

<b>12 February 2019</b>		<b>ITEM: 12</b>
		<b>Decision: 110503</b>
<b>Cabinet</b>		
<b>Draft 2019/20 Budget Proposals and Medium Term Financial Strategy Update</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor Shane Hebb, Deputy Leader and Portfolio Holder for Finance		
<b>Accountable Assistant Director:</b> Jonathan Wilson, Assistant Director - Finance		
<b>Accountable Director:</b> Sean Clark, Director of Finance and IT		
<b>This report is public</b>		

## **Executive Summary**

Cabinet agreed a draft budget at their meeting on 16 January 2019 and referred their proposals to the Corporate Overview and Scrutiny Committee for their consideration and comment. This report sets out the committee's comments for Cabinet to consider when recommending their final budget proposals to Full Council.

Service Review proposals have been developed and are summarised in the body of this report. Additional information on the proposed savings within Children's Services are now included in this report.

Cabinet should note that the Investment Strategy is just one element of the move towards financial self-sustainability and that Council committed to following all other streams towards this aim.

The Council Spending Review "Service Review Boards" have continued to develop cross cutting expenditure savings along with an enhanced focus on income generation and their proposals have now been allocated to services and are set out in appendices 3 and 4 so as to inform Cabinet of overall changes to Directorate budgets. These are draft and will be updated in future reports as allocations are refined.

This report has been considered by Corporate Overview and Scrutiny at its meeting on 31 January 2019 and the committee's comments are included in section 10 of the report.

### **1 Recommendations:**

#### **1.1 That the Cabinet recommend to Full Council a council tax freeze;**

- 1.2 Agree the budget report set out through this report and appendices; and**
- 1.3 That the Cabinet recommend to Full Council the capital proposals set out in this report and appendices.**

## **2 Introduction and Background**

- 2.1 All Members are aware of financial pressures that all councils have felt in previous years and that all face a challenge to become financially self-sustainable.
- 2.2 The MTFS presented to Cabinet on 16 January 2019 showed a balanced budget for part way into the forthcoming decade, based on a number of assumptions that, when delivered, puts Thurrock Council in a stronger position than most for the challenges ahead when the Revenue Support Grant discontinues and to meet the challenges of Business rates Retention that may bring less certainty to council funding over the medium term.
- 2.3 These assumptions are based on driving cost reductions through reducing staff costs, improved procurement, efficiencies through changing the ways the council works such as utilising digital channels and income generation through council tax, fees and charges and investments.
- 2.4 A key change to the MTFS presented to Full Council on 28 February 2018 is the decision to recommend a zero percentage council tax increase for 2019/20 that reduces income by £2.1m in that and subsequent years.
- 2.5 The Council Spending Review “Service Review Board” has undertaken a number of cross cutting reviews challenging current delivery models, structures and assumptions with a view to improve outcomes and identify efficiencies. The board has a savings target of £0.902m in 2019/20 which is to be delivered following the implementation of the following review outcomes:
- Children’s Social Care - £0.797m;
  - Transport - £0.060m; and
  - Planning - £0.063m.
- 2.6 Together these form an overall package that not only balance the budget but allows the council to invest in enhancing existing services and providing new services where a priority.
- 2.7 Regarding the savings within Children’s Services, a more detailed briefing note is included at Appendix 2. Whilst the headline is a budget reduction, savings of £3m have been identified through transformation but a budget reduction of circa £1m enacted. The balance remains within the service budget for any unexpected variations and as a result provides a real increase to funding levels within Children’s Services following implementation.

- 2.8 Before considering future years it is important to recognise any impacts from the current year. Cabinet have received two update reports in recent months with the most recent report on 12 December 2018 setting out net pressures of £0.500m. Main areas of concern are within Children's, Environment and General Fund Housing Services as well as growing pressures relating to "No Recourse to Public Funds". This latter pressure reflects the Council's responsibilities to children that have entered the country but have no legal jurisdiction to reside. As such, the family is not able to access the normal range of financial support but the council must ensure the welfare of any children and thus their wider family.
- 2.9 To recognise the above, relevant growth has been included within the MTFS to meet the ongoing pressures.

### 3 Draft 2019/20 Budget and Future Forecasts

- 3.1 The MTFS attached at Appendix 1 sets out a balanced budget for four of the five year period based on the assumptions set out in the body of this report and appendices.
- 3.2 The summarised budget position for the medium term now stands at:

Narrative	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Net Additional (Reduction) in resources	3,493	(1,790)	(1,668)	(2,114)	(1,927)
Inflation and other increases	3,895	2,958	3,081	3,210	3,345
Treasury and Capital Financing	(11,478)	(2,178)	(336)	(1,224)	365
Demographic and Economic Pressures	3,000	2,200	2,200	2,200	2,200
Services Design	(2,226)	(900)	(1,000)	(1,000)	0
<b>Position before carry forward</b>	<b>(3,315)</b>	<b>290</b>	<b>2,277</b>	<b>1,072</b>	<b>3,983</b>
<b>C/f Position</b>	<b>(2,488)</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,237)</b>	<b>(2,165)</b>
<b>Working Total</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,236)</b>	<b>(2,165)</b>	<b>1,817</b>

- 3.3 The budget surplus in each year should only be used for one off expenditure and/or as a contribution to reserves. By not committing this surplus to ongoing expenditure the surplus carries forward to the subsequent year.
- 3.4 The scale of these surpluses provide the Council with further stability against any budget fluctuations whilst also offering the opportunity to major investment in the borough.
- 3.5 The draft Local Government Finance Settlement was confirmed on Monday 29 January 2019 and confirmed grant levels as set out in this and previous versions of the MTFS.

## **4 Council Tax and Future Funding**

- 4.1 Cabinet will be aware that Thurrock Council has the lowest council tax in Essex and one of the lowest of all Unitary authorities throughout the country. Whilst there is no desire or need to change this position, officers' advice is clear that council tax increases are required and this is echoed in the Director of Finance's s25 Statement in recent years.
- 4.2 The assumptions at the start of the municipal year within the MTFS was a 2.99% council tax increase in 2019/20 (4.98% in 2018/19) and 1.99% thereafter.
- 4.3 Whilst surplus balances would suggest to most that increases are not required, Members have to consider the following:
  - 4.3.1 Advice from CIPFA is clear that investments should not solely be used to replace existing funding streams but for additionality;
  - 4.3.2 Any investment is temporary in nature whereas council tax is a sustainable resource for the longer term;
  - 4.3.3 The Comprehensive Spending Review that will be carried out by the government next year will assume that the council has increased council tax by allowable levels and so the amount the council can retain from its business rates will be reduced accordingly – the government will not replace any income foregone. Government figures now set out an assumed council tax income in 2019/20 of £2.8m higher than that will be achieved with a council tax freeze;
  - 4.3.4 Whilst the Adult Social Care precept was welcome to provide much needed funding, the amount raised was reduced compared to the majority of other top tier authorities due to the low council tax base. It appears clear that additional precepts may well become part of local government funding going forward;
  - 4.3.5 Following the above, it is still unclear how local government will be funded going forward. One aspect that is clear though is the direction of travel across the UK is for councils to rely on locally raised taxation; and
  - 4.3.6 As other grants, such as public health, become part of mainstream funding councils will see a switch of statutory services currently being funded centrally needing to be funded locally.
- 4.4 Having considered the advice as set out above, the Cabinet has chosen to recommend a zero percentage council tax increase and figures have been amended accordingly.

## **5 Capital Proposals for 2019/20**

- 5.1 The Capital Programme plays an understated role in not just supporting and maintaining the borough's and the council's infrastructure but also includes

strategic and place making schemes supporting both the place making and commercial agendas.

5.2 The following sources of funding are available to the General Fund:

- Capital Receipts – these are the receipts realised from the disposal of capital assets such as land and buildings. The Property Board, at the request of Cabinet, has commenced a strategic review of the asset base and will report back to Cabinet with an updated strategy, including a disposal programme, in due course. Asset management in the future will be based on the simple ethos of– Release – Reuse - Retain;
- Grants and Contributions- these could be ad hoc grants awarded from government or other funding agencies or contributions from developers and others;
- Prudential Borrowing – the Council is able to increase its borrowing to finance schemes as long as they are considered affordable and are deemed to meet the public good; and
- Revenue – the Council can charge capital costs directly to the General Fund but the pressure on resources means that this is not recommended.

5.3 On the basis that capital receipts are currently limited and, with a low level of reserves in place, any receipts may be set aside for debt repayment or a contingency towards revenue pressures (ability to use capital receipts for MRP purposes), the main areas of funding are grants and contributions – but these tend to be for specific purposes – and prudential borrowing – the main source for the attached proposals and current programme.

5.4 Funding from capital receipts is likely to increase over the forthcoming financial year as a thorough review of the Council's assets is underway as part of the '3Rs' Programme – Retain, Reuse, Release. This challenges the rationale for holding the asset resulting in the classification of assets as either:

- Released (for example to dispose of immediately or develop for housing);
- Re-used (for example for different services or more intensive or changed use); and
- Retained (business as usual, little need or opportunity for change identified).

5.5 Several sites have been identified for release and the Corporate Property Team has been reviewing these to determine their redevelopment potential and has commenced a release disposal programme. This will potentially enable further funding of capital projects from the capital receipts generated and reduce the level of prudential borrowing required.

5.6 Members should note that General Fund Capital Receipts can also be used to finance Housing Revenue Account capital expenditure and has been used to

good effect in securing Right to Buy buy-backs match funded with HRA resources that has helped maximise the use of Right to Buy receipts.

- 5.7 Annually, all services consider their future capital needs and submit bids for schemes ranging from projects in their own right to smaller schemes that are required to maintain operational ability – such as capital repairs to operational buildings and system upgrades.
- 5.8 In addition, the Council Service Review (CSR) process is identifying a number of service enhancements that will ultimately reduce costs or increase income. These will need to be funded as and when identified.
- 5.9 Finally, there are those projects that require seed funding to prepare more detailed business cases. The council agreed in February 2017 to a £2m budget provision to ensure funding is available to prepare business cases for Future and Aspirational Capital Schemes. It is recommended that this budget be reset at £2m again for the coming year and the full amount is expected to be required.

### **Current Programme**

- 5.10 Before considering the new proposals, it is worth reflecting on the allocations that have been agreed over recent years. These are summarised in Appendix 5 but, covering the period 2017/18 through to 2020/21, total over £240m with £212m still to be spent as at 1 January 2019.
- 5.11 Set out below are the major schemes that are included within the current programme over that period that are already committed and many underway:

The widening of the A13;	Purfleet Regeneration;
Grays' Town Centre and Underpass;	Stanford-le-Hope Interchange;
Improvements to parks and open spaces;	New educational facilities;
The HRA Transforming Homes programme;	HRA New Build Schemes;
Highways infrastructure;	Aveley Community Hub;
Civic Office Development; and	Improvements to the Linford Civic Amenity Site.

- 5.12 In addition, feasibility work has been carried out in developing the future and aspirational bids during recent months and an update on these is included at Appendix 7.

## 6 Draft Capital Proposals

- 6.1 There have been a number of schemes that can be seen as projects in their own right. These have been included at Appendix 7 and will, in the main, be known to the relevant Overview and Scrutiny Committee in one form or another.
- 6.2 Having reviewed all of the other capital requests, they fall within one of four categories and are summarised in the table below. A schedule of some of the bids is included at appendix 8 for information but is not exhaustive. The amounts have been calculated using the respective bid totals and would be under the responsibility of a relevant Transformation Board or Directors' Board for allocation and monitoring:

<b>Responsible Board</b>	<b>Examples</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>
Service Review	These could include new systems that create efficiencies, upgrades to facilities to increase income potential and enhancements to open spaces to reduce ongoing maintenance.	2.2	0.5	0.5
Digital	The council has been progressing steadily towards digital delivery, both with residents and amongst officers. This budget will allow for further progression as well as ensuring all current systems are maintained to current versions and provide for end of life replacement.	4.0	1.1	0.5
Property	This budget will provide for all operational buildings including the Civic Offices, libraries, depot and Collins House. It will allow for essential capital maintenance and minor enhancements.	3.2	2.1	1.5
Transformation	This budget is to provide the ability to build business cases for major projects as per paragraph 2.6. The recommendation is for an annual "top up" to bring the budget back to £2m at the start of each financial year.	2.0	2.0	2.0

- 6.3 In addition, the capital programme also includes the HRA, Highways and Education. These are largely funded by government grants and will be

considered by their respective Overview and Scrutiny Committees and the Cabinet under separate reports.

- 6.4 Highways are expected to receive in the region of £2.8m per annum from the Department of Transport whilst Education are expected to receive a further £5m in 2019/20 from the Department for Education with further allocations for free schools.

## **7 Other Capital Recommendations**

- 7.1 In previous years, the recommendations to Council have also included delegations to Cabinet to agree additions to the capital programme under the following criteria:
- If additional third party resources are secured, such as government grants and s106 agreements, for specific schemes; and
  - Where a scheme is identified that can be classed as 'spend to save' – where it will lead to cost reductions or income generation that will, as a minimum, cover the cost of borrowing.
- 7.2 The delegation proposed is that any approval is deemed to be part of the capital programme and that the necessary prudential indicators set out in the Capital Strategy are amended accordingly.
- 7.3 This approach means that estimated amounts for schemes that may or may not take place are not included in the programme, removing the need for agreed provisions that may not be required.

## **8 Issues, Options and Analysis of Options**

- 8.1 This report sets out the changes to the current year budget that are proposed for 2019/20. The impact on services is limited compared to previous years and allows for significant growth within the council's frontline services.
- 8.2 Council tax increases will always be recommended by officers, due to their ability to continue towards financial self-sustainability.
- 8.3 The report also sets out surpluses over the four year period of the MTFs. It is recommended that they only be used for one off expenditure as any commitment to ongoing expenditure will impact on future years as the budgets become a core requirement.
- 8.4 In previous years, the recommendations to Council have also included delegations to Cabinet to agree additions to the capital programme under the following criteria:
- If additional third party resources are been secured, such as government grants and s106 agreements, for specific schemes;



- Where a scheme is identified that can be classed as ‘spend to save’ – where it will lead to cost reductions or income generation that will, as a minimum, cover the cost of borrowing; and
- For Thurrock Regeneration Ltd schemes – these actually also fall under the ‘spend to save’ criteria set out above but has not been agreed over the last couple of years.

## **9 Reasons for Recommendation**

- 9.1 The Council has a statutory requirement to set a balanced budget annually and to review its adequacy of reserves. This report sets out a balanced budget for 2019/20 and maintains the £11m level for the General Fund Balance.
- 9.2 The capital programme forms part of the formal budget setting in February and is an integral part of the Council’s overall approach to financial planning.

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

- 10.1 The budget planning governance structure includes involvement and consultation with officers, Portfolio Holders and Members. The process includes the Council Spending Review Panel, made up of cross-party Group Leaders and Deputies who meet regularly during the budget planning period and ahead of key decision points.
- 10.2 Corporate Overview and Scrutiny Committee considered this report at their meeting on 31 January 2019. Main areas of discussion included:
- The Council Tax Freeze, its impact on the MTFS and recognising that with an increase there would be a five year balanced MTFS;
  - Further to this, the committee commented that it would be useful to have sight of a ten year MTFS at Council on 27 February 2019 to recognise the longer term implication;
  - A challenge on being able to achieve the savings set out from the CSR process with specific focus on People Board Savings, Lease rental increases and the Service Review target. Officers explained that all of these are already being achieved and have a heightened focus at Directors’ Board to ensure delivery and that the main area of Service Review savings, in Children’s Services, had already had significant upfront investment to achieve these savings and that the savings were, in fact, far higher than the target thus being growth for the service;
  - The Committee also wanted assurances that the Council was not looking to reduce payments to Foster Carers. Officers explained that increasing the Foster Carer base was a key objective and so payments to look after the borough’s children were not being reduced; and

- In terms of capital, the Committee discussed the schemes and approach and had no adverse comments on the proposals but did ask whether the proposals could be linked to the Council's priorities. The Committee has asked for a clearer view of the existing programme and links to priorities at a future meeting.

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

- 11.1 There are increases to frontline services where pressures have been identified in the current year that will help the council to deliver both its statutory services and priority areas.
- 11.2 The surpluses will also allow for additionality in services through enhancement, provision of new services or, indeed, a major capital investment in the borough.
- 11.3 Capital budgets provide the finance to meet the Corporate Priorities. If a capital project was not to proceed, this may impact, positively or negatively, on the delivery of these priorities and performance with a corresponding impact on the community.

## **12 Implications**

### **12.1 Financial**

Implications verified by: **Sean Clark**

#### **Director of Finance and IT**

Council officers have a legal responsibility to ensure that the Council can contain spend within its available resources. Regular budget monitoring reports will continue to come to Cabinet and be considered by the Directors' Board and management teams in order to maintain effective controls on expenditure. Austerity measures in place are continually reinforced across the Council in order to reduce ancillary spend and to ensure that everyone is aware of the importance and value of every pound of the taxpayers money that is spent by the Council.

Whilst this draft budget report sets a balanced budget, it does not include a council tax increase and so reduces the council's ability to maximise council tax streams going forward in its aim to become financially self-sufficient. Each 1% is circa £0.7m that is then lost to the income stream for perpetuity at a time where the government has made clear that councils will need to finance services through local revenues from both council tax and business rates.

The government in setting its grant support for the coming year has made the assumption that this funding would be realised and this assumption will also influence the Comprehensive Spending Review in 2019 that will determine the amounts of business rates that the Council will be able to retain for the delivery of local services over the period 2020-2023.

Recent announcements from CIPFA has raised concerns over the amount of property and other investments that local authorities are carrying out and the advice is clear that there needs to be more tangible benefits to the local authority area and its residents as opposed to purely financial gain. The government, in its announcement of the draft finance settlement, acknowledged this position and left the possibility of a future discussion with the Treasury open. Thurrock Council's investments do fall within the accepted parameters when considering the allocation of surpluses to enhance and/or provide new services.

Cabinet should note that even without investment targets included, the budget remains in balance thus demonstrating that the targets are not simply replacing a council tax increase.

## 12.2 Legal

Implications verified by: **Tim Hallam**  
**Deputy Head of Law & Governance**

There are no direct legal implications arising from this report.

There are statutory requirements of the Council's Section 151 Officer in relation to setting a balanced budget. The Local Government Finance Act 1988 (Section 114) prescribes that the responsible financial officer "must make a report if he considers that a decision has been made or is about to be made involving expenditure which is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority". This includes an unbalanced budget.

## 12.3 Diversity and Equality

Implications verified by: **Natalie Warren**  
**Community Development and Equalities  
Manager**

All local authorities are required to have due regard to their duties under the Equality Act 2010. A comprehensive Community and Equality Impact Assessment (CEIA) has been completed for council tax increases.

The capital programme is assessed at key stages to ensure the impact of each scheme is measured in a proportionate and appropriate way to ensure this duty is met and the needs of different protected characteristics are considered.

**12.4 Other implications (where significant – i.e. Staff, Health, Sustainability, Crime and Disorder)**

Budget surpluses to date have been used to support action against Anti-Social Behaviour and to secure more police officers within the borough. The surpluses have also allowed increased activity within Environmental Services whilst also investing in social care to support the borough's vulnerable.

**13 Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Budget working papers held in Corporate Finance
- Budget Review Panel papers held in Strategy and Communications

**14 Appendices to the report**

- Appendix 1 – Medium Term Financial Strategy
- Appendix 2 – Children's Services Budget Briefing Note
- Appendix 3 – Summary of CSR Savings
- Appendix 4 – Draft allocation of growth and savings to services
- Appendix 5 – Current Capital Programme
- Appendix 6 – Future and Aspirational Projects
- Appendix 7 - New Capital Projects

**Report Authors:**

Sean Clark

Director of Finance and IT

## MEDIUM TERM FINANCIAL STRATEGY

Narrative	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
		<b>75% BRR</b>			
<b>1. Local Funding</b>					
Council Tax Base / Charge	(606)	(1,939)	(1,999)	(2,065)	(2,127)
Council Tax Social Care Precept	(48)	(48)	(49)	(49)	(50)
	<b>(654)</b>	<b>(1,988)</b>	<b>(2,047)</b>	<b>(2,114)</b>	<b>(2,177)</b>
Business Rates Precept	(378)	(658)	(500)	(500)	(250)
<b>2. Total Government Resources</b>					
Revenue Support Grant	4,000	658	6,039		
Transfer to funding formula under 75% retention	0	0	(6,039)		
New Homes Bonus	122	0	500	500	500
Other Grants	403	198	379	0	0
	<b>4,525</b>	<b>856</b>	<b>879</b>	<b>500</b>	<b>500</b>
<b>Net Reduction in resources/ (Addition to resources)</b>	<b>3,493</b>	<b>(1,790)</b>	<b>(1,668)</b>	<b>(2,114)</b>	<b>(1,927)</b>
<b>3. Inflation and other increases</b>					
Pay award at 2%, Increments and legislative changes	3,150	2,214	2,281	2,350	2,421
Contractual and non contractual	746	744	799	859	924
	<b>3,895</b>	<b>2,958</b>	<b>3,081</b>	<b>3,210</b>	<b>3,345</b>
<b>5. Treasury</b>					
Investment income	(14,297)	(3,818)	(3,214)	(3,756)	(1,700)
Interest Costs	2,819	538	2,570	2,500	2,065
MRP	0	1,102	308	32	0
<b>Treasury and Capital Financing</b>	<b>(11,478)</b>	<b>(2,178)</b>	<b>(336)</b>	<b>(1,224)</b>	<b>365</b>
<b>6. Demographic and Economic Pressures</b>	<b>3,000</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>
<b>7. Services Design Principals and Strategic Boards</b>	<b>(2,226)</b>	<b>(900)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>0</b>
<b>Position before carry forward</b>	<b>(3,316)</b>	<b>290</b>	<b>2,277</b>	<b>1,071</b>	<b>3,983</b>
<b>C/f Position</b>	<b>(2,488)</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,237)</b>	<b>(2,165)</b>
<b>Working Total</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,237)</b>	<b>(2,165)</b>	<b>1,817</b>

## CHILDREN'S SERVICES BUDGET BRIEFING NOTE

Additional investment has been made in Children's Services to support a transformation of service delivery to improve effectiveness and efficiency while reducing levels of demand. These changes were made on the basis that through improved ways of working they would yield efficiency savings in due course. We are already seeing the fruits of this investment with clear evidence of significant progress being made. Budget savings of £1.102m have been identified within Children's Services in 2019/20 as set out below. The majority of these savings are within Children and Family Services and were identified through the Service Review process which has provided significant additional investment in the service.

	Commercial £000	People £000	Procurement £000	Service Review £000	Total £000
Children and Family	9	97	5	797	<b>908</b>
Central Admin		7			<b>7</b>
Learning & Universal Outcomes	116	11			<b>127</b>
School Transport				60	<b>60</b>
<b>Total</b>	<b>125</b>	<b>115</b>	<b>5</b>	<b>857</b>	<b>1,102</b>

### Commercial - £125k

Increases in external income targets follow review of 2018/19 performance and review of fees and charges. This includes additional income within the Education Welfare service, increased demand in Learning & Skills and ongoing delivery of the Grangewaters business plan.

### People - £115k

To be delivered through ongoing review of employee related costs including reducing use of high cost agency staff, effective attendance management and reviewing overtime arrangements.

### Procurement - £5k

Saving in translation and interpretation services following review and contract re-procurement. Final year of 3 year saving.

### Service Review - £857k

The budget saving relates primarily to the outcomes of the Children's Social Care review (£797k), but also includes a £60k saving against school transport as part of the ongoing Transport review.

The Transport review is still in progress. It is considering the type of home to school transport used, contract arrangements and process review. An early outcome of the

**CHILDREN'S SERVICES BUDGET BRIEFING NOTE**

review, which has realised the £60k saving, is the move to providing bus passes to students attending Ormiston Park.

The Children's Social Care review commenced in November 2017 with the aim of determining the underlying reasons for the increase in children coming into care and the associated cost of provision; ascertaining the effectiveness of key processes, procedures and policies; and making recommendations to address areas of high demand. .

Business cases were agreed by Directors Board in September 2018 and are currently being implemented. Additional investment has been made in the key areas of Adoption, Fostering, prevention services, care leaver housing and developing a sustainable workforce. Key deliverables are improving outcomes for children, service efficiency and delivering ongoing savings where possible.

The cumulative impact across all business cases within the Children's Social Care review is a net saving of £3m in 2019/20. This assumes there is no variation to the assumptions and timeframes within the business cases, which when operating in a complex area such as social care cannot be guaranteed. The budget saving applied in 2019/20 of £797k provides scope for any unexpected variations and as a result provides a real increase to funding levels within Children's Services following implementation. Project management resource has been allocated to the programme to oversee delivery.

**Adoption** – the review recommended bringing the fragmented outsourced arrangement back in house realising a cashable saving whilst enabling service improvements including: more children being adopted from care, overview and ownership across the service of the journey of the child from first point of contact to permanency, strengthening Thurrock's role within a regional adoption alliance enabling a potential sale of surplus adoptive placements.

**Fostering** – the business case recommends establishing a time-limited Recruitment and Marketing Team to provide up to 100 extra in-house places for looked after children. This would deliver an ongoing cashable saving whilst reducing the use of high cost Independent Fostering Agency numbers, a reduction in residential placements, more in-house foster carers and more children placed locally.

**Edge of Care Prevention Services** – the business case is part of an overarching Early Help strategy to intervene early when families are in difficulty to offer evidence-based support and enable more children to remain safely within their families. This will improve outcomes for children and young people and reduce demand for high cost children's social care statutory services.

This element of the review provides the most significant financial benefit, therefore, also provides the most risk in achieving the overall financial position. The Service will deliver savings by reducing numbers in care, reducing the length of time that children are in care, reducing the number of families that are re-referred and working with families to prevent breakdown.

**CHILDREN'S SERVICES BUDGET BRIEFING NOTE**

**Headstart Housing – care leavers supported to access suitable accommodation** – the business case recommended further development of Head Start Housing, recognising the challenges that young people face who are leaving care in finding and sustaining suitable accommodation by improving outcomes for young people leaving care. Our aim is to continue our partnership work with housing increasing the number of properties available within the Head Start Housing portfolio. This would deliver ongoing savings through a reduction in the cost of placements whilst also helping young people be better prepared for independent living and ensure greater provision within the borough.

**Sustainable Workforce** – Children's services have experienced difficulties in recruiting to roles in Social Care since 2013. This has led to high numbers of agency workers being used to cover permanent roles. The proposal is to deliver a phased recruitment programme of newly qualified social workers in order for the service to develop, grow and retain a permanent workforce and reduce the need for additional agency staff.



## SAVINGS BY CSR BOARD

Board	Proposal	2019/20
Procurement	Savings to be delivered through effective procurement and contract management	105
Commercial	Further income through the expansion and development of traded services	270
Commercial	Growth in fees and charges income reflecting 18/19 forecasts and review of fees and charges, mainly through volume increases as a direct result of service areas understanding and acting upon market and competitor information	100
ICT / Digital	Legacy Application Rationalisation and Unified Communications	130
People	Savings to be delivered through ongoing review of employee related costs including reducing use of high cost agency staff, effective attendance management and reviewing overtime arrangements	500
Property	Rental income stretch target - annual increase in rent roll through lease reviews and renewals	200
Service Review	Service Review savings: <ul style="list-style-type: none"> <li>- Children's Social Care - £0.797m (against identified savings of £3m);</li> <li>- Transport - £0.060m; and</li> <li>- Planning - £0.063m.</li> </ul>	920
<b>TOTAL</b>		<b>2,225</b>

## Indicative Service Budget Impact 2019/20

Directorate	Service	2018/19 Net Current Budget (September 2018) £000	2018/19 Forecast & Carryforward Adjustment £000	MTFS Change in Resources 2019/20 £000	MTFS Growth, Inflation & Other Increases 2019/20 £000	Baseline Budget 2019/20 £000	Commercial Savings £000	Customer & Demand Management Savings £000	ICT/ Digital Savings £000	People Savings £000	Procurement Savings £000	Property Savings £000	Service Review Savings £000	Total Savings £000	Indicative Budget 2019/20 £000
Environment and Highways	Environment & Highways	1,313	(55)		165	1,423				(2)				(2)	1,421
	Highways, Fleet and Logistics	7,217	502		388	8,107	(24)			(22)				(46)	8,061
	Street Scene and Leisure	17,520	834		1,782	20,136	(165)			(91)				(256)	19,880
	Unallocated Surplus / (Deficit)	0	(1,281)			(1,281)									(1,281)
	<b>Environment and Highways Total</b>	<b>26,050</b>	<b>0</b>	<b>0</b>	<b>2,335</b>	<b>28,385</b>	<b>(189)</b>	<b>0</b>	<b>0</b>	<b>(115)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(304)</b>	<b>28,081</b>
Place	Assets	5,569	(241)		82	5,410	22			(5)		(200)		(183)	5,227
	Economic Development	546	(88)		60	518	(20)			(2)				(22)	496
	Lower Thames Crossing	449	(337)			112								0	112
	Planning, Transportation and Public Protection	3,202	538		285	4,025	(76)			(23)			(63)	(162)	3,863
	Unallocated Surplus / (Deficit)	0	(304)			(304)									(304)
	<b>Place Total</b>	<b>9,766</b>	<b>(432)</b>	<b>0</b>	<b>427</b>	<b>9,761</b>	<b>(74)</b>	<b>0</b>	<b>0</b>	<b>(30)</b>	<b>0</b>	<b>(200)</b>	<b>(63)</b>	<b>(367)</b>	<b>9,394</b>
Children's Services	Children and Family Services	28,902	609		859	30,370	(9)			(97)	(5)		(797)	(908)	29,462
	Central Administration Support and Other	1,382	(284)		91	1,189				(7)				(7)	1,182
	Learning & Universal Outcomes	5,103	(1,167)		427	4,363	(116)			(11)				(127)	4,236
	School Transport	750	410		5	1,165							(60)	(60)	1,105
	Unallocated Surplus / (Deficit)	0	15			15									15
<b>Children's Services Total</b>	<b>36,137</b>	<b>(417)</b>	<b>0</b>	<b>1,382</b>	<b>37,102</b>	<b>(125)</b>	<b>0</b>	<b>0</b>	<b>(115)</b>	<b>(5)</b>	<b>0</b>	<b>(857)</b>	<b>(1,102)</b>	<b>36,000</b>	
Adults; Housing and Health	External Placements	23,029	(208)			22,821				(2)	(100)			(102)	22,719
	Provider Services	10,027	25		797	10,849	(19)			(145)				(164)	10,685
	External Commissioning	2,495	(16)		62	2,541	(2)			(4)				(6)	2,535
	Public Health	75	(75)			0									0
	Better Care Fund	1,346	(1,346)			0									0
	Community Development & Libraries	1,733	4		60	1,797	(10)			(2)				(12)	1,785
	Unallocated Surplus / (Deficit)	0	270			270									270
<b>Adults; Housing and Health Total</b>	<b>38,705</b>	<b>(1,346)</b>	<b>0</b>	<b>919</b>	<b>38,278</b>	<b>(31)</b>	<b>0</b>	<b>0</b>	<b>(153)</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>(284)</b>	<b>37,994</b>	
Housing General Fund	Homelessness	522	(35)		213	700				(4)				(4)	696
	Private Sector Housing	321	0		12	333	(1)							(1)	332
	Travellers	(109)	(5)		79	(35)								0	(35)
	Unallocated Surplus / (Deficit)	0	40			40									40
<b>Housing General Fund Total</b>	<b>734</b>	<b>0</b>	<b>0</b>	<b>304</b>	<b>1,038</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5)</b>	<b>1,033</b>	
Finance, IT and Legal	Corporate Finance	2,010	(85)		127	2,052	50			(8)				42	2,094
	Cashiers	65	0			65								0	65
	Chief Executive	352	(1)		7	358				(1)				(1)	357
	ICT	3,439	0		124	3,563			(50)	(7)				(57)	3,506
	Revenue and Benefits	1,927	(10)		135	2,052				(12)				(12)	2,040
	Legal Services	1,714	47		59	1,820	(75)			(19)				(94)	1,726
	Democratic Services	199	(11)		25	213								0	213
	Members Services	721	15		10	746								0	746
	Electoral Services	477	(44)		30	463				(1)				(1)	462
	Unallocated Surplus / (Deficit)	0	89			89									89
	<b>Finance and Information Technology Total</b>	<b>10,904</b>	<b>0</b>	<b>0</b>	<b>517</b>	<b>11,421</b>	<b>(25)</b>	<b>0</b>	<b>(50)</b>	<b>(48)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(123)</b>	<b>11,298</b>
HR; OD and Transformation	HR & OD	4,297	(150)		217	4,364	(54)			(7)				(61)	4,303
	Unallocated Surplus / (Deficit)	0	13			13									13
<b>HR; OD and Transformation Total</b>	<b>4,297</b>	<b>(137)</b>	<b>0</b>	<b>217</b>	<b>4,377</b>	<b>(54)</b>	<b>0</b>	<b>0</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(61)</b>	<b>4,316</b>	
Strategy, Communications and Customer Services	Corporate Strategy & Communications	1,741	(146)		127	1,722	(20)			(16)				(36)	1,686
	Social Care Performance	982	0		39	1,021				(3)				(3)	1,018
	Unallocated Surplus / (Deficit)	0	146			146									146
<b>Strategy, Communications and Customer Services Total</b>	<b>2,723</b>	<b>0</b>	<b>0</b>	<b>166</b>	<b>2,889</b>	<b>(20)</b>	<b>0</b>	<b>0</b>	<b>(19)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(39)</b>	<b>2,850</b>	
Commercial Services	Commercial Services	683	(10)		42	715				(2)				(2)	713
	Unallocated Surplus / (Deficit)	0	10			10									10
<b>Commercial Services Total</b>	<b>683</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>725</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>723</b>	
Central Expenses	Corporate Finance	(15,041)	2,332	97	(7,449)	(20,061)	149			(7)				142	(19,919)
	2019/20 Savings to be Allocated	0	0			0			(80)					(80)	
	Unallocated Surplus / (Deficit)	0	0			0									0
<b>Central Expenses Total</b>	<b>(15,041)</b>	<b>2,332</b>	<b>97</b>	<b>(7,449)</b>	<b>(20,061)</b>	<b>149</b>	<b>0</b>	<b>(80)</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>(19,999)</b>	
Revenue Funding	Council Tax Income	(65,408)	0	(654)		(66,062)								0	(66,062)
	Grant Income	(3,418)	0	300		(3,118)								0	(3,118)
	NNDR Income	(35,434)	0	(378)		(35,812)								0	(35,812)
	Revenue Support Grant	(10,698)	0	4,000		(6,698)								0	(6,698)
	<b>Revenue Funding Total</b>	<b>(114,958)</b>	<b>0</b>	<b>3,268</b>	<b>0</b>	<b>(111,690)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(111,690)</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>3,365</b>	<b>(1,140)</b>	<b>2,225</b>	<b>(370)</b>	<b>0</b>	<b>(130)</b>	<b>(500)</b>	<b>(105)</b>	<b>(200)</b>	<b>(920)</b>	<b>(2,225)</b>	<b>0</b>	

## Current Capital Programme

Directorate ID	Total Budget 2018/19 £'000	Total Budget 2019/20 £'000	Total Budget 2020/21 £'000	Total Budget 2021/22 £'000
Education	12,209	15,545	5,852	-
Adults	23,924	27,157	5,460	35
Environment & Highways	13,835	5,718	711	-
Place	38,832	58,774	6,002	10,509
<b>General Allocations</b>				
Service Review	500	-	-	-
Digital	6,406	1,491	40	-
Property	2,550	8,126	446	-
Transformation	1,600	-	-	-
<b>Total</b>	<b>99,856</b>	<b>116,811</b>	<b>18,511</b>	<b>10,544</b>

### Future and Aspirational Projects

Board	Capital Bid	Project Ambition
Property Board	Grays Town Centre Regeneration Development Plots	This represents a further phase of works to deliver the Grays Masterplan and builds on the current project to redevelop the Grays underpass. This enables potential development for town centre commercial and residential around the new pedestrian crossing and public squares to be created by the Grays South Regeneration Project.
Service Review Board	Tilbury Civic Square - Public realm and Highway Improvements	<p>This project is to provide infrastructure to support the current capital project delivering the Tilbury Integrated Medical Centre (IMC).</p> <p>Plans for the Civic Square, including the IMC, will significantly increase the footfall and vehicular traffic to the Civic Square which is currently a one way system with a limited number of formal parking areas serving existing businesses and a number of bus stops. The intention is to improve the public realm and highway layout within the area to provide a safer and more user friendly Civic Square whilst increasing parking spaces to support the IMC and to benefit existing local business.</p>
Property Board	Headstart Housing - property acquisition	<p>In March 2016, Children’s Services and Housing developed a strategic partnership to pilot a Local Authority owned House of Multiple Occupation. The purpose of the pilot was to address some of the key barriers young people face in finding suitable accommodation, at an affordable rate, whilst receiving support to enable sustainable employment and independent living. At full occupancy, from day one, the first HMO generated income to Thurrock Council that was reinvested in another property to create a second HMO for the pilot.</p> <p>A recent Headstart Housing business case sought Director's Board approval to explore the opportunity of purchasing further properties on the open market funded from either Right to Buy receipts or the Transformation fund. Approval was granted on 5th September 2018.</p> <p>This funding bid is to enable three additional four bedroom properties to be sourced and acquired in appropriate locations with the aim of having 5 properties for Headstart Housing in use by 2019/20.</p>

Future and Aspirational Projects

Board	Capital Bid	Project Ambition
Service Review Board	Thurrock Intelligent Road Management	<p>This project will contribute further to the wider vision to deliver significant improvements to the road network in the borough. This will enable investment in the Thurrock Local Road Network utilising technological solutions to effectively manage and control the flow of traffic through the network, and thereby increasing the existing capacity of roads in the borough to help minimise and tackle traffic and congestion. This will require the installation of technology across the network which can view (CCTV), advise (Variable Messaging Signs - VMS), and manipulate traffic signals to provide greater efficiencies in the system. To support this aim, the project will also require investment in a control centre within the borough to manage the system.</p>
Property Board	Grangewaters Conference Facilities	<p>Grangewaters is an innovative outdoor education centre which offers a range of sports, recreational and commercial workspace.</p> <p>The Council is seeking to diversify Grangewaters' commercial offer and expand its customer base through the provision of conferencing facilities and additional commercial workspace on site. This proposal would also include feasibility study to improve site access; a second access route to the Grangewaters as the current access route is not ideal.</p> <p>The proposed development aims to provide a platform for small and medium sized businesses in the education and leisure sector to develop and flourish; creating training and employment opportunities for the local residents and supporting economic growth in the area.</p> <p>A bid has been made to SELEP for Local Growth Fund 3B funding to support this project.</p>
Property Board	The Reception, High House Production Park	<p>The Council is working in partnership with HHPP to develop The Reception, a 30,000sqft new build at the Production Park. The new build will add c.18,000sqft of creative workspace to this creative community and also provide much needed support accommodation for the wider Park which has grown out of its initial support provision. The Reception will be the focal point of the Production Park where the campus</p>

**Future and Aspirational Projects**

Board	Capital Bid	Project Ambition
		community (artists, students, and arts organisation) and public can gather, a platform within the supportive environment of the Park for artists and small businesses to develop, flourish and create synergies.
Property Board	Recreation and Leisure	As new strategies develop for Recreation and Leisure they will identify opportunities for sports and recreation provision, recommending innovative projects which will support the Council’s Health and Wellbeing agenda, encourage “active Thurrock” and enhance current provision.
Property Board	High House Works, High House Production Park	<p>The Council is working in partnership with HHPP to develop High House Works, a c.30,000 ft<sup>2</sup> purpose-built facility of creative makers’ workspace with a broad range of unit sizes to support creative micro and SMEs on the Production Park as part of the Council’s Enterprise Unit programme to provide a platform for small and medium sized businesses to develop and flourish.</p> <p>A bid has been made to SELEP for Local Growth Fund 3B funding to support this project.</p>
Digital Board	Intelligent, Connected & Accessible Data	Deliver ambition to host all line of business applications on a single connected cloud platform. Connects to data reviews and single view debate.
Digital Board	Data Middleware	This will enable line of business systems to be better connected to enable better sharing of data and more efficient business processes.

## New Capital Projects

Board	Capital Bid	Initial Rating	Project Ambition	Theme	Funding Source	Total Capital Value	2019-20	2020-21	2021-22
Service Review Board	"East-facing slips" at Lakeside	1	To provide slip roads at the A13/A126 junction, this will allow traffic to travel eastbound from and to Lakeside. Largely funded by DFT with support from SELEP (subject to a bidding process) and £3.5m capital contribution from the Council.	Improvements / Enhancements	DfT	46,500,000	0	2,000,000	2,000,000
					SELEP	750,000	750,000	0	0
					Thurrock	3,500,000	0	0	0
Service Review Board	Stonehouse Lane	1	The project proposes reconstruction of northbound and southbound carriageways of Stonehouse Lane and the laying composite reinforced grids.	Improvements / Enhancements	Thurrock	1,900,000	950,000	950,000	0

## New Capital Projects

Board	Capital Bid	Initial Rating	Project Ambition	Theme	Funding Source	Total Capital Value	2019-20	2020-21	2021-22
Service Review Board	Stanford le Hope Transport Package	1	This project consists of: New multi-modal interchange with passenger drop off, taxi ranks, pedestrian walking route, cycle parking, bus waiting facilities and a new station building and pedestrian bridge. Has funding from NSIP and will support the growth of London Gateway Port.:	Addition to existing scheme	Thurrock	4,000,000	0	4,000,000	0
Service Review Board	Cycle Network	1	Extension to the current cycle highways scheme to enhance sustainable ways of transport within the Borough. Funding from SELEP subject to bidding process.	Improvements / Enhancements	SELEP	2,530,000	2,530,000	0	0
					S106	1,200,000	1,200,000	0	0
					Thurrock	800,000	800,000	0	0
Property Board	Thameside Theatre Modernisation	1	Consolidating and enhancing the cultural offer at the Thameside Theatre Complex – options are under consideration by the Property Board to agree	Improvements / Enhancements	Thurrock	£5m to £30m			



New Capital Projects

			the final scheme.						
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