

Addendum report and replacement recommendations

Report title: Organisation Plan and Budget 2020/21 – Part 2: Budget and Plan	
Report author: Councillor David Finch, Leader of the Council	
Date: 11 February 2020	For: Decision
Enquiries to: Nicole Wood, Executive Director for Finance and Technology or Margaret Lee, Executive Director for Corporate and Customer Services	
County Divisions affected: All Essex	

1 Purpose of the Report

- 1.1 Since the publication of the Organisation Plan and Budget 2020/21, we have been notified of the final local government finance settlement, and the final billing information from Brentwood Borough Council. This addendum sets out the latest position.
- 1.2 In summary the final settlement is consistent with the provisional settlement, apart from New Homes Bonus grant, which has reduced by **£17,000**.
- 1.3 The final billing information from Brentwood Borough Council has now been received and as a result there have been the following changes:
 - The anticipated income from non-domestic rates (NDR) has been increased by **£10,000**
 - Additional Business Rates Compensation Grant of **£42,000**
 - NDR collection fund deficit has increased by **£19,000**
- 1.4 The net impact of these changes is an increase in the Council's funding of **£16,000** over that published in the Council agenda to calculate the budget recommendations. This additional funding will be applied to the Transformation Reserve.
- 1.5 The recommendations in section 2 below sets out the revised recommendations that will be moved by the Leader of the Council.

2 Recommendations to the Council

Revenue and Capital Budget

- 2.1 That the Organisation Plan be approved in the form appended to this report.

- 2.2 The net cost of services to be set at **£992.7million (m)** for 2020/21 – Appendix A (page 34).
- 2.3 The net revenue budget requirement to be set at **£913.6m** (net cost of services less general government grants) for 2020/21 – Appendix A (page 34).
- 2.4 The total council tax funding requirement be set at **£707.9m** for 2020/21 – Appendix A (page 34).
- 2.5 That Essex County Council's element of the council tax be increased by 1.99% plus a 2% social care precept, therefore the Essex County Council element of the council tax charge for a Band D property in 2020/21 will be **£1,321.11**. A full list of bands is as follows:

Council Tax Band	2019/20 £	2020/21 £
Band A	846.96	880.74
Band B	988.12	1,027.53
Band C	1,129.28	1,174.32
Band D	1,270.44	1,321.11
Band E	1,552.76	1,614.69
Band F	1,835.08	1,908.27
Band G	2,117.40	2,201.85
Band H	2,540.88	2,642.22

- 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 2020/21, together with the final tax base, as set out in the table below:

Billing Authority	2020/21 Final Tax Base Band D Equivalent	2020/21 Gross precept £000
Basildon	61,287	(80,967)
Braintree	53,373	(70,512)
Brentwood	32,968	(43,554)
Castle Point	30,969	(40,913)
Chelmsford	68,252	(90,168)
Colchester	63,933	(84,462)
Epping Forest	54,638	(72,183)
Harlow	26,943	(35,595)
Maldon	25,091	(33,148)
Rochford	31,928	(42,180)
Tendring	48,392	(63,931)
Uttlesford	38,036	(50,250)
Total for ECC	535,809	(707,863)

- 2.7 That the proposed total schools budget be set at **£534.3m** for 2020/21 which will be funded by the Dedicated Schools Grant, Pupil Premium Grant, Teachers Pay Grant, Teachers Pension Grant and the Universal Free School Meals 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 **£56.6m** as at 1 April 2020 (Appendix A, Annex 1, page 60).
- 2.9 That the capital payments guideline be set at **£235m** for 2020/21.
- 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 2020/21 to 2023/24 Prudential Indicators and limits, together with updated limits for 2019/20 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
- 2.12 That the Treasury Management Strategy for 2020/21 be approved, comprising:
- Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 85).
 - Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 94).
 - Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 97).

- 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 106), be approved.

Pay Policy Statement

- 2.14 The Pay Policy Statement for 2020/21 as set out in Appendix C be approved.

Changes

- 2.15 That the following figures be amended to the Organisation Plan which forms Appendix A to the report (which starts at page 53 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 **£992,652,808** (page 86 of the agenda pack), this will be amended to **£992,669,097**
 - (b) Where the Transformation Reserve shows **£22.743m** total net expenditure (page 108 of the agenda pack), this will be amended to **£22.760m**
 - (c) Where the Service Improvement Reserve shows **£4.000m** total net expenditure (page 108 of the agenda pack), this will be amended to **£2.750m**
 - (d) Where the Children's and Families portfolio shows **£128.541m** total net expenditure budget (page 95 of the agenda pack), this will be amended to **£129.041m**
 - (e) Where the Leader portfolio shows **£6.801m** total net expenditure budget (page 104 of the agenda pack), this will be amended to **£7.551m**.
 - (f) Where the Other Operating costs portfolio shows **£104.106m** total net expenditure budget (starts at page 107 of the agenda pack), this will be amended to **£102.872m**.
- 2.16 That the Section 151 Officer be authorised to amend other figures other figures in the Organisation Plan which need to change as a result of the mathematical changes of the above consequences.

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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	992,669,097
General Government Grants *	(79,059,088)
Budget requirement	913,610,009
Less funding available:	
Revenue Support Grant	18,598,205
Non-Domestic Rates	180,155,087
Non-Domestic Rates deficit	(116,760)
Council Tax Collection fund surplus	7,110,202
	205,746,734
Council tax requirement	707,863,275
Tax base	535,809
(Band D equivalent properties)	
Band D council tax	1,321.11

* General Government Grants includes £23m PFI grants, Social Care Support Grant £33m, New Homes Bonus £5m

The Band D council tax charge is **£1,321.11**. The provisional council tax charge by band is set out in the table below.

	2019/20	2020/21
Council Tax Band	£	£
Band A	846.96	880.74
Band B	988.12	1,027.53
Band C	1,129.28	1,174.32
Band D	1,270.44	1,321.11
Band E	1,552.76	1,614.69
Band F	1,835.08	1,908.27
Band G	2,117.40	2,201.85
Band H	2,540.88	2,642.22

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Help people get the best start and age well

Children and Families portfolio (Cllr Louise McKinlay)

Revenue Budget

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
			Childrens Services				
10,724	11,843	12,574	Childrens Adoption and Special Guardianship Orders	13,901	(358)	(1,076)	12,467
14,039	13,298	13,320	Childrens Family Support	14,819	(92)		14,727
28,095	26,851	26,877	Childrens Fieldwork	32,906	(1,223)	(3,012)	28,671
46,702	48,257	49,563	Children Looked After	61,457	(0)	(7,246)	54,211
5,405	6,241	6,987	Childrens Strategic Management and Development	8,498	(793)	(393)	7,312
	4,556	0	i Childrens Sustainability				
209	341	343	Domestic Violence	939	(596)		344
6,861	7,334	7,334	Early Years and Childcare	11,214	(4,141)		7,073
1,932	1,957	1,959	Emotional Wellbeing and Mental Health Service	2,131	(167)		1,964
2,232	2,056	2,102	Youth Offending Service	3,940	(437)	(1,231)	2,272
116,199	122,735	121,059	Total Children and Families	149,806	(7,807)	(12,957)	129,041

i Childrens Sustainability funding was transferred to reserves during 2019/20

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Transform the council to achieve more with less

Leader portfolio (Cllr David Finch)

Revenue Budget

2018/19	2019/20	2019/20			2020/21	
Actuals	Original	Latest		Gross	Income	Specific
£000	Budget	Budget		Expenditure	£000	Grants
	£000	£000		£000		£000
	88	263	EU Exit	0		
1,212	1,057	1,044	Corporate Policy	932	0	
987	913	983	Democratic Core	1,009		
100	680	680	Garden Communities	1,577		
208	361	361	Initiatives and Partnerships	239		
6	0	198	Innovation Fund	(0)		
			Locality Fund	750		
1,738	1,769	1,796	Members Support	1,788	0	
1,258	1,284	1,284	Olympics and Sports Development	1,256		
5,508	6,152	6,609	Leader	7,551	-	7,551
1,831	1,630	1,597	Communications and Customer Relations	1,830	(0)	1,830
292	480	442	Equality And Diversity	477	(14)	462
2,124	2,110	2,039	Leader RSSS	2,306	(14)	2,292
7,632	8,261	8,648	Total Leader	9,857	(14)	-
						9,843

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Other Operating costs

The revenue budget in 2020/21 is **£103m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 59) of **£50m** and the costs of financing the capital programme of **£54m**.

The movement since 2019/20 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.

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
24,493	30,837	27,637	Capital Financing	30,989			30,989
	4,000	4,000	Contingencies	0			0
			Interest Payable				
(738)	(523)	(523)	Contributions - Transferred Debt		(671)		(671)
19,660	24,991	21,053	External Interest Payable	23,334			23,334
(81)	(47)	(47)	Loan Charges Grant		0		0
			Interest Receivable				
(3,612)	(2,536)	(2,536)	External Interest Receivable	100	(2,879)		(2,779)
1,459	1,279	1,279	Interest Reallocated	(1)	1,532		1,531
			Other Items	0			0
41,181	58,001	50,863		54,422	(2,017)		52,405

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2018/19	2019/20	2019/20			2020/21	
Actuals	Original	Latest			Gross	Total Net
£000	Budget	Budget			Expenditure	Expenditure
	£000	£000			£000	£000
			Approps To/(From) Reserves and Restricted Use Funds (i)			
(3,332)	(3,413)	(3,413)	A130 PFI Reserve		(4,652)	(4,652)
(1,644)		(3,417)	Adults Digital Programme		0	0
387		342	Building Schools for the Future			
879			Capital Receipts Pump Priming	1,000		1,000
(303)	(2,256)	(2,294)	Carbon Reduction Reserve		(76)	(76)
6,855	(4,884)	(17,819)	Carry Forwards Reserve	0	(0)	(0)
(331)		(497)	Clacton PFI Reserve		(0)	(0)
358		(456)	Community Initiatives Fund	350	(0)	350
(198)	(0)	(469)	Debden PFI Reserve		(0)	(0)
			Emergency	10,000		10,000
300			Emergency Planning Reserve			
		250	Essex Climate Change Commission	5,000		5,000
1,850		(2,383)	Grant Equalisation Reserves			
250			Health And Safety Reserve			
			Highways	5,000		5,000
(1,000)			Insurance Reserve		(1,151)	(1,151)
(150)			Partnership Reserves			
(206)			Pension Deficit Reserve			
326	326	326	Property Investment	326		326
500	500	473	Quadrennial Elections Reserve	500		500
4,138	4,074	2,339	Reserve For Future Capital Funding	4,074		4,074
(3,623)			Schools Reserves			
	6,420	3,720	Service Improvement Reserve	2,750		2,750
			Technology Solutions	5,000		5,000
(3,125)	(338)	(338)	Trading Activities Reserves		(413)	(413)
3,177	14,395	10,453	Transformation Reserve	23,260	(500)	22,760
3,898	7,869	9,245	Waste Reserve			
9,004	22,693	(3,937)		57,260	(6,793)	50,467

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

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2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
Reserves Closed							
3,053		(3,053)	Digital Infrastructure Reserve		(0)		(0)
(1,795)			Innovation Reserve				
(867)			Local Projects Reserve				
391	-	(3,053)		-	(0)		(0)
50,576	80,694	43,873	Total Other Operating Costs	111,682	(8,810)		102,872

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	Estimated closing balances						
			Budgeted Contributions/ Withdrawals	2020/21	2021/22		2022/23
	Balance at 1 April 2019 £000	Balance at 1 April 2020 £000		Assumed usage £000	Closing balance £000	£000	£000
General Balance	(56,610)	(56,610)	-	-	(56,610)	(56,610)	(56,610)
Reserves earmarked for future use							
Adults Digital Programme	(5,256)	(1,839)	-	1,839	-	-	-
Capital Receipts Pump Priming	(3,204)	(2,704)	(1,000)	500	(3,204)	(3,704)	(4,204)
Carbon Reduction	(2,303)	(309)	76	-	(233)	(119)	(9)
Carry Forward	(23,250)	(5,431)	-	5,431	-	-	-
Collection Fund Risk	(1,412)	(1,412)	-	-	(1,412)	(1,412)	(1,412)
Commercial Investment in Essex Places*	-	-	-	-	-	-	-
Community Initiatives Fund	(1,153)	-	(350)	350	-	-	-
Digital Infrastructure	(3,053)	-	-	-	-	-	-
EES Pensions	-	(4,000)	-	-	(4,000)	(4,000)	(4,000)
Emergency	-	-	(10,000)	4,000	(6,000)	(6,000)	(6,000)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)
Essex Climate Change Commission	-	(250)	(5,000)	1,500	(3,750)	(2,500)	-
Future Capital Funding	(12,061)	(9,838)	(4,074)	4,074	(9,838)	(9,838)	(9,838)
Health and Safety	(881)	(631)	-	-	(631)	(631)	(631)
Highways	-	-	(5,000)	5,000	-	-	-
Insurance	(8,061)	(8,061)	1,151	-	(6,910)	(6,910)	(6,910)
Property Investment	(326)	(652)	(326)	-	(978)	(1,304)	(1,630)
Quadrennial Elections	(618)	(1,091)	(500)	-	(1,591)	(91)	(591)
Service Improvement	-	(3,720)	(2,750)	-	(6,470)	(9,670)	(12,870)
Technology Solutions	-	-	(5,000)	5,000	-	-	-
Tendring PPP	(496)	-	-	-	-	-	-
Transformation	(25,193)	(29,387)	(22,760)	18,000	(34,147)	(29,767)	(25,387)