

8 July 2020	ITEM: 13
Council	
Report of the Cabinet Member for Finance	
Report of: Councillor Shane Hebb, Deputy Leader and Cabinet Member for Finance	
This report is Public	

Introduction by Cabinet Member

COVID-19 has had, previously, unimaginable impacts on the United Kingdom, and thus, residents of our borough.

The virus has tragically had an impact on the lives and families of some residents of our borough – our thoughts are with the families grieving. As we have now started the, structured plan to ensure the safe return to livelihoods and education of millions – we owe so much to key-workers for their efforts, sacrifice and care during this crisis; beyond measure.

HM Government has helped Thurrock unequivocally during this crisis – for example, with £9.21m to help pay for council services fighting the COVID-19 battle; £20m+ provided for small businesses, to whom we want to preserve and see reopen sustainably. This is on top of paying 60% of the nation’s salary, when some markets ground to a halt. The government’s support for hard-working people, and those who need key services, is not in doubt.

Even with unprecedented support from HM Government, the local economic impacts remain significant - councils are not receiving usual income from fees for public buildings, like theatres, registrars, and the like. Tax income from individuals and businesses, is understandably, also down.

But we have two significant reasons why we are somewhat better placed than other councils as we confront that challenge.

Firstly, Thurrock Council has increased its general fund reserve by 40% since 2016/17, set up a Financial Resilience Reserve with a further £6m and now has a £1.5m Social Care Reserve to meet pressures within those services. We have long made the point that whilst the sun was shining, that we needed to plan for a rainy day. That rain, along with a storm, is now directly above us. Whilst it is preferable not to access these reserves they do provide additional security against financial pressures and allow the market to slowly build up to pre-COVID-19 levels and ensure reforms are possible in the first place.

Secondly, the council’s investment approach - our investments have held their own and Thurrock Council continues to realise the income we expected. Investment activity was an approach started out in 2014, and the enhanced investment activity garnered cross party Full Council support in 2017 - it enabled us to go above and beyond to increase our economic resilience in the first place by increasing financial reserves, as well as deliver additional services, like extra police officers across our borough. Despite one of the largest economic downturns for centuries, and the largest crisis our nation has experienced since WW2, our investments continue to pay out fully as expected – our focus on investing in the

energy sector, rather than purchasing high-streets etc. has been a defining factor of this strategy.

Even with that backdrop, things will not be able to stay as they are. The impact on council tax and business rate collections, along with ongoing expenditure and income pressures, will now put the Council into deficit in 2021/22, and we need to take action to bring the budget back into balance.

For context, in a pre-COVID world back just four months ago in February 2020, the Council considered a report on 26 February 2020 that set out budget surpluses of £5.8m and £4.1m for 2020/21 and 2021/22 respectively.

The ability to do everything we do now, is no longer in our gift – and residents already predict as such, and there are impacts that will now manifest in the 2021/22 budget – currently anticipated to be circa £15m. The surplus in the current year will help the Council address the financial pressures in 2020/21.

Further commentary will be provided on the night in regard to the activity required to reform Thurrock into a post-COVID council. Whilst the political make-up of this authority has changed, and there is now a majority council for the first time since 2012, the challenge ahead to do what we need to, as a collective group of people who represent their communities, will come with difficult reviews of services – we need to maintain strategic outcomes, and work together to deliver a programme of reforms. Despite the political composition change, there will be a concerted effort to engage in all areas of the political spectrum, and sector-leaders in the appropriate fields.

There will be residents who naturally worry about what all this means - equally - there are those who work for the authority who will equally be asking their own questions. That is understandable - and I would urge and ask that we take a considered and constructive approach to dialogue we will have in the future about what all this means.

This report will be structured accordingly:

1. Summary of pre-COVID-19 performance of the department & economic resilience position – including reserves and investment activity;
2. COVID-19: the action we have taken, and helped HM Government deliver during the crisis; and
3. Emerging out of the COVID-19 crisis: re-building our economic resilience.

Part 1: Summary of pre-COVID 19 performance of the department & economic resilience position – including reserves and investment activity

CORPORATE FINANCE

► SERVICE OVERVIEW

Corporate Finance lead on the promotion and delivery of good financial management to ensure that the council's financial position is managed appropriately and public money is safeguarded.

► REVIEW OF THE PREVIOUS 12M / PERFORMANCE:

The long-term financial plan of Thurrock Council is to continue its objective of becoming self-sufficient from national government grant funding. This is not a new objective – and Thurrock, like other councils, has been innovative to support the economic recovery objectives that the government has had to undertake since the turn of the last decade. Through service reviews, an innovative investments strategy which, in conjunction with the commercial focus, Thurrock is a council delivering high quality services to residents.

Before COVID-19, the approach enabled the Council to publish a three-year, balanced, Medium Term Financial Strategy - with projected surpluses totalling £5.5m over the current three year period. This is in addition to the surpluses of the previous two years of over £10m in total. The council has taken a year-on-year assessment of the authority's financial health and the wider economic situation, in regards to taxation – and adopted all elements of the Adult Social Care precept, and averaged under-inflation general tax rises over the period of the last four years.

The 2019/20 outturn position continues to be finalised, reflecting on how COVID-19 emerging at the end of the municipal year, changed so much, so quickly. However, through this report, we can confirm that core services were delivered within budget, the projected surplus was delivered and the investment strategy enabled the Council to further develop financial resilience reserves.

Building on my comments at Cabinet in June 2020, where I outlined that the surplus allocations announced in January 2020 would not be able to stay exactly as we had planned for, owing to COVID-19, I can now confirm that the surplus has now been ringfenced to the following local priorities including additional policing, and to continue the effort around the Lower Thames Crossing work.

Through its economic planning and activity, the council has been able to strengthen its reserves position in recent years with an increase in the General Fund balance from £8m to £11m (an increase of nearly 40%, and considerably over the "5% of annual revenue spending" informal assumption). Also, the council has a Financial Resilience Reserve that stands at a further £6m and now a £1.5m Social Care Reserve to meet yet unknown pressures within those services. Whilst it is preferable not to access these reserves, they do provide additional security against financial pressures and may well have to be used in part, and then rebuilt, to current levels.

In addition, the Housing Revenue Account balance has been maintained at £2.175m.

It would be usual for me to reflect and report here on the investment approach.

Members will, on the same night as this report is to be heard, have reviewed a report on this subject, as an agenda item of its own. This report will therefore focus on all other aspects of the department, and report back on top-level departmental outcomes, as emerging from the operation of the approach approved by members.

The investment activity last year has earned Thurrock Council circa £35m extra income, after costs, last year. All of this income goes towards enhancing current services for residents and creating new services altogether. The borrowing position, as at 31 March 2020, reflects the following:

- To fund Thurrock's Capital Programme, easily the most aspirational in the whole of the Eastern Region, with wider economic benefit for not just Thurrock, but the whole region. This includes historic hard-debt with no repayment mechanism - £431m; and
- Capital Investments (predominantly, a mix of renewable energy sources), which are fully repayable in the short to medium term, for activity to enhance and fund new services by the council (it should be stressed that there is a diverse portfolio, and this is not just solar-linked) - £985m.

By delivering through this approach, the council has been able to take a more methodical and pragmatic approach to reforming services in a way that services are improved but net costs reduced. The opposite of a short and damaging approach of annual cuts. It has always been the council's intention to reduce investments over time as the impact of these reviews take hold. It has also enabled the uplift in financial resilience which I articulated earlier in this report.

In terms of external scrutiny of the council's investment strategy, in the last year, a new external formal audit process resulted in an unmodified opinion of the council's approach. The audits recognised the council's accounts and financial health with positive value for money opinions.

REVENUES & BENEFITS/COLLECTIONS

► PERFORMANCE DATA

Owing to the timing of COVID-19, we are still able to say that the 2019/20 outturn figures were delivered with a balanced budget, and the submission of annual accounts has been extended for six-months.

Reflecting on the pre-COVID 19 period, Thurrock continues to be a council which achieves some of the best rates of collection across the UK – for both Council Tax and Business Rates.

Our approach to Fair Debt Collections has continued to enhance our approach, and reduce the need for court or enforcement state proceedings – the outcomes of the Fair Debt Summit were always designed to support those who wanted to pay, but couldn't, and to help

educate young adults emerging into the world outside an academic setting about the signs of getting into debt, and the long-term consequences.

Sadly, we have a cluster of routine offenders who continue to choose not to pay, even though they can. This is particularly saddening, given that the tax income funds services for our residents most in need.

Complaints received regarding the debt collection process continue to remain low and in total last year there were 58 complaints received in relation to the collection of Council Tax, Business Rates and Sundry debt, 16 of which were upheld.

► FAIR DEBT SUMMIT OUTCOMES

Following the Autumn 2018 Fair Debt Summit, we have continued to progress our action plan which we co-developed at the summit with schools, the VCS sector, industry experts.

For the benefit of recap, the Fair Debt Summit event brought together key partners across various sectors, voluntary sectors and groups with a view to doing something different. It sought to identify ways to help people help themselves, avoid debts of any type, and also ensure that our collections process is fair to those who want to pay but find themselves unable to, and not lenient on those that can pay but simply choose not to.

The aims of the Fair Debt Summit were simple:

- 1) Identify help where we can (while recognising that everyone ultimately needs to pay their dues)
- 2) Be tougher where we may need to be with those who play the system
- 3) Help provide some education for a younger generation who have yet to experience an economic downturn like the last recession of 2008-9.

As a result of the summit, a wide ranging action plan was produced. The plan included a number of initiatives, some of which were of a quick fix nature along with some that required a longer term approach. I am pleased to be able to provide an overview and progress update on the key themes as follows:

Investment in new technology

- Historically amounts owing to the council were held across 4 different systems, this created difficulties in both establishing a total amount owed and enabling staff to discuss holistic resolution. In addition information held by other council departments that may suggest potential vulnerability relevant to an individual's ability to deal with their finances, was not easily be visible to the debt teams. To remedy this situation a joint project commenced between the council and Xantura to provide a '**Single View of Debtor**'.

Phase 1 of this project went live on 11 March, this initial delivery provides officers with both a holistic view of council debts owed by an individual and ensures that any relevant information held by the council in relation to someone's ability to deal with their financial affairs is visible to the debt teams. This in itself is a ground breaking

achievement and I am delighted to confirm that this has been recognised and has been shortlisted for the Solutions Partner Award at the Public Finance Awards 2020.

Having created the 'Single View', phase 2 of the project is now underway which is looking to further enhance efficiencies and care by looking for opportunities to combine collection activities for different debts owed – e.g. as stated previously whilst we need to ensure we adhere to respective legislative processes for each debt type, it would be beneficial for residents in debt, that if we are telephoning or visiting a resident, that the officer is in a position discuss all debts owing, rather than undertaking totally separate communications on each debt type and causing the mental health challenge of having to speak to four different people, when they could speak to just one, and help build a plan to help them recover from the situation they are in. This will also enable champion challenger collection strategies to be run, and the learnings from these placed into enhanced collection processes.

We are also looking to further encourage early contact and resolution by widening our outbound contact channels from traditional letter, to include SMS, Email, self-serve web access, web chats etc. – this will enable residents in debt to “reach” out, without a formal setting, but with the same impact and outcome, and was tested initially in late 2019.

Education of our younger generation

The Education & Skills Team working in conjunction with Thurrock Adult Community College, have extended the promotion and now run Money Management courses at Inspire Youth Hub, The Princes Trust, Gateway Academy and Mind.

It remains a solid aspiration to work with partners across further young-adult education settings to extend the roll out even further.

Whilst a number of further courses had to be cancelled as a result of lockdown these will recommence once restrictions are lifted. The team are also investigating the possibility of adapting these courses to enable remote learning.

COVID 19

Clearly, more than ever the immediate challenge as a result of the pandemic is how we collect income to maintain service provision, whilst ensuring that residents and businesses who are experiencing financial difficulties; have access to the help and support available in assisting them to meet their obligations. To this end we have commenced a soft re launch of recovery activity, with communications reaching out for residents and businesses who are having difficulty in respect of amounts they owe the council. I have asked for there to be consideration of two audiences – those in difficulty now, and those who may not return to their workplace after furlough owing to redundancy (the latter is more of an anticipative audience).

At Cabinet I highlighted our commitment to working with any resident who reaches out to try and establish a way of help in regards to council tax payment. Residents should be aware that council tax – unlike water bills etc. – carry legal sanctions which can include committal in the long-term – and so we want to do what we can to ensure that we help people avoid collection action wherever possible. To do that, I again, implore residents to reach out and ask for help. We will do what we can to help.

► HOUSING BENEFITS AND COUNCIL TAX SUPPORT - REVIEW OF PREVIOUS 12M

The rollout of Universal Credit which commenced in Thurrock in March 2015 for single people, progressed to full service in October 2017. Under full service new working age applicants including those that have had a break in their claim, are now required to claim support for housing costs through Universal Credit rather than Housing Benefits. Within Thurrock there are currently circa. 3,100 claimants who now receive support with housing costs under the Universal Credit system and 8,000 who continue to receive support through Housing Benefit.

Migration of existing claimants has temporarily placed on hold to allow a small scale pilot to take place. The Governments latest estimate suggests that full migration to Universal Credit will not complete until 2023.

I would like to take the opportunity to remind Members that whilst Universal Credit is administered by the DWP, even once fully rolled out, the council will still play a key role in signposting people for Universal Credit. The Council will also maintain responsibility for the administration of Housing Benefit for people of pensionable age, those in temporary homeless accommodation, all claimants for Local Council Tax support and Discretionary Housing Payments for those in receipt of Housing Benefit or Universal Credit, who require additional short term assistance to meet their Housing Costs.

For the Local Council Tax Support Scheme the impact of COVID has resulted in a net increase of approx. 400 LCTS claimants since the start of the crisis. The caseload as at June 2020 is 10,200 The situation is being monitored closely as the lockdown eases, and later on, I will update members on a summit-activity which will be held to refresh the scheme and ensure that COVID-pressures are captured, and that allocations are proportionate to need in the new world.

► PERFORMANCE DATA

Despite some additional administration workload in relation to Universal Credit and COVID the time taken to process Housing Benefit and Council Tax Support remains good with new claims being currently being processed in an average of 3 weeks and changes of circumstance in less than a week.

Complaints regarding the service remain low with only 21 received in 2019/20 out of a total of 10,000 claimants. 9 complaints out of all the 10,000 claimants were upheld. This is a pleasing result.

► HOUSING BENEFITS - FUTURE

The service will continue to monitor developments and adjust service provision where possible to mitigate the impact of the roll out of Universal Credit and the wider benefit reform agenda.

► COUNCIL TAX - REVIEW OF PREVIOUS 12M

Within Thurrock we currently send a Council Tax bill to around 70,000 properties for a net value of £83m. This income stream is critical to fund the services the Council provide and therefore it is vital that to support effective collection and customer service we maintain

timeliness, and accuracy of billing, processing and assessment of applications and query resolution.

Operational costs of the department have not been impacted, despite a growth of new properties being developed and then occupied. Timeliness of processing and accuracy levels also remains strong with most queries or applications resolved within the week they are received.

► **PERFORMANCE DATA**

For 2019/2020, despite ceasing collection activities as a result of COVID Thurrock maintained excellent collection rates for Council Tax to achieve an in year collection rate of 98.22%. Whilst we await publication of national results, it is envisaged these results will again place Thurrock among the top performing councils.

Complaints regarding council tax and business rates billing have continued to reduce with 38 being received last year compared to 41 in the preceding year. Of the 38 received in 2019/20 eight were upheld. Again this is a low ratio, considering the 70,000 properties billed.

► **COUNCIL TAX – FUTURE**

The service continues to focus on promoting all means of available support in reducing amounts due through promotion and application of discounts and reliefs and ensuring flexible payment plans are available, especially in light of the economic impact of COVID-19.

► **NATIONAL NON-DOMESTIC RATES (NNDR) - REVIEW OF PREVIOUS 12M**

For business rates in 2019/20 we billed circa 4,300 businesses for a total net value of £127m, under current funding arrangements Thurrock keeps approx. £36m of this income.

► **PERFORMANCE DATA**

Regarding collection, whilst due to an increase in the number of compulsory write offs due to CVA's/Insolvencies, the overall collection rate reduced to 98.22%, for the element within the recovery teams control excellent performance was maintained achieving a collection rate 99.54%.

► **NATIONAL NON-DOMESTIC RATES (NNDR) - FUTURE**

For business rates we bill in excess of 4,350 properties for a net value of £81m, the value billed has significantly reduced from the previous year due to the extended reliefs introduced by the Government, however this loss in income will not impact the council as the Government will reimburse the council through a section 31 grant. This is good news for our businesses, and us, as an authority.

► **SUNDRY DEBTORS - REVIEW OF PREVIOUS 12M**

In addition business as usual activities the team continue to investigate enhancements to improve the efficiency of the service and service experience such as streamlined payment processes and Direct Debit functionality.

► PERFORMANCE DATA

Income received through Sundry debt totalled £55.6m in 2019/20, and despite the cessation of collection activities as a result of COVID running up to year end, underlying performance maintained in line with previous years.

► SUNDRY DEBTORS – FUTURE

As with the other debt types the immediate focus will be on how we can assist Sundry customers with the impact of the pandemic whilst maintaining income to the Council

COMMERCIAL SERVICES

► SERVICE OVERVIEW

The Commercial Services team leads on the promotion and delivery of best practice in business development and procurement practices across the Council, continuing to build on the cultural shift within Thurrock Council to create a commercially astute Council that delivers innovative and entrepreneurial outcomes.

The service continues to be the key enabler for ensuring the delivery of existing income generating commitments, identifying income streams that are in line with agreed commercial principles, stretching every pound we spend to continue to deliver great value for money while at the same time delivering best possible outcomes for residents

► REVIEW OF THE PREVIOUS 12 MONTHS

► External Income Monitoring

The Commercial Board that was chaired by the Director of Commercial Services for half of the last council year, monitored the performance of external income across all Council areas. This level of scrutiny and discipline has generated significant returns for the Council, which in turn, leads to funding security for the services of which residents use and depend. In the financial year 2019/20, gross external income from fees & charges exceeded budget expectations by 3.4%. The Commercial Board has Council wide representation from each Service Area all committed to delivering on Thurrock's Commercial Principles. The external income target for 2020/21 was set pre-Covid and is now under review in light of the impacts noted in this report.

The department continue to deliver a positive return on investment through enhancing and widening existing income streams and the development of new opportunities to support the longer term financial stability of the Council. Return on Investment is currently circa 1.25:1.

► Gross External Income from fees & charges:

Directorate	Budget 19/20	Actual 19/20	Variance
Adults; Housing and Health	(369,190)	(283,667)	85,523
Children's Services	(1,088,040)	(1,007,857)	80,183
Corporate Strategy & Communications	(270,024)	(240,629)	29,395
Environment and Highways	(2,646,718)	(2,669,350)	(22,632)

Directorate	Budget 19/20	Actual 19/20	Variance
Finance; Governance and Property	(233,895)	(132,312)	101,583
Housing General Fund	(414,500)	(611,240)	(196,740)
Place	(2,706,806)	(3,048,511)	(341,705)
Total	(7,729,173)	(7,993,566)	(264,393)

RISK & INSURANCE

► SERVICE OVERVIEW

The Risk and Insurance team aim to maintain appropriate risk management, insurance and risk financing arrangements for the council.

► REVIEW OF THE PREVIOUS 12 MONTHS

The insurance arrangements operated in line with the renewed contract for 2019/20. The Strategic Corporate Risk and Opportunity Register continues to be refreshed annually and has been regularly reviewed and reported to Standards & Audit Committee, Directors Board and Performance Board in line with the Risk and Opportunity Management Framework.

► PERFORMANCE

The council continues to use the ALARM/CIPFA Risk Management framework to test the council's performance against good practice. For the 2019 review the Council attained level 4 out of 5 (where 5 is best). This along with the 2018 Internal Audit reviews of the service which resulted in a green report for Insurance and level 4 out of 5 (where 5 is best) for Risk Management provide assurance to the council that the Insurance and Risk Management functions are effective and performing well.

Part 2: COVID-19 – responding to the crisis

► OVERVIEW OF COVID-19 EFFORT

As outlined in my opening commentary, HM Government have helped Thurrock unequivocally during this crisis

This section of my report seeks to articulate the key reactions of the Finance directorate during the COVID-19 crisis.

It also adds further detail on the pressures to come.

The government has granted Thurrock Council two grants, to the total sum of £9.21m, to help it discharge its usual duties as a council, and the emerging COVID-19 pandemic pressures (based on timescales between the dates between 1st April 2020 and 31st July 2020). Thurrock currently believes the current actual pressure is £9.7m, so nearly all of the extra spending required to increase resilience in our vulnerable care settings, along with other COVID-19 related action, has been accounted for by HMG.

The longer-term concern is the impact for the remainder of the financial year both in terms of additional costs and ongoing reductions in income. Understandably, that is a fluid position, and it is hard to determine a final financial position given the many unknowns – however, the position remains under assessment. The Council continues to engage in an ongoing dialogue with MHCLG and regular returns are submitted to ensure the full range of financial impacts are clear at a national level Our regular interactions with MHCLG, along with other councils, has seen new policy introduced – such as a Discretionary Support Scheme for businesses not eligible under the initial grant schemes which we introduced as a result of the pandemic.

It should be noted that additional impacts on Council Tax and Business Rates income do not impact on 2020/21 but will need to be mitigated from 2021/22 onwards through the Collection Fund.

► HEALTH-SECTOR & HOMELESSNESS – OVERVIEW OF COVID-19 EFFORT

In the wider national context, the Ministry of Housing, Communities and Local Government (MHCLG) has provided specific funding to address COVID-19 financial impacts totalling £3.2bn. Further measures have been taken to support the Council and the wider business community as set out below:

- £1.3bn has been provided directly to CCG's to support local authorities enhance the hospital discharge process.
- £0.600bn for local authorities to ensure care homes can continue to halt the spread of COVID-19 by helping them cover the costs of implementing infection control measures to reduce transmission. Thurrock Council has been allocated £1.007m to distribute to care homes to implement infection control measures that reduce the spread of COVID19.
- DHSC have announced a fund of £0.300bn for test and trace services. The funding is intended to help each local authority develop tailored outbreak control plans, working with local NHS and other stakeholders. The Council will receive circa £1m.

- Funding to tackle rough sleeping of £3.2m. The Council has provided significant additional capacity to provide 33 rough sleepers with accommodation during the pandemic and the expectation is this will continue into the future. The projected costs over the initial 4 months is currently £0.272m but remains under review.
- The Council the also worked with Essex partners to ensure there is sufficient mortuary capacity available across the Essex, Thurrock and Southend areas – this has been held at a specific level as the position is assessed and can be scaled up or down as required. The current facilities are expected to cost up to £0.218m

► LOCAL JOBS ECONOMY STIMULUS – OVERVIEW OF COVID-19 EFFORT

I have already referenced the loss of income to services which are paid for by our residents (i.e. theatres, registrars etc.), and that there has been some loss of tax collected income since the pandemic crisis began. Whilst most of the tax-raised pressures emerge in the following year, as part of the Collection Fund arrangement, HM Government have supported local government in a number of ways above the support funding it has paid out, of which Thurrock received circa £9.2m:

- An upfront payment of the Business Rates Grant to support cash flow;
- The deferral of £2.6bn in business rates payments to central government until July to support cash flow; and
- £850m of existing social care grants to be paid up front in a move to support cash flow.

Thurrock is industry rich – and we are proud of that. It is a borough which boasts service-led markets and manual-markets, however, social distancing requirements across the nation led to economic impacts in different markets. Whilst some markets have held a strong and growing position during the crisis, owing to the services that they provide, there have been others which needed help. The consequence of not helping these businesses, is additional unemployment, higher social service and benefit costs, and a reduction of service offer affecting other businesses. The government's intervention is to be applauded. Whilst HM Government issued the funding, it was for Thurrock Council to passport a share of the following:

- A Hardship fund of £500m for those receiving Council Tax Support, of which an increase of claimants was inevitable; this led to a maximum of a one-off £150 discount being allocated to each recipient of LCTS.
- £1.8bn of Business Rates Relief;
- £12.3bn of Grant Support to Rural and Small Businesses as well as the Leisure, Hospitality and Leisure sectors to local authorities in England; and
- A further £617m to provide support to those businesses with ongoing premises costs but are not on the rating list. This is a discretionary scheme that must be set by individual councils.

In the Thurrock context, this has meant the following:

- Business Rates payments for all businesses were deferred for the month of April; so to provide HM Government the time to establish the ICT software to make wholesale

changes to business rate accounts for the industries who are beneficiaries of the governments policies.

- 2,401 businesses will pay no business rates in 2020/21 due to the Small Business and Rural Rate Reliefs;
- Business rate relief has now been extended to all businesses within the Retail, Hospitality and Leisure sector with a rateable value between £15,000 and £51,000;
- A grant scheme covering all businesses that are in receipt of one of the reliefs above. As at the 18 June 2020, 1,683 grants have been paid out of an estimated number of 2,018 with a total of £21.1m from an estimated total of £23.770m;
- The government announced a further discretionary scheme for small businesses with a total of £1.237m to allocate. Thurrock's local policy, based on government guidance and developed with others in commercial settings, was launched on 29th May 2020. This is designed to support businesses who did not meet the original criteria of the grant scheme, but are able to demonstrate COVID-19 impacts on their business viability etc. Thurrock had made representations into government level about those businesses who fell outside the initial awarding criteria;
- This has included additional subsidies to local bus providers to ensure services remained open to residents at a reduced level during the lockdown process – this is projected to cost £0.23m over the 4 month period; and
- The Council has been allocated £0.156m of funding to support a range of practical safety measures to reopen high streets safely including new signs, street markings and temporary barriers.
- The Department of Transport has allocated the Council a total of £1.438m to be provided in two tranches for the emergency active travel fund to support increased infrastructure for cycling and walking. The first tranche received is £0.288m.

The support for private markets and employees has been clear. It is evident HM Government seeks to make sure that the private sector is as close to what it was pre-COVID-19, when the crisis is over – however, it has also been very diligent in providing resilience and support for our public sector markets.

► **ADULT SOCIAL CARE – OVERVIEW OF COVID-19 EFFORT**

There has been significant activity to ensure the local social care capacity was sufficient to address the expected increases in demand due to COVID-19

The focus has been on:

- stabilising the care market;
- ensuring emergency care facilities had sufficient capacity for people leaving hospital;
- providing more financial resilience in the care sector;
- taking actions to reduce hospital admissions; and
- ensuring there is sufficient Personal Protective equipment available to staff.

This has been reflected in:

- 10% across the board resilience up-lift for 4 months to stabilise local provision and address income shortfalls and increased staffing costs;
- Establishing local Step-Down provision - for example rapidly re-opening Oak House Residential Care home to take COVID positive patients discharged from hospital;
- Block booking, for a period, vacant beds within Thurrock to secure local provision; and
- Work is also ongoing to enable swab testing to be available to care home staff to enable effective management of any virus outbreaks.

The financial resilience costs are projected to total £1.27m. A further £0.41m is required to ensure there has been sufficient additional capacity available locally and circa £0.13m to reflect the projected increase in homecare demand. Finally the additional PPE requirements are currently projected to be £0.24m and additional staff costs to cover increased demand and sickness related to COVID-19.

Looking ahead the care sector will be facing significant challenges – and there are new opportunities for innovation emerging.

This is a national issue as care homes in particular face reduced occupancy, increased costs and ongoing requirement around infection control. Action may be required to avoid significant business failure as the sector recovers from the pandemic and adapts to a changed market.

The government tasked Local Authorities to meet needs in the period before food deliveries could be achieved. The total projected cost of the operation to date is £0.25m to provide food to those without family support etc.

► CHILDRENS SERVICES – OVERVIEW OF COVID-19 EFFORT

The key impact is the availability of placements for children looked after and is a critical function of the local authority. Whilst placements are generally available it is predicted that demand may increase due to provider staff absence, in addition the availability of local placements is crucial especially if we have reduced staffing levels as this will decrease time spent travelling.

This has been applied to both LAC placements and Head Start Housing as shown below:

Directorate	Detail	Total for 4 month period
Children's Services	Block Purchasing of Placements	156,233
	Head Start Housing	177,328
Children's Services Total		333,561

Wider impacts include supporting care leavers and children looked after laptops have been purchased to support access to online learning; prior to the government scheme.

In addition Schools were asked to remain open over the Easter holiday period to support key workers and vulnerable children. Consequently additional Home to School Transport costs have been incurred, where the Council has a statutory duty to provide transport.

Going forward there is concern of an increase in demand for children's services once the sector returns to business as usual. This could have an associated financial impact, and we are modelling various options

► OTHER SIGNIFICANT EXPENDITURE – OVERVIEW OF COVID-19 EFFORT

The Council has wider additional costs arising from the response to COVID-19:

- The Council has reconfigured the Household Waste and Recycling Centre to address social distancing requirements and enable the facility to reopen. This has required detailed traffic management planning to support this and the associated costs are under assessment.

The response to the pandemic will also directly impact on the delivery of savings plans for 2020/21 and this is estimated to total £0.233m over the period.

Ongoing Expenditure

Members should also be aware that savings on non-COVID budgets are minimal. Government instructed local authorities that where contracts were in place – the highest value example being Home to School Transport – that payments should still be made despite the services not being provided either all or at a much lower level than originally budgeted.

Income

Officers are currently estimating a shortfall in fees and charges of £2.3m, of which key areas include:

- Environmental Services;
- Parking (Car Parks etc.)
- Planning;
- Children's Services (Catering, Thurrock Adult Community College, Grangewaters and Music Services); and
- Thameside Theatre.

Not being able to progress the Thurrock Regeneration Ltd projects also has an impact on the investment returns that would have started in this financial year. Members will also be aware that there were also pressures in the last financial year and these roll forward into this financial year. The financial impact is estimated at £2.4m.

Investments entered into in previous years continue to be robust and pay interest/dividends as expected.

► FUTURE

There are a range of possible outcomes that can be modelled.

Considering a reasonably moderate level of losses -5% Council Tax reduction, 20% increase of take-up in the LCTS, and 10% fees and charges losses - there will now be a funding gap in 2021/22, anticipated to be circa £15m.

The next part of this report, addresses the plan to emerge into a post-COVID-19 world.

Part 3. - Emerging out of the COVID-19 crisis: re-building our economic resilience.

Reacting to the front-line COVID-19 pandemic, with the speedy injection of re-profiled spending, has rightly preserved our National Health Service's ability to cope with the thousands of cases emerging in its system, and quite literally, saving more lives than the NHS otherwise could. Equally, there is mimicry in any public health and care market - of which Thurrock Council has full responsibility for under its unitary status. In our pursuit of maintaining services, working practices and protective equipment have changed and require funding, so to provide vital tools to keep our employees safe, and effective in role.

The government's Job Retention Scheme is unparalleled, and has saved people from losing their homes; along with the many grants being made available for businesses in similar predicaments.

The understandable, and sadly unmissable international economic slowdown, leads to a reduction of income and resources across the public and private sector, as a result of many markets stopping quickly, and needing to build back to a pre-COVID level,. A loss of household economic security, whether it is cutting back on spending, or an inability to spend owing to redundancy from work.

Reductions/loss of income in households does present concerns on tax-raising authorities being able to receipt full amounts of forecasted tax-raised income to facilitate the previously-considered normal day-to-day services.

It was self-evident from the offset that spending pressures would come (additional spending and reduced income), and that they would likely be unprecedented and challenge our existing spending on services - we must plan for tomorrow: to reform services to ensure they are right for a post-COVID-19 world, and to ensure the additional services are maintained.

And as such, the previous assumptions we all had need a full refresh as we execute plans to recover back to our full, pre-COVID-19, economic health, and the plans for continuing our long-term self-sufficiency objective, including the phased-approach to reduce investments over time as the impact of these reviews take hold.

As I mentioned earlier, I hope that conversation around this is sensitive to the people involved, and constructive in its approach to recover.

There will be a concerted effort to engage in all areas of the political spectrum - to canvass views constructively and to provide a forum to put forward any ideas about proposed service reforms.

► FUTURE: USE OF RESERVES

The potential use of reserves outlined earlier in this report has already been noted. Any use of general reserves is predicated on the principle that any General Fund Balance used will be re-built up to a minimum of £11m over the life-time of the MTFs.

It should also be noted that the council has built up further financial resilience, in the form of a Financial Resilience Reserve (£6m).

► FUTURE: SOCIAL CARE – ADDITIONAL SECTOR RESILIENCE

These key services where dependence on the system is essential for users, and new investments in people services such as making it more financially attractive to work in social services in Thurrock, secure market need, and evolve the way the care market operates to provide an even higher-quality service.

Furthermore, we have created a further social services reserve, of £1.5m, which will only ever be used for extraordinary service pressures, not day-to-day spending.

► FUTURE: CHANGES TO PREVIOUS SURPLUS ALLOCATIONS

We gave a list of surplus spending commitments at January 2020 Cabinet, however, COVID-19 has meant we have had to review the “what”, “when” and “if”.

The Cabinet have informed officers that some of the surplus previously allocated in January 2020 can be re-profiled and used for COVID-19 related pressures. This is predicated on the principle that any surplus used will be re-built up and the commitments made in January 2020 being delivered/honoured by January 2022, wherever possible.

The surplus profiled to COVID-19 demand, should preserve the Lower Thames Crossing effort and the policing commitments which we believe remain a resident priority during a crisis, or not – and as such, we have ring-fenced the surplus allocation initially awarded

Other schemes such as the investment in Mental Health and Youth Offending we plan to still realise, albeit, we expect those roll-outs to be delayed, whilst we take stock of the post COVID-19 world, and check and adjust the approach.

► FUTURE: COUNCIL SPENDING REVIEW MK. II

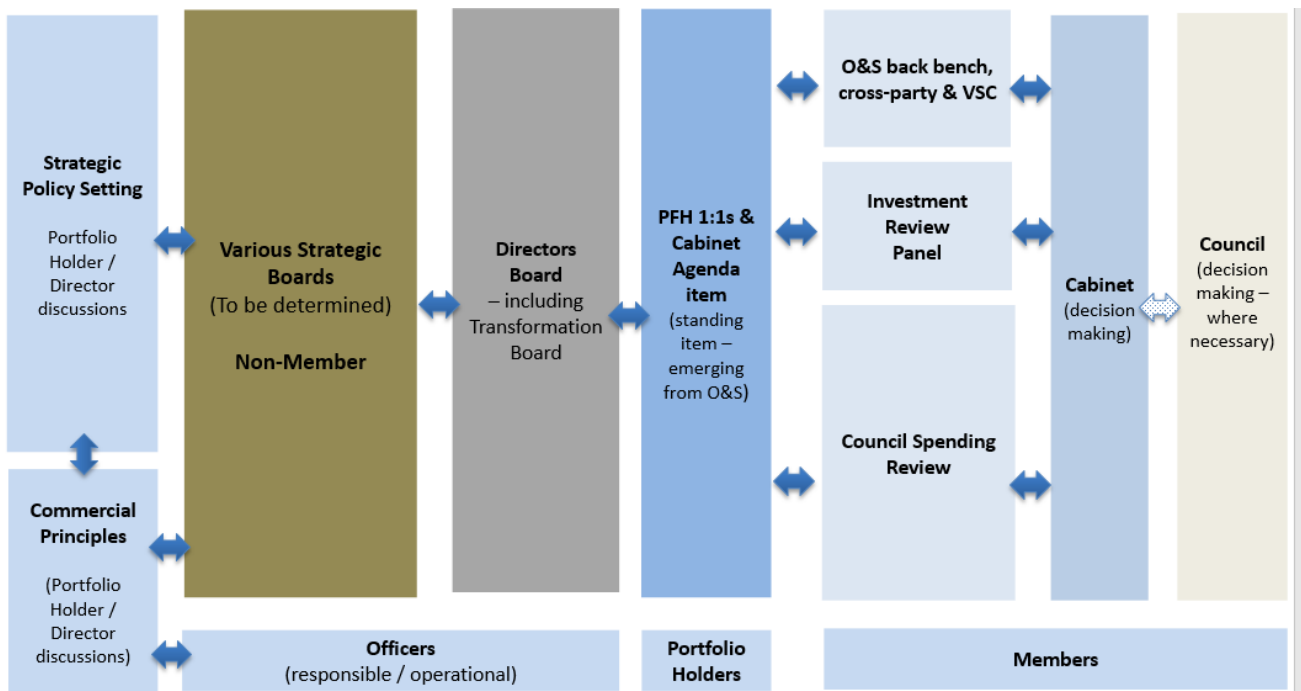
We need to adjust to work in a post-COVID world. Service Reviews are but one mechanism to help deliver £15m worth of efficiencies.

In 2019/20, council resolved to continually improve the Council Spending Review process – to increase member engagement, and in regard to service reform, members of the voluntary sector, all as part of the council’s long-term economic plan.

Following the COVID-19 economic pressures, and despite the change to political proportionality, this will be more relevant than ever and is a choice that the administration are making to ensure that outcomes are developed alongside partners

Over the coming months, more details will emerge, building on commitments from earlier this year on further increasing democratic oversight across the council.

A model of this process, is as follows:



Priority of the service reviews should be reviews prioritising post-lockdown realities and attend to services impacted most by COVID-19 first, and the Fewer Buildings, Better Services ethic remains – as it has proven to have worked as strongly as it has before.

Market drivers will also be considered more than the original service reviews – competition in the salary market (i.e. Domiciliary Care).

Officers continue to engage with external agencies to support the further enhancement of council capability and Member involvement.

► FUTURE: CHANGES TO THE CAPITAL PROGRAMME

The council will perform a full-review of the capital program.

What is clear and evident, is that there needs to be a greater amount of delivery oversight of projects that Thurrock Council is responsible for to its elected members. The aspirations of the capital plan were good, but we should now reform and make the capital plan more affordable for a post-COVID world, and the delivery more accountable to elected members. There will, of course, be consideration in regards to the schemes current progress when making decisions.

Equally, re-use of council-owned estate to build homes and earn income, remains a sound aspiration to enable key-worker and affordable housing etc. Cabinet have asked for a paper to be brought forward in the second half of 2020 on the best models of building hundreds of high quality homes quicker, for residents who want to live in our borough. There are no new or further initiatives going to be put through TRL whilst Cabinet makes a decision on the best models as proposed by officers who have committed to providing that piece of work as I have outlined just now.

► FUTURE: SUPPORTING COMMUNITY ASSETS IN THE LONG-TERM

Along with supporting a COVID-impacted social care market, supporting our community assets which provide social value is key - the CEDF scheme needs a reconfiguration so to preserve community assets/groups who need capital support, and the VSDF fund has been

revised to reflect pressures on such community assets from a revenue perspective, which threaten their long-term sustainability. The fund is designed to help retain sustainable assets across the borough – what it isn't, is a way of surviving for a small period without a plan thereafter.

► **FUTURE: DEBT COLLECTION (incl. FAIR DEBT REVIEW)**

There will be a Fair Debt Summit Refresh – to account for a post-COVID world approach to collections, whilst also using this opportunity to continuously improve based on what the authority learns from upheld complaints each year. We will do that by working with industry experts and leaders. This is building on the support that has been offered to residents struggling during the COVID-19 crisis.

► **FUTURE: LOCAL COUNCIL TAX SUPPORT SCHEME**

A LCTS Summit will be held to ensure members, industry leaders and the VCS have input into the scheme review, so to ensure the scheme is allocated proportionally against COVID-19 emerging challenges, whilst retaining key characteristics around war veterans, war widows etc.

► **FUTURE: FEES & CHARGES**

Usual tax-raised/fees income will be adverse in receipts, causing income implications. There will be a Fees and Charges/Rents Sense-Check for a post-COVID world approach to commercial models and realities (potentially tapered fees etc. / forecasted).

► **FUTURE: COUNCIL TAX**

As members would likely know, there is always an in-built assumption in any MTFS of a year-on-year increase up. This has most recently been set at 1.99% per annum.

For the purposes of forecasting, MTFS modelling over the next five years to include a council tax increase up to the maximum capped increase (capped, as in non-local referendum requiring increase – i.e. 1.99%).

The Cabinet view is that tax rises alone should not replace the effort around the upcoming CSR Mk. II – the objective around service reform.

► **FUTURE: FUNDING REFORM**

Owing to COVID-19, the funding reform associated with NNDR has been delayed, yet again.

FINANCE DIRECTORATE BUDGET CONTROL

► FINANCE FINANCIAL INFORMATION – 2019/20

Service Area	Full Year Budget £	Full Year Forecast £	Variance £
Finance	4,456,367	4,690,656	234,289
Total	4,427,613	4,427,613	234,289*

► TREASURY – 2019/20

	Full Year Budget £000	Full Year Forecast £000	Variance £000
Interest & Fees Payable on External Debt	15,856	15,580	(276)
Interest Receivable on Investments	(45,316)	(45,739)	(423)
Net Interest	(29,460)	(30,159)	(699)
MRP	7,756	7,756	(0)
Total	21,704	22,403	(699)

► COMMERCIAL FINANCIAL PERFORMANCE

Service Area	Full Year Budget £	Full Year Forecast £	Variance £
Commercial Services	757,324	766,515	(9,191)
Total	757,324	766,515	(9,191)

*Variance from the budget was primarily due to final corporate fraud income position undergoing final agreement discussions and final position is expected to improve further.

The Commercial Services department continues to support the delivery of the wider income streams of the Council