

**NORTH DEVON COUNCIL**

**POLICY DEVELOPMENT COMMITTEE: 20<sup>TH</sup> JUNE 2019**

**MINUTE EXTRACT OF THE STRATEGY AND RESOURCES COMMITTEE HELD  
ON 3<sup>RD</sup> JUNE 2019 IN RESPECT OF ITEM 5 ON THE POLICY DEVELOPMENT  
COMMITTEE AGENDA**

**4. PERFORMANCE AND FINANCIAL MANAGEMENT QUARTER 4 OF  
2018/19**

The Committee considered a report by the Head of Resources (circulated previously) regarding the Performance and Financial Management report for Quarter 4 of 2018/19.

The Head of Resources highlighted the following:

- The quarterly Performance and Financial management report was also presented to full Council for consideration. The report provided an update on the financial performance of the Council against the approved revenue budget for the financial year. It also provided the opportunity for the Committee to challenge if key performance indicators were not being delivered within the agreed targets.
- This quarterly report was for the period up to 31<sup>st</sup> March 2019 and therefore in the context of the Council's current corporate priorities.
- The revenue budget for 2018/19 was approved at Council on 21 February 2018 at £12.220m and as at 31 December 2018, the Council reported a net deficit of £0.019m against the budget.
- The last quarter of the financial year had seen some favourable variances since the last reported position as a result of additional income through the one off pilot year for 100% Business Rate Retention scheme and additional savings achieved through the staffing budgets.
- As at 31 March 2019, the final outturn position was a budget surplus of £0.754m, which was an overall movement of £0.773m from the last forecast at quarter 3. The main reasons for the movement were detailed in Appendix A. £0.600m related to Business Rate income and this additional income would be placed into reserves as it was a one-off income. Additional £0.060m vacancy savings and £0.100m from service area underspends had been achieved.
- The original budget for 2018/19 included a forecast to achieve £0.200m worth of salary vacancy savings. The previous performance report at quarter 3 forecast the saving would be exceeded by £0.025m this year and the actual resulted in further employee savings of £0.083m over and above the original target.
- The implementation of the "Recycle more" project had been a challenge and resulted in some further additional costs this year together with a further decline in the sale price of recyclable materials, which had meant the original savings target for the year had not being achieved.

- There had also been a significant reduction in the level of the planning fee income of £0.138m due to a reduction in the larger applications received, which was in line with other Local Authorities experiencing the same pressure.
- The revenue budget surplus of £0.754m, once the contribution to the Collection Fund reserve of £0.236m had been made left a residual surplus of £0.518m. It was proposed that the surplus would be set aside and placed in the earmarked reserves as detailed in paragraph 4.1.12 of the report.
- Movement in Reserves and Balances detailed the movements to and from the earmarked reserves in 2018/19 as detailed in Appendix B of the report.
- The Strategic Contingency Reserve movements and commitments as detailed in Appendix C of the report.
- The 2018/19 Capital Programme as detailed in Appendix D of the report.
- The 2019/20 to 2021/22 Capital Programme as detailed in Appendix E of the report.
- Further investment of £0.122m had been identified for the period 2019/20 following three business cases submitted to the Project Appraisal Group for:
  - Property maintenance at the public house on the corner of Castle Street and the property at 16 Castle Street.
  - Retaining wall at Watersmeet car park at Lynton.
  - Retaining wall at Cross Street car park at Lynton.
- Overall variations of £14.710m were proposed to the 2019/20 to 2021/22 Capital Programme as detailed in paragraph 4.4.9 of the report. 50% of the overall Capital Programme was funded externally.
- Treasury Management, Debt Management and General Debtors as detailed in paragraphs 4.5, 4.6 and 4.7 of the report.
- Non-financial information was contained within paragraphs 5 to 9 in the report. Appendix F detailed the key performance indicators and Service Plan Action updates.

The Committee received a presentation by the Head of Resources regarding the Financial Context of the Council for 2019/20 and highlighted the following:

- Local Government Finance funding reforms.
- Government settlement change in funding by class of Authority and cumulative change between 2015/16 and 2019/20.
- Revenue Budget 2019/20 and how it was funded.
- Medium Term Financial Strategy 2019-23 and the financial assumptions that had been made. The budget gaps from 2020/21 to 2022/23. The outcomes of the review of the CCTV service would be presented to the Committee at its next meeting.
- Capital Programme as detailed in Appendix E of the report and larger projects within the programme. A report regarding the Watersports Centre would be presented to a future meeting of the Committee.
- Capital funding borrowing costs and the impact of the business cases approved on 25 February 2019. Borrowing costs were for a fixed rate period and it had been assumed that interest rates would increase.
- 10 Year Capital Strategy for 2020-2029.
- Understanding of the Council's financial position to enable the Committee to make informed decisions on the Council services and key decisions required

to be taken by the Committee for items already included within the Medium Term Financial Strategy. Additional work needed to be carried out to achieve further savings or additional income to bridge the future year budget gaps and ensure financial security for the Council.

In response to questions, the Committee were advised of the following:

- The additional costs incurred for the Waste and Recycling service were detailed in Appendix A of the report.
- A level of growth for Business Rates had been forecast and included within the budget, however the additional income received from the Business Rates Retention 100% pilot year was a one-off payment and therefore had been placed into earmarked reserves.
- Additional costs incurred by the Waste and Recycling service were due to a number of areas outside of the Council's control such as the reduction in income from the sale of recyclable materials, increase in fuel price, job evaluation process that had been carried out for drivers and loaders which had resulted in an increase in pay. Although the job evaluation process had placed pressure on the budget, it had assisted with the retention of staff and the reduction in use of agency staff.
- There were approximately 40,000 potential garden waste properties in the Council area. 21,000 had not taken up the garden waste service. However, North Devon Council had a high take up rate of 45% in comparison with other Local Authorities.
- When staff vacancies occurred, the Head of Service presented a business case to the Senior Management Team for consideration. The vacancy savings occurred during the period of time between the post becoming vacant to it being filled. If a position needed to be filled urgently, then approval could be sought from Senior Management Team prior to the next meeting. There were some positions within the Council which were proving difficult to recruit into. The job evaluation process ensured that the remuneration for positions were consistent.
- The current tenant for the public house on Castle Street was up to date with rent. Officers were in discussions with the tenant regarding the future tenancy agreement.
- In relation to the business case for property maintenance at the public house on the corner of Castle Street and the property at 16 Castle Street, £0.025m was for the repair of the roof of 16 Castle Street and £0.065m was for maintenance to be undertaken at the public house.
- The Council was still in the process of completing the acquisition of the sub lease of plot 1 at Seven Brethren. Within the Capital Programme for 2019/20, £0.400m had been allocated for the acquisition of the sub lease and £0.100m for commissioning works if required for the sub division into units if a tenant was not secured for the whole plot.
- The Capital Programme included investments for ICT to ensure that the Council was protected against cyber attacks, procurement of equipment and software that was fit for purpose and made staff more efficient and improved the service provided to customers.

- An update report would be brought by the Head of Environmental Health and Housing to a future meeting of the Committee regarding the provision of temporary accommodation project.
- Funding within the Capital Programme for “Coastal Protection and Shoreline Management Plan” had been rolled over to 2019/20. This funding had been rolled over for a number of years. An action plan had been produced within the past 12 months. The funding had been allocated for any further works required to be commissioned. If required, a business case would then be prepared and considered. A copy of the action plan would be sent to Councillor D. Spear.
- Staff from the Waste and Recycling service were required to be trained prior to the new Waste Transfer station becoming operational. The food waste was transported to an anaerobic digester plant at Holsworthy and the garden waste transported to an in-vessel composter at Deepmoor. Information on the end destinations for recyclable materials collected was published on the Council’s website.
- All service areas had been requested to review future spend and investment required over the next 10 years. A 10 year plan for asset maintenance was now in place.
- Consideration would be given to how the Council could publicise what happens to recyclable materials collected.

RESOLVED:

- (a) That the actions being taken to ensure that performance was at the desired level be noted;
- (b) That the contributions to/from earmarked reserves be approved as detailed in paragraph 4.2 of the report;
- (c) That the movements on the Strategic Contingency Reserve as detailed in paragraph 4.3 of the report be noted;
- (d) That funds be released for the capital schemes listed as detailed in paragraph 4.4.14 of the report;
- (e) That the sections dealing with Treasury Management (paragraph 4.5) and Debt Management (paragraphs 4.6 and 4.7) be noted

RECOMMENDED:

- (f) That the variations to the Capital Programme 2019/20 to 2021/22 in paragraph 4.4.9 of the report be approved.