

**CABINET**  
**4 April 2023**

**FINANCIAL UPDATE FOR THE TWO MONTHS TO 28 February 2023**

**Cabinet Member** Cllr Barry Warren, Leader and Cabinet Member for Finance

**Responsible Officer** Andrew Jarrett – Deputy Chief Executive (S151)

**Reason for Report:** To present a financial update in respect of material movements in income and expenditure since the last report.

**RECOMMENDATION(S):**

**The Cabinet are asked to note the financial monitoring update to 28 February 2023.**

**Relationship to the Corporate Plan:** The financial resources of the Council impact directly on its ability to deliver the Corporate Plan; prioritising the use of available resources brought forward and any future spending will be closely linked to key Council pledges from the updated Corporate Plan.

**Financial Implications:** Good financial management and administration underpins the entire document. A surplus or deficit on the Revenue Budget will impact on the Council's General Fund balances. The Council's financial position is constantly reviewed to ensure its continued financial health.

**Legal Implications:** There are no direct implications from the content of this report.

**Risk Assessment:** Regular financial monitoring information mitigates the risk of unforeseen over or underspends at year end and allows the Council to direct its resources to key corporate priorities. Members will be aware that the Council continues to face a financially difficult and uncertain future. As such, the Strategic Risk Register (monitored by Audit Committee) includes a specific risk relating to this issue.

**Equality Impact Assessment:** There are no direct impacts from the content of this report.

**Impact on Climate Change:** There are no direct impacts from the content of this report.

## **1.0 Introduction**

- 1.1 The Council agreed the 2022/23 Annual Budget at its meeting on 23 February 2022. The aim is to keep a tight control on spending on services within a flexible budget management framework, allowing budget holders to manage savings within controllable budgets to help mitigate budget pressures and thus contain or minimise a budget deficit for the Council as a whole.
- 1.2 The purpose of this report is to provide a high level update on any material changes since the last report – Quarter 3 presented to February Cabinet.

## **2.0 Executive Summary**

- 2.1 There has been very little movement since the Q3 update in respect of the General Fund, HRA or Capital Programme. In summary, there have been minor movements in the following areas within the General Fund:
- Waste – higher staffing costs through both a reduction in the salary underspend and increased agency costs. However this is largely offset by lower fuel costs and lower costs within the rollout of Bin-it 123;
  - Salary saving within IT Services;
  - Planning – reduced salary costs and increased income;
  - Higher utilities costs resulting from the cold snap affecting all sites such as the Leisure Centres, Phoenix House and Carlu;
  - Increased income from car parking.
- 2.2 This results in a small reduction in the previously forecast over spend, which now indicates it will be below £400k.
- 2.3 There are a number of grants outstanding in respect of Covid-19 income claims and New Burdens funding to offset the costs incurred by the Council in delivering government support schemes, such as the Energy Rebates. These could further reduce the over spend, but as yet their value and timing are unknown.

## **3.0 Future Update**

- 3.1 There have been several key announcements over the last month or so that will have a dramatic impact on the Councils finances. Full details are not yet known so it's not possible to be precise on their impact. The announcements include:
- Leisure Services – HMRC has accepted the long standing challenge lodged by the sector that local authority leisure services are non-business activities. This follows years of litigation by Chelmsford City Council, Midlothian Council, and Mid-Ulster District Council. The Council will be able to submit substantial back dated claims to recover the VAT that was previously accounted for on leisure services income. This will also impact the future income.
  - Planning – a long awaited consultation has been launched on planning fees and capacity and capability in local authorities, with highlights as follows:
    - increase planning fees by 35% for major applications and 25% for all other applications;
    - additional fees for bespoke or 'fast track' services;
    - make an annual inflation-related adjustment to planning fees;

- ring-fence additional fees income;
- double fees for retrospective applications;
- remove the 'free-go' for repeat applications;
- build planning capacity and capability within local authorities, including challenges in recruitment and retention, and how these can be addressed;
- reduce the Planning Guarantee from 26 weeks to 16 weeks for non-major applications;
- improve the quality of the local authority planning service by monitoring more performance measures.

It is hoped that these benefits could be introduced from 2024/25.

- Extended Producer Responsibility (EPR) - EPR is intended to move the full cost of dealing with packaging waste from councils to producers. Councils will receive funds via EPR to pay for the costs of recycling and disposal. As yet there is very little detail on the financial impact or the timing of its introduction. However, this could provide additional grant funding / income, depending on the impact this has on recycle and the income the Council receives from this.

## 4.0 Summary

4.1 Members are asked to note the update.

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