

NORTH DEVON COUNCIL

POLICY DEVELOPMENT COMMITTEE: 6TH JULY 2023

MINUTE EXTRACT OF THE STRATEGY AND RESOURCES COMMITTEE HELD ON 3RD JULY 2023 IN RESPECT OF ITEM 6 ON THE POLICY DEVELOPMENT COMMITTEE AGENDA

16 PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 4 OF 2022/23

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding Performance and Financial Management Quarter 4 of 2022/23.

The Finance Manager highlighted the following:

- The revenue budget for 2022/23 was approved at Council on 23rd February 2022 at £13,721,640.
- As at 31 March 2023, it was pleasing to report that the final out turn position was a budget surplus of £693,000, which was an overall movement of £674,000 from the last forecast at Quarter 3. The breakdown showing these movements were shown Appendix A – “Variations in the Revenue Budget”.
- The movement from Quarter 3 of £674,000 can be mainly attributed to adverse and favourable variances as outlined in paragraph 4.1.4 of the report.
- The cost of living pressures with double digit inflation continuing for the whole of 2022/23, peaking at 14.2% in October 2022 and still near that peak at the end of the March 2023 at 13.5%, resulted in the Council utilising fully the £936,000 budget management reserve in 2022/23. Due to the favourable variances and a transfer in year from the Collection fund reserve the reserve had been replenished to a balance of £815,000 to provide resilience to similar inflationary pressures during 2023/24.
- Members approved in June 2021 to proceed with the acquisition of Green Lanes Shopping Centre; which the Council completed the purchase in November 2021. The purchase of Green Lanes Shopping Centre was a once in a lifetime opportunity to acquire this strategic asset and complement other significant regeneration improvements being delivered within the Barnstaple town centre through the Future High Streets project. The financial modelling demonstrated that revenue income generated from the centre would cover both the repayment of the loan and asset management costs and would return a contribution to the Council which could be used towards mitigating future risks on income volatility, investment back into the centre and the overarching council budget.
- From the revenue budget surplus of £693,000, it was proposed to set aside the amount into the following earmarked reserves:
 - Office Technology £120,000 – to fund capital business case
 - Repairs Fund £214,000 – to fund capital business cases
 - Budget Management £279,000 – mitigate 2023/24 inflationary pressures
 - Insurance Reserve £80,000 – mitigate 2023/24 higher insurance costs

- At the 31 March 2023 total external borrowing was £3,000,000. The timing of any future borrowing was dependent on how the authority managed its treasury activity and due to previously unprecedented 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. This had resulted in a £275,000 reduction in loan interest payments and an increase in interest receivable of £266,000 in 2022/23. £275,000 has been placed into a new Treasury Management reserve to mitigate against higher interest rates as we move into the 2023/24 financial year.
- Appendix B detailed the “Movement in reserves and Balances” to and from earmarked reserves in 2022/23.
- Appendix C detailed the “Strategic Contingency Reserve movements and commitments”.
- Appendix D detailed the “Capital Programme for 2022/23”.
- Actual spend on the Capital Programme for 2022/23 financial year was £7,577,736. The variance against the budget of £9,505,513 was (£1,927,777); the carry forward to 2023/24 is £1,930,171 (the difference being £2,394, relating to a £3,260 over spend on Vehicles and £866 not required on DVI licences), to fund on-going projects.
- Further variations of £4,990,983 were proposed to the 2023/24 and £399,000 to the 2025/26 Capital Programme as detailed in paragraph 4.4.8 of the report.
- The overall revised Capital Programme for 2023/24 to 2025/26 taking into account the budget variations above was £33,986,596 and was broken down as follows:

2023/24 £28,168,252
 2024/25 £5,723,344
 2025/26 £95,000

- The 2023/24 to 2025/26 Capital Programme was detailed in “Appendix E – Capital Programme 2023/24 to 2025/26”.
- The Capital Programme release of funds were detailed in paragraph 4.4.13.
- Debt management as detailed in paragraph 4.5 of the report.
- General Debtors as detailed in paragraph 4.6 of the report.

In response to questions, the Director of Resources and Deputy Chief Executive advised the following:

- £151,000 in relation to the Yelland Appeal costs award and a provision had been made based on the claim that had been received. The Council was still challenging the value of claim for costs and was also in informal discussions with Devon County Council regarding seeking a contribution in relation to the highways element. Provision had been made within the 2022/23 revenue outturn and included within last year’s financial statements. This was based upon the worst case scenario and if the final agreed costs award was more favourable, there would be a credit against the revenue provision made.

In response to a question, the Chief Executive advised the following:

- The contribution from Devon County Council in relation to the Yelland Appeal was not definite and North Devon Council were in informal discussions regarding the highway element of the appeal. North Devon Council had been ordered to pay costs.

The Head of Programme Management and Performance outlined Appendix F “Corporate Plan Delivery Highlight report with key results and performance indicators” to the Committee and highlighted the following:

- A Corporate Plan Delivery highlight report was presented to Strategy and resources Committee in January 2023 to provide an overview of the five programmes and associated projects put in place to support the delivery of the corporate plan priorities.
- Those five programmes emerged with their assigned Senior Responsible Officer as outlined within Appendix F.
- Members requested that a similar report be amalgamated with the Financial Performance reporting to give a wider picture of organisational health and delivery.
- Appendix F aims to provide Members with a high level overview of all projects sitting under those five programme umbrellas; an assurance that progress was being made across all areas and in turn, delivering against the corporate plan priorities.
- The pyramid sets out how the activities were driven from the vision and corporate plan, followed by developed strategies and then programmes and projects to deliver against Member priorities and decisions taken during the lifecycle of those programmes.
- The Performance Management Framework had been included with the Members information pack following the Elections.
- The suite of performance indicators were flexible and challenge was welcomed.
- The performance indicators were put in place in April 2023 and progress made against the performance indicators would be included within the next quarterly performance and financial management report. The next report would also include capital and external funding set out under those projects.
- Risks were where appropriate escalated back to the Senior Management and onto the Governance Committee if incorporated into the Corporate Risk Register. If greater detail or further decisions were required on individual projects, separate reports would be presented to the Committee as they have been today.

In response to a question, the Head of Programme Management and Performance advised the following:

- The bailer located in waste and recycling was currently on lease. The procurement of a new bailer was part of a wider infrastructure project, which also included the provision of a new office building and other infrastructure works.

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 section 4.2 of the report;
- (c) That the movement on the Strategic Contingency Reserve (section 4.3 of the report) be noted;
- (d) That funds be released for the capital schemes listed in section 4.4.13 of the report;
- (e) That the sections dealing with Debt Management and General Debtors (sections 4.5 and 4.6 of the report) be noted.

RECOMMENDED:

- (f) That the Council approve the variations to the Capital Programme 2023/24 to 2025/26 as detailed in section 4.4.8 of the report.