

NORTH DEVON COUNCIL

COUNCIL: 25TH SEPTEMBER 2019

**MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON
12TH SEPTEMBER 2019 IN RESPECT OF ITEM 16(A) ON THE COUNCIL
AGENDA**

14 **PERFORMANCE AND FINANCIAL MANAGEMENT OF QUARTER 1
OF 2019/20**

The Committee considered a report to the Strategy and Resources Committee on 5th August 2019 by the Head of Resources together with a minute extract (circulated previously) regarding the Performance and Financial Management Quarter 1 of 2019/20.

The Head of Resources advised that the report had already been subject to consideration by the Strategy and Resources Committee on 5th August 2019.

He highlighted the following points to the Committee:

- As at 30 June 2019, the latest forecast net budget was £12.546m, which produced a budget deficit of £0.028m.
- The Operational Services employee costs were currently forecast to exceed the current budget by £0.090m and work was being undertaken to identify reasons and corrective actions moving forwards.
- The Shared Savings Scheme income was the Council's 50% contribution from Devon County Council savings from the reduction in residual waste collected. The £0.082m additional income was the estimate based on current activity and estimated savings per tonne.
- There had been a reduction in the forecast planning fee income of £0.065m due to a reduction in the larger applications received, which was in line with other authorities experiencing the same pressure.
- At 30th June 2019, the Council was assuming a £0.050m increase to the business rates growth already factored into the budget, the growth was now estimated at £1.552m and the Council would reflect any further changes once it had received an update from the Devon wide pool monitoring within the Quarter 2 report.
- At the 30th June 2019 total external borrowing was £1.250m. The timing of any future borrowing was dependent on how the authority managed its treasury activity and due to current low interest rates and reduced returns on investments it was prudent for the Council to 'internally borrow' and use these monies to fund the Capital Programme.
- The recommended level of general fund balance was 5%-10% of the council's net revenue budget (£0.626m to £1.252m). The forecast general fund reserve at 31st March 2019 was £1.161m, which was a level of 9.3%.
- The Budget and Financial Framework report to Executive 4th February 2019 outlined the Capital Programme for the 2019/20 financial year of £9.609m. Project under spends of £1.234m were brought forward from 2018/19 year

and further variations of £14.710m were approved as part of the performance and financial management report to Strategy and Resources on 3rd June 2019 to produce a revised Capital Programme of £25.553m.

- Variations proposed to the Capital Programme for 2019/20.
- The Programme for 2019/20-2021/22 of £29.969m was funded by Capital Receipts / Borrowing (£14.064m), External Grants and Contributions (£13.530m) and Reserves (£2.375m).

In response to a number of questions, the Head of Resources advised the following:

- Business rates were chargeable on all businesses not just shops. Currently of the Business rates collected 40% of the income was retained by the Council, which equated to approximately a net figure of £4.4m, including growth.
- Business rates were considered as part of the Governments Budget Statements, which assisted Councils in finding a balance to support shop owners with their business rates.
- 97.5% of Council Tax write offs was budgeted to be collected and the Council would continue to work to recover the remaining 2.5% ongoing.
- The funding award to Barnstaple Town Centre Management would be contained within the service plan for Economic Regeneration and the allocation of funds would be detail within the plan.
- The Disabled Facilities Grant formed part of the Capital Programme funding through the Better Care Fund. North Devon had been identified as a higher demand area, which would benefit the Council through the Devon wide funding stream. The scheme operated so that any Councils that had been awarded a greater amount of funding than was required would have that amount re-distributed to support any Councils that were in greater need.
- The Council could not overspend on the Disabled Facilities Grant budget, as it covered the demand for the specific area. There was an opportunity for the Council to capitalise with increased officer time required within the Environmental Health and Housing team to support the additional work and grant award through increased resources.
- The Watersports Centre was still on target with an anticipated report to Senior Management Team within the next couple of months outlining what was required.
- The Coastal Communities Fund had provided an extension date to the grant that they had awarded to the Watersports Centre to allow further work to be undertaken on the project by the Council.
- The Strategic Contingency Reserve allocation of £10,000 for Junction 27 and the economic impacts on North Devon was originally considered by the Executive on 3rd March 2015. Funding for this work was still allocated should the project progress.
- The urgent works to Bunksland Farm, East Anstey was considered by the Executive on 4th February 2019. The Council was looking to obtain a grant from Historic England as part of urgent works to historic buildings.

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