

## NORTH DEVON COUNCIL

### POLICY DEVELOPMENT COMMITTEE: 12<sup>TH</sup> SEPTEMBER 2024

#### MINUTE EXTRACT OF THE STRATEGY AND RESOURCES COMMITTEE HELD ON 5<sup>TH</sup> AUGUST 2024 IN RESPECT OF ITEM 6(A) ON THE POLICY DEVELOPMENT COMMITTEE AGENDA

#### 37. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 1 OF 2024/25

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously), regarding Performance and Financial Management Quarter 1 of 2024/25.

The Finance Manager highlighted the following:

- The revenue budget for 2024/25 was approved at Council on 21 February 2024 at £16,432,690.
- As at 30 June 2024, the latest forecast net budget was £16,419,690, which produces a budget surplus of £13,000. Details were shown in Appendix A – Variations in the Revenue Budget of the report.
- The original budget for 2024/25 included a forecast to achieve £250,000 worth of salary vacancy savings. The current position forecasted that the Council would achieve £143,000 based on known vacancies to date, but it was anticipated that the budget of £250,000 would be achieved by the end of the financial year.
- The National pay award was currently being considered by the Unions; however if the 2024-25 pay award exceeded the budgeted 4% included in the original budget then the Council would look to fund any shortfall from the Budget Management reserve, which currently had a balance of £528,627.
- As at 1 April 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 (£1,012,856) and 2025/26 (£233,222) 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 £544,105 protection against future volatility.
- At the 30 June 2024 total external borrowing was £6,000,000. 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, an estimated reduction in borrowing costs and a potential underspend of £100,000 on the interest payable revenue budget.

- The Budget and Financial Framework report to Full Council 21 February 2024 outlined the Capital Programme for the 2024/25 financial year of £20,258,368. Project underspend and further variations of £4,356,379 were approved as part of the performance and financial management report to Strategy and Resources Committee, to produce a revised 2024/25 Capital Programme of £24,614,747.
- The Programme of £30,905,987 is funded by Capital Receipts / Borrowing (£13,411,234), External Grants and Contributions (£15,417,968) and Reserves (£2,076,785).
- Release of Funds – Capital Programme:
  - S106 Anchorwood Bank £11,170.
- Section Five of the report detailed a summary of updates on the Corporate Plan, Key results and performance indicators.

In response to a question on the impact to the Council if the pay award were settled at a half percent or full percentage higher than currently budgeted for, the Director of Resources and Deputy Chief Executive explained that the majority of staff were on a pay scale that if the current pay offer was accepted by the Unions, would attract £1,290 pay increase and that this would have no material variance on the overall provision built into the budget. However, a 1% variant to this would impact the budget by an additional £180,000.

In response to a question on the cause of the reduced recycling collection figures stated in section 5, on page 33 of the report, the Director of Resources and Deputy Chief Executive advised that due to a time lag in reporting the June 2024 figures were not included in the report and that when these are added in it was anticipated that the totals would look in line with expected figures.

In response to a question about when to expect an update on the Rough Sleeper future funding. The Director of Resources and Deputy Chief Executive replied that funding was expected to be similar to previous years and would be announced in the autumn.

In response to a question on what KR 12b LPI 192 was (as seen on page 33 of the agenda), the Director of Resources and Deputy Chief Executive explained that this was a reference to the Key Performance Indicator given in more detail in Appendix E of the report (as seen on page 74).

In response to a question about whether, there would be an increased cost to the Council in relation to building more homes and the new Biodiversity Net gain levy. The Chief Executive confirmed it was likely there might be issues regarding the impact on developers in relation to the Biodiversity Net Gain measures.

**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 sections dealing with Treasury Management, Debt Management and General Debtors as detailed in sections 4.5 to 4.7 of the report be noted;
- (f) That section 5 of the report, dealing with the Corporate Plan, Key results and Performance indicators be noted.

**RECOMMENDED:**

- (g) That Council approve the variations to the Capital Programme 2024/25 to 2026/27 as detailed in section 4.4.3 of the report.