

NORTH DEVON COUNCIL

COUNCIL: 24 FEBRUARY 2021

PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 3 OF 2020/21

REPORT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 11 FEBRUARY 2021

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. 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. NDC 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 had announced they would 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 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.
- "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 three 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 as detailed on paragraph 4.4.12

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

- The figure provided for salary savings within paragraph 4.1.3 included all savings up to the end of the financial year and therefore included a couple months’ savings on the post of Head of Place. □ The Bus Station project had been moved forward to 2021 as the works were deemed to be a priority. □ Delays (caused by Covid 19) had occurred when employing contractors for works for the Eco grants hence the change to the programmed date for this work. It was noted that this was funded mainly with external funding.

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