

24 February 2021		ITEM: 13
Council		
General Fund Budget Proposals		
Wards and communities affected: All	Key Decision: Yes	
Report of: Councillor Rob Gledhill, Leader of the Council		
Accountable Assistant Director: Jonathan Wilson, Assistant Director - Finance		
Accountable Director: Sean Clark, Corporate Director of Finance, Governance and Property		
This report is public		

Executive Summary

This report sets out the draft budget proposals for a balanced budget for the financial year 2021/22. The budget addresses both the ongoing impacts of the Covid-19 pandemic, the wider cost pressures arising from demand pressures and the decision to pause the investment strategy.

Following HM Government's Spending Review 2020, the underlying budget pressure has been mitigated through a combination of identified savings, the anticipated but partial use of reserves (built up from the investment approach) and capital flexibilities as well as additional Covid-19 funding from the government. This also assumes that the full level of council tax increase, including the Adult Social Care precept, is agreed by the Council.

Members should note the use of one-off interventions results in underlying base pressures being carried forward into 2022/23 and 2023/24. The budget also reflects the agreed pause to the Investment Strategy approach adopted by the Council in October 2017. Hence while significant savings have been identified for the latter two years, the remaining gaps stand at £14.838m and £10.511m in 2022/23 and 2023/24 respectively. This will require significant further action by Members to move the Council back to a financially sustainable position.

The impact of Covid-19 has been identified within the Medium Term Financial Strategy and separated from core budget pressures. Short term funding in the form of an in-year grant from Central Government has been reflected to the value £4.853m.

The council has a statutory duty to set a balanced budget and the use of some of the council's reserves is required to achieve this for 2021/22, as has been expected since the outset of the COVID pandemic.

The key consideration is the proposed council tax increase, which reflects the guidance issued by Central Government as part of the Spending Review announcements made on 23 November 2020 that comprises the general element of 1.99% with a further 3% Adult Social Care precept to fund increasing cost pressures within the service.

The proposals were considered by the Corporate Overview and Scrutiny Committee on 21 January 2021 with the comments considered as part of the final budget proposals agreed by Cabinet at their meeting on 10 February 2021.

1. Recommendation(s)

That the Council:

- 1.1 Considers and acknowledges the Section 151 Officer's (Corporate Director of Finance, Governance and Property's) S25 report on the robustness of the proposed budget, the adequacy of the Council's reserves as set out in Appendix 1, including the conditions upon which the following recommendations are made;**
- 1.2 Agree a 3% council tax increase towards the cost of Adult Social Care;**
- 1.3 Agree a 1.99% 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 Approve the new General Fund capital proposals, including the allocation for feasibility work on future and aspirational proposals, as set out in section 10 and Appendix 5; and**
- 1.5 Delegate to Cabinet the ability to agree schemes (a) where it can be evidenced that there is a spend to save opportunity or (b) that use any unbudgeted contributions from third parties, including those by way of grants or developers' contributions, and these be deemed as part of the capital programme.**

Statutory Council Tax Resolution

(Members should note that these recommendations are a result of the previous recommendations above and can be agreed as written or as amended by any changes agreed to those above).

- 1.6 Calculate that the council tax requirement for the Council's own purposes for 2021/22 is £71,110,644 as set out in the table at paragraph 5.1 of this report.**
- 1.7 That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:**
- (a) £502,865,204 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act.**
 - (b) £431,754,560 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.**
 - (c) £71,110,644 being the amount by which the aggregate at 1.7(a) above exceeds the aggregate at 1.7(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its council tax requirement for the year. (Item R in the formula in Section 31B of the Act).**
 - (d) £1,399.32 being the amount at 1.7(c) above (Item R), all divided by Item T (Council Tax Base of 50,818), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (including Parish precepts).**
 - (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.**
 - (f) £1,399.32 being the amount at (d) above less the result given by dividing the amount at (e) above by Item T, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates.**
- 1.8 To note that the Essex Police, Fire and Crime Commissioner has issued precepts to the Council in respect of Essex Police and Essex County Fire and Rescue Service in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the tables below.**
- 1.9 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts**

shown in the tables below as the amounts of council tax for 2021/22 for each part of its area and for each of the categories of dwellings.

2021/22 COUNCIL TAX FOR THURROCK PURPOSES EXCLUDING ESSEX FIRE AUTHORITY AND ESSEX POLICE AUTHORITY

Amounts for the Valuation Bands for 2021/22							
A £	B £	C £	D £	E £	F £	G £	H £
932.88	1,088.36	1,243.84	1,399.32	1,710.28	2,021.24	2,332.20	2,798.64

- 1.10 That it be noted that for the year 2021/22 Essex Police, Fire and Crime Commissioner Fire and Rescue Authority has stated the following amounts in precept issued to the Council in respect of Essex Police for each of the categories of dwellings as follows:

Amounts for the Valuation Bands for 2021/22							
A £	B £	C £	D £	E £	F £	G £	H £
139.02	162.19	185.36	208.53	254.87	301.21	347.55	417.06

- 1.11 That it be noted that for the year 2021/22 Essex Police, Fire and Crime Commissioner Fire and Rescue Authority has stated the following amounts in precept issued to the Council in respect of Essex County Fire and Rescue Service for each of the categories of dwellings as follows:

Amounts for the Valuation Bands for 2021/22							
A £	B £	C £	D £	E £	F £	G £	H £
49.26	57.47	65.68	73.89	90.31	106.73	123.15	147.78

2021/22 COUNCIL TAX (INCLUDING FIRE AND POLICE AUTHORITY PRECEPTS)

Amounts for the Valuation Bands for 2021/22							
A £	B £	C £	D £	E £	F £	G £	H £
1,121.16	1,308.02	1,494.88	1,681.74	2,055.46	2,429.18	2,802.90	3,363.48

2 Introduction and Background

The Process for Agreeing the Council's Budgets

- 2.1 The Council must, by law, set its annual revenue budget and associated council tax level by 11 March of the preceding financial year. If, for whatever

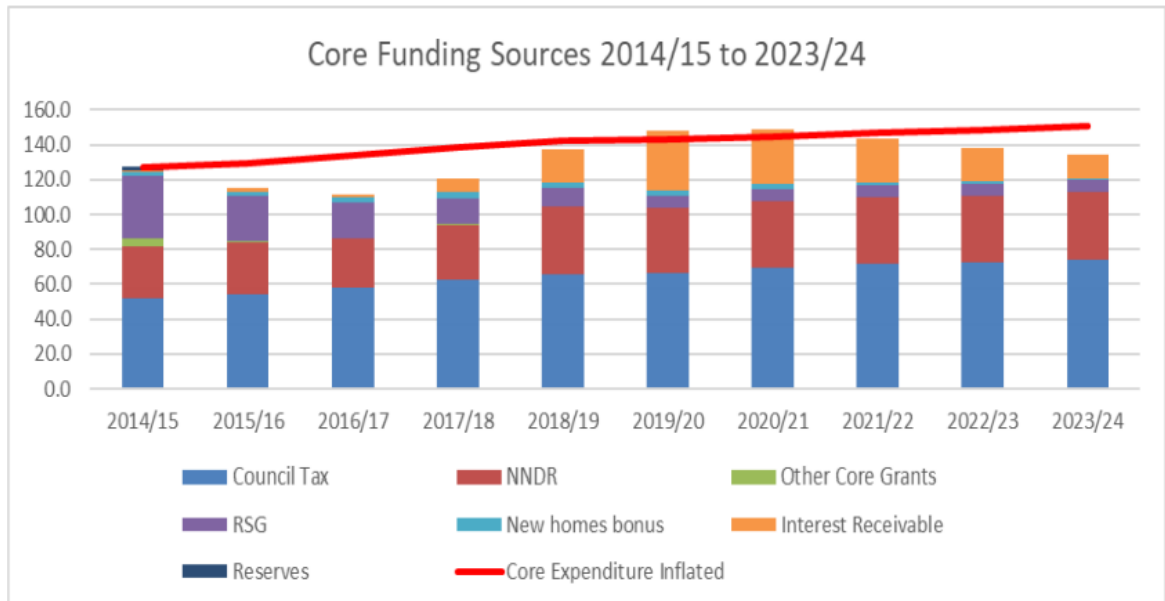
reason, the Council cannot agree a budget and Council Tax level at its meeting on 24 February 2021, Members should be aware that the Council will not have a legal budget and this will impact on service delivery and cash flow with immediate effect whilst damaging the council's reputation and can, as a last resort, lead to intervention from the Secretary of State under powers given by section 15 of Local Government Act 1999.

- 2.2 The role of Council is to agree the level of Council Tax and inherently, the budget envelope for the Council. The precise allocation of that envelope and expenditure falls to the Cabinet.
- 2.3 It is also good practice to approve the capital programme at the same time because there is an interdependency between the budget streams.
- 2.4 This report presents the proposed 2021/22 General Fund revenue and capital budgets, as per the recommendations of Cabinet that have been formed through budget reports presented to the Corporate Overview and Scrutiny Committee and the Cabinet over recent months.
- 2.5 The Corporate Director of Finance, Governance and Property's statutory statement on the robustness of the estimates and adequacy of reserves under s25 of the Local Government Act 2003 is included at Appendix 1. This must be considered by the Council before approving the council tax level.

Revenue

The 2020/21 Budget Position

- 2.6 Members have received reports throughout the year, with the most recent report forecasting a £2.672m pressure. Further support from central government is now expected to support the mitigation of this pressure. Member priorities which were originally earmarked for spend against the budgeted surplus of £4.074m have now either been deferred, or cancelled altogether and this surplus has been included in the overall position to fund in-year pressures, mainly as a result of the Covid-19 pandemic and the pause to the investment strategy; specifically new investment activity, including replacement investment activity when existing arrangements conclude.
- 2.7 For context, the graph below illustrates the position over several years, in regards to a reducing Revenue Support Grant position, and how the investment approach has been used to provide time to reform services at a pace far more considered than otherwise would have been the case. The approach undertaken in 2017, supported unanimously by council, sought to provide that headroom. Members should note that whilst council tax and NNDR income has increased over the period set out in the table, spending requirements have also increased over the same time-period, notably owing to growth and inflationary pressures.



2.8 Thurrock has received funding from central government to help mitigate the impact of the pandemic and returns continue to be submitted to MHCLG highlighting the ongoing financial risks.

2.9 The significant financial pressure within core services continues to be high cost placements in Children's Social Care.

Financial Self Sustainability and Government Grants

2.10 Council Tax and Business Rates remain the main sources of funding for the Council's total General Fund budget (excluding schools). Government funding of its main grant is the third ranked provider of funding. As such it remains a reducing factor in determining the Council's revenue budget. The Local Government Finance Settlement for 2021/22 was confirmed by the Ministry for Housing, Communities and Local Government (MHCLG) on 10 February 2021 and confirms the reductions built into the MTFs.

2.11 The latest Finance Settlement maintains the key changes in the way that Local Government is now financed, which were introduced in April 2013, with the main changes being from the launch of the Business Rates Retention (BRR) scheme as the principle form of local government funding. All forecasts continue with the principle of phasing out reliance on central government support and to replace this with income raised locally through Council Tax, Business Rates and income generation.

2.12 Regarding Adult Social Care (ASC), the ability for the council to raise an ASC precept at 3% is available for 2021/22 to the Council. It is noted the Local Government Finance Settlement made additional funding available for both Adults' and Children's Social Care through increased grant funding of £0.800m for 2021/22. Further support to help mitigate costs incurred as a result of the Covid-19 pandemic have been provided in the form of a grant valuing £4.853m.

- 2.13 Recognising the pressures facing Local Government's ability to achieve financial sustainability, the MHCLG have allowed councils to increase Council Tax by up to 2% in 2021/22 financial year. Council Tax proposals for 2021/22 are set out below and recommend a Council Tax increase of 1.99%.
- 2.14 The Council also receives a number of grants for specific purposes. These include Housing Benefits Administration and Public Health.
- 2.15 As part of the reforms contained within the Health and Social Care Act 2012, responsibility for commissioning certain public health functions moved from the NHS to Local Authorities. In 2013 a ring fenced Public Health Grant was provided to all top tier local authorities in order to commission mandated and discretionary Public Health services.
- 2.16 The Public Health Grant is expected to increase by £0.057m in 2021/22. In the longer term this grant is likely to be absorbed into core funding as part of the Government's Comprehensive Spending Review.
- 2.17 Currently the Council retains circa £37m from a total collection of £121m (31%) against a headline of 49% retention. Gains for Thurrock Council through a greater headline retention cannot be guaranteed and so are not assumed. What is known at this time is that other grants, such as Public Health Grant, will be met from greater retention but then at the loss of the specific grant.

3 Collection Fund Balances and Council Tax Base

- 3.1 The Constitution delegates the factual calculation and agreement of Collection Fund balances and the Council Tax base to the Corporate Director of Finance, Governance and Property.

Collection Fund

- 3.2 The Collection Fund is where the transactions for Council Tax and Business Rates billing, collection and distribution is accounted for. Councils are required to separately estimate the balance as at 31 March each year and for this to be allocated to the major precepting bodies to be accounted for in the budget setting for the following year.
- 3.3 These balances can be either surpluses or deficits and so will impact the budgets accordingly. The impact for Thurrock Council has been included within these budget proposals and precepting bodies have been notified.
- 3.4 Based on the latest forecasts of collections and write offs the Council Tax Collection Fund is estimated to be a surplus of £0.384m as at 31 March 2021. This is apportioned to the major preceptors as follows:

Major Precepting Authority	£m
Thurrock Council	0.319
Essex Police Authority	0.048
Essex Fire Authority	0.017
Total Allocated	0.384

- 3.5 Based on the latest forecasts of collections and write offs the Business Rates Collection Fund is estimated to have a surplus of £1.150m as at 31 March 2021. This is apportioned under regulations as follows:

Major Precepting Authority	£m
Thurrock Council	0.564
Central Government	0.575
Essex Fire Authority	0.011
Total Allocated	1.150

Council Tax Base

- 3.6 The Council Tax Base is the calculation formed by considering the number of properties within the borough at the various bands of A to H, the discounts currently being afforded to a number of those properties and the likely reduction in liability through the Local Council Tax Scheme (LCTS).
- 3.7 All properties are then averaged to create an equivalent of a number of Band D properties that is then used to calculate the Council Tax income within the budget. Whilst there are over 67,000 properties in the borough, these equate to a Council Tax Base of 50,818 Band D properties that, when multiplied by the proposed Council Tax level, calculate a total that will be raised through Council Tax.

4 Council Tax Proposals

- 4.1 The Localism Act 2011 introduced the concept of a referendum where a proposed Council Tax increase exceeds its excessiveness principles either by the billing authority (Thurrock Council) or one of its major preceptors. Simply, a referendum would be required if the Council resolved to increase council tax by a higher percentage than the government guidelines. This report does not propose increases that would call for a referendum.
- 4.2 As reported in previous years, Thurrock Council has one of the lowest Council Tax levels and Council Tax income of all of the Unitary Councils in the country and the lowest Council Tax in Essex. For example, residents in Thurrock Band D properties pay circa £100 per annum less than residents in Band D properties in Southend-on-Sea and circa £265 less than residents in Band D properties in neighbouring Basildon. This low base means that, financially, Thurrock Council has less income than comparable councils to deliver the same suite of services, irrespective of demographic need, and limits any increase through the Council Tax precept as any percentage increase is on a lower amount than other authorities. A low base also means reduced

flexibility in terms of having surplus funds to spend on capital projects and other initiatives, without having to rely on prudential borrowing where the need is identified.

4.3 The most significant and stable income stream that the Council has is through Council Tax and building this base is critical to sustaining the services offered by the Council and after accounting for factors such as inflation and wage increases in the social care sector.

4.4 There are two elements to the Council Tax that need to be considered:

- The general increase – this is capped at 2% and so the maximum increase that can be agreed is 1.99% for 2021/22. A 1.99% increase has been recommended by Cabinet and the MTFs assumptions have been updated to reflect this approach; and
- The Adult Social Care (ASC) Precept – this precept was announced as part of the 2021/22 Local Government Finance Settlement. A maximum of 3% can be raised to support the provision of social care in the borough and the full amount is recommended by Cabinet.

4.5 There is a continuing need for sustained increases to the ASC budget to meet the increased costs of the national minimum wage and demand pressures as the population continues to live longer with more complex health and care needs. The Council continues to face considerable challenges with the domiciliary care market which remains a national trend. Coupled with the ongoing impact of Covid-19 pandemic it is likely this will remain a challenging area for a considerable period of time.

4.6 The table below sets out the average impact on a household in each band when considering the various discounts and support already in place:

Band	Band Charge	Properties		Average Net Charge	Average 1% Increase p.a.
		No.	%		
A	£1,070.22	7,482	10.9	£630.68	£6.31
B	£1,248.59	13,703	19.9	£937.75	£9.38
C	£1,426.96	27,240	39.6	£1,191.52	£11.92
D	£1,605.33	12,538	18.2	£1,428.09	£14.28
E	£1,962.07	4,760	6.9	£1,802.39	£18.02
F	£2,318.81	2,246	3.3	£2,182.16	£21.82
G	£2,675.55	830	1.2	£2,535.36	£25.35
H	£3,210.66	49	0.1	£2,178.66	£21.79
TOTALS		68,848	100.0	£1,186.96	£11.87

- 4.7 For over 70% of residents, each additional 1% increase in council tax equates to an average of 20 pence per week or £10.33 per annum. The additional funding raised will be applied to a wide range of services, including Children's and Adults' social care that work with the most vulnerable members of the community.

5 Proposed General Fund Revenue Budget 2021/22

- 5.1 Draft budgets are included at appendix 2 but a summary of the overall budget envelope and financing is set out below:

	£m
Net Expenditure	119.064
<i>Financed by:</i>	
Revenue Support Grant	(6.886)
NNDR Precept	(38.367)
Other Grants	(2.011)
Collection Fund balances	(0.689)
To be funded through Council Tax	(71.111)

6 Medium Term Financial Strategy (MTFS) 2021 – 2024/25

- 6.1 The MTFS covering the period 2021/22 through to 2024/25 is attached at Appendix 3 which includes the assumption that there will be a 1.99% council tax increase and a 3% increase in the ASC precept in 2021/22, and 1.99% council tax for subsequent years. This is in line with the current year recommendation and the flexibility provided to local government from the MHCLG.
- 6.2 The pause to Thurrock's investment approach has been reflected, specifically around new investment activity, creating a projected pressure of £22.295m over the life of the 4 year MTFS. This includes both cash and capital investments and hence the associated targets have been removed pending further consideration. No provision has been made to replace maturing investments. Also reflected is the increased cost of PWLB borrowing which has been used to replace short term funding in 2020/21 and includes an expectation that this will continue, albeit that is a lesser figure when comparing the impact of pausing the approach.
- 6.3 There are no longer any surplus balances forecast across the life of the MTFS.
- 6.4 In summary, an extract from the MTFS shows a balanced position for one year only:

	2021/22	2022/23	2023/24
	£m	£m	£m
MTFS Budget Pressures (excluding Investments)	12,530	5,405	5,598
Investment pressures	6,758	7,221	4,948
Core budget savings	(5,656)	(4,941)	(4,035)
Social Care precept	(2,480)		
One-off funding	(11,153)	7,153	4,000
Total	0	14,838	10,511

6.5 As can be seen from the table, a series of savings and one-off interventions supports a balanced position for 2021/22 but results in underlying base pressures being carried forward to subsequent years. Whilst significant savings have been identified for these latter years the deferment of pressures from 2021/22 means the remaining gaps total £25.349m. This will require significant further action by Members to move the Council back to a financially sustainable position.

7 Reserves

7.1 There is no set formula to determine the General Fund balance but it is for the Council's S151 Officer to consider the Council's past financial performance and risk to the budget over the future medium term and to then recommend a balance to the Council. It is, however, for the Council to set this balance considering that recommendation.

7.2 Based on the above, the Corporate Director of Finance, Governance and Property recommends the retention of the optimum balance of £11m as at 31 March 2021 and this is reflected within the s25 statement at appendix 1.

7.3 Members will be aware from previous reports that the council's reserves position has become far more resilient since 2016, as a direct result of the investment approach. In 2016, the council's General Fund Balance sat at £8m. Comparing that to now, the General Fund Balance sits at £11m, a Social Care Reserve of £1.5m has been created to help manage market volatility during the pandemic, a Financial Resilience Reserve of £6m has been built up and a General Reserve of £5.5m exists to support the council against pressures. Both of these latter reserves have been built to provide additional security from any financial fluctuations the council may experience and were built from investment income and deferred Member priorities, which were paused when the pandemic took hold, and allocated for use to manage the pressures which were forecast to come as a result of the pandemic.

7.4 Members should note that the use of reserves enables a one-off stimulus. They cannot be used for sustainable spending needs and, as such, Members are reminded of the need to reform services for a sustainable medium/long term cost base.

8 Government Funding – Dedicated Schools Grant

- 8.1 On 17 December, the Secretary of State for Education announced details of Dedicated Schools Grant (DSG) allocations for 2021/22. The table below shows the funding to be received by Thurrock:

Dedicated Schools Grant	2020/21	2021/22	Increase
	£m	£m	£m
Schools	127.474	140.936	13.462
Central Services	1.850	1.783	(0.067)
High Needs	25.410	28.266	2.856
Early Years	12.699	12.877	0.179
Total	167.433	183.862	16.430

- 8.2 Thurrock's funding formula in 2021/22 has implemented the following principles consistent with the decision made by Cabinet in December 2020:
- National Funding Formula values have been applied;
 - Unallocated funding of 1.033m has allowed an inflationary increase of 1% to be applied to the Basic Entitlement values;
 - Retained growth fund has been set at £1.213m; and
 - Schools Forum have agreed a £0.673m transfer from the Schools Block to the High Needs Block to support increase demand for Specialist placements and Education, Health and Care Plans.
- 8.3 As part of November's Spending Review, the Chancellor announced a £44m investment in 2021/22 for local authorities to increase hourly funding rates paid in the next financial year to childcare providers for the government's free childcare entitlements.
- 8.4 As a result of this, ESFA have confirmed that in 2021/22 the hourly funding rates for all local authorities will increase by 8p an hour for the two-year-old entitlement and, for the vast majority of areas, by 6p an hour for the three- and four-year-old entitlements.
- 8.5 In order to support settings Thurrock is to increase the rates paid by 8p an hour, from April 2021. The hourly rates will increase to £5.23 for the two-year-old entitlement and to £4.36 for the three- and four-year-old entitlement.
- 8.6 Further information for the Dedicated Schools Grant is shown at Appendix 6.

9 Capital Programme

- 9.1 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.

9.2 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, continues to strategically challenge the use of assets and which results in an outcome 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.

Current Programme

9.3 Before considering the new proposals, it is worth reflecting on the allocations that have been agreed over recent years. These are summarised in Appendix 4 but, covering the period 2020/21 through to 2023/24, total over £299m with £237m still to be spent as at 1 January 2021.

9.4 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	Stanford-le-Hope Interchange
Purfleet Regeneration	New Educational facilities
A13 Eastbound Slip Road	The HRA Transforming Homes programme
Civic Offices Development	HRA New Build Schemes
Thameside Theatre	Highways infrastructure
Grays Town Centre and Underpass	

9.5 As noted, and in light of Covid-19 and the funding gaps identified in the MTFs, no further funding for feasibility projects is sought for 2021/22. However as the detailed review of assets develops this will enable longer term decisions that support an asset management strategy that aligns with the Council priorities.

10 Draft Capital Proposals

10.1 There have been a number of schemes that can be seen as projects in their own right. These have been included at Appendix 5 and will, in the main, be

known to the relevant Overview and Scrutiny Committee in one form or another.

- 10.2 Having reviewed all of the other capital requests, they fall within one of three categories and are summarised in the table below. 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	Example	2021/22 £m	2022/23 £m	2023/24 £m
Service Review	These could include new systems that create efficiencies, upgrades to facilities to increase income potential and enhancements to open spaces to reduce ongoing maintenance.	0.500	0.500	0.500
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.	2.260	0.372	0.170
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.	1.290	0.00	0.00

- 10.3 In addition, the capital programme also includes the HRA, Highways and Education. These are largely funded by government grants and rents and will be considered by their respective Overview and Scrutiny Committees and the Cabinet under separate reports.

- 10.4 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 2021/22 from the Department for Education with further allocations for free schools.

11 Other Capital Recommendations

11.1 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.

11.2 The delegation requested 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.

11.3 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.

12 Issues, Options and Analysis of Options

12.1 The issues and options are set out in the body of this report in the context of the latest MTFS and informed by discussions with relevant Portfolio Holders and Directors' Board.

12.2 The key option arising from this report is on the level of Council Tax that sets the overall budget envelope for the coming and subsequent years.

13 Reasons for Recommendation

13.1 The Council has a statutory requirement to set a balanced budget annually. This report sets out the budget pressures in 2020/21 and recommends a balanced budget for 2021/22 to the Council.

14 Consultation (including Overview and Scrutiny, if applicable)

14.1 This report has been developed in consultation with the Leader, Portfolio Holders and Directors' Board.

14.2 Corporate Overview and Scrutiny Committee considered factors of this report at their meeting on 21 January 2021. Main areas of discussion included:

- The need to seek further funding support from Central Government;
- The concern that Council Tax will be rising by circa 10% over a 3 year period;
- The need to look at wider opportunities to expand commercial income generation within the current regulations;
- The need to accelerate new ways of working to support further cost savings; and

- The need to consider wider opportunities for working with other Local Authorities to also support further cost savings.

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

- 15.1 The implementation of previous savings proposals has already reduced service delivery levels and our ability to meet statutory requirements, impacting on the community and staff. This budget continues the rebuild of key service budgets with real growth allocated to Children's and Adults' Social Care and Homelessness.
- 15.2 Whilst the direct impact on frontline services is low from the new proposals, the efficiencies could have an effect if not properly managed, as could be expected.

16 Implications

16.1 Financial

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

The financial implications are set out in the body of the report and the appendices. The report sets out a balanced budget for 2021/22 on the basis that proposed funding decisions and actions to deliver savings are supported by members.

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

Members should note that the actions set out do not address the underlying budgets issues in subsequent years. Further savings will be required in addition to those identified to date. Given the significant funding gaps that remain it is essential the Council supports the further measures required to create a sustainable MTFs and in a timely fashion that recognises the lead in time that significant savings require.

16.2 Legal

Implications verified by: **Ian Hunt**
**Assistant Director Law and Governance and
Monitoring Office**

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.

16.3 Diversity and Equality

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

There are no specific diversity and equalities implications as part of this report. A comprehensive Community and Equality Impact Assessment (CEIA) will be completed for any specific savings proposals developed to address future savings requirements and informed by consultation outcomes to feed into final decision making. The cumulative impact will also be closely monitored and reported to Members.

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

The council's current investments continue to contribute towards the green agenda through supporting renewable energy schemes across the UK. Part of the budget surplus had previously been allocated to supporting climate change but, with the budget pressures the council now faces, this, along with other such allocations, has been centralised back into a general reserve to support the budget in this year and next.

17 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.

18 Appendices to the report

- Appendix 1 – Report of the Council's Section 151 Officer under Section 25 of the Local Government Act 2003: Robustness of Estimates and Adequacy of Reserves

- Appendix 2 – Allocation of Growth and Savings to Services
- Appendix 3 – Medium Term Financial Strategy
- Appendix 4 – Current Capital Programme Summary
- Appendix 5– New Capital proposals
- Appendix 6 – Dedicated Schools Grant 2020/21

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SECTION 151 OFFICER'S STATEMENT ON THE ADEQUACY OF BALANCES AND THE ROBUSTNESS OF THE BUDGET – BUDGET YEAR 2021/22

Introduction

The Chief Financial Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act which states the following:

- (1) *Where an authority to which section 32 or 43 of the Local Government Finance Act 1992 (billing or major precepting authority) or section 85 of the Greater London Authority Act 1999 (c.29) (Greater London Authority) applies is making calculations in accordance with that section, the Chief Finance Officer of the authority must report to it on the following matters:*
 - (a) *The robustness of the estimates made for the purposes of the calculations; and*
 - (b) *The adequacy of the proposed financial reserves.*
- (2) *An authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.*

This includes reporting and taking into account:

- The key assumptions in the proposed budget and to give a view on the robustness of those assumptions; and
- The key risk areas in the budget and to assess the adequacy of the Council's reserves when reviewing the potential financial impact of these risk areas on the finances of the Council.

This report has to be considered by Council as part of the budget approval and Council Tax setting process.

This document concentrates on all of the Council's budgets but, in addition, it also considers key medium term issues faced by the Council.

Impact of Covid-19 and Ongoing Risks

Whilst it is clear that Covid-19 has had a devastating effect on individuals, communities, businesses and the economy, this section concentrates on the impact on Thurrock Council's financial position.

The estimated impact currently stands at £17m for the 2020/21 financial year and has been met from government support in both direct grants and compensation towards the reduction in fees and charges achievable, with the balance being met from the council's budgeted surplus of £4m. Current forecasts for 2020/21 are a breakeven position and no surplus.

Key pressures have come from:

- Adults' Social Care £4.8m – the ASC market has required resilience support due to both increased costs and the fact that Thurrock Council is, nationally, low cost in this service area. The service has also seen an increase in demand and a temporary suspension to the charging and review process;
- Children's Services £3.7m – increase in referrals and loss of income;
- Environment and Highways £2.8m – public transport subsidies, enforcement staffing costs and temporary mortuary facilities. Loss of income for parking & enforcement and commercial waste;
- Homelessness £1.5m – cost of increased homelessness activity; and
- Other – cost of Operation Shield, ICT and losses of income such as the Theatre and Planning.

Whilst the above has a direct impact on the current financial year, a number of assumptions on the ongoing impact have been built into the Medium Term Financial Strategy (MTFS) for the period 2021/22-24.

In addition, there are ongoing impacts – the full extent not yet known – on local taxation:

- Council Tax – there has been an increase in Local Council Tax Scheme claimants and an associated increase of £700k in the budget for this. The final impact of this is unknown though and is unlikely to be clear until the furlough scheme has ceased; and
- Business Rates – a mix of the furlough scheme, business rate discounts and financial grants may well be masking the true impact of the pandemic on local businesses.

The MTFS assumes some reductions and less growth in both of these areas with associated core income reductions.

Borrowing and Investments

The council currently has a net debt position circa £400m although this includes Covid-19 related borrowing. £161m of this relates to the Housing Revenue Account. Gross borrowing is circa £1.4bn but is offset by circa £1bn owed to the council from repayable investments.

These investments currently return a surplus in excess of £30m per annum that has been used in recent years to:

- Increase reserves;
- Maintain or enhance services levels; and
- Provide additional services outside of the council's core offer.

This has undoubtedly strengthened the council's financial resilience that has subsequently supported the council's response to the pandemic and reduced the impact on services in both the current and next financial years.

The council has now ceased any new investment activity and this includes not replacing any maturing investments in the future.

There are risks associated with investments, the most significant being:

- Any investment can also result in a capital loss through, for instance, business failure. With the majority of the council's investments in renewable energy a material impact is considered unlikely;
- A reduction in annual returns. This is more likely in the current economic environment but is likely to only impact for the short to medium term;
- Early redemption of investments. A Bond issuer is entitled to redeem their debt earlier than the maturity date and will lead to a net reduction in the council's annual finances; and
- Interest Rates. The interest rates secured by the council are dependent on the availability of finance and the source. Reports in previous months have recognised that the council has accessed funding from the Public Works Loans Board (PWLB) and this does incur higher rates.

Availability of finance has become more difficult for the council in recent months as lending by other public bodies has reduced. The PWLB has implemented new rules since November 2020 that does not allow the PWLB to be used by a council that plans to take out investments in the future purely for yield, even if that is only a fraction of the borrowing requirement. This should not be an issue for Thurrock Council as refinancing historic debt, even if that relates to investments take out in the past, is not affected.

MTFS and Local Government Finance

Since 2010, the council has consistently set budgets that did not require the use of reserves for core expenditure and, each year, has stayed within the agreed budget envelope.

It should be noted though that whilst there has been strong financial management within services, the main contributor to the above achievements has been through the Treasury and Accounting functions, neither of which will be able to support future activity to such an extent. These include:

- Debt refinancing from August 2010 – a move away from financing long term debt through the PWLB to accessing short term debt from the inter-local authority treasury market;
- Changes to the council's Minimum Revenue Provision (MRP) approach that has resulted in significant annual savings and large one off gains that has allowed the council to increase reserves and to provide the finance to exit the Strategic Service Provision contract realising £3m per annum savings; and
- Investments that contribute in excess of £30m per annum to the council's financial position.

Throughout recent months, the council has consistently reported a budget gap for the coming three years of £34m of which £19m related to 2021/22. The approach to the 2021/22 budget has been through a mix of measures that either provide an

ongoing benefit to the council or serve as a one off solution that simply defers the inherent budget pressures into future years. Key measures and their robustness are as follows:

- Council Tax Increases – permanent – a 4.99% increase, the maximum allowed – subject to council approval;
- Government grant of £4m – one off – government support for Covid-19 and confirmed;
- Use of Capital receipts for Transformation Activity – one off - subject to disposals but achievable and robust;
- Use of Reserves – one off – confirmed;
- Reduction of Allowances – permanent – subject to consultation so not yet confirmed; and
- Vacant Post savings – one off - £4m equates to approximately 100 staff. Whilst the impact on service delivery could be significant, the likelihood of achieving this saving is high.

As such, I consider that the budget plans for the 2021/22 financial year are robust subject to the council approving council tax increases totalling 4.99%.

There is far less certainty over the following years. The deferment of pressures in the 2021/22 budget result in a forecast deficit for the following two years of £25m.

Whilst this report only considers the next three years, these pressures also need to be seen in the context of years 2024/25 to 2028/29 when considering:

- History shows that the required growth in council's budgets always exceed the ability to raise finance through council tax thus leading to pressures every year; and
- The council's investments will mature over the period 2024-2028 creating the need to meet the lost income currently in excess of £30m per annum.

Thurrock Council also has one of the lowest council taxes of all Unitary Authorities in the country and one of the lowest budgets per head of population. National benchmarking on Adults' Social Care, the council's largest budget, also demonstrates one of the lowest in the country. Considering this context, it is more difficult to see how the council can balance the budget over the next six to seven years without significant reductions to services and staffing levels.

There are a number of considerations regarding the national picture on local government finance, the impact of most is still unknown:

- In November 2020, the Chancellor announced the outcome of a one-year spending review and a commitment to a multi-year spending review later in 2021. The relevance of this is that there is no indication of government support or council tax levels beyond this coming year meaning that the council needs to plan within the MTFS parameters and assumptions published as part of this report. As such, all savings plans need to be agreed, consulted upon and largely implemented before any announcements are due to be made;

- The spending review should be supported by the Fair Funding Review that has been deferred from the last two financial years;
- The future of Adult Social Care funding remains a national problem but has been further highlighted over the last year from the additional pressures created by the pandemic; and
- There is a clear direction to transfer financial responsibilities and risk from central government to local authorities. Whilst tax raising has been, and continues to be, a key component of this, other examples include capital projects such as the A13 and the East Facing Slips, both of which require contributions from the local authority and for the local authority to take all delivery risk.

Considering all of the above, the council's record of delivering balanced budgets and achieving savings targets provide confidence that the financial pressures can be met. However, this is going to require significant changes to service levels and delivery and the support of Members to achieve this.

Housing Revenue Account

Cabinet agreed a rent increase of 1.5% at its meeting on 10 February 2021. Whilst this is welcome, it also needs to be seen in the context of several years of rent reductions that have impacted on the HRA's ability to meet the levels of improvements and repairs identified within the Stock Condition Survey.

Covid-19 has not yet had a significant impact on rent collection but this will need to be monitored as the furlough scheme is phased out.

Work continues on identifying new build and estate regeneration opportunities with affordability remaining an issue in many cases.

The use of right to buy receipts is being carefully managed to ensure that they are maximised with any repayment to government minimised.

Forecast levels of reserves within the HRA are adequate.

Capital Programme

The capital programme was reviewed during 2020 with a number of schemes paused. The reasons for this were two-fold – the need to minimise future borrowing and the related cost impacts on the MTFs and the need to recognise reductions in staffing levels and, therefore, the ability to deliver the number of projects previously agreed.

As set out above, there is currently a shift to transfer delivery and financial risk – previously borne by organisations such as Highways England – to local authorities. This has been seen on the A13 widening project and will need to be a key consideration when deciding to accept the grant offer to deliver the East Facing Slips.

Key risks within the Capital programme therefore include cost over runs and the relevant delivery resources required.

General Fund Reserves

All councils hold two types of reserves:

- An unallocated balance which, at Thurrock Council, stands at £11m; and
- Ear Marked Reserves that are set aside for specific purposes. The majority of these are restricted to an imposed use and so not available for general support to the council's general Fund budget.

This level of reserves has been considered adequate in recent years and remains so under normal conditions. The pandemic has challenged these norms though but cannot be considered in determining the adequacy due to the high level of uncertainty.

Assurance

Given all these factors, especially given the history of delivering similar savings and the budget within the agreed envelope, I consider the estimates for 2021/22 to be sufficiently robust for approval by the Council. There are challenges and it is dependent on continued strong financial management from officers and Members.

Looking more medium to longer term is far more challenging especially considering the low level of council tax and overall budget envelope.

The Council will need to make strong representations to government regarding the Fair Funding Review and Comprehensive Spending Review consultations in 2021 to demonstrate the low financial base that underpins the council's net budget.

I consider the level of reserves within the General Fund and the Housing Revenue Account to be adequate at this time.

Allocation of Growth and Savings to Services

Directorate	2020/21 Revised budget	Removal of one-off funding	Council Tax charge 1.99%	Council Tax Social Care precept 3%	Business Rates Precept	Social Care Grant	Inflation	Treasury & Central Financng	Social Care Growth	Corporate Growth	Savings	Income loss contingency	Other Grants	Capital receipts	Use of reserves	Indicative Base Budget 2021/22
Adults, Housing and Health	43,513	0	0	0	0	0	2	0	2,500	0	(10)	0	0	0	0	46,005
Central Financing	(118,030)	0	(1,653)	(2,480)	(500)	0	0	3,800	0	0	0	0	(200)	0	0	(119,064)
Children's Services	40,648	(441)	0	0	0	(800)	2	0	1,814	0	(7)	0	0	0	0	41,215
Commercial Services	988	0	0	0	0	0	0	0	0	0	(0)	0	0	0	0	988
Corporate Costs	(1,863)	1,103	0	0	0	0	4,866	100	0	667	(4,800)	1,320	(5,084)	(3,000)	(3,300)	(9,991)
Environment & Highways and Counter	30,714	0	0	0	0	0	759	0	0	0	(765)	0	0	0	0	30,708
Finance, Governance and Property	18,334	(611)	0	0	0	0	65	0	0	0	(70)	0	0	0	0	17,717
Housing General Fund	1,817	(51)	0	0	0	0	19	0	0	0	(0)	0	0	0	0	1,785
HR, OD and Transformation	5,145	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,145
Place	5,356	0	0	0	0	0	1	0	0	0	(3)	0	0	0	0	5,354
Strategy, Communications & Customer Services	3,175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,175
Treasury	(29,794)	0	0	0	0	0	0	6,758	0	0	0	0	0	0	0	(23,037)
Grand Total	0	0	(1,653)	(2,480)	(500)	(800)	5,714	10,657	4,314	667	(5,656)	1,320	(5,284)	(3,000)	(3,300)	0

Medium Term Financial Strategy

Narrative	2021/22			2022/23	2023/24
	£000's			£000's	£000's
	Non Covid	Covid	Total		
Council Tax Position	(1,301)	2,191	890	(1,081)	(1,500)
Business Rates Position	(395)	51	(345)	(51)	(665)
Government Resources Position	202	0	202	797	784
Net Additional (Reduction) in resources	(1,495)	2,242	746	(335)	(1,381)
Inflation and other increases	5,714	0	5,714	4,515	4,665
Treasury	6,758	0	6,758	7,221	4,948
Corporate Growth	1,959	3,022	4,981	2,314	2,314
Commercial Income	0	1,089	1,089	(1,089)	0
Internal Position	14,431	4,111	18,542	12,961	11,927
Core Budget Deficit before intervention	12,936	6,353	19,288	12,626	10,546
Savings Departmental	(756)	0	(756)	(3,341)	(1,635)
General Staffing	(4,800)	0	(4,800)	(100)	(2,000)
Cross Cutting	(100)	0	(100)	(1,250)	(200)
Wider Funding	0	0	0	(250)	(200)
Internal Core Budget Savings	(5,656)	0	(5,656)	(4,941)	(4,035)
Core Budget Deficit Position	7,280	6,353	13,632	7,685	6,511
Additional Core Budget Savings					
Adult Social Care Precept 3%	(980)	(1,500)	(2,480)	0	0
11. Other funding (not affecting baseline)					
Utilisation of Capital Receipts	(3,000)	0	(3,000)	3,000	0
Use of reserves 2021/22	(3,300)	0	(3,300)	3,300	0
Capital receipts 2022/23	0	0	0	(2,000)	2,000
Use of reserves 2022/23	0	0	0	(2,000)	2,000
Covid Grant	0	(4,853)	(4,853)	4,853	0
	(6,300)	(4,853)	(11,153)	7,153	4,000
Overall Budget Working Total	0	0	0	14,838	10,511

Current Capital Programme Summary

Summary of the 2020/21 General Fund Capital Programme	Approved Budget			Projected Outturn			CY Spend	% Spend against
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	(Dec-20)	CY Forecast
Childrens Service	£'000 11,266	£'000 400	£'000 0	£'000 10,436	£'000 1,231	£'000 0	£'000 7,304	69.99
Adults; Housing and Health								
Provider Services	500	20	0	500	20	0	573	114.60
Better Care	2,151	805	0	744	1,563	648	240	32.00
Community Development	1,632	1,309	0	1,150	1,591	200	685	60.00
Housing General Fund	391	100	35	306	100	120	18	6.00
	4,674	2,234	35	2,700	3,274	968	1,516	56.15
Environment, Highways & Counter Fraud								
Highways Infrastructure	1,051	0	0	1,051	0	0	-281	-26.74
Highways Maintenance	10,015	3,630	2,450	8,810	4,441	2,845	4,471	51.00
Resident Services	320	1,827	0	320	1,827	0	239	75.00
Environment	7,371	1,030	0	4,366	4,030	0	826	19.00
Counter Fraud & Investigation	250	0	0	250	0	0	12	5.00
	19,007	6,487	2,450	14,797	10,298	2,845	5,267	35.60
Place								
Place Delivery - Highways Major Projects	38,405	31,214	0	38,373	31,243	0	27,600	71.93
Place Delivery - Regeneration	8,104	18,311	5,846	7,354	19,061	5,846	2,792	37.97
Planning and Transportation	5,904	5,096	790	2,276	7,935	1,580	844	37.08
	52,413	54,621	6,636	48,003	58,239	7,426	31,236	65.07
Finance, Governance and Property								
Information Technology	8,330	585	80	4,871	3,680	445	2,024	41.55
Corporate Assets	3,715	7,114	240	2,580	5,720	2,768	679	26.32
	12,045	7,699	320	7,451	9,400	3,213	2,703	36.28
HR, OD and Transformation	9,386	4,128	0	9,386	4,128	0	3,127	33.32
Customer Services	283	19	0	218	84	0	104	47.71
Commercial Services	18	0	0	18	0	0	0	0.00
Total Expenditure - General	109,092	75,588	9,441	93,009	86,654	14,452	51,257	55.11

Current Capital Programme Summary

Summary of the 2020/21 General Fund Capital Programme, by scheme status	Project Status	Approved Budget			Projected Outturn			CY Spend (Dec-20)	% Spend against CY Forecast
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	<i>Not yet started</i>	18	0	0	0	18	0	0	
	<i>Work commenced</i>	8,899	0	0	8,899	0	0	6,490	
	<i>Scheme completed</i>	15	0	0	15	0	0	14	
	<i>Completed retention o/s</i>	566	0	0	566	0	0	495	
	<i>Demand led</i>	1,768	400	0	956	1,213	0	305	
Total: Childrens Service		11,266	400	0	10,436	1,231	0	7,304	69.99
	<i>Not yet started</i>	874	648	0	74	800	648	5	
	<i>Work commenced</i>	559	0	0	297	263	0	14	
	<i>Scheme completed</i>	215	0	0	215	0	0	215	
	<i>On hold</i>	873	1,050	0	750	1,170	0	639	
	<i>Demand led</i>	1,599	536	35	810	1,041	320	185	
	<i>Feasibility Stage</i>	554	0	0	554	0	0	458	
Total: Adults; Housing and Health		4,674	2,234	35	2,700	3,274	968	1,516	56.15
	<i>Not yet started</i>	60	0	0	60	0	0	0	
	<i>Design stage</i>	250	0	0	250	0	0	0	
	<i>Out to tender</i>	3,930	0	0	930	3,000	0	7	
	<i>Work commenced</i>	11,605	2,757	2,050	11,020	3,343	2,050	4,263	
	<i>Scheme completed</i>	232	0	0	7	0	0	7	
	<i>Completed retention o/s</i>	64	0	0	64	0	0	0	
	<i>On hold</i>	1,450	3,434	400	830	3,659	795	621	
	<i>Demand led</i>	1,416	296	0	1,636	296	0	369	
Total: Environment, Highways & Counter Fraud		19,007	6,487	2,450	14,797	10,298	2,845	5,267	35.60
	<i>Not yet started</i>	3,940	5,385	4,974	1,991	6,527	5,764	34	
	<i>Design stage</i>	2,106	4,035	0	1,697	4,466	0	976	
	<i>Contract formation</i>	131	0	0	0	131	0	0	
	<i>Work commenced</i>	40,121	31,802	900	40,059	31,862	900	28,505	
	<i>Scheme completed</i>	393	0	0	359	29	0	283	
	<i>Completed retention o/s</i>	161	0	0	161	0	0	12	
	<i>On hold</i>	1,600	11,315	762	1,350	11,565	762	1,101	
	<i>Demand led</i>	3,146	2,084	0	2,136	3,094	0	233	
	<i>Feasibility Stage</i>	815	0	0	250	565	0	92	
Total: Place		52,413	54,621	6,636	48,003	58,239	7,426	31,236	65.07

Current Capital Programme Summary

Summary of the 2020/21 General Fund Capital Programme, by scheme status	Project Status	Approved Budget			Projected Outturn			CY Spend (Dec-20)	% Spend against CY Forecast
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23		
	<i>Not yet started</i>	1,590	488	50	100	1,613	415	0	
	<i>Design stage</i>	30	200	0	30	200	0	0	
	<i>Out to tender</i>	37	0	0	37	0	0	0	
	<i>Work commenced</i>	8,690	120	30	6,470	2,340	30	2,390	
	<i>Scheme completed</i>	145	1,000	0	145	1,000	0	127	
	<i>Completed retention o/s</i>	125	0	0	125	0	0	17	
	<i>On hold</i>	534	5,838	240	5	3,883	2,724	0	
	<i>Demand led</i>	894	53	0	539	364	44	169	
Total: Finance, Governance and Property		12,045	7,699	320	7,451	9,400	3,213	2,703	36.28
	<i>Not yet started</i>	70	0	0	70	0	0	18	
	<i>Work commenced</i>	9,080	3,698	0	9,080	3,698	0	3,152	
	<i>Scheme completed</i>	0	0	0	0	0	0	-77	
	<i>Demand led</i>	236	430	0	236	430	0	34	
Total: HR, OD and Transformation		9,386	4,128	0	9,386	4,128	0	3,127	33.32
	<i>Work commenced</i>	278	0	0	213	65	0	99	
	<i>On hold</i>	5	19	0	5	19	0	5	
Total: Customer Services		283	19	0	218	84	0	104	47.71
	<i>Work commenced</i>	18	0	0	18	0	0	0	
Total: Commercial Services		18	0	0	18	0	0	0	0.00
Total Expenditure - General Fund		109,092	75,588	9,441	93,009	86,654	14,452	51,257	55.11

Current Capital Programme Summary

Summary of the 2020/21 Housing Revenue Account Capital Programme	Approved Budget			Projected Outturn			CY Spend (Dec-20)	% Spend against CY Forecast
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Adults, Health and Housing								
Provider Services	6,651	2,014	155	5,850	2,131	155	3,013	
Better Care	23,041	0	0	16,688	6,353	0	7,547	
Total Expenditure - HRA	29,692	2,014	155	22,538	8,484	155	10,560	46.85

Summary of the 2020/21 Housing Revenue Account Capital Programme, by scheme status	Project Status	Approved Budget			Projected Outturn			CY Spend (Dec-20)	% Spend against CY Forecast
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	<i>Design stage</i>	12	0	0	12	0	0	13	
	<i>Work commenced</i>	29,303	1,890	155	22,155	8,360	155	10,235	
	<i>Completed retention o/s</i>	377	124	0	371	124	0	312	
Total Adults, Health and Housing - HRA		29,692	2,014	155	22,538	8,484	155	10,560	46.85

New Capital Projects

Project	Board	Project Ambition	Total Value	2021/22	2022/23	2023/24
Oracle Cloud - functional enhancements	Digital Board	Oracle Cloud is by nature a platform that will evolve through the continual introduction of new modules and functionality. The bid is to support the implementation of digital assistants initially in the Human Resources module. This is a pilot scheme with the potential to generate internal savings and enhance the ability of the Council to sell payroll services to other entities. The pilot can then form the basis for assessment of the potential benefits in other Oracle modules.	410,000	410,000	-	-
Wharf Road, SLH - Drainage scheme	Service Review Board	<p>The bid is for the renewal of existing Highway pump equipment and the associated highway drainage assets. Works required include mechanical, electrical and civils engineering to support the implementation. This will be implemented whilst facilitating traffic and pedestrian flows to the south of Wharf Road and 24/7 pumping to ensure the Highway is not flooded whilst works in operation.</p> <p>These works build on the £85,000 funding provision for a detailed survey of topography, hydrology, infrastructure (including coring, excavation and re-</p>	575,000	575,000	-	-

New Capital Projects

		instatement) and review of the pump station and catchment area.				
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New Capital Projects

Project	Board	Project Ambition	Total Value	2021/22	2022/23	2023/24
Highway Street Lighting Central Management System	Service Review Board	<p>The bid is to install a Highways Street Lighting Central Management System (CMS) a web based system which allows for approx. 21000 assets to be dynamically controlled in real time. It also requires the installation of seven base stations which will interact with the existing street lighting infrastructure enabling the Council to monitor and adapt lighting levels in response to and as a consequence of increasing financial, safety, legal and environmental requirements. The bid will generate future energy and carbon dioxide savings by enabling the majority of the lighting assets to be dimmed as required. A reduction of 25% energy between 20:00 hrs and 06:00 hrs would give a yearly saving of approx. £173,000. If we increased the dimming further to 40% that would result in annual energy savings of £206,660 It would also reduce our CO2 emissions annually by approx. 1,524,000 kg.</p> <p>With a CMS system faults are also automatically registered real time, pre-empting concerns being raised by residents. (In 2019/20 street lighting received over 650 customer enquiries online and attended over 900 maintenance faults)</p>	1,038,000	519,000	519,000	-

New Capital Projects

Project	Board	Project Ambition	Total Value	2021/22	2022/23	2023/24
Highways Lit signage replacement programme	Service Review Board	<p>A programme of work to replace damaged and structurally corroded lit signage assets throughout the borough over a minimum of 3 years. Lit signage is a statutory requirement used to display regulatory and warning signs for road users and pedestrians. There are approx. 2,500 lit signposts within the borough and at least 20% are estimated to require replacing (500 assets). This is a cumulative problem linked to the installation of approximately 1,850 plastic coated posts between many years ago. These posts have corroded from the inside out essentially, as moisture has gathered between the steel posts and the plastic coating causing in many cases severe rusting and corrosion, this compromises the structural integrity of the asset and presents a real danger to road users and pedestrians.</p> <p>New posts would have a life expectancy of 30+ years. Costs for emergency attendance to cut assets down to make safe would be avoided and there would also be also some energy & C02 emissions savings, using more efficient LED luminaires where renewals have not been previously completed under the LED programme.</p>	1,039,000	353,000	343,000	343,000

New Capital Projects

Project	Board	Project Ambition	Total Value	2021/22	2022/23	2023/24
A1014 The Manorway - Footway Protection	Service Review Board	<p>The bid is for the implementation of raised kerbs and bollards to protect against damage caused by HGV parking, plus renewal of gullies with hinged lockable covers.</p> <p>The section of The Manorway with the concerns associated with it has an ever expanding HGV movement and associated vehicle movements to DP World and associated Industries.</p> <p>The existing 2-lane (each direction) dual carriageway was built in the early 1970's and has received no strengthening works to the carriageway or footway which has a low level kerb making it attractive as an alternative parking location for HGV drivers. Extensive damage has already been caused to the footway/cycleway which place the Authority at risk to our inability to be able to rectify the footway from existing budgets as the costs in doing so outstrip the budget available.</p> <p>The specific of concern is beyond the Corringham area heading towards Coryton, which is unlit and also prone to gully theft. It is proposed to renew the gullies in this section with hinged lockable gullies which are less prone to theft.</p>	915,000	305,000	305,000	305,000

New Capital Projects

Project	Board	Project Ambition	Total Value	2021/22	2022/23	2023/24
A1014 The Manorway - Carriageway repairs	Service Review Board	The bid is for the reconstruction and deep inlay resurfacing of The Manorway between Stanford Interchange and The Sorrells junction. The depth of reconstruction will be up to 600mm in isolated areas and deep inlay on areas of rutting. Works would be undertaken via road closure and/or contra-flow. The bid also supports the longer term effectiveness of additional resurfacing works planned to be delivered by DP World. The Manorway has an ever expanding HGV movement and associated vehicle movements to DP World and associated industries. It forms the only authorised access route to DP World and failure of the carriageway would result in all traffic being diverted through the surrounding the residential area, which is formed of Corringham, Stanford-le-Hope and Fobbing.	820,000	820,000	-	-

Dedicated Schools Grant 2021/22

1. In December, the Secretary of State for Education announced details of the Dedicated Schools Grant (DSG) allocations for 2021/22. The table below shows the funding to be received in Thurrock:

Dedicated Schools Grant	2021/22	2020/21	Increase
	£m	£m	£m
Schools Block	140.936	127.474	13.462
Central Services Block	1.783	1.850	(0.067)
High Needs Block	28.266	25.410	2.856
Early Years Block	12.877	12.699	0.179
Total Funding Allocation	183.862	167.433	16.430

Schools Block

2. The increase in funding of £13.462m is as a result of grants transferring into the Dedicated Schools Grant of £6.269m; increase to funding rates of £4.192m; increase of 468 pupils, realising additional funding of £2.629m and an increase in the growth fund by £0.372m, as shown in the table below:

Schools Block			£m	£m
2020/21				127.474
Protected funding for the pay and pensions grants transferred into the Dedicated Schools Grant			6.269	
Increase in Funding		4.163		
Increase in Premises value		0.029	4.192	
Increase in Pupil Numbers	2021/22	27,835		
	2020/21	27,367		
		468	2.629	
Increase in Growth Fund	2021/22	1.758		
	2020/21	1.386	0.372	13.462
Schools Block 2021/22				140.936

3. In 2021/22, this funding will continue to be distributed using the Schools National Funding Formulae (NFF). The key aspects of the formula are:
- The incorporation of the 2019 update to the Income Deprivation Affecting Children Index (IDACI), ensuring that the deprivation funding through the NFF continues to target schools most likely to need additional funding
 - Funding previously received through the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPECG), has been added to schools' baselines; by increasing the basic per pupil funding.
 - The minimum per pupil funding levels will increase from £3,750 to £4,180 for primary schools and £5,000 to £5,415 for secondary schools. This increase reflects the transfer of grant into the DSG and increase to funding rates.

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.

Dedicated Schools Grant 2021/22

4. In 2021/22 local authorities continue to have discretion over their local schools funding formulae. Cabinet agreed on 9th December 2020 that Thurrock's funding formula in 2021/22 would implement the following principles:

- National Funding Formula values to be applied;
- Any unallocated funding will be applied to the Basic Entitlement values;
- Growth fund to be retained to support sufficiency of places.

In addition the Schools Forum have agreed to transfer up to 0.5% (£0.673m) 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

5. In 2021/22, historic commitments funding to be received will be reduced again by 20%. For Thurrock this is an annual reduction of £0.256m.

High Needs Block

6. The High Needs NFF for 2021/22 remains unchanged. However, with over £730 million of additional funding, the formula will ensure that every local authority will receive an increase of at least 8%.
7. Thurrock is to receive an increase of £2.794m or 11%. Whilst the increase is welcome, Thurrock continues to experience high level of demand for Specialist places and Education, Health and Care Plans. The 2020/21 projected outturn is an overspend of £2.6m.
8. A very challenging and stretching balanced budget is proposed but within this key risks of £1.9m have been identified, if demand continues are the same rate as in 2020/21.
9. The annual meeting with the ESFA, expected to be held in March 2021, will discuss the DSG Management Plan, current EHCP trends and options to address the historic DSG deficit.

Early Years Block

10. The Early Years funding allocation has increased by £44 million in 2021/22. The rate paid to Thurrock will increase by 8p per hour for the two-year-old entitlement and by 6p per hour for the three-and-four-year-old entitlements.
11. The Early Years Block will return to being funded based on the January census. The January 2021 census will be used to fund the spring and summer terms. The January 2022 census will be used to fund the autumn 2021 and spring 2022.
12. The impact of Covid on the spring 2021 census will need to be closely monitored, especially if demand in the summer term returns to pre-Covid levels.

Dedicated Schools Grant 2021/22

13. In order to support settings Thurrock is to increase the rates paid by 8p an hour, from April 2021. The hourly rates will increase to £5.23 for the two-year-old entitlement and to £4.36 for the three-and four-year-old entitlement.

Dedicated Schools Grant – Deficit

14. The table below shows the projected outturn position for 2020/21:

DSG Deficit - Summary	£m	Deficit
		% of DSG
Historic Deficit 2018/19	(2.656)	
DSG 2019/20	0.678	
Deficit @ 31/03/20	(1.978)	1.26%
DSG 2020/21	(1.617)	
Projected Deficit @ 31/03/21	(3.595)	2.15%

Conditions of Grant

15. The Dedicated Schools Grant conditions of grant changed in 2020/21 to 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.
16. The DSG conditions of grant requires that any LA with an overall deficit on its DSG account at the end of the 2019/20 financial year, or whose DSG surplus has substantially reduced during the year, must be able to present a plan to the Department for Education (DfE) for managing their future DSG spend.
17. The DSG management plan is currently being populated and will be presented to the Schools Forum in March and to the ESFA at the annual conversation meeting.