
ARUN DISTRICT COUNCIL BUDGET MONITORING

Financial Position as at end of December 2022

1. Introduction

- 1.1 This report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to end of December 2022 and presents performance information for all aspects of financial risk such as income and specific savings targets.
- 1.2 Budget performance is presented after taking account of the following:
- Spend to date excluding commitments against profiled budgets.
 - Consultation with managers and budget holders on service performance.
 - Budget savings identified where possible from existing budgets to cover additional expenditure.

2. General Fund Summary

- 2.1 The 2022/23 budget was approved by Full Council on 23 February 2022.
- 2.2 General Fund performance to end of December 2022 against profiled budget is shown in the table below. The table presents only the variances on budget in excess of +/- £50k.
- 2.3 Table below shows a general net expenditure variance of £268k favourable profiled budget to the end of December 2022. Variations are on services first, followed by corporately controlled budgets.
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General Fund variance on profiled budget to end of December 2022			
Service controllable spend	Variance on Budget Sep £'000	Variance on Budget Dec £'000	Change £'000
Corporate Committee			
Elections - bi-election and local planning elections	0	86	86
Housing and Wellbeing Committee			
Nightly paid accommodation and homelessness (see 2.5.1)	335	700	365
Planning Policy Committee			
Planning Income (Fees and Charges)	(98)	(337)	(239)
Planning Expenditure - Professional Fees	0	64	64
Policy & Finance Committee			
Legal (Fees and Charges)	(78)	(103)	(25)
Other Variances less than +/- 50k	212	(240)	(452)
Total Service controllable budget variance	371	170	(201)
Corporate controllable budget			
Establishment against savings target	90	(69)	(159)
Corporate Underspends	(395)	(296)	99
Rates	(79)	(73)	6
General Fund net expenditure variance against profiled budget	(13)	(268)	(255)
Note: Economy Committee and Environment Committee have no variances in excess of +/- £50k			

2.4 Corporate Support Committee

2.4.1 Due to recent by-elections, including a West Sussex County Council by-election, and ongoing digital transformation of the service, the Electoral Services budget has a spending variance of £86k. This variance will be met by £24k contribution from WSCC, £16k grant funding for digital transformation and £46k being funded corporately.

2.4.2 Legal fees and charges have exceeded profile budget by (£103k). Part of this relates to beach hut renewals, which occur every 3 or 7 years depending on the type of lease, and to income generated from legal fees associated within the preparation of Section 106 Agreements. Efforts are also being made by the Legal Services team to increase its income during the 2023/24 financial year.

2.5 Housing and Wellbeing Committee

2.5.1 To date, the overall spending variance for nightly paid accommodation (net) and homelessness is £700k, not including salaries.

2.5.2 The £700k consists largely of nightly paid net expenditure of £917k, £27k due to Temporary Accommodation and grants totalling (£244k). A breakdown of the (£244k) grants is shown in the table below:

Description	£'000
Ex-offender's grants (to be spent by 31-03-23)	6
Prevention grants	(81)
Rough sleeping grants	(109)
Domestic abuse grants (to be spent by 31-03-23)	(20)
COMF grant (to be spent by 31-03-23)	(40)
Total	(244)

2.5.3 The numbers of households in emergency accommodation reached a peak of 132 in September but had been steadily rising throughout the summer holidays. All emergency accommodation was full and the hotels that would normally be used as overspill were also fully occupied because of the number of events happening locally. We have a legal obligation to provide accommodation for anyone who is homeless and in priority need and so this resulted in having to be far more flexible around the type of emergency accommodation being used, for example, holiday parks/caravans which come at a greater cost. However, since September, the numbers of households in emergency accommodation have slowly been reducing thanks to the efforts of the Housing Options Team, and at 18 December, stood at 114: a significant reduction and at a level not seen since the beginning of 2022. This has been achieved against a backdrop of the cost of living crisis and the tail end of the impact of the pandemic.

2.5.4 In addition to reducing the number of households in emergency accommodation, new processes for income generation are being put in place from January 2023 which will help to offset the expenditure on emergency accommodation. The processes will focus on increasing the collection of housing benefit on behalf of our clients and maximising the clients' own contributions towards accommodation costs. The same processes will also be applied to removals and storage costs.

2.5.5 For Rough Sleeper Initiatives (RSIs), a 3-year settlement, Arun District Council has successfully secured £1.714m. Plans are progressing well with implementing new ways to prevent homelessness for single people and support for verified rough sleepers.

2.5.6 RSIs 22-25 were slow to start which meant that a small underspend was forecast. Negotiations with our DLUHC colleagues have been ongoing and agreement has been reached to repurpose the underspend to direct it elsewhere to ensure that it is spent in year.

2.5.7 £824k has been secured in Homelessness Prevention Grant which is a 1-year settlement. The grant is to prevent and relieve homelessness wherever possible. For example, by providing help with deposits, rent in advance and other landlord incentives.

2.5.8 DLUHC announced in December that they would be issued a top payment for the Homelessness Prevention Grant. Arun is set to receive £130,734 to help cope with winter pressures.

2.5.9 Accommodation for Ex-Offenders funding has been carried forward from 2021/22 and a further £31.5k of funding has been agreed but the project will draw to a close at the end of March 2023 as no further funding has been awarded.

2.6 Planning Policy Committee

2.6.1 Planning income is (£337k) above profile. This is largely due to an additional 19 applications totalling (£669k) in value.

2.6.2 As a consequence of the extra income, professional fees within the service have increased to £64k above profile.

2.6.3 Members are asked to note any increase in large applications are unlikely to result in more resources. Currently, there is no agreed mechanism to quickly increase staff beyond that presently budgeted for. As a result, there may be a negative impact upon reported performance for the determination of major applications.

2.7 Corporate Underspend

2.7.1 The corporate underspend relates to identified unrequired contingency and corporately controlled budgets and Government grants that are available for potential resource allocation. Budgets are set based on assumptions about service delivery, which sometimes result in a different actual budget requirement resulting in surplus budget. As these are identified, the surplus budget is vired to a corporate underspend account and made available for resource re-allocation. The advantage of this is a reduction in the need for supplementary estimates and managing service delivery within the approved budget and Medium-Term Financial Strategy. The Senior Management Team are expected to exercise their discretion in managing their budgets responsibly and prudently and wherever possible meeting additional cost pressures by virement from within existing budgets. The corporate net underspend is £295k at the end of December 2022 and the breakdown is shown in the following table:

Corporate Underspends Confirmed December 2022			
	Sep 22	Dec 22	Change
	£'000	£'000	£'000
Additional investment income	600	700	100
Underspends from contingencies/miscellaneous budgets / corporate controllable	63	63	0
Total identified corporate underspend	663	763	100
Virements actioned/earmarked from corporate underspend	(268)	(468)	(200)
Corporate Underspends December 2022 (Net)	395	295	(100)

2.7.2 There has been a £100k contribution to the corporate underspends:

Description	£'000
Investment income – increase in interest rates	700
Rates – Public Conveniences now outside NDR	63
Total	763

2.7.3 The corporate underspend has so far been used to fund the following items:

Description	£'000
Regeneration Specialist	100
Seasonal Staff	57
Feasibility Study for new build theatre	18
Funding of Finance Business Partners	93
Cost of Living	180
Recruitment of GH Wellbeing and Communities	20
Total	468

3. Externally Funded Services

3.1 Arun District Council hosts several services under its stewardship as the Accountable Body. Whilst these services are entirely externally funded, Arun District Council has service provision interests. These services are the Wellbeing team and Car Parking enforcement. There are no budgetary concerns to report on these services.

4. Rates

4.1 Legislation excluding non-domestic rate charges on public conveniences has been approved by central government. As legislation has been backdated to 2020/21 this has resulted in a refund of £73k to the Council.

5. Establishment

5.1 Each year a vacancy management target is included within the budget to ensure that the establishment complement is scrutinised for efficiency and reflects the needs of on-going service delivery changes. For the Financial Year 2022/23 the target is set at £500k.

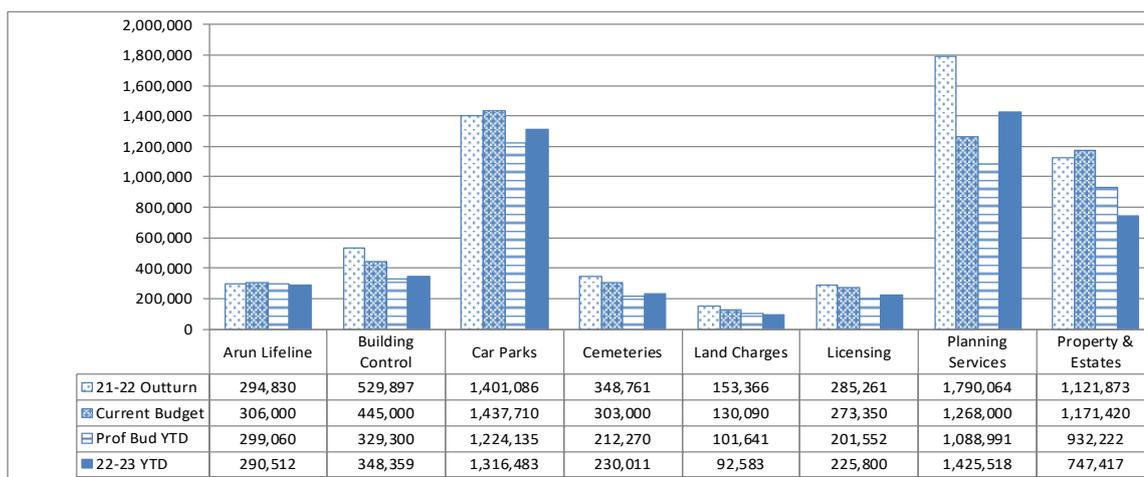
5.2 Current vacancy allowance is (£69k) favourable to December 2022. This includes the pay award for 2022-23 of £1,925 for every employee. This averages at approximately 6.4% overall for the Council's establishment and it should be noted that only 3% was included in budget. This highlights the extent of staffing vacancies at the Council.

6. Income

6.1 Income from fees, charges and rents are included within net cost of service. In total this amounts to an overall financing of £5.335 million. Income is a key risk area to the budget as it is predominantly externally influenced, without direct link to service cost and each source is unique.

6.2 General Fund income is currently overachieving by (£288k). This is mainly due to increased planning income mentioned in paragraph 2.7.1 above.

6.3 The graph below shows income by source and value, achievement to end of December 2022 against profiled budget, full year budget and 2022/23 outturn.



7. Estimated Outturn

7.1 There have been 4 supplementary estimates approved at Full Council to 31 December 2022. These are listed below:

Description	£'000
Defending planning appeals	100
Combined cleansing contract	180
Continuing weekly refuse collections	109
HMO additional licensing consultation	40
Total	429

7.2 The change in planned original budget General Fund Reserve movement due to budget performance to end of December 2022 is shown in the table below:

General Fund Reserve Movement estimated outturn 2022/23	Original Budget	Current Budget
	£'000	£'000
Net Budget Requirement	22,132	22,657
Financed by:		
Government Grants and Retained Business Rates	(4,866)	(4,962)
Council Tax	(17,266)	(17,266)
Taken From / (Added to) Balances	0	429
General Fund Balance 01 April 2022	5,000	5,000
Budgeted draw down from GF Reserve	0	(429)
Current Budget Variation Estimated Outturn 2022/23	0	268
General Fund Balance 31 March 2023	5,000	4,839

Should the General Fund Reserve balance be above or below £5m at 31 March 2023, a transfer from the Financial Resilience Reserve will be made to maintain the General Fund Balance at £5m as approved by Council. It should be noted that the Council's services including contracts are subject to significant inflationary pressure which is likely to impact the second half 2022/23.

8. Earmarked Reserves

- 8.1 Earmarked reserves are amounts set aside from General Fund Reserve to provide financing for specific future expenditure plans and held alongside the General Fund for drawdown as required under the scheme of virement. These reserves are to be reviewed regularly to ensure that they are being drawn down as appropriate or returned to General Fund reserve.
- 8.2 The Medium Term Financial Plan (MTFP) considered by the Policy and Resources Committee on 13 December 2022 and approved by Full Council on 18 January 2023 identified a significant budget gap of circa £4m from 2023/24. The Council will have to embark on a transformation programme to close the budget gap. This will be subject to further reports to member. It is therefore proposed to set up a Transformation Earmarked Reserve to help fund this programme. To date £443k has been identified for transfer into this reserve.

9. Housing Revenue Account (HRA)

- 9.1 The profiled variance for the HRA against original budget to end of December 2022 is shown in the table below:

Housing Revenue Account							
	Full year Budgets (Orig) 2022/23 £000	Full year Budgets (Current) 2022/23 £000	Year to date Profile budget 2022/23 £000	Year to date actuals 2022/23 £000	Year to date Variance 2022/23 £000	Estimated Outturn 2022-23 2022/23 £000	
Expenditure							
Repairs & Maintenance	5,181	5,181	3,886	5,566	1,681	2,001	
Supervision & Management	5,357	5,352	2,629	3,176	548	652	
Movement in Allowance for bad debts	136	136	136	0	0	(36)	
Rents, Rates, Taxes and other charges	177	177	133	113	(20)	(14)	
Total Expenditure	10,850	10,845	6,783	8,856	2,208	2,604	
Income							
Dwelling rents	(16,941)	(16,941)	(12,707)	(12,574)	133	163	
Non-dwelling rents	(481)	(481)	(357)	(333)	24	30	
Charges for services and facilities	(641)	(641)	(381)	(335)	46	34	
Other Income	0	0	0	0	0	(3)	
Total Income	(18,062)	(18,062)	(13,445)	(13,242)	203	224	
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(7,212)	(7,217)	(6,662)	(4,386)	2,411	2,827	

The estimated outturn for 2022/23 is a deficit of £4.403m against the current year budgeted £1,576m deficit, resulting in a forecast adverse variance of £2.827m as per the final column in the above table.

- 9.2 The resulting projected reserve movement for the HRA against original budget to end of 2022/23 is shown in the table below along with the forecast position as per the revised budget which was approved by Full Council on 18 January:

Housing Revenue Account Reserve Movement estimated outturn 2022/23	Original Budget	Actual v profile to date	Estimated 31/03/23
	£'000	£'000	£'000
HRA balance 01 April 2022	4,921	3,891	3,891 *
Budgeted deficit for 2022/23	(1,396)	(1,396)	(1,396)
Capital slippage		(181)	0
Current Budget Variation Estimated Outturn 2022/23 (YTD)		(1,452)	(1,894)
HRA Balance at 31 March 2023	3,525	862	601

HRA Major Repairs Reserve is currently £2,886k at 01 April 2022

* The current budget shows the actual HRA balance on 1 April 2022.

- 9.3 It should be noted that this report is concerned with the projected outturn as at the end of December 2022.
- 9.4 The 2022/23 budget has been reviewed to arrive at a revised budget which is the forecast year end position. Future monitoring and reporting will be against the revised budget.
- 9.5 Repairs and maintenance (planned and responsive) expenditure remains an area for concern, however this is under regular review with action plans being formulated to address this going forwards. There are significant one-off costs relating to compliance issues in 2022/23 which will not be repeated in future years.
- 9.6 HRA income consists almost entirely of rents. Current projections forecast rental income to be below target.
- 9.7 The projection of the HRA balance at 31 March 2023 is £0.601m. This is below the Council's recommended minimum level of £2m. This is expected to improve following a review of the depreciation policy to reduce the current charge of £1,800 per property closer to the median of £1,300 per property for similar HRAs
- 9.8 Loss of income due to Right to Buy (RTB) disposals and void dwellings remain a key financial risk. The estimated number of RTB disposals for 2022/23 was set at 10 (there were 11 RTB disposals in 2021/22 and 4 disposals in 2020/21). To date there has been 7 disposals in the current year.

9.9 Details of the HRA capital, improvements and repairs programmes are shown in Paragraph 10 and 11.

10. Capital Receipts

10.1 Arun has entered into an agreement with the Government to keep the additional receipts generated by the relaxation of the Right to Buy discount rules, subject to these receipts being used for the provision of new social housing and Arun matching every £40 of receipts with £60 of its own funding. A further condition is that the receipts must be spent within five years, failing which they must be returned to the Government plus interest at 4% above base rate.

10.2 All “1 for 1” receipts up to the end of December 2022 is £345k. However, as pooling is done on an annual basis we won’t know for certain until financial year end.

10.3 One of the key priorities of Arun’s HRA Business Plan is a development programme to enable the delivery of an additional 250 new Council dwellings over a ten-year period.

10.4 In order to protect the Council’s investment in the provision of new social housing, exemption from capital receipt pooling has been obtained in respect of all Arun’s new dwellings in the current investment programme. This will enable Arun to retain 100% of the receipts from any future right to buy disposals in respect of these new dwellings (although it is worth noting that these receipts will be net of any discount entitlement).

11. Capital, Asset Management and Other Project Programmes

11.1 The Council’s budget for 2022/23 was set at £17.471m in February 2022. Recommended carry forwards from 2021/22 have increased the budget to £55.286m. The main changes in budget are:

	£’000
Total Original Budget	17,471
General Fund	
Levelling Up Fund Alexander Theatre	12,190
Levelling Up Fund Littlehampton Sea Front	7,234
Littlehampton Public Realm	3,301
Asset Management	2,479
Other GF Schemes less than £500k	1,767
Housing Revenue	
Stock Development	7,645
Summer Lane, Pagham	1,687
Cinders Nursery, Yapton	842
Chichester Road, Bognor Regis	571
Other Housing Schemes less than £500k	181
Total Current Budget	55,368

11.2 The capital and projects budget will continue to be monitored on a corporate level as this provides better information and control of the budget. In addition, officers will be requested to review all capital budgets as part of the 2023/24 budget preparation exercise to determine if projects are still required in the budget, can be re-profiled or delayed to future years.

	Original Budget £'000	Current Budget £'000	Actual 2022/23 £'000	Balance £'000
General Fund				
<i>Policy & Finance</i>				
Levelling Up Fund Alexander Theatre	-	12,190	525	11,665
Levelling Up Fund Littlehampton Seafront	-	7,234	271	6,963
<i>Corporate Support</i>				
Computer Services	-	348	51	297
Arun Direct Telephony	200	200	2	198
<i>Economy</i>				
L'ton Public Realm	-	3,301	1,906	1,395
Asset Management	240	703	89	614
Works to Public Conveniences	-	495	226	269
Changing Places	157	384	7	377
Fitzleet Car Park	200	546	280	266
Car Parks Resurfacing	-	202	202	-
Arcade Roof	210	210	-	210
Beach Huts	-	260	-	260
Air B&B	-	486	2	484
<i>Environment and Neighbourhood Services</i>				
Disabled Facilities Grants	1,400	1,400	958	442
Keystone Centre	-	250	-	250
Sunken Gardens	-	466	32	434
Bersted Brooks Country Park	320	320	-	320
Place St. Maur	-	465	303	162
Play Areas	25	18	-	18
BR Seafront Gym	-	30	29	1
Hotham Park Play Area	-	27	27	-
Ferring Village Green	-	25	-	25
Longbrook	-	18	-	18
Trinity Way	-	20	19	1
Lashmar Play Area	-	50	49	1
Homewood Play Area	-	42	40	2
Linnet Close West	-	15	-	15
Aubrey Fletcher	-	18	-	18
Bognor Skate Park	200	200	-	200
<i>Residential and Wellbeing Services</i>				
ALC Wet Change	987	987	2	985
Total General Fund	3,939	30,910	5,020	25,890

Housing Revenue Account

Residential and Wellbeing Services

Stock Development	100	7,745	235	7,510
Summer Lane, Pagham	-	1,687	762	925
Cinders Nursery, Yapton	-	842	808	34
Chichester Road, Bognor Regis	-	571	157	414
Sheltered Accommodation	2,600	2,600	-	2,600
Housing IT				
Civica Implementation	285	466	276	190
Housing Improvements	690	690	360	330
Domestic Boiler Installations	651	651	682	(31)
Commercial Boiler Rooms	100	100	-	100
Reroofing Programme	950	950	93	857
Kitchen & Bathroom Replacement Programme	950	950	158	792
Windows & Doors	1,575	1,575	1,374	201
Aids & Adaptations	450	450	169	281
Housing Repairs	2,649	2,649	2,953	(304)
Day to Day General Repairs	1,519	1,519	1,753	(234)
Voids	1,013	1,013	857	156
Total Housing Revenue Account	13,532	24,458	10,637	13,821
Total Programme	17,471	55,368	15,657	39,711

Please note Housing Improvements, Adaptations & Repairs expenditure includes QL commitments taken from the Housing Mgmt. System

Total programme comprises Capital, Asset Management and other projects budget plus Housing Repairs. Although Housing Repairs forms part of the HRA revenue budget it is included here because of the close link with the Housing Improvements Programme.

General Fund

- 11.3 LUF Alexandra Theatre - Officers are finalising design ideas, elevations and fitout and have a number of forums to take this through. Following this we will have a better idea of the programme, forecast spend and cashflow. Expenditure to date only relates to professional fees.
- 11.4 LUF Littlehampton Seafront – A report was presented to the Policy & Finance Committee on 13 December 2022 with the results of public consultation. Cashflow for capital expenditure will only become available once the tender process is complete. Expenditure to date only relates to professional fees and public consultation costs. Construction works will commence in the 2023/24 financial year.
- 11.5 Wireless infrastructure and edge switch expenditure (total £100k) are still on track to be spent this financial year. Digital (currently £91.5k) is likely to slip into the new financial year, along with VMware Site Recovery Manager (£20k) and Cisco Network Access Control (£20k).
- 11.6 Telephony - The project has changed direction and has now become an annual revenue cost, and the 2023/24 budget has been adjusted to reflect this change. Therefore, at year end the capital receipts set aside originally for this project will be applied to other capital expenditure which will help free up the revenue to compensate for this budget growth.

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- 11.7 Public Conveniences - Works are underway on the £250k refurbishment of Bedford Street public conveniences, works are expected to complete March 2023, whilst the budget also allows for the refurbishment of Crown Yard to allow for the changing places facilities to be incorporated.
- 11.8 Changing Places - facilities in Bognor and Littlehampton are forming part of the larger Levelling up Fund project whilst Hotham Park & Crown Yard are being delivered by Property & Estates. We are in communication with Changing Places for Hotham and Crown Yard as the 31 March 2023 deadline is potentially no longer achievable. Arun is also working with Rustington Parish Council to help with the delivery of their facilities.
- 11.9 Arcade Roof - the east side flat roof is currently on hold until summer 2023 to avoid the worst of the winter weather and therefore this budget will be carried forward into the new year. The west side pitched roof is more urgent and it may be that the underspend against Fitzleet is required to fund these works, especially due to the complexity of access.
- 11.10 Beach Huts – Officers are in discussions with the composite beach hut manufacturer to verify the size, layout, design and price of these bespoke huts in order to confirm project viability. Once this is finalised the draft plan will be confirmed and a revised scheme will then be submitted for planning consent incorporating three accessible beach huts in this initial phase. The project will not be delivered this financial year and therefore the budget will be carried forward.
- 11.11 Air B&B - an environmental survey is pending before a planning application is submitted. The only spend this financial year will be for planning consultancy and therefore the remaining budget will be carried forward.
- 11.12 Keystone Centre – the project start has been delayed to January 2023, Arun's contribution is not due until completion of the roof and therefore potentially this payment may not happen until the new financial year, if this is the case this budget will be carried forward.
- 11.13 Sunken Gardens – A report went to Environment committee in November 2022, and construction costs will be £312k plus fees. Since the report, the revised commencement date is 9 January 2023 with completion expected April 2023.
- 11.14 Bersted Brooks - Consultants are being appointed to support the council in preparing a masterplan for the site, involving stakeholder engagement and public consultation. Works are not expected until the financial new year and therefore the budget will be carried forward.
- 11.15 Place St Maur - Project is practically complete, final construction account has been confirmed, so only remaining project costs are to be concluded.
- 11.16 Play Areas - Bognor skate park will now be delivered in the new financial year, and the £200k budget will be carried forward.
- 11.17 ALC Wet Change - Currently in the pre-construction phase which runs through January 2023, construction phase will follow this and will likely complete in the new financial year, so the budget balance will be carried forward at year end.
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Housing Revenue Account

11.18 Sheltered Accommodation - This year's budget will not be spent. The three-year programme has been slipped and therefore year 1 has been budgeted for again in 2023/24, so this will not be carried forward. Any scheme would require a sound business case/options appraisal before progression.

11.19 Stock Development - 17 properties at Summer Lane, Pagham have been handed over so far to the Council, the 10 remaining properties are anticipated May/June 2023. The 8 properties at Chichester Road, Bognor are due in the next couple of months.

12. Section 106 Sums

12.1 Section 106 (s106) agreements, also known as planning obligations, are agreements between developers and Arun District Council as the local planning authority that are negotiated as part of a condition of planning consent. The Town and Country Planning Act 1990 enables Arun to negotiate contributions towards a range of infrastructure and services, such as community facilities, public open space, transport improvements and/or affordable housing.

12.2 The Council currently holds £7.286m on deposit for s106 agreements, plus £3.954m is held on behalf of other organisations (e.g., NHS and WSCC). The total held on deposit on 31 December 2022 is £11.240m.

13. Cash Flow and Treasury Management

13.1 As at December 2022 it is estimated that by year end the budgeted investment returns will exceed original budget by approximately £1m. This is largely due to increased sums available to invest and many increases in the Bank of England rate (now at 3.5%). During Budget setting, it was assumed that the average principal sums would be around £44m, this is now at an average of £63m resulting in extra interest income. This is due to the following reasons:

- Unused Covid-19 grant funding (£2.75m) was only repaid to the government in October 2022, and new grants have been received.
- Council Tax energy rebate grant majority paid out by end September 2022.
- House building programme is delayed; and
- General Fund capital/asset management slippage.

14. Risk Analysis

14.1 Corporate and Operational risk registers are reviewed and updated for financial implications as part of the Council's risk management process on the criteria of probability of occurrence and materiality of impact upon balances. The most significant risk to the Council at present is the inflationary pressures building up within the economy.

14.2 Other risks which are inherent within the overall budget are analysed below.

- 14.3 As the DLUHC has changed the capital receipt pooling arrangements, with a cap being introduced on Right to Buy receipts for acquisitions with effect from 1 April 2022, going forward, it is important that the Council has a robust HRA Business Plan to meet the new requirements. This will prevent the Council having to repay to the Government some or all of these “1 for 1” receipts, together with interest at a penalty rate of base rate (currently 3.5%) plus 4%.
- 14.4 The Council’s External Auditors, Ernst & Young LLP, have continued to charge the same fees since 2019/20 based on the current Public Sector Audit Appointments Ltd (PSAA) scale fee as no final decision has been made on the rebasing. Depending on the outcome, the Council could be charged up to £30k for the previous year. New Burdens Funding for this is expected from central government.
- 14.5 Labour shortages are becoming a major problem across the United Kingdom. Unfilled vacancies were estimated at 1.3m in April 2022 (source: Office of National Statistics). This is causing recruitment issues in many areas across the Council with agency staff covering vacant posts, leading to increased establishment costs.

15. Conclusions and Recommendations

- 15.1 The budget monitoring to 31 December 2022 indicates that for 2022/23 the Council will:
- Be on track against the General Fund Revenue budget;
 - The Housing Revenue Account budget is currently under review to enable corrective action to be taken to avoid the year-end balance reaching a critically low level as outlined in Section 9.
 - Significantly underspend on its Capital, Asset Management and Projects;
 - Where it becomes clear that any budget provision is no longer required, it will be removed in future budgets.