

Report to the Council

Committee: Cabinet
Date: 13th December 2022
Subject: Finance, Qualis and Economic Development Portfolio Holder
Portfolio Holder: Councillor J Philip

Recommending:

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

Finance

Budgetary Position and Budget Development for 2023/24

Yesterday Cabinet met to consider and agree their draft Budget Proposals for 2023/24. As I have previously stated, this has been, and continues to be, probably the most difficult budget that anyone with my Portfolio responsibility has ever had to put together.

The situation in the current financial year remains difficult and the position for next year is dynamic. There is still far less certainty than we need to put the budget together and to present a clear position. The budget is therefore built on what we know right now together with professional judgements made around the areas that we do not, e.g., the amount of Government Grant that the Council is likely to receive. As more information comes forward, it is possible that the final budget proposals might yet be quite different from those presented to Cabinet.

The Country continues to wrestle with the impact of economic uncertainty caused by international events and whilst the Government announced a fiscal strategy that will put the Country financially back on track, there is still considerable financial difficulty ahead for Epping Forest District Council and the residents it serves.

Despite these challenges the Cabinet has put forward a balanced budget, that protects the core services that residents value. There has had to be some difficult choices, but we all knew that this would have to be the case, and the Council has had to tighten its belt accordingly.

Yet, a massive amount has been taken out of the budget with very little loss of service. The reason for this being, that we have focused on income generation and efficiency measures to the greatest extent possible and this has greatly reduced the pressure on front line services.

The largest single element of the Council's budget is staff costs, and every vacancy and agency appointment has been carefully reviewed. A large number of vacant posts are able to be removed as a result, but unfortunately these alone are not sufficient to balance the budget and so some filled posts will also need to be saved as part of the budget

proposals. The Council has robust policies and procedures in place for this eventuality and through maximising redeployment and limited voluntary redundancy we anticipate that all but a small handful of posts can be saved without the need for compulsory redundancy. That we find ourselves in the position where this is necessary is very regrettable, but the enormity of the financial challenge facing the Council means that it cannot be avoided.

Members need to be realistic about the extent of the challenges facing the economy and the scale of the savings that this Council has had to make to balance the budget. It is simply not possible for the Council to continue unimpacted by these reductions. However, we firmly believe that by targeting the savings away from the most important services, the impacts experienced by councillors and residents will be minimised as far as possible.

The next stage of the process will be for Stronger Council to consider the proposals in January, and I encourage all members to take a keen interest in the proposals.

Audit

The long, drawn-out, Audit of the Accounts for 2020/21 is heading to a close with no significant concerns having been raised by our Auditors as yet. A national technical issue is now delaying final sign-off so the Auditors have commenced work on the Audit for 2021/22 whilst they wait for the issue to be resolved. As all of the Finance Team's resources are now focused on pulling together the Budget for 2023/24, there is little prospect of the 2020/21 now being signed off before January. It is, however, hoped that the sign-off of 2020/21 will be swiftly followed by sign-off of 2021/22 and that we will be back on track for the closure and sign-off of 2022/23.

Together with the Chair of Audit and Governance Committee, (Cllr Bolton), I will continue to keep members updated on close of Accounts progress.

I can also report that the Public Sector Auditor Appointments (PSAA) body has now completed the procurement of Audit contracts commencing from 2023/24 and Ernst and Young has been successful in winning the contract for Epping Forest District.

Qualis

The financial performance of Qualis continues to be regularly reported to the Cabinet and Stronger Council. The provisional results from the fourth quarter (year-end) of their 3rd year of trading have been received, but we await the imminent conclusion of their Audit process before reporting these to Council. The Audited accounts will be presented to Stronger Council in January and then to Cabinet.

The same financial conditions that are so heavily impacting on the Council are also having enormous implications for Qualis. These were drawn out in the single year Qualis Business Plan that was recently presented to both Overview and Scrutiny and to Cabinet.

Despite the extremely difficult conditions it is expected that Qualis will have managed to significantly reduce its trading losses in its third year of trading, ended on the 30th September 2022. However, they still likely to be short of target.