



## Agenda for Cabinet

**Wednesday, 1st October, 2025, 6.00 pm**

### Members of Cabinet

Councillors: P Arnott (Chair), S Hawkins, P Hayward, N Hookway, S Jackson, G Jung, D Ledger, J Loudoun (Vice-Chair), T Olive and R Jefferies

**Venue:** Council Chamber, Blackdown House, Honiton

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Tuesday, 23 September 2025

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This meeting is being recorded for subsequent publication on the Council's website and will be streamed live to the [East Devon District Council Youtube Channel](#)

- 1 Minutes of the previous meeting (Pages 3 - 10)
- 2 Apologies
- 3 Declarations of interest  
Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)
- 4 Public speaking  
Information on [public speaking is available online](#)
- 5 Matters of urgency  
Information on [matters of urgency](#) is available online
- 6 Confidential/exempt item(s)  
To agree any items to be dealt with after the public (including the Press) have been excluded. There is one item which officers recommend should be dealt with in this way.

- 7 Minutes of Scrutiny Committee held on 4 September 2025 (Pages 11 - 14)

### Key Matters for Decision

- 8 Recycling & Waste LATCo governance and financial proposal - further detail (Pages 15 - 27)

### Matters for Decision

- 9 **Delivery Vehicle for Marlcombe** (Pages 28 - 54)
- 10 **Financial Strategy 2026 Onwards 2026 – 2036** (Pages 55 - 77)
- 11 **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

**The Vice-Chair to move the following:**

“that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)”

## **Part B Key Matters for Decision**

- 12 **Recycling & Waste LATCo governance and financial proposal - further detail** (Pages 78 - 90)

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[Decision making and equalities](#)

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## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of the meeting of Cabinet held at Council Chamber, Blackdown House, Honiton on 3 September 2025**

#### **Attendance list at end of document**

The meeting started at 6.00 pm and ended at 8.35 pm

#### **54 Minutes of the previous meeting**

The Chair started the meeting by expressing his sincere condolences to the parents of Councillor Andrew Toye who sadly passed away this week. Tributes were made from Members who had worked closely and befriended Andrew over many years. He was Exmouth born and bred and played an important role as a District as well as Town Councillor. Although a quiet man his contribution was always pertinent and relevant. He had a strong affiliation with the Sea Scouts and a love of dancing. He will be sorely missed.

The minutes of the previous meetings of Cabinet held on 30 July 2025 were agreed.

#### **55 Declarations of interest**

Min 67. LGR and Devolution update.

Councillor Nick Hookway, Affects Non-registerable Interest, Is a Devon County Councillor.

Min 67. LGR and Devolution update.

Councillor Paul Arnott, Affects Non-registerable Interest, Is a Devon County Councillor involved in LGR.

Min 67. LGR and Devolution update.

Councillor Paul Hayward, Affects Non-registerable Interest, Is a Devon County Councillor.

Min 67. LGR and Devolution update.

Councillor Richard Jefferies, Affects Non-registerable Interest, Is a Devon County Councillor.

Min 72. Build & Buy Plan: Acquisitions & Preliminary Site-Specific Proposals.

Councillor Steve Gazzard, Affects Non-registerable Interest, Is a Ward Member.

#### **56 Public speaking**

Aynsley Jones the Cranbrook Community Manager spoke on the funding issues for Cranbrook. She stated that EX5-Alive CIC Hub was the only dedicated provision for a wide range of essential services in Cranbrook. They had been unsuccessful in receiving follow-on funding from the National Lottery to continue the progress already made, putting the Hub currently in a precarious position. In Cranbrook a significant proportion of the population was under the age of 24 years with many families having children, which was why the services provided were critical. The Hub provided critical support including emergency food parcels, child asylum seeking support and school attendance assistance. The Hub was where residents could meet, make relationships, find support and gain a sense of belonging avoiding social isolation and feeling disconnected. The Hub was a positive one-stop shop signposting residents to other services available to

them. She asked that Cabinet think of solutions and work with them so they could continue to provide services for Cranbrook. The Portfolio Holder Sustainable Homes and Communities said he was happy to liaise with the group to investigate what help may be available (if any). Cllr Tim Dumper offered his support and wished to encourage other members to do the same.

57 **Matters of urgency**

There was one late report recorded at Minute 68.

58 **Confidential/exempt item(s)**

There were three items dealt with in this way recorded at Minutes 72 – 74.

59 **Minutes of Cranbrook Placemaking Group held on 9 June 2025**

Members noted the minutes of the Cranbrook Placemaking Group held on 9 June 2025.

60 **Minutes of Cranbrook Placemaking Group held on 4 August 2025**

Members noted the minutes of the Cranbrook Placemaking Group held on 4 August 2025.

61 **Minutes of Overview Committee held on 17 July 2025**

Members noted the minutes and approved the recommendations of the Overview Committee held on 17 July 2025.

**Minute 40 Exmouth Motorhome Parking – Overnight Stopovers**

The report has since been approved by Cabinet on 30 July 2025.

**Minute 42 Animal Licensing and Enforcement Policies**

1. To formally adopt the draft Animal Enforcement Policy
2. To formally adopt the draft Animal Licensing Policy

62 **Minutes of Recycling and Waste Partnership Board held on 30 July 2025**

Members approved the recommendations of the Recycling and Waste Partnership Board held on 30 July 2025 as follows.

**Minute 42 – Simpler Recycling**

1. Cabinet approved the reallocation of £200,000 from the existing refurbishment capital budget to fund the required vehicles.
2. Cabinet approved the completion of a TEEP assessment to support the co-collection of paper, glass and cardboard.
3. Cabinet note the early-stage work for 'films and flexibles' implantation was underway.

63 **Minutes of Housing Review Board held on 31 July 2025**

Members approved the recommendations of the Housing Review Board held on 31 July 2025 as follows.

**Minute 58 Finance report**

1. Cabinet considered and noted the outturn position for 2024/25 including the implications and proposals relating to the balances and reserves held by the Council.
2. Cabinet noted the year-to-date Housing Revenue Account position for quarter 1 2025/26.

**Minute 59 Review of Anti-Social Behaviour Policy**

Cabinet approved the updated Anti-Social Behaviour Policy.

**Minute 60 Review of Electrical Safety Policy**

Cabinet approved the updates and amendments to the Electrical Safety Policy for Housing, including the clarification of portable appliance testing.

**Minute 61 Review of Housing Repairs Policy & Awaab's Law**

1. Cabinet approved the proposed Repairs Policy.
2. Cabinet noted that some final amendments may be made following further feedback from tenant scrutiny and stakeholders. The policy would be brought back should any material changes be required.

**Minute 62 Review of Radon Policy**

1. Cabinet approved the proposed Radon Policy.
2. Cabinet noted that some final amendments may be made following further feedback from tenant scrutiny and stakeholders (with a commitment to bring the policy back should any material amendments be required).

**Minute 65 Stock condition survey report**

That Cabinet note the results of the stock condition survey.

**Minute 66 Housing Revenue Account Business Plan update report**

That Cabinet note the Housing Revenue Account Business Plan position and required efficiency savings.

**Minute 67 Build & Buy - A housing investment and delivery plan for East Devon**

1. That Cabinet recommend that Council endorse the Build and Buy Plan.
2. That Cabinet note that the financing of the Build and Buy Plan was subject to approval of the Housing Revenue Account Business Plan and the 2026/27 budget setting process in due course.

**Minute 69 Build and Buy Plan: Acquisitions and preliminary site-specific proposals**

1. That Cabinet note the proposed development sites; with further design feasibility and stakeholder engagement and consultation plans to be prepared.
2. That Cabinet approve that work to establish a pipeline of affordable housing acquisitions is commenced in line with the vision set out in the Build and Buy Plan.
3. That Cabinet approve that any capital and revenue expenditure above existing approved budgets be subject to the approval of the Housing Revenue Account Business Plan and budget setting process in 2026/27.
4. That Cabinet grant delegated authority to the Director of Housing and Health in consultation with the Portfolio Holder for Sustainable Homes and Communities to

progress the RIBA stage 3 on sites 1-4 Honiton and RIBA stage 3 on sites 5 and 6 in Exmouth.

64 **Household Support Fund 7**

The Benefits and Financial Resilience Manager provided details on the proposed policy for the Household Support Fund 7 and funding available to support low-income households for the period 01 April 2025 to 31 March 2026.

**RESOLVED that Cabinet:**

1. Agree to the proposed policy for Household Support Fund for the period 1 April 2025 to 31 March 2026
2. Agree for delegated authority to be given to the Assistant Director for Revenues, Benefits & Customer Services in consultation with the Portfolio Holder for Finance and the Portfolio Holder for Sustainable Homes and Communities, in the event subsequent changes need to be made to the policy, including providing additional groups and/or funding amount to receive a targeted payment. Any required changes will be based on funding available and will consider available data from our social resilience dashboard, and any other relevant factors at the time a decision needs to be made. Any changes will include an updated Equalities Impact Assessment.

**REASON:**

The recommendations allowed for the Council to proceed with administration of the Household Support fund, through an open application process and a targeted support element of the fund. The open application process would ensure that low-income households can come to EDDC directly for financial support if they do not meet the criteria set for targeted payments.

65 **Housing Revenue Account Business Plan update**

The Assistant Director – Programmes, Investment & Development provided an update on the Housing Revenue Account (HRA) Business Plan and associated strategic documents that underpin the effective management and investment in EDDC's housing stock to ensure the housing service remains financially viable, sustainable, and responsive to tenant needs.

**RESOLVED that Cabinet:**

Note the HRA Business Plan position and required efficiency savings.

**REASON:**

To enable the development of a long-term sustainable Business Plan to ensure sufficient investment in the housing stock.

66 **Devon Local Nature Recovery Strategy public consultation**

Sarah Jennings the County Ecologist presented a summary of the Devon Local Nature Recovery Strategy (LNRS) with recommendations for sign off for the public consultation.

**RESOLVED that Cabinet:**

1. Agrees as the Supporting Authority that the draft Devon Local Nature Recovery Strategy, in consultation with the Portfolio Holder for Environment - Nature and Climate, be made available for public consultation.
2. Delegates authority to the Assistant Director – Countryside, Environment & Ecology in consultation with the Portfolio Holder for Environment - Nature and Climate to make or approve amendments to the consultation materials prior to public consultation.
3. Delegates authority to the Assistant Director – Countryside, Environment & Ecology in consultation with the Portfolio Holder for Environment - Nature and Climate to approve the final version of the Devon Local Nature Strategy following the public consultation.

**REASON:**

The draft Devon Local Nature Recovery Strategy (LNRS) addressed requirements set out in the Environment Act 2021. The LNRS had been drafted by Devon County Council as Responsible Authority in collaboration with a wide range of partners including EDDC. EDDC was a Supporting Authority in the process and officers had been involved. The Strategy needed to be finalised by December for Devon to get further funding. Devon County Council officers leading the development of the LNRS supported by relevant EDDC officers now considered that it was ready to go out for public consultation for wider discussion. There were no risks associated with this consultation.

67 **LGR and Devolution update**

The Chair and Councillor Richard Jefferies left the room while this item was being debated due to their roles in this matter as Devon County Councillors. The Vice – Chair stood in as Chair for this item.

The Director of Place provided an update in relation to proposals for both Local Government Reorganisation and Devolution. It included information regarding the passage of key legislation, proposals for the establishment of a Mayoral Strategic Authority and further details around the various options for local government reorganisation and the associated timeline for implementation.

The Deputy Leader commended Andrew Wood on behalf of the Council and the other authorities involved in the proposals, for his essential work and effort in getting to this stage in the process.

**RESOLVED that Cabinet:**

1. Grant delegated authority to the Chief Executive in consultation with the Deputy Leader and Portfolio Holder for Council, Corporate and External Engagement to continue to develop proposals for the configuration and coverage of future principal authorities.
2. Notes the appointment of specialist support on behalf of the constituent Councils progressing the 1/4/5 model of local government reorganisation
3. Receives a further report detailing the full proposal for the 1/4/5 model of local government reorganisation in Devon.

**REASON:**

To ensure Cabinet was fully engaged in the devolution and local government reorganisation proposals.

To recognise the change in administration at the County Council and the lead role that the Deputy Leader and Portfolio Holder for Council, Corporate and External Engagement now played in relation to Local Government Reorganisation for the District Council.

68 **Naming of East Devon's Second New Community**

The Portfolio Holder for Place, Infrastructure and Strategic Planning presented the report stating that EDDC had engaged with local people, community groups and businesses to help choose a name for the new community planned near Westpoint.

The Chair thanked officers, members, parishes and residents for their involvement in this matter.

**RESOLVED that Cabinet:**

1. Notes the outcome of the recent public engagement exercise.
2. Supports Marcombe as the choice of name for the new community

**REASON:**

To support the emerging identity of the second new community in East Devon.

69 **Forward Plan**

Members agreed the contents of the forward plan for key decisions for the period 1 October 2025 to 31 January 2026.

70 **Build & Buy - A Housing Investment & Delivery Plan for East Devon**

The Assistant Director Programmes, Investment & Development presented his report which was a response to a growing housing need and feedback from the Housing Strategy consultation. The report provided an overview and introduction to 'Build and Buy' A Housing Investment & Delivery Plan for East Devon.

The Chair thanked and wished it noted that he recognised the remarkable work of the Housing Team in getting EDDC to this stage over the last 18 months.

**RESOLVED that Cabinet:**

1. Endorse the Build & Buy Plan.
2. Note that the financing of the plan is subject to the approval of the HRA Business Plan and the 2026/27 budget setting process in due course.

**REASON:**

To increase the supply of affordable homes for residents of East Devon and contribute to wider housing and community objectives, including estate regeneration.

71 **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

**RESOLVED that Cabinet:**

That under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B).

72 **Build & Buy Plan: Acquisitions & Preliminary Site-Specific Proposals**

**RESOLVED** that Cabinet agreed the recommendations as set out in the report.



73 **Update on delivery of the Cranbox scheme and procurement of modular provider and employers agent**

**RESOLVED** that Cabinet agreed the recommendations as set out in the report.

74 **Cranbrook Leisure - Governance and Consultant Procurement**

**RESOLVED** that Cabinet agreed the recommendations as set out in the report.

**Attendance List**

**Present:**

**Portfolio Holders**

P Arnott	Leader of the Council
S Hawkins	Portfolio Holder Finance
P Hayward	Portfolio Holder Assets and Economy
N Hookway	Portfolio Holder Culture, Leisure, Sport and Tourism
S Jackson	Portfolio Holder Communications and Democracy
D Ledger	Portfolio Holder Sustainable Homes & Communities
J Loudoun	Deputy Leader & Portfolio Holder Corporate, Council & External Engagement
T Olive	Portfolio Holder Place, Infrastructure & Strategic Planning
R Jefferies	Portfolio Holder Environment - Nature & Climate

**Cabinet apologies:**

G Jung	Portfolio Holder Environment - Operations
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**Also present (for some or all the meeting)**

Councillor Ian Barlow  
Councillor Kevin Blakey  
Councillor Kim Bloxham  
Councillor Bethany Collins  
Councillor Roy Collins  
Councillor Tim Dumper  
Councillor Peter Faithfull  
Councillor Paula Fernley  
Councillor Steve Gazzard

**Also present:**

**Officers:**

Melanie Wellman, Director of Governance (Monitoring Officer)  
Amanda Coombes, Democratic Services Officer  
Sharon Church, Benefits Manager  
Will Dommett, District Ecologist  
Mike O'Mahony, Senior Leisure Officer  
Liam Reading, Assistant Director - Housing Programmes, Investment and Development  
Mark Barrow, Interim Director Place  
Tim Child, Assistant Director Place, Assets & Commercialisation  
Simon Davey, Director of Finance  
Naomi Harnett, Corporate Lead (Interim) – Major Projects & Programmes

Catrin Stark, Director of Housing and Health  
Andrew Wood, Director of Place  
Sarah Jennings, Devon County Ecologist  
Rachel Papworth, Consultant

Chair .....

Date: .....

## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of the meeting of Scrutiny Committee held at Council Chamber, Blackdown House, Honiton on 4 September 2025**

#### **Attendance list at end of document**

The meeting started at 6.00 pm and ended at 7.31 pm

#### **11 Minutes of the previous meeting**

The minutes of the previous meeting held on 10 July 2025 were agreed and signed as a true record.

#### **12 Declarations of interest**

There were no declarations of interest.

#### **13 Public speaking**

There were no members of the public registered to speak.

#### **14 Matters of urgency**

There were no matters of urgency.

#### **15 Confidential/exempt item(s)**

There were no confidential or exempt items.

#### **16 Decisions made by Cabinet called in by Members for scrutiny in accordance with the Overview and Scrutiny Procedure Rules**

There were no decisions made by Cabinet called in by Members for scrutiny in accordance with the Overview and Scrutiny Procedure rules.

#### **17 East Devon Safeguarding annual review 2024-25**

The Portfolio Holder for Council, Corporate and External Engagement introduced this item, commended the report to the Committee and thanked staff for their vigilance in safeguarding work.

The Assistant Director Environmental Health introduced the report which outlined the safeguarding work undertaken by the Council in 2024-25. Key points in the report were highlighted.

Discussion and responses to questions included the following points:

- Councillors with concerns regarding anti-social behaviour were advised to contact the Anti-social Behaviour and Community Safety Lead Officer. Community Safety Groups [formerly Local Action Groups] had started to meet again recently and bring together various local agencies to tackle issues such as anti-social behaviour;
- It was estimated that the number of referrals which proceed as safeguarding cases was approximately 1/5<sup>th</sup>, which was in line with the national average;

- Regarding training for Councillors, Officers were working with the Democratic Services Manager to improve take up of mandatory safeguarding training;
- It was noted and agreed that it would be desirable and appropriate to update Councillor training by June 2026 to bring this in line with the requirement for staff to undertake safeguarding training every three years;
- It would be beneficial to identify the level at which Councillors had been trained through external providers to ensure that Council training was appropriate;
- Councillors who had not undertaken training would be followed up to either complete mandatory safeguarding training, or provide evidence of training undertaken elsewhere;
- It was noted that work undertaken by the Anti-social Behaviour and Community Safety Lead had assisted with improved staff awareness and confidence to report safeguarding concerns;
- The report demonstrated the importance of safeguarding to the Council.

The Chair thanked Officers for the report and the Committee noted the activity that had taken place with regards to safeguarding delivery for 2024-25.

## 18 **Review of emergency planning and responses 2024-25**

The Portfolio Holder for Council, Corporate and External Engagement introduced this item and commended the report to the Committee.

The Assistant Director Environmental Health introduced the report which outlined emergency planning and response work undertaken in the year 2024-25. Key points were highlighted and it was emphasised that capacity within teams would need to be considered in the near future to ensure that teams are appropriately resourced going forward.

Discussion and responses to questions included the following points:

- It was suggested that the Councillor newsletter would be an appropriate place to raise awareness among Ward Members of the need for Town and Parish Councils to plan for emergencies;
- Town and Parish Clerks could be asked to add emergency planning to their council agendas to increase preparedness;
- Concern was raised with regard to the likelihood of a terrorist attack. Officers assured Members that the Council is aware of such issues and that the Emergency Duty Officer would receive notifications in the event of malicious or harmful threats;
- With regard to Martyn's Law, now enacted as the Terrorism (Protection of Premises) Act 2025, further work with various teams is required to understand how EDDC's public buildings and spaces will be affected by the legislation;
- A number of learning points had emerged from the Newton Poppleford flood event in 2023 and there is a review process built into the Local Resilience Forum work which provides feedback;
- It was welcomed that some parishes are working together to build resilience;
- It was suggested that an emergency planning pack or training video could be produced for Town and Parish Councils, and attention was drawn to the Devon Communities Together website which holds details of current live emergency plans;
- It was noted that the Emergency Planning and Business Continuity Officer is regularly in contact with East Devon Parish Clerks to raise awareness of emergency planning and support and resources available.

It was agreed to recommend to Officers that regular updates are included in the Councillors' newsletter.

The Chair thanked Officers for their informative report and details of the work being undertaken behind the scenes.

The Committee noted the activity that has been taken with regards to Emergency Planning and response delivery for 2024 – 25.

19 **Scoping document - impact of the ban on the use of glyphosate**

The Democratic Services Officer introduced the scoping document and drew Councillors' attention to the proposed timescale which allowed for consultation with Ward Members to understand fully any specific problem areas.

Discussion and responses to questions included the following points:

- If the review proceeds, it would be preferable to consider the report in February 2026 ahead of the year's growing season;
- The impact on biodiversity should be included when considering glyphosate use;
- Consideration should be given to the distinction between weed growth which is causing damage in certain areas or is viewed by residents as unsightly;
- The report should include the effectiveness of alternative methods of weed control;
- There should be clarity regarding land which is the responsibility of Devon County Council rather than EDDC land;
- Undeveloped EDDC land would be included in the review subject to Officer capacity;
- The duty of care to employees when using glyphosate should be recognised;
- The management of wildlife improvement areas requires a high level of staff resource;
- The review should include the Cabinet report of March 2022 and the agreed points from that meeting.

It was agreed to proceed with the review on the basis of the scoping document and the above points, with a report to the Committee in February 2026.

The Chair thanked the StreetScene Operations Manager for attending the meeting.

20 **Work Programme**

The work programme was amended to include the report on the impact of the ban on use of glyphosate coming to the February 2026 Committee. The work programme was then agreed.

**Attendance List**

**Councillors present:**

I Barlow  
K Blakey  
O Davey  
M Goodman (Chair)  
D Mackinder (Vice-Chair)

**Councillors also present (for some or all the meeting)**

R Collins  
R Jefferies  
J Loudoun  
M Rixson

**Officers in attendance:**

Matthew Blythe, Assistant Director Environmental Health  
Sarah Jenkins, Democratic Services Officer  
Melanie Wellman, Director of Governance (Monitoring Officer)  
David Whelan, Emergency Planning & Business Continuity Officer  
Julia Woodbridge, StreetScene Operations Manager

**Councillor apologies:**

J Brown  
B Collins  
A Hall  
M Hall  
M Hartnell  
V Johns  
Y Levine

Chair .....

Date: .....



Report to: **Cabinet**

Date of Meeting 1 October 2025

Document classification: Part A Public Document With Part B appendices

Exemption applied: None

Review date for release 2 years with financial data redacted

## **Recycling & Waste LATCo Funding Mechanism and Governance update**

### **Report summary:**

Cabinet received a report in July 2025 which reviewed the updated Business Case for Future Service Provision for Recycling and Waste. Cabinet resolved to proceed with creation of a Local Authority Trading Company (LATCo) and to receive a future report outlining financing options and detailed governance arrangements. This report addresses these issues and recommends appropriate actions.

Structure and governance arrangements have been developed by legal firm Bevan Brittan, in consultation with the Recycling and Waste Portfolio Holder Group and Officers. Options for the funding mechanism have been assessed and a flexible loan arrangement has been identified as the preferred option.

### **Is the proposed decision in accordance with:**

Budget Yes ☐ No ☒

Policy Framework Yes ☒ No ☐

### **Recommendation:**

- (1) Recommend to Council
  - a. Approval of the updated Business Case at Appendix E
  - b. Approval of a loan of no more than £2.8 million to the LATCo
- (2) Subject to 1 above that Cabinet approve the following recommendations: -
  - a. To continue to progress the creation of a LATCo to take over provision of recycling & waste kerbside collections and associated services from 1st July 2026
  - b. That operational activities of the LATCo are funded through a revolving credit facility with the Council.
  - c. That delegated authority is granted to the Director of Place in consultation with the Section 151 Officer and Portfolio Holders for Finance and Environment Operations to make suitable arrangements and to enter into a formal loan agreement with the LATCo.
  - d. That the maximum value of the loan agreement is no more than £2.8 million and that the Shareholder Committee receives a regular report on the status of the loan, to be provided by the LATCo Company Board.
- (3) That a Cabinet Sub-Committee is formed to undertake the Council's role as owner of the LATCo, being the Shareholder Committee, following structure outlined in this report and the recommendations agreed within the Structure and Governance proposal agreed by Cabinet in July 2025.

- (4) That Bevan Brittan are instructed to produce the following documents for approval by the Shareholder Committee
- a. Articles of Association
  - b. Shareholder Agreement
  - c. Governance arrangements for the structure of the Company Board
  - d. Terms of Reference for the Company Board
  - e. Advice on the necessary actions to ensure compliance with Subsidy Control legal requirements including a submission to the UK Subsidy Register
- (5) That Bevan Brittan are instructed to develop changes to the Council's Constitution to set out
- a. The scope, powers and limitations of the Shareholder Committee, reflecting principles agreed by Cabinet in July.
  - b. The purpose, scope and limitations of the Recycling and Waste Partnership Board, following the recommendations within this report.
- (6) Cabinet (1) delegates responsibility to the Chief Executive to appoint two to three staff to act as temporary Company Directors during the formation stage of the Company, until the selection process for Non-Executive Directors is completed and (2) also delegates all future Company Board appointments and dismissals to the Shareholder Committee.

### **Reason for recommendation:**

To enable the legal and effective establishment of the LATCo to be ready to take over provision of recycling & waste kerbside collections and associated services from 1st July 2026. Items in this report will ensure effective and complaint governance and financial arrangements such that the company can operate.

Officer: David Robertson, Project Manager. [David.robertson@eastdevon.gov.uk](mailto:David.robertson@eastdevon.gov.uk) Andrew Hancock, Assistant Director – StreetScene. [andrew.hancock@eastdevon.gov.uk](mailto:andrew.hancock@eastdevon.gov.uk)

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Portfolio(s) (check which apply):

- ☐ Assets and Economy
- ☐ Communications and Democracy
- ☐ Council, Corporate and External Engagement
- ☐ Culture, Leisure, Sport and Tourism
- ☐ Environment - Nature and Climate
- ☒ Environment - Operational
- ☒ Finance
- ☐ Place, Infrastructure and Strategic Planning
- ☐ Sustainable Homes and Communities

### **Equalities impact Medium Impact**

This proposal does not change the scope of services delivered to households, so has no direct equalities impacts. There are indirect benefits of operating a LATCo as it gives the Council greater control over how services are delivered, enabling equalities issues to be prioritised in strategic planning and performance monitoring. This includes creating employment and opportunities for disadvantaged groups and ensuring that services are delivered in ways which promotes equality of access. Transferring staff from both Suez and the Council's client unit is subject to strict legal



controls to ensure that their employment rights are protected. The implementation plan includes the provision of dedicated HR support throughout the process to ensure that this is delivered effectively. An Equalities Impact Assessment will be carried out to evaluate the potential impact, consider impact and look to put measures in place where negative impact is identified. This will be a live document considered throughout implementation.

## **Climate change** Low Impact

The climate change impacts of the LATCo were considered in the Cabinet Report July 2025; this report does not have any further impacts for consideration. Activities to improve the environmental and carbon impact of the LATCo are captured within the Strategic Objectives and will be delivered through the Company's Business Plan.

## **Risk:** High Risk;

The risks associated with the LATCo project are being actively managed through the Project Implementation Plan. The recommendations within this report do not change the risks or control measures. The Business Case includes detailed consideration of risks and includes a risk register, shown in Appendix E.

## **Links to background information**

### Appendixes (Part B items)

Appendix A: Bevan Brittan Governance Advice Note (confidential)

Appendix B: Bevan Brittan Funding Advice Note (confidential)

Appendix C: [Structure and Governance Proposal](#) (not confidential)

Appendix D: Bevan Brittan Advice note 6<sup>th</sup> December 24 (confidential)

Appendix E: Global City Futures Business Case (confidential)

Appendix F: [Equalities Impact Assessment](#) (not confidential)

## **Link to [Council Plan](#)**

### Priorities (check which apply)

- ☒ A supported and engaged community
- ☐ Carbon neutrality and ecological recovery
- ☒ Resilient economy that supports local business
- ☒ Financially secure and improving quality of services

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## **Report in full**

### **1. Introduction**

- 1.1 In February 2025 Council supported the option of setting up a LATCo to operate recycling and waste services when the current contract with SUEZ UK Ltd expires on 30 June 2026 and a further report setting out the full business case was requested to be presented to Members. In July 2025 that business case was presented to Cabinet and Cabinet approved the proposals for governance and delivery of the project of the LATCo and requested that a further report be presented back to Members before December 2025 regarding the proposed funding arrangements and further governance information.

- 1.2 This report outlines further detail of the structure and governance arrangements, making recommendations for a suitable funding arrangement and creating the governance structures necessary for the company to be created and controlled.
- 1.3 The report again includes the updated Business Case received and approved by Cabinet in July 2025, enabling Council to review the contents and gain assurance that the decision to set up a Local Authority Trading Company is the appropriate delivery model for the service when the current contract with Suez expires. Council is invited to approve that business case.
- 1.4 Recommendations in this report reflect legal advice provided by Bevan Brittan, best practice guidance published by Local Partnerships, and consultation with the Portfolio Holder group for Recycling and Waste (PHG).

## **2. Business Case**

An outline business case (OBC) was presented to Cabinet in February 2025. This was produced by Global City Futures, a specialist consultancy with relevant experience in advising local authorities. The business case follows the 'five case model', produced by HM Treasury and considered best practice for evaluating options for public expenditure. The model evaluates the strategic, economic, commercial, financial and management aspects of the available options, resulting in a robust assessment of the available options. The OBC was based on best available information in December 2024, however Local Government Reform (LGR) and changes to operating costs have some impact on the business case. Therefore Members requested an updated version of the business case, which takes into account these changes.

- 2.1 Global City Futures have now updated the Business Case, which is linked under Background Information. The revised Business Case incorporates latest available information and reaches the same conclusion, that delivering the service through a LATCo is the best available option. Key changes in the updated Business Case are outlined below.
- 2.2 The Strategic Case for change remains broadly the same and has been refined, along with consideration of Local Government Reorganisation (LGR), which is outlined in section 3 below. Another key factor in the strategic case is continued uncertainty around national policy and legislation for recycling and waste. Changes such as the Deposit Return Scheme and producer responsibility for packaging will inevitably change the volume and type of material collected, leading to changes in collection infrastructure, but the impact of these changes cannot be predicted at this stage. Operating a LATCo. gives the greatest capability to adapt resources to meet the changing needs of the operating environment.
- 2.3 The Economic Case has been updated to reflect additional information on the likely costs of each of the options appraised. The table below shows the projected net present social value of each option, showing that the LATCo delivers the highest benefit cost ratio, reflecting the more favourable social and environmental benefits it can deliver. A detailed risk analysis has also been carried out (contained within the Business Case at Appendix E), indicating that the LATCo option has the lowest risk rating of the shortlisted options.

### 2.3.1 Projected net present social value:

	Option 1	Option 2	Option 3
	Reprocure	LATCo	In-source
Incremental costs – total	-£100,580,889	-£96,476,430	-£98,281,416
Incremental benefits – total	£98,165,610	£100,259,664	£99,907,717
<b>Net Present Social Value (NPSV)</b>	<b>-£2,415,279</b>	<b>£3,783,234</b>	<b>£1,626,301</b>
<b>Benefit Cost Ratio (BCR)</b>	<b>0.98</b>	<b>1.04</b>	<b>1.02</b>

2.4 The Commercial Case sets out the proposed arrangements for the structure of the company and how it will be governed. This has been refined through support from Bevan Brittan and discussions with the Portfolio Holder Group. These arrangements are set out in the LATCo Structure and Governance Proposal. The Commercial Case has not been significantly changed since the proposals within the Outline Business Case.

2.5 The Financial Case has also been updated to reflect revised figures for operating costs of the shortlisted options. The income from material sales and trading activities is assumed to be the same across all options, however LATCo option delivers a lower operating cost, resulting in a lower overall cost over the appraisal period of 10 years. This is primarily due to the profit margin which would be applied to a contract awarded on commercial terms, and risk premiums which would be applied by all bidders. It is also worth noting that soft market testing has indicated that there are very few potential bidders for contracts of this nature, so offers on commercial terms could be worse than assumed in the modelling. The table below evaluates the costs over a 10 year period, concluding that the option to set up a LATCo is likely to be around £1.5 million cheaper.

#### 2.5.1 Projected net operating costs over 10 years

Option		Total Cost	Income	EDDC Cost
Option 1:	New Contract	110,767,750	(42,226,349)	68,541,402
Option 2:	LATCo	109,228,416	(42,226,349)	67,002,067

2.6 The Management Case considers the deliverability of the project and the resourcing and risks involved in implementation and ongoing management. This was reviewed by Cabinet in July 2025 and arrangements were set in place to provide effective project management, project governance and adequate funding.

## 3. Funding arrangements

3.1 The company will require significant financial resources to fund its operations, including paying staff wages, purchasing goods and services, and maintaining vehicles. This report evaluates various potential funding structures and recommends that a revolving credit facility is used as the primary funding mechanism for costs incurred prior to invoicing. Alternative options considered are a share subscription and pre-payment under the contract to supply services. All three options require funds to be provided by the Council,

so the impact on budgets is broadly similar.

- 3.2 An alternative is for the company to obtain funds from other sources, either through capital investment in a joint ownership model, or loans from third parties. Following detailed analysis these options have been rejected prior to detailed evaluation as they are not viable.
- 3.2.1 If the Company raised money through capital investment from third parties (e.g. issuing shares), then the Council would not be exempted from requirements for competitive procurement processes for services that the Company supplies. This 'vertical or 'Teckal' exemption only applies where the company is fully in public ownership. Although it would be possible for other local authorities to jointly own the Company, this would only be appropriate where it was also providing services to them. For example, Strata is jointly owned by the local authorities that it supplies. If other local authorities wish to source services from the Company in the future then the ownership model could be adapted to accommodate this.
- 3.2.2 If the company attempted to borrow money from third parties, such as bank loans, then these would require financial guarantees from the Council and would attract less favourable borrowing costs; the company would pay a higher rate of interest on loans than the Council can achieve, and it would still have to act as a guarantor on these loans, resulting in the same risk profile.
- 3.3 Legal firm Bevan Brittan have conducted an evaluation of the three options and provided their analysis in the Appendix B Funding Advice Note. This is a confidential advice not for Members only. It focuses on the legal aspects of the option and is augmented by an analysis of wider factors conducted by Officers. The Portfolio Holder Group met in August 2025 to consider these options, with analysis presented by a Partner from Bevan Brittan. The Portfolio Holder Group's feedback and views have been incorporated into the drafting of this report. A summary of the analysis is in Table 1 at the end of this section.
- 3.4 The Company will commence delivery of recycling and waste services on 1<sup>st</sup> July 2026, resulting in expenditure on operational activities from this date. There will however need to be expenditure before this date, such as pre-payment to suppliers and operating expenses which are not covered within the project budget. It is therefore recommended that funds can be made available to the company from 1<sup>st</sup> January 2026, enabling it cover pre-trading expenditure and to enter contracts for supply of goods and services.
- 3.5 Option 1: Revolving credit facility (preferred option)**
- 3.5.1 The most suitable arrangement for the Council to loan money to the Company is through a flexible credit facility with an appropriate rate in interest applied. The company could draw on funds as required, up to an agreed maximum value. This arrangement would be flexible, enabling the company to draw more money or to repay some of the debt as required to remain solvent and secure. It is anticipated that the Company will invoice monthly in arrears, reflecting normal commercial terms. The funds would meet operational costs incurred during the lag between invoice and payment. This reflects the trading environment typically experienced by commercial organisations, aligned with the Council's aim to run the organisation on commercial principles.
- 3.5.2 The Council would source funds from internal cash balances. The Council would then be free to charge interest at a rate appropriate to recover its own borrowing costs, or lost investment income or consider a market rate. Initially, interest charges to the company will be covered by applying charges under the services contract, resulting in a financially neutral position. If however, the Company builds profitable commercial trading activities,

then higher interest rates offer a way for the Council to benefit financially in a way which is both legal and tax efficient.

- 3.5.3 If this option is chosen, then officers will be delegated authority to create a suitable lending arrangement and to provide regular reports to the Shareholder Committee which set out the funding provided, future forecasts, and an analysis of the financial health of the Company.

### **3.6 Option 2: Share subscription (Equity)**

- 3.6.1 The Council can fund (or part fund) the company through purchasing shares, which has the effect of providing the company with money it can use for either investment or trading activities. The Council's ownership of the company can be through share capital from as little as £1, creating only a nominal value, or through a higher value which would avoid the need for money to be loaned to the company. Generally, share capital is not repayable, it is not secured, and interest is not payable.
- 3.6.2 The Council would need to source funds for this arrangement; there would be a loss to the Council – either in lost investment interest or interest paid on loans.

### **3.7 Option 3: Pre-payment**

- 3.7.1 The Council can provide funds by agreeing that the company can charge the council in advance for the services it provides (rather than regular invoicing in-arrears), thus ensuring that it has sufficient money available to fund operating activity. In practical terms, the Company would invoice the Council for its services in advance, most likely at either three monthly or six-monthly intervals.
- 3.7.2 This option also requires a source of funding – again there would be loss to the Council – either in lost investment interest or interest paid on loans. This could be complicated by uneven cash flows for the company having to be reflected in advance charges with reconciliations back to proper invoice sums.

### **3.8 Preferred option - revolving credit facility**

- 3.8.1 All three options offer a legal and workable mechanism to provide the Company with operational funding, however a revolving credit facility (i.e. flexible loan) provides the best approach due to several advantages:
- It is the most flexible option, allowing the value of the loan to be varied at short notice.
  - It provides greatest potential to be tax efficient, allowing the council to apply commercial rates of interest on the loan, resulting in lower corporation tax liabilities.
  - It provides greatest transparency, enabling the Council to monitor the financial health of the company.
  - It is best aligned with subsidy control duties and requirements to operate commercially, due to incorporating borrowing costs into operating budgets.

### **3.9 Value of loan**

- 3.9.1 It is not possible to accurately forecast the value of the loan required as this is impacted by a wide range of factors which effect the operation of the Company, such as the credit terms offered by suppliers. However, when first formed, the company will have poor credit rating and suppliers are likely to insist on unfavourable credit terms or even

prepayment, therefore the company is likely to need a higher loan in its first year of trading, which will reduce as it becomes financially secure.

- 3.9.2 The company is likely to need a loan facility of up to three months of operating costs and it is anticipated that it will draw on at least one month to cover the period between invoicing the Council and receiving funds, plus one month of trading costs. A further contingency of 20 percent should be applied to this, for unanticipated circumstances. Based on an annual operating cost of £9.4 million, the maximum value of loan should be set at £2.8 million.

### **3.10 Process for loan to be provided**

- 3.10.1 The loan facility will be provided to the Company through a written agreement which will set out the arrangements for it to be requested, provided, managed and monitored. The agreement will be produced by the Council's Director of Finance, in consultation with the Assistant Director of Streetscene.
- 3.10.2 Day to day management of the loan facility will be undertaken by the Council Finance Directorate, with no involvement by the Streetscene Team. It is important that the loan facility is managed within the Council's 'owner' function and not within the 'customer' function which is led by the Assistant Director for Streetscene. This arrangement ensures a healthy separation of functions which will support effective management controls.

**Table 1: Evaluation of funding options**

	Revolving Credit	Share Subscription	Pre-Payment
<b>Flexibility</b> <i>Can the funding be easily varied?</i>	<b>Fully Flexible</b> The parties can agree the value as required to maintain solvency and good credit rating	<b>Very Inflexible</b> Share capital can only be changed through a complex procedure	<b>Semi-flexible</b> The time period of pre-payment can be varied by agreement of parties
<b>Loan interest arrangements</b> <i>Can borrowing costs be recovered by the Council?</i>	<b>Recovered</b>	<b>Not recovered</b>	<b>Not recovered</b>
<b>Financial transparency</b> <i>Can the Council monitor changes in the financial health of the company?</i>	<b>Fully Transparent</b> Company solvency is inherently visible to Council through value of loan called upon	<b>Poor</b> Funds are supplied upfront and company relies on reports from Company	<b>Moderate</b> Changes in pre-payment period indicate solvency
<b>Commerciality</b> Is the arrangement consistent with need for company to operate commercially	<b>Fully Commercial</b> the Company pays interest on loans and is incentivised to reduce reliance on borrowing	<b>Poor</b> The company is relying on share capital to fund operational activity, so money invested can never be recovered	<b>Poor</b> Reliance on pre-payment is not a healthy way to run a business
<b>Tax benefit</b> <i>Is the arrangement tax efficient and legal?</i>	<b>Tax efficient</b> Borrowing costs can be offset to reduce corporation tax and varied to enhance position	<b>Inefficient</b> losses could be hidden by drawing on share capital to fund operations, or tax could be paid on false profit	<b>Inefficient</b> losses could be hidden by extending the payment period, or tax could be paid on false profit
<b>Subsidy control status</b> Is the arrangement consistent with subsidy control duties	<b>Strong</b> Borrowing costs are included in operating budgets, giving effective visibility	<b>Weak</b> Costs are hidden and could be excluded from commercial pricing calculations	<b>Weak</b>
<b>Shareholder Committee Influence</b>	<b>Stronger</b>	<b>Weaker</b>	<b>Weaker</b>

#### **4. Shareholder Committee**

- 4.1 Cabinet agreed in July 2025 that a Shareholder Committee (SHC) will be formed to undertake control of the Company. This body will be a Cabinet Sub-Committee, reflecting the constitutional requirement for control to be a function of the Executive.
- 4.2 The purpose of the SHC was outlined in the documentation supporting the July Cabinet Report and is set out in more detail in the Governance Advice Note prepared by Bevan Brittan which accompanies this report. Bevan Brittan will be commissioned to produce the detailed scope, powers and limitations of the SHC, reflecting the principles agreed by Cabinet. They will also draft proposed changes to the Constitution necessary to create and direct the SHC. The Council's Monitoring Officer will review these changes and arrange for them to be incorporated into the Constitution at the next scheduled review.
- 4.3 It is proposed that the SHC comprises up to five members of Cabinet to be determined from time to time by the Leader of Council, with a quorum of 3.
- 4.4 The SHC will also require professional and legal advice, therefore officers will be required to attend as necessary, to participate in discussions and to provide guidance. Standing invitations to receive papers and attend will be given to:
  - Chief Executive
  - Section 151 Officer
  - Monitoring Officer
  - Director of Place (*who will also attend Company Board meetings, ensuring a 'golden thread' between the Company Board and SHC*)

#### **5. Board of Directors**

- 5.1 Cabinet agreed arrangements for the Company's Board of Directors in July 2025. Details of the proposed arrangements are within the Structure and Governance Proposal which accompanied the Cabinet Report and is also attached to this Report at Appendix C. Bevan Brittan have been instructed to develop the detailed arrangements for operation of the Company Board of Directors, working in conjunction with the LATCo implementation project team and Monitoring Officer. Proposals for the scope and powers of the Board will be presented to the Shareholder Committee, who will have power to appoint/remove Directors and to create and amend the Company's Constitution.
- 5.2 Arrangements for selecting the three Non-Executive Directors and Finance Director will be proposed by the LATCo Project Team and approved by the SHC. A panel comprised of Officers including the Chief Executive and 2 Directors, 3 members of the SHC (a Cabinet sub-committee) and 2 members of the Recycling and Waste Portfolio Holder Group (PHG) will be formed to evaluate potential candidates, providing recommendations for consideration and appointment by SHC.
- 5.3 A selection process for the Company Managing Director commenced in September 2025, ensuring that an appointment can be made and commence work early in 2026, as requested by Council. This closely follows the process for appointments to senior officer posts at the Council, but is outside the scope of this process and therefore the Personnel Committee does not have a role. The selection process includes members of Cabinet, representatives from PHG, senior officers, staff from the Council and Suez, and is supported by specialist recruitment agent Tile Hill. The primary panel assessing



candidates consist of The Leader and Deputy Leader, Portfolio Holder for Environment Operations, Chief Executive and Director of Place. This process will produce preferred candidates, for consideration and appointment by the Shareholder Committee or by Cabinet on 29<sup>th</sup> October. The Managing Director will undertake dual roles of leading the Company and being a Company Director.

- 5.4 It is necessary for the Company to be created in late October so that it can appoint the Managing Director. The process for appointing Directors will not be completed by this time, therefore alternative arrangements must be made to appoint interim company Directors to the Company Board so that it can function in the short term. It is proposed that up to three members of the Council's Senior Leadership Team will be appointed as Directors, with a delegation to the Chief Executive to make these short-term appointments as a temporary measure until selection for permanent directors is completed. The SHC will have responsibility for these future permanent appointments and all subsequent ones. The Council's Executive Leadership Team have considered options for suitable candidates and propose The Director of Housing & Health be appointed to 1 position, with the Deputy s151 Officer appointed to another. This maintains the most pragmatic separation of customer and client functions for the interim period aligning with best practice as advised by Bevan Brittan. One other interim Director could be appointed if deemed necessary, however the MD will be a director once they are in post (anticipated to be Jan-March subject to notice and successful recruitment).

## **6. Recycling and Waste Partnership Board**

- 6.1 The Recycling and Waste Partnership Board meets regularly and has been an effective forum to monitor performance by Suez, along with carrying out a wide role to support development of improvements in recycling waste services. It has developed experience and expertise which supports service delivery and enables the Council to have confidence that there is an effective route for constructive challenge, which also engages on a cross-party basis for this important frontline service.
- 6.2 When services transfer from Suez to the LATCo, the RWPB can continue its role in a very similar way to the current arrangements, acting as part of the 'customer' aspect of governance arrangements. It also plays a significant role beyond the customer/supplier relationship, actively contributing to the wider recycling and waste function of the council. This includes the council's relationship with the County Council in its capacity as Waste Disposal Authority, influencing policy decisions, and supporting the development of service improvement, innovations and improved environmental performance.
- 6.3 The RWPB has formal status recognised by the Council's Constitution and its membership is decided by Council, ensuring that it is politically balanced and outside the control of the Executive. The RWPB has a set of terms which were approved at the start of the Suez contract and are included within the contract; However, the Constitution does not currently set out the purpose, scope, powers, limitations, or structure of the Board. It is therefore helpful for this to be addressed within the wider work on governance arrangements, leading to a clearer role. Bevan Brittan will be instructed to review the arrangements within the constitution and existing terms of reference and propose improvements, which will regularise the current situation. This will include a review of the existing terms of reference and clarifying the group's structure, powers and the role of Council in appointing its members. These proposals will be reviewed by the Portfolio Holder Group and submitted to the Monitoring Officer for inclusion in the next review of the Constitution.

## **7. Company Constitution**

- 7.1 The Company constitution will be split between the Articles of Association and Shareholder Agreement, reflecting advice from Bevan Brittan. These documents provide the means for the Council to exercise control over the Company, primarily through the SHC.
- 7.2 The Articles of Association define the rules that govern the internal management of a company. These rules set out the roles and responsibilities of directors, the rights of the shareholder(s) and procedures for meetings and decision-making. This document is filed at Company's House and can be amended by Cabinet.
- 7.3 The Shareholder Agreement sets out further details of how the company must operate and how the owner can exert power over it. This is key to the Council exerting control over the company and ensuring that it achieves its purposes. Changes to the Shareholder Agreement will be a Cabinet decision.
- 7.4 Bevan Brittan are developing the Articles of Association and Shareholder Agreement, in consultation with Officers. The Articles of Association must be submitted when the company is created in late October, so the first version will follow standard conventions. It will then be taken to the PHG for consultation and to the Shareholder Committee, which can make amendments and approve a new version. Likewise, the Shareholder Agreement will be reviewed by the PHG and approved by the SHC but will not need to be submitted to Company's House.

## **8. Subsidy control**

- 8.1 A subsidy arises where a public authority provides support to an enterprise that gives them an economic advantage, meaning equivalent support could not have been obtained on commercial terms. The Council has duties and obligations under the Subsidy Control Act 2022 which need to be considered with respect to the operation of the LATCo. These considerations apply to all of its operations including the primary contract for supply of services to the Council, even though this contract will be awarded under the horizontal 'Teckal' exemption under procurement legislation (as now contained in Schedule 2, Part 1 of the Procurement Act 2023).
- 8.2 It is recommended that Bevan Brittan are commissioned to produce a guidance note which evaluates the risks and appropriate actions, based on the specific circumstances faced. This would enable the Council to report its position with the LATCo through the UK Government's formal Subsidy Database (where it is determined a subsidy decision has been made), ensuring that all reasonable steps have been taken to manage and control risks.

## **9. Company Name**

- 9.1 The July Cabinet Report paper proposed that the company's name would be discussed by stakeholders at a workshop in September 2025. This process has been postponed due to focus on legal framework and governance issues essential for the creation of the company. The company will be registered with a neutral name, which can be changed when the trading name is agreed.

- 9.2 Councillors and wider stakeholders will be consulted during October on options for the name and branding. A preferred option will be submitted to the Shareholder committee, which will make the final decision on both name and branding identity.

## **10. Conclusion**

- 10.1 This report sets out a range of practical actions and decisions which are necessary to set up the Company and makes arrangements for its control by the Council. The Shareholder Committee will undertake the primary role in controlling the Company, reporting to Cabinet in the first instance and Council where appropriate. The recommendations outlined in this report will enable the legal and effective establishment of the Company, positioning it to deliver sustainable and efficient recycling and waste services for the community.

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### **Financial implications:**

The report has one new financial ask for the Council to consider in relation to this project and that is to approve a flexible loan agreement with ability for the Company to borrow up to £2.8m as a maximum from the Council. This will be on terms that are cost neutral or better for the Council.

### **Legal implications:**

This is an important project for this Council which brings with it significant risk and opportunities. For this reason, external advice has been taken from Bevan Brittan on both the contents of this report and the structure and governance proposals for the company. The report and the proposals set out in detail the proposed structure of the company and the legal and governance arrangements that will sit behind it. As with any Company, it is a separate legal entity with its own legal responsibilities under the Companies Act 2006. The governance arrangements are there to ensure that the Council is able to hold the Company to account in the delivery of services. Members are advised to have careful regard to the contents of the various documents before making a decision on the recommendations outlined in this report.

As far as the MD recruitment is concerned, the Council (namely the Cabinet or SHC) has the power to undertake the recruitment for the MD on behalf of the company pursuant to its primary waste powers under the Environmental Protection Act 1990, powers to trade in function related activities through a company as set out in the Local Government Act 2003 (and the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009), and s.111 Local Government Act 1972, which provides that a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

### **Human Resources implications:**

Human resources implications of the changes were considered in the July Cabinet report, there are no further implications resulting from the recommendations within this report.



Report to: Cabinet

Date of Meeting 1 October 2025

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## **Delivery Vehicle for Marcombe**

### **Report summary:**

This report presents the Strategic Outline Business Case for the establishment of a delivery vehicle for the Marcombe new community. The delivery of a new town is a complex, long-term endeavour that necessarily involves multiple different stakeholders. A key learning point from Cranbrook is the need to establish a dedicated delivery vehicle from the outset to provide the necessary focus and resources to realise the ambitious vision for a place including integrating both physical and social development.

The report seeks support for the Strategic Outline Business Case such that work can then progress, with benefit of additional funding, to develop a Full Business Case. This will consider the precise form that the delivery vehicle should take and would be foreshadowed by the creation of an Interim Vehicle, the terms of reference for which will be the subject of a further report to Cabinet.

### **Is the proposed decision in accordance with:**

Budget Yes ☐ No ☒

Policy Framework Yes ☒ No ☐

### **Recommendation:**

It is recommended that Cabinet;

- Supports the Executive Summary of the Strategic Outline Business Case for the establishment of a delivery vehicle for the Marcombe new community
- Receives a further report setting out the full Strategic Outline Business Case
- Receives subsequent reports regarding:
  - the terms of reference for an interim vehicle, and
  - the full business case for a delivery vehicle for the integrated proposal including the Cranbrook expansion and Enterprise Zone areas
- Recommends to Council that a budget of £350k is made available from the new communities reserve to enable the development of the business case alongside progressing further technical work, matching potential funding being made available by Homes England

### **Reason for recommendation:**

To support the future establishment of a delivery vehicle that is capable to ensuring that the vision for Marcombe is translated into practical delivery on the ground.

Officer: Andy Wood, Director of Place, email [andy.wood@eastdevon.gov.uk](mailto:andy.wood@eastdevon.gov.uk)

Portfolio(s) (check which apply):

- ☐ Assets and Economy
- ☐ Communications and Democracy
- ☐ Council, Corporate and External Engagement
- ☐ Culture, Leisure, Sport and Tourism
- ☐ Environment - Nature and Climate
- ☐ Environment - Operational
- ☐ Finance
- ☒ Place, Infrastructure and Strategic Planning
- ☐ Sustainable Homes and Communities

**Equalities impact** Low Impact

**Climate change** Medium Impact. The sustainability credentials of the new community will need to be carefully considered as part of the ongoing technical work.

**Risk:** Medium Risk; The establishment of a statutory delivery vehicle such as a development corporation very much aligns with both government policy and the learning from the delivery of Cranbrook but will require substantial technical work and stakeholder engagement to ensure that all procedural requirements are met and that a persuasive case is presented to the Secretary of State.

**Links to background information** [Building new towns for the future](#)

**Link to** [Council Plan](#)

Priorities (check which apply)

- ☒ A supported and engaged community
- ☒ Carbon neutrality and ecological recovery
- ☒ Resilient economy that supports local business
- ☒ Financially secure and improving quality of services

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## Background and Context

1. The Council has been actively considering the establishment of a delivery vehicle to facilitate and manage major development projects in the West End of the district. This position is part of its broader strategy to address infrastructure needs, housing supply, and economic growth. This report sets the findings of an initial stage of the development of a business case to support the establishment of such a vehicle and follows on from the consideration of the masterplan for the Marlcombe new community by Strategic Planning committee.
2. The Council has identified that large-scale development, such as the Marlcombe new community proposal in the Local Plan review, requires a more detailed and coordinated approach than traditional planning processes alone. This includes both physical and social development objectives. The scale of these projects necessitates the application of focused and enduring attention to address delivery issues and ensure the timely delivery of critical infrastructure improvements. This is a point of learning from the delivery of the Cranbrook new community and is a prerequisite for ensuring that an ambitious vision can be realised.
3. The Council has commissioned a multi-disciplinary team to develop a business case for a delivery vehicle alongside the development of the masterplan for Marlcombe. The scope of this work includes exploring various options, up to and including the formation of a Development Corporation. A Strategic Outline Business Case (SOBC) is the initial stage in the business case development process.
4. This report sets out the findings from this initial stage of work. It follows shortly on from the consideration of the masterplan for the Marlcombe new community by Strategic Planning

Committee. It should also be noted that the Council put forward Marlcombe to become part of the national new towns programme through the New Towns Taskforce Call for evidence. Whilst the outcome of this process is currently unknown, the interim report from New Towns Task Force (see background links) clearly acknowledges the success of New Towns Development Corporations (NTDCs) used for the post-war new towns. These bodies were effective because they had the power to combine vision, strategy, consent, and delivery. They were public-sector led, undertook land assembly, created masterplans, and controlled the delivery of the towns in partnership with the private sector.

5. More widely this report is a further demonstration of the Council's willingness to play an active role in ensuring that the ambitious vision for Marlcombe is realised. Cranbrook has taught us valuable lessons about the importance of public sector leadership and intervention to prevent market failure and ensure the delivery of genuine communities - not just housing estates. In collaboration with our partners, our aim to create an exemplar development that provides much needed homes, drives the early delivery of critical social infrastructure, supports job creation, and drives economic growth. This neatly aligns with the level of ambition contained within the Build and Buy Housing Investment and Delivery Plan recently considered by Cabinet and provides a platform for innovation and achieving better outcomes for future residents.

### Five case model

6. The Five Case Model is a comprehensive framework for developing business cases for projects and programmes that is endorsed by the UK Treasury and is a standard requirement for public sector projects. It provides a structured approach to ensure that a proposal is robust, well-justified, and likely to deliver its intended benefits.
7. The five cases are:
  1. **Strategic Case:** This case establishes the compelling need for the intervention. It demonstrates how the proposed project aligns with the organisation's strategic objectives and wider government policies. It answers the question: "Why do we need to do this?"
  2. **Economic Case:** This case assesses the value for money of the proposal. It involves a detailed options appraisal to identify the most economically advantageous solution. This is done by comparing the costs and benefits of different options, including a 'do-nothing' option. It answers the question: "Is this the best way to achieve value for money?"
  3. **Commercial Case:** This case evaluates the commercial viability of the project. It ensures that the project is attractive to the market and can be delivered within a robust commercial framework. It answers the question: "Is the proposed deal commercially sound?"
  4. **Financial Case:** This case confirms that the project is affordable and that the funding has a good prospect of being secured. It provides a detailed breakdown of the capital and running costs and identifies the sources of funding. It also includes a robust financial risk analysis. It answers the question: "Can we afford to do this?"
  5. **Management Case:** This case outlines how the project will be delivered, managed, and controlled. It covers the governance arrangements, project management methodologies, risk management plans, and resource requirements. It ensures that the project can be delivered successfully. It answers the question: "How can we deliver this successfully?"
8. The Five Case Model provides a holistic view of a project, moving beyond just the financial aspects to consider its strategic fit, economic viability, commercial deliverability, and management feasibility.

### Strategic Outline Business Case

9. The primary purpose of the SOBC is to establish the case for change and determine whether an intervention or project is strategically necessary and potentially viable. The document contained at Appendix A at the end of this report is the Executive Summary for the SOBC. Part 1 of this work has focused on Marlcombe itself to accompany the masterplanning exercise. In undertaking this work it became clear that there was a strong rationale for an

expanded project that would consider the relationship with the ongoing development of Cranbrook, the Exeter and East Devon Enterprise Zone, and the Airport. Part 2 of the work will further consider the expansion of Marcombe from 8,000 to 10,000 homes alongside the potential for this wider, integrated proposal.

10. The aim is to coordinate large-scale housing and commercial development, learning from the experience of Cranbrook, and to meet government criteria for new towns. The methodology draws on delivery experience from similar projects and sets out a robust framework including delivery and land control strategies, partnerships (notably with Homes England and the County Council/CCA), infrastructure cost planning, risk assessment, and market testing alongside the development of a stewardship strategy.

11. Key outputs and findings from the work to date include;

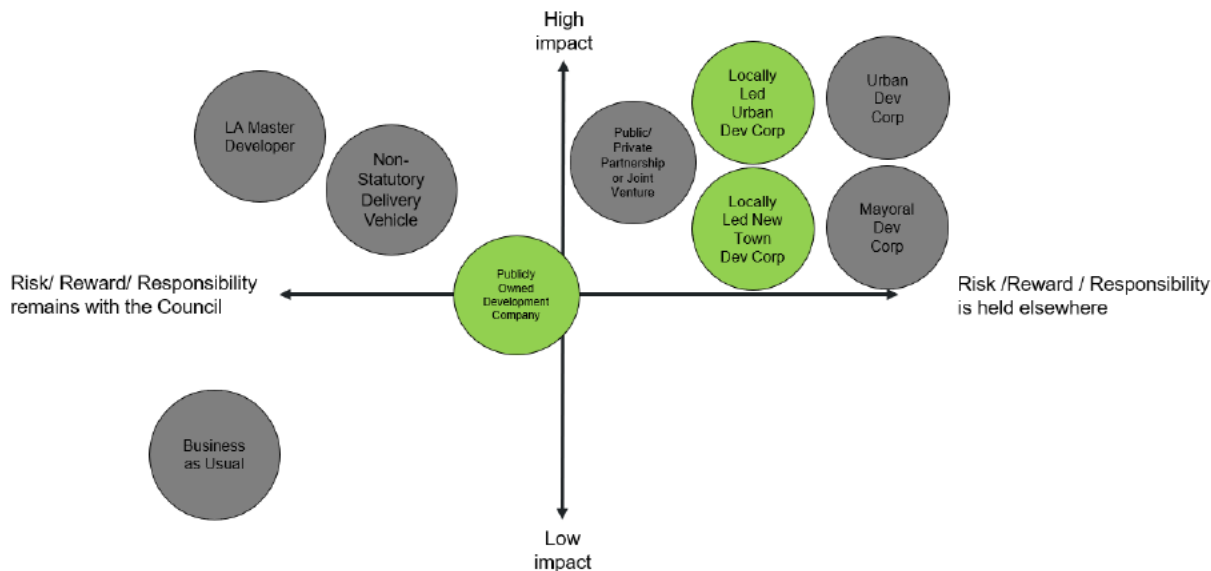
- **Viability Analysis:** The project is commercially viable, with key success factors identified and central government funding requirements outlined.
- **Funding Strategy:** A blend of capacity funding and project infrastructure funding is proposed, with the latter being up to £100m to help forward fund critical infrastructure improvements.
- **Economic Appraisal:** Scenarios modelled for 20%, 35%, and 40% affordable housing show economic costs (discounted and after optimism bias) from £57m to £70m, and benefits from £182m to £239m. Benefit Cost Ratios (BCRs) range from 3.17 to 3.40, indicating high value for money.
- **Land Control:** Strategies include acquisition (compulsory purchase, private treaty, or a hybrid approach) and permission (joint ventures or licence agreements), aiming to align interests and deliver placemaking objectives.
- **Delivery Strategy:** Proposes an Interim Growth Company leading to a Development Corporation, with a master developer responsible for implementation. Governance will involve Devon County Council, Homes England, MHCLG, local enterprise, education, landowners, and key stakeholders.
- **Stewardship:** Emphasises the need for a stewardship strategy to ensure community involvement, governance, and sustainable management of assets, with models ranging from charitable trusts to the creation of a new town council. This will be vital in ensuring that strong social foundations are established alongside the physical development of the new town and will provide a platform for aiding community cohesion.

### **Economic, Commercial, and Financial Cases**

- **Economic Case:** Assesses delivery options and value for money, with scenario testing for affordable housing provision.
- **Commercial Case:** Justifies the costs of assembling a delivery vehicle and land control and sets out options for structuring the development function.
- **Financial Case:** Details the public sector funding required for both vehicle assembly and project delivery, with comprehensive cash flow and cost assessments.

### **Management Case and Next Steps**

12. The management case has tested deliverability, focusing on resources, governance, risk management, and stakeholder engagement. A range of potential options have been considered, from informal vehicles to statutory development corporations, in terms of their ability to deliver against critical success factors whilst balancing risk. This is shown below;



13. The shortlist has identified three key options (shown in green above) as to how a delivery vehicle could be structured. This includes either a Locally Led Urban Development Corporation (LLUDC), or a Locally Led New Town Development Corporation (LLNTDC) which would be statutory vehicles. A third option, a public owned development company, is also a possibility. The precise form of the delivery vehicle will need to be determined through the development of the full business case. Given the scale, complexity and timescales associated with the development programme there are clear advantages associated with establishing a statutory vehicle.
14. Establishing a LLUDC or a LLNTDC is a multi-step process that is initiated by a local authority and requires approval from central government. The key procedural requirements are outlined in the New Towns Act 1981 (as amended by the Neighbourhood Planning Act 2017) and the Levelling-up and Regeneration Act 2023, along with subsequent regulations and guidance.
15. The process begins when a local authority decides to pursue the creation of a development corporation. To do this they must;
  - **Develop a detailed proposal:** This includes a map defining the area, a name for the proposed new town, and a clear vision for its development. The Council must demonstrate how the corporation will deliver a high-quality, sustainable community.
  - **Build a strong evidence base:** The Council must prove that the proposed site is suitable for development at the scale planned. This includes a financial model showing projected returns, a debt profile, and sources of financing for the entire lifecycle of the project.
  - **Demonstrate local support:** The proposal must show that it has the express support of all local authorities (including the County Council) that cover the proposed area. It is also expected that they have consulted with the community and can show a high level of public participation.
16. Once the Council has prepared its case, they must formally apply to the Secretary of State for Housing, Communities and Local Government. The application must include all the evidence gathered in the initial phase. The Secretary of State will then scrutinise the proposal to be satisfied that:
  - **It is in the national interest:** For a new town, the Secretary of State must be convinced that its creation is "expedient in the national interest."
  - **The proposal is robust and deliverable:** The government will test the evidence base to ensure the project rests on sound foundations and that the proposed corporation is the best route to secure expedited delivery.
  - **Statutory aims are met:** The proposal must align with the statutory aims for a locally led corporation, which include planning for a high-quality, sustainable community with long-term stewardship and community participation.



17. If the Secretary of State is satisfied with the proposal, the final step is a parliamentary process to formally establish the corporation. This is done through a Statutory Instrument (an Order) laid in Parliament.
18. The amount of time and resource required to complete this process should not be underestimated. This includes the need for very close partnership working with the County Council and to build collaborative relationships with key stakeholders more widely.
19. It is a specific recommendation of this report that the SOBC is supported. This will enable further phases of work and the Full Business Case (FBC) to be developed. The FBC is a comprehensive document that confirms the final plan and associated financial details. In order to help provide more defined governance and partnership structures in the short term it is proposed that an Interim Vehicle is established. This will foreshadow the establishment of the Development Corporation and will provide a means of building collaborative advantage.
20. Provisionally it is anticipated that the Interim Vehicle can be established in early 2026 and the Development Corporation by March 2027. The Interim Vehicle will help to provide a governance structure to bring key partners together and to define objectives and priorities. As such it can help to build collaborative advantage and develop and deliver the ambitious vision for the area. It is a recommendation of this report that the proposed terms of reference for the Interim Vehicle are considered by Cabinet.

## **Funding position**

21. Cabinet has to date provided fulsome support to ensure that the learning from Cranbrook can be applied and that Marlcombe can come forward as an exemplar development. This has included a multi-year financial settlement included as part of the Mid Term Financial Plan. This enabled the multi-disciplinary team who produced both the masterplan and the SOBC to be commissioned.
22. Members will remember that, at the 30<sup>th</sup> July Cabinet meeting, the potential to enter a Memorandum of Understanding with Homes England was considered. This has now been completed and provides the basis for forging a strong, long-term partnership.
23. Homes England have recently indicated that £305k of funding may be provided this financial year to help progress masterplanning and technical work and to bolster capacity in key areas. In order to match this funding it is recommended Cabinet to recommend to Council that £350k of additional funding is made available from the new communities reserve to ensure that the work can progress into the next critical phase including further developing the business case.

## **Conclusion**

24. The delivery of a new town is a complex, long-term endeavour that necessarily involves multiple different stakeholders. A key learning point from Cranbrook is the need to establish a dedicated delivery vehicle from the outset to provide the necessary focus and resources to realise the ambitious vision for a place.
25. The SOBC establishes Marlcombe as a viable and deliverable scheme, subject to balancing competing priorities and further detailed scenario testing. It provides clear pathways for expansion, land control, project initiation, implementation, and ongoing stewardship. Much work remains, but the foundations for a successful new settlement and wider unified project are robustly laid out.
26. There is now a clear pathway towards the establishment of a Development Corporation that will bring together the necessary powers, resource and expertise over the long term. The establishment of such a vehicle will be a significant step for the Council and our partners. It will enable an assertive approach to delivery from the outset and ensure high-quality place-making outcomes including ensuring that critical infrastructure improvements are delivered in step with development.

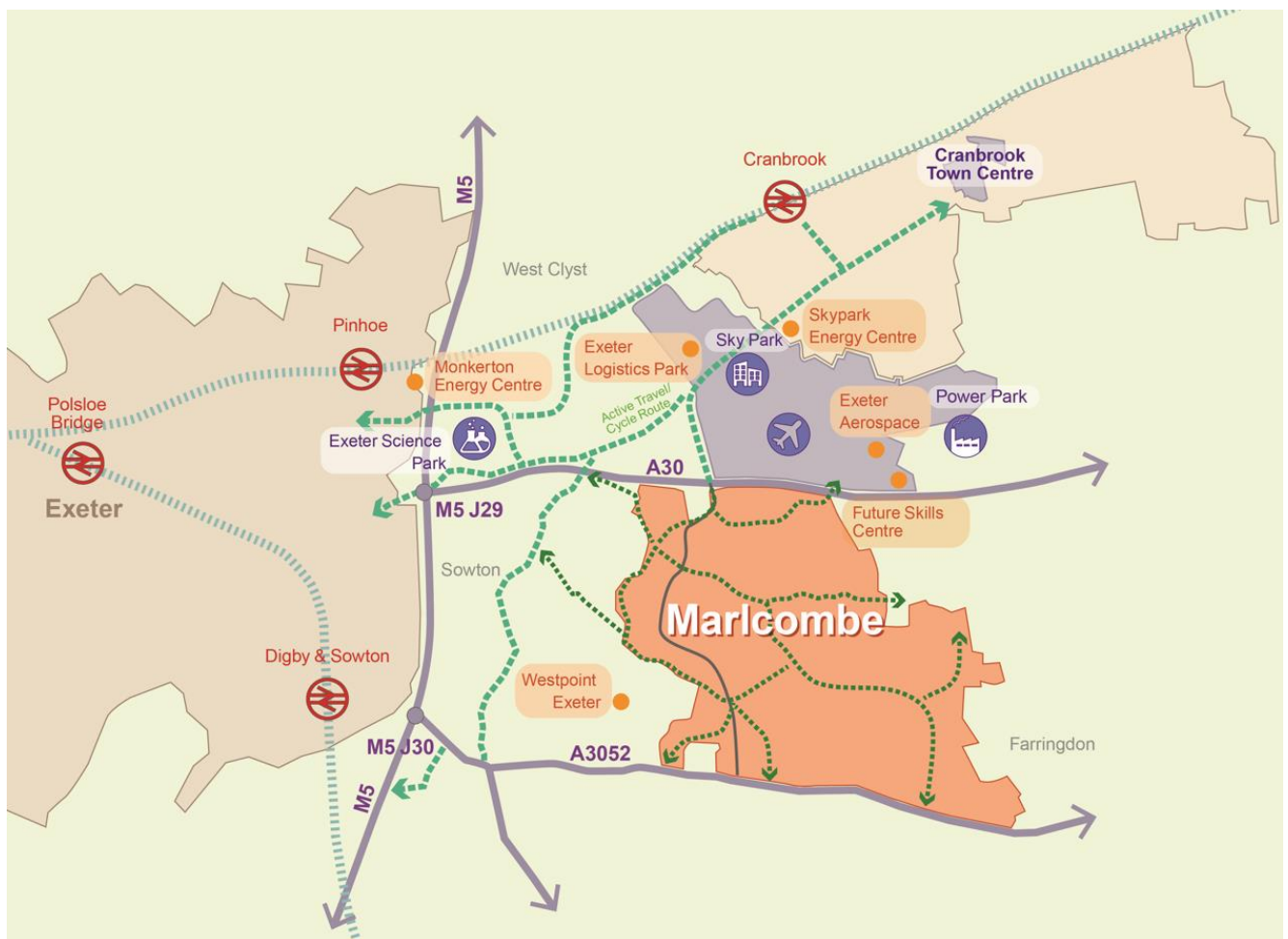
**Financial implications:**

There is a request for an additional budget of £350k which is proposed is met from a reserve set aside for a new community and has this sum available.

**Legal implications:**

The legal issues are dealt with in the body of the report. Due to the specialist nature of this project, external legal advice will be required.

# East Devon: Strategic Outline Business Case for Marlcombe- Phase 1 (Executive Summary)



To justify the establishment of a Development Corporation to co-ordinate the delivery and enhancement of the New Settlement of Marlcombe, Cranbrook, the Enterprise Zone and Exeter Airport

Simon Phillips, CBRE supported by Chris Knott Consulting Limited, Amion and Pinsent Masons  
East Devon District Council, September 2025

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# 1. Introduction

1.1 This Strategic Outline Business Case (SOBC) has been prepared by CBRE with support from Chris Knott Consulting, Amion and Pinsent Mason on behalf of East Devon District Council (EDDC) to underpin the proposals for the new community recently named as Marcombe which is being promoted through the emerging Local Plan 2020-2042. It should be considered alongside other technical documents prepared by the technical team led by CBRE including Tibbalds on design and Stantec on highways.

1.2 EDDC intend a structured funding package, drawing together financial resources from:

- EDDC reserves/borrowing.
- The Enterprise Zone.
- Land sales.
- Joint Venture (JV) relationships with landowners.
- Selected keynote partners.
- Government, via HM Treasury, Ministry of Housing Communities and Local Government (MHCLG) and Homes England.

1.3 EDDC's clear wish is to set out an innovative approach to major project funding, relying upon sound business principles and with responsibility very much at the core. The funding strategy will be coherent, concentrating upon investment and social/economic return, with public sector funding acting as a catalyst, not relied upon to support scheme viability.

1.4 In response to these objectives a phased approach is proposed:

## 1. The Strategic Outline Case

Set out within this document and repeatedly carried forward into all of the project control documents.

## 2. The Strategic Outline Business Case

To be presented in two phases, notably

a. SOBC Phase 1 - the 5 part green book business case for the New Settlement, covering

1. 8,000 new residential units, with associated non-residential content, including employment space, town and neighbourhood facilities, educational provision and leisure facilities.
2. An additional 2,000 residential units.
3. An initial shape of a new delivery vehicle, likely to be a Development Corporation; and
4. The scoping of a Phase 2 SOBC to cover:
  - i. Cranbrook Town Centre and Cranbrook Expansion Zone Residential Areas.
  - ii. The Enterprise Zone and its proposed expansion.
  - iii. The Airport and a potential partnership with its owner.
  - iv. Major infrastructure projects beyond the red line of Marcombe, including a variety of energy and transport projects, which will form the subject of separate business cases.

5. The extent of central government intervention needed to support the SOBC Phase 2 process will be clearly articulated and evidenced accordingly.

This SOBC Phase 1 will conclude end August 2025.

b. SOBC Phase 2

1. A further 5 part business case, covering:
  - i. Cranbrook Town Centre and Cranbrook Expansion Zone Residential Areas.
  - ii. The Enterprise Zone and its likely expansion.
  - iii. The Airport and a potential partnership with its owner.
  - iv. Recognition of major transport and energy projects and inclusion of their impacts, to the extent that these can be assessed adequately.
2. The final shape of the Development Corporation, pulling together the SOBC Phases 1 and 2.
3. The extent of central government intervention needed will be reaffirmed.
4. SOBC Phase 2 will conclude (latest) in February 2026 with detailed content to emerge in due course.

**3. The Full Business Case(s)**

To evolve, but as a minimum will involve:

- a. Cranbrook Town Centre (part) expected to be the first and will be undertaken in 2026.
- b. The infrastructure for the New Settlement (part).
- c. New Settlement Town Centre (part).

- 1.5 The Business Case process will justify the establishment of a Development Corporation to co-ordinate the delivery and enhancement of the New Settlement recently named as Marcombe, Cranbrook, the Enterprise Zone and the Airport.

## 2. Executive Summary

### Methodology, Workstreams and Funding

- 2.1 The initial focus for this SOBC was to support the establishment of a vehicle to underpin the delivery of the masterplan for a second new town in East Devon District. A key point of learning from the delivery of the first new town in the District (Cranbrook) was that an assertive approach to delivery was required from the outset. The second new town, recently named Marcombe was originally conceived as accommodating 8,000 homes. The government New Town Taskforce criteria, which stipulated a minimum of 10,000 homes, led to the quantum of development being increased. Importantly there was a sharper focus on the two new towns being able to deliver in tandem alongside the Exeter and East Devon Enterprise Zone programme that anticipates the development of over 2m square feet (sq ft) of new commercial space. As the project evolved and grew in complexity the SOBC was split into two parts:
- **Part 1** – to consider the new settlement of 8,000 units, with a largely empirical assessment of the implications of adding in a further 2,000 units, this considers the green book 5 case methodology of:
    1. The Strategic Case.
    2. The Economic Case.
    3. The Commercial Case.
    4. The Financial Case.
    5. The Management Case.
  - **Part 2** – to consider the impact of bringing in Cranbrook, the Enterprise Zone and Exeter Airport and to ratify the empirical assessment of the 2,000 unit uplift.
- 2.2 This report considers Part 1 only. Part 2 will be progressed during 2025/early 2026.

### Methodology

- 2.3 At this very early stage in the project the team have drawn very much upon relevant delivery experience gained over the past 15 years in the following projects:
- Cranbrook.
  - Upper Heyford.
  - Whitehill and Bordon.
  - Worcestershire Parkway.
- 2.4 That experience has allowed the project team to confidently set out an established methodology, involving critical benchmarks and control documents, the following:
1. A Delivery Strategy, including shaping:
    - a. The Project Initiation Vehicle, likely to be a Development Corporation.
    - b. The Project Implementation Vehicle, likely to be a Master Developer..
  2. A Land Control Strategy, designed to ensure alignment of interest and efficient use of expensive resources and to deliver placemaking objectives and social infrastructure.
  3. The formation of a working partnership with Homes England, which is work in progress.
  4. A strategic programme, with associated cost of resources.

5. A fully detailed infrastructure cost plan, with associated cash flow.
6. An IDP assessment, splitting out direct infrastructure from S106 cost, fully cash flowed.
7. A known/unknowns assessment.
8. A risk and opportunities register.
9. A soft market testing appraisal, to inform the masterplan which is yet to be commissioned.
10. A baseline viability.
11. A stewardship strategy.

## Critical Outputs to Date

### 2.5 In no particular order:

1. A robust viability analysis that defines key commercial success factors and the extent of central government funding required.
2. A clear pathway to a deliverable scheme, with options identified for:
  - a) Land control.
  - b) Policy requirements that are affordable and viability metrics that are investable.
  - c) A credible funding strategy, both for capacity funding and project infrastructure funding.
3. Whilst the project is committed to the New Towns Place Making Principles, a number of scenarios have been modelled that flex the affordable content.
4. A clear pathway to establishing a Development Corporation and in the reasonably short term, an interim growth vehicle.
5. A strategy that considers the project in its context, unifying Marlcombe with existing activity in Cranbrook the Enterprise Zone and Exeter Airport. This provides the basis to structure a wider civic proposition.

## Priority Tasks

### 2.6 In sequence:

1. Conclusion of Reg 19 documentation.
2. Progression of discussions with Homes England and MHCLG and settlement of a working partnership in the first instance to February 2026.
3. Settlement of the Land Control Strategy and the Delivery Strategy (the latter including the Interim Growth Co and the Master Developer).
4. Progression of dialogue with the identified majority Land Holder Group<sup>1</sup> including early settlement of the HoT's.
5. Progression of the expansion of the new settlement from 8,000 to 10,000 units.

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<sup>1</sup> Bloor Homes, Cherwell Group, LVA and Troy Stewart



6. Delivery of the remainder of Cranbrook Town Centre at pace, to be initiated by a review of master planning work and development of a delivery strategy commencing in Autumn 2025.
7. Dialogue with the Cranbrook Expansion Area Developers, to reset the relationship involving (inter alia) the role of a master developer.
8. Progression of the SOBC Phase 2 Business Case, including an update of the costs and viability criteria fed into SOBC Phase 1.
9. Drafting of a business case and business plan for an Interim Growth Vehicle and establishment of that vehicle in 2025.
10. Evolution of a stewardship strategy in both Marlcombe and Cranbrook.

## Confirmation of the Ask

2.7 Intervention funding is requested from Central Government includes all of the following:

- Capacity funding to cover the period June 2025 to February 2026.
- Capacity funding to cover the period March 2026 to March 2027.
- Project infrastructure funding in the range £50 – 100m from April 2027.
- £35m from 2026 to unlock Cranbrook infrastructure, facilitating early delivery.

## Estimation of Spend over Current and Future Parliaments

2.8 This is a critical key performance indicator as it is a proxy for delivery as show by Table 2.1 below

Table 2.1 – Estimation of Spend

Phased spend of infrastructure grant	This parliament	Next parliament	Future parliament	Totals
Cranbrook (est. £40m)	£16m	£24m	-	<b>£40m</b>
Marlcombe (est. £100m)	£28m	£48m	£24m	<b>£100m</b>
<b>Totals</b>	<b>£44m</b>	<b>£72m</b>	<b>£24m</b>	<b>£140m</b>

*Note: Current Parliament to 2029, Next Parliament to 2034, Future 2034 onwards*

Source: CBRE/Chris Knott Consulting/East Devon District Council

2.9 In summary the key findings from this Part 1 SOBC which has been prepared in accordance with the green book 5 case methodology, these are summarised below.

1. The Strategic Case.
2. The Economic Case.
3. The Commercial Case.
4. The Financial Case.
5. The Management Case.

# 1. The Strategic Case

## Context

- 2.10 The case for change is compelling and has significant stakeholder, community and landowner support. The ambition to deliver an exemplar scheme, providing up to 10,000 residential units with associated transport mitigation is only possible with significant government intervention at an early stage.
- 2.11 The strategic approach outlined here is proven. The team has an ability to progress complex projects in the face of uncertainty and risk, established over many years, with the approach seeking to balance ambition with practicality, affordability and risk.

## Scope

- 2.12 The scope of the project has evolved from an initial new settlement, now named Marcombe of 8,000 units, to a unified project that includes 10,000 units, combined with Cranbrook, The Enterprise Zone and Exeter Airport.

Figure 2.1 – Project Scope



Source: CBRE/Chris Knott Consulting

- 2.13 This scaling up will permit effective co-ordination of output and facilities between Cranbrook and Marcombe and will pump prime projects that depend upon scale for effective change, including transport, energy and sustainability.

## Further Opportunities for Scalability

- 2.14 There is a possibility at local and central government levels to bring adjacent authorities into the scope of a potential new settlement, to develop a wider civic proposition. This will be monitored as the development of Marcombe progresses.

## 2. The Economic Case

### Scope

- 2.15 The Economic Case assesses the options for the delivery of Marcombe, as well as the project's value for money. It also tests the sensitivity of the value for money results to changes in key variables.
- 2.16 Three scenarios have been modelled:
1. The “do nothing” scenario – 1,000 residential units<sup>2</sup>.
  2. The “do minimum” scenario – 8,000 residential units.
  3. The Preferred Way Forward – 10,000 residential unit.
- 2.17 New Towns Place Making Principles for schemes of this nature have identified a preference for the delivery of 40% affordable housing. Therefore, the central scenario modelled across this economic appraisal thus far has focused on this aspiration. In order to further augment this appraisal, additional scenario testing has also been undertaken to test the sensitivity of the Benefit Cost Ratio (BCR) results to changes in the proportion of affordable housing set to be delivered. In order to support the modelling of these alternative scenarios, CBRE have also prepared shadow development and viability appraisals and supporting cashflows for the following levels of affordable housing provision:
- 35% affordable housing provision, in line with the policy requirements of EDDC.
  - 20% affordable housing provision, in line with the wider consultancy team's observation of the prevailing proportion of affordable housing delivered in current market conditions.

### Viability

- 2.18 Viability modelling has been undertaken in detail for the “do minimum” scenario.
- 2.19 An empirical assessment has been undertaken for the Preferred Way Forward (PWF).

### Economic Benefits

- 2.20 The MHCLG Appraisal Guide identifies two components factoring into the assessment of economic benefit, notably:
1. Land value uplift.
  2. Affordable housing, reflecting positive health outcomes and resulting fiscal savings.

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<sup>2</sup> That which would come forward organically without EDDC intervention

## Non Monetised Benefits

- 2.21 The delivery of the New Town is also expected to result in substantial wider or non-monetisable benefits, arising in addition to the Cost Benefit Analysis, including:
- Community benefits.
  - Social value.
  - Image and public perception.
- 2.22 The assessment of these benefits is made on a qualitative basis and is represented thus, again reflecting the 40% affordable scenario:

<b>Table 2.2: Non-monetised Impact Assessment</b>		
<b>Benefit</b>	<b>Do Min</b>	<b>PWF</b>
<b>Community Benefits</b>	Moderate Beneficial	Moderate Beneficial
<b>Social Value</b>	Slight Beneficial	Moderate Beneficial
<b>Image</b>	Slight Beneficial	Moderate Beneficial

Source: AMION

## Value for Money (VfM) and Benefit Cost Ratio

- 2.23 In addition to illustrating the VfM and BCR to satisfy the New Towns Place Making Principles of 40% affordable, the two other scenarios of 35% affordable (EDDC policy) and 20% affordable (historical norm for projects of this type) have been modelled:

## Observations

- 2.24 At face value, every scenario delivers good value for money<sup>3</sup>, with the BCR and VfM increasing as the affordable component reduces.
- 2.25 Additionally, as the affordable component increases, the ask of government also increases.
- 2.26 Whilst the economic appraisal is a key factor in narrowing development options, of equal importance is the investment appeal to the private sector, measured by the viability analysis.

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<sup>3</sup> As outlined within the MHCLG Appraisal Guide, a BCR between 2 and 4 represents “High” value for money

## 3. The Commercial Case

### Scope

- 2.27 The commercial case has been designed to:
1. Establish the costs involved in the assembly of a delivery vehicle, including defining a programme to cover all associated workstreams necessary. For this purpose, the working assumption is that the delivery vehicle will be a Development Corporation or similar.
  2. Put forward a reasoned and deliverable basis for land control.
  3. Illustrate a basis for physical delivery, with indicative value chain.

### Land Control

- 2.28 Land control here means securing either the ownership or use of land for the purposes of development. Control of land is one of the ten key learning points from Cranbrook.
- 2.29 EDDC is not a landowner, but requires some control of land to satisfactorily deliver the new settlement and the wider unified project, thereby releasing significant social value.
- 2.30 There are two pathways to controlling land; via acquisition or via permission.

### Securing Ownership via Acquisition

- 2.31 EDDC has 3 options to secure ownership via acquisition:
1. Via Compulsory Purchase, involving the acquisition of land without the owners' consent, but with compensation. Taking this route must satisfy the test of such action being in the public interest, with all reasonable measures having demonstrably been taken to avoid it.
  2. Via private treaty, involving the purchase of land by agreement on an arm's length basis.
  3. A hybrid of 1 and 2, meaning some CPO, some private treaty.

### Securing Use via Permission

- 2.32 EDDC has 2 options to pursue a permissory route:
1. Via a de facto joint venture between the land owner and the developer, usually with the land owner putting in the land (or permitted use of land) and the developer (in this case likely to be a master developer, see next section) putting in the development resources, including expertise and finance. The sale proceeds are then distributed 50/50 between the development partners or such other split as is justified by the development appraisal.
  2. Via a license agreement issued by the land holder for the benefit of the developer. This is a particularly useful method where major physical and social infrastructure is required, the provision of which:
    - a. Is generally beyond the skills and appetite of housebuilders.
    - b. Does not generate development profit, but contributes to the achievement of a wider placemaking premium.

- 2.33 The attraction to the land owner/house builder is that infrastructure of this type will be funded with public money<sup>4</sup>, not directly available to them and that the approach will satisfy obligations that will generally be part of the S106 Agreement. There is no distribution of spoils as such; the landowner benefits from facilities that add to public realm, support house sales and contribute to wider value; the developer makes a return from a Fee and potentially in addition a development profit.

## Delivery Strategy

- 2.34 The Delivery Strategy draws together the key elements of:

- Land control (covered previously).
- Project Initiation (The Development Corporation, in the first instance the Interim Growth Co).
- Project Implementation (The Master Developer).

## Project Initiation and the Interim Growth Co

### Context

- 2.35 The Interim Growth Co will be established, as the name implies, in advance of the permanent delivery vehicle, and will assume the key role of Project Initiation. This will include all aspects of project policy, stakeholder management and delivery, the latter via the appointment of a Master Developer. The Master Developer will perform the function of Project Implementation.

### Available Structural Options

- 2.36 On the assumption that the preference for the delivery vehicle is confirmed to be a Development Corporation, then an Interim Growth Co will precede and mimic it. Whilst this will serve the Unified Project, it will also serve Marlcombe and must be considered as part of the SOBC Phase 1 process.
- 2.37 The final form of the Development Corporation remains to be settled, with the following seen as the primary options:
- **Locally Led Urban Development Corporation** – a locally led Dev Corp, to be established under the Levelling Up Regeneration Act 2023 and having a wider economic focus. It involves an “oversight authority” as a proxy for government participation. Will require the joint participation of Devon County Council (DCC).
  - **Locally Led New Town Development Corporation** – a locally led New Town Dev Corp established under the New Towns Act 1981, also requiring the joint participation of DCC.
- 2.38 The notion of a Publicly Owned Development Company has not yet been fully discarded and the possibility remains of a Mayoral Development Corporation across the wider Devon area. Neither of these however are under active consideration in the SOBC process.

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<sup>4</sup> Likely to comprise low interest debt provided early and repayable on a roof tax basis

- 2.39 Further work will be needed to establish the optimum solution and this will be influenced by (inter alia) political preference, funding conditions and central government ambition. The optimum solution will be settled by the end of February 2026 and will be incorporated into the SOBC Phase 2.

### **Broad Function of the Interim Growth Co**

- 2.40 The Interim Vehicle will likely be newly established, subject to Government funding, and utilised to progress activities focused on strategic coordination and planning, subject to balance sheet and resources.
- 2.41 The Interim Vehicle will:
- Carry out a range of direct, enabling and liaison activities relating to land assembly by agreement and, utilising DCC's and/or EDDC's Compulsory Purchase powers, by compulsory purchase as required; and
  - Carry out planning and design, infrastructure planning and delivery, land and development, engagement, and stewardship.
- 2.42 The Interim Vehicle's activities will transition to the Development Corporation once this is established. This will place the delivery vehicle on a statutory footing, with development and compulsory land acquisition powers.

### **The Governance Structure**

- 2.43 The Dev Corp will be governed by a board, likely to have representation in some form from:
- District and County Councils.
  - Homes England.
  - Ministry of Housing, Communities and Local Government.
  - Local enterprise, both commercial and charitable.
  - Local education establishments.
  - Key local landowners.
  - Exeter Airport and Exeter Science Park.
  - Senior people within the Commercial Property Sector.

- 2.44 These roles will be in executive, non-executive and advisory capacities.

- 2.45 It will also as noted utilise a suite of task focused sub-groups, reporting in to it.

### **Project Implementation**

#### **The Delivery Challenges**

- 2.46 The District Council is having to recognise a number of challenges in framing a delivery strategy and with that the development function, ordinarily performed by a master developer. Those challenges include:
1. Learning from the legacy experience of a housebuilder led consortium in Cranbrook
  2. Overcoming the reputational damage from multiple sources in developing out Cranbrook Town centre.
  3. Having limited policy levers in the Cranbrook expansion areas and no land ownership at Marlcombe.
  4. The key landowners at Marlcombe being sceptical towards the introduction of a master developer.
  5. An appetite to share risk, without being exposed to full delivery risk. Scope to be determined.

6. A need for delivery at pace to satisfy EDDC's ambitions and the wider government agenda to demonstrate performance within the life of this parliament.
7. Establishing a seamless governance structure that is capable of managing delivery across multiple market sectors in multiple areas, reporting into a development corporation having many stakeholders.

### What might the Development Function look like?

#### Shape

- 2.47 Recognising the challenges, a centralised development function must make strategic sense. It will help to avoid fragmentation and will ensure that design principles, infrastructure delivery and placemaking are aligned across the entire development. Accountability is strengthened and decision making is streamlined
- 2.48 Most if not all development projects of this scale rely upon a centralised function and whilst its form differs, that central tenet of single point accountability is a common thread
- 2.49 Analysis of peer developments in the South West bears this out.

#### Form

- 2.50 Nationally, this role is being/has been performed by:
1. Master Developers, formed to provide the service on a national basis, for example Urban and Civic and Hill Group.
  2. Master Developers, formed to provide the service on a site specific basis. Examples include Whitehill and Bordon Regeneration Company (WBRC) at Whitehill and Bordon, Hampshire and Buckland Developments Ltd in Welborne, Hampshire.
  3. House builders, acting together or in isolation, for example Barratt and Hill Group.
  4. Major landowners, for example the Duchy of Cornwall.
  5. Contractors, who have broadened their modus into development and then into the master developer role, for example Skanska.
  6. A variety of joint ventures, for example that being deployed in West Carclaze, Cornwall. This is a union of a minerals extraction specialist with an Egyptian Contractor
  7. Council led and created development vehicles, for example Treveth in Langarth.

### Realistic Options

- 2.51 There are 3 broad options for EDDC, each one involving a master developer concept:
1. Engaging an established national master developer via a competitive process.
  2. Engaging a "local" master developer.
  3. Engineering the formation of a master developer, in partnership with an innovative house builder. This structure could involve EDDC having a position within the entity, or no position at all.
- 2.52 It makes commercial sense to treat the evolution of the options as a 3 pronged strategy, involving a clear scope.

### Role

- 2.53 There are five primary functions:
1. Acting as a strategic developer, following and contributing to the Development Corporation's Delivery Strategy.
  2. Procuring and implementing:



- a. The primary physical infrastructure.
  - b. The primary social infrastructure.
  - c. The employment space.
3. With the Development Corporation and the landowners, bidding housing parcels for development by house builders.
4. Overseeing the quality of design and specification coming forward from third parties.
5. Generally being seen as a benefit to the housebuilders involved with the project

## Capacity Funding to March 2027

- 2.54 As stated in Section 1 it is EDDC's clear wish is to set out an innovative approach to major project funding, relying upon sound business principles and with self-help very much at the core. The funding strategy will be coherent, concentrating upon investment and social/economic return, with public sector funding acting as a catalyst, not a dependency.
- 2.55 Intervention from Government will be needed to:
1. Support the evolution of the business case until the end of the current financial year (March 2026), by way of capacity funding.
  2. Support the establishment of a Development Corporation, from April 2026 to March 2027, by way of further capacity funding.
  3. To support the provision of early infrastructure, forecast to be needed no earlier than April 2027, by way of infrastructure funding (this will not be considered until the technical work is more advanced).
- 2.56 This Commercial Case provides the justification for:
- The Baseline Scenario, being an additional New Settlement named Marcombe.
  - Government Intervention into the Unified Project<sup>5</sup>, which will deliver additionality.
- 2.57 The evolved Commercial Case to be undertaken in the SOBC Phase 2 will justify further intervention (beyond that identified in this Commercial Case) to deliver additionality.

## Infrastructure Funding

- 2.58 Our current infrastructure cost assessment, including direct infrastructure and S106 costs, when compared to the cash flow emanating from the viability assessment, illustrates that a funding intervention of between £50–100m will be required.

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<sup>5</sup> The addition of Cranbrook, the Enterprise Zone and the Airport

## Stewardship

### Context

- 2.59 The wider context for stewardship is established by EDDC's cabinet paper dated 30th July 2025.
- 2.60 This sets out a number of key principles, including:
- The imperative of having a Stewardship Strategy.
  - The strategy is to have a series of strategic objectives, including early agreement of proposals, a clear governance structure and community involvement.
  - An intent to use planning powers to impose the strategy, including a Supplementary Planning Document (SPD).
- 2.61 The priority in the short term is to engineer a stewardship model for deployment into Cranbrook. Beyond that, however, the intent is to shape the stewardship model for deployment into Marcombe and potentially the wider district.

### Defining the Workstreams

- 2.62 There are three primary workstreams to tackle:
- Funding strategy.
  - Delivery strategy.
  - Application of both strategies via S106 and other policy measures.

### Funding Strategy

- 2.63 Funding models generally follow the following:
1. A direct charge upon occupiers; and/or
  2. An asset backed income model; and/or
  3. By onward selling a "free" asset.

### Delivery Strategy

- 2.64 There are a number of options for delivery, including:
- Charitable green infrastructure management companies, for example Land Trust, Trust Green and Green Belt.
  - Private estate management companies, for example Rendall and Rittner.
  - Private community management companies (so called), for example Preim, involved with Tadpole Garden Village.
  - Town council/parish council.
  - District council, separate to or acting under the Dev Corp, potentially with district wide reach.
  - Community Infrastructure Companies.

## Application of the Funding and Delivery Strategies

- 2.65 A Stewardship Implementation Strategy will be shaped to define an approach for landowners and developers.

## The Financial Case

### Scope

- 2.66 This section details the ask of government in the vehicle assembly and project delivery stages, thus:
1. The public sector intervention funding required to support the evolution of the business case and to support the establishment of a Development Corporation between the present day and March 2027.
  2. The public sector capital gap funding requirement, calculated by reference to the peak debt positions in the viability appraisals and cashflows.

## The Management Case

### Scope

- 2.67 The purpose of the Management Case is to determine whether a proposal is deliverable; namely, are the right resources, programme structures, and plans in place to effectively deliver the proposals in order to successfully realise the benefits of the project. This tests the project planning, governance structure, risk management, communications and stakeholder management, benefits realisation and assurance arrangements.
- 2.68 The working strategic programme leading to the formation of the intended delivery vehicle, likely to be either a Locally Led Urban Development Corporation (LLUDC), set up under the Local Government and Regeneration Act, or a Locally Led New Town Development Corporation (LLNTDC).

### Working Assumption

- 2.69 This Management Case considers arrangements for a proposed Interim Vehicle to advance the project pending the final delivery structure being determined and, on the assumption that a development corporation is in due course selected as the preferred long-term delivery option, pending the formal establishment of that Development Corporation.

### Anticipated Working Modus

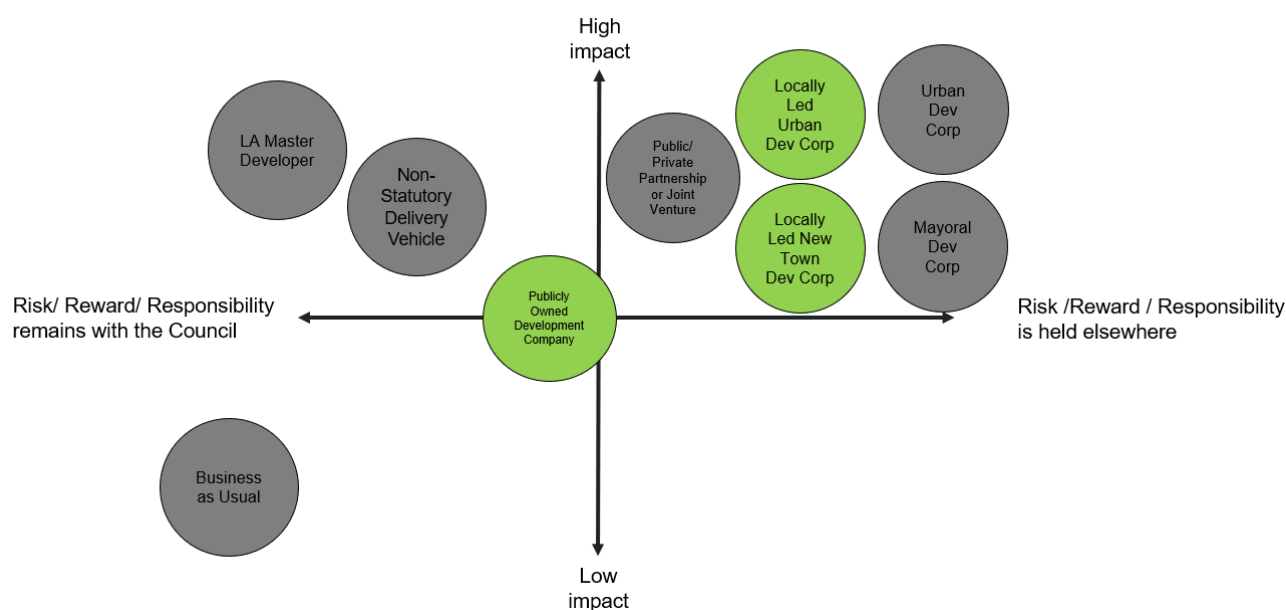
- 2.70 The Interim Vehicle and, subsequently, the LLUDC are expected to progress the new settlement through direct, enabling, and liaison activities including:
1. Masterplanning and design code development.
  2. Planning application and policy allocation inputs.
  3. Infrastructure planning, including business cases and investment plans.
  4. Raising finance and discussions with funders.
  5. Delivery of social and physical infrastructure.
  6. Land assembly and master developer liaison.

7. Oversee and co-ordinate house build activity, via the master developer.
8. Engagement and communications.
9. Stewardship of open space and other shared infrastructure assets.

## Evolution of the Interim Vehicle

2.71 This will involve the establishment of a clear Business Case and Business Plan, as a prelude to formalisation of arrangements, both legal and practical. This process will acknowledge the Project Risk Register and Project Known Unknowns Analysis.

## Delivery Vehicle Options



## Timing

2.72 The working programme anticipates the following key milestones:

1. Formation of the Interim Vehicle end 2025/early 26.
2. Formation of the Development Corporation March 2027.

## Conclusion

2.73 The SOBC takes the established justification for the scheme and has tested it against the key commercial, economic and financial parameters. This process has identified benchmark compliance, risks, appropriate mitigation and a series of workstreams needed to progress, with clear pathways now established for progression of:

- Detailed scenario testing.
- Expansion of the scheme from 8,000 residential units to 10,000 residential units.
- Land control.

- Project Initiation – formation of a Development Corporation.
- Project Implementation – the Master Developer.
- Progressing Cranbrook Town Centre.
- Resetting the relationship with the Cranbrook Expansion Area developers.
- Stewardship.

2.74 Whilst much work remains to be done, the SOBC has established that Marlcombe is a viable and deliverable scheme, subject to assessing and balancing the competing priorities that are evident.

# Thank you

For more information

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Director

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Report to: Cabinet

Date of Meeting 1<sup>st</sup> October 2025

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## **Financial Strategy 2026 Onwards (2026 – 2036)**

### **Report summary:**

Attached is the draft Financial Strategy for 2026 onwards (2026 - 2036) for recommendation to Council.

This Strategy is updated and presented annually. It includes a ten year Medium Term Financial Plan (MTFP) which looks ahead over that period to give a projection of our financial position with actions needed to ensure financial sustainability and the ability to set annually balanced budgets.

This time the landscape is remarkably different, the Fairer Funding Review (FFR) brings significant funding reductions from 2026/27 and there is Local Government Reorganisation (LGR). On the current timelines this gives us only two more years of setting budgets before a successor authority is in place.

Although modelling has been undertaken under the normal premise of ten years, this Strategy's focus is dealing with the next two years of still being a Council with the effects of significant funding reductions from the FFR. Consideration is given to the implications of possible delays in reorganisation and the need to ensure we continue to be financial responsible in our decision making in the interests of the public, no matter which local authority is in place.

This Strategy records and considers the funding of the key legacy projects this Council wants to deliver in its remaining time.

### **Is the proposed decision in accordance with:**

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### **Recommendation:**

To consider the draft Financial Strategy 2026 Onwards (2026 – 2036) and to recommend to Council its adoption and direction outlined in balancing future budgets.

### **Reason for recommendation:**

It is essential the Council considers its financial resources in advance to allow time to make necessary amendments in its service provision to ensure balance budgets are maintained.

Officer: Simon Davey – Director Finance (CFO/S151) [sdavey@eastdevon.gov.uk](mailto:sdavey@eastdevon.gov.uk)

Portfolio(s) (check which apply):

- ☒ Assets and Economy
- ☒ Communications and Democracy
- ☒ Council, Corporate and External Engagement
- ☒ Culture, Leisure, Sport and Tourism
- ☒ Environment - Nature and Climate
- ☒ Environment - Operational
- ☒ Finance
- ☒ Place, Infrastructure and Strategic Planning
- ☒ Sustainable Homes and Communities

**Equalities impact** Low Impact

No decisions on service delivery are being made at this stage

**Climate change** Low Impact

**Risk:** High Risk; These are identified within the Strategy

**Links to background information**

Link to [Council Plan](#)

Priorities (check which apply)

- ☐ A supported and engaged community
- ☐ Carbon neutrality and ecological recovery
- ☐ Resilient economy that supports local business
- ☒ Financially secure and improving quality of services

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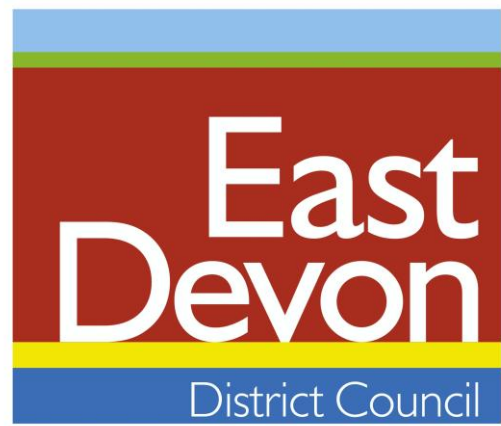
**Financial implications:**

These details are covered within the Strategy

**Legal implications:**

There are no substantive legal issues directly arising from the presentation of this strategy.





## **Financial Strategy (2026 - 2036)**

**Focus on 2026/27 to 2028/29**

## 1. Introduction

- 1.1 This Strategy is updated and presented annually. It includes a ten year Medium Term Financial Plan (MTFP) which looks ahead over that period to give a projection of our financial position with actions needed to ensure financial sustainability and the ability to set annually balanced budgets.
- 1.2 This time the landscape is remarkably different, the Fairer Funding Review (FFR) brings significant funding reductions from 2026/27 and there is the backdrop of Local Government Reorganisation (LGR). On the current timelines this gives us only two more years of setting budgets before a successor authority is in place.
- 1.3 Although modelling has been undertaken under the normal premise of ten years, this Strategy's focus is dealing with the next two years of still being a Council with the effects of significant funding reductions from the FFR. We need to consider implications of possible delays in reorganisation and to ensure we continue to be financially responsible in our decision making in the interests of the public, no matter what successor arrangements are in place.
- 1.4 This Strategy considers the legacy this Council wants to deliver in its remaining time.

## 2. About this Strategy

- 2.1 Our Financial Strategy considers the General Fund <sup>1</sup> position and the Capital Programme <sup>2</sup>, the third area of the Council's finances the Housing Revenue Account <sup>3</sup> is reviewed and monitored separately within its own business plan which is currently under review.
- 2.2 The purpose of this Strategy is to define how the Council will structure and manage its finances to deliver services to residents and support the objectives detailed within the Council Plan.
- 2.3 The Strategy also links with other key plans and documents of the Council including Directorate Plans, Strata Business Plan, Procurement Strategy and the Treasury Management Strategy.
- 2.4 The Strategy comprises two parts.

### ➤ **Part A - The Medium Term Financial Plan Model (MTFP)** (page 3)

This is an essential part of the budget setting process. The MTFP provides a financial model and forecast of the cost of providing services over a rolling ten year period, together with an estimate of the financial resources that are likely to be available to the Council. The process is designed to provide an early warning of any potential deficit in the required level of resources.

#### Definition Note:

1. The General Fund records day to day spending and income on the delivery of Council services.
2. Capital programme spending relates to purchases or enhancements of assets, expenditure that has benefit greater than a year and is over £20k.
3. Housing Revenue Account records day to day spending and income on Council owned housing and its land and landlord functions

As well as considering the General Fund, the MTFP also reviews the affordability of the Council's capital investment programme, matching forecast funding against planned capital spending over a five-year horizon. The capital programme is easier to control as individual schemes can be approved or not by Council to match resources available. Clearly this has its own implications in meeting the Council Plan objectives but does not have the same degree of organisational complexity as the General Fund involving significant staff numbers, team interaction and service delivery.

➤ **Part B – Financial Sustainability Actions** *(page 12)*

This part of the Financial Plan considers how the Council will balance its finances over the coming years to continue to provide service for its residents and customers. It ensures we are challenging ourselves to achieve Value for Money and seeks efficiencies, savings and income maximisation. Key actions and enablers are identified to aid us in this process.

➤ **Part A - The Medium Term Financial Plan (MTFP)**

**3. Introduction**

- 3.1 The development of a ten year financial model is based upon a number of assumptions and perceived risks which clearly become more difficult to predict as the period covered lengthens. In recent years we have been subject to one year only financial settlements from Government, there have been fundamental funding reviews proposed, delayed, and then cancelled on several occasions making even short-term planning difficult.
- 3.2 The Council's Financial Strategy for many years has highlighted the impending risk, signalled by consecutive Governments, of a fundamental review of how funding is allocated to councils. The particular risk to us being the rebasing of retained business rate income currently worth an additional £5.3m in the current budget.
- 3.3 The current Government has now instigated that review with proposals to be implemented in 2026/27; the Fairer Funding Review 2.0 was published with consultation closed on 15<sup>th</sup> August 2025.
- 3.4 The details contained in that consultation has significant negative financial implications for us, to this needs to be added Local Government Reorganisation with a successor authority being formed from April 2028, giving this Council, in theory, only two more years of budget setting – 2026/27 and 2027/28.
- 3.5 This Council has been highlighted by the Ministry of Housing, Communities and Local Government along with 40 other district councils and 9 London boroughs as to be worst affected by the proposed changes. The main driver for this is the rebasing of business rate income and loss of retained business rate growth.
- 3.6 Although the modelling has been completed for the ten year period, as would be the norm and details are contained in the Appendices, the Strategy places focus on the next two years.

## **4. The Fair Funding Review 2.0**

- 4.1 Fair Funding Review 2.0 (FFR) attempts to refresh the methodology for distributing a fixed pot of funding between local authorities covered by the local government finance settlement (London boroughs, English unitaries, metropolitan districts, shire counties, shire districts, fire authorities, the Greater London Authority and certain Combined Authorities which receive settlement funding for their fire functions).
- 4.2 The last time the underlying distribution methodology was refreshed through changes to formulae and data was in 2013, at the time of the setting up of the business rates retention system. All authorities' settlement funding assessment was largely distributed on the basis of the predecessor formula grant which was made up of a needs assessment, resource adjustment, a central allocation and caps on year-on-year change ('damping'). The 'damping' was never 'unwound', so the allocations which have been in use since 2013/14 did not even apply the assessed need intended by that methodology in full.
- 4.3 This major share of the settlement funding assessment was split 60/40 between Revenue Support Grant and the 50% value of locally raised business rates (Baseline Funding Level). Subsequently, the RSG was reduced to deliver reductions to council funding while BFL grew in line with the change in the business rates multiplier.
- 4.4 Key factors of the current funding model are the 50% business rate retention scheme and the New Homes Bonus Grant. Both these income streams are incentives designed to reward and encourage authorities to plan and support business and housing growth in their areas. As members will be aware East Devon has been significantly advantaged by these schemes, the FFR 2.0 is proposing to retain the incentive of business growth, but it is rebasing all growth income to date and reallocating based on its needs assessment and then business rate retention to start again. The New Homes Bonus Scheme is proposed to cease completely.
- 4.5 The last full assessment of relative needs and resources is 12 years old and because of the tweaks over the years the relationship between it and actual allocations through the Settlement Funding Assessment has been weakened since then.
- 4.6 In addition, the Government is considering rolling in further grants, such as nearly £10 billion of social care funding, and importantly for us homelessness grants into the Settlement Funding Assessment, thus subjecting them to the FFR process.
- 4.7 All in all, this means that the FFR will have a fundamental impact on local authority funding that is difficult to predict until the Government makes its final decisions and publishes the details.
- 4.8 The Ministry of Housing, Communities and Local Government (MHCLG) is planning a Finance Policy Statement in late October/early November where we can start making conclusions on the final implications, with individual authority settlement numbers being published initially indicated the end of November but this has now been delayed with the Treasury confirming that the Autumn Budget will take place on 26 November. As there are interactions between the Budget and

the Local Government Finance Settlement, particularly for the business rates system with the Budget usually confirming measures such as tax rates and reliefs. This means the provisional Settlement is likely to be published the 1<sup>st</sup> or 2<sup>nd</sup> week of December.

- 4.9 The Council needs to plan before these dates, the general direction of the FFR have been considered in our MTFP supported by work of LGFutures. This is a changing picture and LGFutures with other local authority finance specialists are involved in direct conversations with the Department to help build a likely position.

## **5. Fundamental principles**

- 5.1 As a broad principle the model has been developed on the basis of 'reasonable and prudent' forecasts and assumptions in accordance with sound accounting practice. Underpinning this plan, the following fundamental principles have been adopted:

- To secure the financial stability of the Council.
- Annually, a balanced revenue budget will be set with expenditure to be limited by the amount of available resources.
- The General Fund balance will be maintained at the agreed adopted level.
- If required to balance the budget resources will be redirected from low to high priority services to meet objectives set out in the Council Plan and maintain statutory functions.
- Council Tax increases will be kept within annually announced government guidelines to ensure a local referendum is not triggered.

- 5.2 In considering the capital budget, the Council will continue to follow the methodology of scheme scoring and prioritisation. The Council will also seek to maximise the use of its assets.

## **6. Financial background**

- 6.1 Since 2010 this Council along with other authorities have seen significant cuts in general Government funding to support core service delivery. Funding for local authorities is historically low with an increasing number of Councils issuing or threatening to issue s114 notices – emergency measures where they are close to bankrupt and prevents all but essential spending to protect core services. For councils with adult social care and children services the financial pressures are particularly acute.

- 6.2 The Government sees Local Government Reorganisation as a key part of achieving financial sustainability for local authorities through savings that can be achieved.

- 6.3 In our own recent MTFP we have seen financial pressures with high inflation, driven by high energy and food costs, and the implications of a low growth economy.

Consequently, recent high national pay awards and other direct cost implications mainly associated with contractor and partner costs, although we are seeing a slow return to the Treasury's target 2% inflation rate it is currently stubbornly staying around 3%. There has been an upturn in investment income through interest rate rises in recent years although these are expected to drop as we go forward and there is an ever increasing call on our services with the associated costs.

- 6.4 These factors have shaped the finances of the Council over recent years and placed it in a continuous difficult position of setting balanced budgets. The Council has an excellent track record of delivering balanced budgets, meeting its spending plans and Council Plan outcomes through careful financial management and planning, the Council set a balanced budget for 2025/26, and current monitoring shows we are on track to deliver this.
- 6.5 The Council has facilitated and encouraged business and housing growth in the district to deliver its ambitions and benefited significantly in additional government funding through New Homes Bonus and significantly from extra Business Rate income which to date has put the Council in a stronger financial position when compared with other councils. This has enabled continued significant investment in non-statutory services to benefit the district. This advantageous funding position comes to an end in 2026/27 with the implications of the FFR. There is also an impact on specific service areas like culture and tourism with the ending of other funding streams like UKSPF.

## **7. Medium Term Financial Plan**

- 7.1 The base for the MTFP is the 2025/26 approved budget and the current cost of ongoing services, adjusted to take account of a range of unavoidable costs such as pay increases, inflationary pressures, the implementation of any approved changes to the budget and any costs arising from new legislation and associated regulations or changes in resident demand. The MTFP takes account of any forecast variations in the level of both investment and fee income.
- 7.2 The Plan also considers and makes reasonable assumptions about the likely incomes from council tax and central government funding, which as outlined is extremely difficult to estimate with the implications of FFR and the new funding regime to be implemented in 2026/27.
- 7.3 The MTFP is designed to model scenarios and to aggregate the sum of all potential financial inputs, to determine whether the Council will have sufficient resources to achieve its objectives, or indeed whether action is required to bridge a funding gap. In formulating these calculations, several assumptions have been made and a range of external influences considered. The various risks and pressures are detailed at the end of the Strategy with commentary on their potential impact.
- 7.4 Appendix A to the Financial Strategy contains the summary page of the MTFP including an analysis of costs and inflation rates applied.
- 7.5 A similar exercise has been undertaken in respect of future capital expenditure, detailing the anticipated level of resources required, together with potential funding sources available to the Council to support its planned programme of works and where there are revenue implications these have been acknowledged within the Plan.

## 8. MTFP – Revenue Position

8.1 The position on General Fund services is extracted in the table below and shows the current year 2025/26 for comparison and forms the basis from which future assessments have been made. The 2025/26 position is the set budget, the implications effecting this budget are considered going forward.

Key areas to note in this calculation:

**Service Budgets** - This position is calculated based on current service provision adjusted where there are known changes, contract agreements or legislative requirements. This position does not include any growth in service or staffing to the Council's current service level, areas to highlight:

- **Recycling and Waste Contract** – The current contract ends in June 2026 with the decision made to operate a LATCo from this point. In the current year we have funded associated mobilisation costs of £641k from the Transformation Fund and the MTFP includes a further £314k in 2026/27. The Business Case stated annual savings of £700k in comparison to the current contract; this has been reflected in the MTFP.
- **Carbon reduction actions** - The MTFP assumes a commitment ongoing of £323k per annum which although significant and beyond most Councils financial commitment it is still far short of the full requirement. Without government or other external support, the Council or a successor authority is unlikely to have the financial ability to meet a full programme. There is a significant balance of unspent funding from previous years totalling £953k at the end of 2024/25.
- **Pay and general inflation** - The 2025/26 budget for staff salaries was based on an assumed 2% increase. The actual agreed pay award was at 3.2%. The difference has now been updated in the MTFP. A 2% increase has been assumed going forward but inflation remains above this Treasury Target, an additional contingency sum has been included in the MTFP of £200k.

A £314k additional cost for recent national insurance increases has been factored into the MTFP, this being the sum not covered initially by Government funding.

- **LED** – A reduction in Service Level Agreement has been included in the MTFP at £200k based on the current year figures and discussions. The scale of this reduction has

potential to increase but included as this sum to be prudent at this stage.

- **Planning Fees/Income** - We have seen fee income returning in this area and will be reassessed during the detail budget stage. Inflation rise has been assumed in fee charged based on legislation in place, recent government consultation includes details of further increases to recover local authority costs the position will be monitored but at this stage this has not been reflected in the MTFP. This does have a significant impact on the position and could be in the region of an additional £1m, but can not be relied on at this stage.
- **Staff and other resources; Service Area pressures** – Service pressures have been highlighted mainly as an implication of a growing district, in particular for Streetscene. This has not been included as an additional cost as the MTFP is already showing a significant deficit without additional new posts being added to the equation. These areas will have to be worked through in the detail budget preparation.
- **Council Tax Payments** – The Government is proposing to implement instalment payments for Council Tax to be set over 12 months as the default rather than the existing 10 months. This will have cash flow implications on the Council equating to an estimated cost of £255k. It seems likely this will be implemented so has been factored into the MTFP

8.2 There are key projects which the Council has promoted with urgency as time is ticking on the continued existence of the Council, this Strategy is defining them as **legacy projects**. These are listed below for endorsement in this Strategy as key projects to be delivered and the funding is considered in the context of the MTFP.

➤ **Delivery of Cranbrook Leisure Centre**

An initial funding allocation has been approved from the Enterprise Zone funds to meet preparatory costs. Further work is required to refine the total capital budget requirements and to determine external funding available.

The current timeline is:

- An outline Business Case and request for Capital Budget is anticipated in November 2025.



- Agreement to award a Construction Contract decision anticipated early 2027.

The capital costs have not been factored in the MTFP at this stage, the business case will have consider external funding and the ongoing contribution such a facility can make to debt charges.

➤ **Securing the future of Leisure provision and ensuring value for money**

Members will be aware of the work and decisions made to date which have been considered under Part B committee reports. Budgets have been approved for work to date and no further sums have been assumed in the MTFP.

➤ **Delivery of a New Town Development Corporation**

Reports have been presented and members ambition made clear over the approach to be adopted with the development of the new town. It is hoped significant government funding will be obtained but there is still likely to be an ask on the Council's funds, this could be in region of £2m over the next 2 years. This is beyond the existing financial envelope of the Council and there will be a need to explore the possibility of Enterprise Zone funding combined with capitalisation, if approved by Government, part maybe be achievable through the revenue budget if sufficient savings/increased income can be found elsewhere.

➤ **Community Asset Transfer**

This is in progress and decisions underway, internal resources required to make progress can be funded from existing budgets/reserves. There are no implications identified currently on the MTFP and in the remaining time of the Council this is likely to have little or no financial benefit.

➤ **Implementation of LATCo for recycling and waste management**

Another area that is progressing to begin operation in July 2026. The mobilisation budget has been approved, and no further costs are expected to be required in terms of implementation. Ongoing contract payments have been factored into the MTFP.

8.3 The Council's [Budget Book 2025/26](#) is a useful reference as it details significant information about the service provision currently provided; costs and income received, staffing resources involved in each area, the assets utilised and number of service users.

8.4 **Government Funding** – As covered in section 4 of this report the FFR to be implemented in 2026/27 has a significant effect in reducing this Council's funding mainly from the business rate rebasing where currently we receive £5.3m. As stated we have used LGFuture modelling to help inform our assumptions in the MTFP. Main areas are considered below and this is based on the consultation document, the final position is unlikely to be known until early December.

- **Business Rate income**

LGFuture's assumption have been used in the MTFP – Current growth is rebased with a new Baseline Funding Level implemented. There is still a level of retained growth income reflected of £1m, this being the additional growth still retained from the date of rebasing to the point of the 2026/27 budget year as the existing 50% rate retention scheme continues.

It is assumed the Devon pooling arrangements will cease which did attract extra income for us (£453k in 25/26).

- **New Homes Bonus**

This is to end with no successor scheme (£685k in 25/26).

- **Transitional Funding**

This protects councils where year on year funding under the formula gives reductions. The move to the final lower assessment is managed over 3 years; 1/3<sup>rd</sup> reduction in year 1, 2/3<sup>rd</sup> reduction in year 2 and then the full reduction in year 3. There is also a protection based on a no cash worse off (ignoring inflation) but this has not applied in our position, as we were specially informed by the Department in our case along with 50 or so other councils we would be looking at possibly -5% as our floor calculation. This is a reduction from the 2025/26 base year and fails to address the actual position of inflation and demand pressure costs on the Council. Transitional Funding assumed is still significant with £5.9m in 26/27, £4.6m in 27/28 and £3.4m in 28/29.

- **Rolled up Grants in main funding formula under FFR**

Both the Homelessness Grant (£330k) and the NIC Grant (£283k) are proposed to be included in our overall funding assessment rather than direct grants. These have been deleted from the Service line within the MTFP and now form part of the overall government funding assessment.

- 8.5 **Council Tax** - The Government has for a number of years determined rural district councils can increase their council tax by £5 a year or up to 2.99% whichever is the greatest before triggering a local referendum. This is the level of income the Government assess is available to the Council and the MTFP applies this increase annually. The same principle is within the FFR. The percentage increase is now the greater sum for us rising the Council Tax from £171.78 in 2025/26 to £176.92 in 2026/27.

## **9. MTFP numbers**

- 9.1 An extract from the MTFP is given below, the main body of the report only includes the next 3 years, the full 10 year position is contained in the appendices:

This column gives the current year budget (2025/26) which is balanced, this is the base year to which  
adjusts are then made going forward.



EAST DEVON DISTRICT COUNCIL - MTFP summary Page										
GENERAL FUND REVENUE BUDGET FORECAST										
Note	BASE									
	2025/26 Total	Addition	2026/27 Reduction	Total	Addition	2027/28 Reduction	Total	Addition	2028/29 Reduction	Total
<b>BUDGET SET</b>	<b>25,878,510</b>			<b>25,878,510</b>			<b>27,401,584</b>			<b>27,617,012</b>
<b>AMENDMENTS TO BUDGET INCLUDING BUDGET VARIATIONS</b>										
1 One off Items of expenditure from Earmarked Reserves			373,455	(373,455)						
2 EDDC Elections (budget 2023 + inflation)					182,500				182,500	(182,500)
3 Staff & Resourcing for new town preparation, £200k in base, budget approval ends 25/26			200,000	(200,000)			0			0
4 National Insurance increase not covered in base budget, identified in 25/26 budget report		324,000		324,000						
5 Implications of 2025/26 pay award 2% allowed, agreed at 3.2%		204,704		204,704						
6 Council approved LATCo Recycling & Waste additional sum 26/27 for implementation		314,000		314,000		314,000	(314,000)			
7 Supplementary Estimate approved in 25/26 for Out of Hours payments		75,000		75,000			0			
8 Cash Flow implications of changes to Council Tax payments being over 12 months		255,000		255,000			0			
9 Latest indication inflation staying around 3% assume contingency on Pay Award etc		200,000		200,000			0			
10 Establishment saving through vacancies not achieving traditional £450k, reduce to £300k		150,000		150,000			0			
11 Homelessness Grant & NIC grant now rolled into FFR		613,000		613,000						
12 Savings related to LED Contract			200,000	(200,000)			0			
13 Savings assumed through Recycling & Waste LATCo			525,000	(525,000)		175,000	(175,000)			
14 Ongoing replacement of IT kit		100,000		100,000						
15 Actuary reducing rate on superannuation as over 100% funded - assume £192k reduction			192,000	(192,000)			0			
	<b>0</b>	<b>2,235,704</b>	<b>1,490,455</b>	<b>745,249</b>	<b>182,500</b>	<b>489,000</b>	<b>(489,000)</b>	<b>0</b>	<b>182,500</b>	<b>(182,500)</b>
<b>INFLATION</b>										
12 Employee Pay Award		352,091		352,091	355,039		355,039	362,139		362,139
Employees Other Costs		14,946		14,946	15,245		15,245	15,550		15,550
Superannuation		72,795		72,795	78,091		78,091	79,653		79,653
National Insurance		41,992		41,992	36,352		36,352	37,079		37,079
13 Inflation Summary - expenditure		742,599		742,599	668,832		668,832	686,616		686,616
14 Inflation Summary - fees, charges & contributions		(446,599)		(446,599)	(449,131)		(449,131)	(458,113)		(458,113)
<b>TOTAL INESCAPABLE BUDGET CHANGES</b>	<b>0</b>	<b>777,825</b>	<b>0</b>	<b>777,825</b>	<b>704,428</b>	<b>0</b>	<b>704,428</b>	<b>722,924</b>	<b>0</b>	<b>722,924</b>
<b>SERVICE PLAN COMMITMENTS NOT INCLUDED IN BASE BUDGET</b>										
15 None identified				0	0		0	0		0
<b>TOTAL "UNAVOIDABLE" CHANGES TO BUDGET</b>	<b>0</b>	<b>3,013,529</b>	<b>1,490,455</b>	<b>1,523,074</b>	<b>886,928</b>	<b>489,000</b>	<b>215,428</b>	<b>722,924</b>	<b>182,500</b>	<b>540,424</b>
<b>PREDICTED BUDGET REQUIREMENT</b>										
	<b>25,878,510</b>			<b>27,401,584</b>			<b>27,617,012</b>			<b>28,157,437</b>
<b>FINANCED BY:</b>										
Business Rates - New Baseline Funding Level (LGFutures Assessment)	3,789,000			3,478,000			3,544,000			3,608,000
Business Rates - Uplift (LGFutures Assessment)	4,835,000			1,077,000			1,097,000			1,117,000
Business Rates Pooling Gain (assume no Devon pool going forward)	453,000			0			0			0
Revenue Support Grant (LGFutures Assessment)	282,190			330,000			337,000			343,740
Minimum Funding Floor	2,096,870			0			65,000			604,000
Transitional Funding	0			5,859,000			4,620,000			3,383,000
EPR Grant	899,000			916,980			935,320			954,026
Council Tax 2025/26 = £171.78 - Growth in base 500 each year, Assume + £5 per annum increase or 2.99% which is ever greater	11,190,182			11,613,227			12,051,565			12,505,734
Interest Income (assume similar interest rates to 25/26 predictions, but effect of less cash)	2,071,410			1,571,410			1,571,410			1,571,410
Interest & Loan Repayment - assume Loan Debt increase of £4m allowance (MRP + 4% interest)	(1,260,757)			(1,553,757)			(1,846,757)			(2,139,757)
Council Tax Collection Fund Surplus	464,120			0			0			0
Earmarked Reserve - one off items of expenditure (including Transformation Fund)	373,455			0			0			0
New Homes Bonus	685,040			0			0			0
General Fund Balance - District Elections	0			0			182,500			0
GENERAL FUND BALANCE	0			0			0			0
<b>TOTAL</b>	<b>25,878,510</b>			<b>23,291,860</b>			<b>22,557,038</b>			<b>21,947,153</b>
<i>(Abbreviations used - NHB = New Homes Bonus, N.I = National Insurance, NNDR = National Non Domestic Rates)</i>										
<b>ANNUAL (SURPLUS)/DEFICIT</b>	<b>(0)</b>			<b>4,109,724</b>			<b>5,059,974</b>			<b>6,210,284</b>
<b>IN YEAR ADDITION TO ANNUAL (SURPLUS)/DEFICIT</b>										
				<b>4,109,724</b>			<b>950,250</b>			<b>1,150,309</b>
<b>Taking two year position 2026/27 and 2027/28</b>		<b>9,169,699</b>								

This line shows the annual projected deficit in our budget if no action is taken. The annual deficit in 2026/27 is £4.110m and the deficit in 2027/28 is £5.060m. These deficits are the result of a growing cost base against a significant decrease in funding with the effect of the FFR to be implemented from 2026/27.

## 10. MTFP Revenue - The Way Forward

10.1 If we consider the next two years 2026/27 and 2027/28 which at this stage under the Government timetable of LGR are the remaining two years of this Council.

10.2 From the details of the MTFP the two year gap equates to **£9.170m**

- The £9.170m is the total budget deficit for the two years together, it assumes no savings are made in 2026/27 so the deficit for that year of £4.110m remains in the base budget for 2027/28 with a further deficit added of £0.950m created in 2027/28.
- The deficit over the two years derives in the main from service change costs in the order of £2m, whilst at the time £7m of overall funding has been lost, a large part due to the implications of the FFR.

10.3 The options available to meet the **£9.170m** deficit if we only focus on the next two years are outlined below.

- **Reserves available** – The Council has reserves it has set aside to assist in a likely cliff edge from funding reductions, other reserves are also available that are considered appropriate to use at this time in setting budgets over the next two years prior to LGR. The obvious reserves are listed below for consideration but there are others available that the Council may consider appropriate to use as they have been set aside to deliver specific outcomes which with a limited timeframe now available it would seem sensible to review. This review of reserves is currently taking place with managers to assess where projects and schemes are, and further details can be brought forward in the detailed budget process.

The use of reserves to fund budget deficits would not normally be recommended as this does not solve the underlying budget gap. The circumstance of LGR is different, with the limited timescales available to reshape our budgets. It would seem inappropriate and impracticable to drive the necessary reductions, resulting in significant service cuts in just a two year period at a time when proposals for a successor authority are being drawn up. It was intended that the reserves would give time for the Council to make the necessary changes.

The business cases nationally being prepared for reorganisation are on the premise that savings should be derived, this is an overarching reason for the change, the need to make local authorities financially sustainable which is currently not the case. MTFP deficits across Devon need to be considered in designing an authority that achieves the required level of savings. A significant element of the reserves have been set aside by this Council as a mitigation of a spending review outcome to give the Council time to reshape against a cliff edge funding reduction.

Further in discussion with MHCLG with those councils worst hit by the FFR they are expecting the utilisation of reserves to help meet funding losses as an immediate response. Their analysis shows those authorities worst hit in the main have higher levels of reserves as they have benefited from the current funding regime. This was countered by authorities, but the statement was made.

<b>Reserves Available</b>		
MTFP Risk Reserve	(3,712,000)	
Transformation Reserves- uncommitted TBC	(1,481,000)	
GF headroom above min (Leaving £3.5m)	(1,300,000)	
Review of other reserves	TBC	(6,493,000)

- **Capital Dispensation** – Councils can apply to Government to treat certain revenue expenditure as capital if they are one off costs to aid better service delivery or generate savings. These costs can then be funded through capital resources including borrowing, although the use of capital receipts would be preferable so not increase revenue costs long term. DHCLG have indicated that they will look favourable under the current circumstances on such requests.

The costs associated with the LATCo mobilisation could be scored against this concession; currently £0.641m being funded from the Transformation Reserve and £0.314m from the 2026/27 budget. These costs having been factored into the MTFP and use of reserves, instead this cost could be capitalised.

<b>Capital Dispesation (need to apply to Gov't)</b>		
LATCo Mobilisation - apply for capital dispensation 25/26 as coming from Trans Fund & 26/27 revenue budget	(955,000)	
Other capitalisation	TBC	(955,000)

This could also be used in other areas were appropriate and this maybe useful in setting up the New Town Development Corporation.

We need to seek Government approval for dispensations but the message from MHCLG particular for those councils most effected by FFR is this is a mechanism that should be considered. Further conversations with the Department will also focus on possible other measures that might be available, although it is unlikely this will be in the form of additional direct funding.

- **Balance to find** – Taking the £9.170m budget deficit and utilising the sums identified above totalling **-£7.448m**, this leaves a budget gap of £1.7m. Or £0.9m if savings are found for 2026/27 and are recurring savings in our base budget.

The Senior Leadership Team (SLT) are currently working on proposals to meet this level of saving/increased income. Initially £1m for 2026/27 budget but with a stretched target of £1.5m for each of the two years giving £3m in total. This then gives options and is an eye to the 2028/29 budget should the LGR timetable slip and this Council needs to prepare a further year's budget. This can be assessed as we move through the LGR process.

Under our previously adopted Financial Strategy we had the Financial Sustainability Model (FSM) which had key enablers to help drive savings/increase income. These principles are still useful to the current work in hand and can be found here starting on page 16 of the [Financial Strategy 2025 onwards](#).

- 10.4 Using reserves, using capitalisation and finding savings for only the deficit balance remaining (£0.9m) is a strategy which focusses on this Council only needing to set a budget for the next two years. There is a risk by significantly utilising reserves, which can only be used once, the Council is delaying the cliff edge in its budget gap that it may have to face itself should LGR be delayed. To emphasis again the creation of a new unitary authority would have assumed savings and a different FFR position.
- 10.5 If we focussed on just finding the minimum savings and utilising all readily available reserves this would leave us with a deficit of £5.3m to find in 2028/29, equivalent to 10.6% reduction in the gross budget. Whereas finding £1.5m each year for the next two years reduces the deficit to £3.2m (6.4% reduction in gross budget) and readily available reserves remaining at £1.3m.
- 10.6 The steer given by Budget Setting and Capital Allocations Panel (BSCAP) and an informal session with Cabinet was to endorse the above measures, but to plan also for a delayed reorganisation, essentially a 'N+1' scenari. Hence the stretched target being set as well. As stated, we can keep this under review as we move through the process. If additional saving/increase income are from areas that are palatable to Council this also gives more scope to invest in defined legacy projects.

## 11. Capital

- 11.1 The Council maintains a programme of capital expenditure designed to improve a wide range of community facilities and local infrastructure. The forward funding projections below only include rolling items and projects identified early by managers; **there will be proposals missing from this list** that will need to be considered for funding. There will be slippage in the programme that is not reflected below, the MTFP considers the approved programme and actual spend history against programme to give a more accurate picture on General Fund Revenue implications.
- 11.2 There will be a disparity between the Council's capital spending aspirations being greater than the amount of finance available. In producing these figures agreed principles have/will be applied:
- Capital works associated with the Housing Revenue Account are self-funded; these costs have been factored into in the HRA budgets. Any capital receipts generated from the HRA are used to finance HRA expenditure.
  - A capital bid process is in place and reviewed annually. This prioritisation is overseen by the BSCAP.
- 11.3 Like many councils we see significant slippage annually in our capital programme, a review is currently underway to ensure we present a realistic programme bearing in mind again the LGR timetable. Several projects in the current programme have been included for some time and not started for various reasons, we need to

consider realistic delivery over the next two years. The same approach needs to be taken with any new schemes to be recommended. This review is likely to reduce the programme and have a beneficial effect on our debt funding position in the General Fund.

#### MTFP Model – Capital Expenditure and Funding Position

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
<b>GF - Net Capital Expenditure (after Grants, CIL, 106, EZ)</b>	25,543*	1,289**	7,588	6,308	239
<b>GF - General Capital Receipts</b>	(1,000)	(200)	(200)	(200)	(200)
<b>Net Internal/ External Borrowing</b>	(24,543)	(1,089)	(7,388)	(6,108)	(39)

\*Includes slippage from previous years

\*\*SANG contribution expected offsetting expenditure profiled in other years

11.4 The Programme expenditure includes only those schemes already approved by Council and rolling items such as the provision of statutory disabled facility grants, capital maintenance, equipment replacement for street scene services etc. **Bids will come through the annual budget process giving a different picture to that given above and there will be choices to make to keep expenditure within resources available.** The above has been produced using the latest budget monitoring position.

11.5 The position on internal/external borrowing over the period requires net funding of £39.167m. This position has been factored into the revenue model taking a realistic view of past borrowing patterns and the current level debt assumed. From 2026/27 the costs of borrowing/lost external interest with additional borrowing of £4m a year for new scheme approval is assumed. A modest sum has been included for the capital receipts line; active asset management should be able to generate greater sums than has been assumed.

11.6 Key issues to consider for this Plan in terms of capital are:

- Only rolling items, or early request for items, have been included in the MTFP. No amount is included for future coast protection or flood prevention schemes. If any schemes do come forward, it is assumed they will attract Government funding if of high enough priority.
- Any scheme inclusion in the Programme over and above this core annual expenditure needs to be considered carefully for inclusion in future programmes on a case by case basis to determine if they meet corporate objectives and, if they can be self funded, evidenced in a business case or delivered in conjunction with other agencies/partners. Some schemes will come with no funding but may still be required to be funded due to their nature.



### **11.7 The Way Forward – Capital programme**

- There is a clear necessity for the continuation of the member Panel to consider the allocating of capital resources against competing capital scheme bids.
- The programme needs to be populated with realistic expenditure estimates into the future.
- More active assessment of assets held in terms of capital receipts or transfers.

## EXTERNAL INFLUENCES AND KEY ASSUMPTIONS WITHIN THE REVENUE MTFP MODEL

### • Inflation

Inflation rates used are identified in Appendix A of the MTFP attached. Although the financial model is based upon what are believed to be a series of prudent assumptions, there is inevitably a risk that some or all factors applied could be inaccurate. The table below summarises the impact of any such inaccuracies that would have a detrimental effect upon the financial plan.

#### Financial impact of changes in inflation assumptions 2025/26.

Factor	MTFP Predicted Inflation Costs £000	Worse by 1% £'000	Worse by 2% £'000
Pay, N.I & Pension & other employee costs + other costs	778	498	996

### • Investment Returns

The approach adopted, of budgeting for investment income remains prudent. Investment return is based on a marginal reduction in base rate for 2026/27 and a reduction in cash to invest has been factored in.

### • Council Tax Income

The MTFP follows recent Government practice of allowing a £5 a year increase or 2.99% whichever is the greatest.

#### Financial impact of changes in council tax levels (2025/26).

Level of council Tax increase	Predicted council tax income £000	Loss of income in MTFP 2025/26 £'000
Council tax yield at £5 (2.99%) increase	(11,613)	Nil
Yield at 2.0%	(11,501)	112
Yield at 1.0%	(11,389)	224
Yield at 0.0%	(11,276)	337

This calculation shows a one year effect, this reduction would be lost each year going forward plus the opportunity to increase the level in future on a higher base.

### • Government Funding

This is significant factor and the most difficult to predict. Although there are many factors to consider the overarching safeguard has promised is transitional arrangement over 3 years and LGFutures taking the year on year cash position being no worse than -5%. Although a risk this should the worst position.



GENERAL FUND REVENUE BUDGET FORECAST

BAND		2025/26			2026/27			2027/28			2028/29			2029/30			2030/31			2031/32			2032/33			2033/34			2034/35			2035/36		
Note		Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total	Addition	Reduction	Total			
BUDGET SET																																		
AMENDMENTS TO BUDGET INCLUDING BUDGET VARIATIONS																																		
	25,878,510			25,878,510			27,401,584			27,617,012			28,157,437			28,801,833			29,468,893			30,332,374			30,824,447			31,529,699			32,251,094			
1	One off items of expenditure from Earmarked Reserves		373,455	(373,455)																														
2	EDDC Elections (budget 2023 + inflation)		200,000	(200,000)			182,500						182,500			(182,500)			0		197,400			197,400			197,400			(197,400)			0	
3	Staff & Resourcing for new towns preparation, £200k in base, budget approval ends 25/26																				0					0			0			0		
4	National Insurance increase not covered in base budget, identified in 25/26 budget report		324,000		324,000																0		0		0		0		0		0	0		
5	Implications of 2025/26 pay award 2% allowed, agreed at 3.2%		204,704		204,704																0		0		0		0		0		0	0		
6	Council approved LATCo Recycling & Waste additional sum 26/27 for implementation		314,000		314,000								314,000			(314,000)																0		
7	Supplementary Estimate approval in 25/26 for Out of Hours payments		75,000		75,000																											0		
8	Cash Flow implications of changes to Council Tax payments being over 12 months		255,000		255,000																											0		
9	Latest indication inflation staying around 3% assume contingency on Pay Award etc		200,000		200,000																											0		
10	Establishment saving through vacancies not achieving traditional £450k, reduce to £300k		150,000		150,000																											0		
11	Homelessness Grant & NHC grant now rolled into FFR		613,000		613,000																											0		
12	Savings related to LED Contract		200,000		(200,000)																											0		
13	Services assumed through Recycling & Waste LATCo		525,000		(525,000)			175,000					(175,000)																			0		
14	Ongoing replacement of IT kit		100,000		100,000																											0		
15	Actuary reducing rate on superannuation as over 100% funded - assume £192k reduction			192,000		(192,000)																										0		
	0	2,235,704	1,490,455	745,249	182,500	489,000	(489,000)	0	0	182,500	(182,500)	0	0	0	0	0	0	0	0	197,400	0	197,400	0	197,400	(197,400)	0	0	0	0	0	0	0		
INFLATION																																		
12	Employee Pay Award		352,091		352,091		355,039		355,039		362,139		369,382		369,382		376,770		376,770		384,305		391,991		391,991		399,831		407,828		415,984		415,984	
	Employees Other Costs		14,946		14,946		15,550		15,550		15,861		16,178		16,178		16,778		16,778		16,502		16,832		17,169		17,169		17,512		17,862		17,862	
	Superannuation		72,795		72,795		78,891		78,891		79,653		81,246		81,246		82,870		82,870		84,528		86,218		87,943		89,702		91,496		91,496		91,496	
	National Insurance		41,992		41,992		36,352		36,352		37,079		37,821		38,577		39,349		39,349		40,136		40,938		41,757		42,592		43,427		44,259		44,259	
13	Inflation Summary - expenditure		742,599		742,599		668,832		668,832		686,616		697,362		697,362		621,284		621,284		635,551		650,171		665,156		680,515		696,238		712,000		712,000	
14	Inflation Summary - fees, charges & contributions		(446,599)		(446,599)		(449,131)		(449,131)		(458,113)		(467,275)		(467,275)		(476,621)		(476,621)		(486,153)		(495,876)		(505,794)		(515,910)		(526,228)		(536,546)		(536,546)	
	0	777,825	0	777,825	704,428	0	704,428	722,924	0	722,924	644,397	0	644,397	659,059	0	659,059	674,081	0	674,081	689,473	0	689,473	705,243	0	705,243	721,404	0	721,404	737,965	0	737,965		737,965	
SERVICE PLAN COMMITMENTS NOT INCLUDED IN BASE BUDGET																																		
15	None identified			0	0		0	0		0	0		0	0		0	0		0	0		0	0		0	0		0	0		0	0		
	0	3,013,529	1,490,455	1,523,074	886,928	489,000	215,428	722,924	182,500	540,424	644,397	0	644,397	659,059	0	659,059	871,481	0	871,481	689,473	197,400	492,073	705,243	0	705,243	721,404	0	721,404	737,965	0	737,965		737,965	
TOTAL "UNAVOIDABLE" CHANGES TO BUDGET																																		
	0	3,013,529	1,490,455	1,523,074	886,928	489,000	215,428	722,924	182,500	540,424	644,397	0	644,397	659,059	0	659,059	871,481	0	871,481	689,473	197,400	492,073	705,243	0	705,243	721,404	0	721,404	737,965	0	737,965		737,965	
PREDICTED BUDGET REQUIREMENT																																		
	25,878,510			27,401,584			27,617,012			28,157,437			28,801,833			29,468,893			30,332,374			30,824,447			31,529,699			32,251,094			32,989,059			
FINANCED BY:																																		
	3,789,000			3,478,000			3,444,000			3,600,000			3,680,160			3,753,763			3,828,838			3,905,415			3,983,524			4,065,194			4,144,458			
	4,835,000			1,077,000			1,097,000			1,117,000			1,139,346			1,162,127			1,185,569			1,209,077			1,233,328			1,257,823			1,283,082			
	453,000			0			0			0			0			0			0			0			0			0			0			
	282,190			330,000			337,000			343,740			350,615			357,627			364,780			372,075			379,517			387,107			394,849			
	2,096,870			0			65,000			684,000			2,987,000			2,987,000			2,987,000			2,987,000			2,987,000			2,987,000			2,987,000			
	0			5,859,000			4,620,000			3,383,000			954,026			973,107			992,569			1,012,420			1,032,668			1,053,322			1,074,388			
	899,000			916,980			935,320																											
	11,190,182			11,613,227			12,051,565			12,505,734			12,976,288			13,463,801			13,968,866			14,492,097			15,034,129			15,595,618			16,177,244			
	2,071,410			1,571,410			1,571,410			1,571,410			1,571,410			1,571,410			1,571,410			1,571,410			1,571,410			1,571,410			1,571,410			
	(1,260,757)			(1,553,757)			(1,846,757)			(2,139,757)			(2,432,757)			(2,725,757)			(3,018,757)			(3,311,757)			(3,604,757)			(3,897,757)			(4,190,757)			
	464,120			0			0			0			0			0			0			0			0			0			0			
	373,455			0			0			0			0			0			0			0			0			0			0			
	685,060			0			0			0			0			0			0			0			0			0			0			
	0			0			182,500			0			182,500			197,400			0			0			0			0			110,000			
	25,878,510			23,291,860			22,557,038			21,947,153			21,245,162			21,562,539			22,097,326			22,357,985			22,637,402			23,148,884			23,463,163			
(Abbreviations used - NHB = New Homes Bonus, NI = National Insurance, NNDR = National Non Domestic Rates)																																		
ANNUAL SURPLUS/DEFICIT																																		
	0			4,109,724			5,059,974			6,210,284			7,556,671			7,898,354			8,235,048			8,566,461			8,892,288			9,102,210			9,525,896			
IN YEAR ADDITION TO ANNUAL (SURPLUS)/DEFICIT																																		
				4,109,724			950,250			1,150,309			1,346,388			341,682			336,695			331,413			325,826			209,922			423,687			

INESCAPABLE BUDGET CHANGES												Appendix A (ii)	
Note	2025/26 £ BASE	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £	2031/32 £	2032/33 £	2033/34 £	2034/35 £	2035/36 £		
<b>Employee Costs</b>													
<b>Inflation - Employees Pay</b>													
Base Pay Budget (Salary/Wages/Overtime)	17,399,840	17,399,840	17,751,931	18,106,969	18,469,109	18,838,491	19,215,261	19,599,566	19,991,557	20,391,389	20,799,216		
25/26 budget assumed 2% overall, still awaiting outcome but offer made of 3.2%		204,704											
Assumed Pay Award (in line with inflation)		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Total Pay		352,091	355,039	362,139	369,382	376,770	384,305	391,991	399,831	407,828	415,984		
<b>Inflation - Employees Other - In line with General Inflation</b>													
Base Pay Budget	747,320	747,320	762,266	777,512	793,062	808,923	825,102	841,604	858,436	875,604	893,117		
Assumed Inflation Level		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Total Pay Inflation		14,946	15,245	15,550	15,861	16,178	16,502	16,832	17,169	17,512	17,862		
<b>Pension- Triannual review 26/27 - 28/29</b> (currently 20% Primary rate all years, 2nd Rate minor sum), Scheme review showing over funded assume £192k reduction 19% base Reduction	3,831,740	3,831,740	3,904,535	3,982,625	4,062,278	4,143,524	4,226,394	4,310,922	4,397,140	4,485,083	4,574,785		
Inflation		-192,000	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
		72,795	78,091	79,653	81,246	82,870	84,528	86,218	87,943	89,702	91,496		
<b>National Insurance</b>	1,775,617	1,775,617	1,817,609	1,853,962	1,891,041	1,928,862	1,967,439	2,006,788	2,046,923	2,087,862	2,129,619		
Additional contribution net of grant		324,000											
Inflation		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
		41,992	36,352	37,079	37,821	38,577	39,349	40,136	40,938	41,757	42,592		
<b>OTHER</b>													
<b>Inflation - Premises General</b>	1,572,095	1,572,095	1,603,537	1,635,608	1,668,320	1,701,686	1,735,720	1,770,434	1,805,843	1,841,960	1,878,799		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		31,442	32,071	32,712	33,366	34,034	34,714	35,409	36,117	36,839	37,576		
<b>Inflation - Premises Energy</b>	373,290	373,290	391,955	411,552	432,130	453,736	476,423	500,244	525,257	551,519	579,095		
Inflation Rate		5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%		
Increased Sum		18,665	19,598	20,578	21,606	22,687	23,821	25,012	26,263	27,576	28,955		
<b>Inflation - Premises Rates</b>	941,435	941,435	960,264	979,469	999,058	1,019,040	1,039,420	1,060,209	1,081,413	1,103,041	1,125,102		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		18,629	19,205	19,589	19,981	20,381	20,788	21,204	21,628	22,061	22,502		
<b>Inflation - Transport General</b>	838,865	838,865	855,642	872,755	890,210	908,014	926,175	944,698	963,592	982,864	1,002,521		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		16,777	17,113	17,455	17,804	18,160	18,523	18,894	19,272	19,657	20,050		
<b>Inflation - Transport Fuel related</b>	178,120	178,120	187,026	190,767	194,582	198,473	202,443	206,492	210,622	214,834	219,131		
Inflation Rate		5,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		8,906	3,741	3,815	3,892	3,969	4,049	4,130	4,212	4,297	4,383		
<b>Inflation - Supplies &amp; Services</b>	7,707,415	7,707,415	7,861,563	8,018,795	8,179,170	8,342,754	8,509,609	8,679,801	8,853,397	9,030,465	9,211,074		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		154,148	157,231	160,376	163,583	166,855	170,192	173,596	177,068	180,609	184,221		
<b>Inflation - Members General</b>	37,540	37,540	38,291	39,057	39,838	40,635	41,447	42,276	43,122	43,984	44,864		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		751	766	781	797	813	829	846	862	880	897		
<b>Inflation - Members Allowances</b>	469,840	469,840	479,237	488,822	498,598	508,570	518,741	529,116	539,698	550,492	561,502		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		9,397	9,585	9,776	9,972	10,171	10,375	10,582	10,794	11,010	11,230		
<b>Inflation - Refuse &amp; Recycling</b>	8,840,270	8,840,270	9,193,881	9,469,697	9,753,788	9,948,864	10,147,841	10,350,798	10,557,814	10,768,970	10,984,350		
Assume on track with new contract arrangement, but sum based on fuel & staff costs so higher overall inflation increase		4,00%	3,00%	3,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
		353,611	275,816	284,091	195,076	198,977	202,957	207,016	211,156	215,379	219,687		
<b>Inflation - LED SLA</b>	1,349,700	1,349,700	1,376,694	1,404,228	1,432,312	1,460,959	1,490,178	1,519,981	1,550,381	1,581,389	1,613,016		
		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
		26,994	27,534	28,085	28,646	29,219	29,804	30,400	31,008	31,628	32,260		
<b>Inflation - Strata</b>	3,436,005	3,436,005	3,539,085	3,645,258	3,754,615	3,867,254	3,983,272	4,102,770	4,225,853	4,352,628	4,483,207		
Contract (payment based on inflation - salary + software %)		3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%		
Increased Sum		103,890	106,173	109,358	112,638	116,018	119,498	123,083	126,776	130,579	134,496		
Summary of inflation		742,599	668,832	686,616	607,362	621,284	635,551	650,171	665,156	680,515	696,258		
<b>Inflation - HB payments (includes £400,000 overpayment income)</b>	15,812,680	15,812,680	15,812,680	15,812,680	15,812,680	15,812,680	15,812,680	15,812,680	15,812,680	15,812,680	15,812,680		
		0	0	0	0	0	0	0	0	0	0		
Elections (Parliamentary & Police)													
Sub Total	65,311,772												Agrees to
<b>Inflation - HB Admin</b>	-397,590.00	-397,590	-405,542	-413,653	-421,926	-430,364	-438,971	-447,751	-456,706	-465,840	-475,157		
No assumption of change in 2026/27		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
		-7,952	-8,111	-8,273	-8,439	-8,607	-8,779	-8,955	-9,134	-9,317	-9,503		
<b>Inflation - NNDR Admin</b>	-273,260	-273,260	-278,725	-284,300	-289,986	-295,785	-301,701	-307,735	-313,890	-320,168	-326,571		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-5,465	-5,575	-5,686	-5,800	-5,916	-6,034	-6,155	-6,278	-6,403	-6,531		
<b>Inflation - Homelessness</b>	-492,000	-492,000	-501,840	-511,877	-522,114	-532,557	-543,208	-554,072	-565,153	-576,456	-587,986		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-9,840	-10,037	-10,238	-10,442	-10,651	-10,864	-11,081	-11,303	-11,529	-11,760		
<b>Inflation -Recycling</b>	-3,629,400	-3,629,400	-3,701,988	-3,776,028	-3,851,548	-3,928,579	-4,007,161	-4,087,294	-4,169,000	-4,252,421	-4,337,489		
Inflation Rate - assume 1% increase		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-72,588	-74,040	-75,521	-77,031	-78,572	-80,143	-81,746	-83,381	-85,048	-86,749		
<b>Inflation - Government &amp; OLA Grant Balance</b>	-703,386	-703,386	-717,454	-731,803	-746,439	-761,368	-776,595	-792,127	-807,969	-824,129	-840,611		2,00%
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-14,068	-14,349	-14,636	-14,929	-15,227	-15,532	-15,843	-16,159	-16,483	-16,812		
<b>Inflation - Other Grants &amp; Con't</b>	-679,370	-679,370	-692,957	-706,817	-720,953	-735,372	-750,079	-765,081	-780,383	-795,990	-811,910		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-13,587	-13,859	-14,136	-14,419	-14,707	-15,002	-15,302	-15,608	-15,920	-16,238		
<b>Inflation - HB Subsidy + Benefits received from Homelessness</b>	-15,999,610.00	-15,999,610	-15,999,610	-15,999,610	-15,999,610	-15,999,610	-15,999,610	-15,999,610	-15,999,610	-15,999,610	-15,999,610		
		0	0	0	0	0	0	0	0	0	0		
<b>Inflation - Other Customer Receipts</b>	-7,410,765	-7,410,765	-7,558,980	-7,710,160	-7,864,363	-8,021,650	-8,182,083	-8,345,725	-8,512,640	-8,682,892	-8,856,550		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-148,215	-151,180	-154,203	-157,287	-160,433	-163,642	-166,915	-170,253	-173,658	-177,131		
<b>Inflation - Homesafeguard</b>	-343,820	-343,820	-350,696	-357,710	-364,865	-372,162	-379,605	-387,197	-394,941	-402,840	-410,897		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-6,876	-7,014	-7,154	-7,297	-7,443	-7,592	-7,744	-7,899	-8,057	-8,218		
<b>Inflation - Net Recharges to HRA</b>	-3,173,606	-3,173,606	-3,237,078	-3,301,820	-3,367,856	-3,435,213	-3,503,917	-3,573,996	-3,645,476	-3,718,385	-3,792,753		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-63,472	-64,742	-66,036	-67,357	-68,704	-70,078	-71,480	-72,910	-74,368	-75,855		
<b>Inflation - Car Park Charges</b>	-3,108,800	-3,108,800	-3,170,878	-3,234,396	-3,299,083	-3,365,065	-3,432,366	-3,501,014	-3,571,034	-3,642,455	-3,715,304		
Inflation Rate		2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%		
Increased Sum		-62,176	-63,420	-64,688	-65,982	-67,301	-68,647	-70,020	-71,421	-72,849	-74,306		
<b>Inflation - Planning Fees</b>	-1,426,940	-1,426,940	-1,135,479	-1,158,188	-1,181,352								

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted