

NORTH DEVON COUNCIL

Minutes of a meeting of Policy Development Committee held at Virtual - Online meeting on Thursday, 10th September, 2020 at 6.30 pm

PRESENT: Members:

Councillor D. Spear (Chair)

Councillors Campbell, Luggar, Mack, Roome, Walker and York

Officers:

Head of Resources

Also Present:

Councillors

56. VIRTUAL MEETINGS PROCEDURE - BRIEFING AND ETIQUETTE

The Corporate and Community Services Officer outlined the virtual meeting procedure and etiquette to the Committee and attendees.

57. APOLOGIES

There were no apologies for absence received.

58. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 16 JULY 2020 (ATTACHED).

RESOLVED that the minutes of the meeting held on 16th July 2020 (circulated previously) be approved as a correct record.

59. DECLARATIONS OF INTEREST.

There were no declarations of interest declared.

60. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 4 OF 2019/20

The Committee considered a report to the Strategy and Resources Committee on 3rd August 2020 by the Head of Resources together with a minute extract (circulated previously) regarding the Performance and Financial Management Quarter 4 of 2019-20.

The Head of Resources advised that the report had already been subject to consideration by the Strategy and Resources Committee on 3rd August 2020.

He highlighted the following points to the Committee:

- As at 31st December 2019 the Council was reporting a net surplus of £6,000 against the budget. As at 31st March 2020 the final outturn was a budget surplus of £241,000. The main reasons for the movement were covered in appendix A of the report. The favourable variances in the last quarter included additional salary vacancy savings, investment interest and reduced borrowing costs.
- It was proposed that the revenue budget surplus (£241,000) be set aside into the following ear-marked reserves:
 - (£9,689) Museum Development – For the Museum garden path
 - (£17,144) Office Technology – ICT spend committed to but not paid in 2019-20
 - (£46,000) Leisure Centre replacement – Works at Seven Brethren
 - (£18,000) Building Control Partnership reserve – 50% of surplus to protect against loss of income in 2020-21
 - (£10,000) Harbour Repairs – Fender repairs
 - (£13,522) Lynton Agency – 2019-20 works not completed due to Covid-19
 - (£100,000) Repairs fund – Additional contribution for planned maintenance
 - (£26,260) Legal Services – External Legal Fees
- As at 31st March 2020 total external borrowing was £1.25million. This was lower than was originally anticipated.
- The Authority had been in a strong position at the end of 2019-20 going in to 2020-21. The effects of Covid-19 would be felt long into 2020-21 and beyond. It had affected the sources of core income and increased expense. The Council had incurred costs for additional agency staff for the Waste and Recycling team, costs of assisting the vulnerable in the community, additional work to find accommodation for the homeless and the impact upon the level of bad-debt provision. The situation would be monitored on an ongoing basis through 2020-21.
- Actual spend on the Capital Programme for 2019-20 financial year was £5,453,943. The underspend on the capital programme budget would be carried forward to 2020-21 to fund on-going projects.

- £143,315 investment interest was earned during the financial year. The 2019-20 interest receivable budget was £70,000 so this was a positive variance of over £73,000.

In response to questions from the Committee, the Head of Resources advised that:

- There was a plan to replace the roof of Barnstaple Pannier Market as the market was seen as fundamental in the investment into Barnstaple and its regeneration. He noted that the roof was a specialist project due to its historic nature which therefore increased the costs involved.
- Collection of Business Rates was at 97.1%, and Council Tax at 96.8%. Collection levels during 2020-21 (since Covid-19) had not dropped significantly but it was considered that the Government's Furlough Scheme had helped people to date. Once the furlough scheme ended it may change.
- The collection rates confirmed were similar to those of other Local Authorities.

RESOLVED, that the decisions and recommendations of the Strategy and Resources Committee be endorsed.

61. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 1 OF 2020/21

The Committee considered a report to the Strategy and Resources Committee on 1st September 2020 by the Head of Resources together with a minute extract (circulated previously) regarding the Performance and Financial Management Quarter 1 of 2020-21.

The Head of Resources advised that the report had already been subject to consideration by the Strategy and Resources Committee on 1st September 2020.

He highlighted the following points to the Committee:

- As at 30th June 2020 the latest forecast net position was £13,765,000 which produced a forecasted budget deficit of £385,000.
- Central Government had announced three tranches of funding for Local Authorities and an additional scheme for recompense towards lost income and fees, e.g. from car parks. Support from the Government would be 75% of any lost income, once the Council had incurred the first 5% variance.
- The Council had claimed £160,000 from the Government's Furlough Scheme. This had been for those staff unable to work. Staff affected had included those in the Car Parks and Pannier Market teams.
- A £170,000 New Burdens grant had been received towards the administration cost involved with the business grants.
- It was anticipated that there would be a reduction in the Council Tax and Business Rates incomes for 2020-21 as a result of Covid-19. Any resulting effects on the Collection Fund income would not have an impact on finances until later years.
- The Government would be allowing Local Authorities to spread any Council Tax and Business Rate losses over the next three years. The Financial Team was currently looking at the implications of this action. The information about

future government funding was required so that it could be planned for and built in to future financial plans over the next three financial years.

- The Council had reserves but continued use of them could affect the long-term solvency of the Authority.
- Reserves at the end of the financial year were forecasted at £1.16million, with a borrowing requirement reduced to £500,000.

In response to a question from Councillor Mack regarding the importance of commercialisation, the Head of Resources confirmed that progress had been made into researching extending commercial activity at the Authority. The key area was to introduce new methods of income generation rather than purely by increasing fees and charges. Existing opportunities for income generation would need to be maximised, such as commercial waste services. It was outlined that findings and a report would be brought forward to Members at a future date.

In response to questions from Councillor Luggar, the Head of Resources confirmed that:

- The purchase of properties for temporary accommodation had helped to prevent higher costs being incurred if alternative housing had to be arranged for many of the families. Approximately £20,000 of savings had been achieved by each accommodation unit when compared to the alternative provision which would have been to place families into temporary accommodation such as Bed and Breakfast placements. Demand for those properties exceeded the supply and the Council hoped to acquire more in the future.
- The Authority had £5m of earmarked reserves in addition to the £1.2m general fund reserve. The forecast budget deficit was £385,000. If the general fund reserve was used to cover the in-year deficit the Council would remain just above the minimum level of reserves allowed. The current level of general fund reserve was 9%. The Head of Resources was of the opinion that to dip into those reserves should be a one-year option at most.

In response to a question from the Chair, the Head of Resources confirmed that:

- The situation was changing daily. The key aim was to support businesses and retain those networks which had been established. As this was a tourist area this had been positive for some businesses recently but there was the added worry about the impact of the pandemic following the influx of visitors.
- The Local Authority had received one of the largest allocations of business grant funding in Devon (at £51million).

RESOLVED, that the decisions and recommendations of the Strategy and Resources Committee be endorsed.

62. ANNUAL TREASURY MANAGEMENT REPORT 2019/20

The Committee considered a report to the Strategy and Resources Committee on 1st September 2020 by the Head of Resources together with a minute extract (circulated previously) regarding the Annual Treasury Management Report 2019/20.

The Head of Resources advised that the report had already been subject to consideration by the Strategy and Resources Committee on 1st September 2020.

He highlighted the following points to the Committee:

- This report was one of three mandatory reports produced each year: annual strategy at beginning of year, mid-year report in November outlining performance against the strategy and an annual report which sets out how the Council had actually performed in the year.
- NDC's strategy for treasury management was in the order of (1) Security, (2) Liquidity of the money and how easily accessible and (3) the Yield (return) on any investment made.
- 'Spare' cash was utilised for 'internal borrowing' as was cheaper to borrow from own reserves than external borrowing.
- Borrowing need for 2019/20 was £4.746million. External borrowing was only £1.25million, with the difference being borrowed internally from cash reserves. External borrowing was at £1.25m at the start and end of 2019/20.
- Net investments for the Council of £15.9million being held at 31st March 2020.
- During 2019-20 year the Council made no material non-treasury investments in property with a view of generating an income stream. Many Authorities had recently done this and it had resulted in a lower income than hoped for with the effects of the pandemic on commercial businesses who would have looked to occupy such premises.
- Investment Outturn position was shown in section 4.6 and the investment activity for the year conformed to the approved strategy and the Council had no liquidity difficulties. The Authority had around £650,000 more in cash balances at 31 March 2020 than at the same time in the previous financial year.
- The Council earned £143,000 of interest income on its investments in 2019-20 against the budgeted interest of £70,000.

RESOLVED, that the decisions and recommendations of the Strategy and Resources Committee be endorsed.

Chair

The meeting ended at 7.20 pm

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.