

NORTH DEVON COUNCIL

Minutes of a meeting of Policy Development Committee held at Barum Room - Brynsworthy on Thursday, 17th November, 2022 at 6.30 pm

PRESENT: Members:

Councillor D. Spear (Chair)

Councillors Jenkins, Roome, Walker and York

Officers:

Head of Planning, Housing and Health, Head of Governance and Accountancy Services Manager.

Also Present in person:

Councillors L. Spear and Wilkinson.

68. APOLOGIES

Apologies for absence were received from Councillors Bulled, Campbell, Hunt and Mackie.

69. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 8TH SEPTEMBER 2022 (ATTACHED).

RESOLVED, that the minutes of the meeting held on 8th September 2002 (circulated previously) be approved as a correct record and signed by the Chair.

70. DECLARATIONS OF INTEREST.

There were no declarations of interest announced.

71. ORDER OF AGENDA

RESOLVED, that item 8 on the agenda be considered prior to item 6 on the agenda.

72. TO APPOINT A COASTAL OFFICER WORKING GROUP. AS PER THE RESOLUTION MADE BY THE COMMITTEE AT ITS MEETING HELD ON 8TH SEPTEMBER 2022.

The Head of Planning, Housing and Health provided an update following his attendance at the Committee on 8th September 2022.

He reviewed the evidence that indicated that many of the concerns highlighted in the Chief Medical Officer's report were prevalent in North Devon.

He also highlighted how dynamic the current situation was by referencing the recent commissioning of an Asylum Dispersal Hotel in Ilfracombe by the Home Office.

He reflected on the need now to capture all the existing work streams which had been established to attend to the concerns in coastal Committee and to avoid the risk of any duplication of effort.

The Committee discussed and agreed the following:

- The potential to change the demographic landscape of wider communities if asylum was granted to individuals and the responsibility that would be placed upon the Council if they were to present for housing.
- The requirement to address coastal deprivation was important. However, there were areas of need across the whole area.
- Acknowledged that the problems were there prior to the asylum dispersal issue and that the problem was not specific to the Ilfracombe area.
- The importance of partnership working and ensuring that once list of evidence had been collated that it be listed in order of priority with the Council's statutory responsibilities included in the list. This would then allow the Committee to focus on areas where funding could be requested from government.
- The impact and increased pressure on the healthcare service and schools at a local level.
- The financial impact on people living in private rented accommodation.

The Head of Planning, Housing and Health added that commendable work had been undertaken by the Council in some areas, e.g. the CLT work in Woolacombe and added that all work streams needed to be presented to the Committee to allow Members to look at the action that they wished to take.

He added that he would be happy to assist with the prioritisation of the Council's statutory requirements.

The Head of Planning, Housing & Health, in response to a question, reported on the Council's submission of evidence to Gov. on the regulation of short-term holiday lets.

Councillor Roome declared a person interest as an employee of the National Health Service.

73. EXCLUSION OF PRESS AND RESTRICTION OF DOCUMENTS

Due to the nature of questions arising in relation to the asylum dispersal accommodation arrangements in Ilfracombe, the Committee at the request of the Head of Planning, Housing and Health agreed that it would be appropriate to move into Part B.

Prior to moving into Part B and for the purpose of the recording the Chair explained that the Committee would formally move into Part B to discuss item(s) which were not for consideration within the public domain.

For the purpose of moving into Part B, the Clerk was requested to stop the recording.

RESOLVED:

- (a) That, under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item as it involved the likely disclosure of exempt information as defined by Paragraph 3 of Part 1 of the Schedule 12A of the Act (as amended from time to time), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).
- (b) That all documents and reports relating to the item be confirmed as “Not for Publication”.

For the purpose of moving back in to Part A, the recording was started.

RESOLVED, that the Committee move back into Part A to enable the remaining business to be transacted.

RESOLVED:

- (a) That a report be provided to the Committee at its next meeting on 8th December 2022, which would identify the needs and existing work streams together with a critical appraisal and guide as to how the Council should progress with regards to the evolving situation; and
- (b) That the appointments to the working group be deferred to the next meeting pending the consideration of the written paper.

74. MID-YEAR TREASURY MANAGEMENT REPORT 2022 - 23

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Mid-Year Treasury Management report for 2022/23 together with Minute Extract of Strategy and Resources on 7th November 2022 (circulated previously).

The Head of Governance highlighted the following:

- The Council was required through regulations issued under the Local Government Act 2003 to produce a mid-year treasury report reviewing treasury management activities and the prudential and treasury indicators for 2022/23.
- Council approved the Treasury Management Strategy Statement for 2022/23 on 23 February 2022.

- The underlying Treasury Management Strategy Statement, previously approved, required updating in light of economic and operational movements during the year.
- The proposed changes, as set out in 4.1 of the report, were as follows:
 - Capital Financing Requirement, original estimate of £29.3m was now revised to £25m.
 - Operational Boundary, original estimate of £24.7m was now revised to £10.5m.
 - Maturity Structure of borrowing between 12 months to 2 years – upper limit, original estimate of 60%, was now revised to 70%.
- Section 4.3 of the report provided further information on the Capital Financial Requirement and the Operational Boundary. The change to the upper borrowing limit between 12 months and 2 years would allow greater flexibility for short-term borrowing given the current interest rate forecast.
- Revised estimates for capital expenditure and the changes since the capital programme was agreed as part of the budget as detailed in paragraph 4.2 of the report.
- Changes to the capital-financing requirement as detailed in paragraph 4.3 of the report. The forecast Capital Financing Requirement had decreased by circa £4.3m from the original budget. This was due to the re-profiling of the capital programme with expenditure being slipped to future financial years for projects such as Seven Brethren redevelopment and Green Lanes capital improvements.
- The forecast external Public Works Loan Board borrowing had decreased by £13.5m from the original budget in part by the reduced capital expenditure as above and higher yearend cash flow balance projections. Section 4.5 looked at the borrowing strategy in more detail.
- Annual Investment Strategy as detailed in paragraph 4.8 of the report. The Council held £17m of investments as at 30 September 2022 (£18m at 31 March 2022) and the investment portfolio yield for the first six months of the year was 0.59% against the benchmark 7 day SONIA of 1.19%.

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

The Committee thanked the Head of Governance for providing a clear report.

**75. PERFORMANCE AND FINANCIAL MANAGEMENT Q2 REPORT
2022 - 23**

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Performance and Financial Management for Quarter 2 of 2022/23 together with Minute Extract of Strategy and Resources on 7th November 2022 (circulated previously).

The Accountancy Services Manager highlighted the following:

- The revenue budget for 2022/23 was approved at Council on 23 February 2022 at £13,721,640.
- As at 30 September 2022, the latest forecast net budget was £13,681,640, which produced a forecast budget surplus of £40,000. Details were shown in “Appendix A – Variations in the Revenue Budget”.
- The original budget for 2022/23 included a forecast to achieve £250,000 worth of salary vacancy savings. The current position forecasts the Council would achieve £441,000. The additional £191,000 was due to timings of filling the capacity building posts throughout the year, which were approved as part of the original 2022/23 budget.
- Temporary Accommodation was under additional cost pressure due to the increase in homelessness cases; the in-year impact of this £200,000 forecast increase in costs had been mitigated by utilising balances from the Homelessness earmarked reserve. Whilst this alleviated the pressure this year, it does mean this one-off amount from the homelessness reserve could not be utilised for other homelessness initiatives.
- Within the joint Building Control Services, partnership with Mid Devon District Council there had been a decline in income, and due to challenges in recruiting to vacant posts, an increase in the use of agency staffing costs which had negatively impacted the trading account. The Council was now forecasting a net deficit of £67,000; this included utilising a £50,000 contribution from the Building Control reserve built up through prior year trading surpluses.
- Further to the report to Strategy and Resources Committee on 4 July 2022, which detailed the in-year inflationary pressures that the Council were likely to experience this year, most of those forecasts were still in line with the July 2022 forecast; with the exception of the potential additional employee costs from the staff pay award being negotiated which was now being predicted at a higher cost following the National Employers pay offer to the Unions.
- The largest variance, as detailed within Appendix A, was the £804,000 National pay award potential additional staffing costs over and above the £280,000 already built into the base budget; this estimate was based on the offered pay award put forward to the Unions by the National Employers pay review body for the 2022-23 year. The pay offer was based upon £1,925 per full time equivalent employee.
- Other inflationary pressures built into the forecast included additional fuel costs across the Council’s fleet of £104,000 and additional energy costs of £63,000.
- The inflationary cost pressures mentioned were looking to be funded in-year through utilisation of the budget management reserve; this reserve, which was set aside to deal with fluctuations within the budget and built up over the last couple of financial years, had provided the Council with the protection needed in 2022/23. Moving forwards to future years 2023/24 onwards, the Council would not have the benefit of this level of protection and the inflationary pressures being experienced this year would continue onto the future year’s budget gap previously highlighted to Members.
- The other significant in-year cost pressure that had not been included in the current figures was the award of costs claim in relation to the Yelland planning appeal; once this amount was known a report would be brought to Members

detailing the award of costs amount and setting out how the Council would be funding this cost.

- As at 31 March 2022 the Collection Fund reserve balance was £5,722,000 as detailed in paragraphs 4.1.11 and 4.1.12 of the report.
- This reserve included a £4,523,000 balance that would be utilised in 2022/23 and 2023/24 to mitigate timing differences of business rate reliefs awarded in 2021/22 and an in-year £400,000 transfer into the budget management reserve to replenish this reserve balance to help mitigate future budget fluctuations, thus leaving the fund reserve with a residual balance of £800,000 protection against future volatility. This level of reserve protected the Council against a 40% share of a £2million overall Business Rates income volatility.
- At the 30 September 2022 total external borrowing was £3,000,000. This had resulted in a forecast £160,000 reduction in loan interest payments in 2022/23 and it was proposed to place this amount into a new Treasury Management reserve to mitigate against higher interest rates moving into the 2023/24 financial year.
- The recommended level of general fund balance was 5%-10% of the council's net revenue budget £686,082 to £1,372,164. The forecast general fund reserve at 31 March 2023 was £1,211,000, which was a level of 8.8%.
- "Appendix B – Movement in reserves and Balances" detailed the movements to and from earmarked reserves in 2022/23.
- Full details of the Strategic Contingency Reserve movements and commitments were shown at "Appendix C – Strategic Contingency Reserve".
- The 2022/23 Capital Programme was detailed at "Appendix D – Capital Programme 2022/23".
- The Budget and Financial Framework report to Full Council 23 February 2022, outlined the Capital Programme for the 2022/23 financial year of £15,833,023. Project underspend of £2,031,062 was bought forward from 2021/22 year and further variations of £873,280 were approved as part of the performance and financial management report to Strategy and Resources Committee, to produce a revised 2022/23 Capital Programme of £18,737,365.
- Overall variations of minus £5,924,591 were proposed to the 2022/23 Capital Programme as detailed in paragraph 4.4.3 of the report.
- Actual spend on the 2022/23 Capital Programme as at 30 September 2022 was £3,502,949.
- The overall Capital Programme for 2022/23 to 2025/26 was £29,122,631 and the break down detail was shown at paragraph 4.4.7 of the report.
- The Programme of £29,122,631 was funded by Capital Receipts / Borrowing (£11,119,824), External Grants and Contributions (£15,259,161), and Reserves (£2,743,646).
- It was recommended that the following funds be released from the 2022/23 Capital Programme:
 - All S106 schemes approved at Strategy and Resources Committee on 5 September 2022, total £278,462.
 - Harbour Infrastructure PAG bid £430,489.
 - Water Sports Commercial Complex £177,328.
 - ICT VDI Licenses £70,000.
 - Fremington Quay River Wall repair £51,348.

➤ Seven Brethren Flood Defence £1,150,000.

- Treasury Management as detailed in paragraph 4.5 of the report.
- Debt Management as detailed in paragraph 4.6 of the report.
- General Debtors as detailed in paragraph 4.7 of the report:
- Performance information as detailed in Appendix E of the report.

In response to a question regarding the set level of Council Tax with regards to £5.00 verses the 4.99%, the Accountancy Services Manager advised that the final figures would not be clear until the Council received the government settlement in mid-December 2022.

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

The Chair thanked both the Head of Governance and the Accountancy Services Manager for their reports.

76. WORK PROGRAMME 2022/23.

RESOLVED:

- (a) That the work programme for 2022/23 be noted; and
- (b) That the report by the Head of Planning, Housing and Health regarding coastal deprivation together with the evolving situation with regards to asylum dispersal and the how the Council should progress be added to the agenda for the next meeting on the 8th December 2022.

Chair

The meeting ended at 7.30 pm

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