

Liberal Democrat Amendment to the Budget: 10th February 2022

Proposed by Councillor King and seconded by Councillor Cory

That the net effect of the budget resolution be amended as set out for the reasons and purposes set out below:

- 1.0 **Recognising the rising pressures of the energy and cost of living crisis on the most vulnerable and just about managing.** Noting that the Government's Council Tax rebate and fuel bills loan, whilst welcome, will be far too late and too little. Not enough to stop yet more families falling into fuel poverty, to choose between warmth and food;
- 1.1 **To reduce the proposed Council Tax increase by 1/3rd** from 4.49% to 3% at a cost of some £10.9m in 2022/23. Such a reduction to be set against the 2% general Council Tax increase proposal, rather than the specific precept for Adult Social Care.
- 1.2 This is to be funded by reducing the General Balance in 2022/23 by £10.9m, from 6% towards 5% of the Council's net expenditure budget.
- 2.0 The following revenue investment proposals are to be funded by drawing on unrestricted reserves and that the budget recommendation be amended as detailed in the Section 151 officer's commentary and statement below.
- 3.0 **Protect low income families from the impacts of the increases in Council Tax** by adding **£2.1m to the base budget over each of the 4 years of the MTRS** adding to the proposals developed from the Local Council Tax Support grant for 2021/22 (after recompense for any loss of Council Tax base) and funded in 2022/23 through the Everyone's Essex reserve. This scheme will be developed in partnership with Essex District, Borough and City Councils who in past years have generously supported many households, so reducing hardship and the pressure of their Council Tax bills
- 4.0 **Supporting the mental health needs of children and young people:**
- 4.1 The huge increase in numbers of young people requiring advice and treatment for mental health issues due to Coronavirus is well documented. Current demand is not being met fast enough as shown by waiting times, to the detriment of those young people. Pressures made worse by the impact on wider NHS capacity. It is accordingly proposed to **Increase the Children and Families base budget by £2m** (Children's Services and Early Years portfolio). This additional funding to enable **more vital work with children and young people with mental health issues**, in the knowledge that any such measures may reduce the risk of harm and suicide prevention, and benefit the NHS. We will promote the benefits of investing in match-funding this significant additional expenditure with the Clinical Commissioning Groups (and successor Integrated Care Systems) to provide more mental health counselling support in all schools to help identify and address mental health issues at an early age with the intention of reducing demand on services in the future.

- 5.0 Supporting Essex's young people recognising the impacts of isolation and loneliness and the cuts over many years, made worse by the impacts of lock down and pandemic:**
- 5.1 An increase of £500,000 in the base budget provision for Youth Services** (Community, Equality, Partnerships and Performance portfolio) for the provision of **Youth Service projects including, support, mentoring and respite for young carers**, school lunchtime clubs/drop in sessions run by youth workers and outreach work, including detached working. And to actively explore the potential for a transformational step change in youth provision, by working with Onside and their partners, which include the Government, to bring Youth Zones to Basildon and Colchester.
- 6.0 Recognising the gravity of the Climate Emergency to accelerate our response, by agreement with the independent Essex Climate Action Committee.**
- 6.1 To treat this as a Climate Emergency**, to accelerate the pace and scope of feasibility work and early design and development proposals and to invest a further **£2m**, working with Government and philanthropic partners. This is in the knowledge that early progress will position Essex better to take advantage of Government funding, to set the pace and lead nationally. Essex Pension Fund is exploring how impact investing might be deployed in UK/County wide investments, without material loss of income to pension holders, to target the 10 (ten) Responsible Investment priorities the Investment Steering Committee have identified which include climate change and the impacts on their members.
- 7.0 Investing in our Infrastructure and Quality of Life**
- 7.1 An increase of £4.5m in the Highways Capital programme** provision for Road Maintenance (Infrastructure portfolio). In addition, to start to clear the massive backlog of footway, cycleway and drainage repairs, investment as set out below.
- 7.2 To double footway maintenance spend**, as the most neglected and in need of repair area of highways. And as a contribution to the wider aims of Active Travel, by an additional one off capital investment investment of **£8m**.
- 7.3 To devolve decision making and to improve the effectiveness of existing expenditure**, create a new Member Priority Budget of some **£2.25m** or £30,000 per county councillor to meet the worst pothole and other highways issues in their communities.
- 7.4 To increase Surface Water Alleviation funding** by adding **£350,000** to help alleviate such issues for residents, including £100,000 to be earmarked as a mitigation contribution to tidal and heavy rain events disrupting businesses and travel at the Hythe Colchester.
- 7.5 An increase in our capital investment in new cycling and walking infrastructure**, doubling this from **£0.75m** to **£1.5m**, improving thus our prospects of attracting match and grant funding from Government and other partners, such as the NHS.
- 7.6 An increase in Electric Vehicle Infrastructure.** £200,000 earmarked as drawdown from the climate reserve in 2022/23 to be doubled to **£400,000** and

included within the capital budget, as a contribution to our efforts to respond to the Climate Emergency and to improve air quality across Essex.

- 7.7 **A one off increase in Active Travel support, promotion and delivery in 2022/23**, restoring the budget to that of 2021/22, a revenue increase of **£1.2m** to **£1.656m**, and to seek additional match funding from other partners including the Government and the NHS.

8.0 Improving the look and feel of our natural environment by reduced littering:

- 8.1 **A one off increase of £250,000 in the budget provision in 2022/23 for Waste Disposal** (Environment and Waste portfolio) to tackle the scourge of fly tipping which is blighting both the countryside and urban areas, in particular to pursue the prosecution of offenders. This increase is to be funded from the Waste Reserve in 2022/23. And to include exploration of:
- 8.2 The introduction of littercam technology to catch and fine vehicle drivers, losing loads and or throwing litter from their vehicles, so doing improving the appearance of our main roads and entrances to our towns and villages across Essex, and reducing the risk to those who litter pick.

9.0 Cost and Use of Reserves

- 9.1 It is recognised that these measures (Council Tax proposal plus table detail within 10.1) will be an increase of **£19.1m** to the 2022/23 budget or some 2% arising from the proposed changes. To be funded by reducing the General Balance from 6% towards 5%, (**£10.9m**) and by drawing on unrestricted reserves (primarily Everyone's Essex, future capital funding and the waste reserves), reducing these by **£8.2m** to **£177m**.

10.0 Section 151 Officer's Commentary on Liberal Democrat Budget Amendment

- 10.1 It is proposed that a number of the amendments are to be funded from reserves in 2022/23 and therefore there will be no overall impact on the budget in this financial year. The investment will have an ongoing impact on the Medium Term Resource Strategy (MTRS) from 2023/24 onwards as detailed in the table below;

	2022/23	2023/24	2024/25	2025/26
Revenue investment: Description	£000	£000	£000	£000
Supporting low income families	2,100	2,100	2,100	2,100
Investment in children's mental health services	2,000	2,000	2,000	2,000
Investment in youth services	500	500	500	500
Investment in climate change emergency	2,000	-	-	-
Active travel promotion and support	1,200	-	-	-
Investment in fly tipping reduction	250	-	-	-
Additional capital expenditure; interest on borrowing	181	361	361	361
Additional capital expenditure; Minimum Revenue Provision (MRP)	-	553	553	553
Total cost	8,231	5,514	5,514	5,514

- 10.2 The impact of a reduction in the proposal to increase Council Tax by 1/3rd from 4.49% to 3% is estimated to reduce funding to the Council by £10.9m in 2022/23. It is recognised that there is a proposed equivalent reduction in the general balance to fund this in 2022/23, however this will create the same estimated funding shortfall every year from 2023/24 onwards and so increase the Council's forecast budget gap from £24m in 2023/24 to £34.9m and from £119m in 2025/26 to £129.9m. The full impact on reserves of the council tax amendment for 2022/23 and the revenue investments are set out in the table below;

	2022/23		
	Current estimated closing balance £000	Proposed additional usage £000	Revised estimated closing balance £000
Reserves			
General Balance	68,096	(10,900)	57,196
Everyone's Essex reserve	29,565	(7,800)	21,765
Future Capital Funding reserve	11,262	(181)	11,081
Remaining reserves earmarked for future use	143,789	-	143,789
Waste Reserve	101,976	(250)	101,726

10.3 The proposed amendments also impact on the 2022/23 capital programme and these are detailed in the table below;

Capital investment: Description	Current budget 2022/23 £000	Proposed budget 2022/23 £000	Increase/ (decrease) £000
Road maintenance	41,658	46,158	4,500
Footway maintenance	8,000	16,000	8,000
Member priority community issues	-	2,250	2,250
Surface water alleviation	2,755	3,105	350
Cycling and walking infrastructure (within Advanced Scheme Design)	750	1,500	750
Electric Vehicle infrastructure*	200	400	200
Total cost	53,363	69,413	16,050

* £200k electric vehicle infrastructure expenditure is earmarked within the climate reserve for 2022/23 yet to be included within the capital programme

10.4 The estimated revenue borrowing costs for the additional capital expenditure of £16.05m have been calculated using the assumption that MRP is charged over 30 years and using the 2022/23 budgeted interest rate of 2.25%. These costs are set out within the revenue investment summary table at paragraph 10.1. There is no assumption as to ongoing revenue commitment from the incremental capital spend proposal in 22/23.

10.5 The following table summarises and reconciles the proposed budget amendment as set out above across the life of the MTRS;

	2022/23	2023/24	2024/25	2025/26
Budget amendment reconciliation	£000	£000	£000	£000
Budget amendment proposals				
Council tax reduction	10,900	10,900	10,900	10,900
Revenue investments	8,231	5,514	5,514	5,514
Subtotal: budget proposals	19,131	16,414	16,414	16,414
Proposed funding streams				
Reduction to General Balance	(10,900)			
Reduction to Everyones Essex Reserve	(7,981)			
Reduction to waste reserve	(250)			
Subtotal: funding proposals	(19,131)			
Total remaining funding gap	-	16,414	16,414	16,414

It is recognised that these amendments add to the pressures and funding gap in 2023/24 onwards to be addressed by the County Council, through further efficiencies and or call upon reserves.

- 10.6 By 2024/25 it is anticipated that the balance of unrestricted reserves will have reduced to £138m (a reduction of £87m). The proposals within this amendment will impact upon this position.

The authority has a General Balance, which is an un-ringfenced reserve set aside to allow the Council to deal with unexpected events or costs at short notice. The general reserve balance is held at 6% of net revenue budget in recognition of the level of risk associated with the pandemic response and pressures the Authority may face. The balance is £68m, to reduce the reserve further in the context of higher inflation will effect future decisions. The current balance is enough to fund the Council's activities for 23 days, the proposals would reduce this down to 19 days.

- 10.7 Benchmarking of General Fund: It is inherently challenging to benchmark general fund, some local authorities put all reserves into a general fund and others (such as ECC) have many different earmarked reserves in addition, hence making a comparison of general fund complex.