiverton community and traders are likely to be very disappointed and raise negative publicity, especially when the CCTV has just been upgraded.

Enquiries are being made and alternative options considered with regard to finding another organisation to host and/or manage the Tiverton Town CCTV system. This could be by transfer to another authority such as the Town Council or contracting a management group. The ultimate decision could be to close down the CCTV and let the member of staff go. This is highly likely to attract negative press and public concern as well as concern from the Police who are more reliant on this type of evidence. Any contributions from the traders or the Police is highly unlikely.

**Impact and Risks if 20% Savings Imposed**

As above. It is highly likely the CCTV Supervisor would resign from the post if cuts were made of this level.

## SPR06 Economic Development

Group	Description	2015/16 Actuals	2016/17 Budget	2017/18 Budget	Movement £
1000	Employees	115,069	106,420	230,570	124,150
2000	Premises	0	0	0	0
3000	Transport	287	700	4,840	4,140
4000	Cost Of Goods And Services	59,006	100,600	180,560	79,960
7000	Income	4,000	0	0	0
	<b>Sum:</b>	<b>178,362</b>	<b>207,720</b>	<b>415,970</b>	<b>208,250</b>

Cost Centre	Cost Centre Name	2017/18 Budget		
PR400	Business Development	415,970	<b>10% Savings</b>	<b>20,772</b>
PR405	Industrial Sites & Buildings	0	<b>20% Savings</b>	<b>41,544</b>
	<b>TOTAL</b>	<b>415,970</b>		

### Cost Pressures/Savings on Basis of Current Service Provision

Employee costs have transferred from SCD01 Community Development, which sits within the Community PDG, £153k. Following a restructure (£25k) savings have been achieved in staff costs. Reallocation of grants budget from SCD01. £76.5k (Grand Western Canal, Tiverton Museum and the Tiverton TIC).

### Impact and Risks if 10% Savings Imposed

10% on grants budget would mean a reduction of £7.6k.

Following the Management Team restructure, this service area will fall under Planning and a whole Service review is to be carried out, therefore at this stage no further savings have been offered.

### Impact and Risks if 20% Savings Imposed

**SPS12 Gf Properties Shops/Flats**

Group	Description	2015/16 Actuals	2016/17 Budget	2017/18 Budget	Movement £
2000	Premises	64,038	49,680	22,160	(27,520)
4000	Cost Of Goods And Services	30,101	6,500	6,470	(30)
7000	Income	(584,935)	(570,090)	(591,810)	(21,720)
	<b>Sum:</b>	<b>(490,796)</b>	<b>(513,910)</b>	<b>(563,180)</b>	<b>(49,270)</b>

Cost Centre	Cost Centre Name	2017/18 Budget		
PS890	10 Phoenix Lane	(13,190)	<b>10% Savings</b>	<b>(51,391)</b>
PS990	32-34 Fore Street	(44,370)	<b>20% Savings</b>	<b>(102,782)</b>
PS991	Industrial Units	(118,370)		
PS992	Market Walk	(375,250)		
PS993	Lowman Green Unit	(10,000)		
PS994	Moorhayes Community Centre	(2,000)		
	<b>TOTAL</b>	<b>(563,180)</b>		

**Cost Pressures/Savings on Basis of Current Service Provision**

**2000** - Maintenance budget reduction as no planned revenue projects for 17/18.

**7000** - Market Walk income increase due to letting of 2 vacant units.

**Impact and Risks if 10% Savings Imposed**

- All of the properties that come under this section have lease agreements and fixed rental periods, any rent reviews that will come up will be negotiated with a view to increase but will have to strike a balance and compare with the commercial rental market. Currently Market Walk has one vacant unit so this will be actively promoted during 17/18.

**Impact and Risks if 20% Savings Imposed**

- Identify potential sites for industrial units as these units are low cost and generate good rental income.

**2017/18 BUDGETS**

**Appendix 3**

**Transfers into Earmarked Reserves**

Page 111

SERVICE	MAINT 17/18 BUDGET	PLANT 17/18 BUDGET	EQUIPMENT 17/18 BUDGET	VEHICLES 17/18 BUDGET	OTHER 17/18	NEW HOMES BONUS	Market Walk /Fore Street Surplus	
CS500				1,440				
CS900			5,000					
CS902			2,500					
CS910			250					
CS932			5,000					
ES100	25,000							
ES450	25,000							
ES450				1,200				
ES580				4,320				
ES730				2,950				
GM960				38,050				
GM960		14,360						
IT800			9,700					
LD201					20,000			
LD300			5,000					
PS350				1,120				
PS980				7,400				
WS650				56,470				
WS700				213,980				
WS710				21,720				
WS725				158,810				
WS725			20,000					
WS770	2,700							
							50,000.00	
NHB						1,831,460.00		
<b>TOTAL</b>	<b>52,700.00</b>	<b>14,360.00</b>	<b>47,450.00</b>	<b>507,460.00</b>	<b>20,000.00</b>	<b>1,831,460.00</b>	<b>50,000.00</b>	<b>2,523,430.00</b>
<b>2016/17</b>	<b>80,000.00</b>	<b>14,360.00</b>	<b>46,640.00</b>	<b>550,900.00</b>	<b>20,000.00</b>	<b>1,831,460.00</b>	<b>202,410.00</b>	<b>2,745,770.00</b>
<b>Movement</b>	<b>(27,300)</b>	<b>-</b>	<b>810</b>	<b>(43,440)</b>	<b>-</b>	<b>-</b>	<b>(152,410)</b>	<b>(222,340)</b>

**2017/18 BUDGETS**

**Appendix 4**

**Transfers from Earmarked Reserves**

<b>SERVICE</b>	<b>UTILISE NHB</b>	<b>OTHER</b>	
CD200	(45,000)		
CS938	(23,180)		
LD600	(16,180)		
PR200	(294,000)		
PR400	(21,730)		
PR400	(40,700)		
PR400	(100,000)		
ES361		(19,700)	
EQ638		(4,170)	
EQ640		(1,950)	
EQ641		(1,630)	
EQ642		(4,620)	
EQ643		(6,650)	
EQ644		(3,080)	
<b>TOTAL</b>	<b>(540,790)</b>	<b>(41,800)</b>	<b>(582,590)</b>

2016/17 (325,780) (250,000) (575,780)

Movement (215,010) 208,200 (6,810)



**Provisional 2017-18 Budgeted Capital Programme**

**Appendix 5**

£k

**Estates Management**

**Exe Valley Leisure Centre**

Exe Valley Leisure Centre - Replenish sand filters

25

**Culm Valley sports centre**

CVSC replace end of life AC for fitness Gym

30

**Total** **55**

**Other MDDC Buildings**

**Pannier Market**

Pannier Market- Improvement Project back log maintenance

60

**MDDC Shops/Industrial Units**

Energy Assessment works - new  
legislation - Indust Units/Shops/Mkt Walk

50

**Play Areas**

Play area refurbishment District wide - Amory Park Tiverton

50

**Other Projects**

Crediton Office - Structural improvement work

30

**General Fund Development Schemes**

Rear of Town Hall development site (6 Houses, 24 Apartments)

5,114

**Total** **5,304**

**Economic Development Schemes**

Tiverton Pannier Market awnings & canopy

150

Harlequin Valley Project

200

Tiverton Town Centre improvements

40

**Total** **390**

**ICT Projects**

Replacement PC estate

Unified Comms/telephony

107

Digital Transformation replacement of CRM

50

Secure Wifi replacement

50

Parking System Replacement

40

Replacement Queue System

30

Core System Refreshes - Revs/Bens

20

Replacement Estates/Property Systems

50

**Total** **347**

[Affordable Housing Projects](#)

Grants to housing associations to provide houses (covered by Commuted Sums) 115  
Affordable Housing Initiative

**Total 115**

[Private Sector Housing Grants](#)

Empty homes and enforcement 104  
Disabled Facilities Grants–P/Sector 490

**Total 594**

[Street Cleansing](#)

Medium Sweeper (Street Cleansing) 70

[Grounds Maintenance](#)

Van Tipper 26  
Ransomes Mower 35

**Total 131**

**TOTAL GF PROJECTS 6,936**

[HRA Projects](#)

[Existing Housing Stock](#)

Major repairs to Housing Stock 2,275  
Renewable Energy Fund 100  
Disabled Facilities Grants - Council Houses 299

[Housing Development Schemes](#)

Land Banking for Affordable Housing 2,100

[HRA ICT Projects](#)

Repairs - mobile replacement (HRA) 30  
Tenancy Mobile (HRA) 40

**Total 4,844**

[HRA Replacement Vehicles](#)

Van Tipper 4.5T (Responsive Repairs) 32

**Total 32**

**TOTAL HRA PROJECTS 4,876**

**GRAND TOTAL GF + HRA 11,812**

[MDDC Funding Summary](#)

[EXISTING FUNDS](#)

	2017-18
Capital Grants Unapplied Reserve	£k
Capital Receipts Reserve	605
Earmarked Reserves	1,091
Miscellaneous Funding	2,484
Subtotal	2,518
	<b>6,698</b>

[NEW FUNDS](#)

Borrowing	5,114
Revenue Contributions	0
Subtotal	5,114

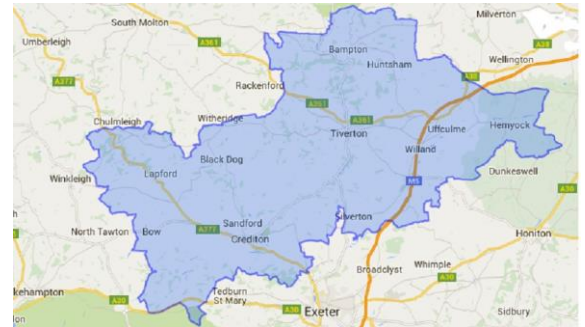
**TOTAL FUNDING 11,812**

## Economic Briefing for Mid Devon

November 2016 – Annina Boness

### Contents

1. **Employment figures**
2. **Business figures**
3. **Industry figures**
4. **Tourism, home and productivity figures**



### Employment Figures

#### Population

Mid Devon has a **population** of 79,500 people in total, 46,900 of those being aged 16 to 64.

Source: Nomis: ONS population estimates 2015

#### Overall Employment

	Mid Devon		South West		UK	
<b>Employment rate</b>	87.0%	43,600	77.3%	2,699,100	73.8%	31,326,800
<b>Self-Employment rate</b>	30.0%	13,100	17.1%	462,800	14.9%	4,679,800
<b>Public Sector Employment rate</b>	14.7%	6,400	22.1%	583,600	21.7%	6,888,000
<b>Private Sector</b>	85.3%	37,200	77.9%	2,099,800	78.3%	24,226,800

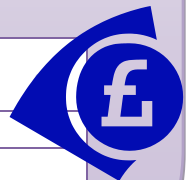
Source: Nomis: ONS annual population survey June 2016

The employment rate in Mid Devon is significantly higher than the South West and the UK rates. The high self-employment rate suggests that a significant proportion of local residents are choosing to start their own businesses as a means of income generation rather than finding employment. This is likely to be in part due to suitable employment opportunities not being available, but the local demographic also suggests that there could be a significant number of people living in Mid Devon who have semi-retired to the area, with the affluence and confidence to become entrepreneurs.

#### Annual Pay

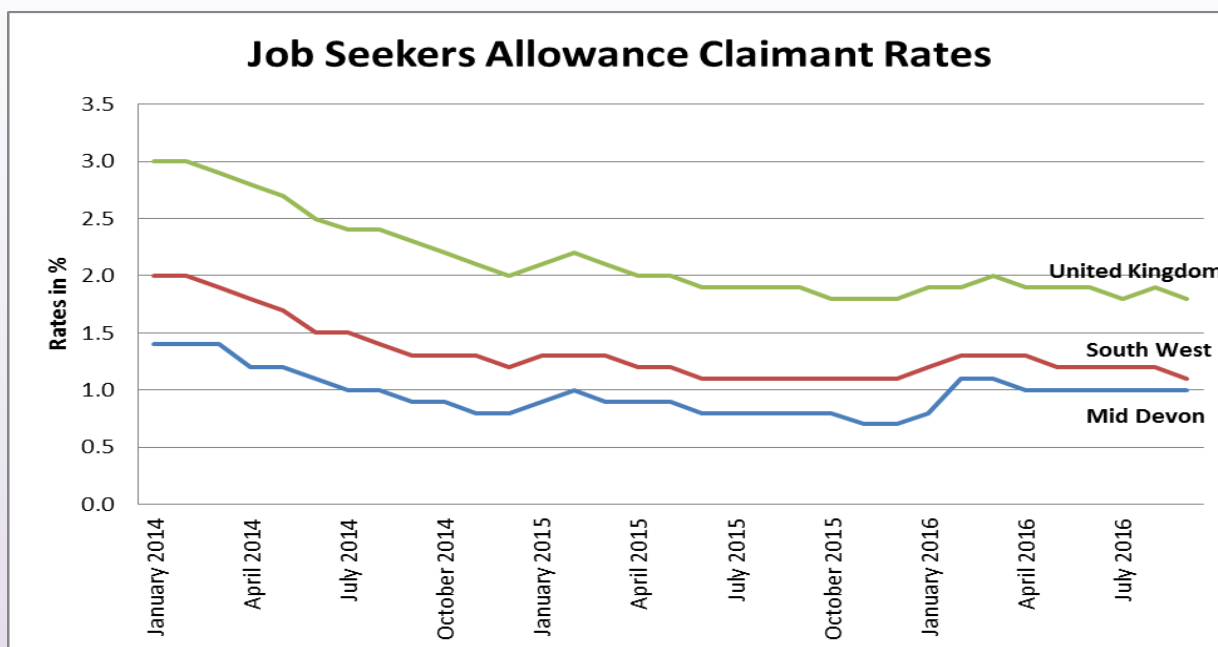
<b>Median Annual Gross Pay (for full time workers)</b>	<b>Mid Devon</b>	<b>South West</b>	<b>UK</b>
<b>By place of residence</b>	£24,627	£26,518	£27,645
<b>By workplace</b>	£22,563	£25,982	£27,645

Source: Nomis: Annual Survey of Hours and Earnings - resident analysis and workplace analysis 2015



Salaries in Mid Devon remain low, both in relation to regional and national levels. However, the gap between the rest of the region is not significant, and has been narrowing over that last few years, and national figures are skewed upwards by London. This suggests that local wages should not be acting as a deterrent to bringing people into work in the area, but an increase in the quality of jobs available in the area could have a significant pull in the attractiveness of Mid Devon as a place to work.

### Job Seekers Allowance (JSA) Claimant Rates



Source: Nomis: Claimant Count by sex and age September 2016

The JSA claimant rate in Mid Devon is exceptionally low. We are one of the best performing local authorities in the whole of the UK, and have a lower rate than both the region and the UK. Though the rate shows an overall drop during the previous 3 years, it is highly likely that the rate has now levelled out and is unlikely to drop much further, as those who are still claiming out of work benefits are likely to have multiple barriers to employment. The noticeable spike in February 2016 relates to the closure of Broad Oak Toiletries in Tiverton. The decrease in the months following the closure was partially the result of MDDC's partnership work with agencies and local businesses, and demonstrates the importance of these relationships.

### Skills

38.9% of people aged 16 to 64 in Mid Devon are qualified to NVQ4+. This is significantly higher than the average for the South West, and national levels of qualifications, which stand at 37.3% and 37.1% respectively.

72.1% of people of working age in Mid Devon are qualified to NVQ3+.

This shows that people in Mid Devon are generally better qualified than in other areas in the UK.

Source: Nomis: Annual Population Survey June 2016

## Job Density

There are 0.77 jobs per person in Mid Devon, which is typical of an area adjacent to an economic hub, such as Exeter, which has a density of 1.2 (meaning there are more jobs than working age people). Within the functioning economic geography of Exeter and the Heart of Devon, East Devon and Teignbridge all have similar job densities to Mid Devon, of 0.81 and 0.71 respectively.

Source: Nomis: jobs density 2014

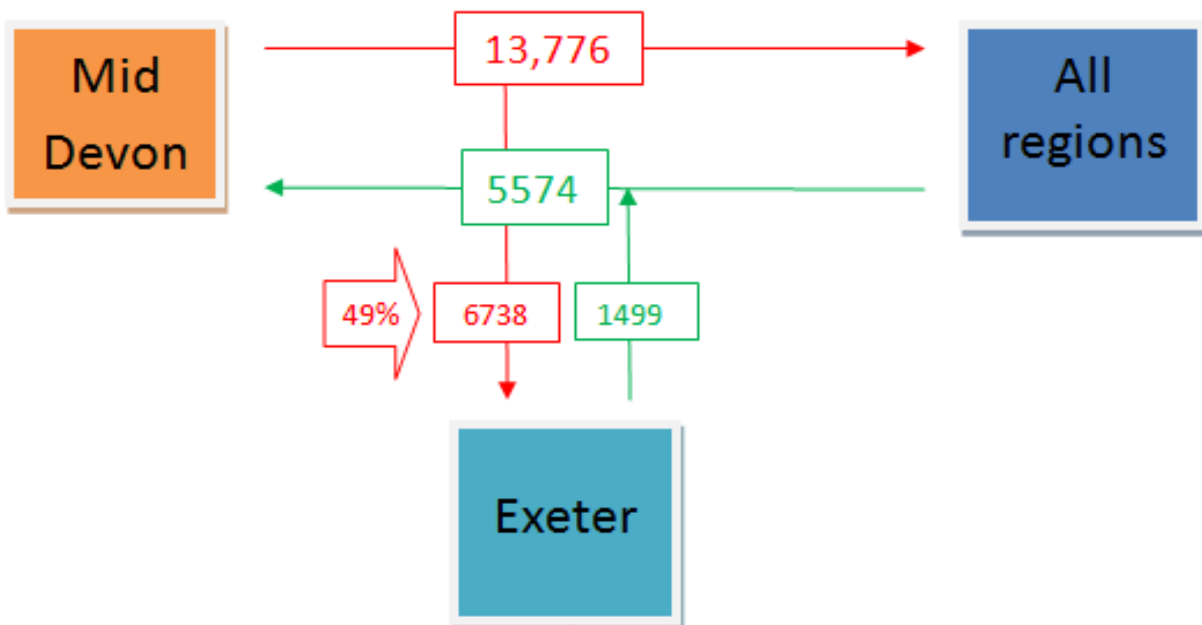
## Commuting

There are 5574 **inward commuters** (1499 from Exeter) and 13,776 **outward commuters** (6738 to Exeter) in Mid Devon, making its net commute -8,202 (-5239 with Exeter).

This means 49% of all commuters from Mid Devon commute to Exeter; that is 16% of all of Mid Devon's employed people.

The total number of commuters into Exeter is 37,168. 18% of those are from Mid Devon. That is about 9.75% of Exeter's total workforce.

Source: Neighbourhood Statistics based on 2011 Census



## Business Figures

### Mid Devon Businesses by Size

Total	4,410
Micro (0 to 9)	4,070
Small (10 to 49)	295
Medium-sized (50 to 249)	40
Large (250+)	5



Source: Nomis: UK Business Counts (Enterprises) 2016

The vast majority of businesses in Mid Devon are micro businesses, 92.2%. Mid Devon District Council has been actively developing a relationship with many of the district's larger businesses and strategically important businesses, and has the Business Boost project to provide support to people who are starting up their businesses or have recently become entrepreneurs. This should give local small business owners the skills and confidence to grow their businesses and to create employment opportunities. It is worth mentioning that the total number of businesses shown above differs from the number in subsequent tables. This is down to a number of factors; the year that the data represents, the survey methods used for collating the raw data, and the organisation that is collecting the information.

### Business Births & Deaths

2014	Total Count of Businesses	Business birth count	Business birth rate	Business death count	Business death rate
Mid Devon	4210	290	6,89%	260	6,18%
South West	207,470	25,300	12,19%	19,275	9,29%
UK	2,263,645	350,585	15,49%	245,835	10,86%

Source: Office of National Statistics: Business Demography 2015

Although business births are greater than the number of business deaths in Mid Devon (a net increase of 30 businesses per year), it is the number of births (start-ups) that are of particular concern, falling well below both the regional and national averages.

However, the lack of unemployment in Mid Devon is a key explanation for this, whereby those who are entrepreneurial by nature have already started their own businesses (shown by the high proportion of people in self-employment), and those who are less inclined to become entrepreneurs are from the same pool of people as those with multiple barriers to employment.

Positively, the **3-year Survival Rate** of businesses born in 2011 in Mid Devon was 64.2% which is significantly higher than the national average 3 year survival rate of 60.5%. This suggests that our entrepreneurs are creating more resilient businesses than other areas, which could be in part down to the business support made available to them in the local area.

## Business Boost Project Outputs

	Mid Devon							EHOD	
Business Boost Project Outputs	April	May	June	July	August	September	Total April to Sept	Total April to Sept	Proportion of delivery in Mid Devon
Pre-start business assisted	3	3	3	7	5	2	23	100	23.00%
New businesses assisted	3	3	1	1	2	1	11	62	17.74%
Existing businesses assisted	3	4	3	0	4	0	14	35	40.00%
Number of new businesses set up	0	0	0	0	0	0	0	6	0.00%
Number of new jobs created	0	0	0	0	0	0	0	7	0.00%
Number of workshop & enterprise club participants	0	0	13	4	5	16	38	228	16.67%

Source: Business Information Point

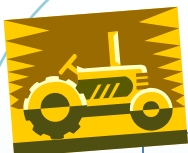
The Business Boost project has been operating since April 2016, and is funded in partnership between the Exeter and Heart of Devon (EHOD) local authorities, of East Devon, Exeter, Mid Devon and Teignbridge.

The project is designed to support new and recently started (up to 3 years) businesses in the Exeter & Heart of Devon area, and the delivery partner, Business Information Point, are contractually obliged to ensure that delivery is fair across the 4 local authority areas.

The project got off to a relatively slow start, and the figures above have been improving, but are still not as positive as the partnership had hoped to see at this point in the year. We are now undertaking monthly reviews of the outputs and meeting regularly with Business Information Point to ensure that the contract gets back on track.

One point worth mentioning is the fact that the outputs above are aligned with those monitored on EU funded programmes, and this has enabled the funding we put into Business Boost to also be used as match for the Growth Hub project for the South West, drawing an additional £320

## Industry Figures



### Employees per Industry in Mid Devon

Industry	Count	Industry percentage
Wholesale and retail trade; repair of motor vehicles and motorcycles	5,000	21.0
Manufacturing	4,000	16.8
Human health and social work activities	2,500	10.5
Education	2,250	9.5
Construction	1,500	6.3
Professional, scientific and technical activities	1,500	6.3
Transportation and storage	1,250	5.3
Accommodation and food service activities	1,250	5.3
Administrative and support service activities	1,250	5.3
Arts, entertainment and recreation	800	3.4
Public administration and defence; compulsory social security	600	2.5
Other service activities	350	1.5
Information and communication	300	1.3
Real estate activities	250	1.1
Agriculture, forestry and fishing	200	0.8
Water supply; sewerage, waste management and remediation activities	175	0.7
Financial and insurance activities	150	0.6
Mining and quarrying	40	0.2
Electricity, gas, steam and air conditioning supply	25	0.1
<b>Column Total</b>	<b>24,000</b>	<b>101.0 (due to rounding)</b>




Source: Nomis: Business Register and Employment Survey 2015

Of the sectors that create the highest numbers of jobs in Mid Devon, many are low productivity industries, such as retail and health and social work. However, certain sectors, including Professional Scientific and Technical Services, Manufacturing, and Information and Communication, tend to be higher skilled, higher productivity industries, and it is these where Mid Devon should be focusing its attention and specifically targeting to grow.



## Tourism, Home and Productivity Figures



The total related **visitor spend** in Mid Devon in 2015 was £101,133,000; for Devon, it was £2,471,950,000.



Source: The South West Research Company 2015

The **tourism industry contributes** approximately 2,300 jobs to Mid Devon's economy; about 2,826,000 of the whole of Great Britain's jobs are related to the tourism industry.

Source: Nomis: Business Register and Employment Survey 2015

**Average house prices** in Mid Devon in August 2016 were £219,921 and have grown by 6.1% since August 2015. In comparison, the average house price for England is £235,573.

Source: Office of National Statistics October: UK House Price Index England 2016



The **GVA per hour worked** for Devon CC in 2014 was £26.8; the **GVA per job filled** was £40,821. Unfortunately it is not possible for us to provide figures for the Mid Devon area, as the Office of National Statistics does not have it available. However, for the whole UK we can provide comparative figures. GVA per hour worked in the UK was £31.0, GVA per job filled £49,814.551.

Source: Office of National Statistics August: Subregional Productivity: Labour Productivity (GVA per hour worked and GVA per filled job) indices by UK NUTS2 and NUTS3 subregions 2016

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