Mid Devon District Council

Economy Policy Development Group

Thursday, 9 November 2017 at 5.30 pm
Exe Room, Phoenix House, Tiverton

Next ordinary meeting
Thursday, 11 January 2018 at 5.30 pm

Those attending are advised that this meeting will be recorded

Membership

Cllr Mrs A R Berry
Cllr Mrs C Collis
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 **Apologies and Substitute Members**

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

2 **Public Question Time**

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

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

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

4 **Chairman's Announcements**

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

Committee Administrator: Sarah Lees
Tel: 01884 234310
Email: slees@middevon.gov.uk

5 **Performance and Risk for 2017/18** *(Pages 11 - 18)*

To receive and note a report from the Director for Growth and Chief Executive providing Members with an update on performance against the Corporate Plan and local service targets for 2017/18 as well as providing an update on the key business risks.

6 **Financial update for the six months to 30 September 2017** *(Pages 19 - 42)*

To receive and note 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.

7 **Motion 540 (Councillor Mrs J Roach - 12 October 2017)**

The following Motion has been referred by Council to the Economy PDG:

This Council agrees to give serious consideration to seeking alternative methods of managing the Tiverton Pannier Market, to include a community interest company and a co-operative. Following these considerations Council will be given detailed information about the advantages and disadvantages of the options that were discussed. Council should then be able to decide whether to change their policy and pursue a different management model.

<u>Please note</u>: Having considered the above Motion the Policy Development Group are asked to consider whether this Motion should either be supported or rejected. This decision will be referred back to full Council on 13 December 2017.

8 **Tiverton Market Environmental Strategy 2017-2022** *(Pages 43 - 48)*

To receive a report from the Director for Growth and Chief Executive seeking approval to adopt the Tiverton Market Environmental Strategy so as to maximise opportunities to increase recycling, reduce the amount of waste and reduce our carbon footprint.

9 **Draft 2018/19 General Fund and Capital Budgets** *(Pages 49 - 70)*

To receive a report from the Director of Finance, Assets & Resources considering the options available in order for the Council to set a balanced budget for 2018/19 and agree a future strategy for further budget reductions for 2019/20 onwards.

10 **HOTSW Productivity Strategy 2018-2036** *(Pages 71 - 106)*

To receive a report from the Director for Growth and Chief Executive informing Members of the Heart of the South West Partnership's

Committee Administrator: Sarah Lees
Tel: 01884 234310
Email: slees@middevon.gov.uk

Productivity Strategy and providing Members with an opportunity to steer Mid Devon District Council's response to the Consultation.

11 **Economic Development Service Update** *(Pages 107 - 110)*

To receive and note a report from the Director for Growth and Chief Executive updating Members on progress with key Economic Development Service Priorities.

12 **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:

- Performance and Risk
- Financial Monitoring
- Market Rights Policy
- Amenity Car Parks
- Mid Devon Destination Management Plan and Action Plan

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

Stephen Walford
Chief Executive
Wednesday, 1 November 2017

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 to 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

Committee Administrator: Sarah Lees
Tel: 01884 234310
Email: slees@middevon.gov.uk

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **ECONOMY POLICY DEVELOPMENT GROUP** held on 7 September 2017 at 5.30 pm

Present Councillors	Mrs B M Hull (Chairman) Mrs A R Berry, Mrs C Collis, J M Downes, R Evans, S G Flaws, T G Hughes and Mrs N Woollatt
Apologies Councillor	F J Rosamond
Also Present Councillor	R J Chesterton
Also Present Officers	Stephen Walford (Chief Executive), Adrian Welsh (Group Manager Growth, Economy and Delivery), John Bodley-Scott (Economic Development Team Leader), Chris Shears (Economic Development Officer), Catherine Yandle (Internal Audit Team Leader), Roderick Hewson (Principal Accountant) and Sarah Lees (Member Services Officer)

29 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Cllr F J Rosamond.

30 **PUBLIC QUESTION TIME**

There were no members of the public present.

31 **MINUTES**

Subject to the addition of Councillor Mrs S Griggs having attended the previous meeting the minutes of the meeting held on 13 July 2017 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

Councillors J M Downes and Mrs N Woollatt wished to pass on their apologies for having missed the previous meeting. This had been an oversight and was unintentional.

32 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reminded the Group that there would be an informal workshop on Thursday 5 October at 5.30pm to begin discussions on the Economic Strategy and any other relevant matters.

33 **PERFORMANCE AND RISK FOR 2017/18 (00:02:30)**

The Group had before it, and **NOTED**, a report from the Director of Growth and Chief Executive providing it with an update on performance against the Corporate Plan and local service targets for 2017/18 as well as providing an update on the key business risks.

Consideration was given to the following:

- The Chairman commented that it was disappointing to note the number of empty shops within the district but she had thought that Tiverton was looking particularly good at the moment, especially the flowers within the town.
- The number of empty shops in Crediton being less than in Tiverton and Cullompton. A possible reason for this was that Crediton had its own retail economy with a consolidation of shops and businesses around the centre of the town.

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

34 **FINANCIAL MONITORING (00:07:08)**

The Group had before it, and **NOTED**, 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.

The Principal Accountant outlined the key highlights within the report which were as follows:

- The forecasted General Fund deficit for the current year was £130k.
- The most significant service movements for the previous month were an income shortfall in Leisure Services and for the Building Control Partnership.
- Car parking income was down against budget for the first quarter due to pay and display machine replacements but it was still too early to predict a year end forecast.
- Market income was down as was footfall within Tiverton.
- Expectations regarding leisure income had been over ambitious. As part of the Medium Term Financial Planning process a more realistic view would need to be taken.

Consideration was given to:

- It was hoped that as part of the autumn statement the Government would make an announcement regarding the ability for local authorities to raise planning fees.
- Clarification was sought regarding the numbers of day and night car parking permits. The Principal Accountant stated that he would seek further information and report back to the Group.
- Discussions had commenced on leisure service provision going forwards.

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

35 CAR PARKING UPDATE ON INCOME AND VENDS (00:24:31)

The Group had before it, and **NOTED**, a report presenting the car parking outturn position for 2016/17 and providing an update on the first 3 months of 2017/18. A working group had been established during 2015/16 which had considered such matters as usage levels, benchmarked charges against neighbouring councils, possible free periods, reviewed concessions and had considered the economic consequences. As a result a new charging strategy had been introduced in 2016/17 following an extensive consultation process.

The car parking outturn figures for 2016/17 reflected a successful position where income was increased by £73k and the number of vends, notwithstanding the omissions in May and June, were maintained broadly at 2015/16 levels. The position for 2017/18 was slightly below 2016/17 levels for income at the current stage.

Discussion took place with regard to the following:

- Whether or not it was possible to receive information on the number of night time vends? Complaints had been received from local residents who had a night time permit (which commenced at 6pm) but if they returned home from work before this time they had to pay for parking which might only last half an hour. The Principal Accountant stated that he would take this example back to the Car Parking Manager and report back to the Group.
- The link between the number of shops and car parking vends falling within Cullompton.
- It was within the remit of this Group, through the autumn budget setting process to recommend a way to balance the books in this area. The Chief Executive cautioned that it was not possible to both spend more money and reduce income given the current financial position.
- The following comments were made with regard to the new pay and display car parking machines:
    - More people might park if they felt they were getting better value for money;
    - Why were there three different types of pay and display machines in three different but neighbouring authorities, why hadn't there been any joined up thinking?
    - The sign displaying the RingGo telephone number had been greatly reduced in size and was no longer obvious to the customer.
    - The new machines were complicated with small hard to read instructions on what to do.

It was requested that the Group received a breakdown on how much had been saved by the Council by operating the new pay and display registration number machines. What was or would be the cost/benefit to the Council? This request would be taken back to the relevant officer and a response provided to the Group.

<u>Note</u>: * Report previously circulated; copy attached to the signed minutes.

36 **DESTINATION MANAGEMENT PLAN CONSULTATION (00:42:03)**

The Group had before it, and **NOTED**, a report from the Director for Growth and Chief Executive informing it of the results from the consultation on the Destination Management Plan.

It was explained that the Destination Management Plan was sent out for consultation to tourism businesses and other stakeholders. 13 responses had been received as well as requests for two face-to-face interviews.

Discussion took place regarding:

- Initially the number of organisations requested to take part in the consultation had been between 300 and 400.
- There was a partnership approach regarding improving tourism within the district. It needed to be business led with the Mid Devon Attractions Group working hard to make improvements. The Council wanted to facilitate the process where it could.
- Plans to improve website information were welcomed.
- The difference between grass cutting undertaken in Cornwall compared to Devon. It was felt Devon County Council needed to take more responsibility in terms of the effect the lack of grass cutting was having on the impressions taken away by tourists.

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

37 **BROADBAND - PRESENTATION ON RECENT BID SUBMISSION (00:47:50)**

The Economic Development Officer provided the Group with a presentation in relation to a recent bid submission regarding rural Broadband provision.

An exciting opportunity existed to apply for funding to enter into a programme to provide a fibre network within Mid Devon. An expression of interest had been made to the relevant funding body as well as details of a discrete project which it was very much hoped if successful could be expanded. The current situation was that whilst some parts of the district received a reasonable service, within other areas, the service provided by commercially, or via the 'Connecting Devon and Somerset' programme provided limited coverage. However, demand was high from residents and businesses and the poor coverage was providing a barrier to growth.

Details regarding the proposed project were as follows:

A loop would be created linking the villages between the Link Road and the A377 as well as the Link Road between Crediton and Tiverton along the A3072. Creating a ring was a very resilient way for building a network to enable wider coverage. The principal villages on the loop between the A361 and A377 would be:

- Withleigh (210m above sea level)
- Templeton (260m)
- Cruwys Morchard (218m)
- Pennymoor (239m)
- Puddington (206m)

- Black Dog (197m)
- Morchard Bishop (173m)
- Lapford (150m)

Who would benefit?

- As well as local residents, approximately 670 tourism businesses and 550 agricultural businesses.
- House prices had the potential to increase by 5%.

Why pick this route?

- The area was currently outside the remit of Connecting Devon and Somerset (the CDS programme).
- The height of each location was relevant.

The process

- Expressions of interest would be considered by late autumn with a full bid needing to be submitted by the beginning of 2018. The team were preparing as though the expression of interest would be successful and were busy considering the options that could be explored.

What happens now?

- Need community buy-in
- Establish route and submission sites
- Identify and contact landowners
- Create a business plan and evidence base

Other key activities

- Explore commercial opportunities
- Working with partner organisations
- Costing the fibre roll-out
- Look at alternative solutions if unsuccessful

Councillor support

- Local knowledge and contacts would be vital.
- Councillors could help in identifying existing infrastructure and could lobby for information from Connecting Devon and Somerset for direct project support.

The Group were asked to comment on the following discussion points:

- Where this project was best placed to sit within the committee structure of the Council. Both the Economy and the Community Policy Development Groups had a keen interest in this area.
- How should the Council engage with the community?
- Was this the right approach or should the private sector lead on this?

Discussion followed with regard to:

- A network ring of 12km which would enable additional beacons to be added would not be nearly as expensive as installing an optical fibre network. This would allow for greater coverage over the district but at this stage the team had been required to identify a smaller project that could be expanded upon.
- Parish Councils would be an obvious useful vehicle for local intelligence.
- There would be time to consider a whole range of options once the bid was successful.
- The business plan to address such matters as financial forecasting, likely on-costs, was the crucial next stage.
- There was a unanimous agreement that this was a project that the Council should pursue and quickly. The project area could be expanded in time but needed to start somewhere. It was very timely given that this had been a very significant problem for the district for a considerable amount of time.
- Further work was needed by the Cabinet Member and officers before deciding which committee to align this project to.

Note: A proposal to establish a working group was not supported at this stage.

38 **ECONOMIC BRIEFING ON DIGITAL ECONOMY & TECHNOLOGY (01:21:25)**

The Economic Development Officer provided the following information with regard to the digital economy and technology sectors:

There were approximately 225 technological and digital businesses within the district, many of which had suffered or had to relocate as a result of poor connectivity. In the wider Tiverton area there were 64 businesses, around the wider Cullompton area there were 58 and around Crediton 86. This left approximately 17 other technological and digital businesses within the district and it was anticipated that all businesses would benefit from the rural Broadband project.

Discussion took place regarding:

- The business plan would need to address capacity issues.
- The help of local Ward Members would be much appreciated especially the identification of landowners.
- Consultation with the public was also of vital importance.
- Timescales were very tight.

39 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:36:25)**

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 regarding the current Economic Development projects, especially in relation to the Mills project.

(The meeting ended at 7.10 pm) **CHAIRMAN**

ECONOMY PDG
9 NOVEMBER 2017

PERFORMANCE AND RISK FOR 2017/18

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 2017/18 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.

Equality Impact Assessment: No equality issues identified for this report.

1.0 Introduction

1.1 Appendix 1 provides Members with details of performance against the Corporate Plan and local service targets for the 2017/18 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 Regarding the Corporate Plan Aim: **Attract new businesses to the District:** This is covered by another item on the agenda: Economic Development Service Update.

2.2 Regarding the Corporate Plan Aim: **Focus on business retention and growth of existing businesses:** The target for the number of **Apprentice starts** is the government target calculated as 2.3% of FTEs. We had 9 apprentices @ 31 March 2017 and had 5 starters in September. The Council is holding an apprenticeship event at Phoenix House on 14 November to promote apprenticeships to existing staff as a way of upskilling and enhancing career progression while also utilising the apprenticeship levy the Council pays.

2.3 Regarding the Corporate Plan Aim: **Improve and regenerate our town centres with the aim of increasing footfall, dwell-time and spend in our town centres: Empty Shops** were discussed at the last meeting as they are input at the start of the quarter.

2.4 Regarding the Corporate Plan Aim: **Grow the tourism sector:** Tiverton Pannier Market will have its last Electric Nights event for this year on 2 December with its Santa Spectacular.

2.5 Other: The Local Plan; having taken legal advice and reviewed the statements of participants who would take part in the hearings a deferment has been requested to allow an independent review of the major modifications stage sustainability appraisal. This has been commissioned but a delay in the order of 6 months is expected.

2.6 There will be statistics to reflect the general state of MDDC's economy available from time to time.

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 10 or more. (See Appendix 2)

3.2 Appendix 3 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.

4.0 Conclusion and Recommendation

4.1 That the PDG reviews the performance indicators and risks for 2017/18 that are outlined in this report and feeds back any areas of concern to the Cabinet.

Contact for more Information: Catherine Yandle, Group Manager for Performance, Governance and Data Security ext 4975

Circulation of the Report: Management Team and Cabinet Member

Corporate Plan PI Report Economy

Monthly report for 2017-2018
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 PI Report Economy

Priorities: Economy

Aims: Attract new businesses to the District

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
Number of business rate accounts	2,880 (6/12)	2,930	2,975	2,933	2,936	2,942	2,951	2,951	2,963							2,963 (6/12)	John Chumbley, Andrew Jarrett	

Aims: Focus on business retention and growth of existing businesses

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
Number of Apprentice starts at MDDC	1 (6/12)	5	10	0	0	0	0	0	5							5 (6/12)	Jane Cottrell, Nicola Cuskeran	

Aims: Improve and regenerate our town centres

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
Increase in Car Parking Vends	54,166 (6/12)	55,241		48,051	53,937	54,086	54,730	54,417	54,734							54,734 (6/12)	Andrew Jarrett	
The Number of Empty Shops (TIVERTON)	17 (2/4)	16	18	n/a	n/a	19	n/a	n/a	25	n/a	n/a		n/a	n/a		25 (2/4)	Adrian Welsh	(Quarter 2) 11% of all retail units (JB)
The Number of Empty Shops (CREDITON)	7 (2/4)	7	8	n/a	n/a		n/a	n/a	8	n/a	n/a		n/a	n/a		8 (2/4)	Adrian Welsh	(Quarter 2) 8 vacant units represents 6.8% of total number of retail units. (JB)
The Number of Empty Shops (CULLOMPTON)	10 (2/4)	8	8	n/a	n/a	11	n/a	n/a	9	n/a	n/a		n/a	n/a		9 (2/4)	Adrian Welsh	(Quarter 2) 9 vacant units representing 10.5% of the total retail units (JB)

Aims: Other

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
Funding awarded to support economic projects	£56,842 (2/4)	£61,842		n/a	n/a	£0	n/a	n/a	£0	n/a	n/a		n/a	n/a		£0 (2/4)	Adrian Welsh	

Printed by: Catherine Yandle **SPAR.net** **Print Date: 01 November 2017 09:00**

This page is intentionally left blank

Economy PDG Risk Management Report - Appendix 2

Report for 2017-2018
For Economy - Cllr Richard Chesterton Portfolio
Filtered by Flag:Include: * CRR 5+ / 15+
For MDDC - Services
Filtered by Performance Status: Exclude Risk Status: Low
Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

Risks: No Data (0+) | High (15+) | Medium (6+) | Low (1+)

Economy PDG Risk Management Report - Appendix 2

Risk: Decline in National Macro-economics A decline in national macro-economics could result in level of influence by local government being limited and having little or no impact on local economic activity		
Effects (Impact/Severity): High - Inability to meet Council objectives, customer requirements or financial commitments		
Causes (Likelihood): High - no control over macro-economics but Council objectives and action plan currently in process to increase local economic activity		
Service: Community Development		
Current Status: Medium (12)	**Current Risk Severity: 4 - High**	**Current Risk Likelihood: 3 - Medium**
Service Manager: John Bodley-Scott		
Review Note:		

Risk: Economic Development Service Failure to promote economic activity within the District will suppress the potential for new jobs and increased prosperity for residents A continuing econonmic recession could jeopardise our ability to achieve corporate objective of 'A Thriving Economy'		
Effects (Impact/Severity): - Inability to meet Council objectives - A lack of inward investment - Uncertain economic recovery, impact on employment and infrastructure development		
Causes (Likelihood): - Decline in national macro-economics		
Service: Community Development		
Current Status: Medium (12)	**Current Risk Severity: 4 - High**	**Current Risk Likelihood: 3 - Medium**
Service Manager: Adrian Welsh		
Review Note: Economic Strategy currently being prepared which will focus the District Council's intervention in a more focused way and will also enable improved monitoring for this risk.		

Economy PDG Risk Management Report - Appendix 2

Risk: Five Year Commercial Land supply Failure to identify a 5 year land supply will stunt economic growth		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Planning		
Current Status: High (20)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 4 - High**
Service Manager: Jenny Clifford		
Review Note:		

Risk: Local Plan Whether the Inspector will find the Plan unsound		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Planning		
Current Status: Medium (10)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 2 - Low**
Service Manager: Jenny Clifford		
Review Note: Steps taken to mitigate risks by commissioning additional work to strengthen evidence base.		

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): Survey done, not weight bearing. Market manager is inspecting regularly.		
Service: Pannier Market		
Current Status: Medium (10)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 2 - Low**
Service Manager: Zoë Lentell		
Review Note:		

Printed by: Catherine Yandle	**SPAR.net**	**Print Date: 21 October 2017 11:06**

Risk Matrix Economy Appendix 3

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

Risk Likelihood						
	5 - Very High	No Risks	No Risks	No Risks	No Risks	No Risks
	4 - High	No Risks	No Risks	No Risks	No Risks	1 Risk
	3 - Medium	No Risks	No Risks	1 Risk	2 Risks	No Risks
	2 - Low	No Risks	No Risks	No Risks	1 Risk	2 Risks
	1 - Very Low	No Risks	No Risks	No Risks	No Risks	No Risks
		1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High
		Risk Severity				

Printed by: Catherine Yandle SPAR.net Print Date: 21 October 2017 11:07

This page is intentionally left blank

ECONOMY PDG
9 NOVEMBER 2017

FINANCIAL UPDATE FOR THE SIX MONTHS TO 30 SEPTEMBER 2017

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): 1. The Cabinet note the financial monitoring information for the income and expenditure for the six months to 30 September 2017.
2. The Cabinet approve bringing forward a sum of £45k in order to refurbish the dry side changing rooms, disabled toilets and shower rooms at Exe Valley Leisure Centre. (See para 6.6 below)

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.

Equality Impact Assessment: It is considered that the impact of this report on equality related issues will be nil.

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 2018. It embraces both revenue, in respect of the General Fund and the Housing Revenue Account (HRA), 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 of circa £10k as the purpose of the report is to concentrate on material issues that may require further investigation/action.

2.0 Executive Summary of 2017/18

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 2018:

Usable Reserves	31/03/2017	Forecast in year movement	31/03/2018
	£k	£k	£k
Revenue			
General Fund (see paragraph 3.2)	**(2,241)**	**181**	**(2,060)**
Housing Revenue Account (see paragraph 4.2)	**(2,000)**	**0**	**(2,000)**
Capital			
Major Repairs Reserve	**0**	**0**	**0**
Capital Receipts Reserve	**(2,438)**	**(1,423)**	**(3,861)**
Capital Contingency Reserve	**(471)**	**165**	**(306)**

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 £2,241k as at 31/03/17.

3.2 The forecast General fund deficit for the current year is £181k (an increase of £108k since the annual variance of £73k was reported for July) as shown at Appendix A. The most significant movements this month comprise:

Vacant posts in Environmental Services	(£36k)
Net overspend forecast in Grounds maintenance	£43k
3 Rivers Development set-up costs	£20k
Salary underspend in Property services net of agency costs	(£21k)
Reduced income / increased costs in Market Walk	£50k
Recycling income	(£20k)
Utilities and maintenance in Leisure Facilities greater than budget	£58k
Planning fees above budget, partially offset by increased costs in Forward Planning	(£70k)
Development Control staff savings reported in July now expected to be spent in latter part of the year	£33k

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 £7k surplus will increase the budgeted transfer to the Housing Maintenance Fund and so the HRA reserve balance should remain at £2m.

4.3 Overall, the HRA is forecast to underspend by £7k in 2017/18, made up of two deficits and several surpluses, the most significant of which comprise the following:

- £59k rent shortfall is due to dwelling rents being 0.5% behind target
- £130k relates to major works since £2,405k is planned to be spent against the £2,275k budget
- £76k of savings across Repairs & Maintenance, made up of the following
    - £60k surplus generated by the Direct Labour Operation (DLO) carrying out more adaptation work than planned
    - £16k of various staffing savings including apprentice vacancies
- £43k underspend across Housing and Tenancy Services, made up of a number of small underspends that make up this total amount

4.4 There is a budgeted revenue contribution to capital purchases as follows for 2017/18.

Description	Budget £'000	Forecast Outturn £'000	Variance £'000
1 x Tipper Vehicle	32	21	(11)

4.5 The following works are expected to be funded from the Housing Maintenance Fund during 2017/18.

Description	Budget £'000	Forecast Outturn £'000	Variance £'000
Birchen Lane re-development	147	147	0
Palmerston Park	1,205	573	(632)
Queensway development	209	61	(148)
Burlescombe development	214	0	(214)
Stoodleigh development	223	0	(223)
Land Acquisition for Affordable Housing	1,851	251	(1,600)
	3,849	**1,032**	**(2,817)**

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 2017. After this year's capital expenditure and funding of the Major Repairs Reserve the closing balance is forecast to be £0k.

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 £7,975k against a budgeted Capital Programme of £22,620k. (Note this includes £9,184k of slippage rolled forward from 16/17). As projects often overlap financial years officers have given their best estimate of what is 'deliverable' in 17/18; this amounts to £10,530k. Committed and Actual expenditure will therefore be monitored against this & currently shows an uncommitted amount of £2,555k (£10,530k - £7,975k).

6.3 The reduction in the approved Capital Programme to the 'deliverable' programme includes £5,114k in relation to the development project at the rear of the Town Hall which will now be delivered by the Special Purpose Vehicle Company (SPV).

6.4 Now we are 6 months into the financial year, forecast (Underspends) and Overspends amount to a net forecast underspend of (£5,116k), this mainly relates to the project at the rear of the Town Hall referred to in para 6.3 above. Please refer to appendix G for a full breakdown.

6.5 Forecast slippage into 18/19 financial year has also been reviewed; this amounts to £7,144k. Of this £6,541k relates to council house build projects that will cross the financial year and land acquisition for affordable housing. Again please refer to appendix G for a full breakdown.

6.6 As part of the wider enhancement works being carried out at Eve Valley Leisure Centre the property team have suggested some essential maintenance work to refurbish the dry side changing rooms, disabled toilets and shower rooms programmed for next year be delivered in conjunction with exiting works in order to all be operational with effect from 1st January 2018. (See Cabinet recommendation 2 above)

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 2017	(471)
Funding required to support 2017/18 Capital Programme	165
Forecast Balance at 31 March 2018	**(306)**

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 2017	(2,438)
Net Receipts to date (includes 13 "Right to Buy" Council House sales & sale of land at Station Yard & MSCP)	(2,241)
Current Balance	**(4,679)**
Forecast further capital receipts in year	(700)
Forecast capital receipts to be applied in year	1,518
Forecast Unapplied Capital Receipts c/fwd. 31 March 2018	**(3,861)**

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	(259)	(259)	0
Interest from HRA funding	(54)	(54)	0
Total Interest Receivable	**(313)**	**(313)**	**0**

10.0 Conclusion

10.1 Members are asked to note the revenue and capital forecasts for the financial year. Managers are working hard to offset overspends, many unavoidable or unforeseen, with budget savings to deliver an outturn close to the budget.

10.2 The work undertaken to produce this monitoring information to 30th September 2017 has been used to inform the 18/19 Budget setting process and Medium Term Financial Plan that is also being reported to this Cabinet meeting.

Contact for more information: Andrew Jarrett, 01884 23(4242)
ajarrett@middevon.gov.uk

Circulation of the Report: Cllr Peter Hare-Scott, Management Team

Appendix A

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Com	General Fund Summary	Note	2017/18 Annual Budget £	Full Year Forecast (0 = On budget) £	Variance %
	Cllr C J Eginton				
CM	Corporate Management	**A**	1,587,680	0	0.0%
LD	Legal & Democratic Services: Member/Election Services	**B**	576,570	0	0.0%
PR	Land charges	**Q**	(32,830)	0	0.0%
GM	Grounds Maintenance	**E**	541,150	43,000	7.9%
ES	Cemeteries & Bereavement Services	**D**	(34,850)	(5,000)	14.3%
WS	Waste Services	**H**	1,598,920	(30,000)	-1.9%
	Cllr C R Slade				
CD	Community Development	**I**	82,700	2,300	2.8%
ES	Environmental Services incl. Licensing	**D**	599,780	(32,500)	-5.4%
ES	Open Spaces	**F**	85,410	13,800	16.2%
IT	IT Services	**Q**	859,450	23,000	2.7%
RS	Recreation And Sport	**J**	46,640	224,000	480.3%
	Cllr P H D Hare-Scott				
FP	Finance And Performance	**K**	592,620	(13,800)	-2.3%
RB	Revenues And Benefits	**L**	256,180	22,900	8.9%
CP	Car Parks	**C**	(592,390)	7,200	1.2%
	Cllr R L Stanley				
ES	ES: Private Sector Housing Grants	**D**	163,900	0	0.0%
HG	General Fund Housing	**M**	251,340	5,000	2.0%
PS	Property Services	**G**	218,850	65,000	29.7%
	Cllr R J Chesterton				
CD	Community Development: Markets	**I**	34,420	10,000	-29.1%
PR	Planning And Regeneration	**N**	1,223,710	(256,630)	-21.0%
	Cllr M Squires				
CS	Customer Services	**O**	794,300	(12,000)	-1.5%
ES	Environment Services - Public Health	**D**	94,860	0	0.0%
HR	Human Resources	**P**	416,110	10,000	2.4%
LD	Legal & Democratic Services: Legal Services	**B**	255,200	(4,000)	-1.6%
	All General Fund Services		**9,619,720**	**72,270**	**0.8%**
	Net recharge to HRA		(1,245,730)	0	
IE260	Interest Payable		143,680	0	
IE290	Interest Receivable on Investments		(254,000)	0	
IE290	Interest from Funding provided for HRA		(54,000)	(677)	
IE435	New Homes Bonus Grant		(1,721,980)	0	
	Sundry Grants			0	
IE800	Statutory Adjustments (Capital charges)		398,370	0	
TREMR	Net Transfer to/(from) Earmarked Reserves	**APP B**	1,645,010	109,832	
	TOTAL BUDGETED EXPENDITURE		**8,531,070**	**181,425**	**2.1%**
30/IE440	Formula Grant (RSG & NNDR)		(2,762,760)	0	
IE431	Rural Services Delivery Grant		(374,510)	0	
IE432	Transitional Grant		(31,510)	0	
IE410	Council Tax		(5,356,390)	0	
IE439	CTS Funding Parishes		46,960	0	
IE420	Collection Fund Surplus		(52,860)	0	
	TOTAL BUDGETED FUNDING		**(8,531,070)**	**0**	0%
	Forecast in year (Surplus) / Deficit		**0**	**181,425**	
EQ700	General Fund Reserve 01/04/17			**(2,241,085)**	
	Forecast General Fund Balance 31/03/18			**(2,059,660)**	

This page is intentionally left blank

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Note	Description of Major Movements	Full year variance (net of transfer to EMR)	PDG
A	**Corporate Management**		Cabinet
		0	
B	**Legal & Democratic Services**		
	Minor variances in Electoral Registration	0	Cabinet
	Minor variances in Legal Services	(4,000)	Cabinet
		(4,000)	
C	**Car Parks**		
	P&D income forecast for yearend down against budget by £20k, £6k of this relates to the installation of the new P&D machines.	20,000	Economy
	Income from off-street fines is forecasted to be above budget	(20,000)	Economy
	Day Permit income expected to be down against budget at yearend	4,000	Economy
	Premises overspend across Parking Services forecast	8,200	Economy
	Car Park machine maintenance budget underspend due to the implementation of the new P&D machines	(5,000)	Economy
		7,200	
D	**Environmental Services combined**		
	Cemetery income above profile for the 1st Qtr, will review month by month.	(5,000)	Environment
	Anticipated Licensing income over and above budget.	(9,500)	Environment
	Licensing Officer post now full time.	13,000	Environment
	Environmental Enforcement salary savings due to vacant District Officers post.	(26,000)	Environment
	Environmental Health salary savings due to vacant Environmental Officers post	(10,000)	Environment
		(37,500)	
E	**Grounds Maintenance**		
	Salary underspends due to vacant posts	(27,000)	Environment
	Agency overspends	40,000	Environment
	Overspend on Plant/Vehicle running costs	10,000	Environment
	Insurance Excess from break in at Park Nursery Depot	10,000	Environment
	Equipment costs overspend	5,000	Environment
	Grass cutting contribution from Parishes & Towns not as high as budgeted	5,000	Environment
		43,000	
F	**Open Spaces**		
	Amory Park Income contribution no longer received	4,800	Environment
	Sponsorship income down against budget	3,000	Environment
	Play Area maintenance budget overspend	6,000	Environment
		13,800	
G	**Property Services**		
	3 Rivers Development set-up costs re Legal & Tax advice	20,000	Homes
	No rental income for Station Yard due to sale of the asset	16,000	Homes
	Salary underspend in Property Services due to vacant posts	(45,000)	Homes
	Agency overspend in Property Services	24,000	Homes
	Reduced income and increased costs from Market Walk vacant shop units	50,000	Homes
		65,000	
H	**Waste Services**		
	Trade waste - income is down due to losing a couple of big customers	40,000	Environment
	Trade waste - less in landfill disposal charges	(40,000)	Environment
	Recycling income and haulage prices better than budgeted	(30,000)	Environment
		(30,000)	
I	**Community Development**		
	Market Income - Market Manager actively seeking new traders, however footfall in Tiverton is down	10,000	Economy
	Grant spend (covered by Seed Fund ear marked reserve)	2,300	Cabinet
		12,300	
J	**Recreation And Sport**		
	All sites Income: revised growth based upon 16/17 Outturn	138,000	Community
	All sites Rates: charges exceeded annual budget	9,000	Community
	All sites Water: charges higher than anticipated	20,000	Community
	All sites Maintenance: Responsive works greater than anticipated	35,000	Community

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Note	Description of Major Movements	Full year variance (net of transfer to EMR)	PDG
	All sites Energy costs: Electricity & Gas increases from prior year 16-17	12,000	Community
	One off marketing and advertising expenditure	10,000	Community
		224,000	
K	**Finance And Performance**		
	Salary saving from vacant Finance Manager has been partially off-set by an additional Principal Accountant	(8,000)	Cabinet
	Procurement Manager's recharge to Torridge District Council	(5,800)	Cabinet
		(13,800)	
L	**Revenues And Benefits**		
	Housing Benefit Subsidy	(20,000)	Community
	Benefits Local Welfare Assistance Scheme (covered by EMR)	42,900	Community
		22,900	
M	**General Fund Housing**		
	Minor variances	5,000	Homes
		5,000	
N	**Planning And Regeneration**		
	Building Control Partnership Income - Manager forecast	27,000	Community
	Enforcement: Salary saving from staff vacancy (now filled) partially offset by costs recently awarded against the authority	(2,500)	Community
	Development Control: Saving on staff vacancies now to be spent on additional resources in second half of the year	0	Community
	Development Control: Fee income (partly used to fund additional resources required in Forward Planning, see below)	(100,000)	Community
	Tiverton EUE: Ongoing expenditure (fully funded from EMR)	11,300	Community
	Garden Village: Ongoing expenditure (fully funded from EMR)	51,000	Community
	Business Development - Temporary Grants and Funding Officer post (not required from EMR)	(21,730)	Community
	Business Development - Town Centre Manager post filled for part of year (not required from EMR)	(31,700)	Community
	Forward Planning: Additional resources required due to workload - funded from additional Development Control income	30,000	Community
	Planning Policy: Ongoing expenditure (fully funded from EMR)	36,000	Community
	Statutory Development Plan: most of the expenditure now expected to fall into 2018/19; the transfer from reserves will therefore be reduced from the budgeted figure	(256,000)	Community
		(256,630)	
O	**Customer Services**		
	Comms Manager post reintroduced to the establishment (est)	11,000	Cabinet
	Digital transformation post will not be filled in financial year	(23,000)	Cabinet
		(12,000)	
P	**Human Resources**		
	Increased software costs for HR, Payroll & L&D	10,000	Cabinet
		10,000	
Q	**I.T. Services**		
	The current contract for data lines procured through DCC is expiring, new infrastructure is required for which DCC will no longer pay, each LA is now individually funding this	14,000	Cabinet
	Salary overspend due to JE regrade - this forecast may change as the service is currently going through a restructure	9,000	Cabinet
		23,000	
	FORECAST (SURPLUS)/DEFICIT AS AT 31/03/18	**72,270**	

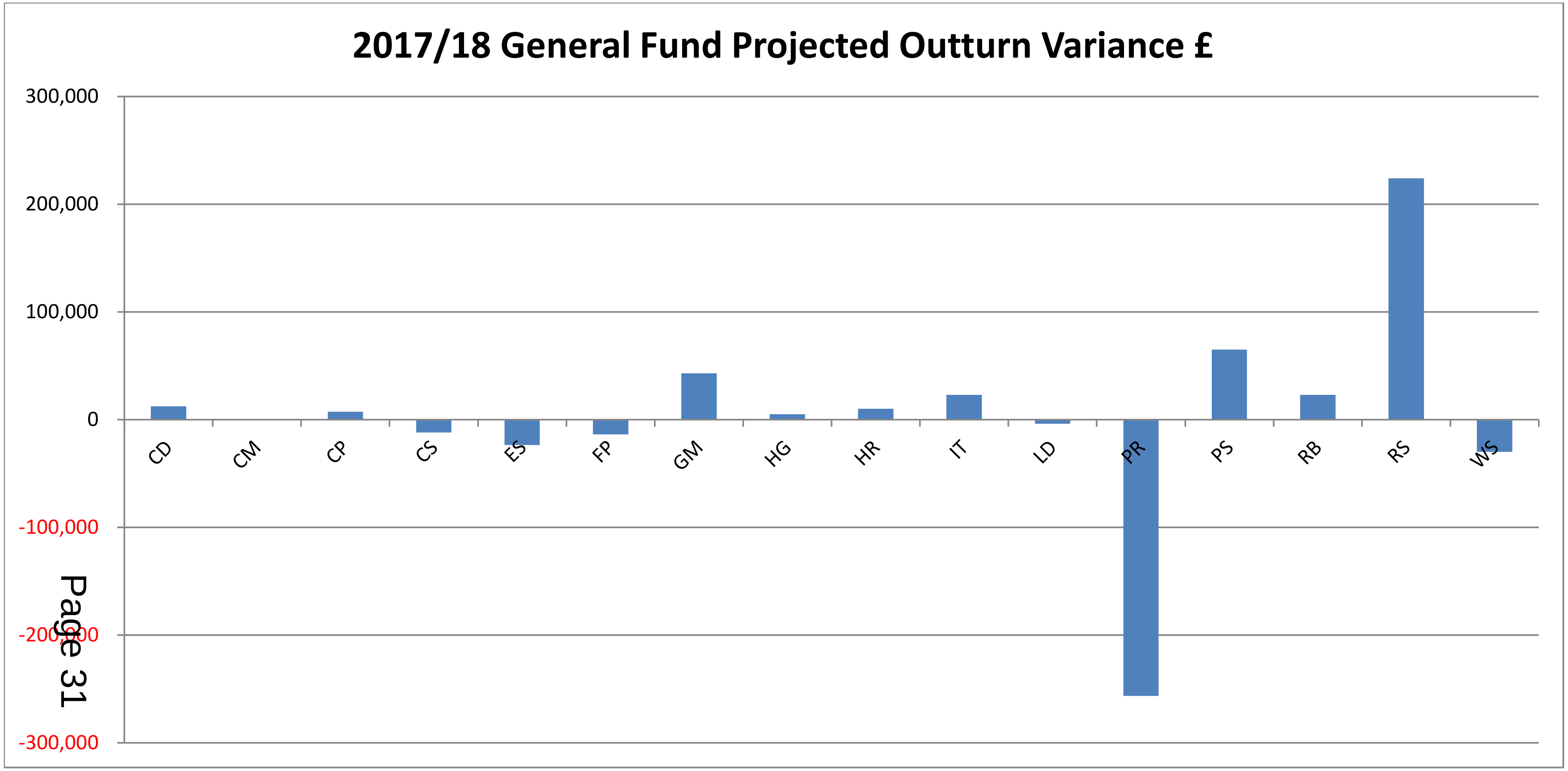
Cabinet	**5,500**
Community	**(9,730)**
Homes	**70,000**
Environment	**(10,700)**
Economy	**17,200**
	72,270

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Committee	Net Transfers to / from Earmarked Reserves	Net Budgeted Trfr to EMR	Forecast Actual Net Trfr to EMR	Forecast Variance to Budget
CM	Corporate Management			0
LD	Legal & Democratic Services: Member/Election Services			
	LD201 Election costs - District	20,000	20,000	0
	LD300 Democratic Rep & Management	5,000	5,000	0
	LD600 Legal Services	(16,180)	(16,180)	0
CP	Car Parks			0
ES	Environmental Services combined			0
	ES100 Cemeteries	25,000	25,000	0
	ES450 Parks and Open Spaces	25,000	25,000	0
	ES450 Parks and Open Spaces	1,200	1,200	0
	ES580 Pool Car Running costs	4,320	4,320	0
	ES660 Control of Pollution	4,000	4,000	0
	ES730 Environmental Enforcement	2,950	2,950	0
	ES361 Public Health	(19,700)	(7,278)	12,422
GM	Grounds Maintenance			
	GM960 Grounds Maintenance	38,050	38,050	0
	GM960 Grounds Maintenance	14,360	14,360	0
OS	Open Spaces			
	EQ643 W70 Developers Contribution	(6,650)	(6,650)	0
	EQ640 W52 Popham Close Comm Fund	(1,950)	(1,950)	0
	EQ641 W67 Moorhayes Com Dev Fund	(1,630)	(1,630)	0
	EQ642 W69 Fayrecroft Willand Ex West	(4,620)	(4,620)	0
	EQ638 Dev Cont Linear park	(4,170)	(4,170)	0
	EQ644 Dev Cont Winswood Crediton	(3,080)	(3,080)	0
PS	Property Services			
	PS350 Public Conveniences	1,120	1,120	0
	PS980 Property Services Staff Unit	7,400	7,400	0
	Market Walk/Fore Street Surplus	50,000		(50,000)
WS	Waste Services			
	WS650 Street Cleaning - Vehicle Sinking Fund	56,470	56,470	0
	WS650 Street Cleaning - Litter Buster Team	(44,600)	(44,600)	0
	WS700 Refuse Collection - Litter Buster Team	(9,900)	(9,900)	0
	WS700 Refuse Collection - Vehicle Sinking Fund	217,510	217,510	0
	WS710 Trade Waste - Vehicle Sinking Fund	21,720	21,720	0
	WS725 Kerbside Recycling - Vehicle Sinking Fund	158,810	158,810	0
	WS725 Kerbside Recycling - Equipment Sinking Fund	20,000	20,000	0
	WS770 Unit 3 Carlu Close - Maintenance Sinking Fund	2,700	2,700	0
CD	Community Development			
	CD200 Community Development - GWC grant	(45,000)	(45,000)	0
	CD200 Grant spend from Seed Fund - EMR released		(2,300)	(2,300)
RS	Recreation And Sport			0
FP	Finance And Performance			0
RB	Revenues And Benefits			
	RB600 Revenues Misc Income Team Salaries	(20,000)	(20,000)	0
	RB340 Benefits Local Welfare Assistance Scheme		(42,900)	(42,900)

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Committee	Net Transfers to / from Earmarked Reserves	Net Budgeted Trfr to EMR	Forecast Actual Net Trfr to EMR	Forecast Variance to Budget
HG	General Fund Housing			0
PR	Planning and Regeneration			
	PR200 Development Control	(294,000)	(294,000)	0
	PR220 Tiverton EUE	0	(53,000)	(53,000)
	PR225 Garden Village Project	0	(51,000)	(51,000)
	PR400 Business Development - Grants & Funding Officer	(21,730)	0	21,730
	PR400 Business Development - Town Centre Manager	(40,700)	(9,000)	31,700
	PR400 Business Development	(100,000)	(100,000)	0
	PR800 Planning Policy	(30,000)	(30,000)	0
	PR810 Statutory Development Plan		220,000	220,000
CS	Customer Services			
	CS500 Messenger Services	1,440	1,440	0
	CS900 Central Photocopying	5,000	5,000	0
	CS902 Central Postage	2,500	2,500	0
	CS910 Customer Services Admin	250	250	0
	CS932 Customer First	5,000	5,000	0
	CS938 Digital Strategy Staffing	(23,180)	0	23,180
HR	Human Resources			0
IT	IT Services			0
	IT800 Phoenix House Printer Sinking Fund	9,700	9,700	0
IE	New Homes Bonus monies earmarked for capital and economic regeneration projects	1,721,980	1,721,980	0
		(89,380)	(89,380)	0
		0		
	Net Transfer to / (from) Earmarked Reserves	**1,645,010**	**1,754,842**	**109,832**



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

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

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

	2017/18 Annual Budget	2017/18 Profiled Budget	2017/18 Actual	2017/18 Variance	Full Year Forecast Variation	Variance
	£	£	£	£	£	%
Building Control Fees	(280,800)	(140,400)	(121,824)	18,576	27,000	-10%
Planning Fees	(885,000)	(442,500)	(527,984)	(85,484)	(100,000)	11%
Land Search Fees	(120,000)	(60,000)	(47,248)	12,752	0	0%
Car Parking Fees - See Below	(799,450)	(374,830)	(358,730)	16,100	20,000	-3%
Leisure Fees & Charges	(2,793,060)	(1,356,541)	(1,241,108)	115,433	138,000	-5%
Trade Waste Income	(677,500)	(657,175)	(637,709)	19,466	40,000	-6%
Garden Waste	(450,000)	(103,500)	(153,034)	(49,534)	0	0%
Licensing	(129,410)	(51,590)	(54,688)	(3,098)	(9,500)	7%
Market Income	(85,400)	(42,700)	(39,205)	3,850	10,000	-12%
	(6,220,620)	**(3,229,236)**	**(3,181,530)**	**48,061**	**125,500**	**-2.0%**
Pay and Display					**Spaces**	**Bud Income pa per space**
Beck Square, Tiverton	(83,780)	(43,550)	(43,408)	142	40	(2,095)
William Street, Tiverton	(31,780)	(15,650)	(13,361)	2,289	45	(706)
Westexe South, Tiverton	(47,800)	(25,180)	(26,540)	(1,360)	51	(937)
Wellbrook Street, Tiverton	(15,540)	(7,600)	(6,998)	602	27	(576)
Market Street, Crediton	(40,420)	(20,410)	(20,032)	378	39	(1,036)
High Street, Crediton	(75,330)	(38,250)	(37,519)	732	190	(396)
Station Road, Cullompton	(41,900)	(22,190)	(18,545)	3,645	112	(374)
Multistorey, Tiverton	(127,980)	(64,650)	(58,689)	5,961	631	(203)
Market Car Park, Tiverton	(220,120)	(107,550)	(104,960)	2,590	122	(1,804)
Phoenix House, Tiverton	(3,680)	(1,690)	(2,574)	(884)	15	(245)
P&D Shorts & Overs	0		378	378	0	0
	(688,330)	**(346,720)**	**(332,247)**	**14,473**	**1,272**	**(8,373)**
Day Permits	(31,000)	(3,690)	(1,240)	2,450	4,000	-13%
Allocated Space Permits	(39,420)	(1,270)	(134)	1,136		
Overnight Permits	(1,000)	(500)	0	500		
Day & Night Permits	0	0	(2,586)	(2,586)		
Other Income	(39,700)	(22,650)	(22,523)	127		
	(799,450)	**(374,830)**	**(358,730)**	**16,100**		
Standard Charge Notices (Off Street)	**(28,000)**	**(13,550)**	**(27,426)**	**(13,876)**	(20,000)	71%

This page is intentionally left blank

GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

	2017/18	2017/18	2017/18	2017/18
	Annual Budget	Profiled Budget	Actual	Variance
Total Employee Costs	£	£	£	£
General Fund				
Community Development	62,120	31,060	25,591	(5,469)
Corporate Management	1,299,200	649,600	660,468	10,868
Customer Services	711,710	355,855	334,021	(21,834)
Environmental Services	981,140	490,570	477,351	(13,219)
Finance And Performance	535,450	267,725	238,089	(29,636)
General Fund Housing	206,040	103,020	99,982	(3,038)
Grounds Maintenance	442,560	221,280	200,689	(20,591)
Human Resources	341,290	170,645	166,464	(4,181)
I.T. Services	488,880	244,440	250,737	6,297
Legal & Democratic Services	462,960	231,480	256,169	24,689
Planning And Regeneration	1,755,840	877,920	754,541	(123,379)
Property Services	423,430	211,715	188,751	(22,964)
Recreation And Sport	1,828,350	914,175	908,025	(6,150)
Revenues And Benefits	701,690	350,845	328,384	(22,461)
Waste Services	1,986,040	993,020	906,708	(86,312)
	12,226,700	**6,113,350**	**5,795,972**	**(317,378)**
Housing Revenue Account				
BHO09 Repairs And Maintenance	603,330	346,248	347,275	1,027
BHO10 Supervision & Management	1,369,080	684,540	701,846	17,306
BHO11 Special Services	37,180	18,590	12,519	(6,071)
	2,009,590	**1,049,378**	**1,061,639**	**12,261**
Total	**14,236,290**	**7,162,728**	**6,857,611**	**(305,117)**

	2017/18	2017/18	2017/18	2017/18
	Annual Budget	Profiled Budget	Actual	Variance
Agency Staff	£	£	£	£
General Fund				
Car Parks	0	0	0	0
Community Development	0	0	0	0
Corporate Management	0	0	0	0
Customer Services	0	0	0	0
Environmental Services	0	0	2,813	2,813
Finance And Performance	0	0	0	0
General Fund Housing	0	0	0	0
Grounds Maintenance	5,000	2,500	28,914	26,414
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	8,142	8,142
Recreation And Sport	0	0	0	0
Revenues And Benefits	0	0	37,549	37,549
Waste Services	179,250	89,625	87,185	(2,440)
	184,250	**92,125**	**164,603**	**72,478**
Housing Revenue Account				
BHO09 Repairs And Maintenance	0	0	(1,128)	(1,128)
BHO10 Supervision & Management	0	0	175	175
BHO11 Special Services	0	0	0	0
	0	**0**	**(952)**	**(952)**
Total	**184,250**	**92,125**	**163,650**	**71,525**

This page is intentionally left blank

HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Housing Revenue Account (HRA)	Notes	2017/18 Annual Budget £	Forecast £	Variance %
Income				
SHO01 Dwelling Rents Income	**A**	(12,368,590)	59,000	-0.5%
SHO04 Non Dwelling Rents Income	**B**	(571,420)	(18,000)	3.2%
SHO06 Tenant Charges For Services	**C**	(350)	0	0.0%
SHO07 Leaseholders' Service Charges	**D**	(21,640)	(5,000)	23.1%
SHO08 Contributions Towards Expenditure	**E**	(36,470)	(10,000)	27.4%
SHO09 Alarm Income - Non Tenants	**F**	(209,520)	(3,000)	1.4%
SHO10 H.R.A. Investment Income	**G**	(40,000)	(10,000)	25.0%
SHO11 Miscellaneous Income	**H**	(19,000)	0	0.0%
Services				
SHO13A Repairs & Maintenance	**I**	3,098,380	(76,000)	0.0%
SHO17A Housing & Tenancy Services	**J**	1,315,290	(43,000)	-3.3%
SHO22 Alarms & L.D. Wardens expenditure	**K**	121,700	(20,000)	-16.4%
Accounting entries 'below the line'				
SHO29 Bad Debt Provision Movement	**L**	25,000	0	0.0%
SHO30 Share Of Corporate And Democratic	**M**	165,320	0	0.0%
SHO32 H.R.A. Interest Payable	**N**	1,214,500	0	0.0%
SHO34 H.R.A. Transfers between earmarked reserves	**O**	2,952,820	0	0.0%
SHO36 H.R.A. R.C.C.O.	**P**	32,000	(11,000)	-34.4%
SHO37 Capital Receipts Reserve Adjustment	**Q**	(26,000)	0	0.0%
SHO38 Major Repairs Allowance	**R**	2,275,000	130,000	5.7%
SHO45 Renewable Energy Transactions	**S**	(130,000)	0	0.0%
		(2,222,980)	**(7,000)**	**-0.3%**
Net recharge to HRA		1,245,730		
Capital Charges		977,250		
Net Housing Revenue Account Budget		**0**		

Housing Revenue Account	£k
Total HRA reserve as at 01/04/7	(2,000)
Forecast movement in the year	0
Forecast HRA reserve as at 31/03/18	**(2,000)**

Housing Maintenance Fund	£k
Opening balance	10,970
Reserve utilised for capital works (see appendix G)	(1,032)
Budgeted transfer to reserves	2,182
Forecast variance for the year (see above)	7
Forecast closing balance	**12,127**

Renewable Energy Fund	£k
Opening balance	455
Expenditure forecast for this year (see appendix G)	(98)
Net income forecast for this year	130
Forecast closing balance	**487**

This page is intentionally left blank

HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Note	Description of Major Movements	Corrective Action	Forecast Variance £
A	Dwelling rent is 0.5% behind target	N/A	59,000
B	Garage voids are lower than budgeted	N/A	(18,000)
D	Minor variance	N/A	(5,000)
E	Rechargeable works have been higher than budgeted	N/A	(10,000)
F	Minor variance	N/A	(3,000)
G	Cash balances have been high again in 2017/18	N/A	(10,000)
I	Significantly more time than expected will be spent on adaptations work, leading to a transfer of costs	N/A	(60,000)
	Underspends due to staffing vacancies	N/A	(16,000)
J	Several minor savings forecast across budget areas including training, environmental and tree works give rise to this total	N/A	(43,000)
K	Minor savings forecast	N/A	(20,000)
P	Tipper vehicle expected to cost less than budgeted	N/A	(11,000)
R	MRA is forecast to spend £2,405k (£2,278k budgeted plus £87k slippage rolled forward from 16/17 plus an additional £40k on Fire Risk Assessment work)	N/A	130,000
		TOTAL	**(7,000)**

This page is intentionally left blank

MID DEVON DISTRICT COUNCIL
MONITORING OF 2017/18 CAPITAL PROGRAMME

Appendix G

Code	Scheme	Budgeted Capital Programme 2017/18	Deliverable Capital Programme 2017/18	Actual Expenditure 2017/18	Committed Expenditure 2017/18	Total	Variance to Adj Capital Programme	Forecast (Underspend)/ Overspend	Forecast Slippage to 18/19	Notes
		£	£	£	£	£	£	£	£	
	General Fund Projects									
	Lords Meadow Leisure Centre									
CA624	Main car park resurfacing	50,000	50,000	35,210	0	35,210	(14,790)	(5,000)		Total Project cost circa £45k
	Exe Valley Leisure Centre									
CA630	Exe Valley Leisure Centre - Replenish sand filters	25,000	25,000	0	0	0	(25,000)			This Project is planned due to be completed during Q3 17/18
CA627	EVLC - Pressure set replacement Hot/Cold	50,000	50,000	0	0	0	(50,000)	(5,000)		Forecast total Project cost circa £45k. Planned completion Feb'18
CA626	EVLC - Fitness extension	657,000	657,000	228,032	539,211	767,243	110,243	49,000		This forecast variance includes wet side improvement works amounting to £43k in 16/17. Planned project completion Jan '18
	Culm Valley Leisure Centre									
CA631	CVSC replace end of life AC for fitness Gym	30,000	30,000	0	0	0	(30,000)	(5,000)		Forecast total Project cost circa £25k
	Pannier Market									
CA509	Pannier Market - Improvement Project back log maintenance	60,000	60,000	43,842	0	43,842	(16,158)	(16,000)		Project complete - see Pannier Market Clock Tower CA508 - Scaffolding shared
CA507	Tiverton Pannier Market Pigpens	70,000	0	0	0	0	0	(70,000)		This Project will no longer be undertaken
CA508	Pannier Market Clock Tower	12,000	12,000	28,256	0	28,256	16,256	16,000		Project complete - see Pannier Market back log maint CA509 - Scaffolding shared between projects
	MSCP Improvements									
CA709	MSCP improvements (refer to Matrix condition report)	139,000	70,000	0	0	0	(70,000)		139,000	Spend on this project will be undertaken with consideration to proposed Premier Inn project - Planned commencement Jan '18
	MDDC Shops/industrial Units									
CA510	Energy Assessment works - new legislation - Indust Units/Shops/Mkt Walk	50,000	25,000	0	0	0	(25,000)		25,000	This Project is likely to straddle 17/18 & 18/19 Financial years
	Play Areas									
CA632	Play area refurbishment District wide - Amory Park Tiverton	50,000	0	0	0	0	0		50,000	This project is likely to be delivered in Q2 18/19
CA628	Play area refurbishment - West Exe Recreation Ground Tiverton	50,000	0	0	2,300	2,300	2,300		50,000	This project is likely to be delivered in Q2 18/19
	Other Projects									
CA460	Crediton Office - Structural improvement work	30,000	20,000	0	0	0	(20,000)	(10,000)		This project is likely to be delivered in Q4 17/18
CA461	A361 junction to facilitate Eastern Urban Extension (funded by s106)	1,750,000	1,000,000	0	0	0	(1,000,000)			MDDC contribution to DCC to help fund this junction now agreed at £1m
CA455	St Lawrence Green Project	30,000	30,000	0	0	0	(30,000)			
CA570	Coggans Well building acquisition			268,176	0	268,176	268,176	268,000		This acquisition will be funded by Useable Capital Receipts
CA468	Replacement Car park Machines			60,922	7,922	68,844	68,844	69,000		This project will be funding by a combinations of EMR's (£20k) & the balance from Useable Capital Receipts
	General Fund Development Schemes									
CA462	Rear of Town Hall development site (6 Houses, 24 Apartments)	5,114,000	0	2,464	1,000	3,464	3,464	(5,114,000)		This project will now be delivered by the SPV & any associated costs will be novated to the new company
	ICT Projects									
CA433	Unified Comms/telephony	107,000	107,000	0	0	0	(107,000)		67,000	Circa £40k spend in 17/18
CA456	Digital Transformation replacement of CRM	100,000	0	0	0	0	0	(100,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
CA463	Secure Wifi replacement	50,000	50,000	0	0	0	(50,000)	(50,000)		Project to be delivered on Revenue circa £10k
CA464	Parking System Replacement (enforcement)	40,000	40,000	370	0	370	(39,630)			
CA465	Replacement Queue System	30,000	0	0	0	0	0	(30,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
CA466	Core System Refreshes - Revs/Bens	20,000	20,000	0	0	0	(20,000)			
CA467	Replacement Estates/Property Systems	50,000	0	0	0	0	0	(50,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
CA421	Replacement of PC estate 330s	31,000	31,000	18,964	0	18,964	(12,036)			
CA423	Continued replacement of WAN/LAN	60,000	60,000	0	0	0	(60,000)			
CA425	Server farm expansion/upgrades	96,000	96,000	12,233	0	12,233	(83,767)			
CA437	Digital Transformation	61,000	61,000	2,430	30	2,460	(58,540)			
CA439	Mobile Working NDL MX	7,000	7,000	7,000	0	7,000	0			
CA444	SQL/Oracles refreshes	21,000	21,000	2,500	7,975	10,475	(10,525)			
	Replacement Vehicles									
CA714	Medium Sweeper (Street Cleansing)	70,000	70,000	0	0	0	(70,000)			
CA715	Van Tipper (Grounds Maintenance)	26,000	26,000	0	0	0	(26,000)			
CA716	Ransomes Mower (Grounds Maintenance)	35,000	35,000	0	0	0	(35,000)			
CA712	Iveco Tipper (or equivalent)	24,000	24,000	0	0	0	(24,000)			
CA814	Dennis Eagle Terberg RCV 22-26t (or equivalent)	160,000	160,000	166,409	2,820	169,229	9,229	10,000		Trade Waste vehicle
CA821	5 Refuse Vehicles with Food waste capability	900,000	900,000	0	830,667	830,667	(69,333)	(69,000)		Garden Waste (3 large & 3 small refuse vehicles)
CA822	7.5T Tipper	100,000	100,000	0	0	0	(100,000)			
CA825	3.5T Tipper	25,000	25,000	0	0	0	(25,000)			
CA827	3.5T Tipper	25,000	25,000	0	0	0	(25,000)			
		10,205,000	**3,887,000**	**876,807**	**1,391,925**	**2,268,733**	**(1,618,267)**	**(5,112,000)**	**331,000**	

Code	Scheme	Budgeted Capital Programme 2017/18	Deliverable Capital Programme 2017/18	Actual Expenditure 2017/18	Committed Expenditure 2017/18	Total	Variance to Adj Capital Programme	Forecast (Underspend)/ Overspend	Forecast Slippage to 18/19	Notes
	Private Sector Housing Grants									
CG217	Empty homes and enforcement	104,000	30,000	0	0	0	(30,000)		64,000	
CG201	Disabled Facilities Grants–P/Sector	664,000	555,000	200,980	183,391	384,371	(170,629)		109,000	
	Please note where possible commitments are raised on the Finance Ledger. Currently the total commitment for Private Sector Housing Grants held outside the ledger is £184k.									
	This underspend includes underspent budget on Private Tenant DFG's amounting to 171k; these are effectively ring fenced, therefore leaving £30k uncommitted. (£201k - £171k)									
	Commitments include all approved grants. The timing of when these are drawn down is dependent on the client (up to 1 year), therefore at year end although sums may be committed, some may be carried forward to 2018/19 as slippage.									
		768,000	**585,000**	**200,980**	**183,391**	**384,371**	**(200,629)**	**0**	**173,000**	
	Affordable Housing Projects									
CA200	Grants to Housing Associations to provide units (funded by commuted sums)	115,000	115,000	7,959	0	7,959	(107,041)		99,000	
		115,000	**115,000**	**7,959**	**0**	**7,959**	**(107,041)**	**0**	**99,000**	
	Total General Fund Projects	**11,088,000**	**4,587,000**	**1,085,746**	**1,575,317**	**2,661,063**	**(1,925,937)**	**(5,112,000)**	**603,000**	
	HRA Projects									
CA100	Major repairs to Housing Stock	2,365,000	2,365,000	838,736	991,551	1,830,287	(534,713)	40,000		Additional works on fire risk Assessments £40k
CA111	Renewable Energy Fund Spend	100,000	100,000	51,488	0	51,488	(48,512)			
CG200	Disabled Facilities Grants - Council Houses	299,000	299,000	130,327	0	130,327	(168,673)			
CA135	Land acquisition for Affordable Housing	2,100,000	500,000	0	0	0	(500,000)		1,600,000	A substantial amount of this project will slip into 18/19
CA112	Birchen Lane	238,000	238,000	86,533	77,878	164,412	(73,588)			
CA119	Palmerston Park Tiverton - affordable dwellings (26 units)	2,694,000	2,062,000	374,292	2,708,819	3,083,110	1,021,110		1,500,000	Forecast project completion Q3 2018/19. Additional £261k to be funded by S106 Affordable Housing Contribs per Cabinet report 02/03/17
CA124	Queensway (Beech Road) Tiverton (3 units)	298,000	150,000	7,719	0	7,719	(142,281)		250,000	Forecast project completion Q4 2018/19
CA120	Burlescombe (6 units)	776,000	100,000	220	3,840	4,060	(95,940)		700,000	Forecast project completion Q4 2018/19
CA125	Waddeton Park - (70 units)	1,991,000	0	71	0	71	71		1,991,000	This project is likely to be delivered in 18/19
CA126	Sewerage Treatment Works - Washfield	25,000	25,000	0	0	0	(25,000)			Forecast project completion Q4 2017/18
CA127	Stoodleigh - Pending feasibility (4 units)	520,000	50,000	0	0	0	(50,000)		500,000	A substantial amount of this project will slip into 18/19
	HRA ICT Projects									
CA132	Repairs - mobile replacement	30,000	30,000	11,340	10,013	21,354	(8,646)			
CA133	Tenancy Mobile	40,000	0	0	0	0	0	(40,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
	HRA Replacement Vehicles									
CA134	Van Tipper 4.5T (Responsive Repairs)	32,000	0	0	0	0	0	(32,000)		Vehicle not required in 17/18
CA122	Iveco Tipper 3.5t (or equivalent)	24,000	24,000	21,455	0	21,455	(2,545)	(3,000)		
	Total HRA Projects	**11,532,000**	**5,943,000**	**1,522,180**	**3,792,102**	**5,314,282**	**(628,718)**	**(35,000)**	**6,541,000**	
	CAPITAL PROGRAMME GRAND TOTAL	**22,620,000**	**10,530,000**	**2,607,926.21**	**5,367,418.20**	**7,975,344**	**(2,554,656)**	**(5,147,000)**	**7,144,000**	

ECONOMY PDG
9 NOVEMBER 2017

Tiverton Market Environmental Strategy 2017-2022

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Stephen Walford, Director for Growth

Reason for Report: To seek approval to adopt the Tiverton Market Environmental Strategy so as to maximise opportunities to increase recycling, reduce the amount of waste and reduce our carbon footprint.

RECOMMENDATION: To recommend to Cabinet that this Strategy be recommended to Council for approval.

Relationship to Corporate Plan: The Tiverton Market Environmental Strategy supports the corporate objectives for the environment, community and the economy.

Financial Implications: Initiatives identified for implementation within the strategy would be funded through existing budgets with the potential to achieve savings on energy costs in future years.

Legal Implications: None

Risk Assessment: There are no significant risks identified with regard to pursuing this strategy; however failure to make progress with energy efficiency would incur a risk of not achieving the aims identified in the Market Strategy.

Equality Impact Assessment: No equality issues identified for this report.

1.0 Introduction

1.1 There is clear evidence to show that climate change is happening. Through the work of the Intergovernmental Panel on Climate Change (IPCC) a scientific consensus on the link between human activities and global warming has emerged. Although a global problem it has been recognised internationally that solutions should be made at a local level. We all contribute to climate change through our use of electricity, heat and vehicle fuels, and there are actions that we can all take to cut the emissions that contribute to climate change. This responsibility also relates to business activities such as those undertaken at the Tiverton Pannier Market. In addition to this strategy making a contribution to tackling these global environmental issues it can also ensure that the market runs more economically.

2.0 Tiverton Market Environmental Strategy 2017-2022

2.1 'Environment' is one of the priorities in the Corporate Plan. The Corporate Plan aims to increase recycling, reduce the amount of waste, reduce our carbon footprint and protect the natural environment. The 'Strategy for Tiverton' was adopted by Council on 22 February 2017 and similarly makes a commitment to increase the opportunities for reducing waste and increasing recycling at the Market. The Market Environmental Strategy can make a valuable contribution towards achieving these corporate aims and play a part in delivering the ‘Strategy for Tiverton’.

2.2 The five year Market Environmental Strategy is structured around each of the Corporate Plan’s Environmental aims. It describes current activities and also those measures which are planned to be undertaken within the life of the strategy along with a number of longer term initiatives which are also worth investigating. The strategy will need to evolve and as it does greater clarity will emerge as to the precise nature of refined measurable targets.

2.3 This Strategy will be monitored by a working group formed of Tiverton Market Traders and a representative from the Market Management Team. The working group will actively monitor progress towards the aims and actions within the Strategy. This working group will also actively promote the strategy and identify further opportunities to reduce our impact on the environment with the added benefit of operating more efficiently.

Contact for more Information: Adrian Welsh, 01884 234344
awelsh@middevon.gov.uk

Circulation of the Report: Cllr Richard Chesterton
Stephen Walford, CE & Director for Growth

List of Background Papers: A Strategy for Tiverton 2017-2027 (February 2017)

TIVERTON MARKET ENVIRONMENTAL STRATEGY 2017-2022

Introduction

Markets, by their nature, support environmentally-friendly initiatives through facilitating local producers and businesses, lowering food miles for local produce in particular meat, fish, dairy, fruit and veg. Furthermore, markets promote sustainability and waste minimisation through offering second-hand/preloved goods and upcycled items as well as supporting ethical and fair trade.

In line with the Council's objectives for 'Environment', Tiverton Market is committed to:

- Increasing recycling and reducing waste (in particular plastic and other non-biodegradable waste)
- Reducing our carbon footprint
- Protecting the natural environment

Outlined below are actions we aim to focus on to achieve these objectives.

Aim 1: Increase Recycling and Reduce the Amount of Waste

What we're already doing:

- ★ **Offer trade recycling** – the Market previously offered no trade waste recycling service to traders. Now we offer two trade recycling bins, regularly filled and have reduced our bi-weekly general waste (landfill) collection to weekly.
- ★ **Support 'love food, hate waste' campaigns** – the Market is working with Community Action Group (CAG) Devon on reducing food waste. This includes providing end-of-life produce to the 'Grubs Up' catering scheme and promoting their campaigns to the public and traders at our Streetfood events.
- ★ **Work with local groups on reducing waste** – the Market supports the work of Tiverton Repair Café (held at the Market Youth Centre) and promotes their local events through the Market's social media channels.
- ★ Work with Devon Recycling to **promote local recycling and composting schemes** to the general public.
- ★ **Reduce plastic waste** by removing disposable plastic cups from the water cooler in the office. Instead Market Staff (and traders) can use refillable containers (such as cups or eco-friendly bottles). In addition, in liaison with 'Refill Devon' we are officially a 'water refill station' and on the water refill map for Devon.
- ★ **Zero carrier bag policy** – the Market has banned carrier bags from being used, instead traders offer alternative carrier/packaging options (such as paper bags).

What else we will introduce:

i. **Increase recycling** – currently glass, food waste, garden waste or textiles are not able to be recycled under the current Trade Waste scheme. We will work with the Council's Trade Waste service to introduce a food trade waste / composting scheme and look into options for the other recyclable materials. Furthermore, we aim to increase public recycling through the provision of public recycling and charity bins on site.
ii. Educate traders and public on **reduce, reuse, recycle initiatives** by taking part in National Recycling Week, promotion on social media (with links where relevant to Market products), related activities with local school children and hosting 'shopping' events.
iii. **Use recycled materials and art** in any building or renovation work (where possible) at the Market.
iv. **Provide branded reusable bags** and associated strategy to encourage reuse.

Other options that we can investigate:

- **Provide a community food fridge** – in liaison with CAG Devon, we will look into the option of hosting a community food fridge for people to offer their surplus produce for free to members of the public. We will also continue to support CAG Devon on other waste-reducing projects.

Target: Reduce need for general waste collection to once every three weeks by 2020.

Priority 2: Reduce our Carbon Footprint

What we're already doing:

- ★ **Promote alternative modes of transportation** – the Market has bike racks for the public to use plus we have links with local public transport provider Tiverton and District Community Transport Association (TDCTA) for a drop-off point next to the Market.
- ★ **Minimising food miles** – by supporting local producers, the Market offers products with reduced food miles from farm-to-fork. We also encourage traders to source local suppliers.

What else we will introduce:

i. **Switch to energy efficient lighting** – we aim to replace existing bulbs with energy-efficient LED bulbs.
ii. During any renovation or construction work to the Market, **eco-paint and low-emitting and recycled building materials** will be used where possible (subject to receipt of appropriate listed building consent)
iii. **Improve bicycle storage** for traders and their staff to encourage alternative modes of transportation.
iv. Further **promote the bike racks** and bus drop off point at the Market with the public and through liaison with bus and coach companies.
v. Liaise with hot food traders over the potential of offering **green menus** and promote the quality of meat offered at the Market, educating customers on how to cook it carefully and use every bit of the animal along with promotion of vegetarian products.
vi. A **strategy to reduce electricity** use by better understanding current usage and look for opportunities to operate more efficiently.

Other options that we can investigate:

- Installing solar (PV) panels (or other options for **generating energy**) at the Market.
- Providing an **electric-car charging point** in the Market Car Park.
- When required, replacing the trader toilet with a **low-flowing toilet**.
- Provide trader and **staff changing room facilities.**

Target: Reduce electricity usage by 10% by 2020 proportionate to trade.

Priority 3: Protect the Natural Environment

What we're already doing:

- ★ Offer **organic food** / produce made using eco-friendly farming methods.
- ★ **Support bee-friendly** products – plant sellers at the Market are encouraged to offer bee-friendly products and to highlight this in their labels. In addition, the Market displays seasonal hanging baskets containing bee-friendly plants.
- ★ **Limited use of plastic packaging** – most produce at the Market is free from packaging, with limited plastic used where necessary for health/hygiene purposes. Meat producers are encouraged to use butcher paper instead of Styrofoam to wrap produce and our egg sellers use paper cartons instead of polystyrene. At our food events, the Market requests all participating traders to use food containers, packaging, plates and cutlery made from biodegradable materials where possible.

What else we will introduce:

i. Add greenery to the Market with a **wild flower garden** featuring bee-friendly plants (such as Lavender).
ii. Ensure **eco-friendly cleaning products** are used.
iii. **Promote environmentally friendly options** on social media (with links to Market products).

Other options that we can investigate:

- While the Market is not a suitable location to site a **bee hive**, we would support any suitable business wishing to look after one in the town centre by offering their honey at the Market.
- When needing to repave the Market outside space, we will look into green options such as **grass paving** or other suitable permeable alternatives.

Target: Achieve all three proposed initiatives by 2020.

Further Actions

i. The market's Communication Strategy will reinforce and promote the environmental aims of this strategy. The Market also aims to showcase more ethical and fair-trade products and welcomes traders offering such goods (in line with the Markets Balance of Goods Policy).

ii. Traders will be encouraged to know and promote the eco-credentials of the products they stock. For example whether they are local? Do they use minimal or recycled packaging? Are fish @Marine Stewardship Council' (MSC)-certified etc.?

iii. This Strategy will be monitored by a working group formed of Tiverton Market Traders and a representative from the Market Management Team. The working group will:
    - Actively monitor progress towards the aims and actions within this Strategy along with the wider aims within the Market Strategy;
    - Actively promote the aims and actions within this Strategy;
    - Identify further opportunities to improve our impact on the environment; and
    - Review and amend the strategy following relevant changes in best practice or legislation.

iv. The Strategy will be formally reviewed every five years (next review due 2022) in consultation with relevant Mid Devon District Council services and with Tiverton Market Traders.

This page is intentionally left blank

CABINET
26 OCTOBER 2017

DRAFT 2018/19 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 2018/19 and agree a future strategy for further budget reductions for 2019/20 onwards.

RECOMMENDATION: To consider the draft budget proposals for 2018/19 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 £617k. In addition we have predicted a funding deficit of £1.8m on our General Fund by 2021/22.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.

Equality Impact Assessment: It is considered that the impact of this report on equality related issues will be nil.

1.0 Introduction

1.1 2018/19 will be the third year of a four year fixed funding settlement which will see a further reduction of £318k and then the complete removal of the remaining Revenue Support Grant of £179k 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 (DCC) and other public bodies' budgets 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". 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 and 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 £617k 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 2018/19 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 £617k (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 2018/19 draft budget.

Table 1 – Reconciliation of Major 2018/19 Budget Variances

Variances	**Amount £k**
External items outside of our control	
Reduced formula grant settlement	318
Decrease in Housing Benefit Grant and increase in associated costs	57
Pay award and pension increases	239
Rural Services Delivery Grant	86
Transition Grant	32
Subtotal	**732**
Other changes	
Increase in service cost pressures	317

Not utilising New Homes Bonus to balance the budget	89
Increase in property sinking funds	100
Interest payments on loans for new Leisure equipment	45
Service cost reductions	(108)
New or increased income identified by service managers	(272)
Increase in Council Tax income (£5 rise + 370 new properties)	(212)
Net recharge to HRA	(108)
Minor changes	34
Draft budget gap for 2018/19	**617**

2.3 In compiling the 2018/19 draft budget we have also examined budget performance during 2017/18 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 October and November 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 and can be summarised as follows.

- Application by the Devon Pool to become 100% Business Rates Pilot
- Impact of new Homeslessness legislation from 01/04/18
- Impact of full rollout of Universal Credit from 01/04/18
- Autumn Statement announcement in November 2017
- Finalisation of Formula Grant settlement
- Ongoing service reviews (including changes to fees/charges)

3.0 The Past

3.1 Just to remind members of the financial journey the Council has been on since the austerity programme in 2010/11, here is a list of some of the challenges that have been presented to MDDC in balancing budgets during recent years.

- Net loss of £4m in Formula Grant
- Loss of funding for Housing Benefit admin and Regional Housing Pot removed circa £0.6m
- Council Tax freezes accepted for a number of years
- Increased costs associated with Local Land Provision
- Tax and pension related pressures totalling £350k as follows
    - National Insurance change
    - Increased pension back-funding costs
    - Government mandated auto-enrolment to the Pension Scheme
- Apprentice Levy of £50k introduced

3.1 The following lists just some of the actions taken by MDDC to mitigate these funding reductions.

- Significant efficiency agenda has led to service reductions amounting to over £2m
- Increased income has been generated by a number of services
    - Waste shared savings agreement with DCC
    - Garden Waste Scheme
    - Improved recycling scheme
- Increased commercialisation
    - £200k profit from market Walk and Fore Street properties
- Business Rates Devon Pool participation
- Profit from the Special Purpose Vehicle will return to the General Fund, along with a margin on interest received
- Increasing CCLA holding to £5m
- Colocation with Department for Work & Pensions (DWP)
- Revised Car Parking Strategy in 2016/17
- Rationalising our property estate, including depots, parks, toilets and car parks
- Joint working with North Devon DC as part of the Building Control Partnership
- DCC Transfer Station located at Carlu Close

4.0 The Future

4.1 It is clear that a lot of work has already been undertaken in order to deliver a draft budget gap of £617k, i.e. further efficiency savings of circa £250k included in the service appendices. We now are set with two tasks: firstly, to deliver a balanced General Fund budget by February 2018 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.

5.0 Capital Programme

5.1 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.

5.2 The draft Capital Programme for 2018/19 is attached at Appendix 5. Excluding the new commitments to fund town centre regeneration or further commercial/land acquisitions, the size of our current and future capital programmes remains very small, 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.

6.0 The Autumn PDGs and Cabinet meetings

6.1 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 2018/19 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.

6.2 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 2017/18 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.

7.0 Public Consultation

7.1 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

7.2 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.

8.0 **Statutory, Discretionary Services and the Level of Service Provision**

8.1 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.

8.2 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 (identified as important to the public at 6.1)
- Shops and industrial units

What can we do to balance the budget?

8.3 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)

8.4 Over the last five or six 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*?

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

8.6 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 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

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

8.8 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

8.9 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 buildings 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.

9.0 Conclusion

9.1 The feedback from all of the PDGs and Scrutiny will be reported to the January Cabinet for consideration in order to set a balanced 2018/19 budget and agree a forward plan. Group Managers will be working with Leadership Team and elected members in order to determine ways in which savings of £1m can be achieved over the next three years, based on the priorities identified in the 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

Circulation of the Report: Leadership Team
Elected Members
Group Managers

This page is intentionally left blank

PDG SERVICE UNIT MOVEMENTS **Appendix 2**

	GENERAL FUND SUMMARY	Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2017/18	2018/19	2018/19	2018/19
	Cabinet				
SCM01	Leadership Team	459,240	468,900	9,660	2.1%
SCM02	Corporate Functions	0	81,250	81,250	N/A
SCM03	Corporate Fees/Charges	226,930	207,550	(19,380)	-8.5%
SCM06	Pension Backfunding	901,510	890,060	(11,450)	-1.3%
SFP01	Accountancy Services	321,260	332,620	11,360	3.5%
SFP02	Internal Audit	103,460	88,000	(15,460)	-14.9%
SFP03	Procurement	77,840	71,970	(5,870)	-7.5%
SFP04	Purchase Ledger	45,480	45,850	370	0.8%
SFP05	Sales Ledger	44,580	44,190	(390)	-0.9%
SHR01	Human Resources	266,470	279,020	12,550	4.7%
SHR02	Mddc Staff Training	41,530	132,250	90,720	218.4%
SHR03	Payroll	57,520	57,890	370	0.6%
SHR04	Learning And Development	50,590	51,150	560	1.1%
SIT01	It Gazetteer Management	65,080	69,750	4,670	7.2%
SIT03	It Information Technology	794,370	807,500	13,130	1.7%
SLD01	Electoral Registration	135,590	143,340	7,750	5.7%
SLD02	Democratic Rep And Management	440,980	458,260	17,280	3.9%
SLD04	Legal Services	255,200	241,890	(13,310)	-5.2%
		4,287,630	**4,471,440**	**183,810**	**4.3%**
	Community PDG				
SCD01	Community Development	82,700	87,530	4,830	5.8%
SCS20	Customer Services Admin	108,030	106,540	(1,490)	-1.4%
SCS22	Customer First	686,270	697,310	11,040	1.6%
SES01	Emergency Planning	0	7,880	7,880	N/A
SES04	Public Health	44,370	4,090	(40,280)	-90.8%
SES16	Es Staff Units/Recharges	607,020	709,040	102,020	16.8%
SES17	Community Safety	59,960	540	(59,420)	-99.1%
SES18	Food Safety	(12,530)	(17,580)	(5,050)	40.3%
SES21	Licensing	(15,480)	(8,180)	7,300	-47.2%
SES22	Pest Control	4,000	4,000	0	0.0%
SES23	Pollution Reduction	4,240	840	(3,400)	-80.2%
SPR01	Building Regulations	500	(5,170)	(5,670)	-1134.0%
SPR02	Enforcement	100,380	100,900	520	0.5%
SPR03	Development Control	156,910	13,410	(143,500)	-91.5%
SPR04	Local Land Charges	(32,830)	(31,130)	1,700	-5.2%
SPR09	Forward Planning	204,290	227,280	22,990	11.3%
SPR11	Regional Planning	348,160	288,960	(59,200)	-17.0%
SRB01	Collection Of Council Tax	201,600	233,560	31,960	15.9%
SRB02	Collection Of Business Rates	(76,180)	(100,860)	(24,680)	32.4%
SRB03	Housing Benefit Admin & Fraud	111,380	168,260	56,880	51.1%
SRB04	Housing Benefit Subsidy	(75,000)	(45,000)	30,000	-40.0%
SRB06	Debt Recovery	94,380	97,590	3,210	3.4%
SRS01	Recreation And Sport	46,640	265,570	218,930	469.4%
		2,648,810	**2,805,380**	**156,570**	**5.9%**

PDG SERVICE UNIT MOVEMENTS Appendix 2

	GENERAL FUND SUMMARY	Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2017/18	2018/19	2018/19	2018/19
	Economy PDG				
SCD02	Economic Development - Markets	34,420	51,290	16,870	49.0%
SCP01	Parking Services	(592,390)	(588,620)	3,770	-0.6%
SES03	Community Safety - C.C.T.V.	3,060	(1,950)	(5,010)	-163.7%
SPR06	Economic Development	413,470	421,200	7,730	1.9%
SPS12	GF Properties Shops / Flats	(559,390)	(513,580)	45,810	-8.2%
		(700,830)	**(631,660)**	**69,170**	**-9.9%**
	Environment PDG				
SES02	Cemeteries	(34,850)	(76,420)	(41,570)	119.3%
SES05	Open Spaces	85,410	72,530	(12,880)	-15.1%
SGM01	Grounds Maintenance	541,150	584,180	43,030	8.0%
SPS03	Flood Defence And Land Drain	26,430	26,430	0	0.0%
SPS04	Street Naming & Numbering	7,560	7,360	(200)	-2.6%
SPS07	Public Transport	(15,110)	(13,110)	2,000	-13.2%
SPS11	Public Conveniences	43,230	54,110	10,880	25.2%
SWS01	Street Cleansing	374,320	376,220	1,900	0.5%
SWS02	Waste Collection	445,110	375,500	(69,610)	-15.6%
SWS03	Recycling	608,700	605,800	(2,900)	-0.5%
SWS04	Waste Management	170,790	269,070	98,280	57.5%
		2,252,740	**2,281,670**	**28,930**	**1.3%**
	Homes PDG				
SES15	Private Sector Housing Grants	163,900	(22,610)	(186,510)	-113.8%
SHG03	Homelessness Accommodation	251,340	242,170	(9,170)	-3.6%
SPS05	Administration Buildings	257,310	231,920	(25,390)	-9.9%
SPS06	Mddc Depots	28,120	58,530	30,410	108.1%
SPS08	Office Building Cleaning	53,490	54,210	720	1.3%
SPS09	Property Services Staff Unit	377,210	404,050	26,840	7.1%
		1,131,370	**968,270**	**(163,100)**	**-14.4%**
	GRAND TOTAL	**9,619,720**	**9,895,100**	**275,380**	**-0.6**

ECONOMY PDG 2018/19 Service Unit Budgets

SCD02 Economic Development

Group	Description	2016/17Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	62,142	62,500	67,390	4,890
2000	Premises	51,839	45,420	47,890	2,470
3000	Transport	119	0	0	0
4000	Cost Of Goods And Services	19,855	18,900	19,410	510
7000	Income	(88,414)	(92,400)	(83,400)	9,000
	Sum:	**45,541**	**34,420**	**51,290**	**16,870**

Cost Centre	Cost Centre Name	2018/19 Budget
CD300	Markets	51,290
CD305	Market Special Events	0
	TOTAL	**51,290**

Major cost increases

No major changes

Major cost decreases and changes in income

Market toll income budget reduced in line with anticipated occupancy levels.

SCP01 Parking Services

Group	Description	2016/17Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	612	0	0	0
2000	Premises	189,749	174,720	174,830	110
4000	Cost Of Goods And Services	9,232	32,340	31,740	(600)
7000	Income	(800,226)	(799,450)	(795,190)	4,260
	Sum:	**(600,633)**	**(592,390)**	**(588,620)**	**3,770**

Cost Centre	Cost Centre Name	2018/19 Budget
CP510	Market Car Park	(183,770)
CP520	Multi-Storey Car Park	(55,770)
CP530	Amenity Car Parks	6,780
CP540	Paying Car Parks	(355,860)
	TOTAL	**(588,620)**

Major cost increases

No major changes.

Major cost decreases and changes in income

No major changes.

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

Group	Description	2016/17Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	4,769	3,830	20	(3,810)
3000	Transport	(1)	0	0	0
4000	Cost Of Goods And Services	941	4,230	4,030	(200)
7000	Income	(6,000)	(5,000)	(6,000)	(1,000)
	Sum:	**(291)**	**3,060**	**(1,950)**	**(5,010)**

Cost Centre	Cost Centre Name	2018/19 Budget
ES200	Cctv Initiatives	(1,950)
	TOTAL	**(1,950)**

Major cost increases

No major changes

Major cost decreases and changes in income

Staff costs transferred to SES16 Environment Staff Unit, which falls within the Community PDG.

SPR06 Economic Development

Group	Description	2016/17Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	68,373	230,570	237,940	7,370
2000	Premises	0	0	0	0
3000	Transport	988	4,840	1,700	(3,140)
4000	Cost Of Goods And Services	107,622	178,060	181,560	3,500
7000	Income	(1,279)	0	0	0
	Sum:	**175,705**	**413,470**	**421,200**	**7,730**

Cost Centre	Cost Centre Name	2018/19 Budget
PR400	Business Development	421,200
PR405	Industrial Sites & Buildings	0
	TOTAL	**421,200**

Major cost increases

Salaries - addition of an Apprentice post

Major cost decreases and changes in income

No major changes.

SPS12 Gf Properties Shops/Flats

Group	Description	2016/17Actuals	2017/18 Budget	2018/19 Budget	Movement
2000	Premises	48,013	22,160	80,450	58,290
4000	Cost Of Goods And Services	16,815	17,390	6,970	(10,420)
7000	Income	(563,486)	(598,940)	(601,000)	(2,060)
	Sum:	**(498,657)**	**(559,390)**	**(513,580)**	**45,810**

Cost Centre	Cost Centre Name	2018/19 Budget
PS890	10 Phoenix Lane	(10,690)
PS990	32-38 Fore Street	(87,470)
PS991	Industrial Units	(108,670)
PS992	Market Walk	(275,750)
PS993	Lowman Green Unit	(10,000)
PS994	Moorhayes Community Centre	(2,000)
PS995	Coggans Well	(19,000)
	TOTAL	**(513,580)**

Major cost increases

36-38 Fore St increased maintenance costs for works required to newly purchased properties 19k.
Industrial Units Specific Revenue spend of £10k.
Market Walk increase in maintenance for provision of vacant units of £16k and Specific Revenue Projects works of £10k.

Major cost decreases and changes in income

Budget of £10k moved from supplies and services to premises to off-set increased maintenance costs in Market Walk.
Income from newly purchased properties 36-38 Fore St £43.6k.
Coggans Well House increased income of £21k.
Reduction of £59k in Market Walk rental income.

This page is intentionally left blank

2018/19 BUDGETS

Appendix 4

Transfers from Earmarked Reserves

SERVICE		UTILISE NHB	OTHER	
CS938	DIGITAL STRATEGY STAFFING			
ES733	PUBLIC HEALTH	(35,900)		
LD600	LEGAL SERVICES			
PR200	DEVELOPMENT CONTROL			
PR220	TIVERTON EUE		(52,030)	
PR225	GARDEN VILLAGE PROJECT		(51,830)	
PR400	BUSINESS DEVELOPMENT	(45,000)		
PR400	BUSINESS DEVELOPMENT	(100,000)		
PR810	STATUTORY DEVELOPMENT PLAN	(350,000)		
RB600	REVENUES MISC INCOME TEAM			
ES361	PUBLIC HEALTH			
EQ638	DEV CONT LINEAR PARK		(4,170)	
EQ640	W52 POPHAM CLOSE COMM FUND		(1,950)	
EQ641	W67 MOORHAYES COM DEV FUND		(1,630)	
EQ642	W69 FAYRECROFT WILLAND EX WEST		(4,620)	
EQ643	W70 DEVELOPERS CONTRIBUTION		(6,650)	
EQ644	DEV CONT WINSWOOD CREDITION		(3,080)	
EQ660	ES354 PRIVATE SECTOR HOUSING EMR		(20,000)	
TOTAL		**(530,900)**	**(145,960)**	**(676,860)**

This page is intentionally left blank

2018/19 BUDGETS

Appendix 3

Transfers into Earmarked Reserves

SERVICE		MAINT 18/19 BUDGET	PLANT 18/19 BUDGET	EQUIPMENT 18/19 BUDGET	VEHICLES 18/19 BUDGET	OTHER 18/19	NEW HOMES BONUS	Market Walk /Fore Street Surplus	
CS500	MESSENGER SERVICES				1,440				
CS900	CENTRAL PHOTOCOPYING								
CS902	CENTRAL POSTAGE								
CS910	CUSTOMER SERVICES ADMIN								
CS932	CUSTOMER FIRST								
ES100	CEMETERIES	25,000							
ES450	PARKS & OPEN SPACES	25,000			1,200				
ES580	POOL CAR RUNNING COSTS				4,320				
ES660	CONTROL OF POLLUTION								
ES730	ENVIRONMENTAL ENFORCEMENT				2,210				
GM960	GROUNDS MAINTENANCE		14,360		42,010				
EQ754	PHOENIX PRINTERS EQUIP SFUND			2,200					
LD201	ELECTION COSTS - DISTRICT					20,000			
LD300	DEMOCRATIC REP & MANAGEMENT					5,000			
PR810	STATUTORY DEVELOPMENT PLAN					100,000			
PS350	PUBLIC CONVENIENCES				1,120				
PS880	BUS STATION	5,000							
PS980	PROPERTY SERVICES STAFF UNIT				7,400				
RB100	COUNCIL TAX				740				
RS140	LEISURE SINKING FUND			100,000					
EQ737	STREET CLEAN VEHICLE SFUND				52,670				
EQ738	REFUSE VEHICLE SFUND				230,900				
EQ739	TRADE WASTE VEHICLE SFUND				23,070				
EQ740	RECYCLING VEHICLE SFUND				158,800				
EQ761	RECYCLING PLANT SFUND		20,000						
EQ	RECYCLING MAINT SINKING FUND	2,700							
IE435	New Homes Bonus Grant						1,200,000		
NHB									
TOTAL		**57,700**	**34,360**	**102,200**	**525,880**	**125,000**	**1,200,000**	**0**	**2,045,140**

This page is intentionally left blank

Provisional 2018-19 Budgeted Capital Programme — **Appendix 5**

		£k
Estates Management		
Lords Meadow Leisure centre		
Lords Meadow - Replace main pool filters		80
Lords Meadow - Tennis Courts surface and lining		25
Exe Valley Leisure Centre		
EVLC pool tiling and balance tank repairs		25
EVLC - Pool Cover		25
	Total	**155**
Other MDDC Buildings		
Phoenix House		
Phoenix House - Electric water heater replacement		25
Phoenix House- Toilet refurbishment flooring and units		30
MDDC Depot Sites		
Old Road Depot - Actions following condition report		50
Grounds Maintenance relocation (subject to feasibility)		80
Play Areas		
Play area refurbishment District wide		50
Other Projects		
Land drainage flood defence schemes		25
Land drainage flood defence schemes - Ashleigh Park Bampton		87
General Fund Development Schemes		
Tiverton Redevelopment project - Asset acquisition		4,000
	Total	**4,347**
Economic Development Schemes		
Tiverton Town Centre improvements		40
Mills Electricity Project		100
Broadband Project		100
	Total	**240**
ICT Projects		
Desktop states replacement/refresh		50
CRM replacement		75
Data centre hardware refresh servers/storage		120
Replacement Grounds Maintenance system		100
	Total	**345**

Affordable Housing Projects	
Grants to housing associations to provide houses (covered by Commuted Sums)	116
Total	**116**
Private Sector Housing Grants	
Empty homes and enforcement	106
Disabled Facilities Grants–P/Sector	500
Total	**606**
Replacement Vehicles	
Grounds Maintenance	
Van Tipper	52
Total	**52**
TOTAL GF PROJECTS	**5,861**
HRA Projects	
Existing Housing Stock	
Major repairs to Housing Stock	2,101
Renewable Energy Fund	100
Disabled Facilities Grants - Council Houses	300
Housing Development Schemes	
Palmerston Park - Soil Nailing -RC Wall -Tree Clearance-Re sequencing charges	1,056
Birchen Lane - PHL correction work	143
Total	**3,700**
HRA Replacement Vehicles	
Van Tipper 7T (Voids)	40
Total	**40**
TOTAL HRA PROJECTS	**3,740**
GRAND TOTAL GF + HRA	**9,601**

MDDC Funding Summary

	2018-19 £k
EXISTING FUNDS	
Capital Grants Unapplied Reserve	636
Capital Receipts Reserve	1,125
Earmarked Reserves	1462
Miscellaneous Funding	2,338
Subtotal	**5,561**
NEW FUNDS	
Borrowing	4,000
Revenue Contributions	40
Subtotal	**4,040**
TOTAL FUNDING	**9,601**

ECONOMY PDG
9TH NOVEMBER 2017

HOTSW Productivity Strategy 2018-2036

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Stephen Walford, Director for Growth

Reason for Report: To inform members of the Heart of the South West Partnership's Productivity Strategy and to provide members with an opportunity to steer Mid Devon District Council's response to the Consultation.

RECOMMENDATION: That members consider the attached strategy, and discuss the questions contained in the report.

Relationship to Corporate Plan: It supports the corporate objectives for the economy.

Financial Implications: There are no direct financial implications arising from the report, however, the productivity strategy will determine the focus of funding made available to the Heart of the South West from government. Influencing the strategy to align it with Mid Devon's aims and objectives will put our district in a position of strength to access such funds.

Legal Implications: None

Risk Assessment: None

Equality Impact Assessment: There are no equality issues arising directly from this report. The strategy itself identifies 'inclusive growth' as a key principle behind productivity growth in which everyone has the opportunity to benefit from, and contribute to, our productivity growth, regardless of status or location.

1.0 Introduction

Following the publication of its productivity green paper in January 2017, the Heart of the South West Local Economic Partnership (HotSW LEP)[1] has now published a draft strategy for consultation, 'Stepping up to the Challenge' (see attached document).

The Strategy sets out the long term ambitions of the partnership, which includes Mid Devon District Council, to generate economic growth by raising productivity in the region.

1.2 Reflecting the Government's Industrial Strategy, this strategy focuses on productivity as the key driver for economic growth. There are two basic ways of generating economic growth, either by increasing the amount of work done by creating more jobs, or by increasing the value of economic activity. With employment rates in the UK at record highs, and with no political appetite for inward migration, the only way to create growth in the present economic environment is by increasing the value of the work done i.e. by increasing productivity.

[1] The partnership includes all the councils in Devon and Somerset, along with the Local Enterprise Partnership, the two National Park Authorities and the three Clinical Commissioning Groups,

Unfortunately, over a long period the UK has shown poor productivity compared to its main competitors. UK workers are now nearly 30% less productive than their counterparts in the US, France or Germany - this is known as the productivity gap. Since the economic slump of 2008 the productivity gap has been widening, and recently even the rate of growth of productivity has slowed down. Within the UK, there is also a disparity between the different regions, with the South West having a productivity level only 87% of the national average.

Brexit also provides further impetus to tackle the productivity gap nationally. If UK businesses are going to compete successfully in an open global market, they will need to be as efficient or more efficient than their competitors.

1.3 At a local level, this change in emphasis from job creation to productivity, transfers the focus from generic job creation to creating high quality jobs, with higher skills and higher wages. Members should consider how we can best attract and support the growth of businesses that can create the high skilled, high waged jobs necessary to increase productivity in the district.

1.4 Since the Productivity Strategy will form the basis for bidding to Government for funding under a Single Investment Programme, it is also important that the Council ensures that our district's priorities and ambitions for economic growth are reflected in the strategy. This will give us the best chance of benefitting from funding drawn down to the region in future funding rounds.

2.0 Productivity Strategy Consultation

The remainder of this report summarises the main points in the HOTSW Partnership Productivity Strategy and poses a set of questions that will inform our response to the consultation but also help us to develop our vision for the future of the Mid Devon Economy.

2.1 The strategy states that the partnership's goal is:

'to double the size of the HOTSW economy by 2036'

Q. Is this an appropriate target (ambitious but not unrealistic)?

Q. What would be an appropriate target for the Mid Devon Economy?

2.2 The strategy outlines a number of high level interventions. Under the title Leadership and Knowledge it identifies the following initiatives:

- Developing a bespoke management programme to promote management excellence
- Developing a programme of support to facilitate growth in key sectors
- Creating a Foresight Network to look at future trends and opportunities
- Creating Networks and clusters for accelerating innovation
- Preparing for opportunities around data analytics, AI and the Internet of Things
- Strengthening innovation and business connections
- Increasing access to finance
- Marketing the region's special benefits to attract new talent
- Marketing the region's unique business opportunities to attract new investment

Q. Which of these interventions are important for Mid Devon?

2.3 Under the title Connectivity and Infrastructure it identifies the following key interventions:

- Creating new partnerships to deliver smart grid and energy storage
- Ensuring capacity, resilience and usability of major road and rail networks
- Creating an infrastructure for electric and autonomous vehicles
- Creating an Infrastructure Commission
- Ensuring 100% superfast broadband and 4G coverage
- Future proofing new developments - 'our aim is to make all new housing more sustainable and with the latest energy and digital infrastructure built in from the outset.'
- Expanding the Enterprise Zone concept across coastal and rural areas
- Developing key sites to support the golden opportunities
- Supporting the release of public land for business needs
- Developing pilot schemes for green spaces
- Sourcing flexible funding for accelerated housing delivery
- Creating shared vision and methodology for using natural capital stocks and flows

Q. Which of these interventions are important for Mid Devon?

2.3 And, under the title Working and Learning, it identifies:

- Developing higher level skills
- Creating a Skills Taskforce
- Maximising the potential of apprenticeships
- Strengthening and streamlining the provision of careers information, advice and guidance and HE/FE/school integration
- Providing Employment support
- Creating centres of excellence for English, maths and digital literacy
- Establishing centres of excellence and technology institutes for sector skills
- Creating a Capital renewal fund

Q. Which of these interventions are important for Mid Devon?

2.3 'Building on our Golden Opportunities'. The strategy identifies seven sectoral strengths for the Heart of the South West area (the so-called 'golden opportunities')

Nuclear
Marine
Aerospace
Advanced Manufacturing (high tech, electronics and photonics)
Data analytics
Rural productivity (sic. *not clear what this means)*
Health and social care

Q. Given that the majority of these sectors are not present in Mid Devon, are these the right areas for the partnership to focus on?

Q. What sectors are Mid Devon's 'golden opportunities'?

2.4 ‘Inclusive Growth for all our communities’ is an important cross cutting theme within the strategy, which looks to ensure that “everyone has the opportunity to benefit from, and contribute to, our productivity growth, regardless of status or location.

Q. What role should ‘inclusive growth’ play in the strategy?

2.5 ‘Valuing our Natural Capital’ – The strategy recognises the importance of the region’s natural capital not only as an attractor for businesses and for people’s choice of where to live but also as a driver of economic activity – through energy generation, environmental services, sustainable construction, agri-food, leisure and tourism activity.

Q. How can we make best use our natural capital to raise productivity?

2.6 The strategy identifies the role of the public sector as:

- Building foundations that will let entrepreneurship thrive
- Developing the infrastructure – energy, transport, communications,
- Investing in areas of market failure – through direct LA funding or by drawing down central government grants
- Business support - helping disseminate information and knowledge that will support business growth
- Creating a supportive planning and regulatory framework
- Making land available for business and for housing
- Promoting a culture of investment

Q. What role should the Council take locally in supporting economic growth?

3.0 Consultation Timetable

The consultation closes on the 30th November and we will be submitting a response on behalf of the Council. If you would like to participate personally in the consultation then the on-line survey can be accessed at http://www.torbay.gov.uk/devolution. The LEP is also running a number of events with business groups and key stakeholders which will feed into the process. Following the consultation period the final strategy will be amended and form the basis for a delivery plan which will be produced in the spring of 2018.

Contact for more Information: John Bodley Scott, 01884 234363
jbodleyscott@middevon.gov.uk

Circulation of the Report: Cllr Richard Chesterton
Stephen Walford, CE & Director for Growth

List of Background Papers: None

Stepping up to the

Challenge

Heart of the South West Partnership

Productivity Strategy - for discussion and consultation - 2017

www.torbay.gov.uk/devolution

Contents

Executive Summary

Our ambition is simple - to double the economy in 18 years. In doing so, we will improve the productivity of our businesses, maximise our areas of world-class potential, provide better jobs and generate increased prosperity for our communities.

It is ambitious - aiming to double the size of our economy by 2036.

It is focused - choosing those programmes which will have the greatest effect.

It is shared - with a unique partnership committed to delivery.

It is evidence-based - building on the drivers of productivity and our unique opportunities.

We have identified three strategic objectives which will achieve this ambition:

• developing the leadership and knowledge within businesses in our area

• developing the ability of people in our area to work and learn in a rapidly changing global economy

• strengthening the connectivity and infrastructure our businesses rely on to get goods to market and exploit new opportunities.

We set out ambitious programmes across each of these. We have identified our areas of world-class potential: in nuclear, aerospace and advanced engineering, marine, data analytics, rural productivity and health and care.

We will exploit these to bring new opportunities to our businesses and communities, and we will improve our productivity in a way which builds on the importance of our natural capital.

The Strategy is owned by all our local authorities, the National Parks, Local Enterprise Partnership and health partners. It will not be possible to deliver all our programmes immediately but we will work together locally, with other parts of the country, investors and with Government to secure the investment needed to deliver our potential.

Whatever the particular challenges we face now, this Productivity Strategy is looking ahead and preparing for the opportunities of 2036 and beyond. We will develop the foresight to understand the opportunities of the future and how to exploit them for our area.

Our aim is for our businesses, in whatever place or sector, to realise the benefits of becoming more productive - which, in turn, will lead to increased prosperity for our communities.

We will drive productivity and prosperity for all

Introduction

The Heart of the South West has an economy worth almost £35 billion, bigger than Birmingham. Our aim is to double that, to create an economy worth £70 billion of GVA by 2036, to create a region known for its dynamic, innovative businesses, its vibrant well-connected places, its rewarding jobs. A region where people can move through school, higher education, work and a rewarding retirement, all in an outstanding natural environment.

The Heart of the South West has a reputation for the best music festivals, amazing coastline, great food and drink, historic market towns and remote moorland. Yet, behind that is a dynamic, forward looking area with some of the country's most successful businesses, leading universities, the biggest naval base in Western Europe, the UK's largest infrastructure project, world-leading climate science and a whole host of cutting edge companies.

We value all of these things. It is the combination of innovation and heritage, of countryside and cities and of connectivity and community that makes the Heart of the South West special. It is why we would live and work nowhere else.

Nevertheless, our economy is not as strong as it could be and we need to be able to compete with the best. We need to be more flexible and resilient in the face of increasing uncertainty and change. We have to ask ourselves how we can be better at what we do - at all levels; and what we can do differently - to create a competitive advantage?

This Strategy is all about ***unlocking our natural potential.***

We have the potential to build on our many economic strengths which include a burgeoning knowledge economy, leading aerospace, nuclear, marine and agri-tech industrial specialisms; and internationally successful food and drink producers. However, we face significant economic challenges, the biggest of which is raising productivity levels in our area. Since the financial crisis we have raised levels of employment to rival some of the best performing countries in Europe, yet productivity within the Heart of the South West area has slipped against the UK average.

This Productivity Strategy is about delivering productivity improvements throughout our economy - whether for a small rural business or a multi-national manufacturing company. We want our most successful places and sectors to thrive, they are vital for all of us. But we also want to support all businesses that really want to grow and compete. We will tailor our responses to our different localities; it's about unleashing the potential of our places, be they urban, rural or coastal. The challenges and opportunities are different in each so the solutions need to reflect that.

We need to do more to improve our productivity as a ***route to a stronger economy***.

This Strategy sets out how we will step up to the area's productivity challenge. It is unashamedly focused on raising productivity – which is what is needed to drive business success and deliver greater prosperity across our region.

Economies elsewhere will not be standing still. If we do not take significant steps to 'up our game', we run the risk of the productivity gap continuing to increase. In the end, this will lead to declining communities, reduced living standards, higher levels of poverty and a greater strain on public services.

Our ambition is to double the size of our economy by 2036

In preparing this Strategy, we have come together in a unique partnership. For the first time, all the district, county and unitary authorities have joined with the National Parks and the Local Enterprise Partnership to create and commit to delivering this Strategy together with the Clinical Commissioning Groups. We do so in collaboration with private sector and third sector partners and with government, using whatever resources we have and can attract.

The Strategy is a critical step in the longer journey that we want to take. Our partnership is united in its desire to step up and close the productivity gap, to secure the resources we need to do this and improve living standards for everyone in this area.

Page 79


The Heart of
the South West
CARDIFF
To Bristol
M5
Wells
Frome
Ilfracombe
Barnstaple
Exmoor
Bridgwater
A303
To London
Bideford
Tiverton
TAUNTON
A361
Yeovil
M5
EXETER
A30
Newton Abbot
Dartmoor
Weymouth
TORBAY
29
30
To Truro
St Austell
PLYMOUTH
A38
- Key Road Route
- Key Rail Route
- Planned Infrastructure Improvements
- Proposed Infrastructure Improvements
- Principal Growth Areas
- Secondary Growth Areas
- Renewable energy potential
- Enterprise Zones
- Universities
- Science Parks
- Innovation Centres
- Marine Technology
- Yeovil Aerospace
- Hinkley Point Nuclear Site
- Data Analytics Centre

The Heart of the South West

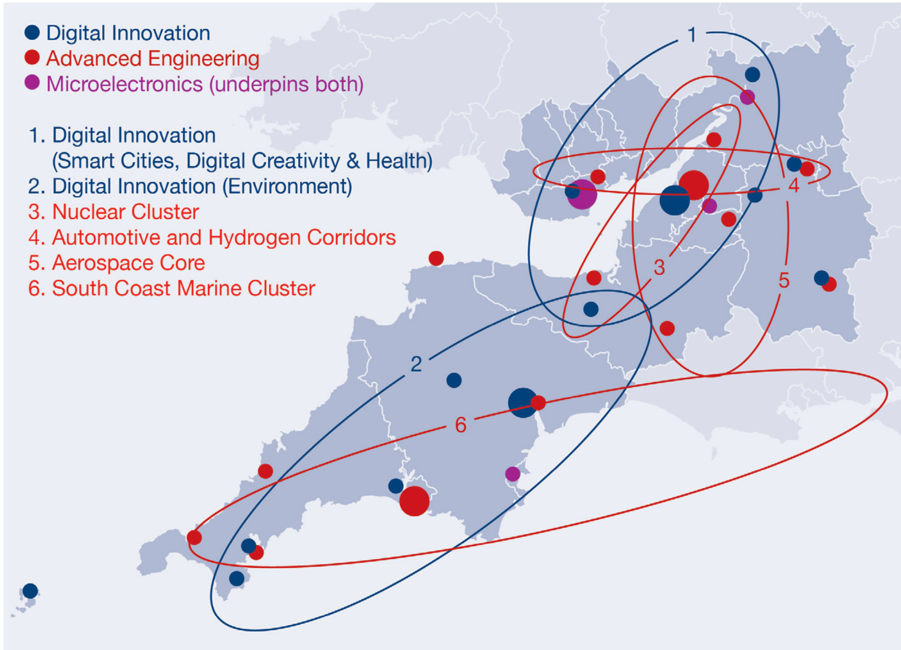
Welcome to the Heart of the South West

The Heart of the South West (HotSW)[1] covers the administrative areas of Plymouth, Torbay, Somerset and Devon, home to almost 1.8 million people, growing by 150,000 from 2015 to 2030. Over 600,000 of these people live in the six urban centres of Plymouth, Exeter, Torbay, Taunton, Yeovil and Bridgwater. The economy is worth almost £35 billion per year, which is bigger than that of Merseyside or Birmingham.

The HotSW has world class potential across several sectors which provide a springboard for productivity growth - in those sectors, through the supply chains and across the area. These are our 'golden opportunities'.

- Advanced manufacturing ranges from aerospace in Yeovil to a high tech, electronic and photonics cluster around Torbay.
- The coastal marine cluster, within which Plymouth sits, is home to a community of world-class businesses and marine research organisations.
- The new nuclear power plant being built by EDF Energy at Hinkley in West Somerset is stimulating the development of a nuclear cluster that stretches from Plymouth to Gloucestershire.
- Exeter has a concentration of climate and environmental science experts and Europe's most powerful supercomputer. The city-region is emerging as a cutting-edge place for enviro-technology and data analytics. Significant data analytic capacity is also provided in Taunton by the UK Hydrographic Office
- The agri-tech opportunity extends as a high potential sector throughout Devon and Somerset.
- Expertise and facilities in association genetics, clinical trials and healthcare in Exeter, Plymouth, Torbay and Devon, provide the base for a healthcare cluster with real potential in the field of healthy ageing.

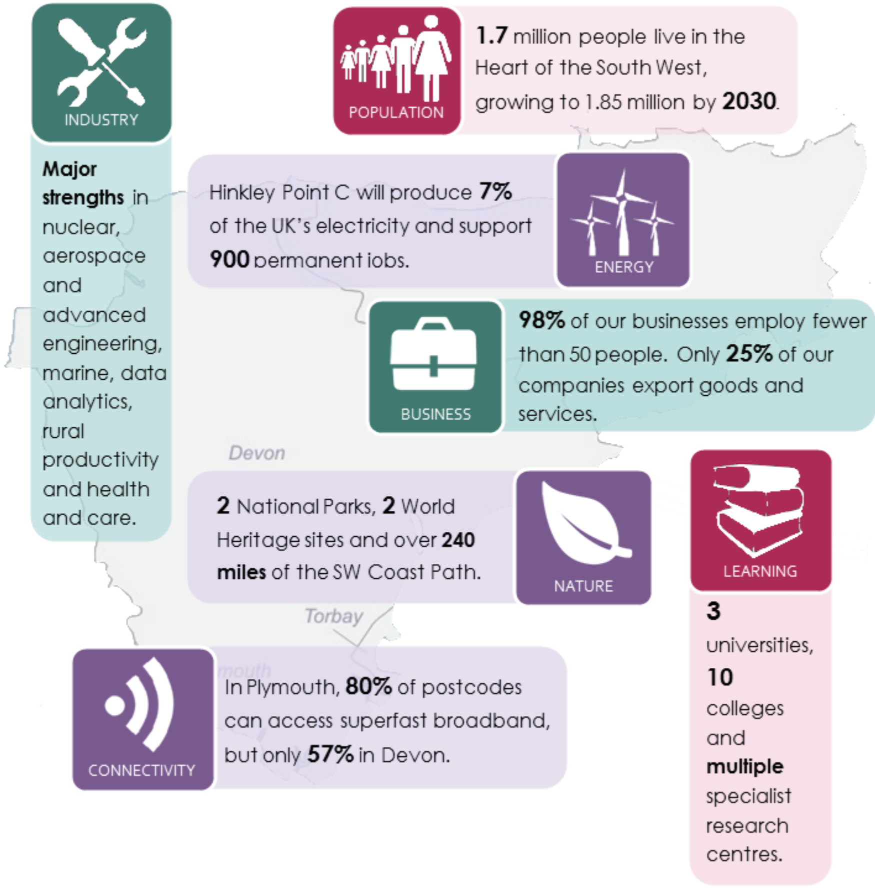
The South West England and South East Wales Science and Innovation Audit found that the area has major areas of world-class potential which map onto our 'golden opportunities' and which generate strong links with neighbouring areas.



The HotSW has a world class knowledge base which includes three universities, two medical schools, ten FE colleges, a specialist maths school and numerous research centres. Science parks at Exeter and Plymouth are building a cohort of innovation-led businesses alongside this.

1. This section draws on an Evidence Report published in early 2017, and the responses received.

Page 82

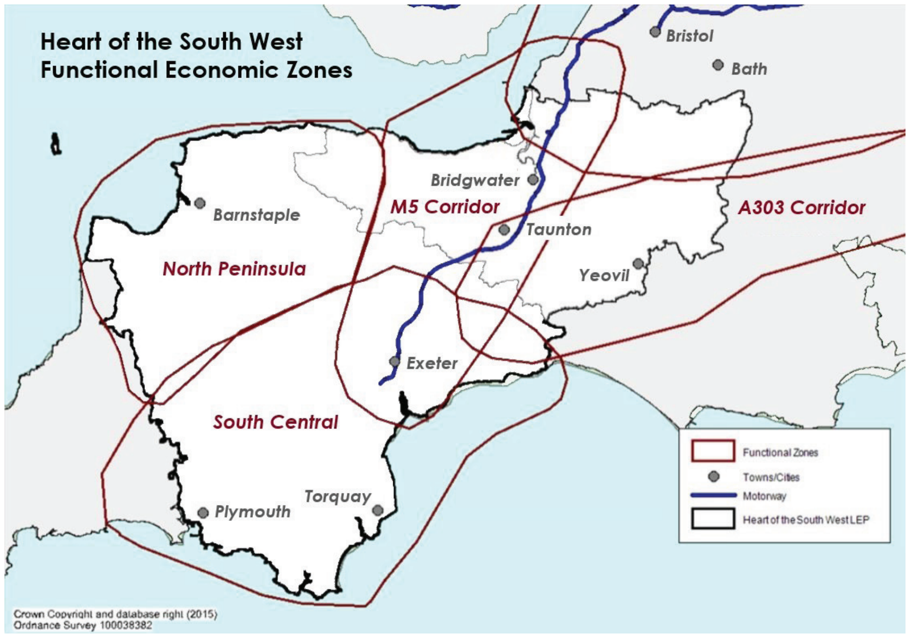


The HotSW also has a major tourist and visitor economy largely built on its natural capital that includes two National Parks, two World Heritage Sites and countless stunning beaches, attracting millions of visitors each year. The HotSW has a strong rural and agricultural core, making a significant contribution to the UK's production and export of foodstuffs. The area is known for its cultural assets and creative businesses - with Plymouth in particular having a burgeoning creative sector - providing real opportunities for the economy.

Additionally the HotSW hosts one of the highest concentrations of social enterprises and community based businesses in the country, with a combined turnover estimated at £1.5bn[2].

While our cities and urban areas play a crucial role in driving economic development and bringing together plans for employment, housing and infrastructure, we want to ensure that our market-towns, coastal and rural areas are economically successful in their own right. In achieving this, we recognise that economic activity overlaps across our different places and the wider South West.

Our foundations are strong but we have significant challenges to overcome if we are to realise our potential and deliver increased prosperity for all our citizens.



2. HotSW Social Enterprise Sector Report, Wavehill Social and Economic Research - March 2016

Key challenges

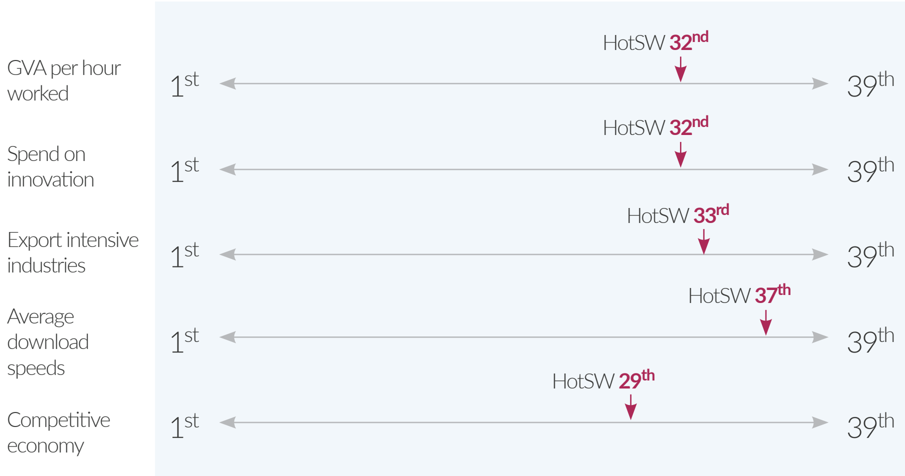
- Productivity has slipped from 88.1% of the UK average in 2004 to 86.6% in 2014.
- Productivity varies considerably across the HotSW and across sectors.
- HotSW businesses are less likely to export, invest in innovation and start-ups levels are lower.
- An ageing and decreasing workforce will exacerbate current skills shortages.
- Skill levels vary across the region and maximising the skills we have is essential.
- Our areas are interconnected and we need to improve connections between them.
- Connections from the HotSW to other parts of the UK must be strengthened.
- The population will grow by 150,000 by 2030, most of whom will be over 60.
- Our changing population needs new houses to live in.

The HotSW productivity gap is real and reflects issues with capital stock, sector composition, firm characteristics, labour skills, and access/distance, to markets. This suggests that, to improve overall productivity, the HotSW Productivity Strategy must tackle higher-level skills, capital investment and key infrastructure, highly targeted promotion of innovation, new business growth and competitive engagement.

The 'blend' of these will vary from place to place - one size does not fit all - which is why our partnership is so important.

Clearly this needs to be balanced with the aim of ensuring that businesses and communities across the area can benefit from the expected investments and improvements. The key to spreading the benefits and creating positive spillovers on a wider front is to develop knowledge sharing networks of co-operation across the economic area, spreading 'best practice' across spatial and industrial boundaries.

How HotSW Compares (2015 data)
Relative position among LEP areas

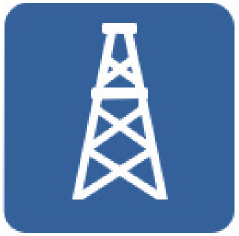


Page 83

Although we are aware of a number of wider issues that will affect our economy, such as Brexit, population increases, less public funding - it is still not clear how these may play out in the HotSW. We need to maintain our understanding of these and other changes. However, as we look towards 2036 and beyond, a number of more fundamental drivers of change will impact on our region. We will need the foresight to track these drivers and make sure that our politicians, planners, and businesses have the information they need to adapt.

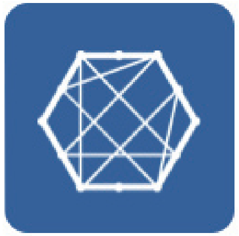
Global economy

As the economies of China and then India grow to become the biggest in the world, and move up the value chain, the economic axis will shift eastwards with profound effects on the UK and Europe. There is a need to understand the political and cultural changes that go with that shift.



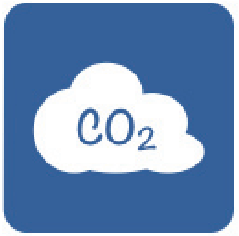
Resources

Many of our most important resources are being used far faster than their replenishment rate - and so they are are under real pressure. Oil, coal, fresh water, fertile topsoil, copper, uranium and some rare earths are approaching or past their ‘peak’.



Technology

Predicting new technologies is fundamentally difficult. However we do understand some of the more profound trends. The use of big data to drive advances in remote sensing, Artificial Intelligence (AI), smart transport, infrastructure, city management and the internet of things will become more important, as will the use of nano and genetic technologies.

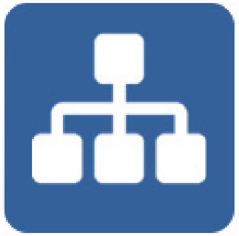


Climate change

There is now widespread agreement that the global climate is changing and may lead to 4°C of warming. The major effects of climate change are not just on weather patterns but on the global economy, sea levels, desertification, food shortages, mass migration and increased conflict.

Biodiversity

Population pressures, over-fishing, and intensive, industrial agriculture are already leading to massive loss of biodiversity and protected environments across the world. In the UK, as habitats come under threat from development, intensive agriculture and warming, some species will become vulnerable.



Inequality

The last 50 years has seen a huge reduction in absolute poverty - but a major increase in relative poverty. Economic inequality in the UK is now the highest in recorded history, despite overwhelming evidence to show that more equal societies are both happier and perform better economically.

Page 85

STRENGTHS

- One of the largest non-metropolitan LEP areas outside London and the South East
- Most businesses are SME and provide excellent potential for growth and innovation
- Areas of world-class potential in nuclear, marine, aerospace & advanced engineering, data analytics, rural productivity, health & care
- Strong publicly funded R&D assets
- World class research base
- Over 1000 social enterprises
- Rich in natural capital

WEAKNESSES

- Low levels of innovation in products and processes
- Low rates of business 'churn'
- Fewer than average large and medium sized companies and smaller businesses less able to absorb advice/ support
- Businesses less likely to trade across Europe or other parts of the world
- Peripheral area with distributed population
- Time and distance to major markets
- Housing availability and affordability

OPPORTUNITIES

- Potential to double to size of the HotSW economy to £70 billion by 2036
- Hinkley Point C
- Shortages in the workforce: an increase in wages could lead towards more capital-intensive modes of production
- Areas of world-class potential
- Network of Enterprise Zones
- South West Marine Energy park
- 'New world' potential to realise high growth in the knowledge economy
- Potential growth corridors between key locations
- Potential to increase exports
- Leverage world-class research base to raise innovation
- Replacement for CAP
- Brexit

THREATS

- Ageing and decreasing workforce exacerbates skills shortages
- Low levels of business investment in innovation
- Failure to raise productivity drains talent, investment and businesses
- Uncertainty over CAP
- Risk of being left behind as the economy changes: HotSW ranks amongst the least knowledge driven economies in the country
- Resilience of key transport corridors
- Disruption from Brexit, including potential loss of labour in some sectors

Our Vision

Our vision is for all parts of the HotSW to become more prosperous, enabling people to have a better quality of life and higher living standards. To achieve that, we have to create a more vibrant and competitive economy where the benefits can be shared by everyone.

For us, this means stimulating a significant and sustained increase in productivity.

This is because:

- More productive businesses generate more rewarding jobs and higher wages which in turn generate more wealth - helping to create stronger communities through improvements in living standards in our towns, cities and villages;

- With limited public funds, a focus on increasing productivity in an inclusive way will reduce the burdens on the public purse while increasing quality of life and local and national tax take, and lead to better public services.

The public and private sectors in the HotSW are therefore working together on delivering this strategic approach to productivity-led growth. Our aim is to make sure that businesses across the area, in all sectors can realise the benefits of growing productivity - which will lead to increased prosperity for our communities.

Our residents, businesses, communities and public services strongly support this approach and have driven its development.

This collaborative vision for successful and prosperous lives in a fantastic working, living and natural environment - in other words productivity and prosperity for all - is what our Productivity Strategy is all about.

We will drive productivity and prosperity for all

This Strategy is not a broad strategy for the economy; it has a relentless focus on productivity. It will deliver benefits for our businesses - big and small - and contribute to the important national objectives outlined in the Government's Industrial Strategy.

We acknowledge the impact of the five drivers of productivity: skills, innovation, enterprise, competition and investment in physical capital of all kinds. In order to grow the economy and achieve higher living standards across the area, we also need to consider:

- Our geography: by connecting our communities and businesses to opportunities, both physically and digitally;

- Our housing: by ensuring that there are enough houses in the right places for our workers;

- Our natural capital: by working within natural limits to create value for the economy;

- Our demography: by making more use of the talents within the older population and building strong sectors to support their needs;

- Our under-employment: by targeting employment opportunities at groups with high levels of part-time, seasonal or low wage jobs;

- Our image: by showing what we have to offer and how we are willing to go the extra mile.

Cross Cutting Themes

Businesses are the engine of our economy and the Strategy is strongly focused on supporting their needs but this must not be at the cost of our people or our environment. We will act on four principles that reach across all our work as we deliver our challenging ambitions for increased productivity. These are:

- Inclusive growth for our communities and places
- Building on our golden opportunities
- Valuing our natural capital
- Maximising the potential from digital technologies

Inclusive growth for all our communities and places

We need to make sure that everyone in the HotSW has the opportunity to benefit from, and contribute to, our productivity growth, regardless of status or location. We know there are unemployed people who need support to prepare them for work. We also know that many areas continue to be affected by deprivation, particularly in some of our bigger towns and cities but also some rural and coastal communities. In these places, the number of people claiming unemployment-related benefits can be more than three times the HotSW average.

Finding the measures to generate productivity growth in an inclusive manner, so that the benefits are felt through the breadth of society, is an important consideration.

Our activities and investments will be on offer right across the region and we will be flexible in how we deliver the Strategy in order to respond to the needs of different places and business sectors.

Building on our golden opportunities

We recognise that the HotSW has economic issues that it needs to address. However, we want to see these as opportunities, rather than hurdles. In doing this we want to make use of our 'golden opportunities' - our competitive advantages which can be catalysts for change. We have world class capabilities in high productivity sectors which stretch across different geographies in the HotSW and beyond. Our quality of life is supported by our stunning environment, strong and enterprising communities as well as cultural heritage spanning from the sailing of the Mayflower to the world-famous Glastonbury Festival. In delivering our productivity growth, we want to ensure that the experiences and benefits from our golden opportunities can be cascaded and transferred across all our activities to ensure the widest benefits. Our golden opportunities have the potential to link geographies and sectors both within and beyond the HotSW.

Valuing our natural capital

The economy and the environment are closely interrelated. Natural capital is the foundation of all wealth, consumption and production. Materials and energy flows from and to the environment are vital elements of the economic process on both the demand and supply sides of the market. They underpin the processes of employment and productivity that drive growth and living standards, and, thereby, they promote wider wellbeing.

Recent research has shown that the environmental economy represents about 8-10% of total annual economic output and employment. The natural environment on which the economy depends is a significant economic asset in itself, and should be invested in, improved and protected. Furthermore, environmental assets are likely to become more valuable over time in response to rising scarcity and increased amenity and use values.

Using digital technology

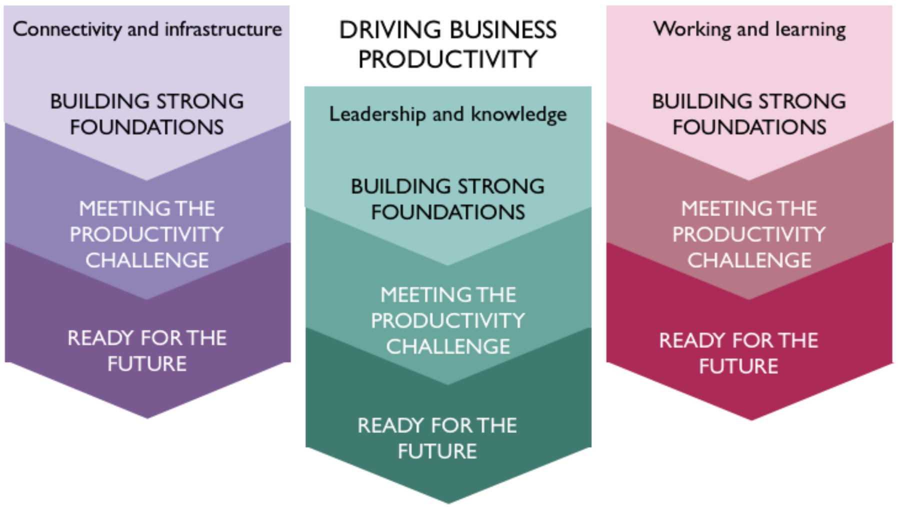
Digital technology has become a utility like energy or water, and drives social interactions, education and communication in almost every household. In parallel, it has also changed a range of business processes from basic invoicing, through to big data analytics and bespoke manufacturing. The transformative effect this has had on the relationship between businesses, customers, products and services, means that all businesses are having to think about how they adopt and utilise technology to interact with consumers and with each other. As a result, all businesses now need to be 'digital' businesses and therefore digital take up is key.

Our evidence base feeds our vision and our cross-cutting themes. We know our potential and the challenges we need to address. In the following pages we describe how we will deliver a transformation in our area's economy by 2036.

Strategic **Objectives**

To deliver our vision, we will pull together our evidence base and cross-cutting themes into activities that will drive up productivity in the economy and help everyone benefit from that improvement.

We will need to take advantage of all the opportunities that we have - unlocking the natural potential in our people, in our environment and especially in our businesses. Businesses are at the heart of creating prosperity and our three objectives of Leadership and Knowledge, Connectivity and Infrastructure and Working and Learning are all targeted at enabling our businesses to grow. All our key activities will be aimed at improving productivity.



A range of interventions will support growth and innovation right across our area and with any businesses that wants to improve their productivity. **This is part of building strong foundations across our area.**

However, we will also step up our interventions to focus on those businesses, places and activities that will have the most impact on **meeting the productivity challenge**. These provide the best chance for transforming the economy.

Our evidence shows that the next 20 years will present several major challenges and opportunities. Some of those are known now, others are yet to emerge. Some will be local and within our ability to influence, others will be global in scale. With a Strategy looking to 2036 and beyond, it is essential that we are **ready for the future**, working as a partnership and as an area to look forward to identify these and be able to act accordingly.

To achieve these objectives, we will have to maximise:

- **opportunities from our areas of world-class potential:** nuclear, aerospace and advanced engineering, marine, data analytics, rural productivity, health and care;
- **management capability:** supporting businesses to develop the management skills to grow levels of innovation, export and enterprise is a priority;
- **the potential of our knowledge and research assets:** particularly in Advanced Engineering and Digital Innovation (as identified in the Science and Innovation Audit) to act as a catalyst towards driving innovation within businesses;
- **our pool of highly skilled people:** develop, attract and retain qualified and adaptable people, ensuring those in education and in work can fulfil their potential by developing their skills as demand changes in the coming years;
- **the potential of our communications infrastructure:** ensuring that our road, rail and broadband networks are as resilient and efficient as possible and ready for future demands;
- **the opportunity provided by our natural capital:** preserving and enhancing what makes the HotSW a special place to live and work and finding new ways to create value from those natural assets.

Leadership & Knowledge

Why is this important?

Business is at the heart of our region's economy. It is business that creates the jobs and opportunities for our people; it is business that creates value and profit; and it is business that provides most of the goods and services. We need to work with business to grow faster, compete more successfully and to innovate constantly. In turn, those successful businesses will provide better, higher-paid jobs; they will produce goods and services that markets need; and they will generate wealth.

The first of our key priorities is to help more businesses to grow and become more ambitious, and innovative. Our evidence shows that one of the most effective ways of doing this is to develop their leadership and knowledge.

Understanding the issues

To increase average productivity, we can either enable our existing businesses (their workforce and capital) to be more productive, or we can attract additional businesses in higher-productivity industries. This helps to expand the overall business base and workforce with a higher balance of productive economic activities. We aim to do both, the latter approach being targeted to exploit our area's competitive advantages. These are our identified Golden Opportunities.

Data shows that the economy is approaching 'full-employment'. Future growth is therefore to be achieved by a focus on the value of future jobs, i.e. productivity.

Over the last decade, the HotSW's productivity has slipped though it varies enormously from place to place and between different sectors - often for well-known reasons: under investment in skills and training; low levels of investment in research and development; lack of effective leadership and a poor record on innovation.

We also know that:

- A lack of skills has been highlighted as a key barrier to productivity growth, with some SMEs unable to easily find and acquire the necessary talent to drive growth
- Internationalisation and innovation have a major role to play in contributing to SME productivity growth.

What we will do

Aspiration productivity and prosperity for all	To substantially improve the productivity of businesses in the area
High-level Aim more productive businesses	Help develop innovative, ambitious, growing businesses that can compete internationally
Strategic Objective leadership and knowledge	**Programmes** • Management excellence • New markets, new opportunities • Remove barriers to expansion • Attract talent and investment

A relentless drive for productivity means that we aim to support business improvements at all levels - whether for start-ups, for growing SMEs or within key industries.

Management excellence. In each area, we propose a series of activities that will focus on ambitious, growing businesses in all sectors and in all parts of the region; stepping up support to our business sectors and places which have the greatest potential to bring productivity improvements and a few things that will prepare us for changes in the future.

Case Study

Langage Farm

A successful dairy business employing 50 people, Langage Farm has established a highly productive relationship with Plymouth University.

By utilising the services and equipment of the University's Electron Microscopy Centre, they were able to improve the consistency of their products. Following this success, they embarked on a longer-term Knowledge Transfer Partnership with the University. After a year of working with the KTP Associate, Langage Farm has signed a £4.2m deal with a major supermarket - creating 10 new jobs.

New markets, new opportunities. Across the HotSW area, there are thousands of businesses that have the potential to grow and become more productive. Some sectors could be particularly vulnerable to the decline in migrant labour, partly as a result of Brexit. Tourism, agriculture and the care sector, for instance, will need to offer better paid, and more attractive jobs to attract local workers. These businesses are an essential part of the wider economy and they will need support.

We know that some businesses, such as in the marine, aerospace, digital, nuclear and environmental science sectors, are already investing and innovating to ensure future growth. Around our major urban areas and our universities are clusters of dynamic firms that are exploiting new ideas and new technologies. By building on their lead, and commercialising their research, we can create productive supply chains and innovative businesses.

Removing barriers to expansion. The drivers of change put continuing pressure on us to understand what ideas, technologies and disrupters might affect us in the future. We will need to invest in foresight and find ways to support new products and new business models to ensure a more resilient economy.

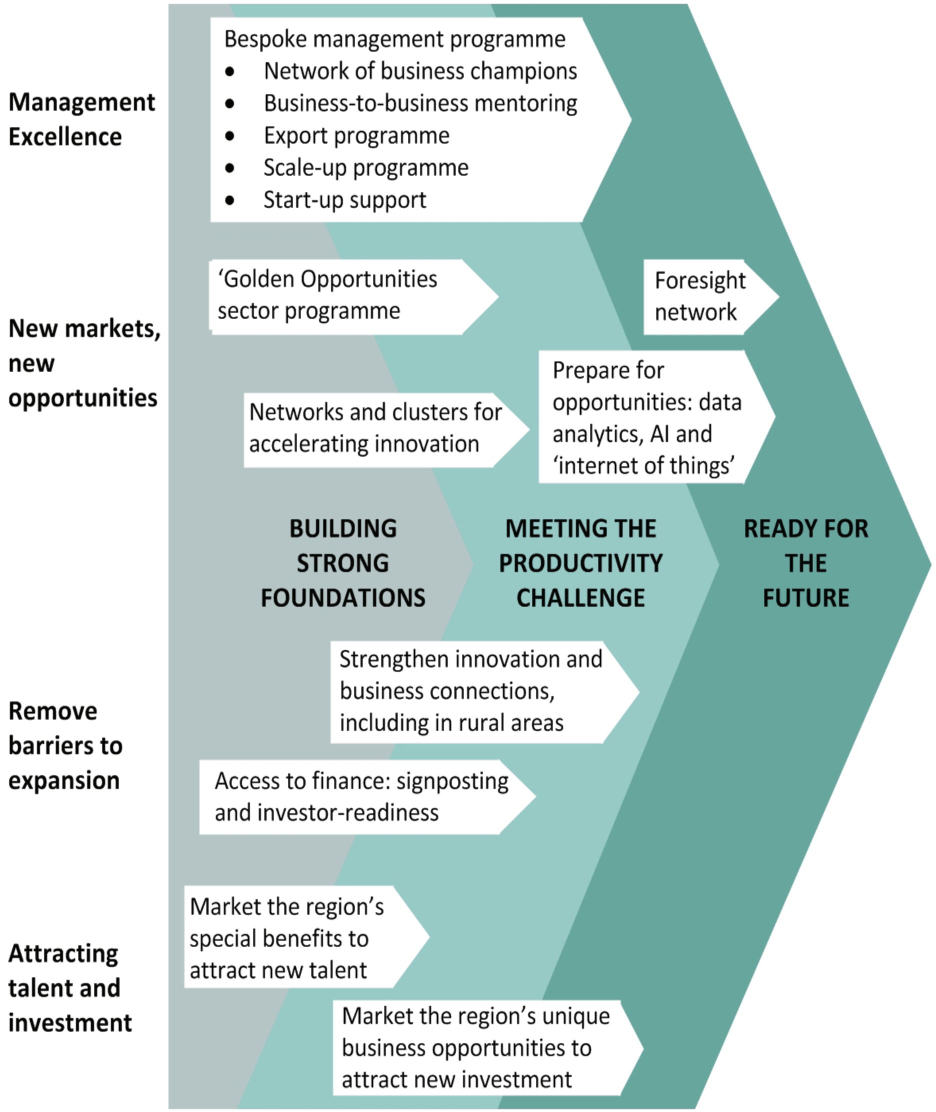
We also need to take a step change and create a 'circle of benefit' within the HotSW economy. We have the research expertise in our universities, we have the business acumen in our best companies, we have the technologies in key sectors. We need to set them the challenge to focus all of that on what the local market needs.

For instance, our knowledge of agriculture and rural land management can feed back directly into creating new models for productive and rewarding farming, post-Brexit. Our knowledge of clinical sciences and human health can support new ways of delivering care to the vulnerable, especially in rural areas.

We will invest in making sure that our research and technology in key sectors pivots towards what local markets need. We can then be a test bed for innovation throughout our economy.

High level interventions

Opposite, we set out the high level delivery programmes the partnership will undertake to achieve our ambitions. Our priorities will be delivered differently in different places, taking account of local needs and opportunities. More detailed projects will be developed under these themes and set out in the partnership's delivery plan.



Links to Place and People themes: Transport, intercity connectivity, broadband, business premises, housing STEM in schools, graduate retention, new Higher Education facilities, technical skills through Further Education

Links to other opportunities and initiatives: Sector deals

Connectivity & Infrastructure

Why is this important?

Business depends on a range of conditions on which to prosper and grow. They need excellent transport and communications systems to move people, goods and ideas to markets; they need thriving communities in which to operate and attract staff; and they rely on a range of services from the natural environment.

If our businesses are to become more productive and competitive, then our infrastructure, our environment and our towns and cities must be be up to that challenge.

The Government's Industrial Strategy, launched in 2017, recognises that, across the country, we need to

"upgrade our standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities."

Our priorities are driven by our critical challenges and opportunities and focus on four key areas: energy, transport and digital connectivity, land for business and housing, and natural capital.

Understanding the issues

To accommodate the changing needs of business and allow for new developments, we need an electricity grid with enough capacity and flexibility to continually adapt to current and future demands. With distributed renewable energy generation becoming more common, with the major new nuclear plant at Hinkley under construction and with a forecast increase in low carbon vehicles, our transmission system has to be up to the job.

Case Study

Upstream Thinking project

Working with landowners, the project is making changes to the way land is managed in order to keep pesticides, fertilisers and animal waste out of the rivers. This brings huge benefits to wildlife and the moorland environment - but it also improves water quality and reduces water treatment costs.

South West Water have seen substantial financial and operational benefits to their investment in natural capital.

Alongside this, we need transport links that can widen access to labour and markets. We know that innovation and productivity improve when creative people and companies cluster together. In this context, the HotSW area faces the particular challenges of distance from major centres and and a dispersed population. The take up of superfast broadband and mobile connectivity remains behind many parts of the country. This is critical as high speed internet is an enabler of innovation in many areas of economic and social life - particularly in more rural areas.

We need to manage existing, and develop new, employment sites across the rural area and close to our major urban centres. From small, local work hubs through to major new enterprise zones, businesses rely on land and property to accommodate their changing needs. We also need a considerable investment in housing - to address the issue of affordability and provide housing for skilled people who are attracted by the outstanding natural environment and quality of life.

The HotSW's special environment, as we all know instinctively, is crucial to our wellbeing - in every sense. Without a healthy, diverse, efficiently functioning natural environment, we would not have a functioning economy. Our natural capital contributes a significant amount to annual output and employment and the preservation of its productive capacity is key to future living standards and wellbeing. It makes economic sense to invest in this so that these assets will continue to provide dividends into the future.

A relentless drive for productivity means that we will make sure that our communications infrastructure is supporting the needs of our key business sectors and our thriving places. In doing so, there will be significant benefits right across our region.

Case Study

Devon Work Hubs

Devon Work Hubs is a growing community of friendly and flexible work spaces, perfect for home-based and mobile workers, business start-ups, freelancers and entreprenuers.

These work hubs offer a nuturing and supportive environment, where remote workers, sole traders and professionals can meet and collaborate with likeminded individuals: perfect for growing business ideas and stimulating innovations. A key recommendation from the SW Rural Productivity Commission, is the potential to extend the network into more areas.

What we will do

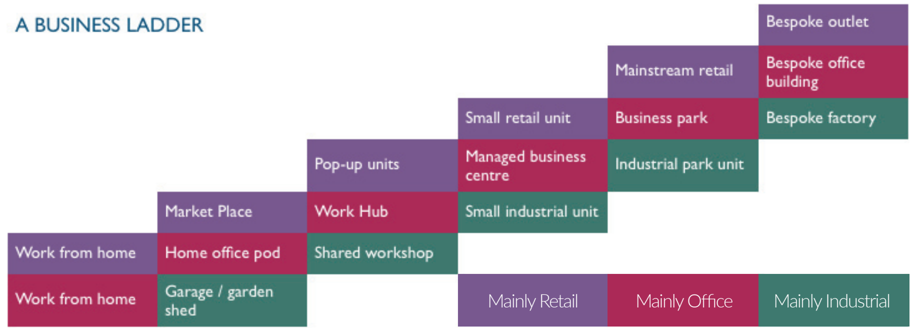
Aspiration productivity and prosperity for all	Improve our physical and natural assets to support wellbeing and economic opportunities
High-level Aim more productive businesses	Create vibrant places that are attractive to skilled people and new investment, with infrastructure to support productivity growth
Strategic Objective connectivity and infrastructure	**Programmes** • Clean energy infrastructure • Connectivity and resilience • Land for business and housing needs • Natural capital to support productivity

Connectivity and resilience. Transport improvements can be highly expensive and create environmental impacts. Therefore we should prioritise the critical opportunities for investment that will have the greatest impact on productivity. Meanwhile, we should aim for efficiency and capacity improvements across the networks. Looking ahead, we will plan for the needs of our area and for a new generation of electric and autonomous vehicles, with an Infrastructure Commission to oversee a new infrastructure plan.

Digital connectivity is important to all aspects of modern life, and especially in business. We have to make sure we have a strong level of mobile and broadband access across the whole area. However, rather than continually delivering incremental speed improvements, we plan to leapfrog speeds and bandwidth to enhance our ability to compete in an increasingly digitised future.

Clean energy infrastructure. We need to work with neighbouring LEP areas and grid providers to make sure we have a sufficiently flexible system to cope with multiple energy generators, as well as a substantial increase in capacity overall which unlocks sites for development. Alongside major investments to support Hinkley C and the economic opportunities that flow from it, we need to make sure that, at local level, we maximise opportunities to generate clean energy where it is needed. Our Local Plans should encourage solar and energy storage in all new developments - whether domestic or commercial.

Land for business and housing needs. Prioritising previously used land, we will support suitable sites for employment uses - identifying gap funding, and making sure that the Local Plan process across the HotSW area is aligned with our ambition to raise productivity. As businesses grow, they have different needs. We will support the concept of a Business Ladder - to provide appropriate space for small businesses to grow over their lifetime and to design those spaces to be flexible.



New housing will be needed to meet our expanding population and we will aim to build around the major new settlements and where public sector land opportunities arise. Major new sites should be built with resilient transport and digital connections. Our aim is to make all new housing more sustainable and with the latest energy and digital infrastructure built in from the outset.

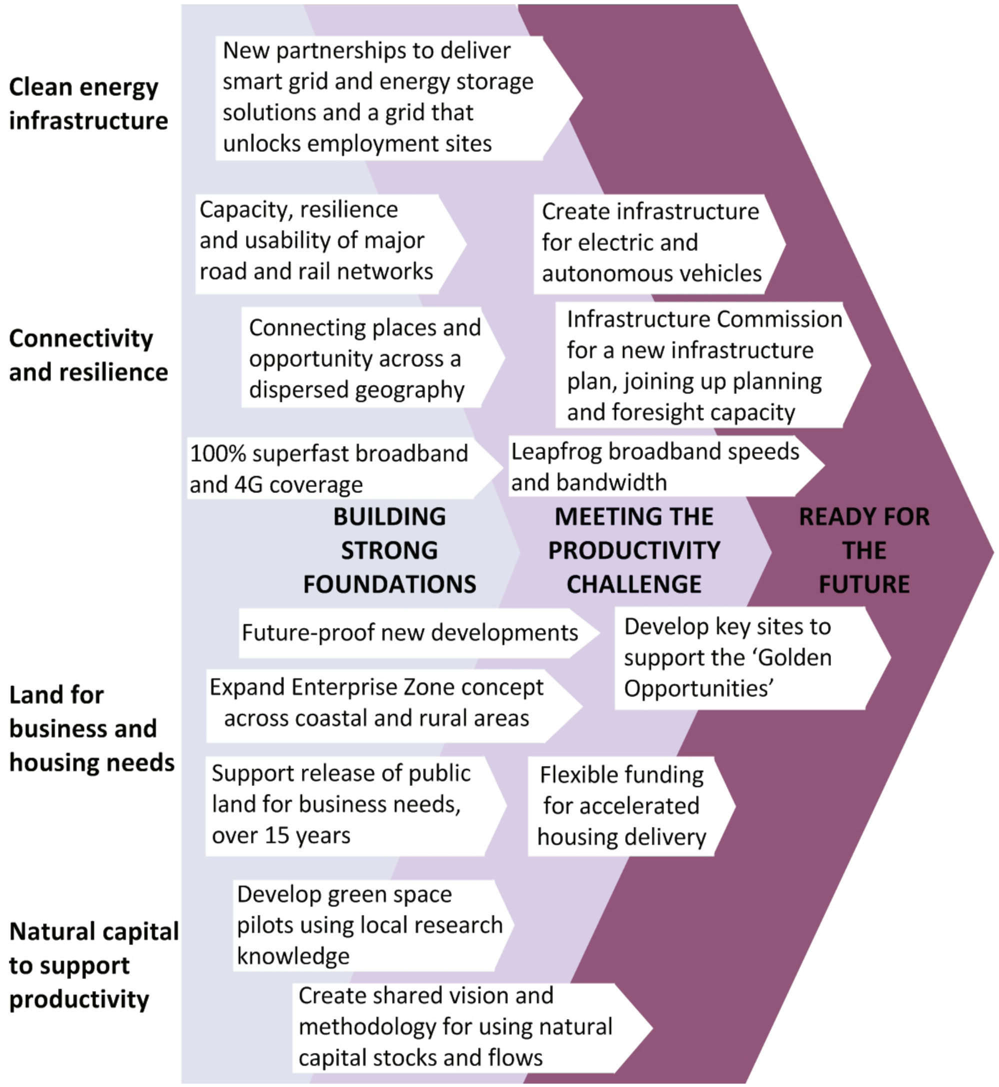
Natural capital to support productivity. We know our environment is important for several of our major sectors; for attracting people to live, visit and work in the area and for providing a range of key resources. We will create added value from this natural capital base to deliver real benefits for the wider economy. In particular, we want to understand better the economic value of our environmental assets and we will work with partners to deliver this. We aim to help our farming communities adapt to changes post CAP and do so in a way that enhances our natural capital.

The SW Rural Productivity Commission has identified five strategic recommendations, published in their separate report. This Productivity Strategy supports all of them and has specific proposals linked to three of them: digital infrastructure, rural proofing and the impact of Brexit.

High level interventions

Opposite, we set out the high level delivery programmes the partnership will undertake to achieve our ambitions. Our priorities will be delivered differently in different places, taking account of local needs and opportunities. More detailed projects will be developed under these themes and set out in the partnership's delivery plan.

Page 96



Links to People and Business themes: Regional hub for modular housing, utilise local research excellence, help develop new sectors.

Working & Learning

Why is this important?

People with skills and experience underpin the success of a region's economy. They are a central element in the creation of local prosperity; providing the labour that fuels successful and dynamic businesses; the talent that drives forward enterprise and innovation; and the capacity that directs and attracts investment and competition.

Consequently, the most productive economies are those which grow, attract and retain the most talented people. Economies with the most skilled and active workforce; with the most dynamic labour markets; and with the best education and learning environments, supporting individuals to learn and adapt throughout their lives, are often those that can best meet new economic challenges and drive forward economic performance. Successful economies also recognise that people develop at different rates so different pathways are important - there must be no closed door to developing talent.

Realising and enabling the potential of every individual to work and learn also has benefits beyond business performance, with skilled and economically active communities tending to be healthier, safer, more confident and more adaptable to change; a virtuous circle of prosperity.

Ensuring our workforce is therefore supported to meet its full economic potential through working and learning is our third priority.

Understanding the issues

We are successful in getting people into work. With almost functional full employment in many areas, we do not face the same overall challenges around worklessness perhaps found elsewhere in the country. Whilst there remain pockets of unemployment, the area benefits from an overall culture of work. Consequently, we need to utilise the skills and experience of our ageing population.

We also have areas of strength in skills and learning. Communities such as Exeter and those neighbouring Plymouth currently benefit from a higher proportion of knowledge and service-led opportunities then elsewhere in the area, closely aligned with their significant further and higher education capacity. Similarly, NVQ Level 3 performance remains high across Somerset and parts of Devon and Torbay.

However, overall, those in work across the HotSW are too often under-utilised or under-skilled. Too many people are employed in low wage, low skill sectors due, in part, to local challenges around knowledge and aspiration. 23% of HotSW's workforce in 2016 held less than a GCSE level qualification, whilst 10% less students went on to university from our schools and colleges than elsewhere in the country. We face a net outflow of graduates from the area. Our economy also faces significant risks from Brexit with the potential loss of workforce in care, agriculture and tourism sectors.

What we will do

Aspiration productivity and prosperity for all	Meet the potential of every individual within the area to work and contribute to our shared prosperity
High-level Aim more productive businesses	Develop, attract and retain a highly skilled and adaptable workforce
Strategic Objective working and learning	**Programmes** • Skills for a knowledge-led economy • Pathways to success • Access to work and opportunities • Skills for our 'golden opportunities'

Any approach to enhancing productivity in the HotSW requires a clear focus on meeting the area's skills challenge and emerging needs. We will focus on building the capacity of those already in work and also on preparing those in education to thrive in a more dynamic and diverse future economy.

Skills for a knowledge-led economy. We know that one of our most important productivity challenges is attainment and aspiration amongst our young people. Whilst GCSE performance has improved steadily over recent years, the HotSW still trails its peers on the proportion of those going to university. We need to improve access to HE provision especially for those in more remote and rural areas; and there is exciting potential for university provision in Somerset.

We will improve the advice that our young people receive on careers and opportunities whilst in education, and the linkages between our schools, businesses and with FE and HE providers. We will look at maximising the substantial opportunities around apprenticeships, and establish a forward-focussed business-led Skills Task Force to capture emerging opportunities and better align skills provision across the HotSW area.

Pathways to success. We will enhance the offer to those in work who are willing to retrain and up-skill, working with partners to promote apprenticeships and Degree Apprenticeships. We will also seek to better align existing funding around re-skilling / in work training through a single training fund approach.

Within the HotSW, one of our most important ongoing productivity challenges is attainment and aspiration amongst our young people. We will improve and integrate our careers education, information, advice and guidance activity (CEIAG) so that young people have the fullest understanding of the opportunities available to them.

Access to work and opportunities. We need to ensure that physical, institutional and financial barriers to accessing work, training and guidance are minimised. A range of interventions will be established to improve transport and digital access to skills provision at all levels. We will work with HE and FE providers to seek more innovative ways to reach out to our more remote rural and coastal communities; and to engage our ageing population. We aim to create more integrated advice and support systems that have a single gateway.

Skills for our 'Golden Opportunities'. Alongside wider business requirements, we will also seek to maximise the impact of our Golden Opportunities. We will therefore come together with FE and HE colleagues to ensure that existing funding and capital investment put in to maximise the skills benefits of these projects are being fully aligned and realised across the area. In particular, we will seek to build upon the immediate demands of the construction sector and digital sector in the face of the development at Hinkley Point, within the Exeter Growth area and within Plymouth. Partners will build on the emerging work of the Skills Task Force, with a focus ensuring resources are prioritised for relevant industry-led demand within FE and HE.

We will therefore focus on developing additional assets for the area to deliver STEM and other technology led skills provision - building and complementing the existing specialist centres within the HotSW in our FE and HE institutions.

Case Study

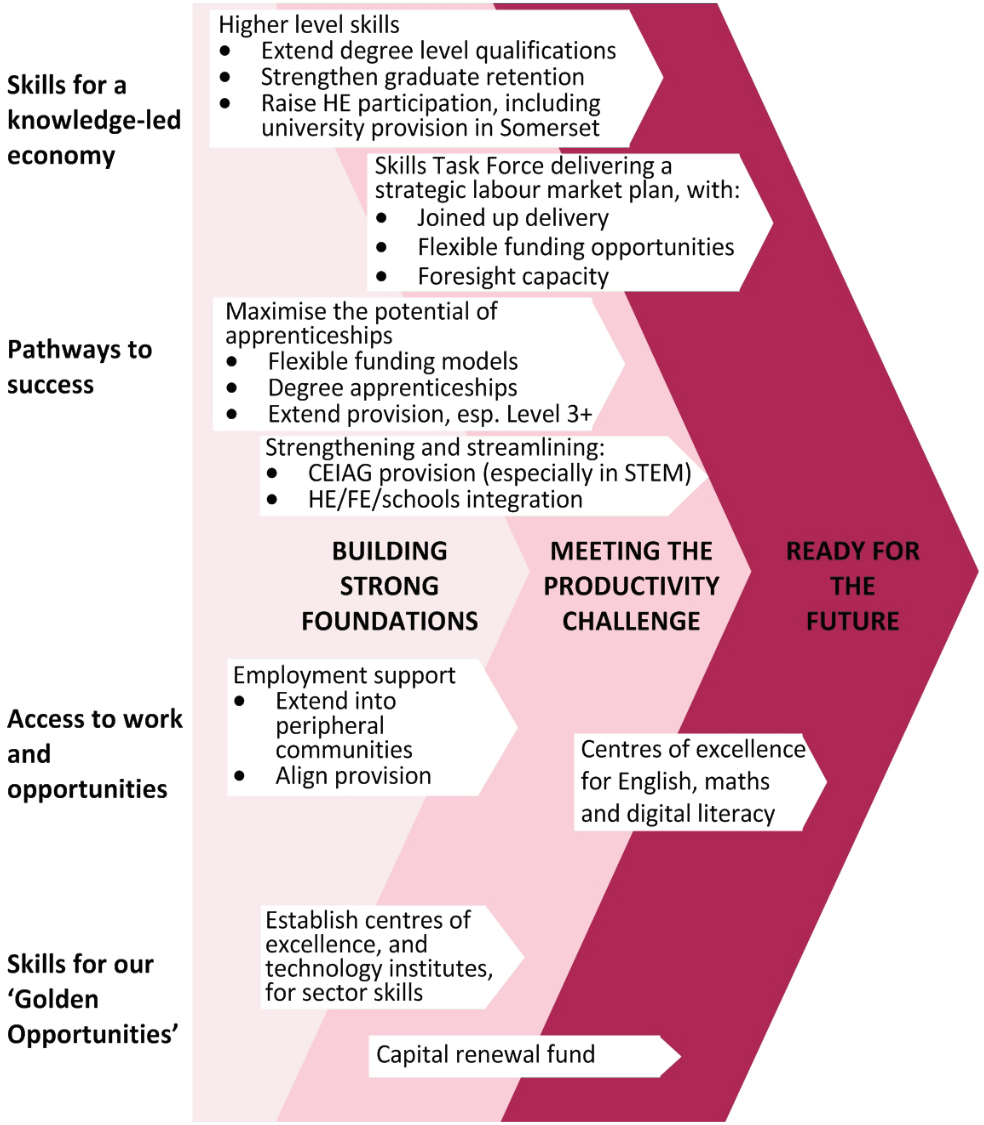
Hinkley Point Training Agency

The HPTA is an innovative approach to supporting the recruitment of local labour into the construction of Hinkley Point Power Station. During the 10 year construction period there will be some 25,000 different job roles with almost 6,000 people employed during peak. The aim is for the project to generate 1,000+ apprenticeships and ensure that at least 34% of all those working on-site are within a 90 minute travel to work zone.

To achieve this and ensure that Hinkley leaves the legacy of a highly skilled sustainable workforce, an education and training supply chain has been formed. This coalition will provide accredited, quality assured training to meet the needs of the main contractors. Recent HPTA activity includes the development of a L4 Project Management Apprenticeship and a new Pre-apprenticeship, Introduction to Engineering Construction Programme with three of HPTA's training providers, starting in September 2017.

High level interventions

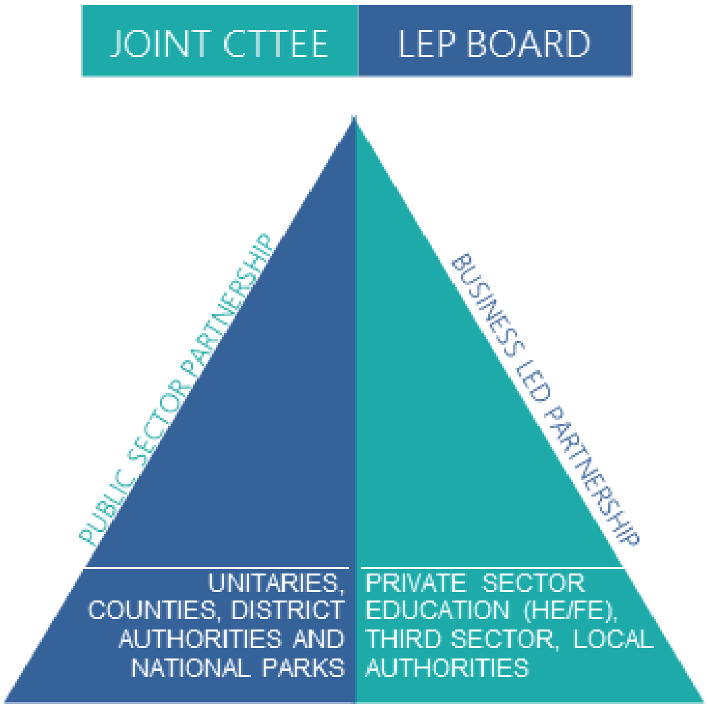
Opposite, we set out the high level delivery programmes the partnership will undertake to achieve our ambitions. Our priorities will be delivered differently in different places, taking account of local needs and opportunities. More detailed projects will be developed under these themes and set out in the partnership's delivery plan.



Links to Place and People themes: Marketing of Place, management and enterprise skills, higher level of innovation and R&D, transportation and access

Leadership & Delivery

This Productivity Strategy is owned by both the Joint Committee and the Local Enterprise Partnership. The shared responsibility between all the local authorities and the business-led LEP means that we have a stronger commitment than ever before to set the strategy and deliver the priorities.



Our partnership is also creating strong links with a number of other relevant organisations in the region, such as the two Local Nature Partnerships, the Rural Productivity Commission, business groups and health bodies.

Of course, our Strategy sits alongside many others - whether for skills, transport or broadband - and it provides an over-arching context and a clear sense of direction to all we do.

Delivering the plan

We will take overall responsibility for the commissioning of different strands of activity; for monitoring progress; for ensuring that it remains fit for purpose and for working with partners to agree different roles. The Productivity Strategy sets out our strategic intent for delivering 'productivity and prosperity for all'.

Following the agreement of this Productivity Strategy, we will publish a Delivery Plan that will set out in more detail exactly what will be done, phasing in rolling programmes through to 2036, in different parts of the region - demonstrating how our plans can be delivered.

In practice, delivery will take place across different geographies and with different groupings of partners depending on how the activities are best delivered and how opportunities arise. Strong links to neighbouring areas are fundamental to our economic success. The Heart of the South West is just that - the heart of a wider region and we will work with other LEPs, other sector networks and national partnerships wherever appropriate.

A new economic compact

In the private sector, the best businesses are efficient and ambitious, productive and innovative. They train their staff and take risks with their own, and stakeholders' money, in the expectation of future returns. They aim to grow profitably, generate value added and, as a consequence, offer satisfying, rewarding and sustainable jobs.

The public sector's role is to build the foundations that will let the private sector's entrepreneurship thrive.

The public sector will invest in areas of market failure, helping to disseminate the information and knowledge that businesses and workers need to compete - particularly with respect to skills and innovation. It has particular roles in the planning process and regulation, as well as with infrastructure development and the promotion of a culture to invest in competitiveness.

But, to be successful, the partnership between the two needs to operate openly and flexibly. In an age of less public funding, the public sector's ability to deliver a full range of activities to support business needs will be severely reduced unless a different partnership is forged between local government and businesses at a local level.

There needs to be a mutual commitment to invest in the human, physical and entrepreneurial capital that will help businesses succeed into the future. Companies will need to invest more of their own resources and will need to commit more effort to bringing wider social benefit from their endeavours. Local authorities will have to be more innovative about how they invest in business support measures and may have to look at other ways to enable business to thrive: local planning, making land available, prudential borrowing for infrastructure improvements, joint ventures and information sharing. The partnership is keen to work with the private sector to develop this.

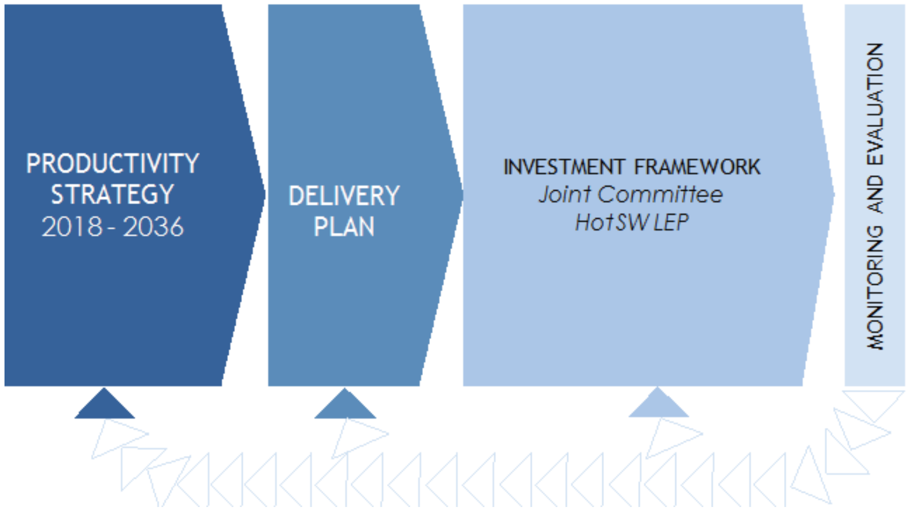
Shaken, not stirred - funding and investment

Our proposals are not about creating a new single funding pot. We believe that we need to be more nimble than that. As we identify priorities for delivery and project opportunities, we will blend together a cocktail of investment from a range of sources. However, all our experience shows that we will need access to some revenue funding alongside capital investments to make the most effective interventions.

	Local Authority	Private sector	Government	Other
Finance	• LA funds • Business rates • New Homes Bonus • Prudential borrowing	• Own investment • Borrowing	• EU funds (until 2020) • UK Shared Prosperity Fund • Departmental budgets (eg DoT) • Innovate UK • Research Councils • New economic development and regeneration funding	• Small grant funds • Bursaries
Other resources	• Land and property • Staff time / knowledge	• Land and property • Expertise / mentoring • Meeting space • In-kind support	• Tax incentives • Designations (eg Enterprise Zones)	
Other inputs	• Planning powers	• Marketing	• Regulation	• Research • KTPs

Measuring Change

This Strategy is aimed at achieving results between now and 2036. Not everything is within our control but this Productivity Strategy, and the delivery plan that sits beside it, will lead to a significant uplift in productivity, and a range of associated economic indicators, over the life of the Strategy. However, different activities will be delivered as resources are secured - and some may take several years.



Our ambitions

Our plan is to improve business productivity and to increase the opportunities for people to contribute to and benefit from economic growth. **We aim to double the size of our economy by 2036.**

Productivity

Overall, we believe that an ambitious but not unreasonable macro target would be to gradually increase average local productivity growth to between 0.3%-0.5% per annum above the national average over the period to 2036. This could raise economic outcomes (total value added) by 5-8% over the currently expected benchmark.

To achieve such a shift in performance requires higher investment and R&D ratios (closer to G7 averages). This will need to be achieved by businesses. The partnership assembled under the Productivity Strategy, is an enabler, providing incentives and interventions that will:

- create supportive infrastructure to build connectivity in its widest sense - real and virtual.
- encourage collaborative acquisition and dissemination of knowledge.
- promote other favourable business and community conditions, especially competitive aspiration and market engagement.

However, there are a myriad of factors involved in raising productivity performance and many are beyond local control or influence. Moving the productivity rate towards '2% per annum' would be a significant but realistic achievement. It could mean moving HotSW real GVA growth from about 2.3% per annum to 2.8% per annum and holding employment growth to 0.8% per annum.

A more ambitious target would be to raise productivity growth by 0.5% a year above the projected local and national baseline. This would indicate productivity growth of 2.2% per annum and real GVA growth of slightly over 3% per annum.

What we will do

Ambition indicator - per annum	Baseline	Significant	Ambitious
Productivity rate	1.7%	2%	2.2%
Real GVA growth	2.3%	2.8%	3%
Employment growth	0.6%	0.8%	0.8%

Productivity growth of 2.2% per year is therefore our aim; this is ambitious and is a step change for the HotSW but other parts of the country and other parts of the world have achieved these levels of growth.

Prosperity for all

Improving absolute and relative productivity is seen as a key component of economic growth. However, it is recognised that that growth should have the potential to benefit all individuals and areas. Inclusive growth is giving the opportunity for individuals to benefit from and contribute to economic growth through higher value activity. Essentially, this is about providing access to employment and access to better employment. The emphasis between the two will vary from place to place across HotSW and success will be measured through the indicators in the table opposite.

Economic growth has not necessarily meant improvements in well-being and traditional measures of economic growth do not allow for an understanding of the distributional impact of growth.

National policies and fiscal, monetary and economic decision-making have a large bearing on the growth and inclusiveness of local economies. Policies such as deficit reduction, welfare reforms, tax and spending decisions, housing policy, and public service reform impact significantly upon living standards, and it could be argued that in some cases act against local efforts to promote economic inclusion.

Consequently, we have identified a number of indicators that have readily available data and will represent progress towards our aim of prosperity for all. By using these indicators, we can:

- identify strengths and weaknesses across policy areas to inform future activities;
- create a means of monitoring performance against inclusive growth objectives and potentially benchmarking outcomes against other areas
- use a tool that is flexible, easily understood and accessible, and can be owned by the partnership moving forward

The high-level indicators shown below are taken from a longer list included in the delivery plan.

Prosperity for all indicators

Indicator	Ambition
Earnings - distribution	% gap between the median and mean average earnings (full-time)
Economic inactivity	% of working-age population who are economically inactive but who want a job
Workless households	% of working-age households with no-one in work
Gross disposable household income	Gross disposable household Income per head
Output (GVA)	Difference between top and bottom HotSW local authority – GVA per head
Earnings	Difference between top and bottom HotSW local authority – median average

Prosperity for all

Making choices over which specific projects and programmes to support will depend on the appraisal of those projects in relation to the outputs and outcomes they generate, the risks and rewards, and the persistence of those benefits in qualitative and quantitative terms.

In doing so, we would expect to consider the '5 cases for action':

- the strategic case – matching the requirements of current policy intentions and desires;
- the financial case – sound funding and affordability;
- the commercial case – business logic and profitability;
- the management case – practical achievability; and
- the economic case – net 'additionality'.

The partners will develop an investment framework which captures these and ensures we are making the best use of scarce resources.

So this is our strategy.

A strategy to double the size of the HotSW economy by 2036, to raise living standards across the area, to provide better jobs and create better places to live.

We now need to deliver this strategy. We invite you to join the challenge. Please take part in our consultation www.torbay.gov.uk/devolution

Third Way Bridge, Taunton

NHS
Northern, Eastern and Western Devon
Clinical Commissioning Group

NHS
South Devon and Torbay
Clinical Commissioning Group

NHS
Somerset
Clinical Commissioning Group

This page is intentionally left blank

ECONOMY PDG
9TH NOVEMBER 2017

Economic Development Service Update

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Stephen Walford, Director for Growth

Reason for Report: To update members on progress with key Economic Development Service Priorities

RECOMMENDATION: That the report be noted

Relationship to Corporate Plan: It supports the corporate objectives for the economy.

Financial Implications: There are no additional financial implications arising from the report

Legal Implications: None

Risk Assessment: None

Equality Impact Assessment: None anticipated

1.0 Introduction

This report provides an update on the progress of key projects and initiatives developed or supported by the Economic Development & Regeneration team.

2.0 Devon Hydro and Smart Grid Project ('Mills Project')

We are expecting to hear the outcome of our bid to DCLG for funding under the ESIF Low Carbon Programme by the end of October. If this decision is forthcoming as scheduled, a verbal update will be provided at the Economy PDG meeting. We are continuing to develop the project by undertaking preparatory work that will help us submit a full application if our outline bid is successful. If unsuccessful, there are a number of other funding opportunities that can be explored for this project. The Economy team is encouraged by the Government's recent and ongoing consultation on the Clean Growth Strategy (see https://www.gov.uk/government/publications/clean-growth-strategy), which seems to align very closely to the wider activities of the economy team. It indicates that in the near future funding could be made available to support growth in this sector, and to bring forward wider environmentally conscious initiatives. This could lead to a number of related low carbon industry activities being developed in Mid Devon in parallel with the Mills Project, and project opportunities are being explored which could dovetail with our existing work.

3.0 Commercialisation of Regulatory Services

The project has received a lot of interest from a number of local authorities in the Heart of the South West region, and is supported by BEIS. The initial report on the business case lacked the necessary detail to justify delivering a pilot service at this point. However, local authorities are now considering the best method to develop a fully detailed business plan that will address all of the core issues surrounding the potential delivery of added value services (services above and beyond our statutory duties) to the business community service. The Economy team is in discussion with other Council services to help develop ideas and to seek a mutually productive way forward for the project.

4.0 Rural Broadband

Though we have not received any official update, it would appear that the Expression of Interest we submitted to the Local Full Fibre Network programme was not successful. However, this should not deter us from developing a full bid for the early part of 2018, and officers have been meeting with a number of interested parties with the aim of establishing a stakeholder group which will pull together the expertise necessary to develop a detailed funding bid.

5.0 Enquiries & Investments

The economy team has been dealing with a number of enquiries from businesses looking to locate and grow within Mid Devon. Working with our planning team and other services across the local authority, we have been able to find solutions for most of these. Examples include:

Goonvean Fibres are locating their new facilities at the Venn Farm site in Cullompton. This will unlock an employment site which has been awaiting development for several years. The initial phase will see the development of over 60,000 sqft of employment space, with a phase 2 proposed to be delivered in the future that will bring the total development to 129,000 sqft.

Hitchcock's Business Park has had approval for the erection of a 35,000 sqft unit, and is negotiating with potential occupiers with support from MDDC. A verbal update on this will be given at the Economy PDG meeting if available.

There are applications being decided on the 3rd of November on which a verbal update will be provided to the PDG. These include sites at Hitchcock's Business Park, Tiverton and near Crediton.

6.0 Cullompton Townscape Heritage Scheme

We met with the Heritage Lottery in early September to discuss the re-submission of a bid to the Townscape Heritage Programme for £1.2 million to support restoration and refurbishment work in the Cullompton Conservation Area. Once again they re-iterated that the previous bid was a strong bid and was only pipped at the post by previous submissions. They advised that with updating and some minor tweaks it would ready for re-submission. It is likely to be the only application from the SW region. We are working towards the deadline of the 8th December. We will only hear the outcome of this application in May 2018.

7.0 Crediton Update

Crediton High Street – continues to have healthy occupancy rates with vacant retail premises consisting of less than 10% of premises available in the High Street. A recent development that may have significance for Crediton High Street is the number of antique and bric-a-brac shops that have opened over the last twelve months, bringing the number of antique shops between St. Saviours Way and Union Terrace to four.

Crediton Chamber of Commerce – holds its Annual General Meeting on Thursday 26 October. The Chamber is pro-actively seeking to develop in a way that enables it to assume leadership responsibility for the economic health and well-being of the community as a whole.

Crediton Town Team – after a successful 2017 Community Festival, the Town Team is looking to stage a few events in 2018 before planning the next Community Festival for 2019. The Town Team sees itself as complementary to the Town Council and Chamber of Commerce, providing a specific role of making the High Street vibrant and attractive through events and activities such as the Flags Project, St. Boniface related projects, the Crediton Festival and Crediton Food Festival, now in its 10th year. With the district council's assistance, the Town Team has recently drawn down funds to support the Active Mums Cycling Project and is helping resource the town's "Get Out" magazine. The Community Hub project is benefiting from the support of regeneration specialists The Onion Collective, funded by the district council.

Crediton Farmers Market – again won the award for 'Best Farmers Market' in the 2017 Food and Drink Devon Awards: http://foodanddrinkdevon.co.uk/awards/2017-food-drink-devon-award-winners-announced

Crediton Business Support – district council officers are continuing to work with a number of businesses across the town, including an innovative digital High Street project and guiding several business expansions through the LEADER programme.

8.0 Tiverton Shopfront Scheme

We have received seven applications for funding this financial year for a total of £5,308. Shopfronts benefitting from this scheme this year include - Courtenay's Bar, Mademoiselle Mojo's, Frou Frou, Jo Amor, former jojo's, GW Pack. There is now £6,088 remaining uncommitted in the scheme.

9.0 LEADER update

The REAL LEADER programme covering the Mid Devon area had an open evening on the 19th October, which was well attended by businesses from across the area looking for funding. We are expecting an influx of enquiries and applications from small businesses over the next couple of weeks. Up to now, the LEADER programme has committed £325,068 to date. It has funded 15 applicants - 10 of these are farm businesses, 4 are non-agricultural businesses and 1 charity.

10.0 Exe Valley AONB

The Economy Team was asked to look into the possibility of getting AONB designation for the Exe Valley. The Economic Development Team Leader has scoped the project and done some preliminary work in bringing together the available evidence, including creating an initial concept map based on the main Exe valley and tributary headwaters from the county boundary to the boundary with East Devon District.

As part of this process he has had a series of meetings with relevant bodies including Natural England, Devon County Council Environment Service, Blackdown Hills AONB and Exmoor National Park to discuss the process of designation and the mutual benefits with neighbouring authorities and other stakeholders of pursuing AONB status for the Exe Valley. Advice from these meetings is that there may well be a case for the designation of the Exe Valley as an Area of Outstanding Natural Beauty, but to progress this project forward will need a significant investment of officer time, to collect and collate the evidence, both technical and non-technical, necessary to substantiate a bid.

The Economic Development Team Leader will be reporting back to the working group in November and its recommendations will be brought to a future meeting of this committee.

Contact for more Information: John Bodley Scott, 01884 234363
jbodleyscott@middevon.gov.uk

Circulation of the Report: Cllr Richard Chesterton
Stephen Walford, CE & Director for Growth

List of Background Papers: None