

9 March 2022		ITEM: 11
		Decision: 110607
Cabinet		
Financial Update – Quarter 3 2021/22		
Wards and communities affected:	Key Decision:	
All	Key	
Report of: Councillor Shane Hebb, Deputy Leader and Cabinet Member for Finance		
Accountable Assistant Director: Jonathan Wilson, Assistant Director Finance, Corporate Finance		
Accountable Director: Sean Clark, Corporate Director of Resources & Place Delivery		
This report is public		

Executive Summary

This report covers the first three quarters of the municipal year 2021/22.

The forecast at the end of December 2021 shows an improved position from quarter two and is now an in-year general fund pressure of £0.385m. This reflects the delivery of ongoing costs control measures including the managed approach to recruitment alongside planned use of reserves and capital receipts previously agreed. Work continues to address the remaining pressure in the remaining three months of the year.

Members should note there is a significant pressure within core services relating to looked after children with increases in the number, type and complexity of cases alongside increases in the average cost of support/placement packages. This is consistent with the wider sector experience longer term impacts of the pandemic manifest themselves. Action continue to be taken to address the underlying cost drivers but this remains extremely challenging in the context of continuing to deliver services that meet the statutory responsibilities of the Council. The current projected overspend in Children's Services is £2.880m after the application of wider mitigations, and the planned use of reserves and grants. This pressure illustrates why the council has approved a Children's Services dedicated ring-fenced council tax increase of 1.99% in February 2022.

The delivery of Adult Social Care services continues to be impacted by significant increase in demand levels arising in response to the pandemic. This is specifically

affecting the Older People and Learning Disability services. The associated additional costs continue to be addressed by non-recurrent funding.

There remains ongoing uncertainty on the full impact that Covid-19 will have on wider services with specific impacts expected to develop further in the Adults and Children's Social Care sector. Wider reviews have been commissioned in both services to consider the drivers of the additional demand, the response from the directorates to manage this and further sectoral context to support the ongoing strategic response from each directorate,

The impact of the pandemic on local funding streams remain under consideration as the support mechanisms in place to support both residents and local business are reduced or come to an end and the longer term economic impacts of the pandemic become clearer. The indications are that these income streams remain resilient in the current year. There is further concern over the impact of the wider increases in living costs on the local economic outlook and this continues to be monitored.

Housing Revenue Account

The Housing Revenue Account is projecting a breakeven position. There has been a limited impact from Covid-19 to date on rental income streams and the service continues to deliver within the planned budget envelope.

Dedicated Schools Grant

The Dedicated Schools Grant is currently forecasting an overspend of £0.412m in 2021/22. This reflects additional High Needs Block funding received in 2021/22, consideration of the 2020/21 outturn position along with the latest sector information available. The projected overspend reflects the higher level of demand for the statutory services required to support pupils with special educational needs.

Capital Monitoring

This forecast position at the end of quarter 3 is that expenditure on General Fund schemes will be £94.385m against a planned budget of £102.061m. Schemes in the Housing Revenue Account have projected expenditure of £27.095m against an agreed budget of £34.286m.

1. Recommendations:

1.1 That Cabinet comment on the forecast outturn financial position for 2021/22.

2. General Fund Quarter 3 Monitoring

2.1 The Council approved the 2021/22 budget in February 2021. The funding of the budget has been supported by confirmed ongoing sources including council tax increases and government grant alongside one-off solutions to create further space to develop and implement sustainable savings. The funding can be summarised as set out below:

- Council Tax Increase – permanent – a 1.99% increase - £1.65m;
- Adult Social Care precept – a 3% increase – £2.48m;

- Government grant of £4.853m – one off – government support for Covid-19;
- Use of Capital receipts for Transformation Activity –£3m one-off - subject to disposals;
- Use of Reserves – £3.3m – one-off;
- Reduction of Allowances - £0.800m;
- Vacant Post savings (one-off) - £4m equates to approximately 100 posts; and
- Income loss contingency - £1.300m.

- 2.2 The financial reporting includes the ongoing response to the Covid-19 pandemic which has required a wider range of responses from the Council and continues to be a source of uncertainty. This report sets out the latest assessment of the financial impact on 2021/22 and incorporates the associated funding announced to date by the Department of Levelling Up, Housing & Communities.
- 2.3 The Authority continues to utilise the Control Outbreak Management Fund and the Infection Control Fund to support care providers and local businesses to deliver their services in a Covid-19 secure manner.
- 2.4 The budget allocation also reflects the streamlining of the Senior Leadership Team, through the deletion of the standalone Place Directorate and the reallocation of Place functions integrated into other Directorates.
- 2.5 The report sets out the latest forecast position for 2021/22 across the main revenue accounts – the General Fund, Housing Revenue Account, Dedicated Schools Grant and Public Health Grant.
- 2.6 The Overall General Fund position is set out in detail in the table below:

Directorate	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
Adults, Housing and Health	46,625	46,226	(399)
Children's Services	42,064	44,944	2,880
Housing General Fund	1,988	1,988	0
HR, OD and Transformation	8,906	8,350	(556)
Public Realm	35,919	35,222	(696)
Resources & Place Delivery	16,727	15,804	(923)
Strategy, Engagement & Growth	3,791	3,381	(411)
Financing & Corporate Costs	(156,020)	(155,530)	490
Total	0	385	385

3. Directorate Outturn position

Analysis by Service Area:

Adults, Housing and Health

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
External Placements	30,667	33,055	2,388
Total non-recurrent funding	0	(2,192)	(2,192)
Commissioning & Service Delivery	1,035	899	(136)
Community Development	2,102	1,892	(210)
Fieldwork Services	4,664	4,286	(378)
Provider Services	7,508	7,309	(199)
Grand Total	46,625	46,226	(399)

- 3.1 The overall directorate position is forecasting an underspend of £0.399m at the end of the financial year. From the operational budgets, this is largely due to a delay in the recruitment of social worker posts across Fieldwork Services; these include essential front line service posts that need to be recruited to, but for 2021/22, are being used in part to offset demand pressures in wider services, and specifically, external placements.
- 3.2 The position is heavily reliant upon one-off funding as demonstrated in the above table.
- 3.3 The 2021/22 Adult Social Care precept provided £2.5m in additional funding, £1.9m of this was used to uplift provider fees due to fragility of the care market. A further £2.1m met the ongoing cost of increased demand and complexities within Learning Disabilities and Mental Health placements. Hence, the directorate had an underlying structural deficit of £1.5m at the beginning of 2021/22.
- 3.4 Additional demand pressures of £1.4m, mainly within Older People's Residential and Domiciliary Care packages have increased during 2021/22, now meaning that the structural deficit has increased to over £3m.
- 3.5 The below table shows the external placements budget broken down by care category:

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
Older People	6,971	8,512	1,541
Learning Disabilities	15,733	16,270	537
Mental Health	4,447	4,644	197
Physical Disabilities	3,515	3,628	113
Total External Placements Budgets	30,666	33,054	2,388

3.6 Cost drivers within the Older People budget reflect unprecedented additional demand in the wider health and care system as a result of Covid-19. Changes to hospital discharge practices and increased numbers of discharges into residential care increase the likelihood of longer term funding pressures.

3.7 Hospital discharge funding through Thurrock Clinical Commissioning Group initially provided £1.644m of funding and supported 1,213 clients in 2020/21. Of the cohort of clients identified in 2020/21, a significant number have remained under the care of the Local Authority permanently and a number of homecare cases have subsequently transferred to more expensive residential settings following assessment of more complex needs.

3.8 Up to December 2021, 1,342 clients have been recorded as part of the hospital discharge process. This forms part of the Covid-19 interventions that are currently in place until the end of the financial year. This predominately relates to older people for which an increase in the demand for permanent care packages has been shown throughout the year.

3.9 Hospital Discharge only provides a level of free care for the first 4 weeks, after that the full cost reverts to the LA, net of any client contributions then receivable, which is circa 25% of the cost on average.

Children's Services

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
Children and Family Services	32,294	36,125	3,831
Head Start Housing Service	848	1,660	812
Education & Skills	6,126	5,446	(680)
School Transport	2,795	3,591	796
Operational budgets total	42,064	46,823	4,759
Total non-recurrent funding	0	(1,879)	(1,879)
Total	42,064	44,944	2,880

3.10 The overall Children's Services forecast outturn position is a gross overspend of £4.759m before any mitigation is applied. The position relies on the use of one-off funding and reserves to reduce the pressure back down to £2.880m in

2021/22. There is concern that these pressures will affect the directorate's ability to contribute towards identified savings in future years and this will remain under assessment.

Children and Family Services

3.11 The Service is reporting an overspend of £3.831m, with the early achievement of 2022/23 reductions and minor underspends supporting the key area of placements with an overspend of £4.154m an increase of £0.503m from the quarter 2 position. The pressure is a result of increased demand, increased cost levels, increased complexity of need, large sibling groups and additional need for supported accommodation.

3.12 The table below show the change in numbers, type and costs for looked after children:

	Budget	Sep-21	Dec-21	+ / -	Budget	Sep-21 Forecast	Dec-21 Forecast	Month 9 Variance
					£m	£m	£m	£m
Placed with Parent / Adoption	9	11	10	1	£0.000	£0.000	£0.000	£0.000
Internal Fostering	133	105	112	(21)	£3.038	£2.391	£2.481	(£0.557)
Supported Accommodation	21	28	26	5	£0.396	£0.596	£0.579	£0.183
External Fostering	105	128	118	13	£4.550	£5.484	£5.379	£0.829
External Residential	25	27	27	2	£4.853	£6.714	£6.717	£1.864
Secure Placement	0	0	0	0	£0.000	£0.000	£0.000	£0.000
Unregulated	0	3	2	2	£0.000	£1.008	£1.478	£1.478
Education Contribution	0	0	0	0	(£0.258)	(£0.500)	(£0.500)	(£0.242)
Remand	0	4	2	2	£0.030	£0.566	£0.628	£0.598
Total LAC	293	306	297	4	£12.609	£16.260	£16.763	£4.154

3.13 The number of children looked after by Thurrock Council has reduced by 9 to 297 children at the end of December 2021 as shown above. Significant cost pressures are generated by moves within care. Children with the most complex needs are experiencing a high level of placement instability driven by both providers giving notice on their placement and by intervention by the regulator. Thurrock is reliant on external providers for residential and complex care including SEN placements.

3.14 The reduction in case numbers in quarter 3 is positive but the impact on costs continues to be offset by the increasing costs of placements, complex cases and the extended projected timeframes required to support the remaining unregulated and remand cases. Options continue to be explored for the two unregulated placements with the aim of putting new arrangements in place by the end of the year. The remand cases are dependent on the associated court hearings occurring and forecasts will be revised as these dates are confirmed. The revised case numbers and costs will form the basis of the 2022/23 budget assuming the wider funding envelope proposed is supported by Council.

Fostering

3.15 Internal fostering services are engaged in promotional activities to increase the number of long-term foster carers. Thurrock has competitive rates and in 2021/22 introduced new council tax exemptions for new and existing foster

carers. The £0.557m saving in this area no longer offsets in full the additional costs within external fostering of £0.829m

- 3.16 Across the sector it is becoming more challenging to place looked after children in appropriate settings at the budgeted cost levels. This is due to supply issues with associated cost impacts and hence there is a focus on maintaining existing placements where possible. The cases subject to ongoing legal proceedings are delayed by the impact of Covid-19 on the legal system and will mean care plans will be resolved over a longer timescale and the return home for some children is delayed.

Residential & Unregulated placements

- 3.17 Unregulated placements occur when the Local Authority is unable to secure a suitable placement with a provider to meet the needs of the young person. In these instances, the LA has to develop a package of support around the child and seek judicial approval until a regulated place can be provided. By nature, these placements are highly complex and costly. Thurrock currently have 2 such placements at a cost implication of £1.478m. As part of future efficiency plans and to support legislative compliance requirements, the service is exploring the option of developing a local offer that can respond as cases emerge.
- 3.18 There are currently 10 high cost placements with a total forecast of £4.053m. The Directorate, as part of placement panel meetings, has an ongoing review of all high cost placements with an annual cost of £0.128m.

Remand

- 3.19 All children remanded to secure accommodation automatically become looked after children by their home local authority. If they were looked after prior to going into youth detention accommodation, they continue to receive services under the Children Act 1989, and children not previously looked after acquire this status.
- 3.20 Thurrock currently has two young people in remand placements following an increase in criminal and gang-related activity within the borough. Alongside costs already incurred to date, there is now a pressure of £0.598m in this area.

Head Start Housing & Leaving Care

- 3.21 The Head Start housing (HSH) scheme offers a range of accommodation for young people leaving care with the intention of developing independent living skills before going on to take up a tenancy of their own. The service purchased three properties and all required modification/improvement works to be made before care leavers could occupy.
- 3.22 A key pressure point is the demand for additional support within the accommodation. Seventeen young people are currently accessing this provision, which is forecast to cost an additional £1.051m. The majority of

these cases developed during the pandemic and cases developed in terms of increased complexity. The support element is procured on a spot purchase basis and it is hoped merging accommodation with support will deliver a more cost effective option going forward.

- 3.23 It remains difficult to advance tenants to social housing for a number of reasons, including insufficient progress in their study, poor mental health and established networks. HSH and the After Care personal assistants are supporting each tenant to address their concerns and meet their individual needs. In September, the service implemented twice-weekly HSH panel meetings to discuss aftercare accommodation arrangements. This has resulted in more robust monitoring of accommodation and will result in young people being encouraged to bid for social housing. In addition regular assessments are being carried out on supported accommodation by finding alternative providers which will reduce costs going.

Home to School Transport

- 3.24 Home to school transport are projecting an overspend of £0.818m. The forecast is based on current routes at full cost and this area remains under review to consider opportunities for further cost reduction.
- 3.25 The service is experiencing significant increase in demand for transport services, with twenty-two new children in Independent settings and forty-eight additional children being transported to specialist provision within Thurrock. This is linked both to the increase in pupils in Thurrock and an increase in those receiving support through an Educational Health Care Plan (EHCP).
- 3.26 From September 2021, Treetops accounted for thirty-eight of the new students linked to specialist settings due to the expansion linked to the new Treetops Free School that is scheduled to open in spring 2022. This is phase one of a three year expansion of numbers. Pupil Numbers are to increase by forty in each of the next two academic years.
- 3.27 A review of SEN services is being undertaken with a focus on ensuring discretionary transport policy is being applied correctly and to identify potential changes to process and practice that may reduce the current overspend on SEND transport. The review will also identify possible reduction in transport

costs where passenger assistants are allocated to children/vehicles that may not be required for a short period.

Public Realm

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
Counter Fraud & Enforcement	(105)	(712)	(606)
Emergency Planning and Resilience	442	440	(2)
Environment and Highways	1,664	1,521	(143)
Highways, Fleet and Logistics	9,273	9,144	(129)
Planning, Transportation and Public Protection	4,611	4,662	51
Street Scene and Leisure	20,034	20,168	133
Total	35,919	35,222	(696)

3.28 The overall Public Realm position is forecast to underspend by £0.696m.

Counter Fraud & Enforcement

3.29 The Counter Fraud team continue to deliver a number of contracts for external work with the Department for Business, Energy & Industrial Strategy (BEIS). This work is generating additional income and funding the associated costs of delivery.

3.30 The Enforcement function are forecasting pressures on the recovery of parking income largely due to the ongoing impact of the pandemic in the current financial year. Since a number of restrictions were lifted, the income generated has improved but still remains below the budgeted levels. The impact is supported by the income compensation scheme in the first quarter of 2021/22 but further losses will not be funded.

Environment and Highways

3.31 The Environment and Highways service is forecasting an underspend of £143k. This is due to reduced spend on discretionary budget lines.

Highways, Fleet & Logistics

3.32 The Highways Fleet and Logistics service is forecast to underspend by £0.129m due to a number of vacant posts being held throughout the year.

Street, Scene & Leisure

3.33 There is a forecast overspend position of £0.133m and there remains the ongoing risk related to the waste disposal contracts, which is the directorate's largest and most volatile budget. There are variable elements to the contract that can be impacted by demand and levels of contaminated recycling waste.

It is for this reason that the council is moving its residual waste collections to fortnightly, whilst ensuring that recycling waste collections remain weekly; so to further incentivise the use of recycling waste streams over waste streams destined to go to landfill.

- 3.34 In addition, contained within this position is the cost of responding to the industrial action of £0.109m; this includes the additional costs of setting up and running the nine “bring” sites offset by the reduction in staffing costs.

Resources & Place Delivery

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
Chief Executive	402	387	(15)
Corporate Finance	5,647	5,558	(89)
Delivery and Strategy	240	208	(32)
Democratic Services	235	226	(9)
Electoral Services	486	327	(159)
Legal Services	2,305	2,189	(116)
Lower Thames Crossing & Transport Infrastructure Service	751	751	0
Members Services	804	764	(40)
Place Delivery	353	353	(0)
Property	5,504	5,040	(464)
Total	16,727	15,804	(923)

- 3.35 The Resources & Place Delivery directorate forecast variance at quarter 3 is £0.923m below budget. This is predominantly relating to the application of cost control measures including the specific decision to manage vacant posts across the service areas within the directorate. Specific further attention is drawn to the following two areas:

Lower Thames Crossing

- 3.36 The forecast assumes the use of the specific reserve held will continue to cover the cost of activity above the levels already allocated within the base budget. The funding will continue to be monitored and assessed in conjunction with the planned responses of the Council to the project.

Property Services

- 3.37 The cost of running a number of buildings is lower than the business as usual budget due to the restricted services being offered during the first quarter coupled with the wider ongoing flexible operation of the property estate.
- 3.38 The service are also holding a number of vacancies within the Asset team and the Facilities Management team whilst a restructure exercise takes place, which has started with the recruitment of an Assistant Director.

- 3.39 The notice period required for business tenants in the Purfleet Regeneration has been delayed and will not affect 2021/22. The notice period is six months and the budgetary impact related to the loss of income is being assessed as part of the budget setting process for 2022/23.
- 3.40 Corporate landlord responsibilities are being delivered through a combination of revenue and capital funding, as appropriate, supporting the management of this budget.

Housing General Fund

Service	2021/22 Budget	Q3 forecast	Q3 variance
	£'000	£'000	£'000
Temporary Accommodation – Homelessness	1,421	1,695	274
Refuge	117	175	58
Traveller Sites	53	53	0
Private Housing and Adaptations services	397	533	137
Operational Budget total	1,988	2,456	468
Total non-recurrent funding		(468)	(468)
Month 8 position	1,988	1,988	0

- 3.41 The main pressure and risk within the financial position of the directorate remains the demand on homelessness and temporary accommodation (TA).
- 3.42 One of the major routes into the homelessness service is as a result of landlords imposing eviction measures. These measures became operational again from July 2021. The concern was an increase in the number of households presenting as homeless. In addition, as the longer-term economic fallout of the pandemic is felt this may further increase pressure on the service and hence there is the assumed use of reserves in this area.
- 3.43 For 2022/23, a plan is in place to acquire additional housing stock through a combination of directly purchasing stock, additional use of the Phi leasing scheme and repurposing decommissioned sheltered housing accommodation. This is forecast to make significant savings to the General Fund Homelessness Budget through reduced use of private sector landlords and the need to make top up payments.
- 3.44 The services under the housing general fund remit are those that have been significantly impacted by the pandemic.

Private Sector Housing

- 3.45 The private sector housing service has an income requirement to achieve circa 50% of its overall net costs built into the base budget. One of the key income streams is from the inspections of privately let accommodation. Social

distancing measures have meant a restriction in the level of work permitted, which is projected to have a directly detrimental effect on the overall budget position and is supported by reserves in 2021/22.

Strategy, Engagement & Growth

- 3.46 The overall Strategy, Engagement & Growth directorate have a forecast underspend at quarter 3 of £0.411m.

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
Economic Growth & Partnerships	542	703	161
Social Care Performance	1,230	1,037	(193)
Strategy, Communications & Customer Services	2,020	1,641	(379)
Total	3,791	3,381	(411)

- 3.47 The overall position for the directorate supports the planned savings to be achieved in 2022/23 within the Social Care Performance and Customer Services teams.
- 3.48 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. This is reflected in the underspend and a number of vacant posts being held in line with the council's overall approach to vacancies and recruitment.

HR, OD & Transformation

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
HR, OD and Transformation	5,249	4,731	(518)
ICT	3,657	3,619	(38)
Total	8,906	8,350	(556)

- 3.49 The directorate is managing increased demand within available funding and the wider application of capital and transformation funding supports a projected forecast underspend of £0.556m. Vacancies are being held where possible and support the delivery of the planned permanent savings for 2022/23.

Financing & Corporate Costs

- 3.50 Core Financing and Corporate Costs are largely projected to be within budget for the financial year 2021/22 with treasury income continuing to support the funding of the wider corporate pressures. Contained within the corporate costs category are those savings which cannot be attributable to one service area and are therefore being held centrally (for example the planned delivery of the corporate vacant post saving).
- 3.51 In addition, the non-recurrent funding measures are managed centrally including the application of grant funding, use of reserves and capital receipts.
- 3.52 The most significant pressure relates to the agreed deferral of the implementation of the next phase of the pay review.

4. Housing Revenue Account

Service	2021/22 Current Budget	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000
Development	228	228	0
Financing and Recharges	24,188	24,188	0
Rent and Income	(50,272)	(50,272)	0
Repairs and Maintenance	12,291	12,291	0
Supervision and Management	13,566	13,566	0
Total	0	0	0

- 4.1 Overall, the HRA is forecasting a balanced position at the end of financial year. At present there are no adverse variances identified within repairs and maintenance or operational activities.
- 4.2 Rent collection levels remain in line with the budgeted forecast, but there remains a potential risk of bad debts and arrears as economic impacts of the pandemic arise.
- 4.3 Funding from the 2020/21 outturn position has been earmarked in a reserve to help with any associated decant costs upon the completion of the Calcutta Club properties later on in the year.

5. Dedicated Schools Grant

	Funding Settlement	Academy Recoupment	Funding Block transfer	Final DSG	Q3 Forecast	Q3 Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Schools	140,936	(135,074)	(673)	5,189	4,446	(743)
Central Services	1,783	0	(200)	1,583	1,563	(20)
High Needs	28,092	(5,606)	873	23,359	24,249	890
Early Years	12,877		0	12,877	13,162	285
Total	183,688	(140,941)	0	43,008	43,420	412

- 5.1 The Dedicated Schools Grant is currently forecasting an overspend of £0.412m in 2021/22. The DSG accumulated deficit would therefore increase to £2.295m
- 5.2 The growth fund, within the Schools Block, allows officers to ensure sufficiency of places within Thurrock schools for all children of school age. Based on current commitments an underspend of £0.743m is forecast.
- 5.3 The High Needs Block is the significant area of financial risk:
- 5.3.1 The continued increase in the number of EHCPs;
- 5.3.2 Additional 32 Post-16 places, 13 of which are placed in Independent schools with a cost of £1m;
- 5.3.3 Residential & non-residential non-maintained and independent placements continue to increase (but currently contained within the funding allocation); and
- 5.3.4 Increase in supplying tuition packages for pupils not in school, costing £0.450m leading to a pressure of £0.150m.
- 5.4 A risk remains in Early Years, the full impact will not be known until finalisation of Jan-22 Census. In 2021/22, funding is to be based on a termly census whilst Thurrock local formula was developed using pre-Covid annual data. Current projections show an overspend of £0.285m. This reflects 39 weeks paid to providers and SEN support is currently projecting £0.180m

6. Public Health

- 6.1 The Public Health Grant was increased by £0.101m in 2021/22 with the full allocation for the year now being £11.585m. The increase has been largely allocated to reducing waiting lists for sexual health and weight management services. A number of functions could not be delivered whilst the national restrictions were in place and the team are committed to ensuring these services are once again available and working to improve the health of the local population.

- 6.2 Other schemes such as the Thurrock 0-19 Brighter Futures Healthy Families Service will continue to be funded through the grant and provide targeted support and a range of interventions for children, young people and their families across the borough.
- 6.3 The quarter 3 forecast is an underspend of £0.385 which will be placed into a ring-fenced reserve and allocated in 2022/23 to deal with the anticipated longer term effects of the pandemic on the local population and increased demand for local primary services.
- 6.4 The primary care sector have been focusing on vaccine deployment and uptake throughout this financial year. This has meant some services have not been provided at normal pre-covid levels and has led to an increased underspend within the public health grant. The underspend created this year from these services not being delivered at full capacity will be invested into reducing waiting lists in 2022/23 should they arise.

7. Capital Monitoring – 2021/22 Quarter 3

General Fund Schemes

- 7.1 The current position for General Fund schemes for 2021/22 is summarised below and further detail can be found at Appendix 1.

	Latest Agreed Budget	Projected Outturn	Variance against budget
	£'000	£'000	£'000
Expenditure:			
Children's Service ¹	3,847	3,467	(380)
Adult, Housing & Health	2,224	1,924	(300)
Public Realm	21,185	18,844	(2,341)
Resources & Place Delivery	56,443	53,887	(2,556)
HR, OD & Transformation	18,104	16,025	(2,079)
Strategy; Engagement & Growth	240	220	(20)
Commercial Services	18	18	0
Total Expenditure	102,061	94,385	(7,676)
Resources:			
Prudential Borrowing	(78,445)	(73,155)	5,290
Capital Receipts	(11)	(11)	0
Reserves	(0)	(0)	0
Government Grants	(15,070)	(13,087)	1,983
Other Grants	(7,618)	(7,365)	253
Developers Contributions (S106)	(917)	(767)	150
Total Resources	(102,061)	(94,385)	7,676
Forecast Overspend in Resources	0	0	0

7.2 This illustrates a projected outturn at the end of the financial year of £94.385m, which is £7.676m less than the latest agreed budget for the year. This forecast variance is further analysed below.

Analysis of forecast variance

	Re-profiling of expenditure at Q3	Capital schemes requiring additional funding	Completed Projects	Forecast variance against budget at Q3
	£'000	£'000	£'000	£'000
Expenditure:				
Children's Service	(380)	0	0	(380)
Adult, Housing & Health	(300)	0	0	(300)
Public Realm	(2,327)	0	(14)	(2,341)
Resources & Place Delivery	(2,556)	0	0	(2,556)
HR, OD & Transformation	(2,079)	0	0	(2,079)
Strategy; Engagement & Growth	(20)	0	0	(20)
Total	(7,662)	(0)	(14)	(7,676)

¹ The schools capital budget is designed around academic years and officers are confident that this will be defrayed in full within the current academic year

- 7.3 This shows that the forecast underspend is principally due to slippage/budget re-profiling on current schemes (£7.662). Consequently, the funding remains allocated to specific current schemes.
- 7.4 The progress on major capital projects continues to be reported to relevant committees periodically along with the financial position on each scheme. All projects continue to be monitored alongside the current agreed funding envelopes. These are subject to ongoing review as the projects develop and any proposed changes to these envelopes will be reported to members as part of the wider project reporting.
- 7.5 A number of capital schemes are also expected to complete construction in future years with expenditure totalling £52.790m. Budgets for these schemes have been profiled accordingly.
- 7.6 Schemes that are at a feasibility or at an earlier stage of development have been excluded from the reported position. The total projected budgets of £130.652m include school improvement works, the A13 East Facing slip road, and the Grays South development.

Housing Revenue Account Schemes

- 7.7 The current position for Housing Revenue Account schemes for 2021/22 is summarised below:

HRA Capital Programme – Projected Outturn

	Latest Agreed Budget	Projected Outturn
	£'000's	£'000's
Expenditure:		
Transforming Homes	31,059	23,872
Housing Development	3,227	3,223
Total Expenditure	34,286	27,095
Resources:		
Prudential Borrowing	(22,094)	(16,637)
Capital Receipts	(1,652)	(1,718)
Reserves	0	0
Government & Other Grants	0	0
Major Repairs Reserve	(10,540)	(8,740)
Total Resources	(34,286)	(27,095)
Forecast Overspend in Resources	0	0

- 7.8 The budget for Transforming Homes in 2021/22 is £31.059m and the forecast spend is currently £23.872m. Much of the expected slippage relates to the

Tower Block Refurbishment project, where a revised programme is currently being developed. Spend, as at 31 December 2021 was £20.782m.

- 7.9 Initial work is underway to identify how to replace the tower blocks across the borough. It must be stressed this is not simple and requires detailed analysis, but is being investigated owing to the longer-term benefits of replacing old tower block provision. Further reports will be made the Cabinet in the future.
- 7.10 The revised budgets for 2021/22 for HRA New Build Schemes are set out below. The current forecast is £3.223m against a budget of £3.227m. These projects will utilise receipts held under Right to Buy sharing agreement between the Council and central government.

HRA New Build Schemes

	Revised Budget	Spend YTD	Forecast	Variance from Revised Budget	
	£000	£000	£000	£000	%
Calcutta Rd	2,838	2,560	2,834	(4)	0%
Claudian Way	202	926	202	0	0%
Tops Club	117	4	117	0	0%
Prince of Wales Dev	70	58	70	0	0%
Total	3,227	3,548	3,223	(4)	0%

8. Reasons for Recommendation

- 8.1 The Council has a statutory requirement to set a balanced budget annually. This report sets out the budget pressures in 2021/22 along with actions to mitigate these pressures and deliver a breakeven position.

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

- 9.1 This report is based on consultation with the services, Directors' Board and portfolio holders.

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

- 10.1 The implementation of previous savings proposals has already reduced service delivery levels and the council's ability to meet statutory requirements, impacting on the community and staff. There is a risk that some agreed savings and mitigation may result in increased demand for more costly interventions if needs escalate particularly in social care. The potential impact on the council's ability to safeguard children and adults will be kept carefully under review and mitigating actions taken where required.

11. Implications

11.1 Financial

Implications verified by: **Jonathan Wilson**
**Assistant Director Corporate
Finance**

The financial implications are set out in the body of this report. Council officers have a legal responsibility to ensure that the Council can contain spend within its available resources. Regular budget monitoring reports continue to come to Cabinet and be considered by the Directors Board and management teams in order to maintain effective controls on expenditure. 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.

11.2 **Legal**

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

There are statutory requirements of the Council under provisions of the Local Government Finance Act 1992 (LGFA 1992) which require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (section 151).

The Council is also required to monitor during the financial year income and expenditure against their budget, and be ready to take action if overspends or shortfalls in income emerge. Section 28 of the Local Government Act 2003 make this a statutory duty. If monitoring establishes that the budgetary situation has deteriorated, the Council is required to take such action as it consider necessary. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or the Council might decide to take no action but to finance the shortfall from reserves.

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.

11.3 **Diversity and Equality**

Implications verified by: **Rebecca Lee**
**Team Manager - Community
Development and Equalities**

The Equality Act 2010 places a public duty on authorities to consider the impact of proposals on people with protected characteristics so that positive or negative impacts can be understood and enhanced or mitigated as

appropriate. As required, services must consider the impact on any proposals to reduce service levels through a community equality impact assessment which should seek to involve those directly affected.

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

There are no other implications arising directly from this update report.

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: Summary of 2021/22 Capital Programme

Report Author

Sean Clark

Corporate Director of Finance, Governance and Property

Summary of 2020/21 Capital Programme

Appendix 1								
Summary of the 2021/22 General Fund Capital Programme	Approved Budget			Projected Outturn			CY Spend	% Spend against
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	(Dec-21)	CY Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Childrens Service	3,847	1,520	0	3,467	1,900	0	1,484	42.80
Adults; Housing and Health								
Community Development	950	670	500	850	770	500	291	34.24
Provider Services	240	15	0	240	15	0	56	23.00
Better Care	560	1,219	0	560	1,219	0	268	48.00
Housing General Fund	473	1,483	0	273	1,683	0	-13	-5.00
	2,223	3,387	500	1,923	3,687	500	602	31.31
Public Realm								
Highways Maintenance	14,845	8,893	2,238	13,118	10,620	2,238	5,684	43.33
Resident Services	505	0	0	405	100	0	33	8.00
Environment	5,377	3,200	3,350	4,864	3,700	3,350	561	12.00
Counter Fraud & Investigation	458	0	0	458	0	0	360	79.00
	21,185	12,093	5,588	18,845	14,420	5,588	6,638	35.22
Resources & Place Delivery								
Corporate Assets	4,385	500	0	3,859	1,026	0	1,532	39.70
Highways Major Projects	39,863	6,103	10,000	39,863	6,103	10,000	30,996	77.76
Regeneration Projects	12,195	4,197	887	10,165	6,227	887	1,343	13.21
	56,443	10,800	10,887	53,887	13,356	10,887	33,871	62.86
HR, OD and Transformation	18,104	691	0	16,025	2,770	0	9,893	61.73
Strategy; Engagement & Growth	240	63	0	220	82	0	71	32.27
Commercial Services	18	0	0	18	0	0	0	0.00
Total Expenditure - General	102,060	28,554	16,975	94,385	36,215	16,975	52,559	55.69

Summary of 2020/21 Capital Programme

Table 6 – Summary of the 2020/21 General Fund Capital Programme, by scheme status	Project Status	Approved Budget			Projected Outturn			CY Spend (Sep-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	18	0	0	0	
	<i>Work commenced</i>	9,271	0	0	9,270	0	0	5,117	
	<i>Scheme completed</i>	18	0	0	15	0	0	14	
	<i>Demand led</i>	2,168	0	0	1,768	400	0	154	
Total: Childrens Service		11,475	0	0	11,071	400	0	5,285	47.74
	<i>Not yet started</i>	69	0	0	69	0	0	0	
	<i>Work commenced</i>	559	0	0	559	0	0	4	
	<i>Scheme completed</i>	108	0	0	103	0	0	103	
	<i>On hold</i>	1,920	0	0	872	1,049	0	474	
	<i>Demand led</i>	1,716	380	35	1,716	380	35	24	
	<i>Feasibility Stage</i>	533	0	0	533	0	0	160	
Total: Adults; Housing and Health		4,905	380	35	3,852	1,429	35	765	19.86
	<i>Not yet started</i>	21	0	0	21	0	0	0	
	<i>Out to tender</i>	2,930	0	0	2,930	0	0	-7	
	<i>Work commenced</i>	11,334	2,758	2,050	11,334	2,757	2,050	2,302	
	<i>Scheme completed</i>	485	0	0	476	0	0	9	
	<i>Completed retention o/s</i>	19	0	0	19	0	0	0	
	<i>On hold</i>	5,125	970	200	1,450	3,485	400	429	
	<i>Demand led</i>	1,511	200	0	1,416	296	0	261	
Total: Environment, Highways & Counter Fraud		21,425	3,928	2,250	17,646	6,538	2,450	2,994	16.97
	<i>Not yet started</i>	73	190	0	23	240	0	0	
	<i>Design stage</i>	4,733	1,823	0	2,511	4,046	0	467	
	<i>Contract formation</i>	131	0	0	131	0	0	0	
	<i>Work commenced</i>	33,708	11,391	5,084	33,420	34,462	13,116	16,732	
	<i>Scheme completed</i>	129	0	0	129	0	0	100	
	<i>Completed retention o/s</i>	161	0	0	161	0	0	10	
	<i>On hold</i>	7,520	6,158	0	1,600	11,315	762	624	
	<i>Demand led</i>	4,210	0	0	2,126	2,084	0	89	
	<i>Feasibility Stage</i>	815	0	0	815	0	0	15	
Total: Place		51,480	19,562	5,084	40,916	52,147	13,878	18,037	44.08

Summary of 2020/21 Capital Programme

Table 6 – Summary of the 2020/21 General Fund Capital Programme, by scheme status	Project Status	Approved Budget			Projected Outturn			CY Spend (Sep-20)	% Spend against CY Forecast
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23		
	<i>Not yet started</i>	1,913	465	50	1,890	488	50	0	
	<i>Design stage</i>	230	0	0	30	200	0	0	
	<i>Out to tender</i>	37	0	0	37	0	0	0	
	<i>Work commenced</i>	7,848	120	30	7,848	120	30	1,437	
	<i>Scheme completed</i>	184	1,000	0	136	1,000	0	23	
	<i>Completed retention o/s</i>	125	0	0	125	0	0	17	
	<i>On hold</i>	3,888	2,724	0	534	3,354	2,724	0	
	<i>Demand led</i>	938	44	0	929	53	0	88	
	<i>Scheme Removed</i>	10	0	0	0	0	0	0	
Total: Finance, Governance and Property		15,173	4,353	80	11,529	5,215	2,804	1,565	13.57
	<i>Work commenced</i>	8,875	2,903	0	8,081	3,698	0	859	
	<i>Scheme completed</i>	15	0	0	0	0	0	0	
	<i>Demand led</i>	630	0	0	236	430	0	-34	
	<i>Scheme Removed</i>	22	0	0	0	0	0	0	
Total: HR, OD and Transformation		9,542	2,903	0	8,317	4,128	0	825	9.92
	<i>Work commenced</i>	277	0	0	278	0	0	99	
	<i>On hold</i>	25	0	0	5	19	0	5	
Total: Customer Services		302	0	0	283	19	0	104	36.75
	<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		114,320	31,126	7,449	93,632	69,876	19,167	29,575	31.59

Summary of 2020/21 Capital Programme

Table 7 – Summary of the 2020/21 Housing Revenue Account Capital Programme	Approved Budget			Projected Outturn			CY Spend (Sep-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	6,651	2,014	155	1,361	
Better Care	23,041	0	0	23,041	0	0	3,291	
Total Expenditure - HRA	29,692	2,014	155	29,692	2,014	155	4,652	15.67

Table 8 – Summary of the 2020/21 Housing Revenue Account Capital Programme, by scheme status	Project Status	Approved Budget			Projected Outturn			CY Spend (Sep-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	12	
	<i>Work commenced</i>	29,303	1,890	155	29,303	1,890	155	4,328	
	<i>Completed retention o/s</i>	377	124	0	377	124	0	312	
Total Adults, Health and Housing - HRA		29,692	2,014	155	29,692	2,014	155	4,652	15.67