

18 January 2022		ITEM: 7
Corporate Overview and Scrutiny Committee		
Draft General Fund Budget and Medium Term Financial Strategy Update		
Wards and communities affected: All	Key Decision: Key	
Report of: Sean Clark, Corporate Director of Resources and Place Delivery		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Corporate Finance		
Accountable Director: Sean Clark, Corporate Director of Resources & Place Delivery		
This report is public		

Executive Summary

This report confirms a balanced budget for 2022/23 – and sets out the refreshed Medium Term Financial Strategy (MTFS) following analysis of the government spending review announced on 16 December 2021.

This is a one-year settlement at individual authority level and hence primarily affects only the 2022/23 financial position. The settlement provides some additional funding which reduces the financial gap for 2022/23 from £3.210m to £2.490m and provides some additional financial support to social care services. Supported by the continued use of capital receipts for transformational purposes and financial resilience reserves, the remaining gap can be addressed and a balanced budget can be set in 2022/23. In the two subsequent years, current projected shortfalls are confirmed as £8.095m and £5.364m respectively before efficiencies are finalised/implemented. Guidance issued by Central Government is included in this report, and this comprises a key consideration of a proposed council tax increase which reflects the general element of 1.99% with a further 1% Adult Social Care precept to fund increasing demand pressures within the service Post Covid-19 social care challenges area well-documented national trend which the council itself experienced, and remains experiencing as new and complex cases present themselves. It is proposed that all of the 1.99% will be allocated to Children’s Social Care– to reflect well-documented pressures in the system (an issue seen across the entirety of councils with social care responsibility).

This report also sets out the indicative allocation of anticipated growth and savings identified to date and demonstrates the impact on directorate cash envelopes for 2022/23.

1. Recommendations:

1.1 That the Committee comments on the proposed council tax level with mind to the comments in the report; and

1.2 That the committee comments on the draft budget as set out within this report to inform final budget proposals to Cabinet on 9 February 2022.

2. Introduction & Background

2.1 Officers have consistently reported over significant years that the Council operates from a low financial base in terms of core funding:

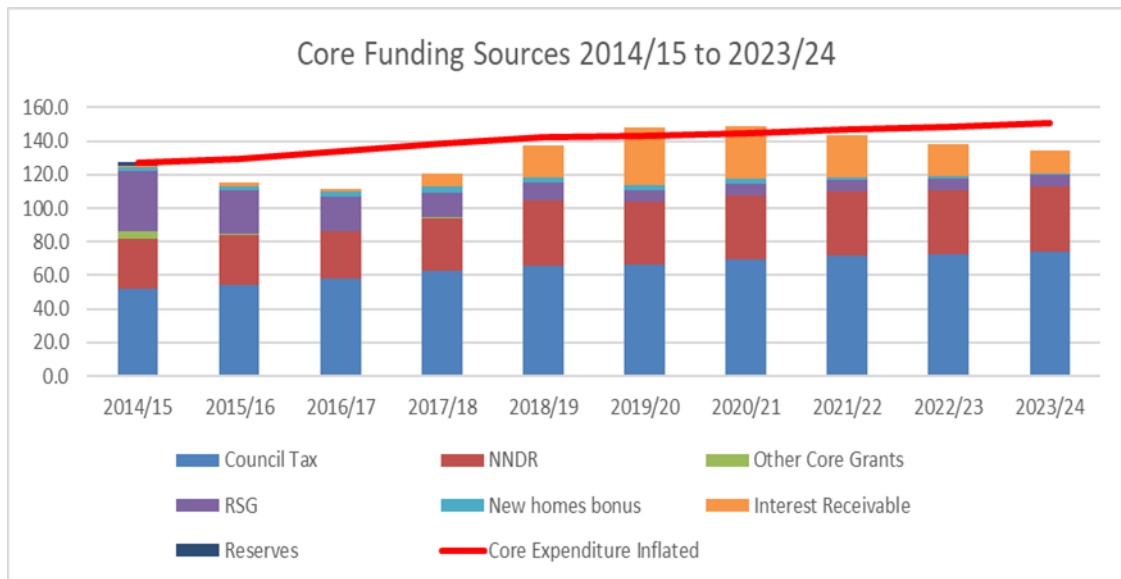
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- The council has the third lowest band D council tax compared to other unitary authorities at £1,399.32. This is £499.23 lower than the highest amount raised by a unitary authority per band D property in 2021/22;
- 70% of Thurrock properties are in band A-C and so raise significantly less than a band D level;
- The amount raised in council tax in 2020/21 was £71.11m compared with the nearest neighbouring authority Southend of £87.64m. For wider comparison the highest level of Council Tax income raised by a unitary authority is £126.06m (Nottingham City Council); and
- In 2021/22 Thurrock projected to raise £121.31m of business rates but retain just £38.37m of the amount collected in the area.

2.3 As previously reported, the CIPFA Resilience Index provides further context based on the proportionate level of Adult Social Care spend. One measure classifies the amount that Thurrock spends on Adult Social Care is higher than average percentage of overall budget (i.e. a risk) despite national benchmarking reporting that Thurrock Council is one of the lowest ASC spenders in the country and the total budget being low compared to others.

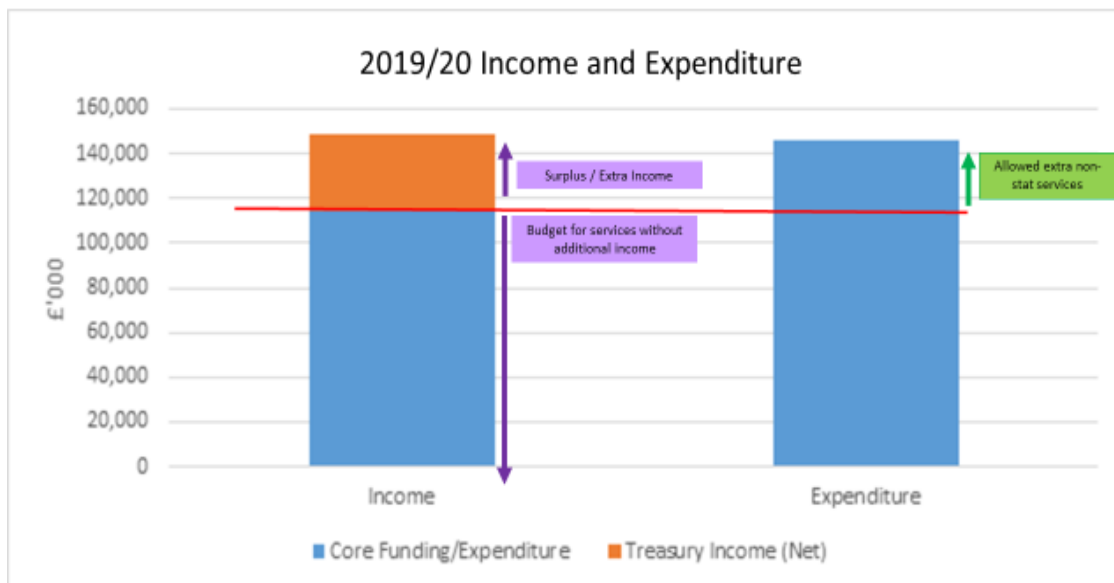
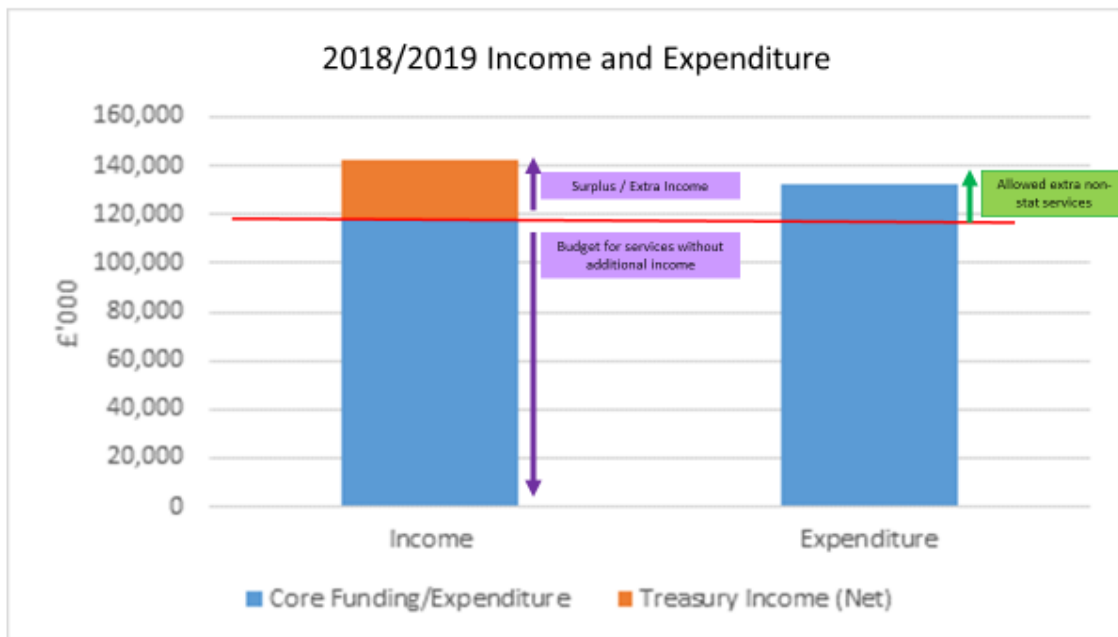
2.4 Council tax increases are limited every year and an annual increase of 1.99% is assumed for MTFS purposes. A 1% per annum increase for the Adult Social Care precept is also assumed. Increases to business rates are set by the government and not in the control of the local authority. As such, the ability to raise taxes locally are limited by central government.

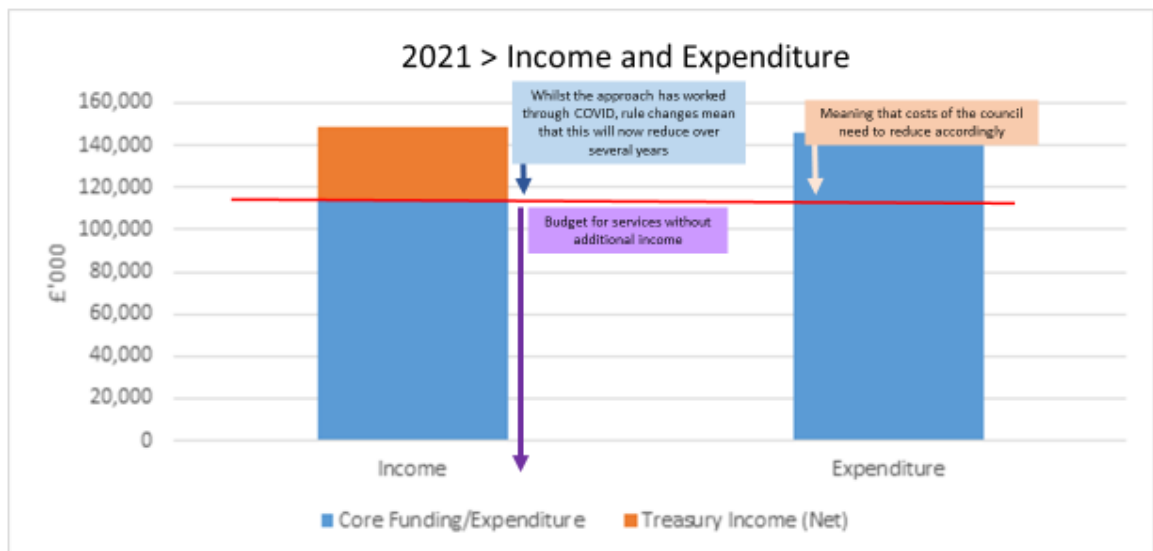
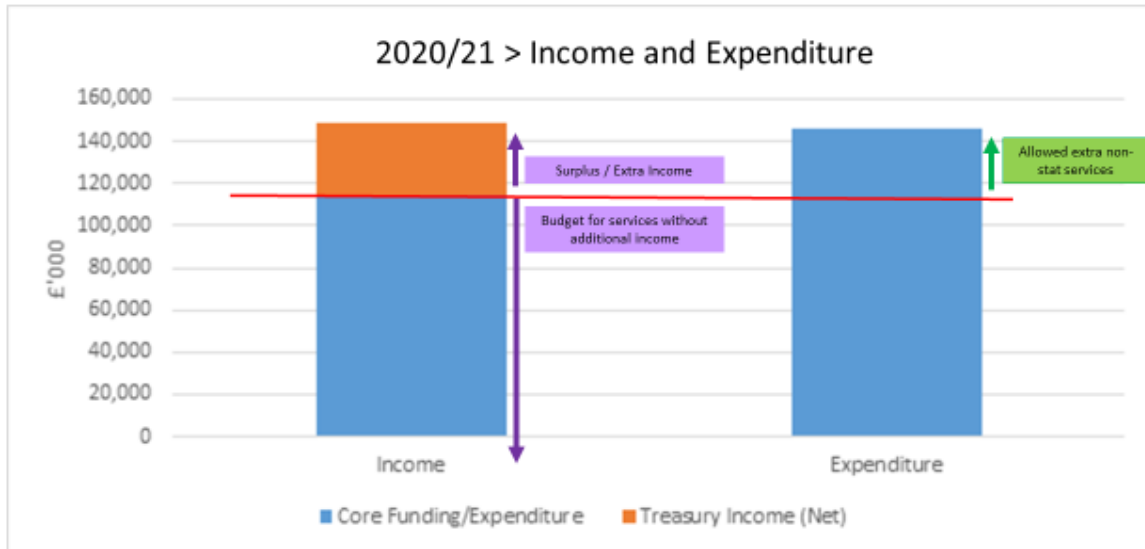
2.5 The Local Government Association note, as recent as December 2021 that all local councils across the UK will need to increase council tax to stand any chance of achieving pre-pandemic level service quality.



- 2.6 The financial pressures faced by the Council continue to be further challenged by the ongoing impacts of Covid-19, which includes significant demand increases in both children’s and adults’ social care; an issue growing across the entire local government sector.
- 2.7 In addition and despite the approach successfully enduring the test of a 20-month international pandemic, the Council continues to deprioritise the previously council-wide agreed investment approach. This means investments that were planned and agreed as part of the medium term financial strategy have been removed from forecasts and existing investments will not be replaced. The removal of this funding support mechanism increases the funding gaps faced by the Council over the short to medium term. As such, the current investment surplus in excess of £30m per annum will be removed in a phased manner from the council’s finances over the next decade adding to the annual pressures that every council faces.
- 2.8 Incidentally, the EELGA response to the CSR, published in September 2021 noted: *Recent examples of commercial failures in some council ventures should not deter central or local government from pursuing relevant, suitable opportunities for prudent commercial decisions and developments. Instances of failure are relatively rare, so a proportionate response to risk mitigation is needed, so that councils can flourish and do their part to generate additional income where appropriate.* Whilst there are public bodies that appear to continue to support the concept of local authority investments; whilst there remains uncertainty on what councils can and cannot do, the council will not seek to modify its position that it will exit on a phased-basis from the approach it commenced initially in 2016.
- 2.9 The impacts of this can be illustrated best by the graphics below – the first three graphs show how income from the approach allowed the funding of services above and beyond the statutory minimum (2018/19, 2019/20, 2020/21). The fourth graph (2021/22) illustrates how the income reduction

from the phased wind-down of the approach means that the council now needs to do what it would have had to do at rapid pace in May 2016





3. Medium Term Financial Strategy

- 3.1 The MTFs is prepared using a number of assumptions that then forms a net increase in the budget from one year to the next. Additional income or expenditure reductions are then required to meet this increase.
- 3.2 The Comprehensive Spending Review has provided additional detail following their headline announcements on 27 October 2021. Overall, the government said the settlement would provide a real-terms spending power increase of 4% on 2021/22. This reflects both inflationary rises to core grants and the assumption that Councils will raise council tax up to the referendum limit. In

practice, this means a 1.99% increase in council tax, and 1% for the Adult Social Care precept.

- 3.3 The government has confirmed that within these increases councils will receive a share of £700m of new grant funding for social care. The social care precept and including this assumption equates to a total £1bn year-on-year funding increase in 2022/23. This also includes the Department for Health and Social Care's Market Sustainability and Fair Cost of Care Fund of £162m. This is to provide support as Local Authorities prepare their markets for reform and move towards paying providers a fair cost of care. The impact of the reforms are not yet known but will add additional cost pressures once further guidance is issued and assessed.
- 3.4 Local authorities will also receive a share of a one-off £822m 'Services Grant' in 2022/23, to help meet service demands, as part of a single-year provisional local government settlement. This grant includes funding for local government costs arising from the increase in employer National Insurance Contributions and increased costs linked to the increases in the National Living Wage. The funding does not explicitly include funding to address the equivalent increases faced by suppliers of goods and services procured by the Council. There is also concern that this is a one-off grant whilst the increases to NI and NLW are permanent meaning there will be increased pressure on the budget in 2023/24.
- 3.5 Whilst changes to core grant funding is welcomed, it needs to be considered in the context of the removal of the Covid-19 funding. The Council received a grant of £4.853m in 2021/22 and the removal of this offsets the wider benefits received from changes in core grant funding. As such, the 4% set out in paragraph 4.2 is measured against the council's budget in this financial year after the removal of the £4.853m. The net effect of the settlement is an additional £2.470m as set out in the table below.
- 3.6 As in previous years, the government also confirmed that the business rates multiplier will be frozen and local authorities would receive an equivalent compensation grant. In addition, there will be adjustments to business rates including a temporary relief of £1.7bn across 400,000 retail, hospitality and leisure properties in 2022/23. Broadly, this equates to a 50% business rates reduction for those qualifying businesses and local authorities will receive an equivalent grant to compensate them for the loss of income.
- 3.7 While there is some clarity on the level of sector-wide funding for the following two years, the individual allocations to local authorities have not been confirmed so in effect, this is a single year settlement. It is expected there will be further consideration of proposed reforms to the funding formula in 2022/23 to support the wider levelling up agenda, the impact of which on each local authority will not likely be clear until December 2022. The short term funding confirmation only provides limited and short-term stability for local authorities.
- 3.8 The below table shows the confirmed additional funding for 2022/23:

Narrative	2022/23
	£'000
Council Tax (1.99% plus 1% ASC precept)	(2,143)
Business Rates Funding (CPI increase)	(998)
Core Grant Changes	(3,740)
Removal of Covid-19 Funding	4,853
Market Sustainability & Fair Cost of Care Fund	(442)
Total	(2,470)

- 3.9 As the Council has one of the lowest funding bases compared to other equivalent unitary authorities and neighbouring authorities, net expenditure on services is, by definition, lower than average. Consequently identifying savings to meet these pressures from an inherently low cost base continues to be extremely challenging.
- 3.10 This financially challenging position is not new to the Council as over the last decade, significant MTFS deficits were commonplace as recently as 2016/17. This is also a consistent position across the wider sector further exacerbated by the impact of the pandemic.
- 3.11 The unanimously agreed investment approach that provided the ability to fund services above the statutory minimum, provide headroom for the council to reform services, and increased useable reserves by 300% (from £8m in 2016 to £24m at the outset of the pandemic in March 2020) has been paused. Future investments of this nature, for reasons previously reported (despite their withstanding the impacts of a pandemic), are no longer an option.
- 3.12 The revised MTFS is included in Appendix 1. The overall financial position over the next 3 years shows a revised deficit of £14.269m. This has arisen primarily from the projected long-term impact of Covid-19, including the impact on both Adults and Children's social care, a pause to the investment approach and the reversal of temporary funding support mechanisms.
- 3.13 The below table shows a summarised MTFS position and reflects all confirmed funding known to date:

MTFS Category	2022/23	2023/24	2024/25	Total
	£000	£000	£000	£000
Local Funding - Council Tax	(3,065)	(3,444)	(4,249)	(10,758)
Local Funding - Business Rates	(1,757)	(2,165)	(3,165)	(7,087)
Total Government Resources	796	784	157	1,612
Inflation and other increases	5,515	4,665	4,762	14,942
Treasury	6,754	2,948	3,368	13,070
Social Care Growth	7,241	3,314	3,314	13,869
Commercial Income	(1,089)	0	0	(1,089)
Savings allocation	(14,206)	(3,687)	0	(17,893)
Capital Receipts & Reserves	(190)	6,490	0	6,300
Remaining gap	0	8,905	5,364	14,269

- 3.14 It is proposed that the gap will be bridged by the extension of the use of capital funding to support transformation and, as required, further use of resilience reserves is applied to the 2022/23 position – which is only possible as a result of the reserves increases facilitated since 2016. This provides certainty that the Local Authority’s statutory duty to set a balanced budget can be met. 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 and every effort must be made to achieve further savings in 2022/23 to reduce the call on these one-off measures.
- 3.15 The proposed use of capital transformation activity and reserves in 2022/23 will leave remaining deficits of £8.905m and £5.364m in 2023/24 and 2024/25 respectively.
- 3.16 Significant savings have been identified through changes to service delivery, process automation, recruitment management and general efficiencies. Further work is required to identify additional savings that can be achieved through a wider transformation programme with the intention of balancing the 2023/24 and 2024/25 positions.

4. Draft 2022/23 Budget, Growth & Savings

- 4.1 The full MTFS forms the basis for the detailed budget allocation across the authority and changes are reflected to arrive at indicative cash envelopes for 2022/23. This is shown in Appendix 1.
- 4.2 Growth has been applied in line with the government’s intention to support both adults’ and children’s social care and is reflective of the most recent budget monitoring report presented to the Cabinet in which significant pressures were identified in both these key areas for 2021/22.
- 4.3 The 2022/23 budget relies on the achievement of a number of service led savings targets (developed in consultation with relevant portfolio holders)

alongside additional crosscutting targets. The full saving list is included in Appendix 2 and summarised for each directorate below:

Directorate	Specific Directorate savings	Additional Cross-cutting savings	Total 2022/23 Directorate Savings
£000	£000	£000	£000
Adults, Housing and Health	(2,264)	(138)	(2,402)
Children's Services	(2,859)	(175)	(3,034)
Housing General Fund	(1,495)	(27)	(1,522)
HR, OD and Transformation	(275)	(343)	(618)
Public Realm	(1,707)	(145)	(1,852)
Resources & Place Delivery	(2,313)	(97)	(2,410)
Strategy, Engagement & Growth	(355)	(94)	(449)
Wider Corporate Savings	(2,938)	(2,668)	(5,606)
Total	(14,206)	(3,687)	(17,893)

4.4 The following section sets out key growth and savings items for each directorate, supported by the full list in Appendix 2.

Adults, Housing & Health

4.5 Growth of £4.150m, funded through a combination of the Social Care precept, direct government grant and internal resources, has been allocated predominately to the external placements budget to support the increased demand for services (largely as a result of the Covid-19 pandemic). There is concern that the longer-term impact on service demand has not yet been fully realised at a local level and costs in this area will continue to increase.

4.6 Additional financial support will be required in this area in future years to ensure stability within the wider sector and is an issue that continues to attract national attention from pressure groups and advocacy groups.

4.7 A comprehensive review of the service has led to the identification of a number of targeted efficiencies across the fieldwork and provider services, including the amalgamation of the Older Peoples' Day Care Services and a change in the provision of the meal delivery service. As part of the continued transformation of Adult Social Care services, this proposal will achieve improved outcomes within provider and fieldwork services, whilst delivering a number of efficiencies.

4.8 Increased charging for domiciliary care will generate additional revenue and this will remain dependant on peoples' ability to pay. A thorough financial assessment and review process for each individual remains in place. The recent changes to government legislation regarding care cost cap will ensure no individual contributes more than £86,000 towards their care over their lifetime. The long-term impact of this legislative change on the Authority's finances will need to be considered as the detail of the proposals is shared with the sector.

Children's Services

- 4.9 Significant budget pressures have been highlighted in 2021/22, particularly regarding demand for placements for young people with more complex needs. These pressures will have an ongoing impact on future years. Growth has been allocated to the value of £3.091m to support key services related to looked after children's placements part funded by the 1.99% proposed increase.
- 4.10 Alongside this is an ambitious transformation programme that looks to reduce spend by over £3m in 2022/23, through a comprehensive review of education services, work to transform the delivery of social care, the continued review of high cost placements and a further review of the efficiency in which services are delivered. This will be informed by a specific financial review of the service to ensure a wider holistic view of the service can also inform the balance between the cost and effective delivery of the core services.
- 4.11 There remains significant risk in this area as reported throughout 2021/22 and the savings work continues against a backdrop of increased levels of looked after children. This will remain under review in the current year with actions being taken to address the significant high cost drivers.

Housing General Fund

- 4.12 A new approach to providing support for homeless people is intended to reduce significantly the demand for expensive temporary accommodation and the provision of Bed and Breakfast. The saving is based on the delivery of accommodation and hence any delay to the purchase of properties may affect the ability to realise fully the saving in 2022/23. There remains a focus to deliver the required accommodation in accordance with agreed timescales.
- 4.13 There is a specific reserve held to support this area that would provide one-off mitigation for any delays to the scheme becoming operational.

HR.OD & Transformation

- 4.14 Targeted staffing reductions and the use of capital funding to support the corporate transformation programme will realise a number of savings for the directorate.
- 4.15 The digital efficiency review is intended to identify a range of transactional processes across the authority that can be automated or streamlined and lead to a reduction in costs.
- 4.16 The centralisation of ICT functions continues to rationalise and centralise further corporate systems that have historically been managed at directorate level. This ensures both the system and the service support requirement is considered in the context of the wider corporate ICT delivery programme and reduces the potential for the duplication of resources.

Public Realm

- 4.17 As part of the longer-term waste strategy, savings will also be realised by moving to fortnightly collection for residual waste, as agreed by Cabinet in November 2020. This transformation initiative's intention is to increase recycling rates by encouraging the use of the weekly recycling (blue) bin service, and to discourage the use of general waste (green/black) bins for anything other than non-recyclable waste.
- 4.18 Continued work with external bodies will generate additional income for the Counter Fraud Team. This builds on the current service provided to central government to tackle fraud arising from the implementation of business loan schemes in response to the pandemic. The wider more commercial approach to income generation across the directorate will generate increased income from the enforcement of parking regulations, developing the commercial offer in respect of grounds maintenance and the provision of CCTV services.

Resources & Place Delivery

- 4.19 Capitalisation of staff time to relevant capital projects will reduce the pressure on the general fund budget whilst ensuring service levels are maintained across key areas.
- 4.20 A review of assets held by the authority, including the identification of those surplus to requirements, or those which are not efficient/self-sufficient, is intended to realise revenue savings by reducing the day-to-day running costs of the individual sites. Previous papers have been presented to Cabinet and discussions are ongoing regarding a number of options.

Strategy, Engagement & Growth

- 4.21 Customer Services face-to-face support was significantly scaled back as part of the national restrictions implemented during the pandemic however, support continued to be provided by telephone, via email and by accessing services online. The council's customer services strategy promotes self-service for residents who can access services digitally and aims to ensure vulnerable residents get the support they need. It is the intention to continue this approach and further develop digital by default for universal services while ensuring resource is focused on supporting the most vulnerable residents to realise associated savings in the base budget.
- 4.22 The indicative impact of the above on each directorate's cash envelope for 2022/23 is shown in Appendix 3.

5. Council Tax and Future Funding

- 5.1 Members will be aware that Thurrock Council has the lowest council tax in Essex and one of the lowest of all unitary authorities throughout the country. For example, residents in Thurrock Band D properties pay circa £195 per annum less than residents in Band D properties in Southend-on-Sea and circa £282 less than residents in Band D properties in neighbouring Basildon.

Officers' advice is clear that council tax increase of 1.99% remains essential in 2022/23 to ensure that the council can continue to fund the delivery of core services.

- 5.2 Whilst the Adult Social Care precept is required to provide much needed additional funding, the amount raised by Thurrock Council will be comparatively lower than the majority of top tier authorities as historically the Council has not maximised council tax increases up to the level indicated by Central Government in previous years. A comparison with the band D level of Council Tax at other Essex authorities confirms the Council position is circa £195 below the average. This equates to a level of funding circa £9.9m below the average level in Essex.
- 5.3 It remains critical to provide this additional financial resilience in future years to mitigate the identified budget shortfalls currently identified. This recommendation will be reflected in the S151 Officer's Section 25 statement and is a key consideration for Members at the council meeting on 23 February 2022.
- 5.4 A 1% council tax increase equates to £0.718m additional funding for the Authority.
- 5.5 The following table highlights the specific financial impact of a 1% increase on Council tax per annum/per household based on the 2021/22 band charge (which includes the Essex Police and Essex Fire Authority precepts).

Band	Band Charge	Properties		Average Net Charge	Average 1% Increase p.a.
		No.	%		
A	£1,121.16	7,491	10.8%	£643.80	£6.44
B	£1,308.02	13,819	19.9%	£982.76	£9.83
C	£1,494.88	27,438	39.5%	£1,249.30	£12.49
D	£1,681.74	12,657	18.2%	£1,490.68	£14.91
E	£2,055.46	4,809	6.9%	£1,885.98	£18.86
F	£2,429.18	2,278	3.3%	£2,275.09	£22.75
G	£2,802.90	847	1.2%	£2,625.39	£26.25
H	£3,363.48	55	0.1%	£2,446.17	£24.46
TOTALS		69,394	100.0%	£1,270.43	£12.70

- 5.6 The additional funding raised through council tax increases will be applied specifically to the emerging pressures in Children's and Adults' social care that support some of the most vulnerable members of the community.
- 5.7 Having considered all of the above, Cabinet is asked to recommend a 1.99% general council tax increase and a 1% Adult Social Care increase.
- 5.8 The MTFs now reflects all known and confirmed funding changes notified from central government in respect of the 2022/23 financial year. There is no certainty beyond the 2022/23 funding settlement and further action should only be based on the only realistic assumptions that can be made for the subsequent two years. This includes inflationary increases to core funding streams and the costs they fund as well as the removal of the use of reserves and capital receipts. There is no indication of additional funding beyond this and the wider economic position suggests this will remain the position.
- 5.9 Officers will continue to develop the savings plans required to mitigate the budget gap in 2023/24 in the first instance. Members should not underestimate the difficulties the council now faces in delivering the required savings and the lead in time required.

Remaining Considerations

- 5.10 The methodology for the allocation of funding to local government bodies remains under review. The Fair Funding review is expected to progress in 2022/23 but there is no revised timeline to date. As part of this it remains an assumption that separately identified ring fenced grants, such as the Public Health Grant, will be absorbed into mainstream funding. It is clear though, that any changes to allocation methodologies will be to support the national levelling up agenda.
- 5.11 Similarly, there is no formal clarification on proposed changes to the current business rates system. As such, the council is only able to assume inflationary uplifts to the business rates precept in the MTFs. As previously noted the introduction of this system will potentially increase the underlying level of financial risk faced by the council.
- 5.12 Work is ongoing in support of the Thames Freeport bid, which is intended to have a positive impact on NNDR levels into the future. The assumption for the purposes of the budget setting is that the excess income associated with the Freeport will be ring-fenced to the delivery of the associated programmes to meet the wider objective of the policy and enhance the infrastructure of the borough.

6. Reserves Position

- 6.1 Members will be aware that, like many other authorities, the partial use of reserves was anticipated soon after the impacts (direct and indirect) of Covid-19 became clearer.

- 6.2 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 – a lift of 300% (£8m in 2016 to £24m at the start of the pandemic in March 2020). This included the creation of financial resilience reserves, which are planned to provide £4.684m to address pressures arising in response to the pandemic.
- 6.3 This has led to direct and indirect pressures and fluctuations. As such, a partial use of reserves continues to support the delivery of the 2021/22 budget. As noted above, the MTFS assumes a further use of reserves to support the delivery of the core budget in 2022/23. £3.3m is expected to be required to meet the underlying pressures but is subject to delivery of the 2021/22 position that will be confirmed at the end of the current financial year. This assumes that the £11m General Fund Balance remains intact.
- 6.4 Furthermore, the planned use of capital receipts continues to support wider transformation activity that will support the delivery of the savings programme and provide services that are financially sustainable in the medium term.
- 6.5 Members should note that the use of reserves provides one-off funding support to meet budgetary pressures. They cannot be used for sustainable spending needs and, as noted in section 2.14, Members are reminded of the need to continue to reform services for a sustainable medium/long term cost base.

7. Issues, Options and Analysis of Options

- 7.1 This report sets out the changes from the current 2021/22 budget that are proposed for 2022/23. The impact on service delivery, particularly as a result of the proposed savings targets, will be closely monitored throughout the year to ensure essential front line services are provided to the required level.
- 7.2 Officers recommend a maximum council tax increase as the Government's core spending power calculations and Comprehensive Spending Review will assume that the council has maximised resources from its ability to raise funding locally. The Government will not subsidise any income foregone, thus any increase applied which is lower than the maximum level will continue to impact on the council's resources in all future years.
- 7.3 The report also sets out the identified deficits over the three-year period of the MTFS. Members and officers will continue to work to identify further mitigating actions and carry out service review processes across a number of areas.

8. Reasons for Recommendation

- 8.1 The Council has a statutory requirement to set a balanced budget annually and to review the adequacy of its reserves. This report sets out a balanced budget for 2022/23 but relies on the use of capital receipts and general fund reserves.

9. Consultation (including Overview and Scrutiny, if applicable)

9.1 The proposals set out within this report will be considered by the Corporate Overview and Scrutiny Committee on 18 January 2022. Specific consultation has taken place over recent months where necessary.

10. Impact on corporate policies, priorities, performance and community impact

10.1 There are increases to frontline services where pressures have been identified in the current year that will help the council to deliver its statutory services to the most vulnerable members of the community.

11. Implications

11.1 Financial

Implications verified by: **Sean Clark**
Corporate Director of Resources and Place Delivery

The financial implications are set out in the body of the report and the appendices. The report sets out a balanced budget for 2022/23 on the basis that proposed funding decisions and actions to deliver savings are supported by Members.

Members should note that the actions set out do not address the underlying budget 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.

11.2 Legal

Implications verified by: **Gina Clarke**
Corporate Governance Lawyer and Deputy Monitoring Officer

The provisions of the Local Government Act 1992 states that local authorities are required to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council is required to set a balanced budget with regard to the advice of the Council's Section 151 Officer.

The Local Government Finance Act 1988 (Section 114) places the responsible financial officer under an obligation to make a report to Full Council 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. Also the Council's Monitoring Officer is required to report to Full Council if it

appears to him that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration.

The Council's Constitution sets out the process for preparing draft budget proposals for each municipal year including consultation requirements. The Council is also required to comply with other consultation obligations required by statute or the common law that may apply to certain proposals being considered. The responses produced by the relevant consultations must be taken into account in finalising budget proposals.

In addition, the Council when exercising its functions must have due regard to its equalities duties under section 149 of the Equalities Act 2010. This can be achieved by considering the equalities and diversity implications at all stages of the budget setting process to ensure that budget proposals do not discriminate against any of the protected equality groups.

The setting of the budget is a function reserved to Full Council, who will consider the draft budget prepared by the Leader/Cabinet.

11.3 **Diversity and Equality**

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

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.

11.4 **Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, Climate Change and Impact on Looked After Children)

The council declared a Climate Emergency in 2019 through a motion at full council. The council's current investments continue to contribute towards the green agenda through supporting renewable energy schemes across the UK – notably, external advice is that one part of the portfolio generates twice the amount of energy to power the borough of Thurrock each year. 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.

12. **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):

There are various working papers retained within the finance and service sections.

13. Appendices to the report

Appendix 1 –Medium Term Financial Strategy

Appendix 2 –Full list of savings targets

Appendix 3 –Indicative Service Budget impact

Report Author

Jonathan Wilson

AD Finance, Corporate Finance

Appendix 1 - Medium Term Financial Strategy

Narrative	2022/23	2023/24	2024/25
	£000's	£000's	£000's
<u>Net Resources</u>			
Council Tax LA Element 1.99% Increase	(1,420)	(2,688)	(2,282)
Increase in the Council Tax Base	(1,197)	0	0
Adult Social Care Precept 1%	(723)	(756)	(790)
Business Rates Position	(1,998)	(2,165)	(3,165)
Collection Fund adjustments	517	0	0
Government Resources Position	796	784	157
Net Additional (Reduction) in resources	(4,025)	(4,825)	(6,080)
<u>Inflation and other increases</u>			
Pay award and legislative changes	4,603	3,685	3,769
Other	912	980	993
	5,515	4,665	4,762
<u>Treasury</u>			
Interest Costs	3,500	3,065	1,000
Investment Income	1,972	(117)	2,368
MRP	1,282	0	0
	6,754	2,948	3,368
<u>Corporate Growth</u>			
Adults	4,150	1,500	1,500
Children's	3,091	1,814	1,814
	7,241	3,314	3,314
Commercial Income	(1,089)	0	0
Core Budget Deficit before intervention	14,395	6,102	5,364
<u>Savings</u>			
Adults' Services:	(2,264)	(652)	0
Children's Services:	(2,859)	(651)	0
Public Realm:	(1,707)	(722)	0
Resources & Place Delivery:	(2,463)	(120)	0
Housing General Fund:	(1,495)	0	0
Strategy & Engagement:	(355)	0	0
HR, OD and Transformation:	(275)	(80)	0
Corporate	(1,000)	0	0
Total Departmental Savings	(12,418)	(2,225)	0
General Staffing	(438)	(1,063)	0
Cross Cutting	(1,350)	(400)	0
Wider Funding	0	0	0
Total General Savings	(1,788)	(1,463)	0
Core Budget Deficit Position	190	2,415	5,364
11. Other funding (not affecting baseline)			
Capital receipts 2022/23	(190)	3,490	0
Use of reserves 2022/23	0	3,000	0
	(190)	6,490	0
Overall Budget Working Total	0	8,905	5,364

Appendix 2 – Full Savings list 2022/23

<u>Adults' Services:</u>	
Integrated Commissioning	(322)
Review of High Cost Supported Living Placements	(400)
New Model of Care – Supported Living	(200)
Implement increased Domiciliary Care Charging Immediately	(205)
Review and reduce ASC Fieldwork establishment	(150)
ASC Provider Services Transformation	(554)
Public Health restructure and establishment reduction	(88)
Public Health contribution to ASC	(200)
Reduction of Admin Function from 6.0WTE to 5.0WTE	(48)
Efficiencies from ending Section 75	(98)
	(2,264)
<u>Children's Services:</u>	
Comprehensive Review of Education Services	(670)
Home to School Transport Placements	(150)
	(300)
Review of Administration / Business Support / Commissioned services	(200)
Commission Emergency Duty Team	(300)
Social Workers	(1,000)
Nursery provision – Delivery Vehicle Change	(64)
Learning Universal Outcome	(175)
	(2,859)
<u>Public Realm:</u>	
Fortnightly Collection (Non-recycled and garden waste)	(322)
Commercial Waste	(50)
Bulky Waste	(20)
Counter Fraud Commercial Income	(500)
Commercially Trade CCTV Capability	(100)
Introduce Pay & Display in some green-space Car Parks	(100)
Commercial Grounds Maintenance Contracts	(150)
Council vehicles to be parked in the Depot overnight to reduce fuel costs	(21)
Cemetery Open Hours	(19)
Off- hire long term hire vehicles (not Covid related)	(48)
Increase Street works permitting income	(8)
Ceased Everbridge contract	(4)
Keep Britain Tidy - Street Cleanliness Assessments	(15)
Parking enforcement net income	(150)
	(1,507)
<u>Resources & Place Delivery:</u>	
Targeted Staff Reductions	(63)
Capitalisation	(1,400)
MRP and Treasury	(500)
Top Slice Grants	(500)
	(2,463)
<u>Housing General Fund:</u>	
Reduce Private Sector TA with in borough provision	(1,495)
	(1,495)
<u>Strategy & Engagement:</u>	

Continuing limited face to face offer	(200)	
Review of PQBS team structure	(45)	
Review of advertising & publicity, look to use more online platforms	(25)	
Operational & Finance support for High House Production Park	(85)	
		(355)
<u>HR; OD and Transformation:</u>		
Training	(75)	
Members Enquiries	0	
IT	(50)	
Capitalisation	(100)	
Centralisation	(50)	
		(275)
<u>Corporate</u>		
Adjustment to baseline pay	(1,000)	
		(1,000)
<u>Other Decisions within Council Control</u>		
Major Route/Weekend Cleaning Efficiencies	(100)	
Grounds Maintenance Efficiencies	(100)	
		(200)
<u>Total Departmental Savings</u>		
		(12,418)
<u>10. General Staffing</u>		
Digital Efficacy Review Further 25 Staff by mid 2022/23	(438)	
		(438)
<u>11. Cross Cutting</u>		
Stationery/postage reduction	(50)	
Review of non-essential spend (subscriptions/project work/professional fees)	(100)	
Efficiencies & process automation (linked to digital offer)	(100)	
Additional General Costs - following DB	(250)	
Asset Rationalisation - reduced to £850k 4/10/21	(850)	
		(1,350)
<u>Total Savings</u>		(14,206)

Appendix 3 – Indicative Directorate budget impact

Directorate	Current 2021/22 Budget	Removal of one-off (MIRS)	Net resources	Inflation & Other Increases	Corporate Growth	Treasury	Commercial Income	Savings allocation	Capital Receipts 2022/23	Cash envelope 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults; Housing and Health	47,329	-703	0	874	4,150	0	0	-2,402	0	49,247
Central Financing	-117,370		-8,978	0	0	0	0	-500	0	-126,848
Children's Services	41,868	-81	0	1,087	3,091	0	0	-3,034	0	42,931
Housing General Fund	1,988	-170	0	93	0	0	0	-1,522	0	389
HR; OD and Transformation	8,906		0	386	0	0	0	-618	0	8,674
Public Health	203	-203	0	0	0	0	0	0	0	0
Public Realm	35,263		0	1,749	0	0	0	-1,852	0	35,159
Resources & Place Delivery	16,727	-610	0	563	0	0	0	-2,410	0	14,270
Strategy; Engagement & Growth	3,791		0	215	0	0	0	-449	0	3,557
Treasury & Corporate costs	-38,705	1,768	4,953	549	0	6,754	-1,089	-1,418	-190	-27,379
Grand Total	0	0	-4,025	5,515	7,241	6,754	-1,089	-14,206	-190	0