

## **NORTH DEVON COUNCIL**

**COUNCIL: 25 SEPTEMBER 2024**

### **PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 1 2024/25**

#### **MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 12 SEPTEMBER 2024**

**34. 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 the Performance and Financial Management for Quarter 1 of 2024/25 together with Minute Extract of Strategy and Resources on 1st July 2024 (circulated previously).

The Finance Manager highlighted the following:

- The revenue budget for 2024/25 was approved at Council on 21<sup>st</sup> February 2024 at £16,432,690. lo
- As at 30<sup>th</sup> June 2024, the latest forecast net budget was £16,419,690, which produced 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<sup>st</sup> 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<sup>th</sup> 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.
- As part of the 2023/24 outturn the Council contributed an additional £250,000 into the insurance reserve to mitigate against higher costs in 2024/25 and beyond, the reserve currently had a balance of £347,500 and officers planned to use £220,000 from the reserve to offset the increased insurance costs in the year 2024/25. This left a balance of £127,500 in the reserve to help mitigate against future years costs.
- Pay and display income was slightly lower than anticipated with an estimated reduction for the year of around £120,000.
- Movement in reserves and balances was attached to the report at Appendix B.
- Strategic Contingency Reserve movements and commitments were attached at Appendix C.
- The 2024/25 Capital Programme was attached as Appendix D.
- The Budget and Financial Framework report to Full Council 21<sup>st</sup> 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.
- Overall variations of (£586,789) were proposed to the 2024/25 Capital programme as follows:

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

<b>Schemes</b>	<b>Amount (£)</b>	<b>Notes</b>
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).

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.

- The overall revised Capital Programme for 2024/25 to 2026/27 taking into account the budget variations above is £30,905,987 and was broken down as follows:
  - 2024/25 £24,027,958.
  - 2025/26 £5,666,064.
  - 2026/27 £1,211,965.
- The Programme of £30,905,987 was funded by Capital Receipts / Borrowing (£13,411,234), External Grants and Contributions (£15,417,968) and Reserves (£2,076,785).
- The actual spend for 2024/25 as at 30th June 2024 was £1,841,500.
- Release of Funds – Capital Programme, which were approved by the Strategy and Resources Committee on 1<sup>st</sup> July 2024:
  - S106 Anchorwood Bank £11,170.

Appendix E of the report detailed a summary of updates on the Corporate Plan, Key results and performance indicators.

The Head of Programme Management and Performance advised that appendix E provided a high-level update in relation to the Council's programmes delivering its current Corporate Plan priorities together with performance measures for Q1 2024/25, with some historic information where available and year-end figures.

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive and the Head of Programme Management and Performance advised:

- **Page 34** of the report indicated an increase in insurance premiums, this was largely due to an inflation increase in terms of the market, which had seen an increase in their premiums for local authorities who had a recycling depot and the increased risk of fire damage.
- **Page 38** of the report displayed a table detailing council tax and business rates arrears. The table appeared to indicate that the total for council tax arrears had risen by 10% and business rates by 15%. These figures had been impacted by the effect of the cost of living crisis, which in turn impacted upon debt recovery. The Council raised £80m a year in Council Tax, and the figures included aged debt over a six year period, which the level was not significant in terms of incremental increase and was quite a small percentage in terms of overall debt raised.

The teams were working closely with customers regarding repayment plans, some of which had seen the repayment period extended from 10-12 months to make it more manageable for customers.

- **Page 41** of the report indicated an apparent decrease in recycling rates, the Service Manager (Refuse and Recycling) was seeking clarification re. the interpretation of the figures and doing some verification in terms of reasons for

this. The updated figures would be shown in the next performance report, by which time they would have been verified by Devon County Council.

The Director of Resources and Deputy Chief Executive added that the original figures for quarter 1 were missing some of the data from June 2024, which was why the figure was looking lower than expected.

- The reduction in income from car parks appeared to be following a similar trend to the 2023/24 year's outturn report. The budget for this year 2024/25 had been set at a similar level to 2023/24 and was forecasting £120, 000 reduction in income at the current time.
- In terms of seasonality the budget for the current year was based on previous year's income. The Council was hopeful that quarter 2 would be a busier period for the Council owned car parks and that this would be reflected in the quarter 2 report. If the income for the current year had been boosted by better summer than 2023/24 the forecast shortfall should be lower in the quarter 2 report.
- The Combined Authority bid process was currently with government, two bids were submitted and the Council was currently awaiting the outcome of the bid process. The government were currently reviewing their budgets in light of the upcoming budget announcement in October 2024.
- **Page 39** of the report under the last bullet point it stated:

“One Ilfracombe working with partners to establish a baseline of all groups and activity across partners align these and ensure no duplication of effort”.

- There were a lot of groups in Ilfracombe operating independently and doing some fantastic work in isolation. However, it would be beneficial to get them working collaboratively. So, with that in mind, the Head of Place, Property and Regeneration together with the Chief Executive of North Devon Council had been working with One Ilfracombe, Ilfracombe Town Council and Devon County Council to establish a Governance Board so that projects and initiatives had a direction and steer to task teams and to the project teams, which then allow them to report back up through the chain to the Steering Group. This mechanism then provided a full oversight of all of the ongoing activities of the various groups and provided better management of resources. An initial meeting had already been held with Ilfracombe Town Council the previous week and also a day prior to this meeting to give greater visibility across all activities.
- The National Pay situation was still being considered by the Unions after the national employers offer was made earlier in the year, which was rejected by the Unions and they had now balloted their members with regards to proposed strike action, the result of the ballot was expected late September/early October 2024. He added that the national offer on the table was overall in line with what the Council had budgeted, which was for a 4% increase in salaries with any potential shortfall being funded from the Budget Management reserve.
- There had been a reduction in bank rates, which had impacted the long term borrowing rates slightly. The Council was only externally borrowed £6m and borrowing the rest of the money internally. So as not to incur higher borrowing interest rates and generally borrowing for the current time would be shorter

term. When longer term rates eventually reduced, that would be the opportunity for the Council to borrow externally and for longer if so required.

- **Page 61: 8b** Total number of properties registered as second homes in each quarter were detailed in this section of appendix E. The figures for the number of properties registered as second homes for quarter 1 of 2023/24 was 1,806. However, in quarter 4 the figure had increased significantly to 2,058 and then increased further to again to 2,122 in quarter 1 of 2024/25.

The Director of Resources and Deputy Chief Executive advised that there had been a revision to the Council tax Base following changes to business rates eligibility on second homes, which could have had an impact on the figures. He added that he would investigate the reasons for the sudden increase in the figures and report back to the Committee.

- **Page 61: KR 8:** The Committee questioned the number of residential properties that had been classed as empty for more than three months on the Council Tax base differed significantly from 730 in quarter one of 2023/24 to 692 in quarter one of 2024/25. The Head of Programme Management and Performance advised that the figures varied depending on stages of repair or maintenance to properties, some of those properties might be in probate, some of it was just natural churn that were currently listed as empty and that many of the properties had been on the register for a number of years.

In response to a further question regarding the Council's ability to bring empty properties back into use, she advised that if the Council could use the Empty Dwelling Management Order to encourage owners to bring their properties back into use, the Council would need to change its business model to enable this and was currently reviewing all options.

- Refuse collections from holiday homes that were registered for business rates shouldn't be placed in black bins for collection by the Council and should as an operation paying business rates pay for a separate commercial trade waste collection service.

The Director of Resources and Deputy Chief Executive added that there was regular communication between the Commercial Waste team and the Business Rates team to ensure that the Council was not collecting refuse for independent holiday lets. He explained that holiday home owners registered as a business were required to have a trade waste licence to dispose of waste from their rental properties. The Council's refuse trucks were also installed with Bartec systems, which would identify the properties that were let as holiday homes and therefore not collect domestic refuse from those properties as part of the black bin collections.

In response to a query from a Member that there were holiday rentals in a local village that were utilising the Council's black bin collection as opposed to disposing of waste under a trade waste licence, the Director of Resources and Deputy Chief Executive welcomed any intelligence that members had to support those concerns.

- **Page(s) 78/79: CF: 01:** Fly tipping was an ongoing concern and the temporary closure of the recycling centre at Barnstaple might see an increase in occurrences. The Director of Resources and Deputy Chief Executive advised that he would liaise with the Head of Environmental Enhancement to ascertain the level of communications that had been shared with the public regarding the temporary closure.
- **Page 67: H&CS: Community Safety - Street Marshalls:** The street marshall's scheme was a good example of North Devon Council and Barnstaple Town Council working collaboratively to deliver a really well received and valued service.

The Director of Resources and Deputy Chief Executive explained that the Council had received additional one off hot spot funding from the Police for Ilfracombe to facilitate the employment of street marshals for a couple of days per week and that this had been a very successful exercise in terms of trialling the scheme in a different town.

Fly tipping incidents were still occurring within the district and the Director of Resources and Deputy Chief Executive advised that he would ensure that key messages were publicised with regards to the temporary closure of the recycling centre in Barnstaple.

- **Page 64: H&CS: 04 - Affordable Housing:** The Committee requested an update with regards to Community Land Trusts and the Head of Programme Management and Performance advised that she would liaise with the Service Lead – Affordable Housing with regards to an update in relation to the latest position.

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