

Leader of the Council and Cabinet Member for Finance & Corporate Transformation

Budget 23/24 & MTFS

**Performance Management Scrutiny
Committee
23rd Nov 2022**

The Financial Challenge

Economic Context – Increased Volatility, Risk, and Uncertainty

- Shrinking economy with risk of a prolonged recession
- High inflation, including pay expectations
- Supply chain cost pressures
- Rising interest rates and market volatility
- Government funding and fiscal discipline
- Legislative uncertainties (E.g. Environment Act, Levelling-Up)
- Cost of living crisis impacting households and businesses
- Increased demand and expectations on services
- Government regulation and scrutiny over commercialisation, borrowing, income generation

Latest MTFs Cut – Changes from Feb 2022

Council Tax Rate +2%

	23/24 £000	24/25 £000	25/26 £000	26/27 £000	MTFS £000
MTFS ongoing gap Feb 2022	925	119	199	-	1,243
Pay, inflation, cost pressures, reduced income	2,024	34	(8)	113	2,163
Govt funding and NI changes	(523)	240	-	-	(283)
Business rates & collection fund (NET CLLR GRT £61K IN 23/24)	(361)	157	(4)	(4)	(212)
Proposed growth (see Options)	302	65	136	-	503
Budget gap before proposed savings	2,367	615	323	109	3,414
Potential savings as set out later in pack (see Options)	(961)	(45)	(5)	-	(1,011)
Savings/income required (in year)	1,406	570	318	109	2,403
Savings/income required (cumulative)	1,406	1,976	2,294	2,403	

Excl. Pension Fund Triennial Review, Business Rate inflation above 2% (tbc)

Strategic Investment Team – funded NHB

Cumulative total shows gap if previous year not achieved

Pay, Inflation, Cost Pressures, and Reduced Income +£2.024m in 23/24

- Pay bill £790k (incl. 3% 23/24)
- Causeway House rent income & service charges £291k
- Gas & electricity market prices £240k
- Shortfall on Car Park income £210k
- Waste management & other operational costs £185k
- Cost of Housing Benefits £100k
- Corporate Costs (Audit Fees, Insurances, etc.) £148k
- Council Tax Sharing Agreement – reduced incentive share £50k
- Other inflation £10k (net of extra recycling income of +£299k)

Assumptions to be kept under review & revised

Where we are?

- Structural gap in the budget which requires a structural response – what sort of Council do we want to be?
- Assessing our priorities – low tax, increasing income, investment ambitions, protecting services and customer satisfaction.
- Activity in hand but not sufficient to close gap for FY 23/24 given changes since Feb 2022, therefore looking at a medium term solution
- Management Savings for 23/24 £393k

Actions already underway

IDP Programme Refresh: better tracking, understanding, challenge and oversight

Review of Commercial activities: benchmarking to peers, assessment of structures/processes, identification of opportunities

Asset Management Review: strategy for managing and sweating assets we already have

Various Service Reviews/ZBB: ensuring efficiencies across services, understanding cost base better, data to inform choices

Shared Services: discussions across greater Essex family to explore opportunities, economies of scale, resilience

Devolution: potential for local revenue raising abilities?

Options and Choices

Options related to funding other organisations

- Revised funding for Citizens Advice resulting in grant of £107k paid in 23/24 (5% reduction on current year), plus £25k for the Money Advice Service to recognise demands from the cost-of-living crisis. Arrangements to be reviewed ahead of 24/25 to ensure VFM.
- Revised Management Agreement with the Museum Trust with a reduction of 3% per annum year/ year over the next three years. A one-off payment to be made in 23/24 equiv. to the reduction for that year to recognise cost-of-living support.
- Street Scene Funding Agreement with Parish Councils to be reduced from £88k to £59k.

Options related to Horticultural Services

- Replace all Summer/ Winter bedding planting with sustainable planting across the District – first year saving to be used to implement changes.
- Reduce cuts to urban amenity verges from 12-14 to 6-7 (Note: ECC provide funding only for 2 safety cuts but BDC has chosen to adopt higher standards in the past)
- Cease the provision of hanging baskets in Braintree Town Centre and Causeway House

Options re: how we communicate with the District

- Cease provision of hard copy waste calendars and make available on-line. Paper copies provided only on request.
- Council Page in local press monthly rather than fortnightly
- Increase advertising space in the Contact Magazine (reducing BDC content)

Plus

- To consider further opportunities for the Council to move towards a 'paperless' organisation in the way it operates

Options related to Community Facilities

- Consider the future arrangements for the provision and management of community facilities with partners, including:
 - Witham Public toilets at Maldon Road and Newland Street
 - Halstead Public Gardens

Parking Protocol

Move to cashless for all car parks

Remove 10p after 3pm provision – standard day time fee to apply

Overnight fee set at £1 (7pm – 7am)

Increase season tickets by £100 per annum

Tariff increases as follow below:

Tariff	Current Charge	Increase	New Charge
Up to 1 hour	£1.00	£0.50	£1.50
Up to 3 hours	£2.00	£0.80	£2.80
Up to 6 hours	£3.50	£1.00	£4.50
Over 6 hours	£6.00	£1.00	£7.00

Public consultation will be required on any changes to tariffs

Separate report to future Cabinet on final proposals

Other Potential Savings (Total £130k)

As set out in Cabinet Report para. 7.2.5, including:

- Removal of the Commercial Manager post as per Scrutiny response
- Introduction of new charges
- Reviewing parking options/ provision at Causeway House
- Changing arrangements for certain activities, e.g. how we assess customer service excellence, Member development, corporate memberships

Weed Control Programme

- Full Council 25th July 2022 received update on a trial using alternatives to Glyphosate. Conclusion that alternatives less effective and more costly.
- Options have been considered with alternative arrangements either reducing the areas where chemical herbicides are used or ceasing completely, with potential additional costs of either £56k or £85k per annum, plus capital investment
- Proposal is to maintain the status quo

Green Waste Charging

- Discretionary Service for which councils can make a reasonable charge
- The net operating cost of the service in 2021/22 was Est. £583k
- Charges could be set to aim for full cost recovery subject to other considerations
- Financial modelling required to inform an appropriate level of charge and potential net income (Est. c£45 charge)
- Currently a key element of the Government's proposed Environment Act secondary legislation but no timeframe given for feedback from consultation
- Introduce from April 2024, subject to any further Government directive
- Income not yet included in MTFS

Fees and Charges Options

- Commercial & Bulky Waste, Building Control, Land Charges, Cemeteries, Horticultural Services, Taxi Licensing, Planning Pre-Apps and PPAs, Town Hall Centre, etc.
- Increase in line with inflation (CPI Sept 10%) across the board – potential additional income v budget c£125k (based on 21/22 outturn)
- Fees & Charges Review currently being undertaken
- Other factors: market competitiveness, contract provisions, concessionary rates, statutory cost recovery limitations.
- Excludes Parking (separate review) and statutory fees (e.g. Planning, Licensing, Fines & Permits etc.)

Earmarked Reserves - Strategy

- Strategy to determine the choices made in relation to the level and purpose for which we hold reserves, and consider:
 - Reserves no longer required for their original purpose
 - Appropriate level of balance required
 - Opportunities to re-allocate reserves to meet priorities or replenish unallocated GF Balances
- Strengthen the framework and control over how reserves are managed and applied
- Review of existing reserves
- Outcomes to be reflected in Budget Report

Use of Balances Options

- General Fund Balance at 1st April 2022 £6.1m (£1.5m higher than expected)
- 22/23 latest forecast – addition £536k
- Min. level of £1.5m has been in place for many years
- CIPFA recommends assessment based on broad range of factors incl. risk environment and financial management performance
- Recommended to increase minimum level to £3m
- Leaves capacity to utilise balances in short-term only to balance 23/24 budget in the context of a plan for addressing the MTFS gap

Council Tax Options 23/24

MTFS currently assumes 2%

Increase	Band D Rate	Increase per week Band D Pence (Rounded)	Impact on 23/24 Budget Gap (+Adverse)	Spending Power Impact over MTFS (-Reduction)
Freeze	£189.63	-	+\$210k	-\$827k
0.5%	£190.53	2p	+\$160k	-\$630k
1.0%	£191.52	4p	+\$105k	-\$414k
1.5%	£192.42	5p	+\$55k	-\$217k
2.0%	£193.41	7p	-	-
3.0%*	£195.30	11p	-\$105k	+\$414k

*Increased flexibility announced in the Autumn Statement Council Tax Rate set in 23/24 impacts baseline for future spending power

Cost of Living Support

- Local Council Tax Support Scheme – No changes proposed to the Scheme which currently provides over £7m of financial support to pension and working age claimants
- Exceptional Hardship Fund – funded in partnership with the Major Precepting bodies
- Money Advice Service via Citizens Advice
- Existing Welfare Officers who support residents to claim benefits and assist where experiencing difficulty in paying council tax
- Discretionary Housing Fund – extra support towards housing related costs. Proposed to top-up by £77k to the Govt. allocation in 22/23 to provide same level of funding that was available in 21/22 (£252k)

Capital

Capital

Existing Capital Programme and Resources

Resources Allocated	£m	Planned Exp and Commitments	£m
B/fwd. April 2022	15.5	Existing programme	18.3
Capital receipts (usable)	6.3	Provisions:	
Government grants	2.0	Witham	3.5
S106 contributions	2.0	Halstead	0.6
New Homes Bonus and reserves	2.9	Millennium Slips	2.5
Prudential borrowing*	3.5	Manor Street 5%	1.5
		H120 Infrastructure financing	2.0
		Balance of resources	3.8
Total	32.2	Total	32.2

Borrowing £2.9m The Plaza, £0.6m Manor Street (Residual of £9.9m assumed)

Risks – Final Account Settlements on strategic projects

* MRP & Interest Annuity costs £186k p.a. (PWL B rate 16/11)

Capital Options - Details

Balance of existing capital resources £3.8m

Capital Bids submitted for 23/24 (net of external funding):

- Cabinet Report Appx B - Service bids £0.8m*
- Cabinet Report Appx C - Councillor capital bids £71k (2 bids)

*Additional future bids and recurring items £2.4m

Capital Bids 23/24 - Summary

	Total £000
Community Facilities - Rebound goal Spa Road, refurbish Newland St. toilets, Halstead Public Gardens Wildlife Garden	90
Sports Facilities - LED light installations across centres and BLC floodlighting, replacement Studio and Sports Hall flooring (BLC)	183
Car Parking machine replacement	150
Operational Vehicles & Equipment – Community Transport mini-bus, winter gritter, wheelie bins, and brake testing equipment	150
IT – Building Control paper free, digital services, Council Chamber AV, annual corporate IT replacement	182
Planned Maintenance – Causeway House	53k
Total (Net of External Funding)	808

Plus: Disabled Facilities Programme – funded from allocation of Better Care funding (tbc)

Councillor Capital Bids

1. Sustainable Parking at Silver End Bowls Club (£45k less £5k Club contribution)
 - Proposed to consider further in relation to developing a designated public car parking area
2. Feering Community Centre & Hall Carbon Footprint Reduction (£31k)
 - Proposed not to allocate BDC resources but to continue to work with the Parish Council/ Community Hub to help identify and obtain other external funding

Autumn Statement

Autumn Statement

- **Council Tax:** flexibility to raise Council Tax without a referendum by up to 3% a year from April 2023. (Authorities with social care responsibilities will be able to increase the adult social care precept by up to additional 2% a year)
- **Business Rates:** business rate bills will be updated to reflect changes in property values since the last revaluation in 2017. Business rates relief is being extended for eligible retail, hospitality, and leisure businesses and multipliers frozen in 2023/24. Local authorities will be fully compensated for the loss of income.
- **Grant Funding Clawback:** DLUHC revising the additional grant funding for councils, announced as part of the 2021 Spending Review, that related to increased cost of NI and the Health & Social Care Levy (now scrapped).
- **Investment Zones:** More limited focus – current expressions of interest will therefore not be taken forward.
- **Devolution:** Committed to continuing to give more local areas greater power to drive local growth and tackle local challenges.
- **Levelling Up Fund** - confirms second round will allocate at least £1.7 billion to priority local infrastructure projects. Successful bids will be announced before the end of the year.

Autumn Statement

- **Review of the Energy Bill Relief Scheme:** -A HMT review will determine support for non-domestic energy consumers, **excluding public sector organisations**, beyond 31 March 2023
- **Energy Efficiency Taskforce:** £6n made available between 2025 to 2028, in addition to £6.6bn in this parliament, to increase energy efficiency in households, businesses **and the public sector**.
- **Household Support Fund:** £1bn will be provided to enable extension of the HSF over 2023/24. The fund is administered by local authorities (ECC) to support households with the cost of living.
- **National Living Wage:** will be increased from £9.50 to £10.42 an hour for workers aged over 23, plus increases for other age groups and to the apprentice rate.
- **National Insurance Contributions (NIC):** The national insurance thresholds will be fixed (not raised with inflation) for a further two years until April 2028.
- **Migration of Housing Benefit Claimants to Pension Credit/ Universal Credit:** deferred until 2028
- **Efficiency and Savings Review of Departmental Spending:** The Review will target increased efficiency, reprioritise spending away from lower-value programmes, and review the effectiveness of public bodies.

Next Steps

Next Steps and Timeline

- Mid-Late Dec – Provisional Local Government Finance Settlement
- 21st Dec – Additional Strategy Workshop planned
- January – Business Community consultation
- 1st Feb – Performance Management Scrutiny Committee
- 6th Feb – Cabinet
- Early Feb – Final Local Government Finance Settlement
- 20th Feb – Full Council – agree Budget and Council Tax 23/24