

2022/23 Financial Overview as at the Half Year Stage

Corporate Policy and Scrutiny Committee
24th November 2022

Purpose and key messages

Purpose

1. To provide an overview of the 2022/23 position at the Half Year stage
2. To respond to the Committee on questions around the 2022/23 financial position

Key messages

- **Revenue over spend of £2.9m (0.3%)** predominantly driven by Adult Social Care & Health and Finance, Resources & Corporate Affairs RSSS. However the underlying position is closer to £14m before one-off funding from reserves
- Unprecedented circumstances as inflation is now at 40-year high of 11.1%, with an expectation this will continue for a sustained period of time, and rising interest rates
- Within the forecast position, inflation pressures of **£17.4m** have been identified, impacting Transport providers and fuel costs, energy costs for street lighting and the ECC estate, and Adult Social Care.
- The Council continues to focus on prioritising our resources to achieve the strategic aims outlined in Everyone's Essex, with **£1.9m** was recently prioritised to Deliver Digital Essex,
- **Capital under spend of £22.2m (2.7%)** against the latest budget of £288m

Half Year 2022/23

Revenue



Forecast over spend
£2.9m / (0.3%)

Savings



£36m planned in
2022/23 - £4.4m at
high risk of non-
delivery

Capital



£22.2m under spend vs
budget (7.7%)

Key Drivers

Residential, Nursing and
Reablement

Children residential
Placement and placement
packages

Property transformation
savings

Under spends

Borrowing
requirements &
Interest
receivables

Domiciliary Care

Slippage /
Reductions

Highways Major Schemes

Slippage £6.9m

Housing Infrastructure Fund £5.5m

Housing LLP Loans £5.9m

Education £9.4m

LHP £2.4m

Additions /
Advance

Carbon reduction initiatives £3.7m

Financial Impact of Inflation

- Currently within the reported position, **£17.4m** of inflation is identified, and the most significant elements are set out below:
 - ❑ **£9.5m** increased energy prices across the Council
 - ❑ **£7.4m** due to inflationary impact on Domiciliary Care, Older People Residential & Nursing packages
 - ❑ **£522,000** due to contract uplifts for ECL Reablement and equipment
 - ❑ **£480,000** due to higher CPI on contractual agreements related to property maintenance contract
- The impact of inflation is being reviewed monthly, to support understanding of the impact of inflation in-year, and on the future year's budget gap.

Autumn Statement - Headlines

LG DEL – increased by 33% for 2023/24 from 2022/23 – largest department % increase

New Social Care Grant – £1bn for 2023/24, rising to £1.7m for 2024/25. Awaiting distribution methodology and terms and conditions

Social Care Charging reforms – delayed to October 2025

Tax Flexibility – 3% basic precept and additional 2% social care precept

NLW Increase – Confirmed 9.7% increase to £10.42 per hour (higher than expected)

Business Rates – freeze in the multiplier, revaluation to go ahead, 75% discount for retail, hospitality and leisure businesses in 2023/24, transitional relief for higher bills due to revaluation

Levelling Up Funds – commitment that Round 2 will at least match £1.7bn of round 1

Social Rent – annual increase capped at 7%

Household Support Fund – continued for 2023/24 at same level as 2022/23

Next Steps

- Budget consultation is now live <https://consultations.essex.gov.uk/rci/ecc-budget-consultation-2023-24/>
- Proposed budget will go to Cabinet on the 17th January 2023 (with the Q3 2022/23 report), followed by Full Council on the 9th February 2023