

Agenda item 8

Everyone's Essex Annual Plan and Budget 2024/25 Addendum report and replacement recommendations

1 Purpose of the Report

- 1.1 As set out in the report issued with the Council agenda, we have now assessed the impact of the final local government finance settlement. We have also received the outstanding Non Domestic Rates (NNDR) information from Brentwood and Colchester Councils. 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 **£109,000** to the Council's general grant funding from the provisional figure set out in the published report. The change relates to the Services grant.
- 1.3 At the time the report to Council needed to be finalised, we had received information from all districts other than Brentwood and Colchester. These have now been received and have resulted in a reduction in the Council's funding from non-domestic rates of **£130,000** over the figure quoted in the original report. The majority of this reduction in funding relates to changes in the tax base, resulting from the latest non-domestic rates revaluations due to come into effect on 1 April 2024. The changes to the budget are as follows:
- The anticipated income from non-domestic rates (NNDR) has decreased by **£286,000**
 - NNDR collection fund surplus has decreased by **£6,000**
 - Increase in the benefit of the Essex non-domestic rate pool of **£88,000**
 - Business Rates Compensation Grant has increased by **£74,000**
- 1.4 It is proposed the net **£21,000** reduction to the Council's funding as set out in 1.2 and 1.3 will be balanced via reduction to the planned appropriation to the Everyone's Essex Reserve.
- 1.5 Since the report to Council we have also received confirmation of the Public Health grant allocation for 2024/25 which is **£66,000** higher than assumed. This does not impact the overall net revenue budget but does require additions to both gross expenditure budget and specific grants budgets.
- 1.6 These changes do not result in any change to the proposed precept.
- 1.7 The recommendations in section 2 below replace those printed in the report distributed with the Council agenda (page 41 of the agenda pack) and will be moved by the Cabinet Member with responsibility for Finance who has formally

recommended these to the Council in line with the delegation to him given by the Cabinet.

1.8 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 2.17 below.
2.2	That the net revenue budget requirement to be set at £1,073.4m	That the net revenue budget requirement be set at £1,073.2m
2.17	New recommendation - not in original report.	New paragraph changing Annual Plan.
2.18	New recommendation not in original report	New paragraph allowing for consequential amendments to be made.

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 2.17 below.
- 2.2 That the net cost of services to be set at **£1,148.0million (m)** for 2024/25 – Appendix A (page 30).
- 2.3 That the net revenue budget requirement be set at **£1,073.2m** (net cost of services less general government grants) for 2024/25 – Appendix A (page 34).
- 2.4 That the total council tax funding requirement be set at **£848.3m** for 2024/25 – Appendix A (page 34).
- 2.5 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

- 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 2024/25, together with the final tax base, as set out in the table below:

Billing Authority	2024/25 Final Tax Base Band D Equivalent	2024/25 Gross precept £
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

- 2.7 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.

- 2.8 That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2024 (Appendix A, Annex 1, page 62).
- 2.9 That the capital payments guideline be set at **£320.1m** for 2024/25 (Appendix A, page 33).
- 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.

Strategic Performance Measures

- 2.11 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

- 2.12 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.
- 2.13 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).
- 2.14 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.
- 2.15 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

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

Changes to annual plan and budget

- 2.17 That the following figures be amended to the Annual Plan which forms Appendix A to the report (which starts at page 51 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 **£1,148,011,006** (page 84 of the agenda pack), this will be amended to **£1,147,990,151** (page 84 of the agenda pack)
 - (b) Where the net budget requirement currently shows **£1,073,411,809** (page 84 of the agenda pack), this will be amended to **£1,073,207,634** (page 84 of the agenda pack)
 - (c) Where the Health, Adult Social Care and ICS Integration portfolio shows **£881.395m** total gross expenditure budget and **£231.734m** specific grants budget (page 92 of the agenda pack), these figures are amended to **£881.461m** and **£231.801m** respectively. There is no change to the total net expenditure budget.
 - (d) Where the Everyone's Essex Reserve shows **£13.128m** total net expenditure (page 109 of the agenda pack), this is amended to **£13.107m**
 - (e) Where the Other Operating costs portfolio shows **£148.811m** total net expenditure budget (starts at page 107 of the agenda pack), this is amended to **£148.790m**.
 - (f) That pages 80, 82, 84, 92, 109, and 112 of the agenda be replaced with those appended to the addendum report circulated at the meeting.
- 2.18 That the Section 151 Officer be authorised to make the necessary consequential amendments to amend other figures in the Annual Plan which are the arithmetical result of the above changes..

Replacement for page 80 of the agenda pack

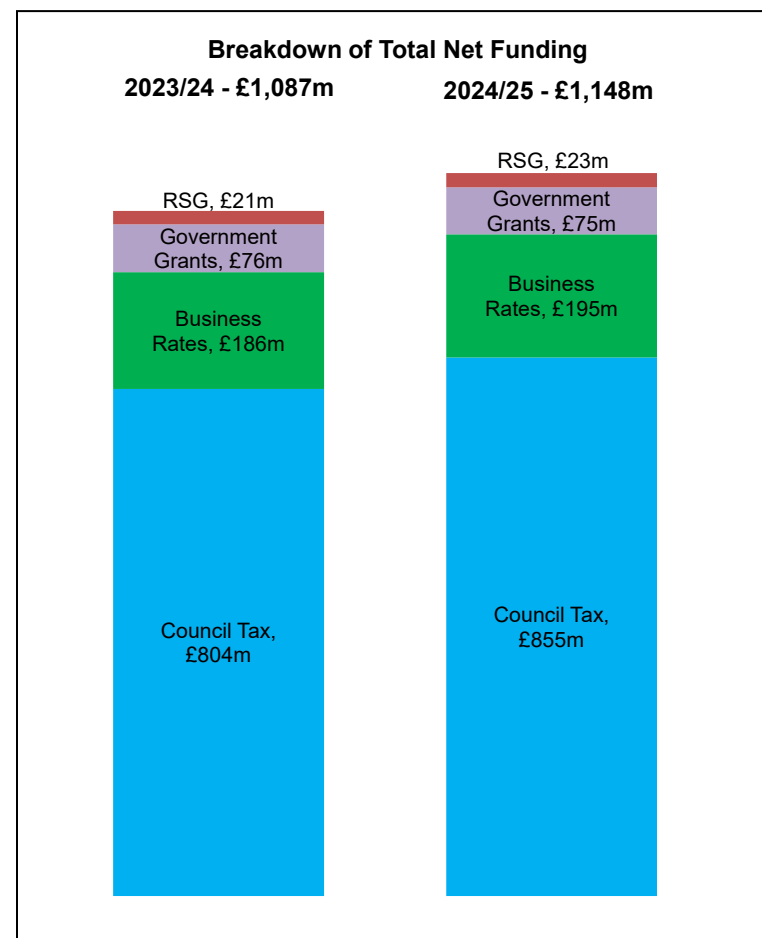
2024/25 Revenue Overview

Despite the financial challenges facing local government, the budget for 2024/25 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2024/25 is **£2,508m**. After taking income and specific grants into account, the net cost of services amounts to **£1,148m**, which is an increase of **£61m** or 6% over 2023/24.

Budget breakdown

	2023/24 £m	2024/25 £m
Gross Expenditure	2,293.9	2,507.6
<i>Deduct:</i>		
Income	(297.0)	(318.5)
Specific Government Grants (excluding DSG)*	(308.2)	(363.4)
Specific Government Grants (DSG)	(601.7)	(677.7)
Subtotal: Net Cost of Services	1,087.0	1,148.0
<i>Deduct:</i>		
Council Tax Requirement	(799.0)	(848.3)
Revenue Support Grant (RSG)	(21.3)	(22.7)
Non-Domestic Rates	(184.4)	(193.7)
Non-Domestic Rates Collection Fund Surplus	(1.1)	(1.3)
General Government Grants*	(75.8)	(74.8)
Council Tax Collection Fund Surplus	(5.4)	(7.2)
Subtotal: Total Funding	(1,087.0)	(1,148.0)
Balanced budget	-	-

*2023/24 figures restated for change in accounting treatment of the Social Care Grant. This is now accounted for as a 'Specific Government Grant' rather than a 'General Government Grant'. This has increased the stated figure for Specific Government Grants in 2023/24 by £89.9m with a corresponding reduction to General Government Grants.



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Revenue Budget Summary

2022/23		2023/24		2023/24		2024/25		
Actuals	Original Budget	Latest Budget			Gross			Total Net
£000	£000	£000	Portfolio		Expenditure	Income	Specific Grants	Expenditure
					£000	£000	£000	£000
149,788	119,617	122,749	Children's Services and Early Years		367,101	(11,292)	(223,628)	132,181
84,031	94,467	93,427	Climate Czar, Environment, Waste Reduction and Recycling		94,032	(4,905)	(98)	89,029
26,372	19,050	27,272	Education Excellence, Life Long Learning and Employability		625,701	(29,178)	(577,123)	19,400
479,355	441,992	450,898	Health, Adult Social Care and ICS Integration		881,461	(180,833)	(231,801)	468,828
117,027	120,829	123,811	Highways, Infrastructure and Sustainable Transport		148,970	(20,668)	(6,236)	122,066
2,070	2,136	2,227	Leader		2,050			2,050
6,355	5,147	6,400	Levelling Up, Communities and Business Engagement		7,864	(2,432)	(92)	5,340
9,220	6,184	10,745	Planning a Growing Economy		13,599	(5,219)	(31)	8,349
26,450	23,825	27,587	The Arts, Heritage and Culture		42,930	(14,089)	(2,068)	26,774
11,046	8,974	7,248	The Chancellor of Essex		16,824	(1,948)		14,876
76,306	134,507	88,352	Other Operating Costs		173,475	(24,686)		148,790
1,948	1,970	2,046	Leader RSSS		1,900			1,900
6,716	6,558	6,859	Levelling Up, Communities and Business Engagement RSSS		7,229	(559)		6,670
998	1,140	1,122	Planning a Growing Economy RSSS		1,155			1,155
96,901	100,638	114,837	The Chancellor of Essex RSSS		123,291	(22,709)		100,582
1,094,582	1,087,035	1,085,581			2,507,583	(318,517)	(1,041,076)	1,147,990

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

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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	1,147,990,151
General Government Grants *	(74,782,517)
Budget requirement	1,073,207,634
Less funding available:	
Revenue Support Grant	22,694,035
Non-Domestic Rates	193,663,832
Non-Domestic Rates Collection Fund Surplus	1,366,783
Council Tax Collection fund surplus	7,200,371
	224,925,021
Council tax requirement	848,282,613
Tax base (Band D equivalent properties)	557,153.30
Band D council tax	1,522.53

* General Government Grants includes £23m PFI grants, £47m Business Rates Compensation Grant, and £1m Services Grant

The Band D council tax charge for Essex County Council is **£1,522.53**. The provisional council tax charge by band is set out in the table below.

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

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Health, Adult Social Care and ICS Integration (Cllr John Spence)

Revenue Budget

2022/23 Actuals				2023/24 Original Budget				2024/25			
Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
10,977		(197)	10,780	11,346	(60)		11,286	11,811	(60)		11,751
8,018	(149)		7,870	8,835	(169)		8,666	9,224	(176)		9,048
7,582	(207)		7,375	8,721	(111)		8,610	9,190	(116)		9,074
9,230	(461)		8,768	9,818	(491)		9,327	10,362	(512)		9,851
6,114	(108)		6,006	6,754	(114)		6,640	7,093	(119)		6,974
242,105	(20,375)		221,731	259,064	(19,132)	(35,292)	204,640	285,739	(22,606)	(40,671)	222,461
292,251	(124,945)	(43,759)	123,547	300,254	(130,473)	(66,327)	103,454	342,256	(147,107)	(73,380)	121,769
55,405	(5,008)		50,397	58,582	(5,398)	(7,808)	45,375	68,739	(5,537)	(8,999)	54,204
107			107	256			256	268			268
187	(103)		83	199	(73)		126	211	(75)		136
420		(328)	92	420		(328)	92	420		(328)	92
5,065		(744)	4,321	4,200			4,200	3,591			3,591
25,729	(2,609)		23,120	26,004	(2,345)	(3,485)	20,174	31,100	(3,923)	(4,016)	23,161
98	(131)		(33)	324	(324)			322	(322)		-
2,818	384	(470)	2,732	3,414		(470)	2,944	3,689		(470)	3,219
68,847	(410)	(73,910)	(5,473)	69,259	(185)	(70,643)	(1,569)	71,749		(73,319)	(1,569)
38,969	(8,439)	(12,954)	17,576	41,980	(6,002)	(18,559)	17,420	25,346	(280)	(30,618)	(5,552)
339			339	350			350	350			350
17			17	0			0				-
774,278	(162,562)	(132,361)	479,355	809,782	(164,878)	(202,912)	441,992	881,461	(180,833)	(231,801)	468,828
								Total Health, Adult Social Care and ICS Integration			

The 2023/24 latest budget is gross expenditure £844m, income £160m and specific grant £234m

The 2023/24 original budget for specific grants has been restated (uplift of £64.4m) to reflect the revised accounting treatment of Social Care Grant as a specific government grant from 2024/25

The Public Health grant presents a 2024/25 net expenditure budget of a £1.6m credit in the above table, due to the contribution towards support services. This grant is fully utilised, with the related costs being shown within Chancellor of Essex RSSS (Recharge Strategic Support Services) portfolio, Levelling Up, Communities and Business Engagement RSSS portfolio and Leader RSSS portfolio. The presentation is in line with accountancy regulations.

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2022/23		2023/24		2023/24		2024/25		
Actuals	Original Budget	Latest Budget			Gross	Income	Specific Grants	Total Net
£000	£000	£000			Expenditure	£000	£000	Expenditure
					£000			£000
Approps To/(From) Reserves and Restricted Use Funds (i)								
(2,286)	2,000	(5,087)	Everyones Essex		13,107			13,107
982	10,338	10,182	General Risk Reserve					-
7,094		(9,497)	Grant Equalisation Reserves					-
(7)			Health and Safety Reserve					-
3,000			Highways Reserve					-
4,865			Insurance Reserve					-
(109)			Partnership Reserves					-
(340)		(28)	Property Investment					-
492	500	500	Quadrennial Elections Reserve		500			500
(96)		(181)	Renewal Fund Reserve					-
24,055	7,463	16,603	Reserve For Future Capital Funding		4,074			4,074
(5,508)			Schools Reserves					-
8,479	5,000	1,616	Technology and Digitisation		13,598			13,598
(304)	(304)	(300)	Trading Activities Reserves			(300)		(300)
10,375	11,820	5,921	Transformation Reserve		18,820			18,820
(281)	(9,884)	(287)	Waste Reserve			(2,000)		(2,000)
32,826	67,034	20,879			101,813	(8,236)	-	93,577
76,306	134,507	88,352	Total Other Operating Costs		173,475	(24,686)	-	148,790

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

Replacement for page 112 of the agenda pack

Reserves

	2024/25					2025/26	2026/27	2027/28
	Balance at 1 April 2023	Balance at 1 April 2024	Budgeted (Contributions) / Withdrawals	Assumed usage	Closing balance			
						£000	£000	£000
General Balance	(68,096)	(68,092)	-	-	(68,092)	(68,092)	(68,092)	(68,092)
Reserves earmarked for future use								
Adults Digital Programme	(28)	0	-	-	0	0	0	0
Adult Social Care Risk	(12,561)	(9,724)	-	806	(8,918)	(8,112)	(7,304)	(7,304)
Adults Investment Reserve	(9,802)	(9,802)	(23,262)	23,262	(9,802)	(9,692)	(9,691)	(9,691)
Ambition Fund	(10,551)	(6,874)	-	3,576	(3,297)	-	-	-
Bursary for trainee carers	(263)	-	-	-	-	-	-	-
Capital Receipts Pump Priming	(10,034)	(10,534)	(1,000)	500	(11,034)	(11,534)	(12,034)	(12,534)
Carbon Reduction and Energy Risk	(711)	(559)	190	-	(369)	(369)	(369)	(369)
Carry Forward	(15,039)	(0)	-	-	(0)	(0)	(0)	(0)
Childrens Risk	-	-	(6,200)	6,200	-	-	-	-
Childrens Sustainability	-	-	(4,570)	-	(4,570)	(4,570)	(4,570)	(4,570)
Childrens Transformation	(6,010)	(2,658)	-	1,039	(1,619)	(1,225)	(1,225)	(1,225)
Collection Fund Risk	(17,084)	(26,198)	-	-	(26,198)	(26,198)	(26,198)	(26,198)
Commercial Investment in Essex Places	(15,469)	(14,596)	590	410	(13,596)	(12,396)	(10,896)	(9,396)
Community Initiatives Fund	(277)	(277)	(350)	350	(277)	(277)	(277)	(277)
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)	(4,000)
Emergency	(23,227)	(23,227)	(4,000)	4,000	(23,227)	(23,227)	(23,227)	(23,227)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)	(300)
Equalities Fund Reserve	(261)	(261)	-	-	(261)	(261)	(261)	(261)
Essex Climate Change Commission	(3,067)	(849)	-	686	(163)	0	0	0
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)	(73)
Everyones Essex	(44,987)	(33,821)	(13,107)	24,010	(22,918)	(743)	(393)	(0)