

Report to the Council

Committee: Cabinet
Date: 25 July 2023
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

Budget for 2023/24 and 2024/25

With the first quarter of the 2023/24 Financial Year having recently come to an end, we will imminently start the process of developing the budget for 2024/25. As ever, there are many large uncertainties which will again make the process difficult to reconcile as inevitably the Council will need to consider some difficult choices. We have developed an improved and more engaged and transparent approach over the past few years and we aim to continue to improve our approach.

Audit

The draft Accounts were published to the Council's website on 2 June 2023, a fraction beyond the end of May deadline, but still considerably earlier than achieved in previous years and therefore represents a continuation of the ongoing improvement in the Council's financial control arrangements and reporting. Unfortunately, the ongoing, long, drawn-out Audit of Accounts process for 2020/21 continues and contributes to the difficulty in publishing financial information. It is rumoured that the Government is working on a solution to the problems with delayed external audit conclusions being experienced across the Country. I hope this will finally move us forward and will report back when, and if, the Government presents its solution.

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

Concerns Raised on the Value For Money Delivered by the Qualis Repairs Service

A concern was raised with the Chief Executive by a member of staff that the transferred Housing Repairs function was not delivering Value for Money to the tenants. This concern has been taken seriously and a full and lengthy investigation has been carried out by the Council's Section 151 officer to ascertain their validity.

A report was presented to the Community Scrutiny Committee on 27 June 2023 with the conclusion of this investigation and I summarise the main findings here. The Housing Repairs Service was transferred to a Council owned arms-length trading company, (Qualis), in 2020. This represented a major shift in the management and delivery of the

service, and in the relationship between former colleagues. In this divided relationship a belief developed that Qualis was profiteering from its monopolistic relationship with the Council.

In reality, the fundamental change in the way which the Council was charged for this service, and a rapid rise in inflation, made any direct comparison impossible. But for those that attempted to do so, a misunderstanding of the relative comparability allowed for a case to be constructed that supported the persisting belief that Qualis was overcharging the Council.

A detailed and time-consuming attempt to analyse the data from before and after the move to Qualis only highlighted that direct comparison is not possible in any reliable or conclusive way because of the fundamental shift in the way the service is billed.

Recognising the on-going need for reassurance, and being unable to reliably test the market, the Council embarked upon an independent benchmarking exercise carried out by one of the market leaders for this service.

The results from this review highlight areas of considerable success and of challenge and these are of use to the Council and Qualis in identifying and addressing persisting issues and in shaping and improving future service delivery.

In respect of the cost of the service, the review's position is mixed. Some areas of work charged by Qualis are slightly above average whilst some are below. Taken together, the cost of the Qualis Repairs services provided by Qualis is demonstrably close to the median being paid by other comparator councils for equivalent services.

Based upon the results of this review, it is the **Overall Conclusion** of the S151 officer that the concerns of Qualis profiteering from the Council, are unfounded.

However, there remain deeper cultural issues that have contributed to this belief and work to understand and address these will be overseen by this Community Scrutiny Committee.

The Benchmarking exercise has proved valuable in providing perspective, opportunity and challenge and the Committee further agreed to undertake further reviews annually until the Council is satisfied that the arrangements no longer warrant it.

Qualis

The financial performance of Qualis continues to be regularly reported to the Cabinet and Overview and Scrutiny Committee. The second quarter's results from their fourth year of trading were reported to Cabinet in May using a new Board report format, presented by Qualis, which is designed to show a clearer consolidated position.

Unfortunately, the same financial conditions that are so heavily impacting on the Council are also still enormously impacting Qualis. These were drawn out in the single year Qualis Business Plan that was presented to Overview and Scrutiny and to Cabinet last year. Qualis continues to report a loss in the 2nd Quarter's trading due to a number of factors in their development and commercial activities businesses.

I continue to meet with Qualis regularly to consider their actions to address this and their trading performance in the current economic circumstances and I will update all members on progress.

Finance Portfolio – Revenues and Benefits

The performance figures for Q1 for 2023/24 were as follows;

Council Tax collection	27.2% (2023/24)	+0.2% change 2022/23
Business Rates collection	28.5% (2023/24)	-0.4% change 2022/23
Benefits New Claims	14.8days (2023/24)	+2.5days change on 2022/23
National Average	20.0days (2023/24)	+1.0days change on 2022/23
Benefits Change in Circumstances	7.3days (2023/24)	+0.2days change on 2022/23
National Average	8.0days (2023/24)	No change on 2022/23

Business Rates collection is down by 0.4%; however, it should be noted, there were more grants and reliefs available to businesses for 2022/23.

Benefits claim turnaround has increased, which is partly due to the reduction in staff (1.5fte) from last year but also because more customers are now claiming UC, which leaves the council to assess the more complex ones, i.e., Working Age Self Employed claims.

The Revenues and Benefits Team has just commenced a Discovery Phase of work looking at Shared Service opportunities with Colchester City Council and Braintree District Council. This initial phase is focussed on the gathering of data relating to how the team operates and highlighting any strengths, pain points and risks to the service whilst also highlighting any potential immediate opportunities. This Discovery Phase is expected to run for a period of 3 months.

A major project for the Team this year is to revisit the Council's Local Council Tax Support Scheme, which is currently very complicated, difficult to understand for claimants and is expensive to administer. The aim is to provide a simplified Banded Scheme which will make it clearer for Claimants to understand their entitlement and more efficient to administer. Current work is focussed on modelling different options to ensure fairness in the Scheme in line with its affordability. The Team is again working with Colchester CC and Braintree DC as they prepare similar schemes for 2024/25. A period of extensive consultation will follow over the summer and the proposed Scheme will be brought before Members for approval in the autumn.

Economic Development Programme:

Utilising 2022-2023 UK Shared Prosperity Fund (UKSPF) allocations, the Economic Development team is working in partnership with a place promotion app called 'Discover', to help promote local businesses, events and tourism and visitor assets across the district. This app is expected to be launched by the end of July. In addition, Huq, a digital footfall monitoring toolkit has been procured to monitor the economic vitality of the district's six main high streets as well as a small pilot group of rural areas. This toolkit has also been deployed by other councils in west Essex and eastern Hertfordshire.

At the end of June the council received confirmation from the UK Government that its reporting on delivery and expenditure from year one of UKSPF had been fully approved and funds unlocked for year two (2023/24), including the Rural England Prosperity Fund allocation. The Rural funds have now been received but at the time of writing the UKSPF monies had not. This late confirmation has caused challenges in delivery of projects

linked to the year 2 UK Shared Prosperity Fund programme. Nonetheless, progress is underway for the delivery of projects in this financial year. This includes work to develop a community capital grants scheme utilising the REPF allocations. For the UK Shared Prosperity Fund, work is underway with the Federation of Small Businesses (FSB) to provide business support opportunities to local businesses through a subsidised membership scheme and networking events. Officers are also supporting the generation of feasibility studies; for example, the LCWIP study for Waltham Abbey, which should help the area to attract investment to improve cycle route infrastructure. Work is also getting underway to help deliver a playground in Oakwood Hill which is being supported through the UKSPF.

The Economic Development team is also developing a new inward investment website called 'Invest Epping Forest', which will be launched shortly. This website will help to promote the area to prospective businesses looking for available commercial properties, whilst providing them and existing local businesses with general information about the district and opportunities for business support. Invest Epping Forest will also link into subregional inward investment initiatives from the UK Innovation Corridor, Innovation Core and neighbouring councils. The website can be found at this link:

<https://www.investeppingforest.co.uk>

Monthly Business E-Newsletter:

The Economic Development Team has released the June edition of the 'Business Matters' e-newsletter to over 2,000 local businesses with topics focusing on EFDC's UK Shared Prosperity Fund, an update on the progress of EV charging in the district, the Essex Business Accelerator programme and HMRC's new valuation service. If you would like to receive a copy of the monthly e-newsletter, please contact Matteo Pesci at mpesci@eppingforestdc.gov.uk

General Economic Briefing:

Epping Forest's unemployment rate per total working population is 2,135. This rate has fallen for the last two consecutive months.

Visitor Economy:

At the Epping Forest District Tourism and Visitor Board June meeting, members reported that the local visitor economy was thriving with a calendar of events back to its pre-pandemic scale well supported by locals and visitors alike. Responding to the cost-of-living crisis, many venues and attractions have created added value and free activities and entertainment to counter increased prices caused by operational cost rises that have had to be passed on to customers. Epping Forest has new data which shows higher visitor numbers and increased dwell time, the White Water Centre is offering free live entertainment in its Terrace Bar and events such as RideLondon are bringing a marked increase in cyclists into the district. Elsewhere, hospitality venues and attractions are benefiting from the recent good weather and business is buoyant compared with earlier in the year when the weather was poor. Visit Essex reports that the 'staycation' effect continues to bring visitors from the north of the country and marketing campaigns are targeting the Midlands, Yorkshire and Liverpool and this trend is also noticeable in the out-of-area visitors to the district's tourism website.

Areas of concern and opportunity identified by the Tourism and Visitor Board included the problems recruiting and retaining volunteers (key to the running of bigger attractions), interest in developing and promoting green tourism and catering for visitors

with disabilities. It was agreed that these would become focus items with specialist speakers for future Board meetings and that the audience would be opened up to allow a wider range of visitor-based businesses to be invited and benefit.

Statistics for the district's updated tourism and visitor website show that for the first 90 days of the 2023 tourism season, 50,000 visitors viewed 100,000 pages. Currently, around 5,000 visits take place each week with people searching for event information, places to walk and cycle, food and drink outlets and camping/self-catering. Where the site is the sole source of local information, for example for community-based events, the visitor numbers can show related peaks. The sites' 'What's On' page currently carries over 40 individual events in the district up to the beginning of August, with more for the school holidays expected to be supplied over the coming weeks.

Essex + Herts Digital Innovation Zone (DIZ):

The DIZ published its latest Annual Progress Report in June. The report captures the highlights of the DIZ work programme over the last twelve months as well as taking a light-touch look ahead at where the partnership will be focusing some of its efforts over the coming year. A copy of the report can be downloaded from the DIZ website at <https://diz.org.uk/wp-content/uploads/2023/06/DIZ-Annual-Progress-Report-22-23-Published-Web.pdf>

The DIZ also completed and distributed its report on the broadband and mobile connectivity of each of the five districts of the DIZ, based around an in-depth review of the data published by Ofcom as part of its Connected Nations Report. The analysis examined the general patterns of connectivity availability across each district and took a deep dive into the levels of gigabit-capable connectivity in rural and urban areas as well as across commercial and residential premises. The report also explored the patterns of data usage by residents. Further details of the report are available to members via the Economic Development team.

The DIZ held an 'In Person' Advisory Board session for stakeholders in April which explored the pressing digital issues as seen by key local representatives from higher education, the private sector and the community and voluntary sector as well as our district and county council partners. The session also sought feedback and reflections on partners views of current and future digital opportunities and challenges and how we might work better together to achieve our collective digital aspirations. This feedback has been collated and will inform future strategic discussions of the DIZ Executive Board in shaping its work programme.

The guest speaker sessions at the monthly DIZ Advisory Boards this year have so far included presentations on 'Applications of Artificial Intelligence', 'Digital Outcomes Through Collaboration', 'Innovative Street Furniture for a Smart Place Eco-system' and 'Building a Smarter Region with a Strong Innovation Ecosystem'.