

CABINET MEMBERS REPORT TO COUNCIL
2ND OCTOBER 2025

COUNCILLOR CHRIS MORLEY - CABINET MEMBER FOR FINANCE

For the period 20th July to 22nd September 2025

1 Progress on Portfolio Matters.

External Audit of Accounts.

Our Auditors EY have deferred the start of their assessment of our draft 24/25 Statement of Accounts until the beginning of November. The Government back stop for completing this work is 2/26. In this timescale we will be receiving a qualified and disclaimed opinion, as we have in recent years.

The cost for completing this work has yet to be agreed by us but we are faced with a bill of £170K, agreed by the PSAA, for EY's work. This sum should represent the work to complete a full audit and the disclaimed one we expect should be much cheaper (closer to half). We are in discussion with the PSAA about the reasonableness of this sum.

Recent years have shown that there is insufficient capacity of auditors in the commercial market, who are familiar with Government Financial Regulations and wish to work on Council Audits. The Local Audit and Accountability Act 2014 disbanded the Audit Commission which had resource to help supplement or complete, audit activities around the country. The National Audit Office has asked CIPFA to work on simplifying the finance reporting process as the complexity of the system is not drawing out governance weaknesses and to separate Pension Fund Accounts for separate treatment. An improved system for valuing Local Authority Assets, such as roads and bridges, is also under consideration.

The Government are looking for changes by 28/29 before which the backlog of audits arising from the COVID period should be cleared.

BUDGET MATTERS

25/26

The Q1 results and assessment of performance after the first 3 months of the financial year are posted on Mod Gov. The figures have been presented to CPP and Cabinet.

There are encouraging signs that the plans we put in place are succeeding with the early expenditure showing a favourable position such that we may not need to draw down from our General Reserves, in fact the opposite, with an estimate of £660k being added to General Reserves giving a projected balance of £10.679K.

Baked into our plans is a savings and efficiency programme of £3.47m and which we also plan to beat by something of the order of £200K.

Not included in our budget was the actual grant figure received for IDB support. We estimated receipt of a somewhat conservative £150k, based largely on the increased numbers of Council's paying IDB levies joining our Special Interest Group. However, in the event, we were allotted £499K, giving an unplanned support grant of £349k.

Also, we have now made provision for the Borough's portion of the 2nd home council tax premium giving an extra £163K. However, we have not included the much larger sum, in excess of £1m, that we expect to receive by way of our agreement with the County. This money is earmarked for our 'Homelessness' strategy including a drive on reducing the number of empty homes and more houses in the affordable category. The downside is that this is a 1 year only deal and another and subsequent one has yet to be negotiated with the County.

The number of homes being retained as 2nd dwellings, notwithstanding the premium is higher than forecast, with around 85% being retained.

In other areas Planning are forecasting a volumetric increase in their chargeable services, however, their statutory work on the next Local Plan will need extra resource and we have supplemented our Ring Fenced Reserves by £500K to support this.

CAPITAL EXPENDITURE

Our Major Housing Programme has now built up a head of steam and is delivering fairly close to plan but our other Major Programme, mainly consisting of our Town Deal projects, has yet to get going as far as construction is concerned.

The Guildhall programme is now committed by contract and we will be able to monitor physical work in progress shortly. Other major schemes are coming to fruition as regards planning and market engagement with potential building companies. We should see further progress shortly.

Meanwhile, to keep our major housing programme on track we have had to take out a very short term loan to maintain our cash flow.

The latest Treasury report which shows that interest on our investments is higher than forecast, council tax and business rate collections are on plan and the current movement in borrowing are all shown in paragraph 7 of the report.

Taking the budget outturn progress as a whole, I contend that the figures demonstrate effective governance and control over our financial position. And, I report as such.

MEDIUM TERM FINANCIAL PLANNING

This month we have started our Medium Term planning in earnest. We are constructing this as if LGR was not going to happen but mindful of the need for a solid monetary and governance base for any future conjoining of plans and forecasts. We are not, for revenue, in a spend, spend, spend phase, but we are mindful of the need for continuing a major housing programme where we can and uplifting the community spirit, safety and wellbeing of our residents with significant asset enhancements and capital projects in our

towns. All of which will need funding from our revenues as well as capital receipts from our properties.

In this medium term planning task, being undertaken by our officers, I am comforted by the positive comments we received, about our financial stability, from the consultants employed by the Districts to analyse the current position across the County and produce recommendations for LGR,

In May 2023 the Independent Group was handed a Medium Term Forecast that funded annual budgets by using over £10m of General Reserves but this fund was depleted in 25/26 leaving a black hole in 26/27 of £5.2m to recover to reach a balanced budget and preserving our General Reserve Strategy of retaining at least 5% of net outgoings in the reserve.

In taking ownership of this plan, we knew that the next reiteration would require significant improvements to efficiency, cost control, and a fee increase to those services with no statutory price control. We discovered that some service budgets were still set at 2018/9 costs and that, although the early 2023 figures were computed at a time when CPI inflation was running at 11, then, 10.2%, discretionary fees and charges were not increased.

We immediately introduced and continued to improve efficiency targets, increased fees, where we could, to catch up with lost revenues from underfunded services. This meant unpalatable increases of 10% and 7.5% in subsequent years but now we have a Council agreed fees and charges policy which limits further increases to within CPI+1%.

Taken together we now expect to deliver a balanced budget for 26/27 with General Reserves of around £10m. This target would represent a £15m improvement over our period of 4 years whilst delivering all services with no diminution of quality.

For this I have to thank the Leadership team and all Officers for accepting the challenge we placed on them and in particular our CEO for sprinting off the blocks quickly and ensuring the ethos is maintained, together with her new team of direct reports.

Our timetable for this work includes advising Parish Councils of the relative elements of the draft plan to enable Parish Councils to set their Precepts effectively.

IDBs

A further presentation on the difficulties faced by Councils in paying IDB levies was made in the House of Commons to those MPs in attendance, on 2nd September, led by the SIG chair Cllr. Paul Redgate, This Council was represented by Michelle Drewery, who is also the 151 Officer for the Group. I, unfortunately, was unavailable.

James Wild attended, Terry Jermy was called away at the last minute but he has a copy of the Presentation.

I am led to believe that a long term solution is dependant on the DEFRA and MHCLG "IDB Funding and Cost Research Project" which is now underway and being led by consultants ICF supported by Logica. The project is, unfortunately, not due to conclude until July 26. Therefore our short term lobbying must continue to ensure, at the least, we continue to receive some interim funding, albeit nowhere near what we hope will be the ultimate long term solution.

Part of the financial review will be to analyse funding mechanisms and that is where, I hope, our input will gain traction.

PROCUREMENT

A Procurement and Contract Management Handbook is now available to complement and expand on our Constitution's Contract Standing Orders and describes the principles of the '23 Act together with the various processes that can be used for the financial threshold of the purchase.

The Act brings Contract Management into the scope of the legislation for the first time and means we have a statutory obligation to manage higher value contracts effectively with, amongst other aspects, mutually agreed KPIs, delivering best value and positive relationships.

Contract Managers have to be appointed at an early stage in the process and be involved with the preparation of the procurement documentation.

A programme of training is in place as part of the procurement transformation process.

WINS

Residents continue to help good causes through this scheme, in fact we have seen a small growth in tickets sold.

At time of writing 78 good causes are benefitting from ticket sales with the total sum received by these to date, this financial year, is £32K

Small sums but very welcome and I trust our residents continue to enjoy helping others through this scheme.

Nominating this Council as a good cause is still reasonably popular!

2 Forthcoming Activities and Developments.

IT

I look forward to hearing from the IT team and our consultants Entec SI of the next stages in the transformation programme.

3 Meetings Attended and Meetings Scheduled

I have been isolating for much of this period and working through Teams but I am now back in the saddle and have my traditional schedule of Portfolio, Audit, Cabinet and Council meetings.

Following the recess there is much to catch up with, including our Property Companies and the Shareholder Committee, Member Major Projects Board, And, naturally, Parish Council meetings in this Ward, the dates many of which, unfortunately, conflict with meetings of this Council.