

NORTH DEVON COUNCIL

POLICY DEVELOPMENT COMMITTEE: 19TH NOVEMBER 2020

**MINUTE EXTRACT OF STRATEGY AND REOURCES HELD
ON 2ND NOVEMBER 2020 IN RESPECT OF ITEM 8 ON THE POLICY
DEVELOPMENT COMMITTEE AGENDA**

205 **PERFORMANCE AND FINANCIAL MANAGEMENT REPORT: QUARTER 2
OF 2020-21**

The Committee considered a report by the Head of Resources (circulated previously) regarding the Performance and Financial Management for quarter 2 of 2020/21.

The Accountancy Services Manager highlighted the following:

- The revenue budget for 2020/21 was approved at Council on 26th February 2020 at £13,380,000.
- As at 30 September 2020, the latest forecast net budget is £13,516,000, which produced a forecast budget deficit of £136,000. (Q1 deficit was £385,000). Details of all variances were shown in “Appendix A – Variations in the Revenue Budget”.
- The original budget for 2020/21 included a forecast to achieve £200,000 worth of salary vacancy savings. The current position forecasts this will be exceeded this year; we were currently predicting to achieve £245,000.
- There was much pressure on the 2020/21 budget due to the Covid-19 pandemic and the Council’s income streams have been greatly affected in the first two quarters of 2020/21 and this was expected to continue through the financial year. Also additional costs have been incurred by the council in provision of temporary accommodation, additional agency staff for waste and recycling and in supporting the local community.
- Central government have announced and paid local authorities three tranches of support funding totalling £1,189,000 for North Devon. We have also claimed £160,000 in respect of the job retention scheme and received £170,000 New Burdens grant for SBG and RHLG. Central government have announced they will help support local authorities for lost income by paying 75% of any lost income after Councils incur the first 5% variance. The expected lost income and additional costs have been factored into the figures in Appendix A along with the anticipated government support. Figures relating to the forthcoming national lockdown would be worked on this week.
- It was anticipated that there would be a reduction in both Council Tax and Business Rates income during 2020/21 as a result of the pandemic. However, no reduction for income was being reported for 2020/21 year as the financial effect of any deficit on the Collection Fund income will not have an impact on NDC finances until later years as the Government also announced that deficits on this taxation income can be spread over the next 3 financial years.
- It was difficult to quantify the full impact of Covid-19 at this stage with any certainty, however the financial pressure on the Council would be substantial through 2020-21 and beyond – even after taking into account the above mentioned emergency Covid-19 funding announced by the Government. The

Council does have both general fund and earmarked reserve balances which it could call upon in 2020-21 to mitigate the economic impact being experienced but clearly this would have much longer term solvency implications for the authority.

- “Appendix B – Movement in reserves and Balances” detailed the movements to and from earmarked reserves in 2020/21.
- Full details of the Strategic Contingency Reserve movements and commitments are attached as “Appendix C – Strategic Contingency Reserve”.
- The 2020/21 to 2022/23 Capital Programme is attached as “Appendix D – Capital Programme”.
- Project under spends of £2,673,332 were brought forward from 2019/20 year and further variations of (£2,356,424) were approved as part of the performance and financial management report to Strategy and Resources to produce a revised 2020/21 Capital Programme of £12,938,936.
- Two capital funding bids for a further £166,000 were submitted to the Project Appraisal Group (PAG) in relation to new Trade Waste software £36,000 and Repairs to the Queens Theatre’s flat roof £130,000. The projects were to be funded from the improvement reserve and repairs fund respectively. The projects have been scored and have been put forward by the Project Appraisal Group.
- Overall variations of (£2,526,908) were proposed to the 2020/21 Capital Programme as detailed in paragraph 4.4.4.
- The overall Capital Programme for 2020/21 to 2022/23 is £29,729,999 and is broken down as follows: 2020/21 - £10,412,028; 2021/22 - £17,033,383; 2022/23 - £2,284,588.
- The Programme of £29,729,999 was funded by Capital Receipts / Borrowing (£14,844,331), External Grants and Contributions (£12,147,339) and Reserves (£2,738,329).
- Once funds have been included in the Capital Programme the Constitution required a separate decision to release those funds. Accordingly the schemes below need the funds to be released so that spending can start within the following three months: Trade Waste Software £36,000; Queens Theatre flat roof repair £130,000.
- Treasury Management (paragraph 4.5), Debt Management (paragraph 4.6) and General Debtors (paragraph 4.7).
- Performance information as detailed in Appendix E.

In response to a question regarding ICT Skype for Business (page 41), the Accountancy Services Manager advised that there was currently a dispute with the supplier and once resolved the final payment would be made.

In response to questions the Chief Executive advised:

- Park and Change site at Chivenor (page 47) - once the land ownership issues had been resolved, the Council would adopt the site and manage the car park in line with other Council managed car parks.
- Discounted sale processes action (page 49) – there were a number of supplementary planning documents to be produced. Discussions would be

undertaken with the team shortly regarding progress on the production and adoption of these documents.

In response to questions, the Head of Resources advised:

- Action “Develop a Climate Change and Biodiversity Action Plan” (page 48) - the Environmental Policy had now been approved and that the action would be updated by the Head of Place.
- Appendix A Government funding – the Council had received three tranches of funding from the Government for Covid 19 totalling £1.189m. Since the publication of the agenda, the Council had received further Government funding of £385,000. However, following the next national lockdown there would be further financial impact on the Council. The report for the next quarter would detail the net financial impact on the Council. The claim for reimbursement of lost income for the first four months had been claimed. The forecast loss of income of £1.185m was until the end of the financial year. A further claim would be made for the reimbursement of income for the remainder of the year.

RESOLVED:

- (a) That the actions being taken to ensure that performance was at the desired level be noted;
- (b) That the contributions to/from earmarked reserves be approved as detailed in paragraph section 4.2;
- (c) That the movements on the Strategic Contingency Reserve (paragraph 4.3) be noted;
- (d) That funds be released for the capital schemes listed in paragraph 4.4.11;
- (e) That the sections dealing with Treasury Management (paragraph 4.5), and Debt Management (paragraphs 4.6 and 4.7) be noted;

RECOMMENDED:

- (f) That Council approve the variations to the Capital Programme 2020/21 to 2022/23 (paragraph 4.4.4)

