

Minute Extract of Strategy and Resources Committee of 01/02/2021:

Minute 251: Performance and Financial Management Quarter 3 of 2020/21

The Committee considered a report by the Head of Resources (circulated previously) regarding the Performance and Financial Management for Quarter 3 of 2020/21.

The Accountancy Services Manager highlighted the following:

- The revenue budget for 2020/21 was approved at Council on 26 February 2020 at £13,380,000.
- As at 31 December 2020, the latest forecast net expenditure is £13,352,000, which produced a forecast budget surplus of £28,000. (Quarter 2 was a forecast budget deficit of £136,000). This £164,000 movement to a surplus combines various surpluses and deficits across the revenue budget, these details 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 we would achieve £388,000.
- There was much pressure on the 2020/21 budget due to the Covid-19 pandemic and the Council's income streams had been greatly affected in the first three quarters of 2020/21 and expected to continue through the financial year. Also, additional costs had 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 had announced and paid local authorities four tranches of support funding totalling £1,575,000 for North Devon. We had also claimed £160,000 in respect of the job retention scheme and received £268,000 New Burdens grant for Small Business Grants and Retail, Hospitality and Leisure Grants. 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 above figures in Appendix A along with the anticipated government support.
- The figures shown in Appendix A included a projection for the rest of 20/21 based on the current environment and the continuing COVID-19 impact on our income streams and expenditure.
- It was anticipated that there would be a reduction in both Council Tax and Business Rates income during 2020/21. However, no reduction for income was being reported for 2020/21 year as the financial effect of any deficit on the Collection Fund income would not have an impact on NDC finances until the following three years.
- At 31 December 2020 total external borrowing was £500,000. The timing of any future borrowing was dependent on how the authority managed its treasury activity and due to current low interest rates and reduced returns on investments it was prudent for the Council to 'internally borrow' and use these monies to fund the Capital Programme.
- "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 were attached as “Appendix C – Strategic Contingency Reserve”.
- The 2020/21 to 2022/23 Capital Programme was detailed in “Appendix D – Capital Programme”.
- Further variations of (£3,301,516) were proposed to the 2020/21 Capital Programme as detailed in paragraph 4.4.3.
- Further variations of £1,872,135 were proposed to the 2021/22 Capital Programme as detailed in paragraph 4.4.4.
- The revised Capital Programme for 2020/21 taking into account the budget variations above was £7,110,512.
- The overall Capital Programme for 2020/21 to 2022/23 was £31,419,916 and is broken down as follows: 2020/21 £7,110,512; 2021/22 £22,384,916; 2022/23 £1,924,488.
- Once funds have been included in the Capital Programme the Constitution required a separate decision to release those funds. Accordingly the following schemes need the funds to be released so that spending can start within the following three months: Additional Disabled Facility Grant funding £131,862; and Ilfracombe Water Sports Centre £1,515,535.
- Treasury Management (paragraph 4.5), Debt Management (paragraph 4.6) and General Debtors (paragraph 4.7).
- Detailed performance information was detailed in Appendix E.

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

- The Council’s short term investments were spread over a number of institutions to mitigate risk and was not currently experiencing negative interest rates.
- The vacancy savings had exceeded the budgeted saving, however the additional savings would not be ongoing and the budgeted vacancy saving would be £225,000 for the next financial year.
- Appendix C Strategic Contingency Reserve – the £76,602 balance included commitments; any that do not come to fruition would then be added back into the Reserve balance.
- Table F in Appendix E, page 45 of the agenda “L168 Income per car park P & D ticket” referred to the average amount spent per purchase of a pay and display ticket.
- Four tranches of funding had been awarded by the Government. A further tranche would be received in the next financial year as part of the budget settlement. If the impact of the pandemic continued it was hoped that the Government would provide additional funding.
- The additional costs for the provision of temporary accommodation was in relation to the Council’s duties in relation to homelessness.

The Chief Executive confirmed that the additional costs for temporary accommodation were as a result of the primary duties given to Local Authorities during the pandemic to move homelessness people into accommodation. If there was flooding and the need to accommodate families in temporary accommodation then there would be a financial impact for the Council.

The Committee noted a typographical error in paragraph 4.4.7 of the report, in that the third financial year should have stated “2022/23” and not “2021/22”.

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 4.2 of the report);

(c) That the movements on the Strategic Contingency Reserve (as detailed in paragraph 4.3 of the report) be noted;

(d) That funds be released for the capital schemes listed in paragraph 4.4.12 of the report;

(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 the variations to the Capital Programme 2020/21 to 2022/23 (as detailed in paragraphs 4.4.3 to 4.4.4) be approved.