

**NORTH DEVON COUNCIL**

**COUNCIL: 23<sup>RD</sup> FEBRUARY 2022**

**MINUTE EXTRACT OF POLICY DEVELOPMENT COMMITTEE HELD ON 10<sup>TH</sup>  
FEBRUARY 2022 IN RESPECT OF ITEM 12(A) ON THE COUNCIL AGENDA**

**47. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 3 OF 2021/22**

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Performance and Financial Management for Quarter 3 of 2021/22 together with Minute Extract of Strategy and Resources on 7th February 2022.

The Accountancy Services Manager highlighted the following:

- The revenue budget for 2021/22 was approved at Council on 24th February 2021 at £13,639,000.
- As at 31 December 2021, the latest forecast net budget was £13,550,000, which produced a forecast budget surplus of £89,000. Details are shown in “Appendix A – Variations in the Revenue Budget”.
- Included within the approved budget a government grant had been factored in, in relation to Covid-19 pressures of £536,710 and also budgeted for £375,000 of additional costs and reduced income, these were already incorporated into Appendix A along with the latest forecast for each service area.
- The above grant of £536,710 had been approved and received and it was also anticipated that £80,000 re-imburement for Quarter 1 loss of Sales, Fees and charges, would be received from the continued Government 75% income reimbursement scheme. This has now been revised down to £64,000 and the change incorporated into Appendix A.
- As at 31 March 2021 the Collection Fund reserve balance was £9,810,252. This earmarked reserve was created to deal with the timing impacts of the Collection Fund (Business Rates), which ensured the revenue budget was not unduly affected in the year the taxes were collected. Collection Fund deficits/surpluses were reversed out to bring the revenue account back to the budgeted figure for the year; the deficits/surpluses were recovered/distributed in the following financial years. This reserve included an £8,660,000 balance that would be utilised in 2021/22 and 2022/23 to mitigate timing differences of business rate reliefs awarded in 2020/21 from an accounting perspective impact over the next two financial years; thus leaving the fund reserve with a residue balance of £1,150,000 protection against future volatility.
- An additional provision had been included within the forecast figures shown in Appendix A for the National Pay Award potentially being settled higher than the original 1% budgeted amount. Negotiations were ongoing between the Unions and the Employers and the outcome of these discussions would be reflected within the next report.
- “Appendix B – Movement in reserves and Balances” detailed the movements to and from earmarked reserves in 2021/22.

- Full details of the Strategic Contingency Reserve movements and commitments were detailed in “Appendix C – Strategic Contingency Reserve”.
- The 2021/22 Capital Programme was detailed in “Appendix D – Capital Programme 2021/22”.
- The Budget and Financial Framework report to Full Council on 24 February 2021 outlined the Capital Programme for the 2021/22 financial year of Policy Development Committee - £22,419,916, project underspends were brought forward of £917,121 and further variations of £5,692,492 were approved as part of the performance report changes in year, giving a revised capital programme of £29,029,529.
- Overall variations of (£5,223,597) were proposed to the 2021/22 Capital Programme as detailed in paragraph 4.4.3 of the report.
- The overall Capital Programme for 2021/22 to 2024/25 was £47,013,021 and broken down as follows: o 2021/22 £23,805,932 o 2022/23 £15,778,023 o 2023/24 £6,717,192 o 2024/25 £711,874
- The Programme of £47,013,021 was funded by Capital Receipts/Borrowing (£28,274,889), External Grants and Contributions (£17,049,046) and Reserves (£1,689,086).
- Proposed release of Funds for the 2021/22 Capital Programme as detailed in paragraph 4.4.10 of the report.
- Treasury Management as detailed in paragraph 4.5 of the report.
- Debt Management as detailed in paragraph 4.6 of the report Service plan and performance information as detailed in Appendix E of the report.

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive and the Accountancy Services Manager advised the following:

- At the end of 2020/21 some of the additional income received by the Council led to a surplus, which was placed into reserves to protect the budget if necessary. If the reserves were not used, then they could be rolled forward to the next financial year.
- The position at the end of quarter three was an improvement on the quarter two position and it was encouraging to have a surplus at this point in the year.
- The increases in both planning and car park income also gave strength going in to the next financial year.

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

The Committee noted it's thanks to the officers for their hard work in achieving a good financial position.