

## **NORTH DEVON COUNCIL**

### **POLICY DEVELOPMENT COMMITTEE: 13<sup>TH</sup> FEBRUARY 2020**

#### **MINUTE EXTRACT OF COUNCIL HELD ON 15<sup>TH</sup> JANUARY 2020 IN RESPECT OF ITEM 7 ON THE POLICY DEVELOPMENT COMMITTEE AGENDA**

The Committee considered a report by the Head of Resources (circulated previously) regarding the Performance and Financial Management report for Quarter 3 of 2019/20.

The Accountancy Services Manager highlighted the following:

- As at 31st December 2019, the latest forecast net expenditure was £12,512,000, which produced a forecast budget surplus of £6,000. Quarter 2 forecast a budget deficit of £87,000. Details were shown in Appendix A – Variations in the Revenue Budget. The main variances supporting the £93,000 positive movement from quarter two to quarter three included savings within Temporary Accommodation and ICT Software and Devon WAN contract.
- The original budget for 2019/20 included a forecast to achieve £239,000 worth of salary vacancy savings. This was reduced to £214,000 as a result of a virement in respect of the redesign of the salary pay structure. The current position forecasts this will be exceeded by £17,000.
- A review of procedures and processes within Works and Recycling was carried out at quarter two and a targeted spend had been set in respect of the vehicle workshop, challenging resources across all Works and Recycling manual sections and to reduce sickness levels. As a result of these changes a reduction in overtime and agency costs was factored within the quarter 2 projections. The current figures indicated that these targeted reductions were being achieved, although it would continue to be closely monitored until the end of the financial year.
- The sale of recyclable material continued to be an uncontrollable variable where there had recently been a reduction to zero for glass and cardboard, although the sale price of plastic had increased significantly. The continued volatility remained a risk on-going and would be monitored closely.
- At the 31st December 2019, a £200,000 increase to business rates growth had already been factored into the budget, the growth was now estimated to be £1,702,000.
- Appendix B – “Movement in reserves and balances” detailed the movements to and from earmarked reserves in 2019/20.
- Appendix C – “Strategic Contingency Reserve” detailed the Strategic Contingency Reserve movements and commitments.
- Appendix D – “Capital Programme”. The Budget and Financial Framework report to Executive 4th February 2019 outlined the Capital Programme for the 2019/20 financial year of £9,609,022.
- Variations of £908,967 were proposed to the 2019/20 Capital Programme as detailed in paragraph 4.4.3 of the report.

- Variations of £528,428 were proposed to the 2020/21 Capital Programme as detailed in paragraph 4.4.4 of the report.
- Variations of £171,413 were proposed to the 2021/22 Capital Programme as detailed in paragraph 4.4.5 of the report.
- The revised Capital Programme for 2019/20 taking into account the budget variations was £8,102,276.
- Actual spend on the 2019/20 Capital Programme, as at 31st December 2019 was £3,795,934.
- The overall Capital Programme for 2019/20 to 2021/22 was £31,275,809.
- The Programme of £31,275,809 was funded by Capital Receipts (£14,082,815), External Grants and Contributions (£14,618,838) and Reserves (£2,574,156).
- Once funds had been included in the Capital Programme the Constitution required a separate decision to release those funds. Accordingly the HGV ramp scheme needed the funds to be released so that spending can start within the following three months.
- Treasury Management and Debt Management as detailed in paragraphs 4.5 and 4.6 of the report.

In response to a question regarding variations to the Capital Programme in relation to the Leisure Centre project, the Accountancy Services Manager advised that the funds had been included within the Capital Programme following approval by full Council and calculation of the final costs for the project.

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

- There was a slight increase in the level of outstanding Council Tax as a result of an increase in the number of people being billed due to the Council Tax Reduction scheme. The Council billed approximately £50m per annum. The collection of Council Tax was in line with the target of between 97-98%.
- There had been an increase in the number of write offs. This was mainly due to an increase in insolvency cases and voluntary arrangements whereby the Council had to write off the outstanding debt. The Council billed approximately £35m for business rates and combined with Council Tax the Council had approximately £90m debt to collect. In comparison to the total amount of overall debt, the outstanding amount for collection was relatively small.
- The Council had a recovery process in place to collect outstanding debt and some cases were taken to court to seek a liability order.
- If a customer passed away, the outstanding debt would be written off.
- The movement in aged debt from 2018 to 2019 included circa £180,000 in relation to housing deposits and £1,270,000 for planning Section 106 fees, for which there are payment plans in place for these areas of debt.
- It was not anticipated that the number of insolvency cases would decrease, however the Government was providing assistance to businesses by providing additional rate relief.
- The Council worked with individual customers in relation to payment plans and instalment plans were agreed in some circumstances.

- The acquisition of the sub lease interest at Plot 1, Seven Brethren bank, Barnstaple had been completed and the final cost had been included within the capital programme. These costs included any works required to be undertaken.
- Works to the Pannier Market roof had been delayed as a specialist team was required to undertake the works. Works were due to commence in 2020/21 and may need to continue into 2021/22. There was a need to plan the works carefully in relation to VAT implications.
- Officers were in the process of contacting the tenant of the public house that the Council owned in Castle Street in relation to works that the Council needed to undertake and discuss long term plans.
- Targeted spend had been set in relation to the vehicle workshop and the resources within the Works and Recycling service to reduce costs. Although the costs had reduced, an overspend of £222,000 was forecast for the end of the financial year.
- Following a report presented to the Executive in April 2019 in relation to the Watersports Centre project, the Project Team had undertaken a significant amount of work to explore alternative options in order to reduce the funding gap. The options had been informally presented to the Ward Members and Ilfracombe Town Council. It was anticipated that a report outlining the options would be presented to the Committee in April 2020. The report would also include revenue streams to offset borrowing implications.
- The updates in relation to service plan actions detailed in Appendix E were in relation to the service plans for 2019/20. Outstanding actions would be included within the service plans for 2020/21. The Quarter 4 report would include revised completion dates and updated progress notes.
- The number of Disabled Facility Grants completed and monies paid (Service Plan action LEHH019, Appendix E) was a cumulative figure. The completion number had increased as the Council was now working with North Devon Homes, some funds had been re-circulated through the Devon fund which had enabled the team have more resources to assist with the processing of applications.

The Chief Executive advised that as part of the “Vanguard” process causes of overtime spend were being analysed. It was anticipated that once the causes had been identified, these would be addressed within the next few weeks. A robust service needed to be in place prior to consideration of moving to a three weekly waste collection service. A report would be brought to the Committee at the appropriate time.

**RESOLVED:**

- (a) That the actions being taken to ensure that performance is 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 (paragraph 4.3) be noted;

- (d) That funds be released for the capital schemes listed in paragraph 4.4.12;
- (e) That the sections dealing with Treasury Management (section 4.5), and Debt Management (sections 4.6 and 4.7) be noted;

**RECOMMENDED:**

- (f) That the variations to the Capital Programme 2019/20 to 2021/22 (paragraphs 4.4.3 to 4.4.5) be approved.