

## Agenda item 8

### Budget and Plan 2022-23

## Addendum report and replacement recommendations

### 1 Purpose of the Report

- 1.1 Since the publication of the Annual Plan and Budget 2022/23, on the 7 February we were 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 figures from billing authorities has resulted in an increase in the Council's funding of **£6.5m** over the figure quoted in the report published on 2 February 2022, most of this is one off or uncertain in nature with regards to impact beyond 2022/23. It is the opinion of the s151 that the changes since Cabinet approved the budget do not represent a significant change to the financial strategy of the organisation. The changes to the budget are as follows:
- Council Tax income has reduced by **£165,000** following receipt of revised figures from one authority
  - An increase to the Council Tax Collection Fund surplus of **£2.9m** following revised figures from two authorities
  - The anticipated income from non-domestic rates (NNDR) has decreased by **£3.3m**
  - NNDR collection fund deficit has increased by **£1.1m**
  - Reduction in the benefit of non-domestic rate pooling of **£95,000**
  - Additional Business Rates Compensation Grant of **£8.3m**, which is money paid to billing authorities by the Government to compensate for a reduction in income caused by business rate relief granted centrally
- 1.3 It is proposed the **£6.5m** increase to the Council's funding as set out in 1.2 will be applied as follows: **£2m** will be appropriated to the Ambition Fund Reserve, **£1m** will be appropriated to the Everyone's Essex Reserve, and **£3.5m** 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 in to 2022/23 and the temporary nature of business grant relief.
- 1.4 The final local government settlement has resulted in no change to the Council's general grant funding. However, since the report published on the 2 February 2022, confirmation has been received on final allocations for four specific government grants. These do not result in a change to the net revenue budget, but do increase the Council's gross expenditure and income budgets as follows:

- Market Sustainability and Fair Cost of Care Fund grant (Adult Social Care and Health portfolio) – The Council has been allocated **£4m** for 2022/23. This results in a **£4m** increase to the gross expenditure budget, offset by a **£4m** increase to the specific grant income budget on the Service Management Costs policy line
- Public Health grant (Adult Social Care and Health portfolio) – The Council has been allocated **£65.6m** for 2022/23, which is **£2m** more than originally budgeted. This results in an increase of **£2m** to the gross expenditure budget, offset by a **£2m** increase to the specific grant income budget on the Public Health policy line.
- Supporting Families grant (Children’s Services and Early Years) – The Council will receive a maximum of **£3.8m** in 2022/23, which is **£218,000** more than originally budgeted. This results in an increase of **£218,000** to the gross expenditure budget, offset by a **£218,000** increase to the specific grant income budget on the Children’s Fieldwork policy line
- Improved Better Care Fund (Adult Social Care and Health) – The Council will receive **£46.4m** in 2022/23, **£1,000** more than originally budgeted. This results in an increase of **£1,000** to the gross expenditure budget, offset by a **£1,000** increase to the specific grant income budget on the Service Management Costs policy line.

1.5 These changes do not result in any change to the proposed precept.

1.6 The recommendations in section 2 below replace recommendations printed in the report distributed with the Council agenda (page 44 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 £1,083.4m	Original figure replaced with £1,089.9m
2.3	Figure of £959.7m	Original figure replaced with £958.0m
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 Recommendations to the Council

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

- 2.1 That the Everyone's Essex Annual Plan be approved in the form appended to this report (Appendix A) subject to the changes set out in paragraph 2.16 below.
- 2.2 The net cost of services to be set at **£1,089.9m** for 2022/23 – Appendix A (page 21).
- 2.3 The net revenue budget requirement to be set at **£958.0m** (net cost of services less general government grants) for 2022/23 – Appendix A (page 25).
- 2.4 The total council tax funding requirement be set at **£763.5m** for 2022/23 – Appendix A (page 25).
- 2.5 That Essex County Council's element of the council tax be increased by 4.49% made up of a 1.99% increase in the general council tax precept, and 1% adult social care precept as set out by government for 2022/23, plus an additional 1.5% adult social care precept, deferred from 2021/22 using the flexibility set out by government for 2021/22. Therefore, the Essex County Council element of the council tax charge for a Band D property in 2022/23 will be **£1,401.12**. A full list of bands is as follows:

Council Tax Band	2021/22	2022/23
	£	£
Band A	893.94	934.08
Band B	1,042.93	1,089.76
Band C	1,191.92	1,245.44
Band D	<b>1,340.91</b>	<b>1,401.12</b>
Band E	1,638.89	1,712.48
Band F	1,936.87	2,023.84
Band G	2,234.85	2,335.20
Band H	2,681.82	2,802.24

- 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 2022/23, together with the final tax base, as set out in the table below:

Billing Authority	2022/23 Final Tax Base Band D Equivalent	2022/23 Gross precept £000
Basildon	61,376	85,995
Braintree	54,957	77,001
Brentwood	33,172	46,478
Castle Point	31,181	43,688
Chelmsford	70,142	98,277
Colchester	64,722	90,683
Epping Forest	54,865	76,873
Harlow	27,950	39,161
Maldon	25,524	35,763
Rochford	32,708	45,827
Tendring	49,892	69,905
Uttlesford	38,436	53,853
<b>Total for ECC</b>	<b>544,924</b>	<b>763,505</b>

- 2.7 That the proposed total schools budget be set at **£576.1m** for 2022/23 which will be funded by the Dedicated Schools Grant, Universal Free School Meals Grant, Pupil Premium Grant, PE and Sports Premium Grant, Sixth Form Grant, Teachers Pay and Pension Grants and the COVID-19 Recovery Premium 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 2022 (Appendix A, Annex 1, page 53).
- 2.9 That the capital payments guideline be set at **£283.6m** for 2022/23 – Appendix A (page 24).
- 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 2022/23 to 2025/26 Prudential Indicators and limits, together with updated limits for 2021/22 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
- 2.12 That the Treasury Management Strategy for 2022/23 be approved, comprising:
- Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 78).

- b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 84).
  - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 87).
- 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 96), be approved.
- 2.14 That the revised Treasury Management Policy Statement (Appendix A, Annex 3, page 102) and Treasury Management Practices (Appendix A, Annex 3, page 103), 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 2022/23 as set out in Appendix C.

### **Changes**

- 2.16 That the following figures be amended to the Annual Plan which forms Appendix A to the report (which starts at page 54 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 **£1,083,337,745** (page 78 of the agenda pack), this will be amended to **£1,089,884,195** (as shown on page 2 of this report)
  - (b) Where the Adult Social Care and Health portfolio shows **£737.288m** gross expenditure and **£115.669m** specific grant income (page 80 of the agenda pack), this will be amended to **£743.274m** and **£121.655m** respectively.
  - (c) Where the Children's Services and Early Years portfolio shows **£249.649m** gross expenditure and **£103.475m** specific grant income (page 82 of the agenda pack), this will be amended to **£249.866m** and **£103.693m** respectively.
  - (d) Where the Ambition Fund Reserve shows **£6.800m** total net expenditure (page 102 of the agenda pack), this is amended to **£8.800m**
  - (e) Where the Everyone's Essex Reserve shows **£0** total net expenditure (page 102 of the agenda pack), this is amended to **£1.000m**
  - (f) Where the Collection Fund Risk Reserve shows **£5.951m** total net expenditure (page 102 of the agenda pack), this is amended to **£9.497m**

- (g) Where the Other Operating costs portfolio shows **£109.106m** total net expenditure budget (starts at page 101 of the agenda pack), this is amended to **£115.652m**.
  - (h) That pages 74, 76, 78, 80, 82, 101, 102, 103 and 106 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

## 2022/23 Revenue Overview

Despite the financial challenges facing local government, the budget for 2022/23 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2022/23 is **£2,095m**. After taking income and specific grants into account, the net costs of services amounts to **£1,090m**, an increase of **£52m** or 5% over 2021/22.

### Budget breakdown

	2021/22 £m	2022/23 £m
<b>Gross Expenditure</b>	2,014.0	2,095.2
<i>Deduct:</i>		
Income	(269.6)	(277.7)
Specific Government Grants (excluding DSG)	(165.8)	(176.0)
Specific Government Grants (DSG)	(540.7)	(551.6)
<b>Subtotal: Net Cost of Services</b>	<b>1,037.9</b>	<b>1,089.9</b>
<i>Deduct:</i>		
Council Tax Requirement	(717.5)	(763.5)
Revenue Support Grant (RSG)	(18.7)	(19.3)
Non-Domestic Rates	(180.2)	(174.5)
Non-Domestic Rates Collection Fund Deficit *	21.2	8.9
General Government Grants	(143.0)	(131.9)
Council Tax Collection Fund Surplus*	0.3	(9.6)
<b>Subtotal: Total Funding</b>	<b>(1,037.9)</b>	<b>(1,089.9)</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 2021/22 compared to that budgeted (technical adjustment).



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## Revenue Budget Summary

2020/21	2021/22	2021/22			2022/23		
Actuals	Original	Latest		Gross	Income	Specific	Total Net
£000	Budget	Budget	Portfolio	Expenditure	£000	Grants	Expenditure
	£000	£000		£000		£000	£000
414,173	441,280	453,414	Adult Social Care and Health	743,274	(151,389)	(121,655)	470,230
122,732	133,060	139,045	Children's Services and Early Years	249,866	(9,737)	(103,693)	136,436
14,934	22,800	27,130	Community, Equality, Partnerships and Performance	37,976	(12,298)	(2,018)	23,660
2,205	3,607	4,570	Devolution, the Arts, Heritage and Culture	8,062	(3,949)		4,113
(2,832)	6,195	17,976	Economic Renewal, Infrastructure and Planning	10,860	(4,011)		6,849
10,658	16,799	20,726	Education Excellence, Life Long Learning and Employabilit	543,321	(26,866)	(498,931)	17,525
584	10,613	11,127	Finance, Resources and Corporate Affairs	16,470	(2,477)	(256)	13,737
102,006	112,576	113,624	Highways Maintenance and Sustainable Transport	135,451	(20,059)	(995)	114,397
2,190	2,220	2,915	Leader	2,397			2,397
81,283	81,723	81,856	Waste Reduction and Recycling	90,040	(3,307)		86,733
194,564	115,094	52,028	Other Operating Costs	137,135	(21,483)		115,652
15,497	16,764	19,651	Community, Equality, Partnerships and Performance	20,194	(2,268)		17,927
955	1,099	1,067	Economic Renewal, Infrastructure and Planning RSSS	1,322	(220)		1,102
71,887	72,280	90,821	Finance, Resources and Corporate Affairs RSSS	96,941	(19,674)		77,267
1,960	1,810	1,970	Leader RSSS	1,860			1,860
<b>1,032,796</b>	<b>1,037,921</b>	<b>1,037,921</b>		<b>2,095,169</b>	<b>(277,738)</b>	<b>(727,547)</b>	<b>1,089,884</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.



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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	1,089,884,195
Contribution to General Balance	
General Government Grants *	(131,901,111)
<b>Budget requirement</b>	<b>957,983,084</b>
Less funding available:	
Revenue Support Grant	19,294,802
Non-Domestic Rates	174,518,588
Non-Domestic Rates Collection Fund Deficit	(8,947,964)
Council Tax Collection Fund Surplus	9,613,090
	<b>194,478,516</b>
<b>Council tax requirement</b>	<b>763,504,568</b>
Tax base (Band D equivalent properties)	544,924.47
Band D council tax	1,401.12

The Band D council tax charge is **£1,401.12**. The provisional council tax charge by band is set out in the table below.

	2021/22	2022/23
Council Tax Band	£	£
Band A	893.94	934.08
Band B	1,042.93	1,089.76
Band C	1,191.92	1,245.44
Band D	<b>1,340.91</b>	<b>1,401.12</b>
Band E	1,638.89	1,712.48
Band F	1,936.87	2,023.84
Band G	2,234.85	2,335.20
Band H	2,681.82	2,802.24

\* General Government Grants includes PFI grants £23m, Social Care Support Grant £53m, Business Rates Compensation Grant £39m and Transitional Grant £12m

The Public Health grant presents a 2022/23 net expenditure budget of a £2.25m credit in the above table, due to the contribution towards support services. This grant is fully utilised, with the related costs being shown within Communities, Equalities, Partnerships and Performance RSSS portfolio, and Finance, Resources and Corporate Affairs RSSS portfolio (Recharge Strategic Support Services). The presentation is in line with accountancy regulations.

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## Children's Services and Early Years (Cllr Beverley Egan)

### Revenue Budget

2020/21 Actuals £000	2021/22 Original Budget £000	2021/22 Latest Budget £000		2022/23 Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
			<b>Childrens Services</b>				
11,341	12,206	12,353	Children's Services and Early Years	15,392	(1,880)	(1,075)	12,438
13,498	12,425	15,351	Childrens Family Support	17,036	(76)		16,959
31,065	28,954	31,814	Childrens Fieldwork	35,486	(1,329)	(3,902)	30,256
52,513	59,504	58,130	Children Looked After	65,371		(7,959)	57,412
5,005	7,131	8,233	Childrens Strategic Management and Development	8,124	(478)	(550)	7,097
95	344	495	<b>Domestic Violence</b>	3,499	(735)	(2,670)	94
7,100	7,073	7,073	<b>Early Years and Childcare</b>	11,214	(4,141)		7,073
2,056	1,964	1,951	<b>Emotional Wellbeing and Mental Health Service</b>	2,015	(6)		2,008
1,901	2,244	2,244	<b>Youth Offending Service</b>	4,545	(684)	(1,617)	2,244
2,131	1,617	1,802	<b>Early Years - non DSG</b>	1,665	(409)		1,256
(3,974)	(401)	(401)	<b>Early Years - DSG</b>	85,519		(85,920)	(401)
<b>122,732</b>	<b>133,060</b>	<b>139,045</b>	<b>Total Childrens Services and Early Years</b>	<b>249,866</b>	<b>(9,737)</b>	<b>(103,693)</b>	<b>136,436</b>

## Other Operating costs

The revenue budget in 2022/23 is **£116m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 50) of **£55m** and the costs of financing the capital programme of **£63m**.

The movement since 2021/22 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.

2020/21	2021/22	2021/22			2022/23	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Expenditure
	£000	£000		£000	£000	£000
30,970	33,476	33,476	<b>Capital Financing</b>	37,799		37,799
(952)	(850)	(850)	<b>Dividends Received</b>		(1,150)	(1,150)
			<b>Interest Payable</b>			
(848)	(802)	(802)	Contributions - Transferred Debt		(511)	(511)
21,181	23,436	24,236	External Interest Payable	25,349		25,349
(80)			Loan Charges Grant			-
			<b>Interest Receivable</b>			
(1,346)	(881)	(881)	External Interest Receivable	(250)	(1,230)	(1,480)
260	173	173	Interest Reallocated		344	344
<b>49,185</b>	<b>54,552</b>	<b>55,352</b>		<b>62,897</b>	<b>(2,547)</b>	<b>60,351</b>

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>						
(2,830)	(9,255)	(9,255)	A130 PFI Reserve		(10,308)	(10,308)
	10,089	10,089	Adult Social Care Risk			-
(1,581)		(1,260)	Adults Digital Programme			-
3,500		2,500	Adults Transformation Reserve			-
12,607	2,700	(13,215)	Ambition Fund Reserve	8,800		8,800
590	0	286	Building Schools for the Future			-
		(65)	Bursary for Trainee Carers			-
1,000	(0)	(0)	Capital Receipts Pump Priming	6,000		6,000
(34)			Capital Receipts Reserve			-
474	(76)	(114)	Carbon Reduction Reserve		(114)	(114)
6,469	(3,260)	(19,348)	Carry Forwards Reserve			-
			Childrens Risk	2,500		2,500
1,314		5,406	Childrens Transformation Reserve			-
208	(0)	(123)	Clacton PFI Reserve			-
2,616	12,418	2,132	Collection Fund Risk Reserve	9,497		9,497
		1,075	Commercial Investment in Essex Places Reserve		(170)	(170)
(86)	350	257	Community Initiatives Fund	350		350
37,496	28,808	17,747	Covid Equalisation		(1,831)	(1,831)
334	(0)	(528)	Debden PFI Reserve			-
12,564	4,000	4,000	Emergency	9,094		9,094
		261	Equalities Fund			-
4,750	(0)	(422)	Essex Climate Change Commission			-
		45,000	Everyones Essex	1,000		1,000
557	0	(13,592)	Grant Equalisation Reserves			-
(288)	2,038	1,789	Health and Safety Reserve			-
87		(1,238)	Insurance Reserve			-
306			Partnership Reserves			-

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

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 (ii)</b>							
326	326	326	Property Investment				-
(168)	500	459	Quadrennial Elections Reserve		500		500
25,000		(25,650)	Renewal Fund Reserve				-
4,995	3,074	2,989	Reserve For Future Capital Funding		14,674		14,674
8,958			Schools Reserves				-
4,964	10,000	(1,135)	Technology and Digitisation		10,000		10,000
(303)			Tendring Public Private Partnership				-
(304)	(304)	(304)	Trading Activities Reserves			(304)	(304)
17,285	5,480	(4,898)	Transformation Reserve		11,823		11,823
4,574	(6,344)	(6,494)	Waste Reserve			(6,209)	(6,209)
<b>145,380</b>	<b>60,543</b>	<b>(3,323)</b>			<b>74,238</b>	<b>(18,937)</b>	<b>55,301</b>
<b>194,564</b>	<b>115,094</b>	<b>52,028</b>	<b>Total Other Operating Costs</b>		<b>137,135</b>	<b>(21,483)</b>	<b>115,652</b>

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

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	Estimated closing balances						
	2022/23			2023/24		2024/25	
	Balance at 1 April 2021 £000	Balance at 1 April 2022 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
General Balance	(68,096)	(68,096)	-	-	(68,096)	(68,096)	(68,096)
Reserves earmarked for future use (cont'd)							
Adults Digital Programme	(1,288)	0	-	-	0	0	0
Adult Social Care Risk	-	(10,089)	-	2,522	(7,567)	(5,045)	(2,522)
Adults Transformation	(3,500)	(8,087)	-	2,022	(6,065)	(4,044)	(2,022)
Ambition Fund	(16,578)	(2,861)	(8,800)	3,887	(7,774)	(3,887)	-
Bursary for trainee carers	(500)	(397)	-	397	-	-	-
Capital Receipts Pump Priming	(4,204)	(3,704)	(6,000)	2,500	(7,204)	(5,704)	(4,204)
Carbon Reduction and Energy Risk	(1,096)	(982)	114	4	(864)	(712)	(522)
Carry Forward	(21,273)	(11,533)	-	11,533	-	-	-
Childrens Risk	-	-	(2,500)	625	(1,875)	(1,250)	(625)
Childrens Transformation	(1,314)	(6,720)	-	-	(6,720)	(6,720)	(6,720)
Collection Fund Risk	(4,029)	(7,014)	(9,497)	-	(16,511)	(16,511)	(16,511)
Commercial Investment in Essex Places	(12,583)	(13,658)	170	-	(13,488)	(13,428)	(13,428)
Community Initiatives Fund	(401)	(308)	(350)	350	(308)	(308)	(308)
Covid Equalisation	(37,496)	(24,367)	1,831	22,536	0	0	0
EES Pensions	(4,000)	(4,000)	-	-	(4,000)	(4,000)	(4,000)
Emergency	(12,564)	(12,564)	(9,094)	9,087	(12,571)	(12,571)	(12,571)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)
Equalities Fund Reserve	-	-	-	-	-	-	-
Essex Climate Change Commission	(5,000)	(3,200)	-	1,401	(1,799)	(1,035)	(397)
Essex Crime and Police	(73)	(73)	-	-	(73)	(73)	(73)
Everyones Essex	-	(44,346)	(1,000)	15,116	(30,231)	(13,688)	(0)
Future Capital Funding	(9,847)	(11,262)	(14,674)	14,674	(11,262)	(11,262)	(11,262)
Health and Safety	(2,812)	(4,602)	-	-	(4,602)	(4,602)	(4,602)