

**NORTH DEVON COUNCIL**

**COUNCIL: 4<sup>TH</sup> OCTOBER 2023**

**MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON  
14<sup>TH</sup> SEPTEMBER 2023 IN RESPECT OF ITEM 13(A) ON THE COUNCIL  
AGENDA**

**13. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 1 2023/24**

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Performance and Financial Management for Quarter 1 of 2023/24 together with Minute Extract of Strategy and Resources on 4th September 2023 (circulated previously).

The Director of Resources and Deputy Chief Executive highlighted the following:

- The revenue budget for 2023/24 was approved at Council on 22 February 2023 at £14,766,450.
- As at 30 June 2023, the latest forecast net budget was £14,749,450, which produced a budget surplus of £17,000. Details were shown in “Appendix A – Variations in the Revenue Budget”.
- The original budget for 2023/24 included a forecast to achieve £250,000 worth of salary vacancy savings. The current position forecasts we will achieve £93,000 based on known vacancies to date, but it was anticipated that the budget of £250,000 will be achieved by the end of the financial year.
- The National pay award was currently being considered by the Unions; however if the 2023-24 pay award exceeded the budgeted 4% included in the original budget then we would look to fund any shortfall from the Budget Management reserve, which currently had a balance of £814,000.
- As at 1 April 2023 the Collection Fund reserve balance held is £1,340,177. 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 a £912,563 balance that will be utilised in 2023/24 and 2024/25 to mitigate timing differences of business rate reliefs awarded in 2022/23 that from an accounting perspective impact over the next two financial years; thus leaving the fund reserve with a residue balance of £427,614 protection against future volatility.
- The Valuation Office Agency (VOA) have notified the Council that they were to reduce the Rateable Value of the Museum from £146,000 to £1, this change had been back dated to 2019 and a refund in rates payable had resulted in a net positive impact to the council of £184,000. It was recommended this refund amount be contributed to the Regeneration Reserve for future projects.
- At the 30 June 2023 total external borrowing was £3,000,000. The timing of any future borrowing was dependent on how the authority managed its

treasury activity. Due to on-going higher interest rates the Council was reporting a £90,000 net increase in Interest receivable.

- “Appendix B – Movement in reserves and Balances” detailed the movements to and from earmarked reserves in 2023/24.
- The 2023/24 Capital Programme was detailed in “Appendix D – Capital Programme 2023/24”.
- The Budget and Financial Framework report to Full Council on 22 February 2023 outlined the Capital Programme for the 2023/24 financial year of £21,247,098. Project underspend and further variations of £6,921,154 were approved as part of the performance and financial management report to Strategy and Resources Committee, to produce a revised 2023/24 Capital Programme of £28,168,252.
- Overall variations of (£5,648,600) were proposed to the 2023/24 Capital programme and £30,000 to 2024/25 Programme as detailed in paragraph 4.4.3 of the report.
- The overall revised Capital Programme for 2023/24 to 2025/26 taking into account the budget variations was £35,119,588 and details of how it was broken down was detailed in paragraph 4.4.4 of the report.
- The Programme of £35,119,588 was funded by Capital Receipts / Borrowing (£13,528,650), External Grants and Contributions (£18,609,678) and Reserves (£2,981,260).
- The Council also have authority to borrow from the Public Works Loan Board (PWLb) as outlined in the Treasury Management Annual Investment Strategy and currently had external borrowing of £3,000,000.
- Capital Programme release of funds as detailed in paragraph 4.4.8 of the report.

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

- That the National Employers decided upon any salary increase proposals.
- The Wilko’s store in the Green Lanes shopping centre was due to close the following week and the Council had raised the majority of rental income up to the point of the company going into administration.
- There had been a request from the administrators to write off the remaining rental. However, the Council had refused this request given that the store was still currently trading.
- The rental income on the unit was around £180K per annum.
- To mitigate the risk of any reduction of rental income within the Centre in a situation of that nature, the Council had placed £75K per year through 2021/22 and 2022/23 into a specific income volatility reserve reserves; which now totalled £150K to meet some of the rental shortfall for the remainder of the financial year.
- Asset Managers (Praxis) were speaking with the administrators and there had been some interest from major retail stores for empty units within the centre.
- The Council would need to liaise with the administrators to ascertain when they get control of the unit back and would be able to market the unit to potential new retailers.

- The company Poundland were interested in some of the Wilko stores nationally but not the Barnstaple branch.
- The interest rates from the Public Works Loan Board (PWLB) were fixed rates for different loans.
- With regards to a return on investments, the Council had seen a return of £75K in the first quarter and a slightly higher return forecast for the second quarter.
- Internal borrowing was a more cost effective way of borrowing for the Council.
- The increase in costs for the Ringo car parking payment system should be offset by a reduction in lower bank charges due to reduced handling of cash.
- There had been a reduction in income for the Building Control Partnership, for which there was a shortfall of £15K for North Devon Council and a shortfall of £49K for Mid Devon District Council. The costs of the partnership were shared proportionately based upon income received, with North Devon Council picking up a higher percentage of the costs.
- Officers from both Councils were currently reviewing the agreement to determine whether or not the current arrangement was functioning in the best interests of both Councils.
- The Building Control team had seen a higher than average number of vacancies over the last couple of years with difficulties attracting potential employees to the roles and having to compete with higher salaries offered in the private sector.
- The business plan that was developed and agreed prior to purchase of the Green Lanes Shopping Centre in 2021 looked at the medium 5-10 year period forecast with cash flow and assumed the economic position at the current time.
- The Council had assumed that future cash flow would be lower on rental income due to economic climate and market conditions. However, at the current time cash flow still showed a positive net income to the Council. Part of the business plan was to review alternative types of business and other ways to increase footfall within the Centre.
- There was an internal audit report due for consideration at the Governance Committee on 25th September 2023, which outlined that the Council held overall £300K of reserves specifically in relation to the Green Lanes Shopping Centre. Other points to highlight was that since the Council had taken on ownership of the centre that an additional 5-6 retail units had been filled and rented out to businesses. The Council was also exploring alternative uses for the units other than retail and the strategy for the centre was constantly evolving.

The Head of Programme Management and Performance outlined the supplementary document, which was attached as Appendix E “Corporate Plan Delivery Highlight report with key results and performance indicators” to the Committee and highlighted the following:

- Appendix E set out the new performance management suite.
- This was the first quarter to bring forward the results to the Committee for consideration.

- It was a live suite of measures which could be added to or reduced at any point.
- The performance indicators showed the health of the organisation at a high level.
- Devon Audit Partnership had recently commenced an Internal Audit review of performance management.
- The next report for quarter 2 would have an update on projects, capital costs and mid-year measures and would give confidence on the delivery of the Corporate Plan.

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

- That a performance indicator could be added to the appendix for a short period of time to monitor the rural missed collections, it was agreed that that Councillor Patrinos speak with the Head of Environmental Enhancement (EE).
- The summer had been a very busy time for the waste and recycling service, which had also been impacted by driver sickness and a minor change to a route, which had impacted about 50 properties.
- There was a national shortage of drivers combined with a heavy volume of material and lessons learnt from this summer would ensure that the service was better resourced next year.
- There had been on occasion the requirement to employ agency staff to address the shortfall within the workforce. However, this created additional issues as they were not familiar with the rounds and as a result, the Council were looking to employ permanent staff.
- There would be 12 new recycling vehicles within the fleet towards the end of the financial year.
- Task and finish shifts would cease after September 2023, which would then ensure that crews returned to Brynsworthy to assist with other crews and leave at their allotted finish time.
- Overtime was only paid in exceptional circumstances, as frontline services did not have Time Off in Lieu (TOIL).
- There were three Performance Indicators (PIs) that were issued by the government, two were already monitored by the Council and there was a third PI in relation to contamination. There were additional PIs, which could be shared with Members, again Councillor Patrinos to be provided with these and also talk to the Head of EE.
- Complaints per ward would be recorded via the Council's Feedback team where complaints were escalated through the various stages of the process and this information could be shared with the Committee if requested.
- The pyramid on page 46 of the agenda referred to the high-level key results. The Council were focussing on the types of calls based on value calls or failure demand calls and whilst the categorisation might not be perfect at the current time improvements would be made.
- The Council will be required to report on its performance to the Office of Local Government set three waste indicators:

1) Proportion of household waste sent for recycling.

- 2) Residual (i.e. non-recycling) waste per household (tonnes).
- 3) Contamination rate of recycling – calculated as estimated proportion this is rejected of total amount of household waste sent for recycling.

- Used to have Best Value Performance Indicators and seem to be going back down that route with the three stringent targets put in place.
- There will be another suite of indicators around financial reporting, which consisted of six indicators on which all Councils would need to report, which would represent figures in a national context.
- The planning figures on page 49 of the report had previously reported a 95% success rate. However, officers felt that it was important to show Members the true picture of the current situation for the planning service to include the extension of times requested and approved by applicants / agents.
- There was a backlog of work within the development management team in terms of planning skills and the Council had applied for a grant to address the resource and recruitment issues for which the service was having to rely on agency employees. The aim of the new detailed figures were contained within the report to ensure transparency with performance figures.
- There had been difficulties recruiting staff across all Council services and there were currently agency staff working within the development management team to address the backlog of work.
- There was a request for two additional PI's to be added, which were: – Staff turnover by department. – Planning applications: Percentage of applications that had requested extensions. The Head of Programme Management and Performance advised that the software should be able to pull out the information required and added that she would speak to the Development Manager.

RESOLVED:

- a) that the decisions and recommendations of the Strategy and Resources Committee be endorsed; and
- b) that missed collections feedback at operational level be circulated to Councillor Patrinos. The Committee discussed the poor attendance rate at the Committee meetings and questioned why Members were not attending as they should be.

The Chair agreed to write to Group Leaders to request clarification from their Members as to why they were not attending the Committee meetings. The Chair thanked Members and Officers for their attendance.