

Forward Plan Reference Number: FP/015/03/21

Report title: Everyone's Essex Annual Plan and Budget 2022/23 – Part 2: Budget and Plan	
Report to: Full Council	
Report author: Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs and Councillor Louise McKinlay, Cabinet Member for Community, Equality, Partnerships and Performance	
Date: 10 February 2022	For: Decision
Enquiries to: Nicole Wood, Executive Director for Corporate Services (Nicole.Wood@essex.gov.uk) or Richard Puleston, Director, Policy (Richard.Puleston@essex.gov.uk)	
County Divisions affected: All Essex	

1 Everyone's Essex

- 1.1 Everyone's Essex sets out the Council's strategic aims and commitments for the period of the current administration along with key principles for how we operate as an organisation including commitment to ensuring excellent service delivery. In line with Everyone's Essex, this budget seeks to align our financial resources to ensure delivery against our commitments over the next three years whilst also maintaining well-funded and sustainable core and statutory services that can continue to deliver improved outcomes to our local residents.

2 Purpose of the Report

- 2.1 The report presents information to enable Full Council to consider and approve the Everyone's Essex Annual Plan and Budget 2022/23 including the revenue budget, capital programme, financial strategy and capital strategy. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2022/23 Budget and adequacy of reserves, included elsewhere on this agenda, should be considered.
- 2.2 The Annual Plan publishes the Council's plans for 2022/23, highlighting those actions that the Council will focus on. It also includes a section on performance detailing how the Council will measure performance against the organisational aims and the outcomes the Council expects to see following the implementation of those actions.
- 2.3 The statutory process for setting the budget is that a budget is recommended to the Council made by or on behalf of the Leader. On 18 January 2022 the Cabinet made recommendations to the Council, but the Cabinet Member for

Finance, Resources and Corporate Affairs was authorised to amend those recommendations in the light of any revised information, for example relating to council tax bases or actual council tax receipts collected by billing authorities.

- 2.4 The recommendations from the Cabinet are set out in section 3.
- 2.5 The statutory deadline for the final information from billing authorities was 31 January 2022. Given the proximity to the time that the Council agenda was required to be published, any potential impact arising from the confirmed district information is not reflected in this report and will be provided as an addendum report issued before or at the meeting.
- 2.6 Additionally, details of the final settlement had not been received at the time the Council agenda was required to be published. This is expected to include final allocations for grants including the Market Sustainability and Fair Cost of Care grant, and Supporting Families programme, for which no assumptions are made in this budget. If final settlement becomes available in the period between production of the report and the Council meeting, the impact will also be set out in the addendum.
- 2.7 Any revisions to the recommendations resulting from the confirmed district information and final settlement will be circulated electronically to all members as early as possible and will also be posted on the council's website.

3 Decision Areas and Recommendations

Everyone's Essex Annual Plan and Revenue Budget

- 3.1 That the Everyone's Essex Annual Plan be approved in the form appended to this report (Appendix A).
- 3.2 The net cost of services to be set at **£1,083.4 million (m)** for 2022/23 – Appendix A (page 21).
- 3.3 The net revenue budget requirement to be set at **£959.7m** (net cost of services less general government grants) for 2022/23 – Appendix A (page 25).
- 3.4 The total council tax funding requirement be set at **£763.7m** for 2022/23 – Appendix A (page 25).
- 3.5 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:

	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	1,340.91	1,401.12
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

- 3.6 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	2021/22 Final Tax Base Band D Equivalent	2021/22 Gross precept £000
Basildon	61,376	85,995,407
Braintree	54,957	77,001,352
Brentwood	33,172	46,477,813
Castle Point	31,299	43,853,627
Chelmsford	70,142	98,276,911
Colchester	64,722	90,682,728
Epping Forest	54,865	76,872,869
Harlow	27,950	39,161,304
Maldon	25,524	35,762,607
Rochford	32,708	45,827,273
Tendring	49,892	69,904,959
Uttlesford	38,436	53,853,028
Total for ECC	545,042	763,669,878

- 3.7 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.

- 3.8 That the underlying balance on the General Balance be set at **£68.1m** as at 1 April 2022 (Appendix A, Annex 1, page 53).
- 3.9 That the capital payments guideline be set at **£283.6m** for 2022/23 – Appendix A (page 24).
- 3.10 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

- 3.11 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.
- 3.12 That the Treasury Management Strategy for 2022/23 be approved, comprising:
 - a. 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).
- 3.13 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.
- 3.14 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

- 3.15 That the Council adopts the Pay Policy Statement for 2022/23 as set out in Appendix C.

4 Background to the changes since the Cabinet Meeting

- 4.1 Billing authorities are required to provide a final estimate of the council tax base, the deficit/surplus from the prior year, the performance of the local discount scheme and the Non-Domestic Rates (NNDR) income on 31 January 2022. Given the requirement for Council papers to be published on 2 February 2022,

the recommendations in this report remain unchanged from those put forward by Cabinet. The recommendations made by Cabinet were based upon estimates of these figures. Any potential impact arising from the confirmed district information will be provided as an addendum issued before or at the meeting.

- 4.2 If final returns are not received in time for the Council meeting 10 February 2022, the budgetary impact will be reported and dealt with in the First Quarter Report to Cabinet in July.
- 4.3 Additionally, at the time of the production of these papers, the final settlement was not known. If it becomes available in the period between production of the report and the Council meeting, the impact will be set out in the addendum.
- 4.4 If however, the final settlement is not known by 10th February, an amended budget motion will be tabled at the meeting moved, proposing that the following will apply:
- 4.5 If the final settlement provides an increase in grant funding over that already included, the additional sum will be appropriated initially to the Collection Fund Risk Reserve pending proposals for use.
- 4.6 If the settlement results in a decrease in grant funding, that amount will be appropriated 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.
- 4.7 In either case, the action will not result in changes to net revenue budget requirement, or the level of the Council's precept on billing authorities.
- 4.8 It would also be necessary to delegate authority to the section 151 officer to determine whether or not the increase is such as to trigger a referendum. According to the draft referendum trigger, no referendum would be triggered. In the extremely unlikely event of the final published referendum threshold being lower than the draft in such a way as to trigger a referendum, it would be necessary to convene a special meeting to consider the position.

5 Statement of the Executive Director Corporate Services (S151 Officer)

- 5.1 The Executive Director Corporate Services is the Chief Finance Officer appointed under S151 of the Local Government Act 1972 and is also the Chief Financial Officer for regulatory and statutory purposes.
- 5.2 The report by the Executive Director Corporate Services (S151 officer) on the robustness of the estimates, reserves and capital strategy is set out in the separate report elsewhere on this agenda.

6 Other Issues

- 6.1 The findings of the Equality Impact Assessment (EIA) carried out are included at Appendix B of this report.

7 Relevance to the Council's Everyone's Essex Strategy and Plan

- 7.1 The Annual Plan for 2022/23 covers the action the Council will take next year to contribute to Everyone's Essex, alongside the Budget. The Annual Plan is set out in Appendix A.

8 Internal and External Consultation

- 8.1 All Executive Directors and Directors have been involved in the preparation of the Annual Plan and the Budget.
- 8.2 Through budget consultation meetings the Council engages with representatives from the unions.
- 8.3 Public consultation was undertaken during October and November 2021, for a period of 4 weeks. Through this exercise, the Council gathered the views of residents and those who run businesses within the county. The consultation was promoted via the Essex residents panel, through the Council's corporate communications channels and through digital / social media. As well as gathering responses to consultation questions, the Council convened three focus groups to enable deeper discussions and the exploration of key themes.
- 8.4 There were 1,228 responses to the consultation (including both residents and self-employed/business owners). The full report on the budget consultation is shown in Appendix D. The key messages from respondents to the consultation are that:
- the most important issues facing Essex today included:
 - National Health Service/Healthcare (42% of residents and 45% of those who are self-employed/ businesses)
 - Social Care Provision (34% across both groups)
 - Crime/Community Safety (29% of residents; 36% of self-employed/ businesses)
 - the areas of greatest concern to individuals are:
 - Condition of roads and pavements (51% of residents and 47% of business respondents)
 - Climate change (29% and 33%)

- The local environment/pollution (28% and 33%)
- Levels of crime in my town/neighbourhood (25% and 26%)
- When asked about things that should be prioritised for immediate action, participants identify:
 - Developing Essex infrastructure (41% of residents and 45% of business respondents)
 - Supporting those who care for sick or vulnerable people (40% and 32%)
 - Minimising the amount of waste generated in Essex (33% and 31%)
 - Protecting vulnerable children (32% and 37%)
 - Securing high standards in education (31% and 27%)
- Respondents (residents and the self-employed/ business owners) generally want ECC to strike a balance between spending on long-term and short-term needs. They want to find the middle ground between serving the needs of people/places facing greatest difficulty with the priorities of the county as a whole. They also have a clear appetite to see spending decisions taken as close to local communities as possible.
- When faced with financial pressure, respondents are most supportive of moves to:
 - strengthen independence - reducing the need for individuals/ families/ communities to rely on public-funded support
 - prioritise resources for the vulnerable.

But respondents were also supportive of moves to streamline services, work with partner organisations/third parties and encourage local people/communities to play a greater role.

Respondents were generally less supportive of strategies that involve the introduction of new charges for services that are currently free at the point of use. They are least supportive of moves to stop delivering services entirely.

- The majority (71% of residents and 67% of business owners/ self-employed participants) agreed that ECC should consider increases in council tax where these would protect services for the most vulnerable people. However, this should be considered only where opportunities to secure efficiencies from streamlined services have been exhausted (63% of residents and 59% of businesses), or where the alternative would be to stop delivering some services (64%).

8.5 Taken together, these results suggest that people who participated in the consultation recognise the continuing financial pressures facing the Council and

the need to prioritise and make efficiencies. They also recognise the need to balance spending on protecting the most vulnerable and on providing good universal services that most residents use.

- 8.6 In response to the key messages, the Council is investing an additional £51m in portfolio budgets for 2022/23 (£45m including other operating costs). The most significant part of the budget is spent on social care services (55% of gross expenditure, excluding dedicated schools grant (DSG)). The Council is also continuing to invest in the maintenance of roads and footways, children's services, economic regeneration and waste.
- 8.7 A briefing on the budget for members of the Corporate Policy and Scrutiny Committee was held on 27 January 2022.

9 Legal Implications (Monitoring Officer)

- 9.1 In each financial year the Council must make its budget calculation in accordance with sections 42A and 42B of the Local Government Finance Act 1992. In particular, it must calculate the total of:
- The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year
 - Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year
 - The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure
 - Such financial reserves as are sufficient to meet any estimated revenue deficit for previous financial years which has not already been provided for.
- 9.2 Those calculations are then used to determine the council tax requirement for the year.
- 9.3 The Council is required to set a balanced budget and in considering the budget the Council must have regard to the advice of its Chief Finance Officer appointed under section 151 of the Local Government Act 1972.
- 9.4 The Council must issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992. The section prescribes what must be included in the issue of the precept. It must be issued before 1 March in the financial year preceding the year for which it is issued but is not invalid merely because it is issued on or after that date.

- 9.5 Under section 25 of the Local Government Act 2003, the Chief Financial Officer (section 151 officer) is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The Chief Finance Officer is also required to report on the level of reserves.
- 9.6 In deciding its Capital Programme for the year, the Council must have regard to the 'Prudential Code' established by and under the Local Government Act 2003. This is addressed in the report.
- 9.7 The budget makes provision on the basis that a number of changes to Council services which are under consideration may be made. The budget does not itself authorise any changes to services and does not assume that changes will be made. Any changes to services will need to be the subject of appropriate consideration by the Cabinet Member or the Cabinet following, where appropriate, consultation and a full report setting out options for change, the impact of the proposed changes on service users, including in particular the impact on different equality groups. Where a decision is made not to implement any changes then budgetary adjustments may need to be made but the Council is confident that whilst savings over the 2022/23 budget are assumed, each can be implemented in a number of ways, thus no particular changes are assumed.
- 9.8 The setting of the budget is a function reserved to the Full Council, but the Cabinet is required to make recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict with that budget, although variations and in year changes may be made in accordance with the Council's Financial Regulations. Similarly, any decision made by the Cabinet or by an officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Everyone's Essex Strategy.
- 9.9 Section 106 of the Local Government Finance Act 1992 restricts any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.
- 9.10 Section 52ZB of the Local Government Finance Act 1992 requires the Council, when setting council tax, to determine whether or not the increase is 'excessive'. An increase is excessive unless it is within parameters determined by the Secretary of State. If an increase is 'excessive' it can only be implemented if supported by a referendum.
- 9.11 The final decision on what is an 'excessive' increase for 2022/23 has not yet been made, and a decision is not expected until early February 2022.

- 9.12 The draft principles for 2022/23 published by the Secretary of State in December 2021 state that for the Council any increase of 2% or more (excluding the 'social care precept') would be defined by the then Secretary of State as 'excessive'.
- 9.13 In addition, social care authorities are permitted to levy a 'social care precept' of up to a further 4% over two years without the overall increase being considered 'excessive', although Essex used 1½% of this in 2021-22. There is no legal requirement for the money raised to be used for adult social care services, but the Secretary of State has previously indicated that he will ask local authorities how they have spent the money. If an authority is unable to demonstrate usage for social care purposes, he may restrict that authority's ability to raise council tax in future years.
- 9.14 This means that any overall increase by ECC of 4.5% or more would trigger a referendum. The recommendations in this report would not trigger a referendum.

10 Staffing and Other Resource Implications

- 10.1 An element of reorganisation and reshaping will be required to support efficiency gains in some operational areas. Staffing implications which may arise as a result of operational plans flowing from this budget will be addressed under their specific implementation plans.

11 Equality Impact Assessment

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In addition, marital status is a relevant protected characteristic for 9.1(a).
- 11.3 The equality implications have been assessed as part of the budget setting process as detailed in Appendix B. Equality impact assessments will be carried out before any decision is taken to change any services in response to the

budget or otherwise - please see paragraphs 6.1 and 9.7 of this report for further information.

12 List of Appendices

Appendix A – Essex County Council Annual Plan 2022/23

Appendix B – Equality Impact Assessment (Annual Plan and Budget)

Appendix C – Pay Policy Statement

Appendix D – Budget Consultation Report