

Report to the Council

Committee: Cabinet
Date: 24 February 2022
Subject: Finance and Economic Development Portfolio Holder
Portfolio Holder: Councillor J Philip

Recommending:

That the report of the Finance and Economic Development Portfolio Holder be noted.

Finance

The Budget papers on tonight's agenda represent the culmination of months of work across the Council to pull together a balanced budget for 2022/23 and a Medium-Term Financial Plan.

This year's budget has been exceptionally challenging and proved a difficult exercise that has required many uncertain factors to be accommodated. These have included financial pressures caused by COVID-19 and higher inflationary factors. There has also been pressure on income targets within those services still affected by Covid19. Combined, these factors produced a real and significant gap between the Council's predicted income and expenditure.

My thanks to Portfolio holders and officers for their work to close this budget gap.

The announcement of the Government Settlement, after the draft budget had been presented, has provided some respite with additional one-year support from the Government ahead of a proposed full reset of the funding system for 2023/24. The Government has been at pains to stress that councils should not rely on this additional funding beyond 2022/23 and so whilst welcome, the one-year nature creates a funding 'cliff-edge' in 2023/24.

As reported to Cabinet in February, the Council's Quarter 3 budgetary position in 2021/22 has deteriorated from that forecast at the end of Quarter 2. This will put pressure on the Council's depleted balances and so now, more than ever, the Council will need to proceed with financial caution.

The Budget presented here tonight exemplifies this approach, recognising key risks and making adequate provision in line with prudent estimates.

The Budget has been through multiple democratic processes and has been recognised as being sound by each of these bodies. Again, my thanks to all involved in the preparation and scrutiny of these budget proposals.

As I reported to the last meeting of Council, the Audit of the Council's financial accounts for 2020/21 was not completed by the 30th September 2021 deadline. We continue to work with Council's External Auditors (Deloitte), but it has become clear that they do not have the resource to carry out the work. We fear this will mean an extended delay in their conclusion of the Audit. Our officers have now escalated these concerns to the Public Sector Audit Appointments (PSAA), being the body who originally let the Audit contract. Together with the Chair of Audit and Governance Committee, (Cllr Hadley), I will continue to keep members updated on progress.

Qualis

The financial performance of Qualis is being regularly reported to the Council and the results from their second year of trading and the 1st Quarter of their 3rd year are both presented on the agenda here tonight. The date that Planning consent was achieved for their Epping development sites, (being just after their year-end), has had a major impact on the reported outturn, (as it was predicted it would). For this reason, it is important that the two reports are considered together. Overall, Qualis continues to make good progress and remains on target.