

Report to the Council

Committee: Council
Date: 11 October 2022
Subject: Finance Portfolio Holder
Portfolio Holder: Councillor John Philip

Recommending:

That the report of the Finance Portfolio Holder be noted.

Finance

Budgetary Position and Outturn for 2021/22

It will not have escaped anyone's attention that the Country is facing some of the most worrying and financially uncertain times in more than a decade. This uncertainty is affecting the Council budgets in the same ways it is impacting on our residents.

The first Quarter's Budget Monitoring report presented to Stronger Council and Cabinet during September highlights the impacts that just some of these factors are having on our finances, with the worst still yet to come. Reductions in income and higher cost pressures are showing a predicted net overspend of more than £1 million in this financial year. It is unusual for a predicted overspend of this magnitude to occur so early in the financial year and this is symptomatic of the current economic uncertainty.

Budget Planning has already commenced for 2023/24 and the financial conditions facing the Country will make this one of the most challenging budgets to balance that the Council has ever been presented with. Inflationary pressures, higher borrowing costs and supply concerns are impacting both the budgets of the Council and those of the Council's suppliers. With cost pressures emerging from all sides the Cabinet has commenced an exercise to find options for reducing expenditure and increasing income that have the least impact on service provision, however in the face of such an unprecedented amount of financial pressures it is inevitable that some difficult choices will need to be presented to members. To ease the in-year financial pressures, where opportunities can be captured immediately that do not impact the services provided, these will be taken.

The development of the budget will be reported through Stronger Council Select Committee and Cabinet so that members are sighted on progress.

Audit

I reported to the last meeting of Council 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. At the time of writing, we still await their draft Audit conclusion for 2020/21. When this is received it

will be presented to Audit and Governance Committee. Together with the 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 third quarter of their 3rd year of trading were presented to Stronger Council on 26th September and Cabinet on 30th September. 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.

The Qualis 1 year Business Plan for the 4th year of Qualis trading was presented to Overview and Scrutiny Committee on 27th September ahead of consideration by Cabinet on 10th October. The key messages contained were that the same unprecedented financial pressures impacting on the Council will also impact on Qualis, resulting in a forced re-evaluation of the viability of all schemes and a slow down in the assumed growth forecasts. Qualis still continues to contribute strongly to the Council's own financial position with over £2 million of interest payments being made each year, but the planned increase in interest receipts is now likely to slow as interest rates continue to rise in the face of higher inflation and a weakening pound.

Revenues and Benefits

The Revenues & Benefits team continue the post-Covid related help for customers, particularly businesses across the district.

Covid-19 Additional Relief (CARF)

Central Government has provided councils with funding to assist those ratepayers whose business were affected by the pandemic but were ineligible for existing support linked to business rates.

Epping Forest have been allocated £2,147,202 for this support package, the aim of which is to reduce the business rates charged in 2021/2022.

Relief has been awarded with the following criteria in mind:

1. The Council cannot award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Support Scheme (AGOSS)
2. The Council cannot award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on COVID-19, which should be treated as occupied for the purposes of this relief)
3. The Council must direct support under this scheme towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact

Relief under CARF is only available to reduce chargeable amounts in respect of 2021-22 financial year. Full details can be found at:

[Business support grants - Epping Forest District Council \(eppingforestdc.gov.uk\)](http://eppingforestdc.gov.uk)

The council has been able to help 1,000 local businesses through this scheme.

Council Tax Energy Rebate Scheme

Over the past 6 months the Revs & Bens team have been busy administering the Government's £150 Council Tax Energy Rebate Scheme in addition to BAU. The purpose of the scheme was to provide immediate relief to rising energy costs, while targeting those most likely to need the support. As part of the main scheme, councils were asked to provide a £150 one-off payment to council taxpayers for every household that occupied a property meeting the criteria on **1 April 2022** the main ones being:

- It is valued in council tax bands **A – D**.
- It is **someone's sole or main residence** (therefore **won't** be paid for empty properties or second homes)

The council has since paid almost £4.8million to nearly 32,000 customers in respect of this, with over 95% of the payments being made 2months before the cut-off of 30 September 2022.

Discretionary Scheme

Councils were asked to determine locally how best to make use of this funding to provide payments to **other** households who are energy bill payers but not covered by the Council Tax Rebate. In the main, the council chose to provide help to households living in property valued in bands A – H that are on income related benefits – full details of the main and discretionary scheme can be found on the council website:

[Council Tax energy rebate - Epping Forest District Council \(eppingforestdc.gov.uk\)](http://eppingforestdc.gov.uk)

The council has since paid almost £310,000 to 6,000 customers in respect of this, with over 95% of the payments being made 2months before the cut-off of 30 November 2022.

Local Council Tax Support and Housing Benefit - Q1 & Q2 2021/22 - 2022/23

- New claims – 10.3 days (no National Q2 information but Q1 was 19 days)
- Changes in circumstances – 7.1 days (no National Q2 information but Q1 was 8 days)

Caseload count comparison (combined HB & LCTS)

	Number of live claims (adjusted for joint claims)	
Year	2021	2022
April	6976	6603
May	6955	6576
June	6923	6524
July	6874	6507
August	6833	6525
September	6804	6512

The figures shown are adjusted to take account of 'joint claims' (HB & LCTS) - June 2022 for example, the number of separate HB & LCTS claims was 9,629 of which, 3105 are joint HB/CTS claims and so the adjusted figure is 6524.

It should be noted the claim stats have remained relatively consistent for the past 4months, which may suggest the council has reached or is nearing the balance point at which new working age cases claiming UC is balanced by those on UC reaching retirement age and thereby falling back into Housing Benefit system. We continue to monitor this closely.

Council Tax Collection

Despite the economic challenges being faced by our customers, the Revs & Bens team continue to work closely with them and partnership stakeholders to ensure the council tax collection rate remains competitive; currently up by 0.5% on this time last year:

2022/23	April	May	June	July	August
Cash Collected	£10,872,782	£20,168,458	£29,081,201	£38,278,497	£47,138,597
Collectable Debit	107,713,175	107,831,308	107,817,533	107,903,713	107,962,860
%age	10.09	18.70	26.97	35.47	43.66

2021/22	April	May	June	July	August
Cash Collected	£10,302,496	£18,533,067	£27,484,756	£35,836,014	£44,410,948
Collectable Debit	102,835,787	102,895,837	102,966,154	102,979,381	102,983,656
%age	10.02	18.01	26.69	34.80	43.12

Economic Development

Economic Development Programme:

Officers await the outcome of Epping Forest District Council's UK Shared Prosperity Fund £1 million bid to the Department for Levelling Up, Housing and Communities. Upon approval of bid proposals, it is expected that funding will be distributed to local authorities from the UK Government early in October.

A new Rural England Prosperity Fund programme was announced on the 3rd September, with Epping Forest allocated £437,136. Projects must be capital in nature and the types of interventions that can be approved must link to two of the three investment priorities of the UK Shared Prosperity Fund: Communities and Place, Supporting local business, but not People and Skills. Programmes will be conducted between years two (2023-2024) and three (2024-2025) of the UK Shared Prosperity Fund.

Moving forward officers will be consulting with stakeholders, to construct and submit a new investment bid to the UK Government. Deadlines for applications are the 30th of November 2022. If the bid is approved, funding should be released to Epping Forest from April 2023.

Business E-Newsletter:

The Economic Development Team have released the September edition of the 'Business Matters' e-newsletter with topics focusing on, Epping Forest District Council's UK Shared Prosperity Fund bid, the Rural England Prosperity Fund, LoyalFree's business benefits webinar, business support courses from Essex Police's cyber threat team, the Epping Forest Chamber of Commerce Business Fair and the relaunch of the DaRT87 alongside the new Flexiroute Passenger app. The monthly e-newsletter is distributed to over 2,000 businesses within the district.

General Economic Briefing:

The latest statistics on unemployment from July 2022 show that 2,025 people in the district are currently out of work. This continues a month-on-month downward trend in unemployment since February 2021.

Visitor Economy:

The volume and value report for tourism in the district during 2021 has been released and shows that our visitor economy continued to grow back achieving a total value of £175,977,960, just 27% short of that enjoyed pre-pandemic. Our tourism economy supported 3,360 jobs which accounted for 7.4% of the employment in the district. Day trips continue to dominate both value and volume and seasonality figures show a move towards a peak in the summer reflecting the increasing interest being shown from outside our area looking for new summer holiday destinations. Holiday and visiting friends/family continue to be by far the most popular reason for visitors coming to our district with business travel now just representing 12%.

The Tourism and Visitor Board has resumed and will be meeting to report on the 2022 season and outlook for next year. However, indications are that the recovery from the pandemic is complete with all attractions and hospitality outlets offers now at 2019 levels. However staffing has been raised as a concern as some destinations reliant on volunteers are struggling to meet pre-pandemic levels and commercial areas, especially within hospitality, are finding difficulty with recruitment. This is a national issue. Figures from Visit Essex, supported by their “sentiment tracker” show that having recovered from the pandemic, concerns over the cost-of-living crisis have replaced concerns over Covid. National findings show those who normally holiday abroad are looking at UK destinations whilst those who holiday in the UK are looking for locations closer to home. Day trips are replacing longer holidays and people are looking to spend less are keen to find free activities. This is actually beneficial to our district’s visitor offer with day trips dominating and lots of free and lower-priced destinations available. In spite of the forecast drop in visitor spending nationally, our situation in the southeast and adjacent to London will cushion us from this to a certain extent.

During the summer a major event, RideLondon, took place through our district. Although an annual event born out of the London Olympics, the 2022 RideLondon marked a new era being the first after cancellations during the pandemic and featuring a new route taking riders out into the Essex countryside. As such it was a learning curve for the organisers and hosts alike. Work has already begun on the 2023 RideLondon event with assessments of what went well, and not so well. This will ensure that year two builds on the success of year one and the enthusiasm shown, by capitalising on the knowledge gained by the experience of year one.

Essex + Herts Digital Innovation Zone (DIZ):

The DIZ hosted, in conjunction with Connected Places Catapult, its latest engagement event in September. The ‘Round Table and Connections Café’ event brought together a number of key stakeholders from both around and beyond the DIZ to examine the potential for increased collaboration on innovation. With representatives from national thought leaders, tech innovators, academia, leading local authority members and major local employers, the Round Table examined the barriers and challenges that impact on collaboration between organisations, both large and small, but also explored in detail the opportunities for greater levels of collaboration to deliver the innovations of tomorrow. With over 100 attendees registered for the second ‘Connections Café’ half of the event, this examined the potential for greater collaboration through a keynote speech from Connected Places Catapult and panel sessions on how innovation hubs can catalyse change and the power of digital tech to underpin actions on climate change and sustainability. With a networking lunch at the

beginning of the Connections Café also providing the local organisations, SMEs, innovators and investors with an opportunity to meet, talk and forge new connections, the event will be built upon as a first step in the development of an 'innovation eco-system for the DIZ area.

The DIZ has been working closely with UK5G to develop a suite of communications assets that will enable the DIZ to position itself as an ideal location for 5G innovation. With messaging developed for key industry groups, FAQs created for the wider public, an explainer animation video for the DIZ, key social media assets and plans for enhancements to the DIZ website, this will all support the DIZ in promoting the benefits of 5G technology and putting itself forward to key industry innovators, government funders and investors as a potential beacon area and testbed for 5G innovations.

Asset Management

Epping Forest Shopping Park

I am pleased to report that the roof remedials are now complete along with the first round of snagging.

Brooker Road Industrial Estate Waltham Abbey

The price for 181 has agreed and is progressing with the solicitors to conclude the sale. Letting agents have been appointed and viewings are being undertaken.

Cartersfield Road, Waltham Abbey redevelopment

Unit 10 is in the hands of the solicitors to surrender the lease. The tenant at Unit 51 has signed the new tenancy agreement that concludes on Sept 30th. The Commercial Assets team have reported that the demolition tender was out and once that is sorted it will give a good mind to the phasing with a view to start building in the new year.

Unit 4 Orbital Business Park, Waltham Abbey

The lease for the unit had been taken back from the Administrators. The Waste Management Team were now assisting in the clearance of the unit as there were lots of materials left behind by the former tenant. There will also be some repairs required. The Commercial Assets team have reported that the unit does consist of a relatively high office content, which is not what is generally sought in the market right now. However, there have been 2 viewings already and so it is felt that the unit will be a good opportunity for the right tenant once cleared and refurbishment is completed.

North Weald Airfield

Aviation continues to be very busy as the flying schools continue to flourish.

This has led to an increase in noise complaints that are being dealt with on a case by case basis although the fact that more people are working from home has appeared to make people more aware of the aviation activity.

There has also been a surge in individuals looking for space to erect hangars which will bring in additional income over time.

The market continues to be popular with traders and the public alike. From last month an additional 80 traders began to work at NW which means it is now once again one of the biggest outdoor markets in the country according to the operator.

The HMRC Inland Border Facility closed on Sept 11th and the decommissioning of the site is on-going. With the 6 months lease break clause in place EFDC will continue to receive rent until the end of this current financial year.

The Airfield will be hosting the Ongar and Hoddesdon Round Tables fireworks event on Saturday 5th November, subject to contract.

The Airfield events programme for 2023 is starting to take shape with all of last years event organisers keen to return.

I am pleased to report that the final version of the Master Plan is being reviewed and all going well should be presented to Cabinet as soon as the Local Plan is adopted.