



# COTSWOLD

District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>CABINET – 9 JANUARY 2025</b>
Subject	<b>FINANCIAL PERFORMANCE REPORT UPDATE – Q2 2024/25</b>
Wards affected	All
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance and Transformation Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Report author	David Stanley, Deputy Chief Executive and Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Summary/Purpose	This report sets of the budget monitoring position for “Planning Services” for the 2024/25 financial year.
Annexes	None
Recommendation(s)	That Cabinet resolves to: 1. Review and note the financial position set out in this report.
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering Good Services</li></ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	None



## **1. BACKGROUND**

- 1.1** This report provides members with the outturn forecast and monitoring position statement including "Planning Services" for the 2024/25 financial year.
- 1.2** For the purposes of this report, "Planning Services" are
- DEV001: Development Control
  - DEV002: Development Control – Appeals
  - DEV003: Development Control – Enforcement
  - DEV004: Development Advice
  - PLP002: Local Development Framework
  - PLP005: Heritage and Design
- 1.3** This report does not update any other forecast or variation included in the Q2 report that Cabinet considered at their meeting on 05 December 2024.
- 1.4** The purpose of this report is to notify members of any significant variations to budgets identified in the second quarterly budget monitor exercise, highlight any key financial issues, and to inform members of options and further action to be taken.

## **2. EXECUTIVE SUMMARY**

- 2.1** The Q2 Financial Performance Report was considered by Cabinet at their meeting on 05 December 2024. This report did not include the outturn forecast for "Planning Services". This report provides that outturn forecast and updates the revenue position for the financial year.
- 2.2** The Q2 outturn forecast reported to members in December was an adverse variation of £0.266m., as shown in the table below.
- 2.3** The position for "Planning Services" is set out in the report with the impact on the outturn forecast increasing the adverse variation to £0.297m.



**Table ES1 – Revenue Budget Outturn Forecast including “Planning Services”**

	2024/25 Latest Net Budget (£'000)	2024/25 Actuals to Q2 (£'000)	2024/25 Outturn Forecast (£'000)	2024/25 Outturn Variance (£'000)
<b>Revenue Budget</b>				
<b>Subtotal Services</b>	<b>18,320</b>	<b>8,516</b>	<b>18,827</b>	<b>507</b>
Less: Reversal of accounting adjustments	(1,778)		(1,778)	0
<b>Revised Subtotal Services</b>	<b>16,542</b>	<b>8,516</b>	<b>17,049</b>	<b>507</b>
Corporate Income & Expenditure	(1,481)	(975)	(1,423)	58
Provisions and Risk Items	0	0	(268)	(268)
<b>Net Budget Requirement</b>	<b>15,061</b>	<b>7,541</b>	<b>15,358</b>	<b>297</b>
<b>Funded by:</b>				
Council Tax	(6,597)		(6,597)	0
Retained Business Rates	(5,014)		(5,014)	0
Government Funding - Grants	(3,206)		(3,206)	0
Government Funding - NHB	(287)		(287)	0
Collection Fund (surplus) / Deficit	(473)		(473)	0
<b>TOTAL Funding</b>	<b>(15,577)</b>	<b>0</b>	<b>(15,577)</b>	<b>0</b>
<b>Budget shortfall/(surplus)</b>	<b>(516)</b>		<b>(219)</b>	<b>297</b>

### 3. 2024/25 REVENUE BUDGET FORECAST

**3.1** As previously reported to member in December, the outturn forecast for 2024/25 of £15.327m results in a forecast variance of £0.266m. Table 2 provides members with an overview of the material outturn variations that have been forecast across services with Tables 3 and 4 providing detail on the non-service revenue expenditure and income budgets.



**Table 1 – Revenue Budget Outturn Forecast Summary (excluding “Planning Services”)**

	2024/25 Latest Net Budget (£'000)	2024/25 Actuals to Q2 (£'000)	2024/25 Outturn Forecast (£'000)	2024/25 Outturn Variance (£'000)
<b>Revenue Budget</b>				
<b>Subtotal Services</b>	<b>18,320</b>	<b>8,516</b>	<b>18,697</b>	<b>376</b>
Less: Reversal of accounting adjustments	(1,778)		(1,778)	0
<b>Revised Subtotal Services</b>	<b>16,542</b>	<b>8,516</b>	<b>16,918</b>	<b>376</b>
Corporate Income & Expenditure	(1,481)	(975)	(1,423)	58
Provisions and Risk Items	0	0	(168)	(168)
<b>Net Budget Requirement</b>	<b>15,061</b>	<b>7,541</b>	<b>15,327</b>	<b>266</b>
<b>Funded by:</b>				
Council Tax	(6,597)		(6,597)	0
Retained Business Rates	(5,014)		(5,014)	0
Government Funding - Grants	(3,206)		(3,206)	0
Government Funding - NHB	(287)		(287)	0
Collection Fund (surplus) / Deficit	(473)		(473)	0
<b>TOTAL Funding</b>	<b>(15,577)</b>	<b>0</b>	<b>(15,577)</b>	<b>0</b>
<b>Budget shortfall/(surplus)</b>	<b>(516)</b>		<b>(250)</b>	<b>266</b>

### Planning Services

**3.2** The outturn forecast outlined in this report includes an estimate for “Planning Services” (as listed below).

- DEV001: Development Control
- DEV002: Development Control – Appeals
- DEV003: Development Control – Enforcement
- DEV004: Development Advice
- PLP002: Local Development Framework
- PLP005: Heritage and Design

**3.3** These services transferred from Publica to the Council as part of Phase 1 and included 46 posts. At the time of drafting this report (05 December 2024) there were 14



vacancies across the teams. Of these vacancies, 6 were covered by agency staff on a short-term basis.

- 3.4** It is vital that the Council is able to provide a planning service to ensure that planning applications are assessed, and decisions made within the prescribed time periods and that work on progressing the Council's Local Plan is adequately resourced. For planning applications statutory time limits apply
- (13 weeks for applications for major development
  - 10 weeks for applications for technical details consent and applications for public service infrastructure development
  - 8 weeks for all other types of development (unless an application is subject to an Environmental Impact Assessment, in which case a 16-week limit applies).
- 3.5** Should the Council not be able to achieve the speed or quality of decisions, there is a risk that the Secretary of State would intervene using powers under Section 62A or 62B of the Town and Country Planning Act 1990. This could result in a designation requiring the Council to improve performance or in some circumstances the local authority could lose the ability to determine applications. Specific criteria would need to be met to be de-designated.
- 3.6** The Government published (12 December 2024) the updated National Planning Policy Framework (NPPF) and this will clearly have strategic, service delivery, and financial implications for the Council. The increase in the Local Housing Need (LHN) numbers from 504 to 1,036 per annum will require the Council to ensure it has a 5-year Housing Supply.

#### Recruitment and Retention

- 3.7** The Council has an active programme of recruitment with 8 posts across the planning service. The following posts have been filled following the recruitment process
- Assistant Director – Planning (Start date March/April 2025)
  - Head of Planning Services (Start date January 2025)
  - Head of Planning Policy and Infrastructure (Start date March/April 2025)
- 3.8** The following roles are currently subject to active recruitment:
- Principal Planning Enforcement Officer
  - Senior Planning Enforcement Officer



- Principal Planning Officer (DM)
- Senior Planning Officer (DM)
- Senior Conservation and Design Officer
- Assistant Conservation Officer
- Landscape Officer
- Sustainable Transport Officer (Fixed Term)

**3.9** Interim agency cover is provided for the following roles with the broad assumption that interim cover will be required until the end of the financial year.

- Assistant Director – Planning
- Development Management Lead/Head of Planning Services
- Principal Enforcement Officer
- Senior Enforcement Officer
- Senior Planning Officer x 2
- Principal Planning Officer (Planning Policy & Infrastructure)

#### Expenditure Forecast

**3.10** As set out in paragraphs x to x of the report, there is considerable reliance on interim agency cover to deliver planning services given the number of vacancies across the teams.

**3.11** As part of Phase 1 of the Publica Review, Planning Services transferred from Publica to the Council on 01 November 2024. 46 posts transferred to the Council with salary budgets. As part of the transfer arrangement, the Council increased the pay and pay-related budget recognising the additional cost associated with providing the Local Government Pension Scheme (LGPS) for those staff who were outside of the scheme when employed by Publica. A breakdown of this budget is shown below.



**Table 2 – “Planning Services” – Phase 1 Budgets**

<b>Service</b>	<b>Baseline Cost (£'000)</b>	<b>Sharing + Pension Impact (£'000)</b>	<b>New Roles (£'000)</b>	<b>New Model Total (£'000)</b>	<b>2024/25 PY Impact (£'000)</b>
DEV001 - Development Control (All)	1,112	113	80	1,305	544
PLP001 - Local Development Management	403	8	0	411	171
PLP004 - Heritage & Design	438	28	0	467	194
<b>Subtotal "Planning Services"</b>	<b>1,954</b>	<b>149</b>	<b>80</b>	<b>2,183</b>	<b>909</b>

**3.12** For the purposes of financial reporting, the service budget includes the “**Baseline Cost**” with variation reported against this element only. The other elements – “**Sharing + Pension Impact**” and “**New Roles**” are reported as part of the Phase 1 Publica Review Provision. This is to ensure there is no double counting of budget and/or variation.

**3.13** The expenditure forecast is based on the following assumptions informed by the recruitment process outlined earlier in the report:

- Salary costs from November 2024 to March 2025 including the impact of the 2024/25 pay award
- Agency cost forecast based on current interim placements at known rates with placements assumed to continue to the end of March 2025. No assumption has been made on changes to agency/interim composition.

**3.14** On this basis, the forecast for Planning Services is shown in the table below



**Table 3 – “Planning Services” Expenditure forecast**

<b>Service</b>	<b>PY Baseline Costs (£'000)</b>	<b>Forecast Spend - Salaries (£'000)</b>	<b>Forecast Spend - Agency (£'000)</b>	<b>TOTAL (£'000)</b>	<b>Variance (£'000)</b>
DEV001 - Development Control (All)	463	264	323	587	124
PLP001 - Local Development Management	168	147	44	192	24
PLP004 - Heritage & Design	183	163	0	163	(20)
<b>Subtotal "Planning Services"</b>	<b>814</b>	<b>574</b>	<b>367</b>	<b>942</b>	<b>128</b>

**3.15** Taking into account a forecast net underspend on Planning Appeal costs and Local Plan support costs of £14k (previously included in the Q2 forecast), the net expenditure position for Planning Services is a forecast overspend of £114k.

**3.16** In addition, recruitment costs of £100k have been included in the Q2 forecast with these costs directly attributable to Planning Services.

#### Income Forecast

**3.17** At the end of Period 8 (November), income from Planning applications and pre-application advice was £120k above the profiled budget position. If this trend was replicated over the remainder of the financial year the outturn position could be £180k higher than the budgeted income level.

**3.18** However, for the purposes of this report a prudent estimate of £120k of additional income over the budgeted level has been assumed. This ensures optimism bias in the forecast is mitigated. The level of income will continue to be closely monitored.

**3.19** [Annex C of the Council Priority and Service Performance Report – 2024-25 Quarter Two](#) report considered by Cabinet on 05 December provided details on income performance.

**3.20** A key point to note is that additional income does not in itself justify additional expenditure. In the analysis of expenditure and income set out in this report, the level of expenditure incurred, and forecast is based around maintaining service delivery first and foremost.





Revised Q2 Outturn Forecast

**3.21** The impact on the Q2 position including “Planning Services” is shown in the table below. The outturn forecast moves from a £266k adverse variation to £297k.

**3.22** Other things being equal, this would reduce the net surplus to £219k (from £250k)

**Table 4 – Revised Revenue Budget Outturn Forecast Summary**

	2024/25 Latest Net Budget (£'000)	2024/25 Actuals to Q2 (£'000)	2024/25 Outturn Forecast (£'000)	2024/25 Outturn Variance (£'000)
<b>Revenue Budget</b>				
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<b>Funded by:</b>				
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Government Funding - Grants	(3,206)		(3,206)	0
Government Funding - NHB	(287)		(287)	0
Collection Fund (surplus) / Deficit	(473)		(473)	0
<b>TOTAL Funding</b>	<b>(15,577)</b>	<b>0</b>	<b>(15,577)</b>	<b>0</b>
<b>Budget shortfall/(surplus)</b>	<b>(516)</b>		<b>(219)</b>	<b>297</b>

**4. CONCLUSIONS**

**4.1** This monitoring report presents an update on the Council’s Q2 outturn forecast. As the report sets out, an overspend of £0.297m is now forecast for the financial year which. Without mitigating or corrective action this would reduce the level of the budgeted surplus that would transfer to the Financial Resilience Reserve at year end which is not considered appropriate given the scale of the financial challenge over the MTFS period.



- 4.2** With a significant financial pressure in 2024/25 it is essential that Planning Services expenditure is brought in line with the budget. Subject to the conclusion of current recruitment activity, there is adequate salary budget across the service. However, should there be further turnover of staff in 2025/26, the service will need to manage vacancies accordingly to cover any additional cost of recruitment and interim agency staff costs.
- 4.3** An item for consideration in the 2025/26 budget and over the MTFS-period will be assessing the level of resources required to complete the Local Plan update and deliver a new Local Plan.
- 4.4** Cabinet will continue to consider the impact of the forecast outturn and the impact on earmarked reserves as part of their oversight of the savings and transformation programme.
- 4.5** It is recommended that Cabinet review in-year opportunities with Publica and Ubico and provide an update in February 2025 as part of the 2025/26 Budget reports on options to mitigate the financial position as currently forecast across the MTFS period.
- 4.6** To mitigate the risk around additional expenditure and a potential deterioration of the financial position during the rest of the financial year, Cabinet approved the following recommendations:
- 4.7 **Vacancy Management**** - implement an Authority to Fill process with authorisation for all recruitment activity including time-limited agency cover, limits of day/hourly rates, recruitment costs. Prioritisation of posts/service areas with active recruitment to essential roles only.
- 4.8 **Consultancy support and external commissions**** – s151 to provide guidance to all service leads on criteria under which external agency support can be commissioned (subject to business case which would identify need based on criteria such as supports Corporate Plan delivery, alternative options have been considered, time-critical requirement to ensure project delivery, funding identified and available).
- 4.9** As set out in Section 5 of the [2025/26 Budget Strategy and Medium-Term Financial Strategy \(MTFS\) Update](#) report – accelerate development of **refreshed Savings & Transformation plan** to ensure adequate cost reductions are identified, scoped, and planned over the MTFS period. Savings ideas will be grouped by workstream and clearly indicate outcomes expected in terms of financial and service benefits and set challenging but achievable action plans for delivery by agreed periods.



**4.10** Linked to the mitigation action above, consider actions for budget holders in 2025/26 to reduce income pressure on revenue budget as part of the review of **fees and charges** from a cost recovery position.

**4.11 Publica Review Phase 2** – whilst not a direct issue for this report, Phase 2 of the review poses the single biggest risk to a balanced budget in 2025/26 and over MTFs period. The design-led principle *Consideration of cost* must ensure that the additional cost of bring services back to the Council are quantified with mitigating actions taken to reduce the potential impact on the MTFs.

## **5. FINANCIAL IMPLICATIONS**

**5.1** The detailed financial implications are set out in the report.

## **6. LEGAL IMPLICATIONS**

**6.1** Under Part 2 Local Government Act 2003, the Council must, from time to time during the year review the calculations it has used to set its budget. The Council's Chief Financial Officer is required to report to the Council on the robustness of estimates made for the purposes of calculating the annual budget, and on the adequacy of proposed financial reserves. Members must have regard to that report when making decisions about the calculations in connection with which it is made.

## **7. RISK ASSESSMENT**

**7.1** Section 8 of the report set out the material risks and uncertainties.

## **8. EQUALITIES IMPACT**

**8.1** None

## **9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**9.1** None

## **10. BACKGROUND PAPERS**

**10.1** None

(END)