

## **NORTH DEVON COUNCIL**

**COUNCIL: 17 JULY 2024**

### **PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 4 2023/24**

#### **MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 2 JULY 2024**

##### **22. PERFORMANCE AND FINANCIAL MANAGEMENT Q4 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 4 of 2023/24 together with Minute Extract of Strategy and Resources on 1<sup>st</sup> July 2024 (circulated separately).

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 March 2024, it was pleasing to report that the final out turn position was a budget surplus of £630,000, which was an overall movement of £557,000 from the last forecast at quarter 3.
- The breakdown showing these movements was shown in “Appendix A – Variations in the Revenue Budget” was detailed on pages 59-60 of the report.
- The net movement from quarter 3 of £557,000 could be mainly attributed to:

Adverse variances:

- £89,000 Reduction in Parking Charge Notice income.
- £191,000 Premises Electricity.
- £132,000 Planning fee income.
- £81,000 External Audit fee.
- £70,000 Insurance premiums.
- £75,000 Transfer of Public Conveniences.

Favourable variances:

- £66,000 Work and Recycling Transport.
  - £54,000 Temporary Accommodation costs.
  - £46,000 Building Control Partnership.
  - £41,000 Crematorium income.
  - £57,000 Additional Grant income.
  - £91,000 Interest receivable and payable.
  - £760,000 Business Rates income.
  - £52,000 Contribution from Community Housing reserve.
- A detailed breakdown of variations in the revenue budget could be seen on pages 59 and 60 of the report.

- From the revenue budget surplus of £630,000, it was proposed to set aside the amount into the following earmarked reserves:
  - Corporate Property income volatility reserve - £150,000.
  - Insurance Reserve - £280,000 – mitigate 2024/25 higher insurance costs.
  - Digital Transformation Financial system reserve - £200,000.
  
- The financial outturn for the Green Lanes Shopping Centre produced a net return (income less costs) for:
  - 2021/22 year of (£243,600) due to minimal borrowing costs as these commenced in 2022/23.
  - 2022/23 trading position produced a net return of (£291,000), including borrowing costs.
  - 2023/24 trading position produced a net return of (£237,000), this included £150,000 from the income volatility reserve due to the financial impact of losing Wilko in August 2023. This reserve having been created in 2021/22 for this purpose to protect the council in the event of a tenant loss and smooth the budgetary impact.
  
- As at 31st March 2024 the Collection Fund reserve balance held was £1,790,180. 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 £1,246,078 balance that would be utilised in 2024/25 and 2025/26 to mitigate timing differences of business rate reliefs awarded in 2023/24 that from an accounting perspective impact over the next two financial years; thus leaving the fund reserve with a residue balance of £544,102 protection against future volatility.
- As at the 31st March 2024 total external borrowing was £3,000,000. The timing of any future borrowing was dependent on how the authority manages its treasury activity.
- Due to project spend slippages in the Capital programme and using the cash flow balances for internal borrowing, this had reduced borrowing costs and had resulted in a £304,000 underspend on the interest payable revenue budget and in addition an increase in interest receivable of £441,000 over and above the budgeted amount in 2023/24. There was no requirement to use 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.
- 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 was £1,238,000; which is a level of 8.4%. These figures were detailed on pages 55-57 of the report.
- Appendix B of the report detailed the movement in reserves and Balances" together with the movements to and from earmarked reserves in 2023/24.

- Appendix C of the report detailed the movements and commitments to the Strategic Contingency Reserve.
- Appendix D of the report provided detail in relation to the Capital Programme for 2023/24.
- Actual spend on the Capital Programme for 2023/24 financial year was £10,146,403. The variance against budget of £12,711,140 was (£2,564,737); the carry forward to 2024/25 is £2,528,087 (the difference being £36,650 related to):
  - (£94) Greensweep / Bartec migration, small overspend – Project finished.
  - £3,158 Landmark Theatre, Fire alarm, project complete, remaining budget not required.
  - £33,311 Ilfracombe Watersports centre – Project complete, carry forwards £22,734 as contingency and return remaining £33,311.
  - £257 Queen Ann’s building, flat roof replacement, small underspend, project complete.
  - £18 Queens Theatre replacement flat roof and redecoration, small underspend, project complete.
- The 2024/25 to 2026/27 Capital Programme was attached as “Appendix E – Capital Programme 2024/25 to 2026/27.
- Project under spends of £2,528,087 from 2023/24 year were brought forward to produce a revised Capital Programme for 2024/25 year of £22,786,455.
- Further variations of £1,828,292 are proposed to the 2024/25, £1,211,965 to the 2025/26 and £1,211,965 to the 2026/27 Capital programme as follows:

Schemes	Amount (£)	Notes
Removal of Local Authority Housing Fund Round 2	(552,000)	Approved by Strategy and Resources 8th January 2024
Various S106 schemes	358,020	Approved by Full Council 21st February 2024
Hub fit out in Green lanes	220,000	Approved by Strategy and Resources 5 February 2024
Material Recovery Facility	350,060	Variation to existing budget, Approved by Full Council 27 March 2024
Office Technology – end User assets	(100)	Virement to Green sweep software (spend was in 2023- 24)
Ilfracombe Pool Photovoltaic LED Lighting	88,347	New external grant from Sport England

Disabled Facility Grants	1,363,965	Better Care Fund grant allocation for 2024-25
<b>2025/26</b>		
Disabled Facility Grants	1,211,965	Better Care fund allocation (base amount)
<b>2026/27</b>		
Disabled Facility Grants	1,211,965	Better Care fund allocation (base amount)

- The overall revised Capital Programme for 2024/25 to 2026/27 taking into account the budget variations above was £30,894,817 and was broken down as follows:
  - 2024/25 £24,614,747.
  - 2025/26 £5,068,105.
  - 2026/27 £1,211,965.
- Release of Funds under the Capital Programme were as follows:
  - Ilfracombe Pool Photovoltaic LED Lighting - £88,347.
  - Disabled Facility Grants - £1,363,965.
- Section 4.5 of the report detailed the Treasury Management activity

The Director of Resources and Deputy Chief Executive highlighted the following in relation to Appendix F of the report, which detailed the Corporate Plan Delivery highlight report together with key results and performance indicators:

#### The Housing and Community Safety Programme

- **H&CS: 08 - Homelessness households and temporary accommodation:** Households in temporary accommodation remained high and staff were working hard to find alternative solutions. The Council had funded this work through additional grants, which had been placed into the temporary accommodation reserve.
- **H&CS: 13 – Refugee programme:** National Refugee week was celebrated with a lunch ‘meet and eat’ where Ukranian and Afghan refugees were invited along to share food from their culture and was a really successful event.
- **H&CS: 15 – Housing Strategy:** A Commercialisation; Asset Management; and Housing Strategy would be developed to ensure they supported each other and would be delivered by September 2024.
- **H&CS: 16 – Community Safety:** The Council was successful in receiving Antisocial Behaviour (ASB) hotspot funding to further enhance the Street Marshall scheme. A procurement would be issued to continue the service. The Council would enhance the presence in Ilfracombe. They would also explore the possibility of providing more delegations to the Marshalls in Public Safety Protection Order areas. The Community Safety Partnership were also

supporting the Night Bus again this summer, which would run between Barnstaple and Bideford plus return; and Barnstaple to Ilfracombe plus return.

### The Regeneration and Economic Growth Programme

- **R&EG 03: Future High Street Fund:**
  - The Pannier Market had been shortlisted in the heritage category of the Michelmore Property awards 2024.
  - Works had commenced at Queen Street and Bear Street car parks and at Alexandra Road.
- **R&EG 09: Ilfracombe Seafront Masterplan** – The seafront play area was formally opened on 27<sup>th</sup> March 2024.

### Environmental Enhancement

- **EE2C: Management of non-built assets** - Yeo Valley Woodland won the Community Woodland Category of the Community Woodland Devon competition.

### Organisational Development Programme

- **OD:03: Parts in pre-project/parts in delivery** - A Leadership Graduate had been secured.
- A staff party funded by UNISON and the Senior Management Team was held to thank staff for their hard work

Following the presentation of the Performance and Financial Management for quarter 4 of 2023/24, the Director of Resources and Deputy Chief Executive advised the following:

- The performance programme information would be embedded into the body of the main report for quarter one, which will be presented to the Committee in either August or September 2024.
- **Page 63 KR 6 of the report: Housing Supply: Net additional dwellings North Devon (DLUHC):** The figures appeared to be fluctuating each year. However, Council Tax Base had increased each year. The figures would be looked at and findings emailed to the Committee Members.
- **H&CS: 10 – Precariously housed in poor quality and/or expensive private sector accommodation:** The reference to healthy homes and improving the living arrangements for those in private rented accommodation in Ilfracombe, the capital funding bid to Government through the combined authority was currently paused due to the calling of the General Election.
- **H&CS: 11 – Rough sleepers:** The risk of future funding remained a concern with the current funding running through to March 2025. Lobbying government for an earlier decision on funding could be considered and the Council was working with a designated government advisor.
- Confirmed that the Council had a five year land supply.

- The LGA Graduate scheme engagement day in Birmingham was very successful and the recruitment video produced by the Council was very well received and could be used again for future recruitment events. The Council subsequently interviewed four candidates and a position was offered to a graduate who was due to commence their placement in September 2024.
- The new 2024 fleet of refuse and recycling vehicles were now operational through a lease agreement with SFS to replace the original Romaquip fleet, which were purchased in 2013. The lease agreement allowed the Council to procure vehicles in a much quicker and efficient manner than they had previously.
- The Council had not anticipated the price increases for electricity supplies, which for some tariffs for 2023/24 were higher than expected and this had impacted upon the electricity costs. Members were advised that the Council did not expect to see the same level of increases in the 2024/25 budget.
- **RG&EG: 17 - Ilfracombe sea pool:** The funding for the proposed sea pool was still being held within the Council's reserves and the Council were working currently working with the Royal Life Saving Society (RLSS) who were preparing a report to fully understand the risks and opportunities that the proposal might bring. As a result two issues had been identified as part of the RLSS report, which were as follows:
  - **Water Quality** - To mitigate the risk, the Council were proposing to implement the standard bathing regulations. The associated costs for this were yet to be established.
  - **Obstructions** - Discussions with the RLSS were ongoing, to establish how the public and groups would formally access and use the pool and how to mitigate the risks associated with operating the pool.

He explained that other considerations included whether there was a requirement for lifeguards to ensure the safety of the users and a comprehensive report would be submitted to Senior Management Team (SMT) within the next few weeks.

- The financial impact of the loss of the Wilko store had been mitigated by an earmarked reserve, which the Council were able to utilise for loss of rental income until a new tenant took over the unit in December 2023. Lessons had been learnt from the experience and the Council would again be similarly proactive should a situation present itself in the future. As a precautionary measure, the decision was taken to place £150,000 back into the income volatility reserve to mitigate any future risk at an early stage.
- The project for the development of the unit in Green Lanes into the Community Hub was due to go out to tender in the autumn of 2024. Lynton House currently housed the design and print room, planning team, car parks and elections and longer term aspiration was to eventually house all staff at the Brynsworthy Environment Centre if that was possible.
- Regarding options for future use of Lynton House, these would be explored at the appropriate time. The Council also owned properties in Castle Street, which were located across the road from Lynton House with numbers 15 and

16 already in use as temporary accommodation. The development of the Community Hub was key to freeing up additional space within Lynton House.

- Part of the criteria for the Healthy Homes initiative was to ensure sustainable development. However, the Council was mindful that this would come at a cost and the capital bid would be submitted.

The Chair and the Committee thanked the staff for their hard work and dedication behind the scenes.

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