

NORTH DEVON COUNCIL

Minutes of a meeting of Strategy and Resources Committee held in the Barum Room - Brynsworthy on Monday, 3rd February 2025 at 10.00 am

PRESENT: Members:

Councillor Clayton (Chair)

Councillors D Knight, R Knight, Lane, C Leaver, P Leaver, Maskell and Prowse

Officers:

Chief Executive, Director of Resources and Deputy Chief Executive, Head of Governance, Head of PMO and Environmental Health and Housing, Head of Customer Focus, Senior Solicitor and Monitoring Officer and Finance Manager

Also Present in person:

Councillors Patrinos and Walker

Also Present virtually:

Councillor Milton

100. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bell, Crabb, Hunt, Milton (who attended virtually) and Wilkinson.

101. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 6 JANUARY 2025

RESOLVED that the minutes of the meeting held on 6 January 2025 (circulated previously) be approved as a correct record and signed by the Chair.

102. ITEMS BROUGHT FORWARD WHICH IN THE OPINION OF THE CHAIR SHOULD BE CONSIDERED BY THE MEETING AS A MATTER OF URGENCY.

The Chair advised that there would be a change of order to the agenda. Item 11, Annual Performance report to be considered ahead of item 6 on the agenda.

103. DECLARATIONS OF INTERESTS.

There were no declarations of interest announced.

104. ANNUAL PERFORMANCE REPORT

The Committee considered a report by the Chief Executive (circulated previously) regarding the Annual Performance.

The Chief Executive highlighted the following:

- This would be a regular annual update reviewing the Council's performance against the Corporate Priorities.
- Five priorities had been agreed by Full Council in February 2024, these were:
 - Achieving Financial Security
 - Housing
 - Climate and Environment
 - Pride of Place and Prosperity; and
 - People Matter
- To achieve financial security, a balanced budget had been set, the commercialisation strategy had been reviewed and refreshed, financial plans were continually reviewed, and services had been reviewed to ensure they were efficient. Property had been purchased to help ease the burden of temporary accommodation placement costs, Green Lanes was providing an additional income and we were always looking at ways to share services such as the Joint Building Control services with Mid-Devon council.
- To achieve our Housing provision, £800,000 in funding had been secured to provide affordable housing in rural areas through a Community Land Trust.
- Land had been purchased in Braunton to help ensure affordable housing was available as part of a new development.
- To help residents in need of temporary accommodation, 13 properties had been purchased. £1.7 million had been secured from the Local Authority Housing Fund.
- £2 million funding had been secured for the Ilfracombe Healthy Homes project.
- 180 homes were to be developed on the site of the old Leisure Centre at Seven Brethren, 54 of these would be affordable.
- We continued to work with local landlords to improve property standards in the private rental sector.
- To achieve our Climate and Environment priorities, a new section of woodland had been planted at the community woodland near Frankmarsh.
- Exploring options to install solar panels on the Ilfracombe swimming pool and the North Devon Crematorium.
- Investment into the recycling facilities would ensure we can recycle more waste efficiently as well as offering the opportunity for third parties to recycle with us.
- Options to make the vehicle fleet more environmentally friendly were continually reviewed.
- Funding had been secured to carry out energy efficiency improvement works at Brynsworthy Environment Centre and the Landmark Theatre, Ilfracombe.
- The priority of Pride of Place and Prosperity had seen us complete the Ilfracombe Watersports centre.
- Further works were due for completion along Ilfracombe sea front in Spring 2025.

- The £12 million Barnstaple market quarter project was underway, this included the completed works of the refurbishment of the Pannier Market and Guildhall, the redevelopment of Queen Street and Bear Street car parks, the renovation of a grade II listed building at 36 Boutport Street into a cultural hub for North Devon was progressing.
- An economic strategy for North Devon and Torridge had been delivered.
- Reviewed and refreshed our strategies for car parking and asset management.
- To fulfil our People Matter priority a community hub was being developed in Green Lanes shopping centre, giving greater access for residents and extending our face-to-face offer.
- A behaviour framework, developed by staff, had been implemented and recruitment was undertaken using this framework. Working to achieve making North Devon Council an employer of choice.
- For the sized authority we are an impressive range of projects had been undertaken such as building a new leisure centre, to extending the museum, from redeveloping Seven Brethren and to the purchase of Green Lanes shopping centre.
- Appendix A of the report detailed the achievements made with case studies.

RESOLVED that the Annual Performance Report be approved and released for community engagement.

105. PERFORMANCE AND FINANCIAL MANAGEMENT Q3 2024-25

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding Performance and Financial Management Quarter 3 of 2024/25.

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 31 December 2024, the latest forecast net budget was £16,423,690, which produced a budget surplus of £9,000. Details are shown in “Appendix A – Variations in the Revenue Budget”
- There was still pressure on the Temporary Accommodation budget and we were funding the anticipated additional cost of £158,000 from in year Temporary Accommodation grant.
- As part of the previous year 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 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.
- The original budget for 2024/25 included a forecast to achieve £250,000 worth of salary vacancy savings. The current position forecasted we would achieve £263,000 based on known vacancies to date. The £250,000 forecast was an estimate of the natural savings that would be achieved due to the timeline it took to recruit for vacant posts and new post holders to start.

- The additional costs of £179,000 for Waste and Recycling transport and SFS lease costs had 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 had 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.
- Building Control income was still forecast to be £70,000 down on budget, but due to a number of recent larger planning applications we were now forecasting planning income to be in line with the original budget.
- Recycling Sales had seen a downturn in quarter 3, however this was still up on the original budget and we would continue to monitor the income closely. We were expecting income receivable from recycling sales to increase once the new baler was operational.
- We were 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 31 December 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 were estimating a reduction in borrowing costs of £152,000 and additional interest receivable of £40,000 over and above the original budget.
- The 2024/25 Capital Programme was attached as “Appendix D – Capital Programme 2024/25” of the report.
- The Budget and Financial Framework report to Full Council 21 February 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.
- Variations of (£2,562,066) were proposed to the 2024/25 Capital programme as set out in section 4.4.3 of the report.

- The overall revised Capital Programme for 2024/25 to 2026/27 taking into account the budget variations above was £35,841,153 and broken down as follows:
 - 2024/25 £20,190,170
 - 2025/26 £14,439,018
 - 2026/27 £1,211,965
- Actual capital spend for 2024/25 as at 31 December 2024 was £10,618,860.

RESOLVED that:

- (a) The actions being taken to ensure that performance was at the desired level be noted;
- (b) The contributions to/from earmarked reserves be approved (as detailed in section 4.2 of the report);
- (c) The movement on the Strategic Contingency Reserve (as detailed in section 4.3 of the report) be noted;
- (d) Funds be released for the capital schemes listed in section 4.4.12 of the report;
- (e) The paragraphs dealing with Treasury Management (as detailed in section 4.5 of the report), and Debt Management (as detailed in sections 4.6 and 4.7 of the report) be noted;
- (f) The Corporate Plan, Key Results and Performance Indicators, (as detailed in section 5 of the report) be noted; and

RECOMMENDED that:

- (g) Council approve the variations to the Capital Programme 2024/25 to 2026/27, (as detailed in section 4.4.3 of the report).

106. REVIEW OF FEES AND CHARGES FOR SERVICES 2025-26

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Review of Fees and Charges for Services 2025-26.

The Finance Manager highlighted the following:

- This year the guidance was to increase fees and charges by 3%, although some fees were set by statute and those would be set nationally. Other variations to the 3% increase were set out in sections 4.3 to 4.8 of the report.
- Building Control fees had been raised by an average of 13.42% and rounded to the nearest pound, this was to ensure the revenue income recouped the actual cost of providing the service, were competitive in the sector and provided the Partnership with protection against additional temporary staffing costs that were likely to be experienced during the year, as detailed in Appendix B of the report.
- Land Charges fees had been set to recoup the cost of providing the service, the recommended fees for the land charges service was estimated to recover all the costs and break even, as detailed in Appendix D of the report.
- The majority of Environmental Health and Housing services were set by statute or set to recover costs. A minor exception to this was that there was

no planned increase on charges for “Health and Food Certificates” as detailed in Appendix E of the report.

- Cemeteries fees were set to increase by 6%, (3% inflationary uplift, plus an additional 3%). This was to enable the fees to be brought closer in line with comparative figures around the County, as detailed in Appendix F of the report.
- The Garden Waste service charge was to remain unchanged at £60, due to the £5 increases in the previous two financial years (2023/24 and 2024/25), as detailed in Appendix J of the report.
- Street Name Plates had had a simplification of its charging structure, including an uplift to reflect no inflationary increase in the previous seven years. Fees were now set to recoup the cost of providing the service, as detailed in Appendix P of the report.
- The net revenue changes from the above charges was estimated to produce £25,000 of additional income, which had been included within the draft 2025/26 revenue budget, for consideration as an item included within this agenda.

RECOMMENDED:

- (a) That Council approve the 3% increase, (some rounded), in fees for the 2025/26 financial year, for the following services:
- I. Allotments – as detailed at Appendix A of the report.
 - II. Trade Waste – as detailed at Appendix C of the report.
 - III. Sports Pitches – as detailed at Appendix G of the report.
 - IV. Pannier Market – as detailed at Appendix H of the report.
 - V. Bulky Household Waste Collections – as detailed at Appendix I of the report.
 - VI. Pre-application Planning Fees – as detailed at Appendix K of the report.
 - VII. Dog Waste – as detailed at Appendix K of the report.
 - VIII. Event Licence – as detailed at Appendix M of the report.
 - IX. Contractor Licence – as detailed at Appendix N of the report.
 - X. Modification of S106 agreements – as detailed at Appendix O of the report; and
- (b) That Council approve to vary the remaining fees by the elements outlined in section 4.3 to 4.8 of the report.

107. REVENUE BUDGET 2025-26, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL STRATEGY 2025-26 TO 2030-31

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Revenue Budget 2025-26, Capital Programme and Medium Term Financial Strategy 2025-26 to 2030-31.

The Lead Member for Resources and Commercialisation addressed the Committee to give a brief introduction as follows:

- We had achieved a balance budget.
- Garden waste charges were to remain the same.

- We provided a very affordable bulky waste service.
- The National Insurance changes to employer's National Insurance had produced an additional £325,000 cost to the Council.
- Green Lanes shopping centre continued to provide an income.
- It had to be assumed going forwards that there would be no increase in funding from Central Government so the Council would need to find more ways to become financially self-sufficient.

The Director of Resources and Deputy Chief Executive gave a presentation, and highlighted the following:

- The Government's Finance Policy Statement issued in November 2024 guaranteed that no council would see a cash reduction in its Core Spending Power (CSP). The increase for local government was 3.2% in real terms.
- All councils were to receive additional income from Extended Producer Responsibility (EPR) for Packaging payments.
- Confirmed £233m new funding for homelessness prevention – also consolidating main rough sleeping and single homelessness grants into a single grant outside of settlement.
- Council tax increases would remain at 2.99% or £5 (whichever was higher).
- Rural Services Delivery grant was to be abolished – this was currently paid to 50 district councils and worth £15m in total.
- Services grant would also be abolished – this was currently paid to all districts and worth £3.5m in total.
- A new £600m recovery grant – targeted councils with highest levels of deprivation – would likely only be open to a minority of districts.
- Councils would be compensated for the cost of the Employers National Insurance increase – for directly employed staff only.
- There would be a fundamental reform to the local government funding model after 2025/26.
- Government would launch a consultation in December on a new approach to allocation funding (Fair Funding) and a further technical consultation on resetting business rates in January.
- The Core Spending Power total for England was 6%. By region, the South West Core Spending Power was 5.4% and by authority type North Devon Council, being a Shire District, the Core Spending Power was however only 0.3%. In comparison, the CPI (Consumer Price Index) inflation to November 2024 was 2.6%.
- The draft budget has assumed an increase on Council Tax of 2.99%. The overall Council Tax Increase of £708,000 was broken down as £223,000 from the 2.99% increase and £485,000 from increase in tax base (of which £353,000 came from the second homes premium and £132,000 tax base).
- The Business Rates draft budget figure came from the Retained Growth (made up of £2m North Devon Business rates growth, £680,000 Renewable Energy Schemes and £350,000 Devon pool retained income).
- Giving an overall figure of £3.030m factored into the draft budget.
- Revenue Support Grant and Baseline Funding – additional £49,000
- New Homes Bonus – actual award £705,000 (£355,000 more than 2024-25).
- Rural Services Delivery Grant – removed (£421,000 less than 2024-25).

- Services Grant – removed (£21,000 less than 2024-25).
- Funding Guarantee – removed (£1,507,000 less than 2024-25).
- New Recovery Grant – additional £267,000
- New Funding Floor Grant – additional £988,000.
- The overall net impact of less Government funding = -£290,000 reduction.
- Government’s consultation on the Finance Settlement ended 15 January 2025.
- North Devon Council’s consultation response could be seen in Appendix F of the agenda report.
- There was an increase in the gap of funding per head of population between rural and urban authorities of £166.19
- The Extended Producer Responsibility aimed to make ‘producers’ responsible for the cost of collection, managing and recycling of packaging and incentivise them to make their products recyclable by modulating fees based on the recyclability of products. It also aimed to reduce unnecessary packaging, increase quality and reduce litter.
- The Government had made an announcement on ‘Simpler Recycling’ services due to start March 2026.
- New burdens funding to be provided for food waste collections.
- The provisional Extended Producer Responsibility payment allocation for North Devon was £1,178,000
- The Medium Term Financial Strategy (2024-2030) showed a budget gap year on year:

Years	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Budget gap/(surplus)	0	0.487	2.945	3.306	3.044	3.263

- Key elements already factored into the above forecasts were:
 - Pay increases for 2025-26 at 3% and 2026-27 2% and ongoing
 - Ongoing 2.99% increase in council tax level
 - 2025-26 inclusion of 100% premium on second homes
 - Review of fees and charges on car parks in 2025-26 and 2028-29
 - Assumed transfer of all public conveniences to town and parishes by the end of 2025-26
 - Government Funding review assumed for 2026-27
- The summary position for 2025-26:

Medium Term Financial Gap (February 2024)	£487,000
Net impact Employers National insurance increase 25/26	£323,000
Employee costs (pay award 24/25, other NI changes 24/25)	£281,000
Increase in Finance Lease costs (vehicles)	£140,000
Increased Insurance costs	£257,000
Phased transfer of Public Conveniences to parishes	£155,000
Government funding changes	£164,000
Extended Producer Responsibility grant	(£1,178,000)
Revised 2025-26 Budget gap to bridge	£629,000

Additional Planning Fee income (price change)	(£120,000)
Growth in Recycling sales material income	(£54,000)
Proposed 3% increase on fees and charges	(£25,000)
Re-profiled Borrowing costs (timing of external borrowing and interest payments)	(£96,000)
Use of additional grant funding to offset revenue spend	(£115,000)
Additional Business Rates income	(£30,000)
Use of Budget Management reserve	(£164,000)
Other	(£25,000)
Budget gap for 2025-26	£0

- Appendix A, of the agenda report, detailed the breakdown of the North Devon net budget of £18.073m for 2025-26.
- Appendix B, of the agenda report, detailed the breakdown of Grants. New for 2025-26 was the North Devon Council central fund from the Community Lottery of £12,000.
- Appendix C, of the agenda report, detailed the breakdown of Reserves.
- The General Fund balance forecast at 31 March 2026 was £1.238m, which equated to 7% of the net budget. The recommended level was 5% -10%.
- Earmarked reserves were forecast at 31 March 2026 at £5.727m
- In compliance with Local Government Act 2003, the Chief Financial Officer assured Members of:
 - The robustness of the estimates; and
 - The adequacy of the proposed financial reserves.
- Appendix D, of the agenda report, detailed the refreshed Medium Term Financial Strategy for the period 2025-2031:

Years	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m	2030-31 £m
Budget gap/(surplus)	0	1.558	2.804	3.074	3.629	4.161

- Key factors assumed included the recent decisions not to fully compensate local councils for the increased National Insurance contributions and the cumulative impact of a 0% future Core Spending Power.
- Appendix E, of the agenda report, detailed the Draft Capital Programme for the years 2024-25 to 2026-27 of £35.841m.
- This was funded by:
 - External and Internal Borrowing (£13.991m)
 - Capital receipts (£0.320m)
 - External grants and Contributions (£19.546m)
 - Reserves (£1.984m)
 - **Total funding (£35.841m)**
- The following areas of risk could affect the financial plans:
 - Government Grants
 - Key areas of income
 - Capital receipts

- Savings plans
- Increase in demand for services
- Localisation council tax support
- Business rates retention
- Welfare reform
- Devolution, this was a newly added risk.
- The Budget and Council Tax setting would be considered at the next Full Council meeting scheduled for 26 February 2025.

RESOLVED:

- (a) That the latest forecast for Budget 2024-25 and the proposed contributions to earmarked reserves be noted;
- (b) That the Chief Financial Officer's assurance on the adequacy of the reserves and the robustness of the budget, as seen in paragraph 4.1.4.7 of the report, be noted;
- (c) That the Chief Financial Officer's highlighted areas of risk identified with the budget process, as seen at paragraph 4.1.4.8 and section 4.3 of the report be noted;
- (d) That the latest Medium Term Financial forecast for 2025-2031, as detailed in section 4.1.5 of the report be noted; and

RECOMMENDED to Full Council:

- (e) That there be an increase of 2.99% (£6.29) in the level of Council Tax charged by North Devon Council for 2025-26 with a Band D Council Tax level of £216.68;
- (f) The actions identified in sections 4.1.2 to 4.1.4 of the report, which are required to ensure a balanced budget is achieved and, therefore, recommend to Full Council to approve the 2025-26 General Revenue Account Budget;
- (g) To adopt the Medium Term Financial Strategy 2025-2031, as detailed in section 4.1.5 of the report, as part of the Policy Framework; and
- (h) The Capital Programme 2024-25 to 2026-27, as detailed in section 4.2 of the report, be approved.

108. TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26

The Committee considered a report by the Head of Governance (circulated previously) regarding the Treasury Management Strategy Statement 2025-26.

The Head of Governance highlighted the following:

- This Treasury Strategy covers the borrowing and investment requirements of the Council for the year 2025-26.
- In terms of the Capital Financing Requirement (CFR), the Treasury Management Strategy ensured the Council was able to meet its borrowing needs to cover the capital programme plans.
- It was estimated that the borrowing requirement (CFR) at the end of the financial year 2024-25 would be circa £34m increasing to approximately £40m for the year 2025-26.

- To cover the £40m CFR it was projected to borrow £22m through external borrowing, £5m borrowing through finance lease arrangements, for our vehicle fleet and finally £13m through our own reserves and cash flows (internal borrowing).
- Current external borrowing for 2024-25, excluding finance leases, stood at £8m but an additional £7m short-term borrowing was being projected by year-end to cover the approved capital costs.
- Any slippages to the capital programme expenditure and or additional capital receipts or grants received would reduce the amount of actual borrowing undertaken.
- The authorised limit for 2025-26 for the Council to borrow was set to £42.5m.
- In terms of our investment strategy, there were no plans to change the way we currently invested and section 7.1 of the report detailed the guidance the Council adheres to in regard to the investment policy.
- The Council's investment priorities remain as:
 1. Security,
 2. Portfolio liquidity; and
 3. Yield or return

RECOMMENDED to Full Council that the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2025-26, including the Treasury Management and Prudential Indicators for 2025-26 to 2027-28 be approved.

109. 10 YEAR CAPITAL STRATEGY 2025 TO 2035

The Committee considered a report by the Head of Governance (circulated previously) regarding the 10-Year Capital Strategy 2025 to 2035.

The Head of Governance highlighted the following:

- The 10-Year Capital Strategy looked at the Council's long-term sustainability of its capital ambitions, affordability and risk management.
- Business as usual projects such as vehicle fleet replacement and ICT improvements impacted on our long-term borrowing plans.
- The Strategy covered the next ten years and the projection for our Capital Financing Requirement was estimated to remain at circa £37m in 2034/35.
- This would be funded by £23.5m external borrowing, £7m financial lease borrowing and £6.5m internal reserves and cash flow (internal borrowing).
- The cost of borrowing was set to remain at around £3m a year over the long-term period of this forecast.

RECOMMENDED that Full Council approve the Capital Strategy 2025-26 to 2034-35.

110. URGENT DECISION TAKEN BY THE DEPUTY CHIEF EXECUTIVE (ATTACHED)

The Committee noted the urgent decision that had been made by the Deputy Chief Executive in accordance with paragraph 3.45, Annex 2, Part 3 of the Constitution (circulated previously) regarding the Off Street Parking Orders 2025.

Chair

The meeting ended at 11.31 am

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.