



## **North Devon Council**

Report Date: Strategy and Resources Committee: 5<sup>th</sup> August 2024

### **Topic: Performance and Financial Management Quarter 1 of 2024/25**

Report by: Director of Resources and Deputy Chief Executive

#### **1. INTRODUCTION**

- 1.1. This is one of the series of regular quarterly reports on the council's overall operational and financial performance. The report covers financial as well as operational performance. It mainly covers the quarter from April to June 2024, but also looks at the whole year.
- 1.2. Section 4 deals with headline financial performance.
- 1.3. Section 5 deals with performance information, with more detail available in Appendix E. This sets out our five programmes and the projects sitting underneath, with updates on progress to date and those new and historic key results and reportable key performance information.

#### **2. RECOMMENDATIONS**

- 2.1. That the actions being taken to ensure that performance is at the desired level be noted.
- 2.2. That the contributions to/from earmarked reserves be approved (section 4.2)
- 2.3. That the movement on the Strategic Contingency Reserve (section 4.3) be noted.
- 2.4. The Council approve the variations to the Capital Programme 2024/25 to 2026/27 (sections 4.4.3)
- 2.5. That funds are released for the capital schemes listed in section 4.4.8
- 2.6. That the sections dealing with Treasury Management, Debt Management and General Debtors (sections 4.5 to 4.7) be noted.
- 2.7. That section 5 dealing with the Corporate Plan, Key results and Performance indicators be noted.

#### **3. REASONS FOR RECOMMENDATIONS**

- 3.1. To ensure that appropriate action is taken to allow the council to meet its objectives.
- 3.2. To inform Members of actual results compared to approved Corporate Plan, as well as progress in delivering services within the revenue budget and Capital Programme.

#### **4. Financial Performance**

##### **4.1. Revenue**

- 4.1.1. The revenue budget for 2024/25 was approved at Council on 21<sup>st</sup> February 2024 at £16,432,690.

- 4.1.2. As at 30<sup>th</sup> June 2024, the latest forecast net budget is £16,419,690, which produces a budget surplus of £13,000. Details are shown in “Appendix A – Variations in the Revenue Budget”.
- 4.1.3. There is still pressure on the Temporary Accommodation budget and we are funding the anticipated additional cost of £186,000 from in year Temporary Accommodation grant.
- 4.1.4. As part of the 2023/24 outturn we contributed an additional £250,000 into the insurance reserve to mitigate against higher costs in 2024/25 and beyond, the reserve currently has a balance of £347,500 and we plan to use £220,000 from this reserve to offset the increased insurance costs in this year. This leaves balance of £127,500 in the reserve to help mitigate against future years costs.
- 4.1.5. The original budget for 2024/25 includes a forecast to achieve £250,000 worth of salary vacancy savings. The current position forecasts we will achieve £143,000 based on known vacancies to date, but it is anticipated that the budget of £250,000 will be achieved by the end of the financial year.
- 4.1.6. The National pay award is currently being considered by the Unions; however if the 2024-25 pay award exceeds the budgeted 4% included in the original budget then we would look to fund any shortfall from the Budget Management reserve, which currently has a balance of £528,627.
- 4.1.7. As at 1<sup>st</sup> April 2024 the Collection Fund reserve balance held is £1,790,180. This earmarked reserve was created to deal with the timing impacts of the Collection Fund (Business Rates), which ensures the revenue budget is not unduly affected in the year the taxes are collected. Collection Fund deficits/surpluses are reversed out to bring the revenue account back to the budgeted figure for the year; the deficits/surpluses are recovered/distributed in the following financial years. This reserve includes a £1,246,078 balance that will 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.
- 4.1.8. At the 30<sup>th</sup> June 2024 total external borrowing was £6,000,000. The timing of any future borrowing is dependent on how the authority manages its treasury activity.
- 4.1.9. Due to project spend slippages in the Capital programme and using the cash flow balances for internal borrowing, we are estimating a reduction in borrowing costs and a potential underspend of £100,000 on the interest payable revenue budget.
- 4.1.10. The recommended level of general fund balance is 5%-10% of the Council’s net revenue budget £821,635 to £1,643,269. The forecast

general fund reserve at 31<sup>st</sup> March 2025 is £1,238,000; which is a level of 7.5%.

#### 4.2. Earmarked Reserves 2024/25

4.2.1. “Appendix B – Movement in reserves and Balances” details the movements to and from earmarked reserves in 2024/25

#### 4.3. Strategic Contingency Reserve

4.3.1. Full details of the Strategic Contingency Reserve movements and commitments are attached as “Appendix C – Strategic Contingency Reserve”

#### 4.4. Capital

4.4.1. The 2024/25 Capital Programme is attached as “Appendix D – Capital Programme 2024/25”

4.4.2. The Budget and Financial Framework report to Full Council 21st Feb 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.

4.4.3. Overall variations of (£586,789) are proposed to the 2024/25 Capital programme as follows:

- Other Variations (+ and -) to 2024/25 Capital Programme £11,170

Schemes	Amount (£)	Notes
S106 – CCTV Anchorwood Bank, Taw Wharf	11,170	Strategy and Resources committee 1 <sup>st</sup> July 2024
Disaster Recovery and Back-up testing	(1,298)	Virement between schemes
Office Technology End User Assets	1,298	Virement between schemes

- Project movements (to)/from future years (£597,959)

Schemes	Amount (£)	Notes
Retaining wall Cross Street Car Park Lynton	(9,500)	Slip spend and funding to 2025/26
Fremington Quay River Wall	(69,209)	Slip spend and funding to 2025/26
Fairview and Brookdale Carparks	(142,750)	Slip spend and funding to 2025/26
Adelaide Terrace Retaining Wall	(376,500)	Slip spend and funding to 2025/26

4.4.4. The overall revised Capital Programme for 2024/25 to 2026/27 taking into account the budget variations above is £30,905,987 and is broken down as follows:

- 2024/25 £24,027,958
- 2025/26 £5,666,064
- 2026/27 £1,211,965

The actual spend for 2024/25 as at 30<sup>th</sup> June 2024 is £1,841,500

4.4.5. 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).

4.4.6. The timing and realisation of capital receipts can be impacted by events beyond the control of the Council and we have been able to manage cash flows for projects through internal borrowing.

4.4.7. We also have authority to borrow from the Public Works Loan Board (PWLB) as outlined in the Treasury Management Annual Investment Strategy and the Council currently has external borrowing of £6,000,000.

#### **4.4.8. Release of Funds – Capital Programme**

- S106 Anchorwood Bank £11,170

#### **4.5. Treasury Management**

- 4.5.1. The Bank Rate remained at 5.25% for the quarter.
- 4.5.2. The Council's benchmark 7 day rate SONIA (Sterling Overnight Index Average) at 30th June 2024, was 5.2%
- 4.5.1. The return earned on the Council's investments was 4.69% (previous year 3.32%). This is an average rate which combines our instant access accounts which can attract lower interest, but provides liquidity, and our longer term investments which are currently attracting a higher rate of interest in excess of 5%.
- 4.5.2. £116,970 investment interest was earned during the quarter. (2024/25 interest receivable budget was £400,000)
- 4.5.3. On 23rd April 2024, The Council took on an additional £3m of temporary borrowing from another Local Authority for a 6 month period. This was at a lower interest rate than the PWLB and allowed greater flexibility with interest rate forecasts suggesting a reduction in bank rate during the year.
- 4.5.4. £45,103 interest was paid at an average rate of 3.43% on the PWLB loans during the quarter. (2024/25 interest payable budget was £422,000)

#### **4.6. Debt Management**

- 4.6.1. The major areas of credit income are Council Tax, Business Rates, Housing Benefit overpayment Recoveries and General Debtors.
- 4.6.2. As billing authority, the Council annually raises the bills for Council Tax (£80,000,000) and Business Rates (£30,000,000).
- 4.6.3. Collection rates are controlled through monitoring:
- The level of write offs
  - Levels of previous years' outstanding debt
  - The level of income collection in the year against the annual sums due to be collected.
- 4.6.4. The council's budget is based on the assumptions that eventually 97.5% of sums due will be collected. To ensure this level is achieved, year on year levels of write offs approved are controlled against a ceiling of 2.5% of annual debt.
- 4.6.5. The outstanding amounts at 30<sup>th</sup> June 2024 are as set out below:

Age in Years	Council Tax		Business Rates	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
1 – 2	1,845	<b>1,960</b>	581	<b>490</b>
2 – 3	1,186	<b>1,214</b>	197	<b>364</b>
3 – 4	794	<b>899</b>	76	<b>122</b>
4 – 5	618	<b>617</b>	129	<b>46</b>
5 – 6	392	<b>477</b>	22	<b>117</b>
Over 6	445	<b>567</b>	45	<b>58</b>
Total	5,280	<b>5,734</b>	1,050	<b>1,197</b>

4.6.6. The levels of collections at 30<sup>th</sup> June 2024 are:

	Achieved 2023/24	Achieved 2024/25
<b>Council tax</b>	28.44%	<b>27.90%</b>
<b>Business rates</b>	35.27%	<b>33.54%</b>

#### 4.7. General Debtors

4.7.1. The level of general invoices raised was £3,800,000 at 30<sup>th</sup> June 2024 (previous year £2,200,000)

4.7.2. A summary of the outstanding debt, by age, is set out below with comparison to the previous year.

Age of debt	30 June 2023	30 June 2024
	£'000	£'000
3 weeks to 6 months	615	1,242
6 months to 1 year	139	663
1 to 2 years	134	211
2 to 6 years	525	518
Over 6 years	77	81
<b>TOTAL</b>	<b>1,490</b>	<b>2,715</b>

4.7.3. Of the debt aged 3 weeks to 6 months above, £567k related to three planning section 106 invoices that we were still in the process of recovering.

4.7.4. Of the debt aged 6 months to 1 year above, £500k related to a planning section 106 invoice undergoing legal debt recovery action.

## 5. CORPORATE PLAN, KEY RESULTS AND PERFORMANCE INDICATORS

5.1. Appendix E provides a high-level update in relation to your programmes delivering your current Corporate Plan priorities and your performance measures for Q1 2024/25, with some historic information where available and year-end figures.

5.2. The following points tease out those key elements of Appendix E for ease of reference.

### Overarching Financial Security

- North Devon Community Lottery continues to gain momentum heading towards the 1000 ticket target, with almost £30,000 going towards ND good causes.
- Gross income of the Council mainly within our control remains stable.
- A larger majority Council Tax and Business Rates are now being paid by direct debit >80% and 50% respectively the highest to date.
- DCC are working with districts to collate a list of all BIDS that went to Government pre-election to determine next steps

### Housing and Community Safety

- The Devon Housing Commission have published their report, which is on this agenda as a separate item.
- The number of properties empty for more than 3 months have dipped below the 700 figure whilst the overall base increased by 500.
- The number of 2<sup>nd</sup> homes continue to slowly rise.
- The issuing of planning decision notices end-to-end times have risen, external support is being commissioned to treat this.
- Live compliance / enforcement cases down by 45% and over 80% of appeals dismissed
- Our Service Lead for Housing also has an item on today's agenda setting out housing identified risks and issues
- Our number of households being accommodated in temporary accommodation remain exceptionally high.
- One Ilfracombe working with partners to establish a baseline of all groups and activity across partners align these and ensure no duplication of effort.

- Two of our Community Land Trusts (CLTs) now having planning permission with another 2 in the pipeline.
- The Private Rented Sector Team working with Ilfracombe Town Council on a list of identified properties.
- Risk: Rough Sleeper Initiative next round of funding has not yet been released we continue to seek an update from gov.uk, current funding runs to March 2025.
- Risk: Early release of prisoners due to prisons meeting unsafe operating levels, which increase the risk of homelessness for us.
- Hotspot Funding secured to provide additional policing and monies to further support our street marshals.
- The night bus is now running for the summer. The night bus runs from Barnstaple to Bideford and back to Barnstaple and onto Ilfracombe.

### Regeneration & Economic Growth

- The Cultural Development Fund continues to support an increased number of events with increased participation.
- The Inaugural Barnstaple Place Partnership board meeting has taken place with the place making action plan and T&Cs.
- We still await the phasing of Local Plan Reviews, with our Joint Planning Policy hoping for an early slot.
- The Future High Street Fund continues to deliver, overcoming issues with the listed building and some design challenges.
- Flood defence design continues to evolve in consultation with the Environment Agency.
- We are out for tender with toilets and kiosks in Ilfracombe and we continue to work with the Ilfracombe Museum to seek a new site.
- The Car Park Strategy was formally adopted by the last Strategy and Resources Committee.
- Neighbourhood Plans there are 3 in the pipeline either in delivery or being considered.
- Bridge Chambers continues to progress with the design plans with the hope of going to tender in September.
- We still await a revised risk based report from the Royal Life Saving Society in relation to the open water sea pool in Ilfracombe.
- The UK Shared Prosperity Fund continues to deliver and the team continue to push those funding opportunities within the criteria set.
- The next phase for Butchers Row is to secure an engineer to discuss the design plan.



### Customer Focus

- Processing of housing benefit and council tax claims remains consistent helping our residents manage their monies in this cost of living crisis
- There has been a drop in the number of complaints received which is good news, but over 70% of those were justified.
- The number of our customers self-serving at a time to suit them 24/7 was 37% for the last quarter and work continues with teams.
- Our new Customer Hub in Green Lanes has been designed and the tender documentation is with legal to agree, once agreed we will go to tender hoping to be open early 2025.
- Members can now access Boxphish our online cyber security training platform and we work with the LGA to run a cyber-scenario.
- Our new licensing software continues to be developed, looking firstly at HMOs and then Taxi Licensing.
- Community Engagement Software, the team are now meeting with potential suppliers to see if their offer matches our requirements.

### Environmental Enhancement

- Our recycling figures have decreased and we are checking those metrics to determine why this may be. (See KR 12b LPI 192)
- The works and recycling project is in full swing. Electricity capacity is anticipated to be adequate for the proposed changes.
- Members approved the transition of 2 of our vehicles to full electric, we await delivery of these in October 2024.
- At the last meeting Members were provided an update on our biodiversity position.

### Organisational Development

- The Head of Organisational Development will meet with all Heads of Service to identify single points of failure plus what succession plans we have in place.
- Results of our wellbeing survey have been reported to Senior Management Team with a focus on those stress related metrics.
- Unison members have voted to reject the offer and Unison are engaging with their members regarding potential strike action.
- Our new recruitment pages have been greatly improved and almost ready to go live.

## 6. RESOURCE IMPLICATIONS

6.1. All revenue and Capital impacts have been discussed and highlighted in section 4.

## 7. EQUALITIES ASSESSMENT

7.1. There are no equality implications anticipated as a result of this report. An Equality Impact Assessment has been completed.

## 8. ENVIRONMENTAL ASSESSMENT

7.1 There are not any environmental implications anticipated as a result of this report, as the purpose of this report is to monitor in year performance and financial monitoring. Projects within the Capital Programme will have highlighted any specific environmental impacts associated with those individual schemes when they came forwards for initial funding. The budget papers do contain an earmarked reserve for Environmental Initiatives which is a positive impact and has a forecast year-end 2024-25 balance of £15,035. The Capital Programme includes an approved £17,863 project for changing existing lighting for low energy lamps and fittings within NDC occupied buildings. There is also a £71,272 budget spread across 2 financial years for funding towards LED lighting on car parks and other Council assets.

## 9. CORPORATE PRIORITIES

8.1 The Revenue budget supports the wider delivery plan of the Council in achieving the corporate priorities.

8.2 Individual schemes within the Capital Programme support the corporate priorities of improving customer focus, regeneration and commercialisation agenda and the environment.

8.3 The acquisition of Green Lanes Shopping Centre and the Future High Street Fund capital projects have a positive impact on both the regeneration priority and also the commercialisation agenda.

## 10. CONSTITUTIONAL CONTEXT

10.1. Part 3, Annex 1 1 (e) - Delegated.

10.2. Article 4.4 - Referred

## 11. STATEMENT OF CONFIDENTIALITY

11.1. This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

## 12. BACKGROUND PAPERS

12.1. None



### 13. STATEMENT OF INTERNAL ADVICE

13.1. The author (below) confirms that advice has been taken from all appropriate Councillors and Officers: Author Tony Rumble, Finance Manager; Date 25<sup>th</sup> July 2024