

MINUTES of a **MEETING** of the **CABINET** held on 4 June 2024 at 5.15 pm

Present

Councillors

L Taylor (Leader)
N Bradshaw, J Buczkowski, S J Clist, G
DuChesne, J Lock, S Keable, J Wright and
D Wulff

**Councillors
Online**

G Czapiewski, A Glover and C Harrower

**Also Present
Councillor(s)**

D Broom, E Buczkowski, L Cruwys, B Holdman, L Kennedy

**Also Present
Officer(s):**

Stephen Walford (Chief Executive), Maria De Leiburne (Director of Legal, HR & Governance (Monitoring Officer), Richard Marsh (Director of Place & Economy), Paul Deal (Head of Finance, Property and Climate Resilience), Simon Newcombe (Head of Service for Housing and Health), Dean Emery (Head of Service Revenues, Benefits, Corporate Recovery, Corporate Fraud, Welfare & Leisure), Matthew Page (Head of People, Performance & Waste), Lisa Lewis (Head of Digital Transformation & Customer Engagement), James Hamblin (Operations Manager People Services), Dr Stephen Carr (Corporate Performance and Improvement Manager)(online), Adrian Welsh (Group Manager for Growth, Economy & Delivery Community Development), Andy Mackie (Operation Manager for Leisure), Haley Walker (Leisure Business Manager), Thomas Muston (Conservation Officer) and Laura Woon (Democratic Services Manager)

1. **APOLOGIES (43:29)**

There were no apologies for absence.

2. **PUBLIC QUESTION TIME (44:36)**

Nick Quinn

My questions concern a financial transaction which was part of the close-down of 3 Rivers which is reported in the Asset Revaluations table shown in Appendix 4 of the 2023/24 Revenue and Capital Outturn Report. That is on page 309 of the papers presented to Cabinet today.

Question 1:

Why did the Council pay £3.662 million for the land at Knowle Lane, Cullompton that is shown as having a value of only £1.665 million?

Response from the Cabinet Member for Finance:

By the Council purchasing this land, as opposed to selling it now, there was time for the wider strategic infrastructure delays to be resolved, for the land to be reincorporated into the local plan and for planning permission to be re-obtained. All of which would increase the value of the land, thereby minimising any potential loss.

The national land valuation given by the District Valuer was not a value that the Council believes the land was worth. Selling it in the current market, without the aforementioned resolutions, would have crystallised a loss that potentially may never arise.

Question 2:

Who authorised this transaction?

Response from the Cabinet Member for Finance:

Cabinet / Full Council in August / September – through the unanimous decision to soft close the company over a sensible short term period in order to minimise any potential financial exposure and maximise returns from company assets.

At the time of the purchase, this was ratified through an additional delegated decision by Cllr J Buczkowski and the S151 Officer.

Question 3:

How does this transaction demonstrate the proper financial probity in handling public money at Mid Devon District Council?

Response from the Cabinet Member for Finance:

For the reasons outlined in answer to Q1, this decision had protected public funding from crystallising a loss that may never arise.

Mrs Kearns-Hannah

The 2023/24 Revenue and Capital Outturn Report reveals that the Shapland Place Tiverton ZED POD modular construction development has an overspend of £717,000.

Question 1:

What is the total cost of the Shapland Place Development including not just the modular build cost but the grounds work, utilities installation, planning and legal and S106 cost etc.

Response from the Cabinet Member for Finance:

The cost incurred to date for Shapland Place was £2,217k, some £717k above the original budget.

This had been fully funded through the following:

- £692k Homes England Grant Funding, some £354k above original budget.
- £376k Capital Receipts – on budget.
- £103k Affordable Rents surplus reserve – on budget.
- £886k Housing Maintenance Fund reserve - £274k above original budget.
- £160k One Public Estate Grant Funding – not originally included within the budget.

Therefore, £514k of the over spend had been funded through additional external grant funding. The remaining £203k had been funded from reserves. No borrowing had been incurred to fund this project, despite £71k being originally budgeted. Therefore, this project had a net £132k variance.

The project was due to complete shortly.

Question 2:

The same report reveals that the St Andrews Cullompton ZED POD modular construction development has an overspend of £400,000.

What is the total cost of this development including not just the modular build cost but the ground works, utilities installation, planning and legal and S106 cost etc?

Response from the Cabinet Member for Finance:

The total cost incurred for St Andrews was £1,400k, some £400k above the original budget.

This had been fully funded through the following:

- £560k Right to Buy Receipts, some £298k above the original budget.
- £236k Capital Receipts – on budget.
- £117k Affordable Rents surplus reserve – on budget.
- £346k Housing Maintenance Fund reserve - £3k above budget.
- £120k One Public Estate Grant Funding – not originally included within the budget.
- £21k New Homes Bonus reserve – on budget.

Therefore, the £400k had been more than funded from additional external funding sources, meaning that planned borrowing had not been required.

The project was complete and the units were occupied.

Question 3:

The same report says Paragraph 1.4 “in addition to the above budgetary challenge, the Council also incurred exceptional one-off cost totalling £1, 483,000 in order to deliver the soft closure of 3Rivers Developments Ltd”.

What precisely were these “one- off cost”?

Response from the Cabinet Member for Finance:

This detail was clearly provided in Appendix 4 to this report.

Question 4:

The total value of the 3Rivers Development recharges is shown as £398,447 Can you please provide an itemised list showing what these recharge cost fully relate to?

Response from the Cabinet Member for Finance:

The £398k recharge over the life of the company could be split as follows:

- £316,471.31. Staff Salary Recharges, prior to direct employment
- £20,196.39. Direct recharges for items, such as design and consultancy, land registry charge, grass cutting, housing viability assessment and equipment.
- £3,201.57. Telephony recharges.
- £58,577.66. Support Service Recharges, such as Legal, Finance, ICT and office accommodation.

Question 5:

Have MDDC Officers been required to time write, this in respect of any work they undertook in relation to supporting the 3Rivers Development business?

If not why not?

Response from the Cabinet Member for Finance:

By “time write”, I interpret this as record their time? No, as the company’s operations and administrative support was fully independent from April 2021.

Question 6:

Where are all the various 3Rivers Audits and investigation cost recorded in MDDC accounts?

Response from the Cabinet Member for Finance:

Direct audit costs for the company were within the company’s accounts, not Mid Devon District Councils. Any investigation or additional audit fees incurred as part of the audit of Mid Devon District Council’s group accounts and Value for Money Assessment was included within the Corporate Management line in Appendix 1a and detailed in 1b.

Question 7:

What was the total cost of the various 3Rivers audits and investigations?

Response from the Cabinet Member for Finance:

The latest independent review carried out by Francis Clark cost £12,049.40. Grant Thornton charged an additional £22,000 as part of their 2022/23 Audit.

Question 8:

How will MDDC account for the loss of investment interest on the 3Rivers assets they are now holding, and which could go unsold for many months even years, interest payments it seems which stopped in September 2023?

Response from the Cabinet Member for Finance:

No interest income from 3Rivers was included within the budget, so no adverse variation would be created, therefore no accounting is required.

Question 9:

When all additional cost are factored in what is the true commercial loss to the MDDC taxpayer for the MDDC’s 3Rivers so called and failed Vanity Project?

Response from the Cabinet Member for Finance:

This detail was clearly stated within the report as £3.384m, with supporting detail provided in Appendix 4 to this report. This was significantly lower than the reports of £20m+ included within the local press and social media fuelled by uninformed assumptions rather than facts and figures.

Question 10:

Will this loss figure ever be published in the public domain?

Response from the Cabinet Member for Finance:

See response to Q9 – not sure how much more transparent we could make this.

Question 11:

In fact do MDDC have a mechanism or even a will, to fully understand the real value of this total loss?

Response from the Cabinet Member for Finance:

Yes, but perhaps there are some that did not.

Barry Warren

May I refer members to Agenda item 14 on page 265 of the papers. Recommendation 1 seeks approval for a transfer of £635k from the New Homes Bonus reserve. Paragraph 1.3 on page 266 sets out some history but a little more detail shows the fuller picture. Council in March 2023 had to set a budget and the original proposal from officers showed an income of about £900k in interest from 3 Rivers but most knew that this money would have to be borrowed before it could be paid. It was not acceptable to members. Members were told that to take this from reserves would take the agreed reserves to under £2m.

It now appears that in paragraph 1.5 £635k can be taken from reserves without a problem. In paragraph 1.6 it states: "Appendix 1a. The table below assumes this is offset by a transfer from the New Homes Bonus **Earmarked** Reserve."

Question 1:

Does this mean that using these ***Earmarked Reserves*** does not affect the £2m reserve figure?

Question 2:

In paragraph 1.5 it states: "This is a major corporate achievement and reflects the hard work and efforts of managers and services during the year." This is good work but why was the ***Earmarked Reserves*** option not offered to Council in March 2023?

I refer to Agenda Item 7 starting on page 65. Section 10 of the Complaints and Feedback Policy page 77 has a section which states: The term complaint in this guidance also covers requests made under access to information law such as the Freedom of Information Act 2000.

Question 3:

Why does this Council policy regard requests for information as Complaints?

Question 4:

If the Council consider such requests: *are time consuming and repetitive and can take up excessive officer and Member time that could be used on other council/landlord priorities*; why are those seeking information not dealt with in a straight forward, open and honest manner rather than being denied information and then having to seek reviews?

Question 5:

Would it not be better to provide the information rather than have enquirers complaining to the Information Commissioner and have that office direct the Council to release the information?

Question 6:

Where can a member of the public actually see the numbers of Freedom of Information requests made and the results?

Paul Elstone**Question 1:**

This Administration has stated that it will manage Council Taxpayers funds and budgets prudently and will not repeat the failings of the 3Rivers debacle.

I contend this Administration is grossly failing in these aims by pursuing Modular Housing to provide social homes. Specifically, the Revenue and Capital Outturn report Agenda Item 14 states that there is an overspend of £717,000 for the Shapland Place modular development.

In answer to a question, I asked at Cabinet Meeting of March 2023 I was told that the initial budget was £1.4 million that the ZED PODS quote for Shapland Place was £1.488 million. Therefore, with the overspend the total cost is now around £2.2 million.

As the gross internal floor area for the eight (8) Shapland Place dwellings is 438 square meters the £2.2million cost equates to an extortionate cost of £5,022 per square meter. Calculations show similar excessive cost for the St Andrews, Cullompton development.

I would refer you to the Haddon Heights Viability Assessment and a document which Council Officers did all they could to prevent me from seeing. It states the following. The Building Cost Information Service (BCIS) data on building cost and rebased for Mid Devon is £1,396 per square meter. Using the upper quartile rate it is £1,626 per square meter. Incidentally the current sales price of £675,000 for a luxury Haddon Heights property of 228 square meters or £2,960 per square meter - That is sale price not build cost.

Therefore, the Shapland Place modular home development has cost the MDDC taxpayers between two and three times as much as available data shows it reasonably should.

Will the Council Leader fully explain how he considers this is prudent spending or lessons have been learned? This when the data shows that MDDC could build over twice as many and much needed social homes and for the same capital spend?

Question 2:

In terms of the 3Rivers Final Impairments, agenda Item 14 many of the numbers provided deserve close scrutiny. As one example interest payments on St Georges Court. For year 2023/2024 shows an interest payment of £428,148 on an outstanding loan balance of £12.86 million.

It is understood that MDDC only purchased St Georges Court in March 2024. Therefore 12 months interest payments are due from 3 Rivers. At a very low loan interest rate of 5% or 0.5% base rate plus 4.5% agreed uplift, the loan interest payment due should be over £643,000 or £215,000 more. There are many other similar irregularities it seems.

Why do the interest payable numbers not reconcile, this amongst many other things?

Question 3:

Will the results of an external audit conducted on the 3Rivers numbers be made available to the public?

Goff Welchman**Question 1:**

I understand that there are moves afoot to reduce the size of the Grand Western Canal Conservation Area.

I therefore ask Cabinet to please note that, at a time when Tiverton's green areas are being eroded every year, all conservation areas should be fully protected for future generations. Furthermore, many residents will view this as a devious plot to undermine objections to the wretched Tidcombe Hall Planning Application.

I hope you will unanimously vote to maintain full protection of this area, rejecting any attempt to diminish it.

Response from Cabinet Member for Planning and Economic Regeneration:

Thank you for the question. You were quite correct that there were proposed changes to the extent of the Canal Conservation Area which were proposed as a result of the recent Conservation Area Appraisal. Conservation Areas were designated for both their special architectural and historic interest. Local planning authorities must review their conservation areas from time to time, as directed by legislation.

It was best practice to update conservation area appraisals and their boundaries to reflect changing methodologies and any changes to the area since adoption. Importantly, these changes aimed to ensure that the Council had robust strategy towards the Conservation Area and to ensure the protection of the important and precious canal environment.

There was no relationship between these proposals and the externally-led Tidcombe Hall proposals. Furthermore, I would point out that no decision is before Cabinet tonight in terms of the adoption of the revised Conservation Area Appraisal and Management Plan, rather, the recommendation set before Cabinet tonight is that the

revised document was approved for public consultation so that we might engage the public in discussion on these proposed changes before any final document can be put before Cabinet for approval. I would therefore encourage all people with an interest in the Canal to please provide us with your feedback and contribute to the completion of this important piece of work.

3. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (1:11:49)**

The Leader declared an interest in the Grand Western Canal Conservation Area Appraisal as he had received emails regarding this item.

4. **MINUTES OF THE PREVIOUS MEETING (1:12:10)**

The minutes of the previous meeting held on 2nd April 2024 were approved as a correct record and **SIGNED** by the Leader.

5. **DRAFT CORPORATE PLAN (1:12:42)**

Cabinet had before it a report * from the Chief Executive and Corporate Performance and Improvement Manager on the Draft Corporate Plan.

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

- The draft Corporate Plan had been under development since January 2024 when an initial meeting was held by the Council Leader with the Cabinet and Committee/ Policy Development Group Chairs and Vice-Chairs. Officer support was provided by the Leadership Team and the Corporate Performance and Improvement Manager.

The Chief Executive highlighted the following:

- The Corporate Plan set out the Council's Aims and Objectives.
- This was a draft document. It would benefit from the insight and review of all elected Members. It was therefore recommended that following review by Cabinet, it be considered at each Policy Development Group, with recommendations referred back to Cabinet, before the draft Corporate Plan was presented to Full Council for consideration and approval.

RESOLVED that:

1. Cabinet reviewed the draft Corporate Plan 2024-28, Appendix 1, and recommended any alterations.

2. Cabinet **AGREED** that the draft Corporate Plan 2024-28 was to be considered by each Policy Development Group and that their recommendations were brought back to a future Cabinet meeting, prior to any onward recommendation to Full Council.

(Proposed by the Leader of the Council)

Note: * Report previously circulated.

Reason for Decision:

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

6. **ACCESS TO PHOENIX HOUSE FOR VULNERABLE CUSTOMERS (1:18:50)**

Cabinet had before it a report * from the Head of Digital Transformation & Customer Engagement on Access to Phoenix House for Vulnerable Customers.

The Cabinet Member for Working Environment outlined the contents of the report with particular reference to the following:

- On the 26 March 2024 the Community PDG approved a report of the Public Access Working Group and agreed to recommend to Cabinet the installation of an intercom for use at Phoenix House.
- The intercom would be available for use during standard working hours when the building was closed to the public, i.e. when the interior doors were closed.
- Should the intercom installation be authorised, a review would be carried out six months after installation to confirm usage. A verbal report would be given at Community, People & Equalities PDG.

Discussion took place regarding:

- Would the Council consider a trial for the opening of longer hours at Phoenix House?
- Clarification on the feedback mechanism of as much data as possible and how that would be presented to Cabinet.

RESOLVED that:

The installation of an intercom for use by the public when Phoenix House was closed (available office hours only) be approved; as recommended by the Community PDG of 26 March 2024.

(Proposed by Cllr J Lock seconded by Cllr D Wulff)

7. **COMPLAINTS POLICY (1:28:15)**

Cabinet had before it a report * from the Head of Digital Transformation & Customer Engagement on the Complaints Policy.

The Cabinet Member for Working Environment outlined the contents of the report with particular reference to the following:

- The review of the policy was delayed due to the design timeline of the new Customer Relationship Management (CRM) system and a subsequent consultation on, and implementation of, a revised code by the Local Government Social Care Ombudsman (LGSCO) which came into effect on 1 April 2024.

- Stage one and two complaints would have a default response time of 10 working days from the date of acknowledgement, unless agreed with the senior officer responsible or their deputy as outlined in the policy.
- Implementation of new Complaints and Feedback recording system, including the design and creation of new reporting/monitoring tools.

Discussion took place regarding:

- Would there be a strategic review with how and what would get reported to the Policy Development Group.
- The involvement of senior officers more regularly and reporting more frequently.
- In relation to section 10 and 11, unreasonable, unreasonably persistent, and vexatious complaints. Clarification about there being no Member oversight and ahead of the recommendation going to full Council, consideration of the relevant Cabinet Members being involved.
- If a complaint came to an individual Councillor.

RECOMMENDED to Full Council the approval of the revised Complaints and Feedback Policy.

(Proposed by Cllr J Lock and seconded Cllr J Buczkowski)

Note: * Report previously circulated.

8. **CORPORATE HEALTH AND SAFETY POLICY (1:52:05)**

Cabinet had before it a report * from the Operations Manager for People Services on the Health and Safety Policy.

The Cabinet Member for Working Environment outlined the contents of the report with particular reference to the following:

- The Health & Safety Policy had been approved by the Health & Safety Committee on 24 January 2024, as well as, the Joint Negotiation and Consultation Committee (JNCC) on 25 January 2024.
- The Health & Safety Policy was reviewed and approved by Community PDG on 26 March 2024.

RESOLVED the revised Health & Safety Policy be approved.

(Proposed by Cllr J Lock and Seconded by Cllr S Clist)

Note:*Report previously circulated

9. **CULLOMPTON INFRASTRUCTURE (1:53:30)**

Cabinet had before it, and **NOTED**, a report * from the Strategic Manager Growth, Economy & Delivery and Director of Place and Economy on the Cullompton Infrastructure.

The Cabinet Member for Planning and Economic Regeneration outlined the contents of the report with particular reference to the following:

- An update on the three key transport infrastructure schemes were as follows, the Cullompton Town Centre Relief Road; Strategic Improvements to Junction 28 of the M5 Motorway, and the reopening of Cullompton Railway Station in line with the adopted Local Plan.

Discussion took place regarding:

- The disappointment of the Cullompton Infrastructure being on hold.
- The importance of the infrastructure as it showed the detrimental effects on the residents, the frustration and the reliance on central Governments support.
- Could any of the local Ward Members or residents encourage Tesco's to sell the land?
- The environmental opportunities and the balance of carbon footprint in future reports.

Note: *Report previously circulated.

10. **SAFEGUARDING POLICY (2:06:30)**

Cabinet had before it a report * from the Head of Housing and Health on the Safeguarding Policy.

The Cabinet Member for Community and Leisure outlined the contents of the report with particular reference to the following:

- The Council was committed to safeguarding from harm all children, young people and adults with care and support needs using any Council services and involved in any of their activities and to treat them with respect during their dealings with the Council's staff and elected Members and Mid Devon District Council partners and contractors.
- Feedback from Members Safeguarding Training that took place in December 2023 had also helped to shape the policy format.
- As part of the policy review process, a potential gap was also identified in safeguarding provisions for Members with a recommended mechanism to review Disclosure Barring Service (DBS) checks which could be included in a future update of relevant policies.
- This would be a member led decision and the final recommendation recommended that the Standards Committee established a working group to review its potential future inclusion.
- Those leaving care faced their own unique challenges and support needs, and one of those challenges that the Council must break down was the presumption that they were predisposed to vulnerability rather than, in experience, often individuals who could teach Members a lot about supporting others.

RESOLVED that:

1. Cabinet revised para 1.3.3 of the updated Corporate Safeguarding Policy so the final bullet point was replaced by two new ones:
 - ~~having been in care, prison or other institution~~
 - being care-experienced
 - having been in prison or other institution
2. The updated Corporate Safeguarding Policy that was recommended for approval by the Community PDG was approved.
3. Cabinet **NOTED** that the Community PDG recommended to Standards Committee that a Member working group was established to review the potential future inclusion of DBS checks for Members within the Corporate Safeguarding Policy and related DBS Policy.

(Proposed by Cllr D Wulff and seconded by Cllr G DuChesne)

Note: *Report previously circulated

11. **COUNCIL PRODUCTIVITY PLAN (2:10:30)**

Cabinet had before it a report * from the Deputy Chief Executive (S151) Officer on the Council Productivity Plan.

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

- The Council had produced an overarching Productivity Plan that had focused on the many areas where the Council had already made services more productive/effective.
- The Minister in his guidance letter, was expecting all Councils to provide Member oversight and endorsement of the plan. It was also fair to say that some of the areas focused on seemingly had very little to do with productivity; a point that had been addressed in the plan by way of responses.

Discussions took place regarding:

- That it needed to be noted that Central Government were supporting less each year and Councils were required to do more.
- The frequency of the report.

RESOLVED the attached Productivity Plan for submission to the Department for Levelling Up, Housing and Communities be approved.

(Proposed by the Chairman)

Note: *Report previously circulated

Reason for Decision:

The Council was required to produce a Productivity Plan as part of the Local Government finance settlement.

12. GRAND WESTERN CANAL CONSERVATION AREA APPRAISAL (2:17:10)

Cabinet had before it a report * from the Director of Place and Economy on the Grand Western Canal Conservation Area Appraisal.

- The Grand Western Canal had an adopted Conservation Area since October 1994. However, it was without a Conservation Area Appraisal.
- A Conservation Area Appraisal had now been undertaken to meet the requirements of the Planning (Listed Buildings and Conservation Areas) Act 1990, the National Planning Policy Framework (NPPF), and guidance published by Heritage England.
- This was in the form of a draft Grand Western Canal Conservation Area Appraisal and Management Plan, which was the document included in Appendix 1 of the report.
- The draft Grand Western Canal Conservation Area Appraisal and Management Plan would need to be subjected to a statutory public consultation before it was finalised and brought back to the Cabinet and Council for its approval and adoption.
- A summary of the history of the Grand Western Canal's development, and assessment of its historic and architectural interest also included proposed changes to the current designated boundary of the conservation area, ensuring that an area justifies inclusion within the conservation area because of the special historic or architectural interest, and that the concept of conservation is not devalued through designated areas that lack special interest.
- The proposed changes to the conservation area are included in Section 7.6 of the document.
- The Planning Policy Advisory Group (PPAG) considered the draft Grand Western Canal Conservation Area Appraisal and Management Plan at the meeting on 15th May 2024 and had endorsed the recommendations in this report to the Cabinet.

Discussion took place regarding:

- The results after the consultation.
- What involvement had Devon County Council had and their response and if so to include that in the report.
- The development and the impact it had on the Conservation area and houses in the surrounding areas.
- To maximise the consultation to give time for responses and for the Director of Place and Economy to consider an 8 week consultation.
- The statement of conservation area as there was no definition of this in the document and the public perception of this.
- The woodland not being historical.
- Clarification as to whether the County Park Manager was aware of this report and recommendations.
- The concerns of the residents in the Tiverton, Cranmore Ward.
- When would the consultation start on the Grand Western Canal Conservation area?

- All Members to be engaged with the consultation to ensure everyone had the opportunity to respond.

RESOLVED that:

1. The draft Grand Western Canal Conservation Area Appraisal and Management Plan (Appendix 1 to this report), including proposed alterations to the extent of the Grand Western Canal Conservation Area made through Section 69(2) of the Planning (Listed Buildings and Conservation Areas) Act 1990 (as amended), be approved for public consultation.
2. That delegated authority be given to the Director of Place and Economy in consultation with the Cabinet Member for Planning and Economic Regeneration to finalise the material and arrangements for consultation.

(Proposed by Cllr S Keable and seconded by Cllr J Buczkowski)

Note: *Report previously circulated

Reason for Decision:

The Appraisal met the Council's obligations required by the Planning (Listed Building and Conservation Areas) Act 1990.

13. **ANNUAL TREASURY OUTTURN REPORT 23/24 (3:03:13)**

Cabinet had before it a report * from the Deputy Chief Executive (S151) Officer on Annual Treasury outturn report 23/24.

The Cabinet Member for Finance outlined the contents of the report with particular reference to the following:

- Treasury Management was a specialist area that required a number of important indicators to be approved.
- It had shown the level of capital expenditure for the year of 2023/ 2024 and how it had been funded, either through existing resources or through increasing the financial requirement.
- Investments conformed to the approved strategy and there were no liquidity difficulties. Indeed, healthy returns from investments were achieved averaging 5.25%, some way ahead of expectation.
- All loans to 3Rivers were cleared during the year 2023/2024 through a combination of repayments via the sale of assets, or through the final impairment of £1.483m. The company had no outstanding debt, either with the MDDC Council or any other creditor.

RESOLVED that:

1. Cabinet **NOTED** the treasury activities for the year.
2. Cabinet **RECOMMEND TO FULL COUNCIL** to approve the actual 2023/24 prudential and treasury indicators in this report.

(Proposed by Cllr J Buczkowski seconded by Cllr S Clist)

Note: *Report previously circulated

14. **2023/24 REVENUE AND CAPITAL OUTTURN REPORT**

Cabinet had before it a report * from the Deputy Chief Executive (S151) Officer on 2023/24 Revenue and Capital Outturn report.

The Cabinet Member for Finance outlined the contents of the report with particular reference to the following:

- In February 2023, a budget was set that required £400k of staffing savings to be identified and £625k to be taken from reserves to balance the budget. Over 1m was required to be saved in-year to avoid reducing reserves below the recommended minimum level.
- As part of the 2023 budget decision, 3Rivers were left without an approved business plan, restricted from undertaking new projects in significant financial losses; this was unaddressed in the budget this administration inherited.
- The subsequent decision to soft close the business, all assets had been sold and the final losses of £3.384m had been crystallised, with a further £1.483m impairment required. Combined, these challenges sum to over £2.5m.
- The Outturn position for the General Fund presented was an over spend of £635k which was directly attributable to the exceptional cost of closing 3 Rivers and the final impairment.
- Nearly £1.9m had been saved in year to avoid significantly depleting the Councils reserves, savings delivered since this Liberal Democrat administration.
- Significantly reduced staffing costs capitalising on staff turnover and sickness to review staffing levels, reduce reliance on agency staff and deliver the staff saving target.
- The Housing Revenue Account (HRA) (in full) underspend of £393k similarly reflected underspends on salaries, lower maintenance spend, increased income across rent and investments led to a reduction in bad debt provision.

RESOLVED that:

1. Cabinet **NOTED** the General Fund Outturn achieved in 2023/24 which requires no draw from the General Fund balance, but requires a transfer of £635k (4.05% on the Net Cost of Services Budget) from the New Homes Bonus reserve and the Housing Revenue Account which shows an under spend of £393k (3.28% on the Total Direct Expenditure Budget).
2. Cabinet **NOTED** the overarching General Fund budgetary savings delivered of £1,873k in order to mitigate the £2,508k exceptional cost pressures shown in paragraphs 1.3 and 1.4.
3. Cabinet **APPROVED** the transfer of the £393k Housing Revenue Account surplus to the ring-fenced HRA Earmarked Reserves as detailed in the HRA Budget Variance Report shown in Appendix 2 and summarised in Appendix 3.
4. Cabinet **APPROVED** the Net Transfers from Earmarked Reserves of £1,532k detailed in the General Fund Service Budget Variance Reports shown in Appendix 1a and 1b and summarised in Appendix 3.

5. Cabinet **APPROVED** the slippage of £28,441k from the 2023/24 Capital Programme to be delivered in 2024/25 or later years.
6. Cabinet **NOTED** the procurement waivers used in Quarter 4 of 2023/24, as outlined in Section 7.

(Proposed by Cllr J Buczkowski and seconded by Cllr L Taylor)

Note: * Report previously circulated

Reason for Decision:

Good financial management and administration underpinned the entire document. A surplus or deficit on the Revenue Budget would impact on the Council's General Fund balances. The Council's financial position was constantly reviewed to ensure its continued financial health.

15. **AWARD OF THE OFFICE, MARKET AND LEISURE CLEANING CONTRACT (3:12:30)**

Cabinet had before it a report * from the Head of Finance, Property & Climate Resilience on the Award of the Office, Market and Leisure Cleaning Contract.

The Deputy Leader and Cabinet Member for Housing and Property Services outlined the contents of the report with particular reference to the following:

- To advise Cabinet Members on the results for the tendering of the Office, Market and Leisure Cleaning Contract and confirm the award of the contract for an initial period of 12 months plus the option to extend for a further 12 months.

RESOLVED that:

1. The new one year Cleaning Contract for Office Market and Leisure Cleaning Contract be awarded to Contractor 1.
2. Delegated authority be granted to the S151 Officer (in consultation with the Cabinet Member for Property Services) to complete the Cleaning Contract for Office Market and Leisure Cleaning Contract.

(Proposed by Cllr S Clist and seconded by Cllr J Lock)

Note: *Report previously circulated

Reason for Decision:

The financial results of the tender exercise can be met from the budget available in the 2024/25 financial year. The initial contract term would be for 12 months with an option to extend for a further 2 x 12 months.

16. **LEISURE MANAGEMENT SYSTEM (LMS) (3:15:35)**

Cabinet had before it a report * from the Head of Revenues, Benefits & Leisure on the Leisure Management System (LMS).

The Cabinet Member for Community and Leisure outlined the contents of the report with particular reference to the following:

- The service's income exceeded £3m for the first time and resulted in it surpassing the budget by £419k. £332k was due to the change in VAT treatment for some services, with nearly £87k as a result of growth. In 2023/24, the Leisure service was subsidised by £1.4m.
- However, the budget for 2024/25 was set at £983k showing a substantial reduction of £419k to the taxpayer. This saving had been delivered as a consequence of our proactive decarbonisation investments, further cost control measures and some assumed income growth.
- In 2023, Max Associates were commissioned to undertake an independent review for the Council on the Leisure service. The Council was keen to understand how current performance compares to the wider public leisure sector and its offer against local competition.
- Leisure had already taken account of the external professional advice with regards to its pricing strategy, and Cabinet were asked to approve the digital transformation of the service that drew heavily on that external advice, alongside identified service needs.
- Part of the proposal would be to update the Leisure App, which was a significant public-facing part of the digital experience. As well as improving the customer interface with Mid Devon Leisure by streamlining the booking and membership processes, it presented an opportunity for future revenue streams from advertising and offering at-home video-based classes.

Discussion took place regarding:

- Whether the Leisure application on mobiles phones would be updated or a new one created.

RESOLVED that:

The digital transformation for the Leisure Service via a full tender process based on the four 'lots' proposed in (2.0) (2.1) (2.2) (2.3) be approved.

(Proposed by Cllr D Wulff and seconded by Cllr L Taylor)

Note: *Report previously circulated

Reason for Decision:

The commercial nature of the industry meant that Mid Devon Leisure could be vulnerable to threats from competition, substitutions and price sensitivity. Implementation of a new Leisure Management System would ensure the digital ecosystem is aligned resulting in improved customer service and continued growth and retention.

17. NOTIFICATION OF KEY DECISIONS

The Cabinet had before it and **NOTED** the notification of Key Decisions *.

The Democratic Services Manager added Public Spaces Protection Order to July's meeting.

Note: * Notification of Key Decisions previously circulated.

18. **THE NEXT SCHEDULED MEETING DATE**

Cabinet **NOTED** the next scheduled meeting of Cabinet was 9th July 2024.

The Leader announced changes to the Cabinet Portfolios and there are now as follows:

Leader- Cllr Luke Taylor

Cabinet Member for People, Development and Deputy Leader- Cllr Jane Lock

Cabinet Member for Housing, Assets and Property and Deputy Leader- Cllr Simon Clist

Cabinet Member for Governance, Finance and Risk- Cllr James Buczkowski

Cabinet Member for Planning and Economic Regeneration- Cllr Steve Keable

Cabinet Member for Parish and Community Engagement- Cllr Gwen DuChesne

Cabinet Member for Environment and Climate Change- Cllr Natasha Bradshaw

Cabinet Member for Service Delivery and Continuous Improvement- Cllr Josh Wright

Cabinet Member for Quality (Cost) of Living, Equalities and Public Health- Cllr David Wulff

(The meeting ended at 20.19pm)

CHAIRMAN