



## **North Devon Council**

Report Date: 3rd February 2025

### **Topic: Performance and Financial Management Quarter 3 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 October to December 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 31st<sup>th</sup> December 2024, the latest forecast net budget is £16,423,690, which produces a budget surplus of £9,000. 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 £158,000 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 the full £347,500 balance to offset increased insurance premiums in this financial year. We have increased the 2025/26 budget to help mitigate the estimated increased 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 £263,000 based on known vacancies to date. The £250,000 forecast is an estimate of the natural savings that will be achieved due to the timeline it takes to recruit for vacant posts and new post holders to start.
- 4.1.6. The additional costs of £179,000 for Waste and Recycling 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.
- 4.1.7. 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 albeit we saw an increase in car park income at Green Lanes as a result of this displacement. We are now forecasting an overall £200,000 variance for the year.
- 4.1.8. Building Control income is still forecast to be £70,000 down on budget, but due to a number a recent larger planning applications we are now forecasting planning income to be in line with the original budget.
- 4.1.9. Recycling Sales have seen a downturn in quarter 3, however this is still up on the original budget and we will continue to monitor the income closely. We are expecting income receivable from recycling sales to increase once the new baler is operational.
- 4.1.10. We are now estimating income growth from Business Rates to be an additional £200,000.
- 4.1.11. 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 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.

4.1.12. At the 31st December 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.

4.1.13. 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 of £152,000 and additional interest receivable of £40,000 over and above the original budget.

4.1.14. 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 underspends from 2023/24 and further variations totalling £2,493,868 were approved as part of the performance and financial management report to Strategy and Resources Committee, to produce a revised Q2 2024/25 Capital Programme of £22,752,236.

4.4.3. Overall variations of (£2,562,066) are proposed to the 2024/25 Capital programme as follows:

- Other Variations (+ and -) to 2024/25 Capital Programme  
£2,906,492

<b>Schemes</b>	<b>Amount (£)</b>	<b>Notes</b>
Ilfracombe Healthy Homes	1,980,000	Approved at Full Council 20 <sup>th</sup> November 2024
Low Carbon Community Land Trust Affordable Housing	810,000	Approved at Full Council 20 <sup>th</sup> November 2024
S106 - Enhancement LED lighting of Burrington Village green	1,613	Strategy and Resources committee 4 <sup>th</sup> November 2024
S106 - Heasley Mill village hall windows upgrade	6,596	Strategy and Resources committee 4 <sup>th</sup> November 2024
S106 - Lovacott Playing Field formal entrance to playing field	3,950	Strategy and Resources committee 4 <sup>th</sup> November 2024
S106 - Tarka Leisure centre - Section of path rear of centre	65,000	Strategy and Resources committee 2 <sup>nd</sup> December 2024
S106 - Georgeham PC - Play equipment at Croyde play park	23,019	Strategy and Resources committee 6 <sup>th</sup> December 2024
Disabled Facility Grant	109,261	Additional monies available from repayment of grants and to bring budget in line with allocate grant
Rural England prosperity fund	(58,146)	Virement to another scheme
Victoria Pleasure ground, new public Convenience and shelter	58,146	Virement from another scheme
Ilfracombe museum Carpark retaining wall	(92,947)	Tenders received and balance returned to repairs fund reserve

- Project movements (to)/from future years (£5,468,558)

<b>Schemes</b>	<b>Amount (£)</b>	<b>Notes</b>
21 Social rents at Woolacombe	(630,000)	Slip spend and funding to 2025/26
Fremington quay wall repairs	69,209	Bring spend and funding forward to 2024/25
Provision of Temporary Accommodation	(840,000)	Slip spend and funding to 2025/26
Public house corner of castle street	(90,000)	Slip spend and funding to 2025/26
Green Lanes	(200,000)	Slip spend and funding to 2025/26
South Quay, Ilfracombe	(40,000)	Slip spend and funding to 2025/26
Ilfracombe museum carpark retaining wall	(30,000)	Slip spend and funding to 2025/26
NDC occupied office building – Low energy lamps	(15,563)	Slip spend and funding to 2025/26
LED Lighting	(8,872)	Slip spend and funding to 2025/26
Fairview and Brookdale carparks	(219,446)	Slip spend and funding to 2025/26
Seven Brethren flood defence	(500,000)	Slip spend and funding to 2025/26
Future High Street Fund – Temporary Accommodation 36 Boutport street	(632,000)	Slip spend and funding to 2025/26
Future High Street Fund – Public Realm	(500,000)	Slip spend and funding to 2025/26
Future High Street Fund	(1,090,000)	Slip spend and funding to 2025/26
Self-Build housing projects Bicclescombe	(150,000)	Slip spend and funding to 2025/26
Cultural Development Fund	(550,000)	Slip spend and funding to 2025/26
Adelaide Terrace Retaining wall	(132,625)	Slip spend and funding to 2025/26

Schemes	Amount (£)	Notes
Eco Grants	6,000	Bring spend and funding forward to 2024/25
Disabled Facility Grants	84,739	Bring spend and funding forward to 2024/25

- Other Variations to the 2025/26 Capital Programme £730,955

Schemes	Amount (£)	Notes
S106 – South Molton Football club, new sports pitches and clubhouse facilities	314,188	Strategy and Resources committee 6 <sup>th</sup> December 2024
Fremington Quay Wall Repairs	250,000	PAG bid Q3 – scored high by PAG team
Disabled Facility Grants	166,767	Additional allocation 2025/26 from Better Care Fund

4.4.4. The overall revised Capital Programme for 2024/25 to 2026/27 taking into account the budget variations above is £35,841,153 and is broken down as follows:

- 2024/25 £20,190,170
- 2025/26 £14,439,018
- 2026/27 £1,211,965

The actual spend for 2024/25 as at 31<sup>st</sup> December 2024 is £10,618,860.

4.4.5. The Programme of £35,841,153 is funded by Capital Receipts (£320,000), External & Internal Borrowing (£13,990,884), External Grants and Contributions (£19,546,431) and Reserves (£1,983,838).

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 as at 31<sup>st</sup> December 2024.

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

4.4.8.1.	Ilfracombe Healthy Homes	£1,980,000
4.4.8.2.	Low Carbon Community Land Trust Affordable Housing	£810,000
4.4.8.3.	Fremington Quay Wall Repairs	£250,000
4.4.8.4.	Disabled Facility Grants 2024/25	£109,261
4.4.8.5.	Disabled Facility Grants 2025/26	£166,767
4.4.8.6.	Victoria Pleasure ground, new public Conv. and shelter	£58,146

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

- 4.5.1. The Bank Rate reduced by 0.25% on 7<sup>th</sup> November 2024, now standing at 4.75%.
- 4.5.2. The Council's benchmark 7 day rate SONIA (Sterling Overnight Index Average) at 31<sup>st</sup> December 2024, was 4.7%.
- 4.5.1. The return earned on the Council's investments was 4.63% (previous year 4.33%).
- 4.5.2. £391,277 investment interest was earned during the three quarters period. (2024/25 interest receivable budget was £400,000)
- 4.5.3. As at 31<sup>st</sup> December total external borrowing, excluding finance leases, was £6m. £3m of long term borrowing from the PWLB and £3m of short term borrowing from another Local Authority.
- 4.5.4. £153,091 interest was paid at an average rate of 3.53% on the loans during the three quarters 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 31<sup>st</sup> December 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	1,461	<b>1,729</b>	464	<b>349</b>
2 – 3	1,018	<b>1,035</b>	145	<b>290</b>
3 – 4	695	<b>780</b>	54	<b>75</b>
4 – 5	542	<b>534</b>	131	<b>25</b>
5 – 6	349	<b>426</b>	37	<b>105</b>
Over 6	332	<b>451</b>	44	<b>16</b>
Total	4,397	<b>4,955</b>	875	<b>860</b>

4.6.6. The levels of collections at 31<sup>st</sup> December 2024 are:

	Achieved 2023/24	Achieved 2024/25
<b>Council tax</b>	81.60%	<b>80.93%</b>
<b>Business rates</b>	81.40%	<b>80.95%</b>

#### 4.7. General Debtors

4.7.1. The level of general invoices raised was £7,400,000 at 31<sup>st</sup> December 2024 (previous year £7,200,000)

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

Age of debt	31 <sup>st</sup> December 2023	31 <sup>st</sup> December 2024
	£'000	£'000
3 weeks to 6 months	1,282	505
6 months to 1 year	165	230
1 to 2 years	202	697
2 to 6 years	495	484
Over 6 years	74	125
<b>TOTAL</b>	<b>2,218</b>	<b>2,041</b>



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 Q3 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

- Award of £49k from Homes England to support ongoing housing feasibility work
- Development of the draft Housing Strategy and member workshops.
- Uncertainty surrounding the Renters Rights Bill
- DFG's have been awarded additional funding of £166,766
- The winter night bus was successful and we have been approached to find a more sustainable long term solution.

### Regeneration & Economic Growth

- Opening of Seven Brethren Long Stay Car Park on 13 January 2025
- Clarke Bond, the Structural Engineer for the FHSF project ceased trading on 23 December 2025. Curtins have now been appointed into this role which has placed further costs on the project.
- A 9-week extension of time has been granted for the Boutport Street element of FHSF.
- The new National Planning Policy Framework was launched in December 2024 with the new proposed housing target for northern Devon.
- Phase 1 of Queen Street Car Park partially complete with Bear Street now closed to allow for the next phase of works. The car park has been renamed Barnstaple Central.
- A range of festive events took place across Barnstaple funded by the CDF with a guide produced to market the events.
- The tender opportunity has been published for Bridge Chambers project, supported by NDC with funding from the CDF
- Works commenced on site for the kiosks and toilets on Ilfracombe seafront.



## Customer Focus

- Implementation of new community engagement software, Engagement HQ. The consultation of the Housing Strategy will be the first active consultation.
- The contract for Green Lanes Hub was awarded and works commenced in November 2024 with completion anticipated at the end of January. A spring opening is planned once fit out and operational training is complete.
- Use of AI in Zoom environment to log call 'value' and call 'failure' as well as transcript capture.
- Imminent launch of our chatbot.
- The Ombudsman have implemented changes the complaints timescales and councils' requirements to respond. This will be implemented for April 2015.

## Environmental Enhancement

- Completion of phase 1 of the Process Hall.
- Commencement of Phase 2 win the Process Hall (installation of baler), due for completion by 3 February 2025.
- Development of the solar PV project at the Crematorium
- Purchase and delivery of 2no. EV Parks Vehicles.
- Successful trial of W&R EV vehicles. A report will be brought back to members with recommendations for further EV investment.
- Installation of solar PV at Ilfracombe swimming pool.
- Review of solar PV in temporary accommodation.

## 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 spread across 2 financial years 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 20<sup>th</sup> January 2025.