

NORTH DEVON COUNCIL

Minutes of a meeting of Strategy and Resources Committee held at Virtual - Online meeting on Monday, 2nd November, 2020 at 10.00 am

PRESENT: Members:

Councillor Worden (Chair)

Councillors Knight, Lofthouse, Patrinos, Pearson, Prowse, L. Spear, Wilkinson and Yabsley

Officers:

Chief Executive, Head of Resources, Lead Officer - Planning Policy, Senior Solicitor/Monitoring Officer, Service Lead - Environmental Protection, Accountancy Services Manager and Exchequer and Technical Manager

Also Present:

Councillors Roome, D. Spear and Tucker

198. VIRTUAL MEETING PROCEDURE - BRIEFING AND ETIQUETTE

The Chair outlined the virtual meet procedure and etiquette to the Committee and attendees.

The Senior Corporate and Community Services Officers confirmed the Members of the Committee, Members, Officers and external attendees who were present.

199. APOLOGIES FOR ABSENCE

The Senior Corporate and Community Services Officer advised that Councillors Prowse and L. Spear were now present at the meeting.

Apologies for absence were received from Councillor Barker.

200. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 5 OCTOBER 2020 (ATTACHED).

RESOLVED that the minutes of the meeting held on 5 October 2020 (circulated previously) be approved as a correct record and signed by the Chair.

201. ITEMS BROUGHT FORWARD WHICH IN THE OPINION OF THE CHAIR SHOULD BE CONSIDERED BY THE MEETING AS A MATTER OF URGENCY.

The Chair advised the Committee that an informal briefing would be held for Members following the conclusion of the meeting regarding the Government's announcement of a further National Lockdown.

202. DECLARATIONS OF INTERESTS.

There were no declarations of interest announced.

203. REVIEW OF NORTH DEVON AND TORRIDGE LOCAL PLAN 2011-2031

The Committee considered a report by the Head of Place (circulated previously) regarding the review of the North Devon and Torrridge Local Plan 2011-2031.

The Lead Officer Planning Officer highlighted the following:

- The North Devon and Torrridge Local Plan 2011-2031 had been adopted by both District Councils on 29 October 2018. Since that time the local context for it had changed substantially across a number of key policy areas which warranted an early review.
- National planning policy required a review of a Local Plan to be completed within five years of its adoption, however local planning authorities were entitled to undertake an early review should they wish to do so.
- The Government's consultation on proposed changes to the planning system in early 2020, set out a deadline of December 2023 for all local planning authorities to have an up-to-date local plan. The joint local plan would have been adopted over five years at that time and would not be considered as up-to-date at that point.
- The Joint Local Plan Working Group had endorsed the move towards a formal review of the Local Plan and it had been agreed that associated reports be prepared in parallel and consistent manner for consideration by both Councils.
- The first stage in reviewing the Local Plan required a formal decision by each Council to agree the fundamental principles as detailed in the report.
- Once the key principles had been agreed by both Councils, a range of actions would be required as part of the early stages of plan preparation as outlined in the report.
- Active engagement with all elected Members from both Councils would commence at an early stage to enable them to identify key issues and options to be addressed within a new Local Plan, whilst identifying any particular approaches, policies or policy gaps they wish to be considered.

RECOMMENDED that the Council:

- (a) Commit to working in partnership with Torrridge District Council to carry out a comprehensive review and update of the North Devon and Torrridge Local Plan on a joint basis;

- (b) Review the governance arrangements for the preparation of the Local Plan to ensure inclusive, effective and efficient oversight and engagement;
- (c) Review the Local Development Scheme in partnership with Torridge District Council;
- (d) Arrange Member workshops to enable early involvement in identifying key issues and potential options to be addressed through a new Local Plan.

204. BATSWORTHY CROSS WINDFARM

The Committee considered a report by the Service Lead Environmental Protection (circulated previously) regarding Batsworthy Cross Windfarm.

The Service Lead Environmental Protection highlighted the following:

- Noise compliance monitoring at six locations close to Batsworthy Cross Windfarm had confirmed compliance with the noise related planning conditions at five of these six locations.
- The Council re-issued a request to the Operator asking them to provide details of a proposed further mitigation strategy for properties in the vicinity of Birchwood House within 30 days. A response from the Operator was received on 8th October 2020 detailing a proposed strategy and approach to verify the outcome of this strategy.
- This response was currently being reviewed by Officers' and the Council's acoustic consultant and to consider the next steps.
- A meeting with the Community had been arranged on Tuesday 10 November 2020 and the information provided by the Operator would be circulated to the Community group prior to the meeting.
- An update would be provided to the Committee when the review of the Operator's response was complete.

In response to a question, the Service Lead Environmental Protection advised that the process had taken longer than hoped or anticipated to give the Operator the opportunity to achieve compliance in the 6th location. It was hoped that the situation would be resolved as soon as possible.

The Committee noted the current position.

205. PERFORMANCE AND FINANCIAL MANAGEMENT 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 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)

206. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY: MID YEAR REVIEW REPORT 2020/21

The Committee considered a report by the Chief Financial Officer (circulated previously) regarding the Treasury Management Strategy Statement and Annual Investment Strategy Mid Year Review Report 2020/21.

The Exchequer Manager highlighted the following:

- The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by this Council on 26th February 2020.
- The underlying TMSS approved previously required revision in the light of economic and operational movements during the year as detailed in paragraph 4.1 of the report.
- The Council's Capital Position (Prudential Indicators) as detailed in paragraph 4.2 of the report.
- Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and Operational Boundary as detailed in paragraph 4.3 of the

report. The forecast Capital Financing Requirement had reduced by circa £1.6m from the original estimate. The majority of this reduction related to the slippage in the Leisure Centre capital project with the spend re-profiled into future years.

- The forecast operational boundary has reduced by £6m. Delays to the capital programme expenditure, stronger reserve forecasts and the strategy of postponing or delaying external borrowing means that the external borrowing position was not now expected to exceed £2.25m this financial year.
- Limits to borrowing activity as detailed in paragraph 4.4. of the report.
- Borrowing strategy as detailed in paragraph 4.5 of the report, which remains to delay external borrowing whilst we can use internal cash flow balances. The current forecast for next financial year (2021/22) shows CFR increasing by £9.9m with the bulk of the Leisure centre spend in year, giving a total CFR of £17m. This would potentially require £14.5m of external borrowing in addition to internal borrowing.
- Annual Investment Strategy as detailed in paragraph 4.8 of the report. As shown by the interest rate forecasts in Appendix A, it was now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates were barely above zero now that Bank Rate was at 0.10%. The Council held £24.7m of investments as at 30 September 2020 (£16.25m at 31 March 2020). The Council's budgeted investment return for 2020/21 was £50,000. As at 30th September 2020 £40,689 investment interest was earned in the half-year period.
- Economic and Interests Rates as detailed in Appendix A.

RECOMMENDED:

- (a) The changes to the prudential indicators be approved;
- (b) The report and the treasury activity be noted.

207. TEST AND TRACE PAYMENT SCHEMES

The Committee considered a report by the Revenues and Benefits Manager (circulated previously) regarding policies for the Test and Trace Support Payments Scheme and Discretionary Payments Scheme.

The Head of Resources highlighted the following:

- From 28th September 2020, Government had changed legislation so that certain people would have to self-isolate due to the current COVID-19 crisis.
- A package of legislative measure had been introduced both to ensure that those who are required to self-isolate do so and that those on a low income receive a payment to assist their finances to encourage compliance with the legislation.
- The Government had set down the requirements for two payment schemes to be set up by the Council: Test and Trace Support Payments Scheme (standard scheme) and Test and Trace Discretionary Payments Scheme (discretionary scheme).

- The eligibility criteria for the standard scheme was detailed in paragraph 4.1 of the report.
- Where individuals meet all of those requirements but were not in receipt of a qualifying benefits they could be considered for a payment from the discretionary scheme. The discretionary scheme had been approved by Devon Chief Executives and Leaders as detailed in paragraphs 4.5 and 4.6 of the report.
- The Council had received a fixed amount of funding from Government for the four months that the discretionary scheme was intended to last. Government had confirmed that no additional monies will be given to the Council.
- Arrangements were quickly put in place to administer these payments, including the design of an on-line claim, and this went live on 12 October 2020.

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

- To date 15 payments of £500 had been made under the standard scheme.
- It was anticipated that the take up of the scheme would be low and was for individuals on low income and were required to self isolate.
- The funding received for the discretionary scheme (£24,000) would allow for approximately 50 payments to be made.
- It was anticipated that the funding received from Government should be sufficient, however if it was not then the Council would make representation to the Government for additional funding.
- The schemes would be administered in house and the online application form had been designed in house. Therefore if required some of the funding received from Government for administration costs could potentially be used.

RESOLVED that the adoption of the policies for the Test and Trace Support Payments Scheme and the Test and Trace Discretionary Payments Scheme with effect from 28 September 2020 as detailed in Appendices A and B be approved.

208. COMMERCIALISATION STRATEGY

The Committee considered a report by the Head of Resources (circulated previously) regarding the Commercialisation Strategy.

Councillor Roome, Lead Member for Commercialisation outlined the reasons why a Commercialisation Strategy had been produced for the Council.

The Head of Resources highlighted the following:

- The financial position of the Council was uncertain and a budget gap was forecast beyond 2021/22.
- We were awaiting the Comprehensive Spending Review which was anticipated to be November 2020 and announcements on Government funding for Local Authorities which we hope would see a 3-year funding settlement to provide some certainty into the medium term. However, it was anticipated that this announcement would be a one year funding settlement.

- The Council had already started to look at other opportunities for generating income such as Plot 1B at Seven Brethren, where the Council took back the long term lease and site was now leased to the Police.
- A high-level refresh of the above forecast budget position in light of the current pressures being experienced had increased the predicted budget gaps further as detailed in paragraph 4.5 of the report.
- However, one certainty we can be assured of is that we will still have a significant funding gap for future years to bridge and we need to ensure that we have clear parameters and strong governance in place within the financial context we are operating to look at exploring opportunities and business cases when they arise.
- A Commercial Strategy sets these parameters, which we have clearly proposed as set out in Appendix A of this report.
- It was important that clear outcomes were set when devising any strategy and these had been defined in paragraph 4.10 of the report.
- Aspirational targets had been set as detailed in paragraph 5.1 of the report.
- Commercial Decision making should focus on four main drivers as detailed in Appendix A, page 126.

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

- The Council had visited Cheltenham Borough Council to discuss types of commercial opportunities that they had been involved in as they had embedded similar principles and provided more “business like” services.
- He was unaware of the Preston model. The commercial strategy was not just about bridging the financial gap. It would also achieve economic benefits for both the community and the Council.
- The Commercialisation Strategy had been discussed at a recent Managers Forum. Managers were invited to consider ideas with their teams that could be considered and feedback.
- There would be opportunities for Members to discuss the refreshed Medium Term Financial Strategy.
- There would be opportunities for both Members and Officers to feed in ideas into the commercial strategy.

RECOMMENDED that the context of the financial parameters the Council was currently working within be noted and that the adoption of the Commercialisation Strategy as set out in Appendix A of the report be recommended to Full Council.

209. LYNTON AGENCY PERFORMANCE REVIEW

The Committee considered a report by the Head of Resources (circulated previously) regarding the Lynton Agency Performance Review.

The Head of Resources highlighted the following:

- In February 2015 North Devon Council approved the service improvement framework to objectively review services to improve the customer experience and/or value for money. A review of the Lynton and Lynmouth agency agreement was added to the review programme.
- Following a successful agency arrangement being in place for the above 3-year period, a further report to the meeting of Strategy and Resources on 4 November 2019 it was approved that the agency agreement with Lynton and Lynmouth Town Council with effective 1 April 2020 be continued for a period of 3 years with a formal review on that date. It had been agreed that an annual report be presented to the Committee.
- The report updated members on progress against the 14 review recommendations put forward by the review team and to receive the financial outturn for the agency for the 2019/20.
- The summary annual report on the 2019/20 agency performance and financial outturn from Lynton and Lynmouth Town Clerk was detailed in Appendix A
- The only remaining review recommendation to be completed was in relation to exploring a joint way forwards to reducing public convenience costs and this action was reliant on North Devon Council carrying out a wider review of all public conveniences across the District.
- Following the agency review, the revised forecast figures presented by Lynton and Lynmouth Town Council were projecting a net budget surplus (excluding parking fines) of £48,912; which was in line with the in-house North Devon Council costing put forward as part of the review process. The actual financial performance for 2019/20 year had resulted in a net surplus of £65,843 (2018/19 was £60,177) which would be returned to North Devon Council.

Councillor Patrinos declared a personal interest as a Member of Lynton and Lynmouth Town Council.

RESOLVED:

- (a) that the annual report and that the actions being taken to ensure that performance against the 14 review recommendations was at the desired level be noted;
- (b) that this be the final report presented to the Committee and it only be brought to the Committee by exception in the future.

210. NORTH DEVON DESTINATION MANAGEMENT ORGANISATION

The Committee considered a report by the Chief Executive (circulated previously) regarding a proposal to form a dedicated Destination Management Organisation (DMO) for Northern Devon.

The Chief Executive highlighted the following:

- The paper attached to the report had been produced by North Devon+ and gave a background of the role of a DMO and the potential advantages that it might bring to the northern Devon area.
- There had been a major impact on tourism in northern Devon as a result of the Covid 19 impact with Ilfracombe and Combe Martin being the worst affected wards in Devon and this had been prior to the second national lockdown.
- A DMO would be solely linked to northern Devon rather than relying on other organisations.
- The proposal had been discussed with the North Devon Marketing Bureau who were supportive and see their organisation working in a complimentary way with any new DMO.
- It was estimated that the cost of taking this proposal forward may be in the region of £80,000. Efforts would be made to secure external funding and explores ways of undertaking work internally.
- He suggested that recommendation 2.2 be amended to include “or other resource” after the word “funding”.

RESOLVED:

- (a) That note the content of this report be noted and approve in principle to exploring the proposal further, including consultation with businesses and stakeholders;
- (b) That officers be supported in efforts to identify external funding or other resource to move forward with (a) above.

211. JOINT LOCAL PLAN WORKING GROUP - APPOINTMENT OF MEMBERS

RESOLVED that in pursuance to minute 7 of the meeting of the Committee on 3 June 2019, that Councillors Prowse, D. Spear and Yabsley appointments to the Joint Local Plan Working Group be confirmed and that Councillor Knight be appointed to replace Councillor Leaver on the Group for the life of the Council.

Chair

The meeting ended at 11.33 am

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

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