

NORTH DEVON COUNCIL

POLICY DEVELOPMENT COMMITTEE: 10TH SEPTEMBER 2020

MINUTE EXTRACT OF THE STRATEGY AND RESOURCES COMMITTEE HELD ON 1st SEPTEMBER 2020 IN RESPECT OF ITEM 8 ON THE POLICY DEVELOPMENT COMMITTEE AGENDA

175 Performance and Financial Management Quarter 1 20/21

The Committee considered a report by the Head of Resources (circulated previously) regarding the Performance and Financial Management Quarter 1 of 2020/21.

The Accountancy Services Manager highlighted the following:

- As at 30th June 2020, the latest forecast net budget was £13.765 million with the budget deficit estimated at £385,000. The income streams for the Council had been affected due to the Covid-19 pandemic in quarter 1 and would continue to effect the rest of the financial year. The forecast salary vacancy savings looked to be on target with £194,000 of the £200,000 already identified. Additional outgoing costs incurred, in relation to the Covid-19 situation, were brought about by the need for the provision of temporary accommodation, agency staff to support the Works and Recycling team and supporting the local community. It was anticipated that the recovery of Business Rates and Council Tax would drop, however, none had been reported yet. Deficits of this income could be spread over the next three financial years. The Council does have earmarked reserves and general fund balance to call on to help mitigate economic impact but this would have long term implications for the Council. Appendix A showed the estimated deficit for the year. Central Government would be paying 75% of lost income after the Council had incurred the first 5% variance and the technical guidance for this had been received last week. In recognition of the effects of the pandemic the Council was planning to reset its Medium Term Financial Strategy. Regular monitoring would take place with updates reported back to this Committee
- Appendix B detailed the movements to and from earmarked reserves in 2020/21.
- Appendix C detailed the Strategic Contingency Reserve
- Appendix D detailed the Capital Programme. As at 30th June 2020 the actual spend was £692,000. A revised capital programme had been previously approved by the Strategy and Resources Committee, on 3rd August 2020 this figure was £13,317,267. The overall capital budget spend programme was from 2020/21 to 2022/23 and stood at £29,544,997.
- Appendix E showed all service plans across the Council which had been authorised or cancelled by the Senior Management Team.

In response to questions, the Accountancy Services Manager advised that:

- In relation to the calculation of the Capital Grants there would be some variations. Income streams had been calculated and he was confident these had been calculated in line with the new guidance and any significant variance to the figures would be reported back to this Committee.

- The deficit figure of £385,000 was accumulated from Heads of Services and budget holders and it was not just based on Quarter 1 but estimated to take account of the whole year.
- The Managers, Budget Holders and Heads of Service had worked with the Head of Resources and with his advice and guidance the forecast figures had been obtained. Managers were not left on their own and there was a consistent approach.
- Normal recovery of Council Tax had not been taking place during the Covid-19 crisis. Having discussed the figures with the Revenues and Benefits Manager these figures were not too different to a previous year. The concern was that this may develop as the year progressed due to the furlough schemes ending and the accumulative effect this may have on the next three years.

In response to a question about claiming lost income if we had a recovery plan. The Chief Executive replied that we were working with Devon County Council and other Partners on creating our recovery plan and that there was no guidance available on what a recovery plan should look like. The recovery plan would be a living document and reviewed constantly.

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 as detailed in paragraph 4.3, be noted;
- (d) That funds are released for the capital schemes detailed in paragraph 4.4.11 of the report;
- (e) That paragraphs 4.5 detailing Treasury Management and paragraphs 4.6 and 4.7 detailing Debt Management be noted;

RECOMMENDED:

- (f) That Council approve the variations to the Capital Programme 2020/21 to 2022/23 as detailed in paragraph 4.4.3.