

REPORT TO: CABINET

DATE: 13 JULY 2023

TITLE: YEAR END 2022/23 JOINT FINANCE AND PERFORMANCE REPORT

PORTFOLIO HOLDER: COUNCILLOR DAN SWORDS, LEADER OF THE COUNCIL

LEAD OFFICER: ANDREW BRAMIDGE, CHIEF EXECUTIVE (01279) 446000

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CORPORATE PRIORITY: IMPROVE COUNCIL SERVICES

This is not a Key Decision

It is on the Forward Plan as Decision Number I015967

The decision is not subject to Call-in Procedures for the following reason:

The recommendations are within the scope of Corporate Strategy and the original budget approved by Full Council in February 2022

This decision will affect no ward specifically.

RECOMMENDED that Cabinet:

- A** Acknowledges the outturn position set out within the report in respect of the General Fund for the year ending 31 March 2023.
- B** Recognises the End of Year operational performance and risk management that has been achieved in 2022/23 across all council services.
- C** Approves the movements through reserves as set out in the Appendix A to the report.
- D** Approves the transfer of £0.6 million from the Budget Resilience Reserve to support the 2022/23 outturn position.
- E** Approves the carry forward of resources from 2022/23 to 2023/24 as set out in the report totalling £189,965.

REASON FOR DECISION

- A** To ensure that Cabinet reviews performance against the Council's approved budgets for the General Fund for 2022/23.
- B** To seek approval for the recommendations set out in the report in relation to transfer to/ from reserves and the carrying forward of resources to ensure that the services those resources were intended to deliver are available for that purpose in 2023/24.

BACKGROUND

1. Budget management, as previously reported during the 2022/23 financial year, has again been very challenging, largely driven by the uncertainty created in some service budgets due to ongoing national economic challenges including high inflation and the ongoing impact of the pandemic. The uncertainty regarding impacts on income budgets has been the key area of concern and one which has been a prominent feature in the budget setting process for 2023/24. However, careful management of service budgets has once again ensured the in-year pressures that have arisen have been effectively managed within the overall service budgets wherever possible.
2. The major variations across budgets are set out in Appendix A to the report. The key variations will continue to inform financial management during 2023/24, the refresh of the Medium-Term Financial Strategy (MTFS), and the budget process for 2024/25.
3. The following budget information and report recommendations support the council's corporate priority to improve council services. Effective use of financial resources supports maintaining delivery of statutory services and investment in the council's assets.

ISSUES/ PROPOSALS

4. A review of the final financial information for the 2022/23 financial year indicates that, in total, the General Fund Budget outturn position is an adverse variation against the approved budget of £411,000 or 0.69 percent when compared to the approved gross General Fund Budget. This was projected to be £666,000 (1.12%) at Q2 and £480,000 (0.8%) at Q3. As can be seen the final outturn has shown a continual improvement over the course of the financial year. Section Three of Appendix A to this report summarises the major budget variations and highlights key areas where both adverse and favourable variances have been experienced across services and corporately.
5. Careful management of budgets continued throughout the year across all services in order to guard against expenditure pressures and to offset income reductions wherever possible.

6. The council established a Budget Resilience Reserve in response to and anticipation of ongoing Covid budgetary issues. The outturn reflected in this report will create a demand on the remaining balance of the reserve utilising £600,000 of the reserve.
7. The following table summarises the Year-End financial position:

Table 1 – Summary of Year End Financial Position

	£'000
Total Service Variations	0.040
Windfall and non-controllable variations and reserve	0.371
Total General Fund outturn 2022/23	0.411

8. The expected position on the General Fund balance as a result of the information presented in this report will be:

	£ millions
General Fund closing balance 31 March 2022	3.834
Total Variations 2022/23	-0.411
Service Carry Forward Requests 2022/23	-0.190
General Fund Closing Balance – 31 March 2023	3.233

9. After adjusting for the proposals previously approved by the council and the proposals set out in this report, the General Fund balance is expected to move from an opening position of £3.834 million to £3.233 million at the year-end.
10. As part of the 2023/24 budget setting process and as approved in the MTFs, the minimum level for the General Fund Reserve balance over the life of the current MTFs is £2.5 million. Operating above the minimum recommended level will give scope to manage this demand if necessary.
11. This level was set to ensure that the council has adequate reserves given the financial uncertainty resulting from the anticipated Local Government Resource Review proposals; the impact of the significant on-going economic conditions in the medium-term; and more recently, the local impact of Covid-19. Subject to Cabinet decision, the forecast level for 2023/24 will be £733,000 above the minimum recommended balance.
12. The carry forward of resources from 2022/23 budgets of £189,965 have been reviewed by the Senior Management Board (SMB) prior to their approval and are detailed in Revenue and Capital section to Appendix A to this report. No funding is currently provided within the 2023/24 budget for the items identified and if the carry forwards were not approved it is unlikely that the work/ projects would be carried out/ completed.

SUMMARY OF END OF YEAR OPERATIONAL PERFORMANCE 2022/23

13. At the end of 2022/23, the council performance reporting is against the ambitions set out in the Corporate Strategy, with the performance of each Portfolio matched against the Strategy. As set out in Appendix A to this report, the council performed on or above target for 38 of its 54 quarterly and annual key performance indicators.
14. The council also successfully completed 41 out its 71 Portfolio milestones; 1 milestone was not achieved, and 29 milestones will be continuing in the new financial year, 2023/24.

SIGNIFICANT RISKS/OPPORTUNITIES

15. The council continues to operate in a period of major change driven by the worldwide economic conditions, legislative changes being introduced by the Government, and the impact of cost of living crisis. Key changes that will continue to impact on the council include:
 - a) Variations in income from fees, charges and other specific grants;
 - b) Some difficulty in recruitment potentially puts at risk the ability to deliver due to resource issues;
 - c) The uncertainty regarding the Government's intentions regarding public sector funding beyond 2023/2024; and
 - d) The long-term impact of the Covid-19 crisis which continues to affect the council, particularly in respect of reduced income.
16. Significant opportunities continue to arise and develop to benefit the town and its residents. The council must ensure it continues to work with all stakeholders to realise those benefits against those opportunities that fit with its strategic themes of Economic Growth, An Efficient Council, Safeguarding the Environment and Social Cohesion. Examples where opportunities have arisen include:
 - a) Harlow and Gilston Garden Town;
 - b) Enterprise Zone (EZ) and Harlow Innovation Park delivery and skills plan to support development of a skilled workforce;
 - c) The newly adopted Commercial framework provides parameters for identifying opportunities for income generation and different ways of working; and
 - d) Road and transport infrastructure improvements.
17. The Senior Management Board has reviewed and reassessed the council's strategic risk register to ensure alignment with the Corporate Strategy and vision. The Senior Management Board continue to assess impact and

necessary controls required to keep risks at acceptable levels whilst striving to realise available opportunities.

IMPLICATIONS

Communities and Environment

As set out within the report.

Author: Andrew Bramidge, Chief Executive

Finance

As set out in the report.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Governance and Corporate Services

As set out in the report.

Author: Simon Hill, Director of Governance and Corporate Services

Housing

As set out in the report.

Author: Neil Euesden, Interim Director of Housing

Strategic Growth and Regeneration

As set out in the report.

Author: Andrew Bramidge, Chief Executive

Appendices

Appendix A – Joint Finance and Performance Report, Year End 2022/23

Background Papers

None.

Glossary of abbreviations/terms used

EZ – Enterprise Zone

JFPR – Joint Finance and Performance Report

MTFS – Medium Term Financial Strategy

PHE – Public Health England

SMB – Senior Management Board

UKHSA – UK Health Security Agency