

**Agenda item 8**

**Everyone's Essex Annual Plan and Budget 2023/24 Addendum report and replacement recommendations**

**1 Purpose of the Report**

- 1.1 As anticipated in the report issued with the Council agenda, we have now been notified of the final local government finance settlement. We have also been notified of the final council tax base, the deficit/surplus from the prior year, and the Non Domestic Rates (NNDR) information from all 12 billing authorities. This addendum sets out the latest position and the proposed impact on the revenue budget.
- 1.2 The final local government finance settlement has resulted in an increase of **£1.7m** to the Council's general grant funding from the provisional figure set out in the published report. The changes to the budget are as follows:
- Business Rates Levy Surplus – a newly announced general government grant for which the Council will receive **£1.5m**
  - Services grant – increase of **£282,467**
  - New Homes Bonus – decrease of **£97,020**
- 1.3 The final figures from billing authorities have resulted in an increase in the Council's funding from non-domestic rates of **£11.0m** over the figure quoted in the original report. The majority of this additional funding relates to changes in the tax base, resulting from the latest non-domestic rates revaluations due to come into effect on 1 April 2023, and large increases in Section 31 compensation for local authorities after additional reliefs were announced in the 2022 Autumn Statement. The changes to the budget are as follows:
- The anticipated income from non-domestic rates (NNDR) has increased by **£4.2m**
  - NNDR collection fund surplus has increased by **£1.4m**
  - Increase in the benefit of the Essex non-domestic rate pool of **£353,000**
  - Additional Business Rates Compensation Grant of **£5.0m**, which is money paid to billing authorities by the Government to compensate for a reduction in income caused by business rate relief granted centrally
- 1.4 It is proposed the **£12.7m** increase to the Council's funding as set out in 1.2 and 1.3 will be applied as follows:
- **£5.9m** will be appropriated to the Ambition Fund Reserve
  - **£3.4m** will be appropriated to the Reserve for Future Capital Funding
  - **£2m** will be appropriated to the Everyone's Essex Reserve
  - **£1.4m** will be appropriated to the Collection Fund Risk Reserve, given the significant uncertainty surrounding business rates as a result of the further

extension of reliefs into 2023/24, the temporary nature of business grant relief, and the potential impact of recession.

- 1.5 These changes do not result in any change to the proposed precept.
- 1.6 The recommendations in section 2 below replace those printed in the report distributed with the Council agenda (page 33 of the agenda pack) and will be moved by the Cabinet Member for Finance, Resources and Corporate Affairs who has formally recommended these to the Council in line with the delegation to him given by the Cabinet.
- 1.7 A summary of the changes to the recommendations is as follows:

Paragraph	Original	Change
2.1	Approve the Annual Plan as appended.	Approve the plan subject to changes in paragraph 2.16 below.
2.2	Figure of £1,164.2m	Original figure replaced with £1,176.9m
2.3	Figure of £1,005.2m	Original figure replaced with £1,011.2m
2.16	New recommendation - not in original report.	New paragraph changing Annual Plan.
2.17	New recommendation not in original report	New paragraph allowing for consequential amendments to be made.
2.18	New recommendation not in original report	New paragraph on treatment of any increase/decrease in specific grant funding once allocations are announced.

## 2 Recommendations to the Council

### Everyone's Essex Annual Plan and Revenue budget

- 2.1 That the Everyone's Essex Annual Plan and budget be approved in the form appended to this report (Appendix A) subject to the changes set out in paragraph 2.16 below.
- 2.2 That the net cost of services to be set at **£1,176.9million (m)** for 2023/24 – Appendix A (page 26).
- 2.3 That the net revenue budget requirement be set at **£1,011.2m** (net cost of services less general government grants) for 2023/24 – Appendix A (page 30).
- 2.4 That the total council tax funding requirement be set at **£799.0m** for 2023/24 – Appendix A (page 30).

- 2.5 That Essex County Council's element of the council tax be increased by 3.5% comprising of a 1.5% 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 **£1,450.17** for a Band D property in 2023/24. A full list of bands is as follows:

Council Tax Band	2022/23 £	2023/24 £
Band A	934.08	966.78
Band B	1,089.76	1,127.91
Band C	1,245.44	1,289.04
<b>Band D</b>	<b>1,401.12</b>	<b>1,450.17</b>
Band E	1,712.48	1,772.43
Band F	2,023.84	2,094.69
Band G	2,335.20	2,416.95
Band H	2,802.24	2,900.34

- 2.6 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 2023/24, together with the final tax base, as set out in the table below:

Billing Authority	2023/24 Final Tax Base Band D Equivalent	2023/24 Gross precept £000
Basildon	61,230	88,794,199
Braintree	55,801	80,920,936
Brentwood	33,870	49,117,258
Castle Point	31,258	45,329,414
Chelmsford	70,763	102,618,220
Colchester	65,865	95,515,592
Epping Forest	54,884	79,590,550
Harlow	28,483	41,305,192
Maldon	25,892	37,548,208
Rochford	32,889	47,694,496
Tendring	51,050	74,031,179
Uttlesford	39,007	56,567,086
<b>Total for ECC</b>	<b>550,992</b>	<b>799,032,330</b>

- 2.7 That the proposed total schools budget be set at **£639.2m** for 2023/24 which will be funded by the Dedicated Schools Grant, Pupil Premium Grant, Universal Free School Meals Grant, PE and Sports Premium Grant, COVID-19 Recovery Premium Grant, Sixth Form Grant, Teachers Pay and Pension Grants, NQT

Grant, Senior Mental Health Lead Training Grant and YPLA Funding Grant. The majority of this will be passed through to maintained schools.

- 2.8 That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2023 (Appendix A, Annex 1, page 58).
- 2.9 That the capital payments guideline be set at **£274.9m** for 2023/24 (Appendix A, page 29)
- 2.10 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.

### **Capital Strategy**

- 2.11 That the 2023/24 to 2026/27 Prudential Indicators and limits, together with updated limits for 2022/23 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A, pages 96-100) be approved. This includes an authorised limit for external debt of **£1,260m** for the 2023/24 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.
- 2.12 That the Treasury Management Strategy for 2023/24 be approved, comprising:
  - a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 81).
  - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 88).
  - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 91).
- 2.13 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 101), be approved.
- 2.14 That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 108) and Treasury Management Practices (Appendix A, Annex 3, page 109), which set out the policies, objectives, and approach to treasury management, are adopted.

### **Pay Policy Statement**

- 2.15 That the Council adopts the Pay Policy Statement for 2023/24 as set out in Appendix C.

### **Changes to annual plan and budget**

- 2.16 That the following figures be amended to the Annual Plan which forms Appendix A to the report (which starts at page 42 of the published agenda pack) as shown on the replacement pages annexed to the addendum report.
- (a) Where the net cost of service currently shows **£1,164,212,799** (page 71 of the agenda pack), this will be amended to **£1,176,926,480** (as shown on page 2 of this report)
  - (b) Where the Ambition Fund Reserve shows **£4.000m** total net expenditure (page 95 of the agenda pack), this is amended to **£9.925m**
  - (c) Where the Collection Fund Risk Reserve shows **£7.714m** total net expenditure (page 95 of the agenda pack), this is amended to **£9.114m**
  - (d) Where the Everyone's Essex Reserve shows **£0** total net expenditure (page 95 of the agenda pack), this is amended to **£2.000m**
  - (e) Where the Reserve for Future Capital Funding shows **£4.074m** total net expenditure (page 96 of the agenda pack), this is amended to **£7.463m**
  - (f) Where the Other Operating costs portfolio shows **£121.794m** total net expenditure budget (starts at page 94 of the agenda pack), this is amended to **£134.507m**.
  - (g) That pages 67, 69, 71, 94, 95, 96, 99 and 100 of the agenda be replaced with those appended to the addendum report circulated at the meeting.
- 2.17 That the Section 151 Officer be authorised to amend other figures in the Annual Plan which need to change as a result of the mathematical changes of the above consequence.
- 2.18 That once final allocations for specific government grants (including Public Health grant and Supporting Families grant) are known, the Section 151 Officer is authorised to:
- a) Initially transfer any increase in specific grant funding beyond that included in the budget report published 1 February 2023 to the Collection Fund Risk Reserve pending proposals for use; and
  - b) Fund any decrease in specific grant funding compared to that in the budget report published 1 February 2023 from the Collection Fund Risk Reserve. In this scenario, the report on the first quarter position to Cabinet in July will set out how that amount will be recovered.

## 2023/24 Revenue Overview

Despite the financial challenges facing local government, the budget for 2023/24 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2023/24 is **£2,294m**. After taking income and specific grants into account, the net cost of services amounts to **£1,177m**, an increase of **£87m** or 8% over 2022/23.

### Budget breakdown

	2022/23 £m	2023/24 £m
<b>Gross Expenditure</b>	2,095.2	2,293.9
<i>Deduct:</i>		
Income	(277.7)	(297.0)
Specific Government Grants (excluding DSG)	(176.0)	(210.0)
Specific Government Grants (DSG)	(551.6)	(610.0)
<b>Subtotal: Net Cost of Services</b>	<b>1,089.9</b>	<b>1,176.9</b>
<i>Deduct:</i>		
Council Tax Requirement	(763.5)	(799.0)
Revenue Support Grant (RSG)	(19.3)	(21.3)
Non-Domestic Rates	(174.5)	(184.4)
Non-Domestic Rates Collection Fund	8.9	(1.1)
Deficit/(Surplus)*		
General Government Grants	(131.9)	(165.7)
Council Tax Collection Fund Surplus*	(9.6)	(5.4)
<b>Subtotal: Total Funding</b>	<b>(1,089.9)</b>	<b>(1,176.9)</b>
<b>Balanced budget</b>	<b>0.0</b>	<b>0.0</b>

\*Estimate of the variation of actual council tax and non-domestic rates revenue 2022/23 compared to that budgeted (technical adjustment).



## Revenue Budget Summary

2021/22	2022/23	2022/23			2023/24		
Actuals	Original	Latest			Gross		Total Net
£000	Budget	Budget	Portfolio		Expenditure	Income	Specific Grants
	£000	£000			£000	£000	£000
440,295	470,230	484,534	Adult Social Care and Health		809,782	(164,878)	(138,488)
135,170	136,436	140,982	Children's Services and Early Years		283,403	(10,764)	(127,553)
22,703	23,283	25,985	Community, Equality, Partnerships and Performance		34,062	(7,515)	(2,056)
4,700	4,174	5,896	Devolution, the Arts, Heritage and Culture		12,657	(7,997)	0
19,824	5,202	11,404	Economic Renewal, Infrastructure and Planning		13,607	(6,970)	
11,337	17,525	22,613	Education Excellence, Life Long Learning and Employability		595,242	(26,788)	(550,036)
5,770	14,327	14,650	Finance, Resources and Corporate Affairs		11,142	(2,168)	
102,128	114,397	119,875	Highways Maintenance and Sustainable Transport		143,119	(20,401)	(1,889)
2,736	2,397	5,484	Leader		2,359		
81,802	88,107	87,296	Waste Reduction and Recycling		96,682	(2,437)	
107,603	115,652	56,708	Other Operating Costs		159,263	(24,756)	
12,593	12,762	13,673	Community, Equality, Partnerships and Performance RSSS		14,040	(1,025)	
1,125	1,102	1,097	Economic Renewal, Infrastructure and Planning RSSS		1,256	(116)	
89,479	82,431	97,586	Finance, Resources and Corporate Affairs RSSS		115,339	(21,157)	
2,606	1,860	2,103	Leader RSSS		1,970		
<b>1,039,870</b>	<b>1,089,884</b>	<b>1,089,884</b>			<b>2,293,921</b>	<b>(296,972)</b>	<b>(820,022)</b>
							<b>1,176,926</b>

Recharged Strategic Support Services (RSSS) relates to functions which support all services across the organisation and are allocated out on an appropriate recharge basis.

## Council Tax Requirement

Under sections 42A and B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, there is a requirement to disclose the budget requirement and associated council tax requirement for the year. This is set out below.

### Statutory disclosure requirement

	£
Net cost of Services	1,176,926,480
General Government Grants *	(165,722,709)
<b>Budget requirement</b>	<b>1,011,203,771</b>
Less funding available:	
Revenue Support Grant	21,284,254
Non-Domestic Rates	184,394,563
Non-Domestic Rates Collection Fund surplus	1,049,728
Council Tax Collection fund surplus	5,442,896
	<b>212,171,441</b>
<b>Council tax requirement</b>	<b>799,032,330</b>
Tax base (Band D equivalent properties)	550,992.18
Band D council tax	1,450.17

The Band D council tax charge is **£1,450.17**. The provisional council tax charge by band is set out in the table below.

	2022/23	2023/24
Council Tax Band	£	£
Band A	934.08	966.78
Band B	1,089.76	1,127.91
Band C	1,245.44	1,289.04
Band D	1,401.12	1,450.17
Band E	1,712.48	1,772.43
Band F	2,023.84	2,094.69
Band G	2,335.20	2,416.95
Band H	2,802.24	2,900.34

\* General Government Grants includes PFI grants £23m, Social Care Support Grant £90m, Business Rates Compensation Grant £41m, and Services Grant £7m



Replacement for page 94 of the agenda pack

## Other Operating costs

The revenue budget in 2023/24 is **£135m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 57) of **£67m** and the costs of financing the capital programme of **£71m**.

The movement since 2022/23 is mainly due to changes in the appropriations and withdrawals from the reserves between the years, in line with changes in the specific liabilities, for example changes in PFI payment profiles.

2021/22	2022/23	2022/23			2023/24	
Actuals	Original Budget	Latest Budget		Gross	Income	Total Net
£000	£000	£000		Expenditure	£000	Expenditure
				£000		£000
32,288	37,799	37,799	<b>Capital Financing</b>	42,942		42,942
(1,129)	(1,150)	(850)	<b>Dividends Received</b>			-
			<b>Interest Payable</b>			
(1,103)	(511)	(511)	Contributions - Transferred Debt		(430)	(430)
20,045	25,349	25,349	External Interest Payable	28,494		28,494
			<b>Interest Receivable</b>			
(1,203)	(1,480)	(1,480)	External Interest Receivable	(250)	(7,833)	(8,083)
139	344	344	Interest Reallocated		4,550	4,550
49,038	60,351	60,651		71,186	(3,713)	67,473

Replacement for page 95 of the agenda pack

2020/21	2021/22	2021/22			2022/23	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure		Expenditure
	£000	£000		£000	£000	£000
<b>Approps To/(From) Reserves and Restricted Use Funds (i)</b>						
(8,267)	(10,308)	(10,308)	A130 PFI Reserve		(10,052)	(10,052)
14,221		(1,089)	Adult Social Care Risk			-
(1,013)		(247)	Adults Digital Programme			-
9,218		(4,107)	Adults Transformation Reserve	21,567		21,567
(10,055)	8,800	4,208	Ambition Fund Reserve	9,925		9,925
414		151	Building Schools for the Future			-
(162)			Bursary for Trainee Carers			-
(170)	6,000	6,000	Capital Receipts Pump Priming	1,000		1,000
			Capital Receipts Reserve			-
(114)	(114)	(271)	Carbon Reduction Reserve		(152)	(152)
3,472		(18,464)	Carry Forwards Reserve			-
	2,500	2,500	Childrens Risk	5,000		5,000
5,873		(503)	Childrens Transformation Reserve			-
220		(170)	Clacton PFI Reserve			-
3,558	9,497	9,497	Collection Fund Risk Reserve	9,114		9,114
3,075	(170)	(350)	Commercial Investment in Essex Places Reserve		(650)	(650)
(25)	350	183	Community Initiatives Fund	350		350
3,273	(1,831)	(11,134)	Covid Equalisation			-
779		(377)	Debden PFI Reserve			-
5,000	9,094	6,506	Emergency	4,000		4,000
261			Equalities Fund			-
(669)		(2,111)	Essex Climate Change Commission			-
47,272	1,000	(2,487)	Everyones Essex	2,000		2,000
13,858		(6,345)	General Risk Reserve	10,338		10,338

i within appropriations to/from reserves, expenditure means a contribution to a reserve and income means a withdrawal from a reserve.

The Adult's Transformation reserve includes a contribution of £21.6m in 2023/24, funded using the additional social care grant announced as part of the Autumn Statement 2022. It is assumed the funding will be fully utilised during 2023/24.

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest			Gross	Income	Specific
£000	Budget	Budget			Expenditure	£000	Grants
	£000	£000			£000		£000
							Total Net
							Expenditure
							£000
<b>Approps To/(From) Reserves and Restricted Use Funds (ii)</b>							
(13,571)		(3,452)	Grant Equalisation Reserves				-
1,844		(7)	Health and Safety Reserve				-
(1,238)			Insurance Reserve				-
27			Newton Bequest				-
612			Partnership Reserves				-
326			Property Investment				-
74	500	479	Quadrennial Elections Reserve		500		500
(25,377)		(277)	Renewal Fund Reserve				-
5,811	14,674	14,934	Reserve For Future Capital Funding		7,463		7,463
5,611			Schools Reserves				-
2,891	10,000	6,688	Technology and Digitisation		5,000		5,000
			Tendring Public Private Partnership				-
(304)	(304)	(304)	Trading Activities Reserves			(304)	(304)
(6,181)	11,823	13,127	Transformation Reserve		11,820		11,820
(1,981)	(6,209)	(6,209)	Waste Reserve			(9,884)	(9,884)
58,564	55,301	(3,942)			88,077	(21,042)	-
107,603	115,652	56,708	Total Other Operating Costs		159,263	(24,756)	-

ii within appropriations to/from reserves, expenditure means a contribution to a reserve and income means a withdrawal from a reserve.

**Reserves**

			Budgeted	2023/24		2024/25	2025/26	2026/27
	Balance at 1	Balance at 1	(Contributions)	Assumed	Closing			
	April 2022	April 2023	/ Withdrawals	usage	balance			
	£000	£000	£000	£000	£000	£000	£000	£000
General Balance	(68,096)	(68,096)	-	-	(68,096)	(68,096)	(68,096)	(68,096)
Reserves earmarked for future use								
Adults Digital Programme	(275)	(28)	-	-	(28)	(28)	(28)	(28)
Adult Social Care Risk	(14,221)	(10,334)	-	802	(9,532)	(8,895)	(8,258)	(6,877)
Adults Transformation	(12,718)	(7,233)	(21,567)	25,957	(2,843)	(2,378)	(2,268)	(2,267)
Ambition Fund	(6,523)	(6,403)	(9,925)	3,468	(12,860)	(9,393)	(5,925)	(5,925)
Bursary for trainee carers	(338)	-	-	-	-	-	-	-
Capital Receipts Pump Priming	(4,034)	(7,534)	(1,000)	2,500	(6,034)	(4,534)	(5,034)	(5,534)
Carbon Reduction and Energy Risk	(982)	(676)	152	-	(524)	(334)	(334)	(334)
Carry Forward	(24,742)	(5,525)	-	5,525	(0)	(0)	(0)	(0)
Childrens Risk	-	-	(5,000)	-	(5,000)	(5,000)	(5,000)	(5,000)
Childrens Transformation	(7,188)	(6,016)	-	2,496	(3,520)	(3,007)	(3,007)	(3,007)
Climate Action	-	-	-	-	-	-	-	-
Collection Fund Risk	(7,587)	(17,084)	(9,114)	-	(26,198)	(26,198)	(26,198)	(26,198)
Commercial Investment in Essex Places	(15,658)	(15,162)	650	210	(14,302)	(13,302)	(12,102)	(10,602)
Community Initiatives Fund	(376)	(376)	(350)	350	(376)	(376)	(376)	(376)
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)	(4,000)
Emergency	(17,564)	(19,108)	(4,000)	4,000	(19,108)	(19,108)	(19,108)	(19,108)

**Reserves**

			2023/24			2024/25	2025/26	2026/27
	Balance at 1	Balance at 1	Budgeted	Assumed	Closing			
	April 2022	April 2023	(Contributions)	usage	balance			
	£000	£000	/ Withdrawals	£000	£000	£000	£000	£000
			£000					
Reserves earmarked for future use (cont'd)								
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)	(300)
Equalities Fund Reserve	(261)	(261)	-	-	(261)	(261)	(261)	(261)
Essex Climate Change Commission	(4,331)	(1,798)	-	749	(1,049)	(363)	(191)	(191)
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)	(73)
Everyones Essex	(47,273)	(31,951)	(2,000)	13,714	(20,237)	(7,186)	(2,592)	(2,000)
Future Capital Funding	(14,437)	(12,888)	(7,463)	4,074	(16,277)	(16,277)	(16,277)	(16,277)
General Risk Reserve	(13,858)	(9,911)	(10,338)	-	(20,249)	(20,249)	(20,249)	(20,249)
Health and Safety	(4,657)	(4,554)	-	-	(4,554)	(4,554)	(4,554)	(4,554)
Insurance	(6,260)	(6,260)	-	600	(5,660)	(5,660)	(5,660)	(5,660)
Newton Reserve	(149)	(149)	-	-	(149)	(149)	(149)	(149)
Property Investment	(1,303)	(1,043)	-	-	(1,043)	(1,043)	(1,043)	(1,043)
Quadrennial Elections	(999)	(1,456)	(500)	-	(1,956)	(2,456)	(956)	(1,456)
Renewal Fund	(2,523)	(2,246)	-	-	(2,246)	(2,246)	(2,246)	(2,246)
Social Distancing and Hygeine	(900)	(900)	-	-	(900)	(900)	(900)	(900)
Technology and Digitisation	(11,640)	(13,902)	(5,000)	9,388	(9,514)	(8,233)	(7,837)	(7,837)
Transformation	(48,506)	(47,829)	(11,820)	12,500	(47,149)	(46,469)	(45,789)	(43,898)