

NORTH DEVON COUNCIL

Minutes of a meeting of NORTH DEVON COUNCIL held at Virtual - Online meeting on Wednesday, 24th February, 2021 at 6.30 pm

PRESENT: Members:

Councillor Biederman (Chair)

Councillors Barker, Bulled, Bushell, Campbell, Cann, Chesters, Crabb, Davies, Fowler, Gubb, Hunt, Jenkins, Knight, Lane, Leaver, Lovering, Lofthouse, Ley, Luggar, Mack, Mackie, Orange, Patrinos, Pearson, Phillips, Prowse, Roome, Saxby, D. Spear, L. Spear, Topham, Topps, Tucker, Turton, Walker, Wilkinson, Worden, Yabsley and York

Officers:

Chief Executive, Head of Resources and Senior Solicitor/Monitoring Officer

199. VIRTUAL MEETINGS PROCEDURE - BRIEFING AND ETIQUETTE

The Chair outlined the virtual meeting procedure and etiquette to Council and attendees.

The Senior Corporate and Community Services Officer confirmed the names of those Councillors and officers present and advised that members of the public were also in attendance.

200. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Davis.

Councillor Yabsley advised that Councillor Barker would be late joining the meeting.

201. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 13 JANUARY 2021 (ATTACHED)

RESOLVED that the minutes of the meeting held on 13 January 2021 (circulated previously) be approved as a correct record and signed by the Chair.

202. CHAIR'S ANNOUNCEMENTS

(a) Leaving the meeting early

The Chair reminded Members to advise if they had to leave the meeting early in order to assist with the taking of votes on motions.

203. BUSINESS BROUGHT FORWARD BY OR WITH THE CONSENT OF THE CHAIR

There were no items of business brought forward by or with the consent of the Chair.

204. REPLIES TO ANY QUESTIONS SUBMITTED BY THE PUBLIC AND/OR TO RECEIVE PETITIONS UNDER PART 4, COUNCIL PROCEDURES RULES, PARAGRAPHS 8 AND 9 OF THE CONSTITUTION

There were no questions submitted by the public and/or petitions under Part 4, Council Procedure Rules, Paragraphs 8 and 9 of the Constitution.

205. TO CONSIDER MOTIONS OF WHICH NOTICE HAS BEEN SUBMITTED BY MEMBERS IN ACCORDANCE WITH PART 4, COUNCIL PROCEDURE RULES, PARAGRAPH 11 OF THE CONSTITUTION

(a) To consider the following notice of motion received by Councillor Worden:

Councillor Worden presented his notice of motion to Council.

It was moved by Councillor Worden and seconded by Councillor Bushell "that this council resolves to:

1. To support the Rural Services Network in asking the government that the funding to rural authorities be increased to provide fairness for rural residents.
2. To lobby the government ourselves to request that the gap in funding between urban and rural be rectified as services in rural areas actually cost more to provide because of the sparsity of the population and the distances which need to be covered e.g. in collecting waste and recycling.
3. Call on the chancellor to give more clarity about future longer term funding and to remove the uncertainty surrounding New Homes Bonus and other incentive schemes.
4. Ask our officers to work with Devon County to update the map produced by the Institute of Fiscal Studies which may be used by government concerning the levelling up agenda which currently does not reflect the reality of the deprivation in many parts of North Devon."

RESOLVED that this Council:

- (i) Support the Rural Services Network in asking the government that the funding to rural authorities be increased to provide fairness for rural residents.
- (ii) Lobby the government ourselves to request that the gap in funding between urban and rural be rectified as services in rural areas actually cost more to

provide because of the sparsity of the population and the distances which need to be covered e.g. in collecting waste and recycling.

- (iii) Call on the chancellor to give more clarity about future longer term funding and to remove the uncertainty surrounding New Homes Bonus and other incentive schemes.
- (iv) Ask our officers to work with Devon County to update the map produced by the Institute of Fiscal Studies which may be used by government concerning the levelling up agenda which currently does not reflect the reality of the deprivation in many parts of North Devon.”

(b) To consider the following notice of motion received by Councillor Topham

Councillor Topham presented her notice of motion to Council.

It was moved by Councillor Topham and seconded by Councillor Biederman “that Council write to the Chancellor of the Exchequer and the Secretary of State for Work and Pensions, urging them to raise Carer’s Allowance by £20 a week immediately, in line with the increase in Universal Credit, and copy in our local MP, asking for her support.”

Councillor York declared a personal interest as she was in receipt of a carer’s allowance for her disabled son.

Councillor Hunt declared a personal interest as she volunteered at the Northern Devon Foodbank.

RESOLVED that Council write to the Chancellor of the Exchequer and the Secretary of State for Work and Pensions, urging them to raise Carer’s Allowance by £20 a week immediately, in line with the increase in Universal Credit, and copy in our local MP, asking for her support.

(c) To consider the following notice of motion received by Councillor Biederman

Councillor Biederman presented his notice of motion to Council.

It was moved by Councillor Biederman and seconded by Councillor Mackie “that the notice of motion be referred to the Policy Development Committee and then on to the Strategy and Resources Committee for consideration and that the wording of the second paragraph of the notice of motion to be amended to “Despite the fantastic work done by our **team** of dedicated wardens.....”

Council noted that the Senior Corporate and Community Services Officer had received an email from Councillor Henderson giving his apologies for this meeting.

RESOLVED that the notice of motion be referred to the Policy Development Committee and then on to the Strategy and Resources Committee for consideration and that the wording of the second paragraph of the notice of motion to be amended to “Despite the fantastic work done by our **team** of dedicated wardens.....”.

(d) To consider the following notice of motion received by Councillor Leaver

Councillor Leaver advised that following the submission of her notice of motion, she had since had discussions with Councillors and Senior Officers and she proposed that the notice of motion be amended to the following:

“The Council has taken the first laudable step in setting up the Climate Action Team (CAT) following the declaration of a Climate and Ecological Emergency. The CAT assisted with and proposed the adoption of the Council’s Environmental Policy. Following adoption of that policy, further work now needs to be undertaken and one of those pieces of work is to draw up a Carbon Reduction Plan setting out what projects and initiatives need to be delivered to help the Council meet its objective of a net zero carbon operation at the earliest opportunity.

In order to progress this corporate priority, the Climate Action Team should be formally set up as a working group, included in the wide range of areas required for environmental stability, the specific task of developing and recommending a Carbon Reduction Plan, for implementation, to the Strategy and Resources Committee should be included. Officer and departmental support will be required to achieve this.

It is therefore recommended that Council resolve to ask Strategy and Resources Committee to formally constitute the CAT as a Working Group made up of 10 interested Members with an initial task of investigating what options exist for reducing and/or offsetting carbon usage, creating a Carbon Reduction Plan and reporting back to Strategy and Resources Committee within 6 months.”

It was moved by Councillor Leaver and seconded by Councillor Lofthouse that the amended notice of motion be adopted.

RESOLVED that Council ask Strategy and Resources Committee to formally constitute the CAT as a Working Group made up of 10 interested Members with an initial task of investigating what options exist for reducing and/or offsetting carbon usage, creating a Carbon Reduction Plan and reporting back to Strategy and Resources Committee within 6 months.

206. DECLARATIONS OF INTEREST

The following declaration of interest was announced:

Councillor Luggar – Item 9(a) personal interest as a Trustee of the Taw Link charity.

207. CHAIR'S REPLIES TO ANY QUESTIONS TO COUNCIL BY MEMBERS SUBMITTED UNDER PART 4, COUNCIL PROCEDURES RULES, PARAGRAPH 10 OF THE CONSTITUTION

(a) To consider the following question submitted by Councillor Luggar:

“Can North Devon Council please consider being the lead on a formal bid to the Department of Transport (DfT) for funding from the Restoring our Railways project for the Taw Link. The speculative bid last year was warmly received and while not initially successful we have a very strong chance of being awarded funding to allow us to do engineering and economic feasibility studies. This will allow us to be in a position to make the full business case at a later date.”

Councillor Worden’s response “The Council has been involved with and supported this project for some time. The bid can be submitted by a community group and it is suggested that this is the more appropriate route. If the Council were to act as lead, if successful the procurement of the consultant to carry out the required work would need to be undertaken in accordance with the Council’s Contract Procedure Rules and the rules relating to public procurement. It is suggested that a bid submitted by the community group but submitted with the Council’s support would be more appropriate.”

(b) To consider the following question submitted by Councillor Walker:

“During discussions regarding moving more of the council contact services online, we as councillors were assured they would also be available offline. I have been made aware, by a ward member, that they tried to renew their parking permit recently and were told “they had to do this online and there is no other option. I queried this with the head of service and was told this was correct. In my ward, as with many in North Devon, we have an older demographic. Many have little of no computer skills, some have no interest in the internet and have no internet access. Please could we have assurance that there will be an offline method to do everything so we are not discriminating against those who are not computer literate and/or have no access to the internet?”

Councillor Worden’s response “It is the case that the Council has been expanding the range of services that can be accessed online. The benefits to both the council and the customer are clear but we are of course aware that there are a significant number of our population who are not able to, or do not wish to, access services online. In that case, Customer Services staff will try and assist any members of the public over the telephone. The online permit system is one where offline options are limited so the team will look at this further.”

208. REPORT OF THE LEADER OF THE COUNCIL

Council noted a report by the Leader of the Council (circulated previously) regarding work that had been undertaken since the last Council meeting.

In response to a question, the Leader advised that he would provide any updates received regarding the Tarka Line to Councillor L Spear.

209. QUESTIONS BY MEMBERS

The following questions were submitted in advance of the meeting and responses provided by the Leader were circulated separately:

(a) Question to the Chair of the Governance Committee from Councillor Luggar “In 2012 a Dorset council was found to have unlawfully raised its car parking prices to make a surplus. Councils are required not to make a surplus from hiking up parking prices to support other services and income generation must be within the law. North Devon council has done extremely well in identifying savings and making Efficiencies. And if North Devon Councils Strategy and Resources Committee approve an extra 40 pence per hour on some of the coastal car parks will he agree the Governance Committee to scrutinise the decision and provide an income and expenditure sheet to account for the increase in car parking revenue?” Councillor Roome, Chair of Governance Committee response “A revised recommendation will now be put to Strategy and Resources Committee suggesting that the issue be looked at by a working group including local ward members. I am happy to take part in that group or review the findings of the group once it has met to satisfy myself that the reasoning behind any suggested change in the parking fee is correct”. In response to a supplementary question, the Head of Resources advised that the Statement of Accounts included expenditure and income for Council car parks. Any future changes to car park charges would be presented to the Strategy and Resources Committee for consideration and the report would include the financial impacts.

210. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 3 OF 2020/21

Council considered the Performance and Financial Management report for Quarter 3 of 2020/21 to the Strategy and Resources Committee on 1 February 2021 (circulated previously).

(a) **Report of the Policy Development Committee**

Councillor Spear, Chair of the Policy Development Committee presented the Committee’s report on the Performance and Financial Management for Quarter 3 of 2020/21 (circulated previously).

(b) **Report of meeting of the Strategy and Resources Committee**

Councillor Worden, Chair of the Strategy and Resources Committee reported the recommendations of the Strategy and Resources Committee on the Performance and Financial Management for Quarter 3 of 2020/21.

It was moved by Councillor Worden and seconded by Councillor Biederman “that minute 251 (f) of the Strategy and Resources Committee held on 1 February 2021 regarding the Performance and Financial Management for Quarter 3 of 2020/21 be adopted.”

RESOLVED that minute 251 (f) of the Strategy and Resources Committee held on 1 February 2021 regarding the

Performance and Financial Management for Quarter 3 of 2020/21 be adopted.

211. REVIEW OF CHARGES AND FEES FOR 2021/22

Council considered the Review of Charges and Fees for 2021/22 report to the Strategy and Resources Committee on 1 February 2021 (circulated previously).

(a) **Pannier Market Traders Committee consultation response**

Council received the Pannier Market Traders Committee consultation response (circulated previously).

The Head of Resources advised that there was a typographical error on page 107 and that the fee for 3 tables should be “£13” and not “£17” as detailed in the appendix H. It was recommended that all fees were increased by 2% including the Pannier Market. As part of the Future High Street Fund, the Council would be investing in making improvements to the Pannier Market. After the first national lockdown last year, the Chief Executive had taken an urgent decision to reduce fees for the Pannier Market for a period of time and could take a further urgent decision if required in the future.

(b) **Report of meeting of Harbour Board**

Councillor Fowler, Chair of the Harbour Board presented the report of the meeting of the Harbour Board held on 17 November 2020 (circulated previously).

(c) **Report of the Policy Development Committee**

Councillor Spear, Chair of the Policy Development Committee presented the Committee’s report on the Review of Charges and Fees for 2021/22 (circulated previously).

(d) **Report of meeting of the Strategy and Resources Committee**

Councillor Worden, Chair of the Strategy and Resources Committee reported the recommendations of the Strategy and Resources Committee on the Review of Charges and Fees for 2021/22.

It was moved by Councillor Worden and seconded by Councillor Patrinos “that minute 252 of the Strategy and Resources Committee held on 1 February 2021 regarding the Review of Charges and Fees for 2021/22 be adopted.”

An amendment was moved by Councillor York and seconded by Councillor Luggar “that minute 252 of the Strategy and Resources Committee held on 1 February 2021 regarding the Review of Charges and Fees for 2021/22 be adopted with the

exception of Pannier Market fees and that these fees be frozen.”

The Head of Resources advised that if the Pannier Market fees were frozen, these fees would not include the one and three bays as the base fees for 2020/21 did not include these. A full bay would increase from £32.60 to £33. If the fees were frozen at the current temporary charge level, there would be a 20% reduction in income and funding would need to be sought from elsewhere to balance the budget. If a temporary reduction in fees for the pannier market were considered appropriate, then the Chief Executive could take a further urgent decision. A number of the Pannier Market traders had been successful in obtaining business grants administered by the Council.

The Chief Executive advised that he had taken an urgent decision following the first national lockdown when non-essential shops started to re-open in order to support the Pannier Market traders. There were no triggers for an urgent decision to be taken in the future. The views of the traders and the Town Centre Manager would be taken into account and consultation would take place with Ward Members to ensure it was a reasonable decision to take prior to any future urgent decisions being taken.

Councillor York (as mover of the amendment) and Councillor Luggar (as seconder of the amendment) agreed to withdraw the amendment.

RESOLVED that minute 252 of the Strategy and Resources Committee held on 1 February 2021 regarding the Review of Charges and Fees for 2021/22 be adopted.

212. REVENUE BUDGET 2021/22, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL STRATEGY 2021-2025

Council received a presentation by the Head of Resources regarding the Revenue Budget 2021/22, Capital Programme and Medium Term Financial Strategy 2021-2025 (circulated previously).

The Head of Resources highlighted the following:

- Government settlement December 2020. The 2021-22 settlement of £3.3m was the same level as 2020-21. The Fair Funding Review had been delayed by a further year until April 2022. The New Homes Bonus in-year allocation had been allocated for 2021/22 only. There were no legacy payments on the 2021/22 allocation and the Government was intending to consult on future of the housing incentive during 2021/22. The Rural Services Delivery

Grant matched the 2020/21 level. Council Tax levels for District Councils could be increased by up to 2% or £5 whichever was higher. The referendum in relation to Council Tax levels for Town and Parish Councils had been deferred. The Council would receive a lower tier services grant and Covid 19 support grant as one off payments. The Council would receive 75% reimbursement on sales, fees and charges losses for the period April to June 2021.

- Core Spending Power for England. This had increased by 4.5% overall; however 87% of this increase came from Council Tax compared to 56% in 2020/21.
- Urban/rural funding differences. Analysis by the Rural Services Network indicated that local authorities serving predominately urban areas receive
- "higher" level of central funding compared to those in rural areas: paying over £96 per head more in Council Tax (in rural Devon £138 per head more); receive £107 (61%) per head less from Settlement Funding Assessment (rural Devon, £120 less); receive £28 per head of Social Care Grant, compared to £32 per head in urban areas (rural Devon, £28); and receive over £112 (42%) per head less in Government Funding Spending Power, excluding Council Tax (rural Devon, £113).
- Core Spending Power - included a new (one off) Lower-Tier Services Grant 2021-22. Without this grant, six of eight Devon districts would be faced with reduction in Core Spending Power.
- Total Core Spending Power per head of population 2021/22.
- Outside of urban and rural differences, there were four points of common concern: concentration of cuts in public spending on local government; over reliance on Council Tax in general (assumption that areas with higher Council Tax could continue to sustain increases); time limited payments from incentive scheme as core funding (e.g. New Homes Bonus); and allocation of lower tier services grant on a one off basis.
- The Medium Term Financial Strategy (MTFS) (2020-2024) model had been refreshed in October 2020 based upon: increased recent pay award (2.75%) continuing for medium term; borrowing costs and Capital Programme reprofiled; assumed Covid 19 impact on sales, fees and charges income continuing into 2021-22; and Government fair funding review delayed 12 months to 2022-23; collection fund deficit (Council Tax and Business Rates) spread over next 3 years. A £2m funding gap was projected for 2021/22 in advance of the financial settlement announced on 17 December 2020.
- New Homes Bonus provisional level of funding of £1,354,430 for 2021/22. The level of funding 2020/21 was £1,836,820. The Medium Term Financial Plan assumed £815,000, therefore, there was an additional £539,000 compared to the MTFS.

- New Homes Bonus 2022/23. The forecast level of funding to 2022/23. For 2022-23 the projected New Homes Bonus income was £434,860 which was a potential reduction of over £0.920m funding on current level. There was uncertainty regarding future funding and design of a new scheme for 2022/23.
- Business Rates Retention and forecast levels of income for 2021/22 year.
- Local Government Finance funding reforms which included: Spending review for the period up to 2022/23; a review of relative needs and resources; Business Rates Retention pilots; Business Rates baseline reset; Fair Funding review; and New Homes Bonus review. Reforms to Local Government funding would change the level of resources available and have an impact on the revenue budget. It was anticipated that indicative allocations would be announced in Autumn 2021.
- Council Tax levels for current 2020/21 Band D properties had been increased by £5 (equivalent of 2.73%). Rural councils could increase Council Tax by up to 2% or £5 (whichever was higher). By increasing the level by £5 for 2021/22 would increase NDC's proportion of Council Tax for Band D properties from £188.35 to £193.35 (increase of 2.65%).
- Strategic Grants (appendix B) – the Medium Term Financial Plan had originally supported in principle the planned reductions to strategic grants in line with percentage reductions in Government funding to the local authority.
- However, the Government settlement was slightly better than forecast and therefore it was recommended that there be no reduction for 2021/22.
- Original £2m projected funding gap and how this was broken down.
- Draft Revenue Budget 2021/22 (Appendix A) showed a balanced budget and assumed: £5 increase on Band D Council Tax (as in previous years); fees and charges uplift by 2% and Garden Waste subscription increase from £36 to £40 as originally planned in the Medium Term Financial Plan; no reductions to Strategic Grants, Climate Environment or Councillor Grants. The risks were the ongoing impact of Covid 19 on the revenue budget.
- Reserves (Appendix C). General fund balance forecast level at 31 March 2022 was £1.161m (8.5% of net budget). The recommended level was 5%10%. Earmarked reserves forecast level at 31 March 2022 was £4.048m. In compliance with Local Government Act 2003, the Chief Financial Officer assured members of the robustness of the estimates and the adequacy of the proposed financial reserves.
- Medium Term Financial Strategy 2021-2025 had now been refreshed. The funding gap originally faced for 2021-22 had now moved to 2022-23. Fundamental to bridging future year budget gaps would be the delivery of actions following the recent adoption

of the Commercialisation Strategy. It had been based on a number of assumptions about the future which included: Fair Funding Review – planned for 2022-23 (assumed - £0.916m reduction); New Homes Bonus Review – planned for 2022-23 (assumed - £0.919m reduction for 2022-23 and further -£0.435m reduction for 2023-24); Uncertainty of not having a multi-year settlement. Paragraph 5.1.5.7 provided further detail on the budget gap and paragraph 5.1.5.13 provided further detail on what had not been included yet. Appendix D detailed the modelled financial projections.

- Capital Programme for 2020/21 to 2022/23. Investment plans for 2020-21 to 2022-23 totalled £31.420m. One business case for capital funding had been submitted for new ICT software for the Waste and Recycling team and the cost to the Council was £35,000.
- Draft Capital Programme (Appendix E). The total programme for 2020-21 to 2022-23 was £31.455m which would be recommended to Council on 24 February 2021 for approval.
- Ilfracombe Watersports Centre – the approved Capital Programme for 2021/22 included £2.9m for the project which was funded by Coastal Communities Fund (£1.4m) and Getting Building Fund (£1.5m). Tenders had now been submitted for the project. A further £130,000 funding had been secured from Sport England and a funding request of £170,000 was required from the Council to increase the Capital Programme to £3.2m for the project. The project needed to commence by April 2021 to comply with the planning conditions. Therefore it was recommended that there be an additional recommendation stating “and the Capital Programme 2021-22 be further varied by £300,000 for the Water Sports Centre, Ilfracombe project, funded by external grant and NDC funding”
- How the total Capital Programme 2020-21 to 2022-23 would be funded.
- Projected underlying need to borrow in accordance with the 10 year Capital Strategy.
- Risks identified that could affect financial plans.
- Timeline – Council at its meeting on 13 January 2021 approved the Council Tax base; the budget and capital programme had been recommended for approval by the Strategy and Resources Committee on 1 February 2021 and Policy Development Committee on 11 February 2021; Council on 24 February 2021 to consider the approval of the budget and capital programme and setting of Council Tax.

In response to questions, the Head of Resources advised the following:

- The projected borrowing need would change following the decision made by Extraordinary Council on 17 February 2021 in relation to the Future High Street Fund.

- Owners of holiday lets could apply to the Valuation Office to change from residential Council Tax to Business Rates. This process was heavily scrutinised by the Valuation Office and certain criteria had to be met. He would confirm the numbers of holiday lets that had been assessed for the payment of Council Tax and Business rates and advise Members accordingly.

(a) **Report of the Policy Development Committee**

Councillor Spear, Chair of the Policy Development Committee presented the Committee's report on the Revenue Budget 2021/22, Capital Programme and Medium Term Financial Strategy 2021-25 (circulated previously).

(b) **Report of meeting of the Strategy and Resources Committee**

Councillor Worden reported the recommendations of the Strategy and Resources Committee on the Revenue Budget 2021/22, Capital Programme and Medium Term Financial Strategy 2021-25 (circulated previously).

Council noted that in accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 which came into force on 25 February 2014 and that the Constitution, Council was required to take a recorded vote when setting its budget and Council Tax.

It was moved by Councillor Prowse and seconded by Councillor Worden "that the recommendation in minute 253 (f) to (i) of the meeting of the Strategy and Resources Committee held on 1 February 2021 in relation to the Revenue Budget 2021/22, Capital Programme and Medium Term Financial Strategy 2021-25 be adopted subject to the Capital Programme 2021-22 be further varied by £300,000 for the Water Sports Centre, Ilfracombe project, funded by external grant and NDC funding".

Voting on the motion:

Voting for the motion:

Councillors Barker, Biederman, Bushell, Campbell, Cann, Chesters, Crabb, Davies, Fowler, Gubb, Hunt, Jenkins, Knight, Leaver, Ley, Lofthouse, Lovering, Luggar, Mack, Mackie, Orange, Patrinos, Pearson, Phillips, Prowse, Roome, Saxby, D. Spear, L. Spear, Topham, Topps, Tucker, Turton, Walker, Wilkinson, Worden, Yabsley and York.

Voting against the motion:

None.

Abstained from voting on the motion:

None

Totals: 38 For, 0 Against and 0 Abstained

The motion was carried.

RESOLVED that the recommendation in minute 253 (f) to (i) of the meeting of the Strategy and Resources Committee held on 1 February 2021 in relation to the Revenue Budget 2021/22, Capital Programme and Medium Term Financial Strategy 2021-25 be adopted subject to the Capital Programme 2021-22 be further varied by £300,000 for the Water Sports Centre, Ilfracombe project, funded by external grant and NDC funding.

213. TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

Council considered a report by the Head of Resources (circulated previously) regarding the Treasury Management Strategy Statement for 2021/22.

The Head of Resources highlighted the following:

- The over-riding strategy for the Council's management of funds was Security, Liquidity and then Yield (return). Three reports were produced each year for Council to approve on Prudential Indicators and Treasury Management Strategy; mid-year report and an annual report.
- Section 5.1 capital expenditure – the table detailed approved capital spend as per the previous report on the budget and capital programme, how this was financed in the lower table and therefore the 'net financing need for each year'.
- The Council's borrowing need (CFR) was outlined in the table on page 218. The increase to £17m from £6m (movement of £11m) took into account the borrowing for the new construction of the Leisure Centre.
- The Minimum Revenue Provision (MRP) set out the repayment of debt on both internal and external borrowing from revenue budget. The Medium Term Financial Strategy showed the impact of borrowing costs on the revenue budget.
- Paragraph 5.3 – the table showed the level of core funds and cash available for external investments, together with the Council's under borrowed position which enables the Council to internally borrow for the purposes of capital funding.
- There was a high level of external investment of spare cash in 2020-21 due to cash flow of additional government monies for business

grants, up-front payment of grants to the Council and covid-19 grants provided to the Council.

- The current borrowing position was detailed in section 6.1. External borrowing this current year was only £500,000 at present. Net investments were higher this year due to all the grants cash that the Council were investing short term to gain minimal return until spent out.
- The level of borrowing would increase in 2021-22 as detailed in the table on page 222. Additional borrowing £14m would be required during the year to cover the treasury need for increased Capital Financing Requirement which was in line with the Council's financial plans. Under borrowing was funded from internal borrowing from cash reserves. The Council complied with this prudential indicator in the current financial year and it was not envisaged there would be difficulties for the future.
- The Operational Boundary (limit beyond which external debt was not expected to exceed) was set at £16million for 2021-22 to 2023-24 year.
- The Authorised limit (control on maximum level of borrowing) had been increased following Extraordinary Council on 17 February 2021 in relation to the Future High Street Fund from £22million in the current year to £26.5m from 2021-22 year.
- The table in paragraph 6.3 outlined projected interest rates from the Council's treasury advisors which outlined projections on investment interest and projections on borrowing loans from the Public Works Loan Board.
- The Council was currently maintaining an under-borrowed position. This strategy was prudent as investment returns were very low and counterparty risk was still an issue that needs to be considered. The graph shown on page 226 set out the current borrowing strategy for the next ten years.
- The guidance from the Government and CIPFA placed a high priority on the management of risk. The Council had adopted a prudent approach to managing risk and defined its risk appetite in section 7, in terms of creditworthy counterparties, lending limits, credit ratings of which the criteria was largely unchanged from last year. The Council worked closely with its treasury advisors and received daily updates on any changes.

(a) **Report of the Policy Development Committee**

Councillor Spear, Chair of the Policy Development Committee presented the Committee's report on the Treasury Management Strategy Statement 2021/22 (circulated previously).

(b) **Report of meeting of the Strategy and Resources Committee**

Councillor Worden reported the recommendations of the Strategy and Resources Committee on the Treasury Management Strategy Statement 2021/22 (circulated previously).

It was moved by Councillor Worden and seconded by Councillor Biederman “that the recommendation in minute 254 of the meeting of the Strategy and Resources Committee held on 1 February 2021 in relation to the Treasury Management Strategy Statement 2021/22 be adopted.”

RESOLVED that the recommendation in minute 254 of the meeting of the Strategy and Resources Committee held on 1 February 2021 in relation to the Treasury Management Strategy Statement 2021/22 be adopted.

214. 10 YEAR CAPITAL STRATEGY 2021-2031

Council received a presentation by the Head of Resources regarding the 10 Year Capital Strategy 2021-2031 (circulated previously).

The Head of Resources highlighted the following:

- The Capital Strategy was reviewed annually by Full Council prior to each financial year. The Strategy set out the ‘governance arrangements’ for capital projects coming forwards as detailed in section 4.3.
- All capital projects required a business case, reviewing options, risks and associated costs. Project Appraisal Group (PAG) comprised of the; Chief Executive, Business Information Systems Manager, Head of Resources and Accountancy Manager who would then meet to score the proposed project.
- In addition to the original approval of the project, a separate approval would also be sought from the Committee and then Full Council to release the capital funds three to six months before the project was due to start.
- Medium Term (2021-2025) as set out in the table in paragraph 4.4 set out the impact of capital financing need, impact this had on the annual borrowing cost and then the overall Medium Term Financial Strategy budget gap, including the additional borrowing.
- For 2022/23 current projections showed a medium term financial strategy budget gap of £2.3m increasing to £2.9m in 2024/25.
- The Council would look to become more entrepreneurial in how it delivered services to generate extra income and reduce costs in line with the commercialisation strategy. The Council would also have to review a number of options for bridging the budget gap and any such financial benefits these may produce; these would be subject to further reports being presented to Members.

- The estimated Capital Financing Requirement (CFR) for March 2021 was £5.76m which increased to its peak in March 2025 at £18.79m. The capital financing figures would increase further by up to £4.4m in light of the funding for the Future High Street Fund project approved by Council on 17 February 2021. This substantial increase in CFR reflected the £38m capital programme over the medium term including the new Leisure Centre.
- The Council would receive an annual management fee in relation to the running of the new Leisure Centre to help offset an element of the borrowing costs.
- Longer Term (2025-2031) as set in the table in paragraph 4.5. The Council had identified two main areas of capital expenditure within the long term forecast which are necessary to maintain business as normal i.e. the vehicle replacement programme, as the works and recycling fleet have an eight year life cycle; and the on-going maintenance of our ICT infrastructure. Projected investment was required in these two areas. The longer term model then builds this investment into the spend plans and extends the Medium Term Financial Strategy position up until 2031. The CFR was generally on a downward trend from £17.17m in 2025/26 to £14.28m by 2030/31. External borrowing over the longer term remained at a high level, £12m and above, again assuming the under-borrowed position remained prudent and sustainable.
- As a result of the high borrowing, the annual borrowing cost would continue to put pressure on the Council's revenue budget each year. The projected cost of borrowing was £1.57m in 2025/26 increasing to £1.64m in 2030/31.
- For 2025/26 current projections showed a medium term financial strategy budget gap of £3.1m increasing to £3.2m in 2030/31. The medium term budget gap was projected to improve slightly following the Future High Street Fund forecast revenue budget return to the Council as outlined at the Extraordinary Council meeting on 17 February 2021.
- Whilst the medium and long term capital strategy sets out the financial context under which future capital expenditure decisions should be considered, it would not prevent the Council pursuing aspirational projects such as the proposed review of Seven Brethren, Barnstaple and the Future High Streets project.
- The long term outlook for the Council's financial standing strongly supported the need for the Council to become more efficient and commercially minded across all areas of the organisation to generate additional income for the revenue budget. In line with the Council's corporate priorities, a new Commercialisation Strategy had been adopted. This set out the parameters and options for income generation and net revenue gains.

In response to questions, the Head of Resources advised the following:

- If the Council repaid its borrowing earlier, then there would be a higher impact in earlier years on the revenue budget. The revenue budget included annual borrowing costs and if borrowing was repaid earlier additional revenue would need to be sought. There was a need to match borrowing to revenue streams over the asset life. The Council could only borrow to finance capital projects and could not borrow to bridge the revenue budget gap.

(a) **Report by the Policy Development Committee**

Councillor Spear, Chair of the Policy Development Committee presented the Committee's report on the 10 Year Capital Strategy 2021 to 2031 (circulated previously).

(b) **Report of meeting of the Strategy and Resources Committee**

Councillor Worden reported the recommendations of the Strategy and Resources Committee on the 10 Year Capital Strategy 2021 to 2031 (circulated previously).

It was moved by Councillor Worden and seconded by Councillor Roome "that the recommendation in minute 255 of the meeting of the Strategy and Resources Committee held on 1 February 2021 in relation to the 10 Year Capital Strategy 2021 to 2031 be adopted."

RESOLVED that the recommendation in minute 255 of the meeting of the Strategy and Resources Committee held on 1 February 2021 in relation to the 10 Year Capital Strategy 2021 to 2031 be adopted.

215. COUNCIL TAX RESOLUTIONS 2021/22

Council considered a report by the Head of Resources (circulated previously) regarding the Council Tax Resolutions 2021/22.

The Head of Resources advised that since publication of the agenda, Devon County Council had met on 18 February 2021, Devon and Somerset Fire and Rescue Authority had met on 19 February 2021 and Devon and Cornwall Police and Crime Commissioner had met on 5 February 2021 and approved the precepting levels as outlined in paragraph 4.3 of the report.

Council noted that in accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 which came into force on 25 February 2014 and the Constitution, Council was required to take a recorded vote when setting its budget and Council Tax.

It was moved by Councillor Worden and seconded by Councillor Hunt “that the formal Council Tax Resolutions for 2021/22 as set out in Appendix A of the report be approved.”

Voting on the motion:

Voting for the motion:

Councillors Barker, Biederman, Bushell, Campbell, Cann, Chesters, Crabb, Davies, Fowler, Gubb, Hunt, Jenkins, Knight, Leaver, Ley, Lofthouse, Lovering, Luggar, Mack, Mackie, Orange, Patrinos, Pearson, Phillips, Prowse, Roome, Saxby, D. Spear, L. Spear, Topham, Topps, Tucker, Turton, Walker, Wilkinson, Worden, Yabsley and York.

Voting against the motion:

None

Abstained from voting:

None

Totals: 38 For, 0 Against and 0 Abstained.

The motion was therefore carried.

RESOLVED that the formal Council Tax Resolutions for 2021/22 as set out in Appendix A of the report be approved.

**216. DEVON COUNTY COUNCIL/NORTH DEVON COUNCIL
RESPONSE TO THE CLIMATE DECLARATION**

Council noted the report by the Lead Member for Climate change (circulated previously).

Council noted that the agenda item for future meetings would be amended to “Report of Lead Member for Climate Change”.

217. MINUTES OF COMMITTEES

(a) **Governance Committee**

RESOLVED that the following minutes of the Governance Committee (circulated previously) be noted and adopted as follows:

(i) 12 January 2021

(b) **Harbour Board**

RESOLVED that the following minutes of the Harbour Board (circulated previously) be noted and adopted as follows:

(i) 2 February 2021

(c) **Planning Committee**

RESOLVED that the following minutes of the Planning Committee (circulated previously) be noted and adopted as follows:

(i) 13 January 2021

(ii) 20 January 2021

(d) **Policy Development Committee**

RESOLVED that the following minutes of the Policy Development Committee (circulated previously) be noted and adopted as follows:

(i) 7 January 2021

(ii) 11 February 2021 (circulated separately)

(e) **Strategy and Resources Committee**

RESOLVED that the following minutes of the Strategy and Resources Committee (circulated previously) be noted and adopted as follows:

(i) 1 February 2021

(A) Minute 261(b): Oxford Park Play Area, Ilfracombe

Chair

The meeting ended at 9.20 pm

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