

<b>17 July 2024</b>		<b>ITEM: 20</b> <b>Decision: 110732</b>
<b>Cabinet</b>		
<b>Provisional Financial Outturn 2023/24</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Cllr S Muldowney, Cabinet Member for Resources		
<b>Accountable Assistant Director:</b> Jo Freeman, Acting Assistant Director of Financial Management & Procurement		
<b>Accountable Director:</b> Dawn Calvert, Chief Financial Officer (S151)		
<b>This report is</b> Public		
<b>Version:</b> Final / Cabinet		

## Executive Summary

The report sets out the position upon:

- 2023/24 General Fund Provisional Outturn
- 2023/24 Dedicated Schools Budget Provisional Outturn
- 2023/24 Public Health Provisional Outturn
- 2023/24 Housing Revenue Account Provisional Outturn
- 2023/24 Capital Programme Provisional Outturn

## General Fund

After considering movements to and from reserves, the 2023/24 outturn confirms the financial position of the council; that without exceptional financial support to the value of £206.7m from Government, the 2023/24 expenditure cannot be funded. This exceptional financial support requirement from Central Government (in the form of a capitalisation direction) was estimated to be £180.2m as part of the 2023/24 agreed budget, the outturn position is therefore £26.5m more than this. The quarter 3 reported position identified capitalisation direction requirement of £234.5 so the final position is an improvement of £27.8m against this estimate.

The position includes all known impacts of the investment portfolio on interest, borrowing and Minimum Revenue Provision (MRP) charges.

## Dedicated Schools Budget (DSG)

The dedicated schools budget position is an underspend of £1.164m against a budget of £51.9m. The movement to reserves of £1.164m will change the deficit reserve position of £0.534m to a surplus of £0.630m. This will be available to support identified funding pressures in the High Needs Block in 2024/25.

## Public Health

**Version 1** - First draft ready for DMT, SLT and Commissioner input;

There is an underspend of £0.311m against the value of the grant (£12.3m) and this has been carried forward to be utilised in 2024/25 in line with the strategic health objectives for the borough.

### **Housing Revenue Account (HRA)**

The £55m Housing Revenue Account is a breakeven position for the year, after the transfer of the operational surplus of £1.593m to the ring-fenced HRA general reserve. The HRA reserve will form part of the overall retained balances for the HRA, and form part of the HRA business plan.

### **Capital Programme**

The General Fund (GF) and HRA Capital Programme positions are set out in section 8 (Q3 reported slippage of £4.708m against a revised budget of £27.080m).

Forecast slippage on the HRA capital programme is £3.240m (11%) against a revised budgeted programme of £30.057m (Q3 reported slippage of £1.849m against a revised budget of £31.784m). Delays in the programme have arisen due a variety of reasons including delays to planning decisions, changes to project commencement and completion dates, legal disputes, and changes to scheme designs.

### **Commissioner Comment:**

With respect to the financial year 2023/24 the Secretary of State is minded to approve a capitalisation direction of a total not exceeding £234.5 million for 2023-24 (increased from original £180.2 million). The capitalisation request, whilst clearly very significant at £206.7, remains within the amount sought from the Secretary of State.

Thurrock has also delivered on its savings plans and controlled its core Directorate expenditure within budget during 2023/24, with the significant overspends directly as a result of the investment portfolio legacy impact on interest, borrowing and Minimum Revenue Provision.

Despite raising council tax to 9.99% in 2023/24 Thurrock has retained high collection rates at 98.24%, and slightly exceeded the council tax collection budget. Clearly continuing to sustain both savings plans and income raising strategies are a cornerstone to future sustainability.

There are areas that require immediate focus; the slippage on the capital programme is of concern and an action plan should be built and reported into the Finance Recovery Board. Likewise, any service areas that have overspent (notably HR & OD, plus Housing General Fund) need a focus on recovery to ensure that these do not recur into 2024/25 and are put into sustainable position.

## **1. Recommendation(s)**

### **1.1. That Cabinet notes the revenue outturn positions for:**

- **General Fund - exceptional government support of £206.7m is required to balance 2023/24 revenue budget,**
- **Dedicated Schools Budget – underspend of £1.2m (transferred to ring-fenced reserve)**
- **Public Health – underspend of £0.3m (transferred to ring-fenced reserve),**
- **Housing Revenue Account (HRA) – underspend of 1.6m (transferred to ring-fenced reserve),**
- **Capital programme -General Fund slippage of £8.4m, HRA slippage of £3.2m,**

**1.2. That Cabinet note the reserves position (as set out in section 6 and Appendix 2) and approve net movement to reserves of £19.1m which includes the additional contribution to the Transformation reserve of £2.5m (as per para 3.6)**

**1.3. That Cabinet comment on the capital budget additions set out in section 8,**

**1.4. That Cabinet note an action plan will be drawn up by officers to address the capital programme slippage set out in section 8 and that this will be reported into the Finance Recovery Board**

## 1. Introduction & Background

2.1 On 1 March 2023, Full Council agreed the 2023/24 budget proposals which enabled a balanced budget to be set based on the following key assumptions:

- 9.99% council tax increase, including a hardship fund of £0.616m,
- £8.3m of service savings, including £2m vacancy factor,
- 4% staff pay award for 2023/24 and budget adjustment to reflect the change to the 22/23 pay policy,
- Exceptional Financial Support from Central Government in the form of a capitalisation direction of £180m.

2.2 This is the final budget monitoring report covering the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 and includes all known impacts of the assets divestments, accounting treatment for minimum revenue provision (MRP), in-year treasury activities. The accounts remain open to external audit review back to financial year 2020/21 and accounting adjustments could further impact the 2023/24 position.

## 3. 2023/24 General Fund Outturn

3.1. After considering movements to and from reserves, the 2023/24 outturn position is set out below (table 1) and confirms the financial position of the council; that without exceptional financial support to the value of £206.7m from Government, the 2023/24 expenditure cannot be funded.

3.2. The budget was set on the assumption that £180.2m would be required to support the position, therefore an additional £26.5m is required.

**Table 1: Summary 2023/24 outturn position**

<b>Category</b>	<b>2023/24 Budget £'000</b>	<b>2023/24 Outturn £'000</b>	<b>Final Variance to Budget £'000</b>
Directorate position (incl. dep'n)	156,755	153,105	(3,651)
Intervention and Commissioners Process	6,206	6,078	(128)
Transformation Implementation (One-off)	12,515	12,515	0
Core Funding	(147,172)	(145,923)	1,249
Contribution to Transformation Reserve	0	2,530	2,530
<b>Position before Treasury impact</b>	<b>28,305</b>	<b>28,305</b>	<b>0</b>
Interest and similar charges	56,274	53,727	(2,547)

MRP	85,076	126,829	41,754
MRP on CD	22,619	3,667	(18,952)
Impairment of revenue investments	0	15,256	15,256
Investment Income	(9,114)	(21,101)	(11,987)
Use of Capital Receipts	(3,001)	0	3,001
<b>Treasury Position</b>	<b>151,854</b>	<b>178,379</b>	<b>26,525</b>
<b>Overall position/CD requirement</b>	<b>180,159</b>	<b>206,683</b>	<b>26,525</b>

### Summary of Key variances:

#### 3.3 Directorate position **£3.651m underspend**

The directorate position was underspent by £3.651m due to tighter controls over spending, utilisation of grant income and early implementation of savings planned for 2024/25.

#### 3.4 Intervention and Commissioners Process **£0.128m underspend**

Commissioner and intervention support costs were below budgeted levels due to the role of commissioners moving from Essex County Council to named commissioners.

#### 3.5 Core funding **£1.249m overspend**

Core funding covers government grants, council tax and NNDR income. There was an increase in the NNDR levy payable (resulting from a reduction in the bad debts and appeals provision)

#### 3.6 Contribution to the **Transformation Reserve £2.530m**

Given the substantial amount of savings to be achieved (£20m in 2024/25, £18m in 2025/26, and the subsequent requirement to deliver savings of £13m each of the following three years until 2028/29), there will be a need to fund associated activity to deliver the savings identified. As this will in some cases involve new activity outside of BAU it is considered prudent to consider the 2023/24 position before the impact of treasury activity, and to allocate the net underspend of £2.530m to the transformation reserve. Although this does divert the underspend from being used to somewhat offset the capitalisation request, it is felt appropriate to maintain the reserve at a reasonable level at this juncture, to support delivery of the significant savings programme. Use of the reserve will be subject to S151 sign off, ensuring appropriate oversight in line with the new operating model, supporting the wider transformation changes required in future financial years.

#### 3.7 Treasury Position **£26.525m overspend**

The treasury position shown in Table 1 is linked to the Treasury Model and includes all updated assumptions and inputs impacting 2023/24 financial year and includes significant MRP charges, impairment adjustments on the divestment of investment and increased income through interest on the remaining investments held.

#### 3.8 The general fund outturn position is further set out in Appendix 1 and includes comparison to the quarter 3 position presented to Cabinet on 13 March 2024 which set out an assumed capitalisation directive requirement of £235m.

#### 3.9 Table 2 below shows the general fund outturn position including movement from/to reserves with supporting narrative for each area thereafter.

**Table 2 2023-24 General Fund outturn including reserves adjustments:**

Directorate	Revised Budget £'000	Provisional Outturn £'000	Accounting Adj £'000	Cross Directorate Adj £'000	Contributions from reserves £'000	Contributions to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Adults Services	54,771	47,067	80	0	0	4,949	52,097	(2,674)
Children's Services	44,035	42,828	669	0	(1,165)	1,051	43,382	(653)
Finance	6,319	5,576	0	0	(66)	933	6,443	125
Housing General Fund	2,133	3,062	48	0	(863)	306	2,553	420
HR & OD	8,960	10,282	0	0	(57)	126	10,351	1,390
Legal & Governance	3,906	4,101	0	0	(22)	42	4,121	215
Place	12,024	8,168	4,443	0	(1,795)	1,597	12,413	389
Public Realm	31,520	23,262	5,878	0	(204)	413	29,349	(2,171)
Strategy, Customer Services & Comms	2,776	2,347	30	0	0	0	2,377	(399)
Corporate Costs	1,459	297	0	871	0	0	1,168	(291)
Accounting adjustment (depreciation)	(11,148)	0	(11,148)	0	0	0	(11,148)	0
<b>Directorate position</b>	<b>156,755</b>	<b>146,990</b>	<b>0</b>	<b>871</b>	<b>(4,173)</b>	<b>9,416</b>	<b>153,105</b>	<b>(3,651)</b>
Additional Resource & Capacity	5,889	6,770	0	(871)	0	0	5,899	10
Commissioner Support	317	179	0	0	0	0	179	(138)
<b>Intervention &amp; Commissioner Process</b>	<b>6,206</b>	<b>6,949</b>	<b>0</b>	<b>(871)</b>	<b>0</b>	<b>0</b>	<b>6,078</b>	<b>(128)</b>
<b>Transformation Implementation</b>	<b>12,515</b>	<b>4,139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,376</b>	<b>12,515</b>	<b>0</b>
Council Tax Income	(85,285)	(85,381)	0	0	0	0	(85,381)	(96)
NNDR Income	(52,519)	(54,123)	0	0	0	2,949	(51,173)	1,345
Grant Income	(9,368)	(9,368)	0	0	0	0	(9,368)	(0)
<b>Core Funding</b>	<b>(147,172)</b>	<b>(148,872)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,949</b>	<b>(145,923)</b>	<b>1,249</b>
Further Contribution to Transf. Reserve	0	0	0	0	0	2,530	2,530	2,530
<b>Position before Treasury impact</b>	<b>28,305</b>	<b>9,206</b>	<b>0</b>	<b>0</b>	<b>(4,173)</b>	<b>23,271</b>	<b>28,305</b>	<b>0</b>
<b>Interest and similar charges</b>	<b>56,274</b>	<b>53,727</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,727</b>	<b>(2,547)</b>
<b>MRP</b>	<b>85,076</b>	<b>126,829</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126,829</b>	<b>41,754</b>
<b>MRP on CD</b>	<b>22,619</b>	<b>3,667</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,667</b>	<b>(18,952)</b>
<b>Impairment of revenue investments</b>	<b>0</b>	<b>15,256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,256</b>	<b>15,256</b>
<b>Investment Income</b>	<b>(9,114)</b>	<b>(21,101)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(21,101)</b>	<b>(11,987)</b>
<b>Use of Capital Receipts</b>	<b>(3,001)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,001</b>
<b>Treasury Position</b>	<b>151,854</b>	<b>178,379</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>178,379</b>	<b>26,525</b>
<b>Overall position/CD requirement</b>	<b>180,159</b>	<b>187,585</b>	<b>0</b>	<b>0</b>	<b>(4,173)</b>	<b>23,271</b>	<b>206,683</b>	<b>26,525</b>

Version 1 - First draft ready for DMT, SLT and Commissioner input;

The following section sets out the key variances for each area and movement to/from reserves:

### 3.10 Adults Services

**£2.674m underspend against a revised budget of £54.7m (5%)**

**Table 3** Adults Services outturn position

Service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Assistive Equipment & Technology	699	782	0	0	782	83
Better Care Fund (BCF)*	0	(4,328)	0	4,327	(1)	(1)
Commissioning & Service Delivery	(1,110)	(1,405)	0	134	(1,271)	(161)
Community Development	2,149	2,175	0	12	2,186	37
External Placements	38,843	36,545	0	400	36,945	(1,898)
Fieldwork Services	5,067	5,012	0	0	5,012	(55)
Provider Services	9,123	8,367	0	77	8,444	(679)
<b>Total</b>	<b>54,771</b>	<b>47,148</b>	<b>0</b>	<b>4,949</b>	<b>52,097</b>	<b>(2,674)</b>

The net underspend is predominately made up as follows:

#### 3.10.1 External Placements **£1.898m underspend**

- Through the implementation and expansion of locality model and Integrated Locality Teams, statutory service demand has seen a significant reduction in expenditure in the in the financial year. This is testament that the approach is having a tangible positive effect on preventing demand/cost through earlier intervention, understanding and responding to individual resident context through relational practice, leveraging of community assets and support as part of intervention as an alternative to prescribing statutory services, and prevention of failure demand through integrated working. It forms part of the longer-term transformation plans for the service.
- The additional Market Sustainability Improvement Fund grant income for the financial year has been fully utilised and has enabled improvements in market sustainability in the local care sector, workforce recruitment and retention, and tackling waiting times.
- The new charging policy has also seen an increase in the level of client contributions made towards the cost of care. Further cost reductions have also been made through the securing of Continuing Health Care contributions, and direct payments clawback. Both of these form part of the 2024/25 identified savings proposals.

#### 3.10.2 Provider services **£0.679m underspend**

- The budget surplus on provider services has resulted from the freeze in recruitment to vacant posts. This decision was undertaken to increase the delivery of front line services in the external care market for greater efficiencies. This again forms part of the 2024/25 savings plans.

#### 3.10.3 \*Better Care Fund (BCF)

The BCF is a national scheme that encourages health and social care services to work together more closely to support the health and wellbeing of residents through pooling of

funds. Contributions to the pool are made by the Local Authority, Integrated Care Board and central government (in the form of the Improved Better Care Fund grant). The arrangement is governed by a Section 75 agreement and any surplus from the pool is ring-fenced for future use on BCF related activities.

3.10.4 At the end of the financial year, there was a £4.327m surplus on the Better Care Fund. This underspend in 2023/24 was a result of efficiencies within Health contracts of £0.8m and a £3.5m underspend on the improved better care fund (iBCF). The iBCF savings is the result of a reduction of expenditure within the older peoples' external placements budget. This is explained further in para 3.10.1. The BCF reserve will be used in conjunction with Health to deliver preventative service, facilitate hospital discharges and to support people in the community.

**Table 3a** Adults Contribution (from)/to reserves:

<b>Reserves</b>	<b>Reason for movement</b>	<b>£'000</b>
Better Care Fund	Section 75 Agreement	4,327
Safeguarding	Carry forward of underspend	400
MSE digital grant	Grant	112
Provide Grant	Grant	77
International recruitment grant	Grant	22
Health Inequalities Grant (Community Development proportion)	Grant	12
<b>Total contributions to reserves</b>		<b>4,949</b>

### 3.11 Children's Services

**£0.653m underspend against a revised budget of £ 44.035m (1%)**

**Table 4** Children's Services outturn position

<b>Service</b>	<b>Revised Budget £'000</b>	<b>Provisional Outturn £'000</b>	<b>Contribution from reserves £'000</b>	<b>Contribution to reserves £'000</b>	<b>Revised Outturn £'000</b>	<b>Variance to Budget £'000</b>
Children and Family Services	34,912	36,044	(703)	754	36,095	1,183
Education & Skills	4,787	3,722	(462)	297	3,557	(1,230)
School Transport	4,336	3,730	0	0	3,730	(606)
<b>Total</b>	<b>44,035</b>	<b>43,497</b>	<b>(1,165)</b>	<b>1,051</b>	<b>43,382</b>	<b>(653)</b>

The net underspend is predominately made up as follows:

#### 3.11.1 Children & Family Services **£1.183m overspend**

The overspend is driven by:

- **£2.388m** Placements for children looked after, this reflects increase in complexity of need and demand for costly residential and supported accommodation packages.

- **£0.519m** Children with Disabilities, increase in direct payments and short break packages to support young people remaining in their home. This is essential early intervention that supports the child to remain with parents and prevent them from becoming looked after.

### 3.11.2 Partially offset by:

- **£1.155m** Staffing underspends across the service. The underspend reflects the achievement of 2023/24 reductions and the holding of posts to support 2024/25 reduction plans. In addition, control has been exercised to support the S114 notice with delay or non-filling of vacant posts.
- **£0.263m** additional grant received and maximisation of external funding streams.
- **£0.159m** Legal services, delays in court proceedings.

### 3.11.3 Education & Skills **£1.230m underspend**

- **£0.598m** less than budgeted within the Employability & Skills service due to a maximisation of grant funding and vacant posts within the service.
- **£0.302m** less than anticipated within the Special Education Needs service; the Virtual school incurred lower levels of professional fee expenditure and foundation payments. The Education Psychology service experienced recruitment and retention issues and as a result underspent on their staffing budgets.
- **£0.263m** Staffing underspends across the remaining service. The underspend reflects the achievement of 2023/24 reductions and the holding of posts to support 2024/25 reduction plans. In addition, control has been exercised to support the S114 notice with delay or non-filling of vacant posts.

### 3.11.4 School Transport **£0.606m (13%) underspend**

- The underspend is driven by placement stabilisation in the Spring Term, with an underspend in the contingency held.

**Table 4a** Children's Services Contribution (from)/to reserves:

<b>Reserve</b>	<b>Basis for Adjustment</b>	<b>Contribution From Reserve £'000</b>	<b>Contribution To Reserve £'000</b>
Family Hubs and Start For Life Programme	Grant	(582)	566
Education Reserve - Thurrock Adult College	External funding	(328)	205
Education Reserve – Grangewaters Outdoor education centre	External funding	(85)	35
Local Safeguarding children's board	External funding	(74)	129
Violence & Vulnerability Unit	Grant	(41)	
Education Reserve - Music service	External funding	(29)	
Education Reserve - School Wellbeing service		(20)	
Parents donations	External funding	(6)	6
Education Reserve - Special Education Needs	Grant		45
Education Reserve - Virtual School	Carry forward of underspend		12
Health Inequality grant	Grant		53
<b>Total</b>		<b>(1,165)</b>	<b>1,051</b>

## 3.12 Finance



**£0.125m overspend against a revised budget of £6.319m (2%)**

**Table 5** Finance outturn position

Sub-service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Chief Exec's Support Service	502	608	(66)	57	599	97
Contract & Procurement Management	869	755	0	0	755	(114)
Corporate Finance	1,480	1,977	0	0	1,977	496
Delivery and Strategy		0	0	0	0	0
Insurance	828	562	0	240	802	(25)
Revenues and Benefits	2,640	1,675	0	636	2,311	(329)
<b>Total</b>	<b>6,319</b>	<b>5,576</b>	<b>(66)</b>	<b>933</b>	<b>6,443</b>	<b>125</b>

3.12.1 The net overspend is predominately made up as follows:

- **£0.496m overspend within Corporate Finance** - Significant cost pressures within the Corporate Finance function as a result of an in-year staffing restructure and heavy reliance on interim agency personnel. The cost of the restructure has been accounted for in the 2024/25 budget allocation and recruitment to permanent positions has commenced.

3.12.2 Partially Offset by:

- **£0.137m staffing underspend within the Procurement** team due to difficulty in successfully recruiting to vacant posts
- **£0.179m recovery of funds** within the Revenues & Benefits function, these funds were identified through an Accounts Payable audit, in addition **£0.117m New Burdens funding** was received from the Department of Work & Pensions to help fund changes required to the administration of the revenues & benefits function.

**Table 5a** Finance Contribution (from)/to reserves:

Reserve	Basis for Adjustment	Contribution From Reserve £'000	Contribution To Reserve £'000
Essential Living Fund	Carry forward of underspend		611
Insurance Reserve	Carry forward of underspend		240
LGA Improvement Grant	Grant		57
Homes for Ukraine	Grant		25
Association of South Essex Local Authorities (ASELA)	Ring-fenced reserve	(66)	
<b>Total</b>		<b>(66)</b>	<b>933</b>

### 3.13 Housing General Fund

**£0.420m overspend against a revised budget of £2.133m (20%)**

**Table 6** Housing General Fund outturn position

Service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Homelessness	751	2,018	(692)	17	1,343	592
Hostel Provision	235	294	0	0	294	59
Private Sector Housing	1,094	686	(171)	290	805	(289)
Travellers Sites	53	111	0	0	111	58
<b>Total</b>	<b>2,133</b>	<b>3,109</b>	<b>(863)</b>	<b>306</b>	<b>2,553</b>	<b>420</b>

3.13.1 The net overspend is predominately made up as follows:

- **£0.592m Homelessness support** - the most significant pressure on the housing general fund is centred around the demand for temporary accommodation placements. This includes finding accommodation solutions for vulnerable people and is a demand led service. The number of cases has continued to grow steadily since June, with the highest number of placements in January at 453. The above position includes the use of £0.540m reserve which is only a one-off measure. Growth has been allocated to the service in 2024/25 budget but there remains concern that demand may once again exceed the resource allocation.

3.13.2 Partially offset by:

- **£0.289m underspend within Private Sector Housing** - Headstart Housing provides shared accommodation to care experienced young people. The aim of this accommodation is to act as a steppingstone on the journey towards achieving independent living. There has been a reduction in the cost of maintaining and running the properties and an increase in the level of Universal Credit recovered against the cost of the placement.

**Table 6a** Housing General Fund Contribution (from)/to reserves:

Reserve	Basis for Adjustment	Contribution From Reserve £'000	Contribution To Reserve £'000
General Homelessness reserve draw down	Ring-fenced reserve	(540)	
Domestic Abuse grant	Grant	(171)	
Rough Sleeping initiative grant	Grant	(152)	
Asylum grant	Grant		218
Afghan grant	Grant		72
Move on & Prevention funding	Grant		17
<b>Total</b>		<b>(863)</b>	<b>306</b>

### 3.14 HR & OD

**£1.390m overspend against a revised budget of £8.960m (16%)**

**Table 7** HR & OD outturn position

Service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to
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						Budget £'000
HR; OD and Transformation	4,800	4,761	(57)	126	4,830	30
ICT	4,160	5,520	0	0	5,520	1,360
<b>Total</b>	<b>8,960</b>	<b>10,281</b>	<b>(57)</b>	<b>126</b>	<b>10,350</b>	<b>1,390</b>

3.14.1 The net overspend is predominately made up as follows:

- **£1.360m overspend within the ICT** function which includes a re-categorisation of ICT costs from capital to revenue expenditure following a wider consideration of these costs in the sector by external audit. £0.550m relates to Microsoft Licence costs, £0.633m capitalisation target, plus additional £0.386m costs being charged directly to capital that have now reverted back to revenue. These costs are partly offset by underspends within the ICT staffing establishment. Growth was allocated in the 2024/25 budget to reflect the ongoing nature of this cost pressure.

**Table 7a** HR & OD Contribution (from)/to reserves:

Reserve	Basis for Adjustment	Contribution From Reserve £'000	Contribution To Reserve £'000
Adult Social Work Fund			
Apprenticeship Grant	Grant		90
Practice Placements	External funding		28
Skills for Care	External funding		8
Workforce Planning grant	Grant	(57)	
<b>Total</b>		<b>(57)</b>	<b>126</b>

### 3.15 Legal & Governance

**£0.215m overspend against a revised budget of £3.906m (5%)**

**Table 8** Legal & Governance outturn position

Service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Democratic Services	264	277	0	0	277	13
Electoral Services	457	444	(22)	42	464	7
Legal Services	2,281	2,456	0	0	2,456	175
Members Services	904	924	0	0	924	20
<b>Total</b>	<b>3,906</b>	<b>3,414</b>	<b>(22)</b>	<b>729</b>	<b>4,121</b>	<b>215</b>

3.15.1 The net overspend is predominately made up as follows:

- **£0.175m overspend on Legal Services** - £0.071m pressure within the cost of the Service Level Agreement with London Borough of Barking & Dagenham (LBBB) and wider staffing cost pressure of £0.071m due to the reliance on agency personnel.

- The budget assumed a number of costs would be capitalised and legal costs recovered, there is a shortfall of £0.070m here.
- Careful management and review of service costs in 2024/25 will be required to ensure the resource requirements remain within the budgeted allocation.

### 3.15.2 Partially offset by:

- **£0.042m** underspend against the budget for specialist legal support costs

**Table 8a** Legal & Governance Contribution (from)/to reserves:

Reserve	Basis for Adjustment	Contribution From Reserve £'000	Contribution To Reserve £'000
Electoral Services New Burdens Funding	Grant	(22)	42

## 3.16 Place

**£0.409m overspend against a revised budget of £12.024m (3%)**

**Table 9** Place outturn position

Service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Economic Growth & Partnerships	643	678	(20)	0	657	15
Lower Thames Crossing & Transport Infrastructure Service	145	274	(134)	0	139	(5)
Place Delivery	286	238	0	98	337	51
Planning Delivery Fund	0	0	(9)	8	(0)	(0)
Public Protection	2,298	1,849	(25)	22	1,846	(452)
Property	4,950	5,923	0	0	5,923	973
Planning & Transportation	3,682	3,649	(1,607)	1,468	3,510	(173)
<b>Total</b>	<b>12,004</b>	<b>12,611</b>	<b>(1,795)</b>	<b>1,597</b>	<b>12,413</b>	<b>409</b>

The net overspend is predominately made up as follows:

### 3.16.1 *Property Services* £0.973m overspend:

- **A provision for £0.570m** has been created to ensure costs associated with a long-standing legal court case can be funded once final settlement agreed.
- **£0.500m of staff costs** are unable to be capitalised, this has been adjusted for in the 2024/25 budget.
- **£0.350m building running costs** for Thameside Complex (this has been adjusted for in the 2024/25 budget allocation).

### 3.16.2 Partially offset by:

- **£0.400m increased rental income** following a number of rent reviews across the property portfolio.

### 3.16.3 Public protection £0.452m underspend:

- **£0.214m** increase in fees & charges income recovered within the Environmental Protection service (£0.075m), an increase in the costs charges for work carried out for another local authority (£0.139m)
- **£0.197m reduction in employee costs** across the wider service delivery

### 3.16.4 Planning & Transport £0.173m underspend

- **£0.262m underspend** due to higher capitalisation of costs in Transport Development (£0.168m), a reduction in spend on discretionary budget lines including consultants and IT project spend (£0.059m) and a s106 drawdown relating to a prior financial year (£0.035m).
- **£0.136m underspend** due to a reduction in spend on concessionary fares following a reduction in bus journeys since the pandemic. Whist journey levels are not yet at pre-pandemic levels, bus usage has been increasing year-on-year since the pandemic.

### 3.16.5 Partially offset by:

- **£0.124m under-recovery of Planning fee income** due to the current economic climate including the cost-of-living crisis.
- **£0.114m overspend** on agency staff in planning. It is difficult to recruit high quality planning staff nationally currently due to the high demand relative to the number of qualified planning staff. This has also pushed up the daily rates for agency planning staff.

**Table 9a** Place Contribution (from)/to reserves:

<b>Reserve</b>	<b>Basis for Adjustment</b>	<b>Contribution From Reserve £'000</b>	<b>Contribution To Reserve £'000</b>
Local Plan Reserve	Ring-fenced reserve	(1,500)	868
Lower Thames Crossing	Ring-fenced reserve	(134)	
Place Transport Reserve – Cycle Hub	Grant	(45)	
Resource and Place Delivery Reserve – Cycle Hub	Grant	(41)	
Business Centre Income Digitisation of Museum collection	External funding	(20)	
Planning Biodiversity Net Gain grant	Grant	(20)	
Trading Standards	Grant	(25)	10
Planning Delivery Fund	External funding	(9)	
Bus Service Improvement Plan Plus and Bus Capacity Funding	Grant		216
Bus Capacity Grant	Grant		132
Legacy projects A13, Purfleet, Grays South	Carry forward of underspend		98
Local Plan PPA funding	Ring-fenced reserve		23
Place & Design Grant	Grant		80
Private Development	External funding		77
Planning PPA	External funding		71
New Burdens Smoke Control	Grant		12
Planning Delivery Fund	External funding		8
<b>Total</b>		<b>(1,795)</b>	<b>1,597</b>

### 3.17 Public Realm

**£2.191m underspend against a revised budget of £31.520m (7%)**

**Table 10** Public Realm outturn position

Service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Counter Fraud and Enforcement	(1,194)	(1,489)	(35)	241	(1,284)	(89)
Emergency Planning and Resilience	482	264	(54)	0	210	(273)
Highways, Fleet and Logistics	8,203	7,815	(86)	172	7,901	(302)
Performance & Support	1,362	1,663	0	0	1,663	301
Street Scene and Leisure	22,688	20,887	(29)	0	20,858	(1,829)
<b>Total</b>	<b>31,540</b>	<b>29,141</b>	<b>(204)</b>	<b>413</b>	<b>29,349</b>	<b>(2,191)</b>

The underspend predominately relates to the following:

#### 3.17.1 Emergency Planning £0.273m underspend

- **£0.200m** was recovered from central government related to legal costs incurred when granted injunction powers to deal with the Just Stop Oil protests in the previous financial year.

#### 3.17.2 Highways, Fleet & Logistics £0.302m underspend

- **£0.230m fees and charges income** related to the New Roads & Street Workers Act, this was more than the anticipated levels and is reflective of the number of

#### 3.17.3 Street, Scene & Leisure £1.829m underspend

- **£1.2m underspend against the waste disposal contracts** –there is a variable element to the contract which is affected by volume, type of waste & levels of contamination
- **£0.300m** underspend against Clean and Green services – this follows a review of the resource requirements for services such as grounds maintenance & street cleaning and a reduction in agency staff
- **£0.070m additional trade waste income** through fees & charges
- **£0.100m** underspend within the waste collection team through staffing efficiencies and review of the collection rounds

Partly offset by:

#### 3.17.4 Performance & Support £0.301m overspend

- **£0.247m** Increase in costs for a number of interim staff required to support the wider changes taking place across the service
- **£0.100m** unachieved 2022/23 saving target brought forward in relation to the management of the council's CCTV function. This was mitigated within the overall position and has been amended in the 2024/25 budget allocation.

**Table 10a** Public Realm Contribution (from)/to reserves:

<b>Reserve</b>	<b>Basis for Adjustment</b>	<b>Contribution From Reserve £'000</b>	<b>Contribution To Reserve £'000</b>
Highways maintenance	Ring-fenced reserve	(86)	
Additional police Officers	Ring-fenced reserve	(56)	
Fraud reserve	External funding	(31)	
Waste -Brown bins	Ring-fenced reserve	(16)	
Leisure CLLD Project	Grant	(13)	
Community Safety	Grant	(2)	
Fraud POCA	External funding		241
Highways Street maintenance	Carry forward of underspend		172
<b>Total</b>		<b>(204)</b>	<b>413</b>

### 3.18 Strategy, Customer Services & Communications

£0.399m underspend against a revised budget of £2.776m (14%)

**Table 11** Strategy, Customer Services & Communication

<b>Service</b>	<b>Revised Budget £'000</b>	<b>Provisional Outturn £'000</b>	<b>Contribution from reserves £'000</b>	<b>Contribution to reserves £'000</b>	<b>Revised Outturn £'000</b>	<b>Variance to Budget £'000</b>
Corporate Communications	437	430	0	0	430	(7)
Customer Services	1,360	1,202	0	0	1,202	(159)
Registrars	2	15	0	0	15	13
Social Care Performance	726	589	0	0	589	(138)
Strategy Team	251	142	0	0	142	(109)
<b>Total</b>	<b>2,776</b>	<b>2,377</b>	<b>0</b>	<b>0</b>	<b>2,377</b>	<b>(399)</b>

3.18.1 The net underspend is predominately due to the holding of vacant posts in preparation for 2024/25 savings plans and wider controls in place to limit spend within the service area.

### 3.19 Corporate Costs

£0.291m underspend against a revised budget of £1.459m (20%)

**Table 12** Corporate Costs outturn position

<b>Service</b>	<b>Revised Budget £'000</b>	<b>Provisional Outturn £'000</b>	<b>Cross directorate adj £'000</b>	<b>Revised Outturn £'000</b>	<b>Variance to Budget £'000</b>
Pension / Corporate Overheads/Non-distributed costs	1,225	339	871	1,210	(15)
Housing Benefits	(448)	(937)	0	(937)	(489)
Levies	682	894	0	894	212
<b>Total</b>	<b>1,459</b>	<b>297</b>	<b>871</b>	<b>1,168</b>	<b>(291)</b>

- 3.19.1 Non-distributed costs - there is an increase in the expected cost of external audit fees £0.500m, costs have risen across the sector as multiple financial years remain open and subject to audit review. This is offset by an underspend against the budget for historical pension charges. Funding adjustment £0.871m relates to historical invoices received for the cost of specialist legal advice.
- 3.19.2 The Housing benefit underspend predominately relates to the receipt of additional Local Council Tax Support grant.
- 3.19.3 The Levies budget covers payments related to the Coroner's Court, Flood & defence, Kent & Essex Sea Fisheries and Lee Valley National Park. Significant cost increase was noted in the coroner court charge.

### 3.20 Intervention & Commissioner process £0.128m underspend against a revised budget of £6.206m (2%)

- 3.20.1 There was a £6.2m budget for the Resources & Capacity Plan in 2023-24 –this was created to support the recovery of the council and covers commissioner costs, additional capacity to support the recovery plan and specialist advice regarding the investment's portfolio.

#### Intervention & Recovery costs:

**Table 13** Intervention & Recovery outturn position

Service	Revised Budget £'000	Provisional Outturn £'000	Cross directorate adj £'000	Revised Outturn £'000	Variance to Budget £'000
Recovery costs	5,889	6,770	(871)	5,899	10

- 3.20.2 Spend was largely contained within the allocation across the following areas:

**Table 13a** Intervention & Recovery costs

Area of spend	£'000
Legal support & advice	2,641
Funding adjustment (specialist legal advice)	(871)
Asset Disposal Team	1,512
Finance capacity & specialist support	923
Organisational Change & project management support	1,119
Interim Senior Leadership arrangements	575
<b>Total</b>	<b>5,899</b>

- 3.20.3 As the recovery plan progresses, spend within this area will reduce in 2024/25 and the budget has been reduced accordingly.

#### Commissioner costs:

- 3.20.4 Up to October 2023 Essex County Council were appointed by government as commissioners for Thurrock Council. In October 2023, the Secretary of State for Levelling Up, Housing and



Communities announced a named Commissioner team to continue the improvement work with Thurrock Council. The team comprises: Gavin Jones, Lead Commissioner. Nicole Wood, Finance Commissioner. Spend of £0.179m has been incurred in 2023-24, paid to Essex County Council as the employer for commissioner support.

### 3.21 Transformation Implementation (One-off)

3.21.1 There was a one-off £12m Transformation Implementation budget created in 2023/24. This allocation is to meet the cost of implementing wider transformational change. Spend of £4.1m has been incurred and the remaining balance of £8.376m has been placed into an earmarked reserve to be utilised in future financial years.

**Table 14** Transformation costs

Area of Spend	£'000
PWC	1,136
Redundancy & pension strain costs	1,638
Finance support	589
Project Management	289
Savings implementation costs	215
SLT recruitment	186
Asset disposal costs	42
Member support	43
<b>Total</b>	<b>4,138</b>

**Table 14a** Transformation Contribution (from)/to reserves:

Reserve	Basis for Adjustment	Contribution from reserves £'000	Contribution to reserves £'000
Transformation	Carry forward of underspend	0	8,376

### 3.22 Delivery of 2023/24 Revenue Savings

3.22.1 The overall £8.3m saving for 2023/24 resulted in some mitigations, full and partial, managed through change control governance:

- 81% delivered through original saving proposal,
- 15% delivered through full mitigation of original saving proposals,
- 4% delivered through partial mitigation of original saving proposals.

**Table 15** Delivery of 2023/24 revenue savings

Directorate	Original Saving Proposal £'000	Delivered as planned £'000	Fully Mitigated £'000	Partly Mitigated £'000
Adult Social Care	1,576	926	650	
Housing General Fund	531	511	20	
Children's Services	997	997		
HR, OD & Transformation	789	666	105	18
Finance	921	731	190	

Public Realm	<b>2,122</b>	1,636	210	276
Place	<b>900</b>	855	45	
Strategy, Engagement & Growth	<b>351</b>	311	40	
Legal & Governance	<b>110</b>	110		
<b>Totals</b>	<b>8,297</b>	<b>6,743</b>	<b>1,260</b>	<b>294</b>
% of overall saving delivered	100%	81%	15%	4%

### 3.23 Sales, Fees & Charges

3.23.1 Some fees and charges are prescribed by statute and are not within the council's power to vary locally. Other fees and charges are discretionary and are set as part of the annual budget setting process.

3.23.2 Income generated through sales, fees and charges in 2023/24 was budgeted at £7.303m, £8.022m was generated throughout the year so exceeded the budget by £0.717m (10%). The ability to charge for some services has always been a key funding source to Councils and will continue to be so going forward. The below summary has been reflected within the relevant directorate outturn positions.

**Table 16** Sales, fees & charges

Directorate	2023-24 Budget £'000	2023-24 Outturn £'000	2023-24 Variance £'000	% Variance to budget
Adults	(101)	(132)	(31)	31%
Children's Services	(584)	(435)	149	-26%
Housing General Fund	(165)	(104)	61	-37%
Legal & Gov	(101)	(134)	(32)	32%
Place	(681)	(715)	(34)	5%
Public Realm	(5,371)	(6,238)	(870)	16%
Strategy	(303)	(264)	40	-13%
<b>Grand Total</b>	<b>(7,306)</b>	<b>(8,022)</b>	<b>(717)</b>	<b>10%</b>

3.23.4 Appendix 1a shows further detail in relation to the performance against budget for sales, fees and charges.

### 3.24 Core Funding

**Table 17** Core funding outturn

Service	Revised Budget £'000	Provisional Outturn £'000	Contribution from reserves £'000	Contribution to reserves £'000	Revised Outturn £'000	Variance to Budget £'000
Council Tax Income	(85,285)	(85,381)	0	0	(85,381)	(96)
NNDR Income	(52,519)	(54,123)	0	2,949	(51,173)	1,345
Grant Income	(9,368)	(9,368)	0	0	(9,368)	(0)
<b>Total</b>	<b>(147,172)</b>	<b>(148,872)</b>	<b>0</b>	<b>2,949</b>	<b>(145,923)</b>	<b>1,249</b>

3.24.1 The collection rates for local taxation through Council Tax and NNDR remain high. For the financial year 2023/24 these were 98.24% in relation to Council tax and 97.66% for NNDR.

#### Council Tax

3.24.2 The collection rates within the base forecast were set at 98% allowing for an increased 2% loss in collection due to the 10% council tax increase. However we achieved an in year collection rate of 98.24% which allowed the forecast losses to be reduced by 0.8% to 1.2%.

3.24.3 The improved collection rate predominately relates to:

- Reductions applied due to discounts were better than forecast due to the decision to remove the empty homes discount (not factored in base forecast) and the success of fraud/error initiatives.
- Lower than forecast costs related to the Local Council Tax Support (LCTS) were as a result of better than anticipated employment levels amongst working age adults.
- Increased revenue from premiums – Members agreed to increase the empty home premium to charge from 50% to 100% in 23/24

#### NNDR

3.24.4 The collection rate for NNDR was 97.66% which was largely impacted by significant backdated bills being raised in March 24.

3.24.5 The additional cost in NNDR is in relation to an increase in the levy payable. This is largely driven by a reduction in the requirement for the overall level of bad debts and appeals provision between the provisional NNDR1, and the final NNDR3 reporting submissions to government.

3.24.6 The levy calculation in is set out in Table 17a below:

**Table 17a** 2023/24 NNDR Levy calculation

<b>NNDR</b>	<b>£'000</b>
Total NNDR Collection	(141,712)
Authority share (49%)	(69,439)
Section 31 grants inside levy calculation	(4,467)
Share of unfunded relief back to levy calculation	(531)
Tariff	26,569
Revaluation adjustment	(634)
<b>Sub-total</b>	<b>25,934</b>
Income for levy calculation	(48,502)
Baseline Funding Level	(34,450)
Levy Rate	42.9%
<b>Total</b>	<b>6,028</b>

3.24.7 The levy budget for 2023/24 was set at £4.683m, in accordance with the calculations in NNDR1. The subsequent increase in retained income has therefore triggered an additional payment of £1.345m. The payment is made outside of the collection fund and is there a direct charge to the general fund.

3.24.8 However, the additional retained income has improved the balance on the collection fund, and this will have a positive impact on the 2025/26 budget position if collection rates remain as forecast.

3.24.9 The increase in retained income for the Council is contained with the collection fund, which is a ring-fenced account. This will however provide a benefit to the Councils medium term financial position and will be reflected in the MTFS update.

3.24.10 The contribution to reserves relates specifically to the Freeports section 31 grants element.

**Table 17b** Core Funding Contribution (from)/to reserves:

Reserve	Basis for Adjustment	Contribution from reserves £'000	Contribution to reserves £'000
Freeports	S31 grant	0	2,949

## 3.25 Treasury

**Table 18** Treasury outturn position

Category	2023/24 Budget £'000	2023/24 Outturn £'000	Update to MTFS Projection Q3 £'000	Final Variance to Budget £'000
Interest and similar charges	56,274	53,727	41,464	(2,547)
MRP	85,076	126,829	154,833	41,753
MRP on CD	22,619	3,667	1,298	(18,952)
Impairment of revenue investments	0	15,256	11,413	15,256
Investment Income	(9,114)	(21,101)	0	(11,987)
Use of Capital Receipts	(3,001)	0	0	3,001
<b>Treasury Position</b>	<b>151,854</b>	<b>178,378</b>	<b>209,008</b>	<b>26,524</b>

3.25.1 The treasury elements of the budget are intrinsically linked to the overall capitalisation directive (CD) requirement. As part of the 2024/25 Budget setting process, a revised CD requirement of £234.55m was included in the MTFS. The 2023/24 closure of accounts process has allowed the Council to further review this position, and there have been further changes:

### MRP

3.25.4 The revised MRP figure of £126.8m has been calculated in line the capital financing requirement and has adjusted the previous forecast estimate which was overestimating the requirement. The revised calculation has the benefit of more topical information and feeds, so the MRP projections have been checked back and reconciled to the CFR.

3.25.5 The reclassification, from Capital to Revenue, of a significant element of the Councils commercial investments have meant that the required MRP has been significantly reduced. In addition, reductions to the Capital programme, has also reduced the associated MRP.

### MRP on CD

3.25.6 The 2023/24 Original Budget included a backdated Capitalisation Directive requirement of £452m. However, following the adjustments previously detailed in the quarter 3 monitoring report, and subsequent revisions to investment valuations, this forecast has been adjusted to £114m, which significantly reduces the MRP requirement on the capitalisation directive in 2023/24.

#### Impairments

3.25.7 The impairment charges of £15.256m relate to £11.160m and £4.096m following the divestment of the CCLA and St Chads investments. The St Chads impairment was not known at the time of the P9 position and associated MTFS update.

#### Investment income

3.25.8 The level of investment income for 2023/24 is £11.9m above the original budget. The reasoning behind this is largely two-fold:

- Investments held by the Council for longer than originally forecast, due to the complexities associated with disposal.
- Improvement performance on the investment yield, largely due to the current energy markets and inflation.

#### Borrowing Costs

3.25.9 The total expenditure for borrowing costs is £2.5m below the original budget estimate. The underspend is a result of receiving capital receipts from the investment programme throughout the year. This has directly reduced the need to refinance debt though additional borrowing.

3.25.10 In the third quarter of the year, there has also been a favourable freeze on interest rates, which have reduced the previous forecast on the average annual borrowing rate. A revised methodology has been applied for the elements of borrowing which attract a PWLB interest premium. This only applies to elements of borrowing which support direct revenue expenditure.

3.25.11 Reductions to the Capital Programme, and therefore the associated Prudential Borrowing requirement, has also seen a reduction in the interest forecast.

## 3.26 Capitalisation Directive

**Table 19** Capitalisation directive position

Category	Budget £'000	Final Outturn £'000	Variance to Budget £'000	Updated Q3 MTFS £'000
Core Funding	(147,172)	(145,923)	1,249	(147,172)
Operational Budget	175,477	171,698	(3,778)	172,715
Contribution to Transformation Reserve	0	2,530	2,530	0
Interest and similar charges	56,274	53,727	(2,547)	41,464
MRP	85,076	126,829	41,754	154,833
MRP on CD	22,619	3,667	(18,952)	1,298
Impairment of revenue investments	0	15,256	15,256	11,413
Investment Income	(9,114)	(21,101)	(11,987)	0
Use of Capital Receipts	(3,001)	0	3,001	0

<b>Total</b>	<b>180,159</b>	<b>206,683</b>	<b>26,526</b>	<b>234,551</b>
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3.26.1 The provision Capitalisation Directive requirement for 2023/24 totals £206.7m. This was estimated to be £180.2m as part of the 2023/24 agreed budget, the outturn position is therefore £26.5m more than this. The quarter 3 reported position identified capitalisation direction requirement of £234.5 so the final position is an improvement of £27.8m against this estimate.

### 3.27 Divestments

3.27.1 Throughout February 2024, the Council received receipts totalling £528.2m for investment disposals. These receipts have been ear-marked to pay the Councils loans and reduce the overall debt level.

3.27.2 The Council was able to repayment loans totalling £179m at the end of 2023/24, which results in a total opening position of £1.238m in 2024/25.

3.27.3 The breakdown of the borrowing and loans is detailed in table x below:

**Table 20** Borrowing & Loans

<b>Source of Borrowing</b>	<b>£'m</b>		
PWLB Borrowing 1 year	1,015		
PWLB Borrowing > 1 year	215		
General Fund Long Term Debt	26		
HRA Long Term Debt	161		
<b>Position before disinvestment in February 2024</b>	<b>1,417</b>		
Loan Repayments Feb to Mar 2024	<b>(179)</b>		
<b>Closing 2023/24 Borrowing</b>	<b>1,238</b>		
	<b>Allocation</b>		
	<b>Total</b>	<b>GF</b>	<b>HRA</b>
Total PWLB Borrowing 1 year	836	740	96
Total PWLB Borrowing > 1 year	215	215	
General Fund Long Term Debt	26	26	
HRA Long Term Debt	161		161
<b>Opening 2024/25 Borrowing</b>	<b>1,238</b>	<b>981</b>	<b>257</b>

3.27.4 As the Council did not have option to repay debt early, without incurring redemption penalties, £328.8m of the receipts received in February 20024 were deposited with the DMO. The deposits will mature in line with the maturity dates of PWLB loans between April and September 20024, meaning this will a further significant reduction in the Councils borrowing position.

## 4. Dedicated Schools Budget

4.1 The dedicated schools budget position is an underspend of £1.164m against a revised budget of 51.908m (2%)

**Table 21** Dedicated Schools budget position

<b>Block</b>	<b>Revised Budget</b>	<b>Outturn £'000</b>	<b>Variance to Budget</b>
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	£'000		£'000
Schools	5,450	5,010	(440)
Central Services	1,633	1,608	(25)
High Needs	31,085	30,139	(945)
Early Years	13,741	13,987	246
<b>Total</b>	<b>51,908</b>	<b>50,744</b>	<b>(1,164)</b>

The key variances are set out below:

**4.2 Schools Block £0.440m underspend against a revised budget of £5.450 (8%).**

The underspend is driven by Pupil growth and delays in the expansion of places primary sector. An updated growth projection has been included in 2024/25 budget.

**4.3 Central Services Block £0.025 underspend against a revised budget of £1.633m (1.5%)**

The underspend is achieved through salary slippage and maximisation of external funding.

**4.4 High Needs Block £0.945m underspend against a revised budget of £31.085m (3%)**

The underspend is achieved through:

- One-off delays caused by building issues around RACC within the proposed new resource bases £1.221m.
- Special Schools, delayed expansion of 10 places £0.346m.

**4.5 The overspend is driven by:**

- £0.312m Increase in support provided through Tuition costs.
- £0.159m Top up payments to Academies. The demand for EHCPs continues at an average of 28 new EHCPs a month.
- £0.151m Additional High Needs Targeted support relating to behavioural therapists and professional costs.

**Early Years Block £0.246m overspend against a revised budget of £13.741m (2%)**

**4.6** The overspend is driven by increase in demand for top up funding to support children with additional needs and an increase in funded hours paid in 2023/24.

**4.7** The movement to reserves of £1.164m will change the deficit position of £0.534m to a surplus of £0.630m. This will be available to support identified funding pressures in the High Needs Block in 2024/25.

**4.8** Three additional grants have been received for which the conditions allow spend to be incurred in the forthcoming financial year and therefore carried forward.

**Table 21a** DSG Contribution (from)/to reserves:

<b>Reserve</b>	<b>Basis for Adjustment</b>	<b>Contribution from reserves £'000</b>	<b>Contribution to reserves £'000</b>
Dedicated Schools Grant	Grant		1,165
LA Capacity Funding for new entitlement and wraparound care	Grant		44
New entitlement funding	Grant		362

Early Years Professional development Programme (EYPDP)	Grant		14
<b>Total</b>			<b>1,585</b>

## 5. Public Health

- 5.1 The 2023/24 Public Health Grant was to the value of £12.3m and was used to provide & improve vital preventative health services for the local population, which helps to reduce health poverty to the people of Thurrock.
- 5.2 There was an underspend of £0.311m against the value of the grant and this has been carried forward to be utilised in 2024/25 in line with the strategic health objectives for the borough. The underspend occurred through robust financial monitoring to help reduce the structural deficit within the grant and reliance on reserves in future financial years, recent contract negotiations have enabled a reduction in contractual spend without reducing quality, thus providing better value for money.
- 5.3 The breakdown of the expenditure of the grant for 23/24 financial year can be seen below:

**Table 22** Public Health spend

<b>Category</b>	<b>£'000</b>
Brighter Futures 0-19	4,504
Workforce	2,126
Sexual Health	1,796
Drugs & Alcohol	1,265
Children's Services	785
THLS - Operating Costs	321
Mental Health	253
Corporate Services	187
Obesity & Physical Activity	186
Community	164
Domestic Violence	136
NHS Prevention	112
Housing	70
Road Safety	50
Smoking	37
Teenage Pregnancy	30
<b>Total</b>	<b>12,020</b>

- 5.4 Additional to the Public Health grant there was a specific health inequalities funding to the value of £0.228m from the Mid & South Essex Partnership, in aid of reducing health poverty for groups within the borough that have limited access to health services. One of these schemes included Improving Access to Health Services for Thurrock's homeless communities. Through this alliance with health the funding has been able to reduce health poverty seen within the borough and enable better access for all.
- 5.5 Alongside the above grants, the Control outbreak management fund spent £0.232m and this was funded by the specific reserve. The expenditure has been incurred to help ensure local resilience to infectious disease outbreaks if they were ever to happen in the future. The



funding has also been spent on reducing smoking & obesity numbers that spiked during COVID, heavily investing in services to ensure availability to all.

**Table 22a** Public Health Contribution (from)/to reserves:

<b>Reserve</b>	<b>Basis for Adjustment</b>	<b>Contribution from reserves £'000</b>	<b>Contribution to reserves £'000</b>
Public Health Grant	Grant		311
Containment Outbreak Funding	Grant	(232)	
<b>Total</b>		<b>(232)</b>	<b>311</b>

## 6. Reserves

6.1 The contributions from/to reserves have been set out in preceding sections of the report. The full list is included at Appendix 2 and a summary shown below. There is a net increase of £20.7m to the level of reserves held:

**Table 23** Summary reserves position

<b>Reserves type</b>	<b>2023/24 Opening Balance £'000</b>	<b>Net Movement £'000</b>	<b>Closing Balance £'000</b>
General Reserves	(9,683)	(10,906)	(20,589)
Collection Fund	(4,310)	0	(4,310)
Ring-Fenced Grant	(15,095)	(6,048)	(21,143)
Service Specific Reserves	(2,871)	(552)	(3,423)
Specific Purpose	(6,680)	(2,504)	(9,183)
Third Party Funding	(2,723)	(707)	(3,430)
<b>Grand Total</b>	<b>(41,361)</b>	<b>(20,716)</b>	<b>(62,078)</b>
<b>General Fund Balances</b>	<b>(11,000)</b>	<b>0</b>	<b>(11,000)</b>
<b>HRA Balances</b>	<b>(7,162)</b>	<b>1,622</b>	<b>(5,541)</b>
<b>Total</b>	<b>(59,524)</b>	<b>(19,095)</b>	<b>(78,618)</b>

6.2 The Council's General Fund balance, totalling £11m at the start of the year is held to mitigate against the financial risks inherent in delivering Council services; this represents around 1 month's operating expenditure for Thurrock and is considered the minimum position for this Council.

6.3 The £10.9m increase in general reserves relates to the contribution to the Transformation Reserve:

- £2.530m as per paragraph 3.6
- £8.376m as per paragraph 3.21.1

6.4 It should be noted that whilst the external audit reviews 2020/21, 2021/22 and 2022/23 remain outstanding the opening reserve positions remain subject to change.

## 7. Housing Revenue Account

**Table 23** HRA outturn position

Service	Revised Budget £'000	Outturn £'000	Variance to Budget £'000
Housing Development	293	629	336
Financing and Recharges	26,101	26,941	840
Repairs and Maintenance	13,337	14,089	752
Operational Activities	15,225	15,343	118
Contribution to Reserves	0	1,593	1,593
Rent and Income	(54,955)	(58,595)	(3,640)
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

7.1 The outturn of the Housing Revenue Account is a breakeven position, after the transfer of the operational surplus of £1.593m to the ring-fenced HRA general reserve. The HRA reserve will form part of the overall retained balances for the HRA, and form part of the HRA business plan.

7.2 The surplus is formed of:

- £3.640m – HRA income has over-achieved against the budget. This is derived from favourable movements against the budget as follows:
  1. A significant reduction in the number of properties sold under the right to buy scheme, resulting in additional retained dwelling rent income against the forecasts
  2. A collection rate better than previously forecast for rent and service charges, resulting in a reduction in the planned bad debt provision contribution.
  3. A reducing in the forecast level of rent loss from void properties.

7.3 The surplus is partly offset by Offset by:

- £0.336m - Housing Development staff capitalisation has not been applied.

Whilst there are restrictions with regards borrowing for new HRA capital schemes, the Council has continued to explore potential housing development options, where schemes have been assessed to be financially viable. These costs are therefore revenue in nature and have been funded accordingly as part of the overall HRA operating account.

- £0.840m – The final charge for the interest and borrowing costs for HRA debt has resulted in an overspend against the budget, due to increases in interest rates. This includes the element of the 2023/24 HRA Capital Programme which has been financed through prudential borrowing, coupled with the existing level of debt.
- £0.752m – Repairs & Maintenance expenditure has resulted in an overspend against the overall budget. This is mostly due to additional costs in relation to getting Voids properties back up to the required living standard. There were also additional costs in relation to repair works which fall outside of the main R&M contract (Exclusions).
- £0.118m – Operational Activities expenditure has resulted in an overspend against the overall budget.

**Table 23a** HRA Contribution (from)/to reserves:

<b>Reserves</b>	<b>Contribution from reserves £'000</b>	<b>Contribution to reserves £'000</b>
Housing Development Feasibility Studies reserve		1,593
Capital Reserve - Existing Stock	(744)	
Housing Development Feasibility Studies reserve	(431)	
Blackshots Decant reserve	(449)	
<b>Total</b>	<b>(1,624)</b>	<b>1,593</b>

## 8. Capital Programme

- 8.1 The capital programme approved by Full Council on 3 March 2023 envisaged capital spending totalling £202.9m over three years between 2023/24 and 2025/26. This budget had increased to £240.3m by the end of the third quarter of 2023/24 and was reported to Cabinet on the 13 March 2024. Further additions and reductions during the fourth quarter have resulted in a revised closing position of £241.9m

**Table 24 – Capital Strategy Position**

	Capital Strategy 2023-2025				
	<b>Opening Position 1<sup>st</sup> April 2023</b>	<b>Closing Position 31<sup>st</sup> December 2023</b>	<b>Additions (01/01/24 to 31/03/24)</b>	<b>Reductions (01/01/24 to 31/03/24)</b>	<b>Closing Position 31<sup>st</sup> March 2024</b>
<b>Directorate</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults and Childrens	22.394	26.200	0.000	(0.010)	26.190
Corporate	4.174	1.898	0.054	0.000	1.952
Public Realm	8.996	17.964	0.546	(0.002)	18.508
Place	30.155	48.135	1.623	0.000	49.758
<b>Total General Fund</b>	<b>65.719</b>	<b>94.197</b>	<b>2.223</b>	<b>(0.012)</b>	<b>96.408</b>
<b>HRA</b>	<b>137.164</b>	<b>146.109</b>	<b>0.000</b>	<b>(0.603)</b>	<b>145.506</b>
<b>Total</b>	<b>202.883</b>	<b>240.306</b>	<b>2.223</b>	<b>(0.615)</b>	<b>241.914</b>

- 8.2 The budget for the revised strategy budget (£241.9m) is funded from £105.6m external borrowing and £136.3m from external funding. Appendix 3 provides a breakdown of movements for quarter 4 by project.
- 8.3 Capital schemes and resources are identified in two specific categories:
- Mainstream schemes – capital expenditure funded through prudential (unsupported) borrowing, from capital receipts, from the capital contribution from revenue budget or from earmarked capital reserves; and
  - Specific schemes – capital expenditure funded through external funding sources, for example, government grants and Section 106 monies which are ring fenced for specific projects.

### General Fund Schemes

- 8.4 The current position for General Fund schemes for 2023/24 is summarised below:

**Table 25 - Capital Programme – Projected Outturn as at Quarter 4**

<b>Summary of the 2023/24 General Fund Capital Programme – by Directorate</b>	<b>Revised Budget £'000</b>	<b>Final Outturn £'000</b>	<b>Variance to Budget £'000</b>
<b>Expenditure:</b>			
Adults; Housing and Health	544	425	(119)
Children's Services	1,566	818	(748)
Corporate	1,180	323	(857)
Place	7,271	2,359	(4,912)
Public Realm	12,990	11,183	(1,807)
<b>Total Expenditure</b>	<b>23,551</b>	<b>15,108</b>	<b>(8,443)</b>
<b>Resources:</b>			
Prudential Borrowing	(12,612)	(8,381)	4,231
Capital Receipts	(326)	(286)	40
Government Grants	(9,469)	(6,189)	3,280
Other Grants	(753)	(36)	717
Developer Contributions (S106)	(391)	(216)	175
<b>Total Resources</b>	<b>(23,551)</b>	<b>(15,108)</b>	<b>8,443</b>
<b>Forecast Deficit/(Surplus) in Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 8.5 The table above also shows a projected outturn at the end of the financial year of £15.108m, which is £8.443m less than the latest agreed budget of £23.551m for the year (36%).
- 8.6 The in-year underspend is principally due to slippage on current schemes (£8.074m) and is a combination of existing works continuing into 2024/25, works to commence in 2024/25 or where discussions are continuing with stakeholders. Delays have arisen due a variety of reasons including delays to planning decisions, changes to project commencement and completion dates and changes to scheme designs. During 2024/25 project managers will be further challenged to ensure budgets are correctly profiled to match planned spend.
- 8.7 Consequently, the funding remains allocated to specific current schemes and will be re-profiled into subsequent years. The impact of the reprofiling will be an ongoing exposure to inflationary pressures on costs and hence capital budgets. This continues to be assessed on a project-by-project basis.

**Table 26 - Capital Programme Carry Forward by Project Stage**

<b>Project Stage</b>	<b>Slippage Amount £m</b>	<b>Reason</b>
Projects Demand Led	1.064	Funding for projects that is utilised as needed. For example, Government funding for schools to make building improvements and providing classroom expansions.
Business Case Stage	0.789	Projects at an early stage of design/feasibility where decisions to proceed will be taken later in the financial year for implementation at a future date.
In Flight	6.221	Projects include works on the highways network and IT infrastructure which are expected to complete in the next financial

		year.
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- 8.8 Following the quarter 4 review, projects that have either completed under budget or are no longer proceeding (£0.558m) and funded from external borrowing, will be removed from the capital programme.
- 8.9 During the financial year several projects have seen their budgets re-profiled into future years based on estimates at the time. Expenditure has been incurred on these projects which requires a budget of £0.194m (£0.141m external borrowing and £0.053m external funding) being transferred back into 2023/24 financial year, from 2024/25.
- 8.10 In addition to the above, the following budgets are to be added to the capital programme (£1.115m).

**Table 27** Additions to programme

Project	£m	Explanation
Coronation Living Heritage Fund	0.046	Government funding from DEFRA for tree planting (community orchards) within the borough to mark the coronation of His Majesty King Charles III.
Weekly Food Collections Grant	0.349	Government funding from DEFRA for the purchase of food waste bins (this includes internal kitchen caddies, external kerb-side caddies and communal bins) and food waste collection vehicles.
Traffic Signals	0.038	Government funding from the DfT to upgrade traffic signal systems, replacing unreliable and obsolete equipment to improve reliability.
Stanford Le Hope Interchange	0.163	This project is currently on hold pending a Gateway Review. Additional costs for consultants and contractors continue to be incurred, which requires further funding to be added to the budget. It is proposed that the additional spend is funded from available capital receipts.
Grays and Tilbury Towns Funding	0.393	Following changes to how prior years capital expenditure was financed for the Grays and Tilbury projects (swap from grant to receipts), the element of Government funding used from DLUHC for the Towns fund requires adding back into the capital programme.

### Slippage on Capital Programme

- 8.11 A full schedule of slippage on the General Fund capital programme over £0.5m is shown in the table below. A full schedule is shown in Appendix 4.

**Table 28** – Capital Slippage by Project over £0.5m

Description	Carry Forward £m	Explanation
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A13 Widening Works	1.771	The works for the A13 widening project have completed with just the outstanding compensation payments to be finalised. This remaining budget will cover these payments which should be resolved during 2024/25.
Temporary Classrooms	0.547	Temporary classrooms are required at schools throughout the borough to accommodate additional placed children. The remaining carry forward budget covers the installation costs and the ongoing hire charges.
TTF - Project 2 - Civic Square - 15A Civic Square and Brennan Road & Library	0.545	15a Civic Square will be refurbished and used to facilitate volunteering, peer mentoring, and job opportunities, skills and career development, financial inclusion and literacy, access to accredited training and life coaching and space to carry out partnership work. Negotiations are continuing with the proposed tenant for 15a Civic Square and issues have been encountered with planning for the works at Brennan Road. In addition, resourcing within the regeneration team has been an issue with Town's Fund projects during the past year. The remaining 2023/24 budget allocation will be required in 2024/25 to cover architect and other procurement costs, to bring the project to an implementation stage.

8.12 The financial impact resulting in the delay of the projects will be assessed and included within the 2024/25 programme. This will range across the schemes and will be subject to further viability assessment.

8.13 A schedule of General Fund projects is included in Appendix 5.

8.14 Several capital schemes are expected to complete construction in future years with expenditure totalling £82.470m. Budgets for these schemes have already been profiled accordingly.

8.15 Major projects are reported within the current annual budget envelopes as part of this report. The wider detailed updates on project progress will be shared with Cabinet by the lead officers as soon as practicable.

### **Housing Revenue Account Capital Schemes**

8.16 The out-turn position for Housing Revenue Account schemes for 2023/24 is summarised below.

**Table 29 - HRA Capital Programme**

<b>Summary of the 2023/24 HRA Capital Programme</b>	<b>Revised Budget £'000</b>	<b>Final Outturn £'000</b>	<b>Variance to Budget £'000</b>
<b>Expenditure:</b>			
Housing Development	1,425	1,499	74
Transforming Homes	28,632	25,318	(3,314)

<b>Total Expenditure</b>	<b>30,057</b>	<b>26,817</b>	<b>(3,240)</b>
<b>Resources:</b>			
Prudential Borrowing	(18,433)	(15,300)	3,133
Reserves	(148)	(41)	107
Government and Other Grants	(307)	(307)	0
Revenue Contribution to Capital (MRR)	(11,169)	(11,169)	0
<b>Total Resources</b>	<b>(30,057)</b>	<b>(26,817)</b>	<b>3,240</b>
<b>Forecast Deficit/(Surplus) in Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Transforming Homes

8.17 The budget for Transforming Homes in 2023/24 is £28.632m and the out-turn spend is £25.318m.

**Table 30** – Capital Slippage by Project over £0.5m

<b>Description</b>	<b>Carry Forward £m</b>	<b>Explanation</b>
Tower Block Refurbishment	2.781	<p>The tower block refurbishment project remains onsite and in progress with key aspects of the works, including the windows and smoke ventilation system outstanding, a key milestone of the project has been achieved with the previous cladding system being removed and replaced with a new insulated render product.</p> <p>At this stage the projected completion date for all six blocks is June 2025. Unfortunately, the project duration has significantly surpassed the original timeline for completion, and this is predominantly due to a contractual dispute between the council and the appointed principal contractors. Regardless of this, the two parties continue to engage constructively to reach project completion as swiftly as possible.</p> <p>The Council have and will continue to prioritise the needs and wellbeing of the residents as works continue and will ensure the project is completed to a high standard giving our residents safe and secure homes for the future.</p>

## New Build Schemes

8.18 The outturn position for 2023/24 for HRA New Build Schemes are set out in Appendix 6 and primarily covers Loewen Road and feasibility and design work for Teviot Avenue and Blackshots. Projects will utilise receipts held under Right to Buy sharing agreement between the Council and the DLUHC and are forecast to be delivered with the current timeframes and budgets allocations.

## **9. Reasons for Recommendation**

9.1 To report the 2023-24 financial outturn position and to update Cabinet on the capitalisation directive requirement for the year, position on reserves and the capital programme.

## **10. Consultation (including Overview & Scrutiny, if applicable)**

## **11. Impact on corporate policies, priorities, performance & community impact**

## 12. Implications

### 12.1 Financial

Implications verified by: **Dawn Calvert**  
**Chief Finance Officer/ S151**

The financial matters as set out within the report.

### 12.2 Legal

Implications verified by: **Mark Bowen**  
**Interim Project Lead – Legal**

12.2.1 There are no specific legal implications set out in the report. There are statutory requirements of the Council's Section 151 Officer in relation to setting a balanced budget. Under section 28 of the Local Government Act 2003, the Council is under a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. The Council continues to face a challenging situation in relation to its budgetary position. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. In addition, the Council's Section 151 Officer has specific duties under section 114 of the Local Government Finance Act 1988 where it appears to them that expenditure will exceed the resources available.

### 12.3 Diversity & Equality

Implications verified by: **Roxanne Scanlon**  
**Community Engagement and Project Monitoring Officer**

12.3.1 The Equality Act 2010 places a public duty on authorities to consider the impact of proposals on people with protected characteristics so that positive or negative impacts can be understood and enhanced or mitigated as appropriate. Services will be required to consider the impact on any proposals to reduce service levels through a community equality impact assessment which should seek to involve those directly affected

### 12.4 Risks

12.4.1 Revenue budget overspends may continue into the following year leading to an adverse impact on the ability to deliver services in 2024/25. This will be mitigated by adjustments made to the 2024/25 allocation, a robust reporting process of the budget position and a continuation of the expenditure control process to ensure scrutiny remains over spending requirements.

12.4.2 Capital project delays (slippage) can often lead to increased costs, exacerbated by inflationary pressures. The impact of inflation on construction materials, labour and other project related



expenses can make it challenging for project managers to adhere to their initial estimates. Where increased costs are experienced, these will be reported to the MTFS & Modernisation Board and subsequently onto Cabinet.

12.4.3 Further contractual spend is expected on the A13 project in relation to compensation claims, however everything is being done to contain this within the existing budget envelope.

12.4.4 As part of the capital programme review, remaining non contractual funding for the Purfleet regeneration and Stanford le Hope interchange projects was removed from the programme, pending further reports to Cabinet. Some expenditure continues to be incurred on both projects and how this is financed will be reviewed and reported on an ongoing basis.

## 12.5 **Other Implications**

## 12.6 **Background papers used in preparing the report**

## 12.7 **Appendices to the report**

Appendix 1 General Fund movement from quarter 3

Appendix 1a Sales, fees & Charges outturn position

Appendix 2 Reserves position

Appendix 3 Capital Strategy

Appendix 4 Slippage on Capital Programme

Appendix 5 General Fund projects

Appendix 6 HRA New Build Schemes