

Report to the Council

Committee: Council
Date: 28 July 2022
Subject: Finance Portfolio Holder
Portfolio Holder: Councillor J Philip

Recommending:

That the report of the Finance Portfolio Holder be noted.

Finance

Budgetary Position and Outturn for 2021/22

The Accounts are now closed for the Financial Year 2021/22 and the draft Accounts have been published on the Council's website ahead of their statutory Audit.

Last year represented a challenging Financial Year with multiple risks facing the Council. Not least the tail end of the Covid pandemic, still creating shortfalls in the Council's main income sources, including Council Tax, Business Rates, Commercial income, etc. For reasons previously highlighted, the Council's Balances Brought Forward from 2020/21 were lower than had been expected and the planned use of £1.35 million of these balances to ease Covid related shortfalls would have potentially caused a real financial issue. Added to this, the potential for financial claims against the Council presented additional cause for concern. As I reported throughout the year the response was to manage spending to mitigate this risk and thereby avoid the need to use Balances to the extent expected.

I am pleased to say that through the efforts of Cabinet colleagues and our officers, this approach has been successful and the final call on General Fund Balances was entirely offset with a final, small, contribution to balances £53,000. Subject to Audit, we start 2022/23 with Balances marginally above our targeted minimum level of £4 million.

This is especially good news since we have entered 2022/23 with a completely new set of financial challenges involving the rapid and unexpected resurgence of inflation, after an absence of more than two decades.

All members will be aware of the impact that this is having on themselves, and their residents and the Council is far from immune from these pressures. From wages to energy costs, to the higher price of fuel and higher demands from contractors, the Council's budgets are being squeezed from all angles. This represents a new and real challenge to the Council's finances. In addition, the squeeze on residents and businesses creates new demand for services and potentially reduces income streams. The Council will need to adjust to these, further adding to the budgetary challenges.

The risk that inflationary pressures creates on the Budget has been flagged as one of the highest financial risks facing the Council right now, and my response will be similar to that

successfully adopted last year, i.e., restraint in spending, maximising income collection and the continued efforts to drive out inefficiency from the Council's processes.

Audit

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. This is an issue repeated across the majority of councils and is associated with a lack of capacity within the Auditing firms that undertake this work. Our officers have been working closely with Public Sector Audit Appointments (PSAA), being the body who originally let the Audit contract and our Auditors (Deloitte). We have agreed a way forward and I am pleased to say that the Auditors are now on-site working through 2020/21's Accounts and with the expectation of following straight on to 2021/22's. Together with the new Chair of Audit and Governance Committee, (Cllr Bolton), I will continue to keep members updated on progress.

Qualis

The financial performance of Qualis continues to be regularly reported to the Cabinet and Stronger Council. The results from the second quarter of their 3rd year of trading were presented to Cabinet on 6th June and Stronger Council on 21st July. The report shows that Qualis made an overall loss during the year to date for reasons consistent with those previously reported. Essentially, a combination of Qualis continuing to carry costs associated with the development at Roundhills, Waltham Abbey, (which cannot be taken to the Balance Sheet until Planning consent is obtained), together with ongoing difficulties in finding suitable regeneration sites to acquire within the district. With these exceptions, performance is broadly in line with the Business Plan expectations.

Council Tax Energy Payments

The recent work since the last report to Council has seen the distribution of £150 Council Tax Energy Payments to qualifying residents. The first phase of payments was made automatically to those who paid by Direct Debit. This has resulted in £3.2m being paid to over 21,000 households. This phase was completed by the end of June and Members should not underestimate the amount of manual intervention required to complete this process as fraud and verification requirements form part of this.

The current phase involves processing the applications of those who do not pay their Council Tax by Direct Debit. The Council sent out 10,500 letters to those eligible for the £150 payment so their bank details could be provided. At the time of writing the Council has received around 3,500 completed applications received on-line or through assistance at the Community Hub. All these applications are going through the verification and anti-fraud checks. Those that successfully complete this process will be sent their payments on 15th July. All non-successful applications will have to be revisited individually and manually and will receive payments after the 15th July as their applications are validated subsequently.

However as publicised previously those who do not return an application will in any case have £150 credited to their Council Tax account which some of those identified as eligible may already have preferred to happen.

Revenues and Benefits Service at the Waltham Abbey Hub

In addition to the Community Hub based at the Civic Offices in Epping, the Revenues and Benefits service have joined our partners at the Waltham Abbey Community Hub co-ordinated by Citizens Advice and based at the Waltham Abbey Leisure Centre on the Ninefields Estate. Currently, the Hub opens every Tuesday from 10.00am to 2.30pm

There are only 4 Partners involved currently which are:-

Epping Forest DC – Revenues and Benefits
 Citizens Advice
 DWP
 Community Mental Health (this is under NHS EPUT)

Whilst this is primarily intended to support the people living in the Waltham Abbey area, there is free car parking available for customers to use if they live further away or have the need to drive.

Revenues Collection Performance at the end of Q1 2022/23

The figures below the comparative position at the end of each month for the last 4 years. The 2019 figures show a pre-Covid comparison.

Business Rates

30 April 2022	10.74%	31 May 2022	21.56%	30 June 2022	28.95%
30 April 2021	9.67%	31 May 2021	20.92%	30 June 2021	20.25%
30 April 2020	7.31%	31 May 2020	13.41%	30 June 2020	20.69%
30 April 2019	10.01%	31 May 2019	20.65%	30 June 2019	28.41%

*due to the end of Extended Retail Rate Relief, which increased the collectable debit by £8m

Council Tax

30 April 2022	10.09%	31 May 2022	18.70%	30 June 2022	26.97%
30 April 2021	10.02%	31 May 2021	18.01%	30 June 2021	26.69%
30 April 2020	9.42%	31 May 2020	17.26%	30 June 2020	25.26%
30 April 2019	10.45%	31 May 2019	18.92%	30 June 2019	27.22%

The Q1 collection figures look to be restoring to a position that resembles pre-pandemic levels. This year may yet prove to be a very challenging collection environment as the cost-of-living crisis affects both business and residents' ability to pay. Consequently, a close eye will be kept on these key income streams.

Benefit Claim Performance

The turnaround times of processing Benefits claims by the Team is better than the national average which ensures our residents receive the support they need quicker than is seen in many other areas.

Q1 22/23	New claims	EFDC 10.9 days	Nationally 19 days
	Changes of Circumstances	EFDC 6.4 days	Nationally 8 days

Caseload count comparison

	Number of live claims	
Year	2021	2022
April	6976	6603
May	6955	6576
June	6923	6524