

NORTH DEVON COUNCIL

COUNCIL: 20 NOVEMBER 2024

PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 2 2024/25

MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 7 NOVEMBER 2024

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The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Performance and Financial Management Quarter 2 of 2024/25 together with the minute extract of the Strategy and Resources Committee held on 4 November 2024 (circulated previously).

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 September 2024, the latest forecast net budget was £16,438,690, which produces a budget deficit of £6,000. Details were shown in “Appendix A – Variations in the Revenue Budget” of the agenda.
- As part of the previous year’s outturn we contributed an additional £250,000 into the insurance reserve to mitigate against higher costs in 2024/25 and it was planned to use £243,000 from this reserve to offset the additional costs in this financial year.
- 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.
- There was still pressure on the Temporary Accommodation budget and we are funding the anticipated additional cost of £186,000 from in year Temporary Accommodation grant.
- 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 were due to the increased costs of borrowing within the finance lease payments combined with an increase in vehicle purchase prices that SFS have experienced.
- 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 undertaken at Queen Street car park. We were now forecasting a £200,000 reduction.
- We are now estimating income growth from Business Rates to be an additional £200,000.
- 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 £544,099 protection against future volatility.

- At the 30 September 2024 total external borrowing, excluding finance leases, 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, we are estimating a reduction in borrowing costs and a potential underspend of £125,000 on the interest payable revenue budget.
- 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.
- The table at paragraph 4.4.3 of the agenda report detailed the overall variations of minus £1,275,722 proposed to the 2024/25 capital programme.
- The overall revised Capital Programme for 2024/25 to 2026/27 taking into account the budget variations above was £32,203,706 and was 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.
- The Programme of £32,203,706 was funded by Capital Receipts (£320,000), External and Internal Borrowing (£13,740,884), External Grants and Contributions (£16,066,037) and Reserves (£2,076,785).
- Appendix E of the agenda report provided details of the Corporate Plan, Key Results and Performance Indicators updates.

Following questions from the Committee, the Finance Manager advised the following:

- The £250,000 worth of salary vacancy savings were due to the time period taken to recruit and for the posts to be filled.
- Following the Government's announcement on the Budget and changes to National Insurance contributions, it was anticipated that it would cost the Council an additional £400,000. The Government had indicated that it may support Local Authorities and Public Services with this additional cost. However, confirmation would not be received until the Financial Settlement announcement was made in December 2024.
- The £200,000 reduction in car parking income was in relation to the reduction in pay and display income, and not related to excess charges.

In response to questions from the Committee, the Chief Executive advised the following:

- It was likely that following the Government's Budget announcement that there would be an impact on homelessness due to the increase in tax burden whereby households may experience financial difficulties. The Government had announced additional funding for homelessness but we do not yet know the allocation for North Devon.
- The Government had not made an announcement regarding discounts for Council Tax for single occupancy. The Government had announced that the UK Shared Prosperity Fund would continue for a further year, which was around 40% of the previous allocation. Confirmation for the allocation for North Devon had not yet been announced.
- He advised that the District Council Network were active in lobbying Government on behalf of District Councils and that he would obtain a steer from the network regarding lobbying in response to the Government's Budget and the impact on homelessness. He would advise Members of the outcome.
- It was very difficult for Local Authorities to plan for the future with one year financial settlements from the Government.
- Following the General Election, the proposal for the Devon Combined Authority for Devon and Torbay had been put on hold. This had now been given the go ahead and would be in place by February 2025. It had always been made clear that Plymouth could be part of this deal also. There was concern that District Councils would not have much of a say in the main decisions to be made by the CCA. Since the new Labour Government was in place, they had made clear their preference from devolution deals covering a wider geographical areas with Mayoral arrangements. The suggestions for wider geographical areas was currently not clear and he was not aware of any formal discussions taking place with Government regarding the size of areas. The English Devolution White Paper is expected in November and this would provide more detail. The funding associated with new Combined Authority was £16m capital funding. Projects from Northern Devon had been well represented and North Devon had been successful in obtaining funding for Community Land Trust and Ilfracombe Healthy Home projects whereby the funding was required to spent by March 2025.

In response to questions from the Committee, the Head of PMO and Environmental and Housing advised the following:

- There were approximately 80 households every evening that were in temporary accommodation. An update report was provided by the Service Manager on a weekly basis.

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