

Councillor Neil Hargreaves

Portfolio Holder for Budgets and Finance

Report to Council: 6 December 2022

On 23rd November I attended a meeting of finance heads from all Essex councils, coordinated by Cllr Chris Whitbread, who is the ECC lead.

Of particular concern was the confirmation that Essex are ending the Highways Rangers service across the county, see below.

As expected, budget pressures were the subject of the whole meeting. The other councils' positions were generally that they could just about balance 23/24 with use of reserves, but beyond that was difficult, not least because of absence of clarity from the government. The usual frustration was expressed about the government not issuing annual figures until Christmas Eve, too late for the budget process, and leaving councils to guess and work on whispers and opinions.

Here are a couple of the slides. Note this is a county view of the world and so social care is a big factor, but a participant noted that New Homes Bonus was not listed. However, no-one had any information as to its future. For business rates the word was that Michael Gove would not do the re-set (which as noted at our member finance presentation takes away the extra % councils get from growth in business rates) would not be done until after the general election.

Council Tax Flexibility – 3% basic precept and additional 2% social care precept

New Social Care Grant – £1bn for 2023/24, rising to £1.7m for 2024/25. Awaiting distribution methodology and terms and conditions

Social Care Charging reforms – delayed to October 2025

NLW Increase – Confirmed 9.7% increase to £10.42 per hour (higher than expected)

Business Rates – freeze in the multiplier, revaluation to go ahead, 75% discount for retail, hospitality and leisure businesses in 2023/24, transitional relief for higher bills due to revaluation

Levelling Up Funds – commitment that Round 2 will at least match £1.7bn of round 1

Social Rent – annual increase capped at 7%

Household Support Fund – continued for 2023/24 at same level as 2022/23

I asked why ECC were not taking the full tax rise allowed by the government, and how this squared for example, with their officers telling members that they had less than half the funds to keep the roads to current standards, never mind improve them. No answer was provided, and there was disbelief and shaking of heads around the screen about not taking even the full 3% for the non-social care functions. It was noted that government in its funding allocation would assume the full amount of

council tax was taken, and I pointed out that it is district councillors who are often on the receiving end of pothole complaints

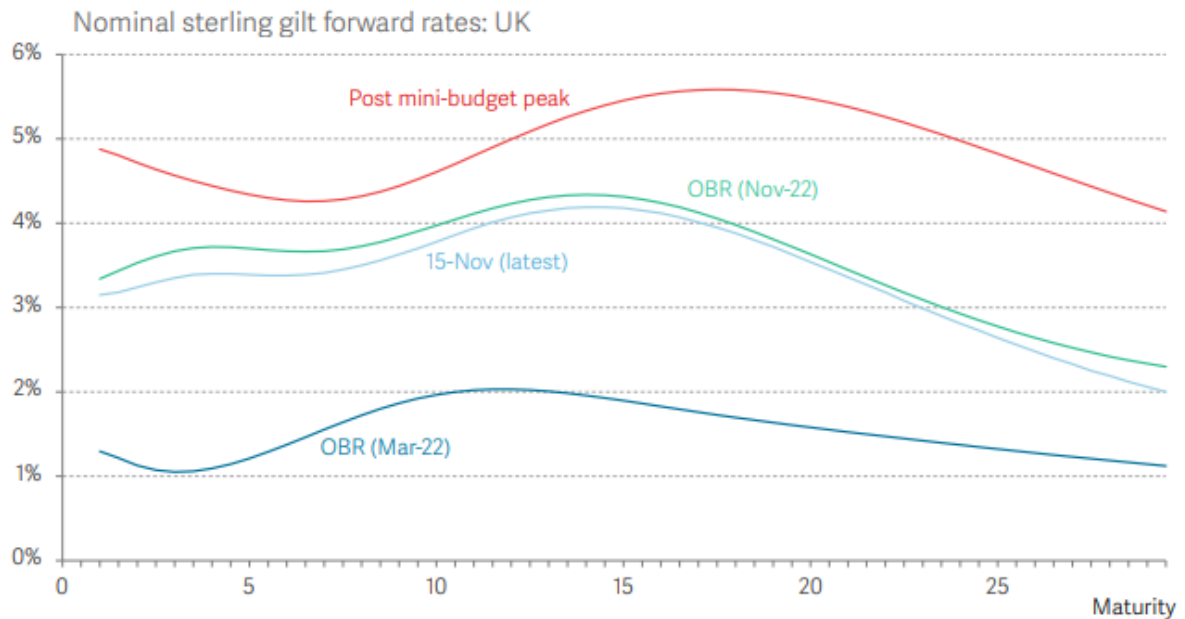
The finance lead for Chelmsford asked, with Essex ending the Highways Rangers, how the service would be delivered. The Essex Finance lead had no answer, but said it was down to the Highways cabinet member, who was of course not in the meeting. However, I was in a meeting with Cllr Lee Scott the same week, on ward matters, and so asked him. Again the question was not answered, the response being 'it's budgetary', but he did say that many district councils had decided to pay for it themselves. I therefore emailed all of the finance heads and so far no-one has said they will do this and typical responses can be summarised as 'formal decision not yet taken but it will be No'

This links with an Uttlesford Conservative Party leaflet, which claims that the poor state of our roads and pavements is the fault of R4U. This no doubt is just a mistake, as we all know that this is an Essex responsibility, but nevertheless it is being distributed by Conservative members of this council.

As I'm sure they will not want residents to be misinformed, perhaps they will use follow up questions on this report as an opportunity to publicly correct the facts, and also the assertion in their leaflet that R4U are responsible for 'cuts in rural bus services', which are also an Essex responsibility. Should leaflet writers, members and residents need help on the hierarchy of councils and which council to go to for all sorts of matters, they may find this link helpful [Get Help: Directory - Residents for Uttlesford \[R4U\] \(residents4u.org\)](#)

Several charts were supplied, including showing the impact of austerity on different categories of people, and if anyone would like the full package I can forward. This one shows interest rates by years to maturity. The red line was the impact of the Truss chaos. The green line is the key one as at November it shows long term finance at reasonable rates. This is of importance for the HRA in particular, where viability of building new social housing depends on the ratio of rent income to borrowing costs plus running costs. As we saw in the members presentation, the large HRA loan list is made up of small tranches with phased maturity dates, so allowing flexibility of re-financing to build or buy, provided the financial model is sound.

FIGURE 9: Although interest rate expectations have fallen over recent weeks, they are up by around 2 percentage points since March 2022



SOURCE: RF analysis of Bank of England, Yield curves.

Devolution was discussed, around sourcing finance from the government. My comment was not to go into serious work without good guarantees from the government, and that in current circumstances further cash from the Treasury was unlikely. It is still referred to as 'Greater Essex' but when I pointed out that the previous proposed three way unitary split, with the same name, had no financial plan, and was clearly not financially viable, the assurance was that the devolution is not about local government reorganisation

Cllr Neil Hargreaves