

Report of the Cabinet Member for Economic Recovery and Skills

I will be reporting as follows for Full Council on 17 February 2022:

1. By Councillor Hannaford as follows:

Can I please request a cabinet member report on the decision to appoint administrators at Midas? Specifically, the potential 1,000 or more local job losses, and the effect on our local contractors, subcontractors, manufacturers and supply chains.

What effect will this have on our local apprenticeship programmes, and how can we working with other education and training providers support young people, who may see their progress delayed or disrupted?

Do we know the potential effects on our school buildings, including those no longer under council control. Also, what does this mean for Devon County Council, in terms of our own capital programme, repair works, and regeneration initiatives. Including those in partnership with other key partners?

2. By Councillor Hannaford as follows:

Brixham has been recently chosen to pioneer a new banking system which helps small towns cope with the closure of their High Street bank branches. It will be one of just five towns in England and Scotland to take part in the project, with the announcement being hailed as a 'Godsend' for the town. Brixham will get a banking 'hub' run by the Post Office at which customers of any bank can access their accounts, deposit cash and cheques and withdraw money.

The new banking hub will be available for everyone in the community to use, whichever brand they bank with, and will be funded entirely by the major banks. Detailed inquiries are dealt with by a representative from one of the major banks who each visit once a week. Brixham was identified by the banks' own Cash Action Group as being in need of better access to cash and basic banking following the closure of its last remaining bank - Lloyds - earlier in 2021.

The banking hub concept has been trialed over the past year in Essex and Lanarkshire, and has proved popular with customers and small businesses.

Numerous communities across Devon no longer have any proper access to banks, with digital connectivity often poor and the drive for a cashless society excluding and penalising those in poverty.

What work can be done by Devon County Council, working with the government , financial sector, and other key partners to help develop a new Post Office Banking Hubs network across Devon to secure financial and monetary inclusivity for individuals, community groups, charities and local businesses.

Response

1. Midas Administration

Devon County Council recognises the difficult situation for the local economy in terms of the collapse of Midas Construction and its closely associated business Mi-Space. Since Councillor Hannaford rightly raised this question, further developments in the situation have and continue to occur, which we are continuing to monitor. Therefore, my response is current at the time of publication.

My understanding is that:

- Midas Construction and Mi-Space have gone into administration with Francis Clark as the appointed administrator, who have been actively seeking buyers for the business.
- Mi-Space provided maintenance services for a range of local authorities and social housing landlords.
- Within the Devon County Council area the direct jobs of people employed by Midas and Mi-Space according to our most recent data was 213 (180 in Exeter and 33 in Newton Abbot).
- There were a further 32 direct jobs in Plymouth and 9 in Paignton. The business also employed people directly at Indian Queens in Cornwall, Bristol and in Hampshire.
- Media reports have noted that the Mi-Space business has been acquired by Bell Construction saving a number of jobs (currently mooted as 46)
- It is likely that the bigger risk impact in terms of employment losses will be to sub-contractors, of which Devon County Council (DCC) understands there are a significant number (total figure as yet unknown) – the majority of these being small and micro businesses. Job losses are expected to be in excess of those directly employed by Midas and Mi-Space.
- We are yet to ascertain what debts, if any, the Midas group of companies may have left, including to their supply chain and if so what, if any impacts there may be
- Midas Construction was a contractor on the Southern Construction Framework (SCF). Across the SCF geography there are 14 projects across South and South-West England, where Midas was working in either Preconstruction, Construction or Defects. The SCF team are liaising individually with these clients.
- DCC has no contractual liabilities with Midas in relation to these SCF contracts.
- DCC does not have any current live projects or projects remaining in the defects period with Midas
- We understand that there are no live contracts within the DCC area
- A build at Exeter Science Park, which was built by Midas has been completed and fully signed over.
- Midas was a main build delivery partner for Teignbridge and North Devon Councils, but with no live projects as we understand.
- Midas was also a main delivery build partner for Torbay Council outside of the DCC area, with live projects.
- One academy school in Devon had selected Midas as 'preferred bidder' for a scheme. This contract had not been let before the collapse of the firm and therefore we currently understand that there was no contractual obligation engaged.

- Warranties related to Midas Construction buildings are at risk
- As regards apprentices DCC does not yet have data on how many are likely to be affected and will monitor this situation, including liaising with the Further Education and Training Provider sector. As with previous administrations in the sector, however, partners will be seeking to engage with and redeploy any affected apprentices where practicable.
- An Employment Support Session for Midas colleagues and those affected in the supply chain has been arranged for Thursday 17 February – with representatives from CITB, Building Plymouth, Building Greater Exeter, Build Torbay and Building Cornwall, and DWP to be present. DCC in its role as the LEP's Employment and Skills lead is engaged with this initiative.

2. Post Office Hubs

Devon County Council recognises the need for the County's people, businesses and organisations to be able to physically access banking facilities and cash, including the need to access paying-in facilities and banking and financial advice. We recognise this is essential to the smooth functioning of many businesses in our economy.

On 26th April 2019 the Council's Economy, Enterprise and Skills team responded directly to an evidence request for the inquiry into the Postal Network by the UK Government's Business, Energy and Industrial Strategy Committee.

Within our response which provided evidence on a range of post office roles and opportunities across Devon we also specifically referenced the Banking function that could be provided and enhanced through the Post Office Network. We flagged specific items to the Committee including:

- Government recognition of the disproportionate impact that Post Office and banking closures and movements of post offices have on other local retail and service hierarchies, including downstream effects on local service provision; the wider public sector costs of sustaining small communities and business rates revenues in Local Authorities.
- Recognising the very significant number of personal and business customers who continue to use physical banking services across the country, particularly in rural and coastal areas such as Devon (evidence provided) and the market opportunity this provides for the Post Office network.
- Recognising the strong supporting role that Post Offices have in supporting global digital and internet-based commerce and trading by smaller UK based companies. This is especially relevant to the large number of small and micro businesses based across Devon, many of whom will continue to need to access physical banking facilities to undertake part of their business.
- Recognising the unique role and opportunity for Post Offices to act as a single service provision centre within many communities, offering both postal, financial and retail service in locations increasingly devoid of wider competition. This would provide critical mass to bolster the role of all of these functions under one umbrella.
- Government should consider the very strong central role that Crown Post Offices have in maintaining the economic vibrancy and footfall in town and city centres and supporting other businesses and local Business Rates revenues.

- The significant role Post Offices play as lynchpin organisations within many village and rural / coastal settings
- The Post Office network across Devon at present remains fairly comprehensive. A number of small to medium sized towns (up to around 14,000 population) in Devon have, however, been left with no single high street retail bank and the Post Office remains as the only feasible local provider of banking services. Around 30 retail bank branch closures have occurred in Devon over the past few years. Mobile banking van provision is patchy and often visits one town for around 1 hour per week, at times that are often not convenient for either personal, or business customers.

In particular we noted that:

- Many Post Offices that are not designated Banking Hubs already perform a basic banking function such as allowing cash withdrawals and taking deposits for a wide range of banks.
- Retail banks such as Barclays and Natwest have specifically advised customers to shift to using the Post Office for banking transactions when closing branches.
- Opportunities exist for the Post Office to work more closely with the wider bank sector on extending services within harder to reach communities, filling a void left by the loss of more traditional high street banking networks.

Devon County Council continues to be very supportive of the role that Post-Offices and especially co-located banking facilities have for communities and businesses across the whole County and would welcome the provision of further Banking Hubs, should the pilot in places such as Brixham prove to be successful.

As well as being supportive in principle of the setting up of Banking Hubs where demand allows, the Council also wishes to highlight the current good work also being undertaken locally by a number of co-operatives, credit unions and mutuals which include:

1. West Country Savings and Loans for example. This has 3,000 members around the area and offers a mixture of savings, ethical lending and banking products at the community level <https://www.westcountry.org.uk/>
2. City of Plymouth Credit Union <https://cpcu.co.uk>

Councillor Rufus Gilbert

Cabinet Member for Economic Recovery and Skills