

12 February 2020		ITEM: 14
Cabinet		
Draft 2020/21 Budget Proposals and Medium Term Financial Strategy Update		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor Shane Hebb, Portfolio Holder for Finance and Transformation		
Accountable Assistant Director: Jonathan Wilson, AD Finance		
Accountable Director: Sean Clark, Corporate Director of Finance, Governance and Property		
This report is public		

Executive Summary

Cabinet agreed a draft budget at their meeting on 15 January 2020 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.

The council embarks on multiple approaches to achieving financial self-sufficiency; to not have to rely on general fund grants from national government. The investment strategy is a part of that objective.

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 the body of the report 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.

Council general fund balance (reserves) has been maintained at £11m for a number of years; and it is proposed to hold them at this level.

This report has been considered by Corporate Overview and Scrutiny at its meeting on 23 January 2020 and the committee's comments are included in section 12 of the report.

- 1. Recommendations:**
- 1.1 That Cabinet consider the comments from Corporate Overview and Scrutiny committee as set out in section 12 of the report;**
- 1.2 That the Cabinet propose a 2% council tax increase towards the cost of Adult Social Care;**
- 1.3 That the Cabinet propose a 1.49% council tax increase to meet the increasing costs and demands of all other services and to move the council towards greater financial sustainability for the medium to longer term;**
- 1.4 Note the budget report set out through this report and appendices;**
- 1.5 That the Cabinet recommend to Full Council the capital proposals set out in this report and appendices;**
- 1.6 That Cabinet consider and allocate the budgeted surplus for 2019/20 as set out in section 3;**
- 1.7 That Cabinet endorse the Thurrock 2020/21 Schools funding formula to be implemented as stated in section 9. This being consistent with Cabinets decision made in December 2018; and**
- 1.8 That Cabinet endorse the Early Years Funding formula for 2020/21, as shown in Appendix 6, and allow the Schools Forum to consider that the rates to be implemented can be made permanent, following review of the January 2020 census data.**

2 Introduction and Background

- 2.1 All Members are aware of financial pressures that all councils continue to experience alongside the challenge to become financially self-sustainable from national government general fund grant allocation.
- 2.2 The Medium Term Financial Strategy (MTFS) presented to Cabinet on 15 January 2020 showed a balanced budget for the next 3 years. These were based on a number of assumptions that, when delivered, continue to put Thurrock Council in a stronger position than most other councils for the challenges ahead when the Revenue Support Grant discontinues and proposed reforms to the Business Rates Retention system are implemented.
- 2.3 These assumptions continue to be supported through the ongoing review of staffing requirements, procurement improvements, and increased efficiencies delivered, for example, by challenging delivery methods and utilising digital solutions. This is further underpinned by income generation through council tax, fees and charges and investments.
- 2.4 A key change to the MTFS presented to Full Council on 26 February 2019 is the decision to recommend a general council tax increase of 1.49 per cent.

The previous MTFS assumed a 1.99 per cent increase and the proposed level reduces income by £1.722m 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 £0.900m in 2020/21 which is to be delivered following the implementation of the following review outcomes:
- Insourcing services to be taken into back into Council - £0.300m;
 - Increased income from fees and charges - £0.250m; and
 - Social care services savings arising from data analytics predictive analysis - £0.350m.
- 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 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 15 January 2020 setting out net pressures of £1.317m net of funding from the surplus. Main areas of concern are within Children’s and Adult Social Care and General Fund Housing Services.
- 2.8 To recognise the above, relevant growth has been included within the MTFS to meet the ongoing expected pressures.

3 Allocation of the 2019/20 Surplus

The 2019/20 forecast position has been reviewed and reported to Cabinet on 15 January 2020. The report has identified demand led pressures in Children’s and Adults Social Care and in Homelessness. These are common pressures at many local authorities nationally and Central Government has proposed increased funding in these areas in 2020/21. In addition there has been a pressure arising through the loss of investment income linked to the pause of the Belmont Rd scheme. It is expected this will be deferred into the subsequent year should the position be resolved quickly.

Consequently the surplus has been allocated to address these pressures initially as set out below:

	£m
Children’s Social Care	0.600
Homelessness	0.330

TRL Income deferral	1.287
Total	2.217

Further items proposed are set out below and will be funded from the balance of the surplus. These are:

	£m
Additional Police Officers (as proposed in December 2018)	0.670
Funding to support Mental Health outcomes (as proposed at the July 19 Cabinet)	0.500
Extension of Kerb It Programmes	0.660
Feasibility Assessment – Leisure Village	0.250
Expand out of hours ASB team for parks and team centres (pilot)	0.320
Tree planting for avenues and areas of pollution	0.230
Air Quality – Cycle Lanes & Switch Off Zones	0.150
Youth Offending Team	0.250
Total	3.030

4 Draft 2020/21 Budget and Future Forecasts

- 4.1 The MTFs attached at Appendix 1 continues to set out a balanced budget for three of the five years set out based on the assumptions set out in the body of this report and appendices, of which the council remains in surplus of circa £5m. It should be noted that, this time last year, the surplus position over the same time-period was £15m
- 4.2 The summarised budget position for the medium term now stands at:

Narrative	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Net (Additional) Reduction in resources	(6,283)	(1,789)	(2,337)	(2,605)	(2,918)
Inflation and other increases	3,702	3,472	3,615	3,766	3,862
Treasury and Capital Financing	(2,178)	(336)	(1,224)	365	0
Allocation of Social Care Funding	4,042	0	0	0	0
Corporate Growth	3,346	2,314	2,314	2,314	2,314
Services Design Principals and Strategic Boards	(900)	(1,000)	(1,000)	0	0
Position before carry forward	1,729	2,661	1,368	3,840	3,258
C/f Position	(5,803)	(4,074)	(1,413)	(45)	0
Working Total	(4,074)	(1,413)	(45)	3,795	3,258

- 4.3 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.
- 4.4 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.
- 4.5 The draft Local Government Finance Settlement confirmed expected grant levels as set out in this and previous versions of the MTFs.

5 Council Tax and Future Funding

- 5.1 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.
- 5.2 The assumptions at the start of the municipal year within the MTFs were a 1.99% council tax increase in 2020/21 (0% in 2018/19) and 1.99% thereafter.
- 5.3 Whilst surplus balances would suggest to most that increases are not required, Members have to consider the following:
- 5.3.1 Advice from CIPFA is clear that investments should not solely be used to replace existing funding streams but for additionality;
- 5.3.2 Any investment is temporary in nature whereas council tax is a sustainable resource for the longer term;
- 5.3.3 The Comprehensive Spending Review has been deferred until 2020/21 and will assume that the council has increased council tax by allowable levels (1.99% for this year) and so the amount the council can retain from its

business rates will be reduced accordingly – the government will not replace any income foregone by local decision making. Government figures now set out an assumed council tax income in 2020/21 of £0.331m higher than that will be achieved with the proposed council tax precept of 1.49%;

- 5.3.4 The Adult Social Care precept is welcome to provide much needed funding that enables further demand-avoidance initiatives. It should be noted that the amount raised is relatively lower than the majority of other top tier authorities due to the lower council tax base enjoyed by the council;
- 5.3.5 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 remains for councils to rely on locally raised taxation and other forms of income generation; and
- 5.3.6 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.
- 5.4 Having considered the advice as set out above, the Cabinet has chosen to recommend a 1.49% general council tax increase supplemented by a 2% Adult Social Care precept and the figures have been amended accordingly.

6 Capital Proposals for 2020/21

- 6.1 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.
- 6.2 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.

- 6.3 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.
- 6.4 Funding from capital receipts will be assessed in the financial year as a 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).
- 6.5 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.
- 6.6 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.
- 6.7 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.
- 6.8 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.
- 6.9 Finally, there are those projects that require seed funding to prepare more detailed business cases. The council agreed in February 2019 to maintain a £2m budget provision to ensure funding is available to prepare business cases for Future and Aspirational Capital Schemes.
- 6.10 It is recommended that this budget be increased to £3m for the coming year to reflect the wider capital aspirations of the Council and the full amount is expected to be required.

Current Programme

- 6.11 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 2018/19 through to 2020/21, total over £289m with £229m still to be spent as at 1 January 2020.
- 6.12 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.

- 6.13 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.

7 Draft Capital Proposals

- 7.1 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.
- 7.2 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. 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:

Responsible Board	Examples	2020/21 £m	2021/22 £m	2022/23 £m
Service Review	These include new systems that create efficiencies, upgrades to facilities to increase income potential and enhancements to open spaces to reduce ongoing maintenance.	3.9	1.3	1.3
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.	3.3	0.7	0.2
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.	3.1	0.3	0
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 £3m at the start of each financial year.	3.0	3.0	3.0

7.3 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.

7.4 Highways are expected to receive in the region of £4m per annum from the Department of Transport whilst Education are expected to receive a further £4m in 2019/20 from the Department for Education with further allocations for free schools.

8 Other Capital Recommendations

8.1 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.

8.2 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.

8.3 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.

9 Dedicated Schools Grant

9.1 In September, the government announced schools and high needs funding for the 3 year period 2020/21 to 2020/23. Additional investment will allow for cash increases of £2.6 billion in 2020/21, £2.2 billion in 2021/22 and £2.3 billion in 2022/23. On top of this, £1.5 billion will be provided each year to fund additional pension's costs for teachers, bringing the total schools budget to £52.2 billion in 2022/23.

9.2 On 19 December, the Secretary of State for Education announced details of the Dedicated Schools Grant (DSG) allocations for 2020/21. The tables below show the funding to be received by Thurrock:

Dedicated Schools Grant	2020/21	2019/20	Increase
	£m	£m	£m
Schools	127.474	119.434	8.040
Central Services	1.850	2.073	(0.223)
High Needs	25.464	23.253	2.211
Early Years	12.413	12.332	0.081
Total	167.201	157.093	10.109

9.3 Thurrock's funding formula in 2020/21 has implemented the following principles consistent with the decision made by Cabinet in December 2018:

- National Funding Formula values have been applied;
- Unallocated funding of £0.9m has allowed an inflationary increase of 1.0168% to be applied to the Basic Entitlement values;
- Retained growth fund has been set at £1.385m; and
- Schools Forum have agreed a £0.635m transfer from the Schools Block to the High Needs Block to support increase demand for Specialist placements and Education, Health and Care Plans.

9.4 Further information for the Dedicated Schools Grant is shown at Appendix 6.

10 Issues, Options and Analysis of Options

- 10.1 This report sets out the changes to the current year budget that are proposed for 2020/21. The impact on services is limited compared to previous years and allows for significant growth within the council's frontline services.
- 10.2 Council tax increases will always be recommended by officers, due to their ability to continue towards financial self-sustainability.
- 10.3 The report also sets out surpluses over the first three years 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.
- 10.4 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.

11 Reasons for Recommendation

- 11.1 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 2020/21 and maintains the £11m level for the General Fund Balance.
- 11.2 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.

12 Consultation (including Overview and Scrutiny, if applicable)

- 12.1 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 during the budget planning period and ahead of key decision points. Discussion at CSR in this municipal year has canvassed opinions on the surplus allocation; of which a number of proposals mimicked those being drafted by the administration.
- 12.2 Corporate Overview and Scrutiny Committee considered this report at their meeting on 23 January 2020. Main areas of discussion included:

- The proposals for the general Council Tax increase and the additional increase to fund adult social care;
- Wider sources of funding that underpin the delivery of the 2020/21 budget;
- The impact of cost pressures identified in the current financial year;
- The impact of the wider investment strategy and the associated borrowing;
- The democratic oversight
- The outcomes from the community and equality impact assessment that was undertaken.

There were specific recommendations for consideration by Cabinet moved formally by the committee, although, these were not carried through a majority vote – these included a triple freeze for housing rents, housing service charges and Council Tax, a proposal to scrap the Civic Offices project and for Cabinet to agree to net zero carbon emissions by 2030.

13 Impact on corporate policies, priorities, performance and community impact

- 13.1 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.
- 13.2 The surpluses will also allow for additionality in services through enhancement, provision of new services or, indeed, a major capital investment in the borough.
- 13.3 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.

14 Implications

14.1 Financial

Implications verified by: **Sean Clark**
**Corporate Director of Finance, Governance
 and Property**

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. Internal 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 full 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, along with other forms of income generation

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 2020 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 2021-2024.

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.

14.2 Legal

Implications verified by: **Tim Hallam**
Acting Assistant Director Law & Governance,
Head of Legal and Monitoring Officer

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.

14.3 Diversity and Equality

Implications verified by: **Natalie Smith**
**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.

14.4 Other implications (where significant – i.e. Staff, Health, Sustainability, Crime and Disorder, and Impact on Looked After Children)

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.

15 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

16 Appendices to the report

- Appendix 1 – Medium Term Financial Strategy
- Appendix 2 – Indicative Service Budgets 2020/21
- Appendix 3 – Current Capital Programme
- Appendix 4 – Future and Aspirational Projects
- Appendix 5 - New Capital Projects
- Appendix 6 – DSG 2020/21

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Medium Term Financial Strategy

Narrative	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
1. Local Funding					
Council Tax Base / Charge 1.5%	(1,770)	(2,099)	(2,162)	(2,228)	(2,253)
Council Tax Social Care Precept 2%	(1,337)	0	0	0	
	(3,107)	(2,099)	(2,162)	(2,228)	(2,253)
Business Rates Precept	(728)	(500)	(665)	(665)	(665)
	(728)	(500)	(665)	(665)	(665)
2. Total Government Resources					
Revenue Support Grant	(109)	6,831	0	0	0
Transfer to funding formula under 75% retention	0	(6,831)	0	0	0
Additional Social Care Grant	(2,705)	0	0	0	0
New Homes Bonus	114	527	491	289	0
Other Grants	252	283	0	0	0
	(2,449)	810	491	289	0
Net (Additional) Reduction in resources	(6,283)	(1,789)	(2,337)	(2,605)	(2,918)
3. Inflation and other increases					
Pay award at 2.8%, Increments and legislative changes	2,913	2,624	2,703	2,785	2,869
Contractual and Non Contractual Inflation	789	848	912	980	993
	3,702	3,472	3,615	3,765	3,862
4. Treasury					
Investment income	(3,818)	(3,214)	(3,756)	(1,700)	
Interest Costs	538	2,570	2,500	2,065	
MRP	1,102	308	32	0	
Treasury and Capital Financing	(2,178)	(336)	(1,224)	365	0
5. Allocation of Social Care Funding					
Adults Social Care - Precept	1,336				
Adults Social Care - Social Care Grant	738				
Children Social Care - Social Care Grant	1,968				
	4,042	0	0	0	0
6. Corporate & Demographic Growth	3,346	2,314	2,314	2,314	2,314
7. Services Design Principals and Strategic Boards	(900)	(1,000)	(1,000)	0	0
Position before carry forward	1,730	2,662	1,368	3,839	3,258
C/f Position	(5,803)	(4,074)	(1,412)	(45)	
Working Total	(4,074)	(1,412)	(45)	3,795	3,258

Indicative Service Budgets 2020/21

Directorate	Revised 19/20 Budget	Council Tax charge 2%	Council Tax Social Care precept 2%	Business Rates Precept	RSG	Social Care grant	Other Grants	Inflation	Treasury & Central Financing	Social Care Expenditure	Corporate Growth	Surplus	Service Design Principles & Strategic boards	Base Budget 2020/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000
Adults, Housing and Health	39,298	0	0	0	0	(737)	0	617	0	2,074	0		0	41,252
Central Financing & Treasury	(141,361)	(1,770)	(1,336)	(728)	(109)	0	366	0	(2,178)	0	1,287	(1,730)	0	(147,559)
Children's Services	38,848	0	0	0	0	(1,968)	0	882	0	1,968	0		(350)	39,380
Commercial Services	757	0	0	0	0	0	0	31	0	0	188		0	976
Corporate Costs	4,272	0	0	0	0	0	0	0	0	0	402		(550)	4,124
Environment and Highways	28,253	0	0	0	0	0	0	1,109	0	0	90		0	29,452
Finance, Governance and Property	16,436	0	0	0	0	0	0	409	0	0	730		0	17,575
Housing General Fund	1,114	0	0	0	0	0	0	55	0	0	300		0	1,469
HR, OD and Transformation	4,772	0	0	0	0	0	0	156	0	0	0		0	4,928
Place	4,818	0	0	0	0	0	0	310	0	0	223		0	5,351
Strategy, Communications & Customer Services	2,793	0	0	0	0	0	0	133	0	0	126		0	3,052
Grand Total	0	(1,770)	(1,336)	(728)	(109)	(2,705)	366	3,702	(2,178)	4,042	3,346	(1,730)	(900)	0

Current Capital Programme

Directorate ID	Total Budget 2019/20 £'000	Total Budget 2020/21 £'000	Total Budget 2021/22 £'000	Total Budget 2022/23 £'000
Children Services	25,141	6,458	-	-
Adults, Housing and Health	8,252	5,740	315	-
Environment and Highways	17,373	2,119	458	-
Place	93,640	16,467	13,603	38,000
Finance, Governance and Property	6,421	3,486	1,500	-
HR, OD and Transformation	11,924	-	-	-
Strategy, Communications and Customer Services	336	-	-	-
Housing HRA	30,219	6,268	217	875
Total	193,306	40,538	16,093	38,875

Future and Aspirational Projects

Directorate	Capital Bid	Project Ambition
Environment and Highways	Thurrock Leisure Village	<p>A new sporting village would provide the residents of Thurrock access to much needed leisure facilities fit for the 21st century. Our current leisure centres are 50+ years old and costing the council significant maintenance costs. If we do not replace them now, we will need to spend money in 10 years' time and spend an additional £10m in the next few years keeping the buildings compliant with health and safety laws until they reach the end of life.</p>
Place	Grays South Regeneration Area - Development Plots	<p>Development for town centre commercial and residential around the new pedestrian crossing and public squares to be created by the Grays South Regeneration Area phases 1 and 2 including possible reconfiguration and generation of alternative options for the underpass and access to the rail station to accommodate scheme changes in response to proposals by New River to redevelop Grays Shopping Centre.</p> <p>Recent proposals by New River for the redevelopment of the Grays Shopping Centre would require reconfiguration of the development site and redesign of access to the underpass and rail station. Consequently, in addition to the development feasibility costs there will be additional design costs to ensure the schemes work together and for the different access arrangements in to the underpass.</p>

Future and Aspirational Projects

<p>Adults, Housing and Health</p>	<p>Integrated Medical Centre - Tilbury</p>	<p>The Orsett Hospital is planned for closure once services can be relocated to the four proposed Integrated Medical Centres earmarked for the Thurrock community at Tilbury/Grays/Corringham and Purfleet. The proposal for the Tilbury site is for the Council to build, own and operate the centre with required space leased to NHS partners over the life of the asset.</p>
<p>Finance, Governance and Property</p>	<p>Riverside Youth Centre - Refurbishment</p>	<p>The current Youth Centre requires urgent assessment and there are 3 options under consideration for refurbishment of the current site. These are listed below and the most appropriate option will be selected once the feasibility work has been completed, including a full structural survey of the building.</p> <p>Option 1 – Refurbishment. In this option all services have been left in their existing locations to avoid the additional cost of re-routing the existing services to new locations.</p> <p>Option 2 - Refurbishment / Remodelling using the buildings uniquely curved walls as inspiration the services have been spread around the central hall as the main hub of activity.</p> <p>Option 3 - Remodelling - This option is focused around the central hall and curving all facilities and services around this central core / hub.</p>

Future and Aspirational Projects

<p>Place</p>	<p>Aveley Freight Management (Ship Lane Scheme)</p>	<p>This project will deliver a scheme to physically prevent HGV access from M25 J31 north into Aveley Village, diverting HGVs along the prescribed route of A1306. The initial feasibility study has identified a range of options, but through Public engagement in January 2019, residents supported the inclusion of a roundabout structure to be installed on Ship Lane and to provide a facility with a turn-around point. The location of scheme is to be determined but due to the scale the land acquisition will need to be advanced. The detailed design is to be advanced to identify the most appropriate location.</p>
<p>Adults, Housing and Health</p>	<p>Corve Lane Complex</p>	<p>This proposal is to convert the unit so it can be used as a hostel for all ages that is owned and managed by Thurrock Council to avoid the use of hotels and out of the borough accommodation. The building is a large complex spread over two floors, the proposal would be to utilise the existing layout as much as possible to create individual bedrooms with shared kitchen and bathroom facilities and the building would be run as a hostel by the Council's temporary accommodation team in housing for homeless families. The building will need complete refurbishment back to the core building fabric therefore costs have been allowed to undertake this. Authorisation is required for change of use from an education establishment and this time limit is not currently defined therefore, additional time allowance has been allowed for this proceed to take place.</p>

Future and Aspirational Projects

<p>Environment and Highways</p>	<p>Thurrock Parkway depot design and development</p>	<p>The Environment and Highways Directorate currently occupy land at Oliver Close and St Clements Way in adjacent depots. Oliver Close is currently leased and has 23 years of the lease remaining whilst St Clements Way is council owned. The Directorate have seen additional departments added over recent years and have tried to centralise all teams within one location. This growth has put further demands on the two depots with regards to space and location. It should also be noted that the Council has a statutory obligation to have an operating centre that has the ability to house the amount of vehicles nominated on its operator's licence. Thurrock Parkway has been highlighted as an alternative solution for a possible relocation due to an increase in space and the central location within the borough for transport access and ability to respond and carry out its daily duties.</p>
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Future and Aspirational Projects

<p>Place</p>	<p>Grays South Regeneration Area extension</p>	<p>To deliver the Grays underpass, associated public realm and development plots an indicative red line area has been established to define the extent of required land assembly. Currently, the land assembly boundary focusses on the minimum area required to deliver the underpass. This project undertakes to complete a feasibility study to explore the merits of extending the development area northwards to George Street and westwards to Morrisons to create a larger, more flexible development plot, improve town centre circulation, respond to design challenges created by the proposals for the shopping centre area being promoted by New River and take advantage of potential funding opportunities available under the Future High Street Fund or Town Fund.</p> <p>An initial feasibility study will establish the approach to delivery including capacity studies, design studies alongside New River developing proposals for Grays Shopping Centre, and development appraisals to define development costs and returns.</p>
<p>Children’s Services</p>	<p>Oaktree Centre Feasibility /Surveys</p>	<p>The project is to survey and identify the work needed to consider the redevelopment or remodelling to make the centre fit for purpose for the provision of the service needs.</p>

Future and Aspirational Projects

<p>Place</p>	<p>Coalhouse Fort Radar Tower</p>	<p>Capital funding is required to carry out immediate repairs and to undertake a further programme of investigative works. The investigation must be done at the same time as the repairs due to the need to break open failing concrete/examining steel surrounded by concrete. The results of the investigations may produce a need for further capital.</p>
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New Capital Projects

Essential Works

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
Principal Bridge Inspections and remedial works	Environment & Highways	To instigate a rolling programme, over 5 years, of Principal Inspections (PIs), of approximately 110 structures, on average 22 per year. Carrying out any subsequent essential remedial works to rectify any identified defects, allowing for rail possession costs, specialist access equipment and traffic management and work costs. Structures are required to be inspected both every 2 years (general inspections) and every 6 years (detailed principal inspections). This includes a risk based approach based on the results of this data to reduce future costs by performing PIs on lower risk structures every 12 years as recommended by the document 'Well-Maintained Highway Infrastructure - A Code of Practice'.	3,250,000 (over 5 years)	750,000	850,000	1,650,000
Ship Lane Traveller's Site Day Room Re-Development	Adults, Housing & Health	The project is for the demolition of all existing day rooms and associated extensions at Ship Lane Traveller's Site, Aveley, and the re-construction of all 21 plots to include a new kitchen, bathroom and living space. In view of current site conditions and the level of works required to ensure statutory obligations are complied with it has been deemed more cost effective to undertake the demolition	1,448,345	800,000	648,345	

New Capital Projects

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
		route when compared to traditional refurbishment schemes.				
Arterial Road - Safety & Maintenance Works	Environment & Highways	To resurface the entire extent between West Thurrock Way and the Lakeside Spiral before further deterioration occurs and deeper, more expensive treatments are needed. In addition whilst works are being undertaken the concrete lamp columns will also be replaced and ongoing costs will be reduced.	790,000	395,000	395,000	
Local Road Enhancement Scheme	Environment & Highways	This project is for the overlay of four concrete roads and intermittent repairs on those roads which are subject to significant feedback from residents and on heavily used roads in the borough. Eight sites have been selected based on either the number of unique comments received or the overall traffic levels.	750,000	375,000	375,000	

New Capital Projects

Projects with Invest to Save Elements

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
Creative Enterprise Units at HPPP	Place	<p>The Council is working in partnership with HPPP to develop a c.30,000 ft² 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>Cabinet has granted in-principle approval on 11 Mar 2015 (Decision Notice: 01104382) to invest £2.5m in Creative Enterprise Units at High House Production Park. It is recommended that the budget allocation is increased to £5.25m. This will enable the proposals to continue to be developed and for funding applications to be made. Additional funding will be sought from external sources if the project scope exceeds the proposed capital budget.</p>	5,250,000 (over 5 years)	375,000		4,898,000
High House Complex Restoration	Place	The Council is working in partnership with HPPP to re-develop High House Complex to provide a community museum and further creative workspace on the Production Park. The proposals are at an early stage of development, but initial studies indicate that the building could provide between 5,000sqft to 6,000sqft of accommodation with development cost	1,000,000	250,000		750,000

New Capital Projects

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
		estimates ranging from £3.5m to £4.5m. The proposal is for the Council to invest around £1m in exchange for a long lease on circa 5,000 sq ft of creative workspace. HHPP would then bid for Heritage Lottery Fund's Heritage Enterprise Grant with the Council's investment in creative workspace as match to support the capital works. The viability of this development is subject to HLF grant funding.				
Flats Recycling	Environment & Highways	This is a project to encourage and enable residents who live in blocks of flats across the Borough to effectively participate in recycling their household waste. The intervention takes the form of targeted engagement and education for residents and a review of bin stores. Clearer signage and specialist recycling bins are installed as appropriate for each site. This follows an approach that has been tried and tested by other Local Authorities. With over 350 blocks of flats, equating to more than 10,000 households, current projections based on the pilot, are that the project has potential to improve the recycling rate by between 3 and 5%. The annual potential saving, based on current recycling gate fees will be approximately £80k. One area of uncertainty is the cumulative impact of increased engagement of households in recycling activities, but this project would	981,000	647,000	334,000	

New Capital Projects

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
		ensure that all our residents are being treated equally and consistently with the same opportunity to recycle.				

New Capital Projects

New Standalone Bids

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
Kerb-It	Place	Kerb-It will deliver a programme of hardstanding improvements for grassed verge protection/conversion on local roads where parking capacity is identified as an issue. The priority locations to be taken forward for consideration and implementation are South Ockendon, Stifford Clays (lodge lane), Tilbury and Aveley	3,000,000	1,000,000	1,000,000	1,000,000
A1013 School access improvements	Place	The project will deliver a scheme to provide dedicated access to 4 schools in Little Thurrock (2 existing and 2 new). A feasibility study is underway to determine the suitability of an access onto the A1013 Stanford Road.	2,000,000	200,000	1,800,000	
Purfleet Centre	Place	The Purfleet Centre is a £1bn scheme to deliver a new town centre, up to 2,850 new homes and all associated infrastructure. The Council has entered into a Development Agreement (DA) with PCRL to deliver the scheme and through this contract has a number of obligations. To date the professional fees associated with supporting the Council in its role as partner in the DA have been paid from a ring-fenced budget inherited from the former Thurrock Thames Gateway Development Corporation. This budget has been utilised and further provision is needed to ensure that the Council can	1,500,000 (over 5 years)	300,000	300,000	900,000

New Capital Projects

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
		fulfil its obligations and secure the best outcomes from the project.				
London Road, SLH - Bridge 194 Renewal	Environment & Highways	A range of options are being considered with the most expensive option being the potential renewal of an aged (almost 100 year old) bridge on London Road, Stanford le Hope due to failing critical (load-bearing) elements. Amendments to the structure are needed as part of the Stanford-Le-Hope station redevelopment however these are severely limited due to the current condition of the bridge. By undertaking repairs or renewal in the FY 2020/21 costs can be saved by combining works with the station redevelopment	Up to 1,060,000	Up to 1,060,000		
National Cycle Network 13 improvements	Place	The scheme is for the implementation of a strategic cycle network between Grays and East Tilbury, via Tilbury Town. There is no additional government funding associated with this work at this time. The Infrastructure Development Programme (CIDP) funds have now been used and the programme of improvements is complete.	1,000,000	520,000	480,000	
Oracle Enhancements	HR,OD and Transformation	Since Oracle Cloud's go live in April 2019 there have been a number of enhancements that have become available (such as the Contract Management module) and opportunities for further direct integration with other, currently separate, Corporate systems	742,000	254,000	488,000	

New Capital Projects

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
		<p>(such as the Matrix SCM system). It is expected that further enhancements and/or integrations will be required over the coming years. Because of the delayed progress of the current Oracle Cloud roll-out there is still unspent Capital budget reserved for 2019-20 and forecasted for 2020-21 in a previous year's submission. This bid allows for the carry forward of some of that budget plus increasing it over the following 2 years giving an overall Oracle development pot of circa £1m over the next 3 years.</p>				
Core Licencing	HR, OD and Transformation	<p>The majority of core licences e.g. Microsoft, MacAfee, Mimecast were originally sized for 2100 users. Recent usage reports identified that there are currently 2435 active users connected to the Thurrock Network. Under the licence terms these users must be licenced adequately. This will exclude licensing for line of business applications such as Objective, Oracle etc. and is only scoped for the core infrastructure that requires a licence for every connected users and device. ICT will work with its licensing partners to determine and review alternative license options e.g. cheaper Microsoft licences are available for users who do not require the full Microsoft office suite.</p>	600,000 (over 5 years)	120,000	120,000	360,000

New Capital Projects

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
Coalhouse Fort Bid Match Funding Horizon Enterprise	Place	Coalhouse Fort is classified as a heritage at risk asset by Historic England and it has come into a bad state of repair due to years of neglect. * The recent feasibility report identified the barracks block and several of the casemates as key areas of the fort that can be renovated to provide a rentable space with options for either workspace or residential uses under consideration. External funding secured last year has allowed a business plan to support this model but that grant support will be required in the first instance to support viability due to the conservation deficit created by the scheduled nature of the site. Thurrock has submitted a declaration of interest to the Heritage Horizon Award that takes applications for grants in excess of £5million. The award requires a 10% contribution to the development phase in addition to 10% on the delivery phase. Thurrock Council is seeking £5,125,000 for the works at the Fort and will require a contribution of £515,200.	515,200	20,000	165,000	330,200
HWRC Site Extension	Environment & Highways	Extension of HWRC site - As part of the HWRC redevelopment, a temporary site was to be provided on the existing site, while development took place. Early discussion with bidders during the procurement stage identified this couldn't	1,000,000	1,000,000		

New Capital Projects

Project	Directorate	Project Ambition	Total Value	2020/21	2021/22	2022/23 onwards
		<p>be provided safely due to the size of the site. During discussions with planning for the temporary site provision, it has been established that subject to planning consent an area adjacent to the existing HWRC site could be used as a temporary site and later incorporated into the future development to increase capacity to accommodate future growth in the borough. This is additional to the original capital bid for the new HWRC site.</p>				

DSG 2020/21

Dedicated Schools Grant 2020/21

1. In September, the government announced schools and high needs funding for the 3 year period 2020/21 to 2020/23. The table below shows the funding to be received by Thurrock in 2020/21, following the Secretary of State for Education announcement on December:

Dedicated Schools Grant	2020/21	2019/20	Increase
	£m	£m	£m
Schools	127.474	119.434	8.040
Central Services	1.850	2.073	(0.223)
High Needs	25.464	23.253	2.211
Early Years	12.413	12.332	0.081
Total	167.201	157.093	10.109

Schools Block

2. The increase in funding of £8.040m is as a result of increases to funding rates of £5.435m; increase 584 pupils, realising additional funding of £2.968m and a decrease in the growth fund by £0.363m.
3. In 2020/21, this funding will continue to be distributed using the Schools National Funding Formulae (NFF). The key aspects of the formula for 2020/21 are:
- The minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools.
 - The funding floor will be set at 1.84% per pupil.
- It remains the government's intention to move to a 'hard' NFF, where budgets will be set on the basis of a single, national formula.
4. In 2020/21 local authorities continue to have discretion over their schools funding formulae in their area. In determining its local funding formula for 2019/20, Thurrock Council agreed that the NFF would be implemented in full from 2020/21.
5. Thurrock's funding formula in 2020/21 has implemented the following principles consistent with the decision made by Cabinet in December 2018:
- National Funding Formula values have been applied;
 - Unallocated funding of £0.9m has allowed an inflationary increase of 1.0168 to be applied to the Basic Entitlement values;
 - Retained growth fund has been set at £1.385m
 - Schools Forum have agreed a £0.635m transfer from the Schools Block to the High Needs Block to support increase demand for Specialist placements and Education, Health and Care Plans.

Central Services Block

6. In 2020-21, historic commitments funding to be received will be reduced by 20%. For Thurrock this is a £0.256m reduction and will be incurred for the next 5 years until the historic commitments is removed.

DSG 2020/21

High Needs Block

7. The High Needs NFF for 2020/21 remains unchanged. However, with over £780 million of additional funding, the formula will ensure that every local authority will receive an increase of at least 8%.
8. Thurrock is to receive an increase of £2.211m or 9.51%. Whilst the increase is welcome, Thurrock continues to experience high level of demand for Specialist places and Education, Health and Care Plans.
9. A very challenging and stretching balanced budget is proposed but within this key risks of £1.4m have been identified, if demand continues are the same rate as in 2019/20.
10. Meetings are planned with Head teachers and the ESFA over the coming months to discuss options available to reduce demand and costs.

Early Years Block

11. The Early Years funding allocation has increased by £66 million in 2020/21. The rate paid to Thurrock will increase by 8p per hour. This is the first increase that Thurrock has received since 2016/17.
12. Following discussion with the Schools Forum and Early Year's Providers the proposal is to:
 - passport in full the 8p increase in hourly rates to providers;
 - increase the deprivation quantum from £220,000 to £285,000, and change the formula to be based on the postcode of the child.
 - increase the hourly rate paid to 3 and 4 year old providers by an additional 2p per hour, with a cost implication of £45,000;
 - The hourly rates to be paid to providers are shown below:

	2019/20	2020/21
2 Year Old	£5.07	£5.15
3 & 4 Year Old	£4.18	£4.28

The total cost implication of £110,000 is to be funded from the ring-fenced Dedicated Schools Grant carried forward allocation of £167,000.

13. A final decision is to be made by the Schools Forum in March, pending the outcome of the January 20 census return, to understand if the proposal can be funded on an ongoing basis.

Conditions of Grant

14. The Dedicated Schools Grant (DSG) conditions of grant are expected to change with effect from the end of the financial year 2019/20. The change will clarify that councils are not expected to use their general reserves to fund deficits in the DSG but must carry forward overspends. The aim is to stop Local Authorities from reducing funding for other services to cover deficits, which are mostly due to high needs pressures. The Department for Education wants DSG deficits to be covered from DSG income over time. No timescale has been set for the length of this process.