

Agenda item 8b

Report title: Everyone's Essex Annual Plan and Budget 2024/25 – Part 2: Budget and Plan	
Report to: Council	
Report author: Councillor Christopher Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance and Councillor Louise McKinlay, Deputy Leader and Cabinet Member for Levelling Up, Communities and Business Engagement	
Date: 13 February 2024	For: Decision
Enquiries to: Nicole Wood, Executive Director for Corporate Services (Nicole.Wood@essex.gov.uk), with respect to the budget or Richard Puleston, Director, Policy (Richard.Puleston@essex.gov.uk) with respect to the annual plan.	
County Divisions affected: All Essex	

1 Everyone's Essex

- 1.1 Everyone's Essex sets out the Council's strategic aims and commitments for the period of the current administration along with key principles for how we operate as an organisation including commitment to ensuring excellent service delivery. In line with Everyone's Essex, this budget seeks to align our financial resources to ensure delivery against our commitments over the next two years whilst also maintaining well-funded and sustainable core and statutory services that can continue to deliver improved outcomes to our local residents.

2 Purpose of the Report

- 2.1 The report presents information to enable Council to consider and approve the Everyone's Essex Annual Plan and Budget 2024/25 including the revenue budget, capital programme, financial strategy, capital strategy, treasury management strategy and set the County Council's precept. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2024/25 budget and adequacy of reserves, included elsewhere on this agenda, should be considered.
- 2.2 The Annual Plan publishes the Council's plans for 2024/25, highlighting actions upon which the Council will focus. It also includes a section on performance detailing how the Council will measure performance against the organisational aims and the outcomes the Council expects to see following the implementation of those actions.
- 2.3 The statutory process for setting the budget is that a budget is recommended to the Council made by or on behalf of the Leader. On 16 January 2024 the

Cabinet made recommendations to the Council, but the Cabinet Member with responsibility for Finance was authorised to amend those recommendations in the light of any revised information, for example relating to council tax bases or actual council tax receipts collected by billing authorities.

- 2.4 The recommendations from the Cabinet, as amended by the Cabinet Member with responsibility for Finance, are set out in section 3. The changes to the recommended budget since the Cabinet meeting are explained in section 4. Importantly the proposed overall precept level and therefore the proposed level of council tax, are the same as originally recommended by the Cabinet. The recommended changes to the Annual Plan and Budget simply add in performance information in annex 2 of Appendix A to this report.
- 2.5 In addition, the statutory deadlines for the final information from the billing authorities was 31 January 2024. This report incorporates information that was available at the time the report needed to be finalised. At this time, the information from all districts other than Brentwood and Colchester councils was available.
- 2.6 Detail of the final settlement was received on the afternoon of Monday 5 February when the Council agenda was required to be published, but there has not been enough time to incorporate the changes in this report. The impact of the announcement is being assessed and will be reflected in an addendum to be circulated before the meeting. This will also include the impact of the outstanding district returns.

3 Decision Areas and Recommendations

Everyone's Essex Annual Plan and Revenue Budget

- 3.1 That the Everyone's Essex Annual Plan and budget be approved in the form appended to this report (Appendix A).
- 3.2 That the net cost of services to be set at **£1,148.0million (m)** for 2024/25 – Appendix A (page 30).
- 3.3 That the net revenue budget requirement to be set at **£1,073.4m** (net cost of services less general government grants) for 2024/25 – Appendix A (page 34).
- 3.4 That the total council tax funding requirement be set at **£848.3m** for 2024/25 – Appendix A (page 34).
- 3.5 That Essex County Council's element of the council tax be increased by 4.99% comprising of a 2.99% increase in general council tax and 2.0% adult social care precept. This would result in the Essex County Council element of the council tax being **£1,522.53** for a Band D property in 2024/25. A full list of bands is as follows:

Council Tax Band	2023/24	2024/25
	£	£
Band A	966.78	1,015.02
Band B	1,127.91	1,184.19
Band C	1,289.04	1,353.36
Band D	1,450.17	1,522.53
Band E	1,772.43	1,860.87
Band F	2,094.69	2,199.21
Band G	2,416.95	2,537.55
Band H	2,900.34	3,045.06

- 3.6 Full Council approve the Essex County Council element of the council tax for each category of dwelling and the precepts on each of the council tax billing authorities for 2024/25, together with the final tax base, as set out in the table below:

Billing Authority	2024/25	2024/25
	Final Tax Base	Gross precept
	Band D Equivalent	£
Basildon	61,444	93,550,942
Braintree	56,914	86,653,272
Brentwood	34,141	51,980,848
Castle Point	31,417	47,833,325
Chelmsford	71,536	108,916,086
Colchester	66,132	100,687,953
Epping Forest	55,617	84,679,464
Harlow	28,753	43,777,305
Maldon	26,400	40,195,066
Rochford	33,010	50,258,715
Tendring	51,866	78,967,540
Uttlesford	39,921	60,782,092
Total for ECC	557,153	848,282,613

- 3.7 That the proposed total schools budget be set at **£720.6m** for 2024/25 which will be funded by the Dedicated Schools Grant, Pupil Premium Grant, Universal Free School Meals Grant, Teachers Pay and Pension Grants, PE and Sports Premium Grant, Sixth Form Grant, COVID-19 Recovery Premium Grant, Pupil Premium Plus Post 16 Grant, YPLA Funding Grant, NPQ Targeted Support Grant and Senior Mental Health Lead Training Grant. The majority of this will be passed through to maintained schools.

- 3.8 That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2024 (Appendix A, Annex 1, page 62).
- 3.9 That the capital payments guideline be set at **£320.1m** for 2024/25 (Appendix A, page 33)
- 3.10 That for the purposes of section 52ZB of the Local Government Finance Act 1992 the Council formally determines that the increase in council tax is not such as to trigger a referendum.

Strategic Performance Measures

- 3.11 That the strategic performance measures as set out in Annex 2 (Appendix A) be approved, noting that Annex 2 was not in the information submitted to Cabinet.

Capital Strategy:

- 3.12 That the 2024/25 to 2027/28 Prudential Indicators and limits, together with updated limits for 2023/24 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A, pages 110-114), be approved. This includes an authorised limit for external debt of **£1,373m** for the 2024/25 financial year, which defines the maximum amount of external borrowing by the Council, and represents the statutory limit determined under section 3(1) of the Local Government Act 2003.
- 3.13 That the Treasury Management Strategy for 2024/25 be approved, comprising:
 - a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 92).
 - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 102).
 - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 105).
- 3.14 That the policy for making a prudent level of revenue provision for the repayment of debt, (the Minimum Revenue Provision policy) as set out in Annex 3C of the Capital Strategy (Appendix A, Annex 3, page 115), be approved.
- 3.15 That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 121) and Treasury Management Practices (Appendix A, Annex 3, page 122), which set out the policies, objectives, and approach to treasury management, are adopted.

Pay Policy Statement

- 3.16 That the Council adopts the Pay Policy Statement for 2024/25 as set out in Appendix C.

4 Changes since the Cabinet Meeting

- 4.1 The changes to the recommendations since the Cabinet meeting have been made to reflect updated information from the billing authorities. They are required to provide a final estimate of the council tax base, the deficit/surplus from the prior year, the performance of the local discount scheme and the National Non-Domestic Rates (NNDR) income on 31 January 2024. The recommendations in this report reflect the information received at the time the report needed to be produced. There may be further changes to this information. The recommendations made by Cabinet were based upon estimates of these figures, before receipt of the final submissions from the billing authorities. In addition, there have been changes in the amount of income anticipated to be received from central government.
- 4.2 Since the report that was approved at Cabinet, on 24 January 2024 the government announced additional social care funding amounting to £500m. It is estimated (based on prior apportionments) that the Council's share will be £12.3m, however the actual allocation will not be known until the impact of the final settlement is assessed. Any change resulting from confirmation of the actual final allocation will be set out in an addendum report which will be circulated to members and published on the website as soon as it is available.
- 4.3 As a result of the new information received by the Council, there have been the following changes:
- The anticipated income from non-domestic rates (NNDR) has **reduced by £35,000**
 - NNDR collection fund surplus has **increased by £5,000**
 - **Increase** in Benefit of Business Rate Pooling of **£686,000**
 - **Reduction** in Section 31 grants of **£519,000**
 - Increase in specific grants within the Children's Services and Early Years portfolio of **£12.3m**
 - It is proposed to create an 'Early intervention and Prevention holding account' and the **£12.3m** additional social care grant appropriated to it. Given the late notification of this additional funding, this will be held temporarily pending decisions on use of the funding in line with the terms and conditions of the grant. This decision is likely to be taken by the Cabinet.
- 4.4 Brentwood and Colchester Councils have not submitted a final NNDR1 return. For these two billing authorities, the budget is based on the latest NNDR budget return submitted in December 2023. It is not clear as to the materiality of the impact of these outstanding returns. Should the returns not be received in time

to be dealt with at the meeting, the budgetary impact will be reported and dealt with in the First Quarter Report to Cabinet in July.

- 4.5 The net impact of the changes in 4.3 is an increase in the Council's funding of **£137,000** over that used by the Cabinet to calculate the budget recommendations. This will be appropriated to the Everyone's Essex Reserve. There is no change to the proposed increase in council tax to that recommended by the Cabinet at its meeting in January 2024.
- 4.6 The table below shows the recommendations made by the Cabinet and the revised recommendation to Council made by the Cabinet Member responsible for Finance:

	Cabinet Jan-24 £m	Council Feb-24 £m	Movement £m
Council Tax Requirement	(848.3)	(848.3)	-
Revenue Support Grant	(22.7)	(22.7)	-
Non-Domestic Rates	(193.2)	(193.9)	(0.7)
Non-Domestic Rates Collection Fund Deficit	(1.4)	(1.3)	0.1
General Government Grants	(75.1)	(74.6)	0.5
Council Tax Collection Fund (Surplus)/ Deficit	(7.2)	(7.2)	-
Net cost of services	1,147.9	1,148.0	0.1
Surplus / (Deficit)	-	-	

- 4.7 Annex 2 to Appendix A 'Performance' did not feature in the information submitted to Cabinet as content was still being finalised. This is now ready and the Chancellor for Essex and Cabinet Member with responsibility for Finance has recommended it to the Council. However, it does not form part of the Everyone's Essex Plan and it just sets performance targets.

5 Statement of the Executive Director Corporate Services (S151 Officer)

- 5.1 The Executive Director for Corporate Services is the Chief Finance Officer appointed under section 151 of the Local Government Act 1972 and is therefore the Chief Financial Officer for regulatory and statutory purposes.
- 5.2 The report by the Executive Director for Corporate Services (S151 Officer) on the robustness of the estimates, reserves and capital strategy is set out in the separate report elsewhere on this agenda.

6 Other Issues

- 6.1 The findings of the ECIA carried out are included at Appendix B of this report.

- 6.2 The review of the fees and charges schedule is an annual process with fees and charges being agreed by officers or by the relevant Cabinet Member. The proposed fees and charges for the 2024/25 budget are published on the Council's website. These are provided for information only and none of the recommendations in this report ask the Cabinet to set these fees and charges. www.essex.gov.uk/spending-and-council-tax/finance-and-spending-breakdowns

7 Relevance to the Council's Everyone's Essex Strategy and Plan

- 7.1 The Annual Plan for 2024/25 covers the action the Council will take next year to contribute to Everyone's Essex, alongside the Budget. The Annual Plan is set out in Appendix A.

8 Internal and External Consultation

- 8.1 All Executive Directors and Directors have been involved in the preparation of the Annual Plan and the Budget.
- 8.2 Through budget consultation meetings the Council engages with representatives from the unions.
- 8.3 Public consultation was undertaken throughout November 2023, for a period of 4 weeks. Through this exercise, the Council gathered the views of residents and those who run businesses within the county. The consultation was promoted via the Essex residents panel, through the Council's corporate communications channels and through digital / social media. Businesses and representatives of business rate payers were able to respond to the consultation.
- 8.4 There were 2,159 responses to the consultation. Respondents included residents and businesses. The full report on the budget consultation is shown in Appendix D. The key messages from respondents to the consultation are that:

Essex-wide issues and resident concerns

- Pressures on healthcare and the NHS are viewed by participants as the most important issue facing Essex today. Participants also see crime/community safety and pressures on social care provision as key issues to be addressed.
- Topics of most concern for people personally are the condition of roads and pavements, crime levels and anti-social behaviour.

Commitment priorities

- When asked about things that should be prioritised for immediate action, participants identified developing Essex's infrastructure as the top issue.

This was followed by supporting those who care for the sick or vulnerable people and securing high standards in education.

- Compared to the 2023/24 Budget Consultation, this year shows an increase in prioritisation for infrastructure and roads, and a decrease in concerns over the economy and cost of living. There has also been a decrease in concern over climate and environment for the immediate future.

Spending decisions

- Participants are torn between different strategies for allocating resources and acknowledge that these are difficult decisions for ECC.
- Favoured strategies for dealing with financial pressures centre around:
 - Helping people to help themselves so they have less reliance on public services.
 - Prioritising spending to protect services for the most vulnerable and those without choice.
 - Streamlining services so we can deliver the same outcomes.
- Participants feel decisions around spending allocation should be taken as close to local communities as possible, and prioritise services that benefit the majority of residents and businesses.

8.5 In response to the key messages, the Council is investing an additional **£47m** in portfolio budgets for 2024/25 (**£61m** including other operating costs). The most significant part of the budget is spent on health and social care services (64% of gross expenditure, excluding dedicated schools grant (DSG)). The Council is also continuing to invest in the maintenance of roads and footways, children's services, economic regeneration and waste.

8.6 A briefing on the budget for members of the Corporate Policy and Scrutiny Committee was held on 25 January 2024.

9 Legal Implications (Monitoring Officer)

9.1 With respect to every financial year the Council must make its budget calculation in accordance with sections 42A and 42B of the Local Government Finance Act 1992. In particular, it must calculate the total of:

- The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year.
- Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year.

- The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
 - Such financial reserves as are sufficient to meet any estimated revenue deficit for previous financial years which has not already been provided for.
- 9.2 Those calculations are then used to determine the council tax requirement for the year.
- 9.3 The Council is required to set a balanced budget and in considering the budget the Council must have regard to the advice of its Chief Finance Officer appointed under section 151 of the Local Government Act 1972.
- 9.4 The Council must issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992. The section prescribes what must be included in the issue of the precept. It must be issued before 1 March in the financial year preceding the year for which it is issued but is not invalid merely because it is issued on or after that date.
- 9.5 Under section 25 of the Local Government Act 2003, the Chief Finance Officer (section 151 officer) is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The Chief Finance Officer is also required to report on the level of reserves.
- 9.6 In deciding its Capital Programme for the year, the Council must have regard to the 'Prudential Code' established by the Local Government Act 2003. This is addressed in the report.
- 9.7 The budget allocates funding to services on the basis that a number of changes to Council services which are under consideration may be made. The budget does not itself authorise any changes to services and does not assume that changes will be made. Any changes to services will need to be the subject of appropriate consideration by the Cabinet Member or the Cabinet following, where appropriate, consultation and a full report setting out options for change, the impact of the proposed changes on service users, including in particular the impact on different equality groups. Where a decision is made not to implement any changes then budgetary adjustments may need to be made but the Council is confident that whilst savings over the 2024/25 budget are assumed, each can be implemented in a number of ways, thus no particular changes are assumed.
- 9.8 The setting of the budget is a function reserved to the Full Council, but the Cabinet is required to make recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict

with that budget, although variations and in year changes may be made in accordance with the Council's Financial Regulations. Similarly, any decision made by the Cabinet or by an officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Everyone's Essex Strategy.

- 9.9 Section 106 of the Local Government Finance Act 1992 restricts any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.
- 9.10 Section 52ZB of the Local Government Finance Act 1992 requires the Council, when setting council tax, to determine whether or not the increase is 'excessive'. An increase is excessive unless it is within parameters determined by the Secretary of State. If an increase is 'excessive' it can only be implemented if supported by a referendum.
- 9.11 The Secretary of State took the decision on what is an 'excessive' increase for 2024/25 on 5 February 2024.
- 9.12 The principles for 2024/25 published by the Secretary of State in January 2024 state that for the Council any increase of 3% or more (excluding the 'social care precept') would be defined by the then Secretary of State as 'excessive'.
- 9.13 In addition, social care authorities are permitted to levy a 'social care precept' of 2% or less. There is no legal requirement for the money raised to be used for adult social care services, but the Secretary of State has previously indicated that he will ask local authorities how they have spent the money. If an authority is unable to demonstrate usage for social care purposes, he may restrict that authority's ability to raise council tax in future years.
- 9.14 This means that the proposed increase of 4.99% would not therefore trigger a referendum.
- 9.15 With respect to the Annual Plan, once this is approved by full Council it becomes part of the county council's policy framework which means that neither the Leader nor the Cabinet may take a decision which is contrary to it. Annex 2 to appendix 1 of the plan does not form part of the policy framework.

10 Staffing and Other Resource Implications

- 10.1 An element of reorganisation and reshaping will be required to support efficiency gains in some operational areas. Staffing implications which may arise as a result of operational plans flowing from this budget will be addressed under their specific implementation plans.

11 Equalities Comprehensive Impact Assessment

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In addition, marital status is a relevant protected characteristic for 9.1(a).
- 11.3 The equality implications have been assessed as part of the budget setting process as detailed in Appendix B. Equality impact assessments will be carried out before any decision is taken to change any services in response to the budget or otherwise - please see paragraphs 6.1 and 9.7 of this report for further information.

12 List of Appendices

Appendix A – Essex County Council Annual Plan 2024/25

Appendix B – Equalities Comprehensive Impact Assessment (Annual Plan and Budget)

Appendix C – Pay Policy Statement

Appendix D – Budget Consultation Report