

NORTH DEVON COUNCIL

COUNCIL: 19TH JULY 2023

MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 6TH JULY 2023 IN RESPECT OF ITEM 13 (A) ON THE COUNCIL AGENDA

6 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 the Performance and Financial Management for Quarter 4 of 2022/23 together with Minute Extract of Strategy and Resources on 3rd July 2023 (circulated previously).

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 31st 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 Q3. The breakdown showing these movements are 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 Oct 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 Council has replenished this reserve to a balance of £815,000 to provide the 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 31st 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 had been placed into a new Treasury Management reserve to mitigate against higher interest rates as the Council moved 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, related 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 are proposed to the 2023/24 and £399,000 to the 2025/26 Capital Programme were 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 from the Committee, the Director of Resources and Deputy Chief Executive and the Accountancy Services Manager advised the following:

- The original budget for 2022/23 indicated a forecast to achieve £250,000 worth of salary savings, which actually achieved a saving of £476,000. This was due to the time period between leavers and new starters and that there had been certain challenges to the Council in terms of recruitment in some areas of the business. He added that there were additional posts built into the

2022/23 budget and that some of those posts had come to fruition later in the year, which was the reason for the larger than normal saving.

- With regards to the costs associated with the employment of agency staff, the salary savings figure was the net saving made to the Council after the agency staffing costs were taken into account.
- A report was currently being prepared for the Governance Committee, which would look back over previous years to the present day with a detailed analysis of the amount spent by the Council for the procurement of agency staff and the service areas for this spend. He added that the report could be shared with the Policy Development Committee should they wish.
- The Performance and Financial Management quarterly reports were considered by the members of the Strategy and Resources Committee prior to consideration by the Policy Development Committee. Minute extracts containing the recommendations from both Committees were then considered at Full Council alongside the report. This gave assurance to those Members who were not on either of the two Committees that a full and robust scrutiny process had been undertaken prior to the consideration of the report at Full Council.
- The release of funds for the purchase of Local Authority Housing Fund temporary accommodation properties was match funded by government and the Council had already completed on two properties with offers currently on three further properties. The Council was also looking to purchase an additional six new units in one development, which with a couple further potential properties would hopefully see a total of 13 properties purchased by the end of the financial year from this programme.
- Every local authority was currently struggling to recruit in key service areas, especially since the pandemic and the ability for people to work remotely but still maintain a higher level salary, it had become even harder to attract potential employees. However, there had been success in some areas of the Council, with a new Building Control Manager now in post.
- The Council operated a job evaluation scheme and also benchmarked their salaries against other local councils and North Devon were in the upper quartile for salaries paid in a number of differing roles. He added that some posts had been subject to a job evaluation review and as a result had increased.
- With regards to the capital value of purchased properties, with the wider property demand within the North Devon area to house people in within the Council's own accommodation; part of the Councils potential future housing model was focussed on the development of a housing company arrangement, which would allow the Council to purchase its own properties to utilise as either temporary accommodation or through rental.

The Programme Manager 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 Director of Resources and Deputy Chief Executive and the Programme Manager advised the following:

- There were different options available to the Committee as to how they would like the information to be presented and the team welcomed any suggestions.
- Capital costs would be added to the next report to complement the work programme.
- The capital costs would not be included within the service plans but would instead sit within the programmes in appendix F.
- Service plans would feed into projects, which were more of an operational level and would be presented to this Committee annually in January of each year.

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

Councillor Jones left the meeting at 7:40pm.