

## **NORTH DEVON COUNCIL**

**COUNCIL: 21<sup>ST</sup> FEBRUARY 2024**

### **MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 12 FEBRUARY 2024 IN RESPECT OF ITEM 13(A) ON THE COUNCIL AGENDA**

#### **30. PERFORMANCE AND FINANCIAL MANAGEMENT Q3 2023**

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Performance and Financial Management for Quarter 3 of 2023/24 together with Minute Extract of Strategy and Resources on 5th February 2024 (circulated previously).

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 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 the Council would 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 Novembers’ 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.
- The Budget and Financial Framework report to Full Council 22nd Feb 2023 outlined the Capital Programme for the 2023/24 financial year of £21,247,098. Project underspend and further variations of (£4,151,868) 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 £17,095,230.

- Overall variations of (£4,384,090) are proposed to the 2023/24 Capital programme were detailed in section 4.3 of the report.
- Details related to Treasury Management, Debt Management and General Debtors was detailed in sections 4.5 to 4.7 of the report.
- Details related to the Delivery of the Corporate Plan were detailed in the highlight report at Appendix E.

Following the presentation of the Performance and Financial Management for Quarter 3 of 2023/24, the Committee discussed and debated the following:

- **Street Marshalls:** The scheme was funded by the Town Centre Management Fund Reserve, which was utilised in the current year 2023/24 to fund a six month extension of the Street Marshalls scheme up until March 2024. As advised, the Council had placed a further funding contribution into the reserve to enable the service to continue for the next couple of years. An update report in relation to the scheme and proposals going forward would be presented to the Members for approval in March 2024. He added that whilst the scheme had been extended into Ilfracombe, there were no plans at the current time to roll the scheme out to other towns and parishes in North Devon.

The Committee discussed the following options to debate if funding was available for other towns and parishes:

- Contacting the Local Member of Parliament for comment related to the provision of further funding from the government to enable the scheme to be rolled out to other towns and parishes?
  - Whether the continuation of the scheme could be funded by the office of the Police and Crime Commissioner?
  - The aspirations of Barnstaple Town Council and other Town Councils to potentially fund the continuation of the scheme if the District Council were unable to?
- The Director of Resources and Deputy Chief Executive advised that the original scheme was introduced as part of the government's Covid Management Fund and then later funded through the Safer Streets Fund. The recent six month extension of the scheme was then funded by the Council.
  - **Reduction in parking revenue:** The Director of Resources advised that the percentage in terms of the overall pay and display budgeted income was very small. He acknowledged that there had been a reduction in income generated from Fixed Penalty Notices. He added that the positive impact for the Council was that the public were incurring less fines. The Civil Parking Enforcement Officers were now more customer focussed and tried to work with the public as opposed to generating an income from issuing Fixed Penalty Notices. The parking machines were checked on a daily basis to ensure that they were operating correctly and assistance was given to the public by the Civil Parking Enforcement Officers upon request.

- Changes to the Audit regime: There were changes in terms of the auditing of accounts. However, this Council was one of only around 10% of local authorities to be in the fortunate position of having already had their accounts for 2022/23 signed off. He explained that there were resource issues for many audit firms that were impacting upon their ability to complete their audits and that the government were now planning to put in a backstop to ensure that all audits were signed off and published by September 2024.

The current five year contract with the Councils existing auditors was coming to an end and the new contract would be with the audit firm Bishop Fleming. They had employed staff from the public sector and some familiar faces from Grant Thornton who would bring a wealth of knowledge and experience to the world of public sector auditing. He added that in the event that any scheduled work that was not delivered by the Council's appointed auditors was reimbursed through the auditors fees. The responsibility to ensure the auditors were meeting their requirements would rest with the Public Sector Audit Appointments.

- Empty Homes project: Work was continuing with bringing empty homes back into use and the Council were working with the owners of empty properties to try and bring as many back to the open market as possible.

#### RESOLVED:

- a) That the decisions and recommendations of the Strategy and Resources Committee be endorsed;
- b) That a letter be sent to the Member of Parliament for North Devon and the Office of the Police and Crime Commissioner to request funding to continue to deliver the provision of Street Marshalls together with their views in relation to the success of the scheme; and
- c) That the Housing Officer provide an update to the Committee regarding the progress of bringing empty properties back into use.