

NORTH DEVON COUNCIL

POLICY DEVELOPMENT COMMITTEE: 12TH FEBRUARY 2024

MINUTE EXTRACT OF THE STRATEGY AND RESOURCES COMMITTEE HELD ON 5TH FEBRUARY 2024 IN RESPECT OF ITEM 6(A) ON THE POLICY DEVELOPMENT COMMITTEE AGENDA

88. PERFORMANCE AND FINANCIAL MANAGEMENT Q3 2023-24

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Performance and Financial Management Q3 2023-24.

The Finance Manager highlighted the following:

- The revenue budget for 2023/24 was approved at Council on 22nd February 2023 at £14,766,450
- As at 31st December 2023, the latest forecast net budget was £14,693,450, which produces a budget surplus of £73,000. Details are shown in “Appendix A – Variations in the Revenue Budget”.
- The original budget for 2023/24 includes a forecast to achieve £250,000 worth of salary vacancy savings. The current position forecasts we will achieve £296,000 based on known vacancies to date.
- The National pay award negotiations for 2023/24 had been settled and was paid to staff in November’s salary, backdated to 1 April 2023. The pay award worked out to be an average of 6.7%, the original budget included 4%, and the additional costs of £436,000 had been funded from the Budget Management reserve.
- As at 31st December it was now estimated income growth from Business Rates to be an additional £950,000, it was proposed to place the £950,000 into the following earmarked reserves:
 - Collection Fund reserve £450,000
 - Budget Management reserve £150,000
 - Town Centre Management reserve £200,000
 - Treasury Management reserve £150,000.
- As at 1st April 2023 the Collection Fund reserve balance held was £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 would 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; Due to the additional business rates income above, the reserve had been increased by a further £450,000, thus leaving the fund reserve with a residue balance of £877,614 protection against future volatility.

- The Valuation Office Agency (VOA) had 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 £228,000. It was recommended within the Q1 report that this refund be placed into the Regeneration Reserve for future projects.
- As at the 31st December 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 project spend slippages in the Capital programme and using the cash flow balances for internal borrowing had reduced borrowing costs on the revenue budget and it was currently forecasted a £274,000 underspend on the interest payable budget. In addition, due to on-going higher interest rates the Council was also reporting a £380,000 net increase in interest receivable. There was also no anticipated use of the Treasury Management reserve during 2023/24 and so the full reserve balance of £275,000 and the proposed additional in-year contribution of £150,000 could be carried forwards into 2024/25 to help protect and mitigate against higher borrowing costs in the future financial years.
- Of the remaining additional business rates income, it was proposed to place £150,000 into the Budget Management Reserve to help protect the budget against future volatility and it was also proposed to place £200,000 into the Town Centre Management Reserve.
- The Town Centre Management Reserve was utilised in the current year to fund a 6-month extension of the Street Marshall scheme to 31 March 2024. Placing a further contribution into this reserve will provide the Council with appropriate funding to enable this much-valued service to continue. An update report on this scheme and proposals for the medium term will come to Members for approval in March 2024.
- There had been a drop in the sales price of recycling material and recycling credits receivable totalling £153,000 and this partly mitigated by an increase of £56,000 shared savings scheme income.
- The costs of Temporary Accommodation had increased, the average cost per night had increased from £60 to £70 per night. The volume of cases presenting as homeless was also increased but this was partly mitigated by the on-going programme of purchasing Temporary Accommodation properties. The initial increase in costs of £194,000 had been offset by additional homelessness grant, the quarter 3 position was showing a further increase of £45,000 which had been offset by the additional refugee grant income.
- Pay and display car park volumes were slightly lower than previous years and this had been reflected as a £78,000 forecast estimated reduction. There had also been a further reduction of £38,000 compared to the last reported position in Penalty Charge notice income and this had been reflected in the quarter 3 forecast.
- Planning Fee income was estimated to recover in quarter 4 due to the increase nationally in planning fees paid for applications.
- The recommended level of general fund balance was 5%-10% of the Council's net revenue budget £738,326 to £1,476,645. The forecast general fund reserve at 31st March 2024 is £1,238,000; which was a level of 8.4%.

- Details of the earmarked reserves could be seen at Appendix B of the report.
- Details of the Capital programme could be seen at Appendix D of the report.

In response to a question on the breakdown of where the complaints were coming from, the Head of Customer Focus advised that it was across all service areas but the highest number came from the works and recycling service area in relation to missed bin collections.

In response to a concern that the solar panel project had stalled and if business rates surplus could be used to fund this project, the Director of Resources and Deputy Chief Executive advised that a capital business case would need to be put forward and decisions on where the funding could be found would then be made.

The Chief Executive added that the project had not stalled and that a progress report would be coming to Members imminently.

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 (as detailed in section 4.3 of the report) be noted;
- (d) That funds be released for the capital schemes listed in section 4.4.8 of the report;
- (e) That the paragraphs dealing with Treasury Management (as detailed in section 4.5 of the report), Debt Management (as detailed in section 4.6 of the report) and General Debtors (as detailed in section 4.7 of the report) be noted; and

RECOMMENDED:

- (f) That Council approve the variations to the Capital Programme 2023/24 to 2025/26 (as detailed in section 4.4.3 of the report).