



North Devon Council

Report Date: Strategy and Resources Committee: 4 November 2024

Topic: Performance and Financial Management Quarter 2 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 July to September 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 21st February 2024 at £16,432,690.

- 4.1.2. As at 30th September 2024, the latest forecast net budget is £16,438,690, which produces a budget deficit of £6,000. 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 outturn we contributed an additional £250,000 into the insurance reserve to mitigate against higher costs in 2024/25 and we plan to use £243,000 from this reserve to offset the over spend in this financial year.
- 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 £256,000 based on known vacancies to date.
- 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. The additional costs of £199,000 for Works units transport and SFS lease costs have been mostly offset set in year by £170,000 from the SFS vehicle reserve. The variances are due to the increased costs of borrowing within the finance lease payments combined with an increase in vehicle purchase prices that SFS have experienced.
- 4.1.8. Pay and Display income has continued to follow the 2023/24 trend of slightly lower volumes, combined with the effect of the capital works being undertaking at Queen Street car park. We are now forecasting a £200,000 reduction.
- 4.1.9. Building Control and Planning have seen a reduction in income volumes and we are forecast an overall reduction of £158,000.
- 4.1.10. Recycling Sales have seen a partial reversal of previous reductions in income receivable, this will continue to be monitored closely, but we are currently forecasting increased income of £163,000 for 2024/25.
- 4.1.11. We are now estimating income growth from Business Rates to be an additional £200,000.
- 4.1.12. As at 1st 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 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 £544,099 protection against future volatility.

- 4.1.13. At the 30th September 2024 total external borrowing, excluding finance leases, was £6,000,000. The timing of any future borrowing is dependent on how the authority manages its treasury activity.
- 4.1.14. 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 £125,000 on the interest payable revenue budget.
- 4.1.15. 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 31st 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 underspends from 2023/24 and further variations totalling £3,769,590 were approved as part of the performance and financial management report to Strategy and Resources Committee, to produce a revised Q1 2024/25 Capital Programme of £24,027,958.
- 4.4.3. Overall variations of (£1,275,722) are proposed to the 2024/25 Capital programme as follows:



- Other Variations (+ and -) to 2024/25 Capital Programme
£1,297,719

Schemes	Amount (£)	Notes
S106 Public Realm improvements library square	(6,281)	Project complete
Local Authority Housing Fund Round 3	1,304,000	Strategy and Resources committee 5 August 2024
Planned Maintenance Seven Brethren Bank	(46,279)	Virement between schemes
Leisure Provision at Seven Brethren	(154,141)	Virement between schemes
Land release Fund Seven Brethren	200,420	Virement between schemes
Eco Warm up Grants	(484,577)	Virement between schemes
Disabled Facility Grants	484,577	Virement between schemes

- Project movements (to)/from future years (£2,573,441)

Schemes	Amount (£)	Notes
Harbour Infrastructure	(21,204)	Slip spend and funding to 2025/26
Green Lanes	(1,054,869)	Slip spend and funding to 2025/26
Community Led Housing Models	(226,000)	Slip spend and funding to 2025/26
Seven Brethren Flood Defence	(650,000)	Slip spend and funding to 2025/26
Future High Street Fund – Public Realm works	500,000	Bring spend and funding forward to 2024/25
Cultural Development Fund	(897,368)	Slip spend and funding to 2025/26
Eco Warm Up Grants	(24,000)	Slip spend and funding to 2025/26
Disabled Facility Grants	(200,000)	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 £32,203,706 and is broken down as follows:

- 2024/25 £22,752,236
- 2025/26 £8,239,505
- 2026/27 £1,211,965

The actual spend for 2024/25 as at 30 October 2024 is £4,903,000

4.4.5. The Programme of £32,203,706 is funded by Capital Receipts (£320,000), External & Internal Borrowing (£13,740,884), External Grants and Contributions (£16,066,037) 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) and other sources 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

4.4.8.1. Local Authority Housing Fund Round 3 £1,304,000

4.5. Treasury Management

4.5.1. The Bank Rate reduced by 0.25% on 1st August 2024, now standing at 5.00%.

4.5.2. The Council's benchmark 7 day rate SONIA (Sterling Overnight Index Average) at 30th September 2024, was 5.12%.

4.5.1. The return earned on the Council's investments was 4.72% (previous year 4.01%).

4.5.2. £279,825 investment interest was earned during the first half year period. (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. As at 30th September, total external borrowing, excluding finance leases, was £6m. £3m of long term borrowing was already held with the PWLB.

4.5.5. £100,931 interest was paid at an average rate of 3.55% on the loans for the half year period (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:

4.6.3.1. The level of write offs

4.6.3.2. Levels of previous years' outstanding debt

4.6.3.3. 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 30th September 2024 are as set out below:

	Council Tax		Business Rates	
Age in Years	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
1 – 2	1,647	1,777	484	429
2 – 3	1,106	1,131	172	334
3 – 4	747	852	72	114
4 – 5	586	585	134	38
5 – 6	370	457	31	114
Over 6	382	520	50	40
Total	4,838	5,322	943	1,069

4.6.6. The levels of collections at 30th September 2024 are:

	Achieved 2023/24	Achieved 2024/25
Council tax	55.26%	54.68%
Business rates	58.38%	60.62%

4.7. General Debtors

4.7.1. The level of general invoices raised was £5,300,000 at 30th September 2024 (previous year £4,800,000)

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 September 2023	30 September 2024
	£'000	£'000
3 weeks to 6 months	430	530
6 months to 1 year	143	682
1 to 2 years	145	215
2 to 6 years	530	474
Over 6 years	76	92
TOTAL	1,324	1,993

4.7.3. 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 Q2 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

- Gross income mainly within our control remains stable.
- Council Tax and Business Rates are now being paid by direct debit >80% and 50% respectively the highest to date.

Housing and Community Safety

- Commissioned a report on housing options models.
- Under the devolution deal, the Healthy Homes project secured £1.9m to purchase properties; and £810k has been awarded to replenish our Community Land Trust funds and provide further support to pipeline projects, subject to Ministry of Housing, Communities and Local Government funding agreements.
- The Ministry of Housing, Communities and Local Government deep dive into Rough Sleepers commenced in October.
- We have been awarded funds from round 3 of the Local Authority Housing Fund £658,864 to contribute towards the purchase of 4 homes.

- The Housing Strategy is in draft and has been circulated to members for feedback.
- A report will be taken to Strategy and Resources requesting approval to look into the feasibility of exploring Selective Licensing.
- The night bus operated successfully in the summer providing a service for Ilfracombe and Barnstaple. This will be replicated during November and December.

Regeneration & Economic Growth

- The government are consulting on planning reforms which will have an impact on the local plan timetable and content. A joint visioning workshop will be held in November 2024.
- The Future High Street Fund continues to deliver Queen Street Car Park (phase 1) despite facing issues with the make-up of the existing car park surface. Phase 2 is due to commence in November (Bear Street Car Park). Boutport Street is progressing with some reported delays to programme with 14 months remaining on the contract.
- Seven Brethren relocated car park nears completion (due end of November).
- The CDF continues to deliver a range of events across Barnstaple. Whilst Bridge Chambers procurement is due to commence by the end of October.
- 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 designs for Butchers Row are being finalised, ready for procurement in November.

Customer Focus

- Artificial intelligence is being explored through our Zoom product
- Estore 2 is now live allowing purchases rather than having to raise invoices.
- Process mapping continues to drive efficiencies within services and provide an improved customer journey.
- TA contractor has been appointed to complete the Community Hub in Green Lanes, works starts in November.
- Community Engagement Software is being procured.
- Project Management software being implemented.

Environmental Enhancement

- The Annual Carbon Reduction report will be presented to members at Strategy and Resources in November.
- We are working with DCC procurement to develop specifications for Solar PV at Brynsworthy Environment Centre and the Crematorium.
- Solar PV at Ilfracombe Pool is progressing with surveys being completed throughout October.
- We have purchased two new EV's for Parks. A number of trials for Parking and Works and Recycling have been undertaken, with positive feedback.
- The new modular building is on site at Brynsworthy Environment Centre with fit out underway. Fire suppression is being installed in the process hall. The new glass bay storage area is under construction.
- The scope of the Air Quality strategy is being considered.

Organisational Development

- Local Government Association Graduate commenced role in September 2024
- Travel and Expenses module is now live
- Multi Factor Authentication is now live
- The new recruitment webpages are 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 £8,065. 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 18th October 2024.