

Report to Cabinet

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|---|--|---------------------------|-----|--|-----|
| Report Title | Final Revenue Budget 2025/26 and Final Medium Term Financial Strategy 2025/26 to 2028/29 | | | | |
| Date of Meeting | Wednesday, 12 February 2025 | | | | |
| Report Author | Dawn Calvert, Chief Financial Officer S151 | | | | |
| Corporate Director | Chief Financial Officer S151 | | | | |
| Lead Cabinet Member(s) | Cllr Sara Muldowney - Cabinet Member for Resources | | | | |
| Why is this a key decision? | <table border="0"> <tr> <td>1. Expenditure over £500K</td> <td>Yes</td> </tr> <tr> <td>2. Significant impact on 2 or more wards</td> <td>Yes</td> </tr> </table> | 1. Expenditure over £500K | Yes | 2. Significant impact on 2 or more wards | Yes |
| 1. Expenditure over £500K | Yes | | | | |
| 2. Significant impact on 2 or more wards | Yes | | | | |
| Wards Affected | All Wards | | | | |
| Identify exempt information and exemption category | Choose an item. | | | | |

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|---|--|
| Is report Urgent? | No |
| Reasons for urgency (<u>only</u> where applicable) | |
| Appendices (if any) | <p>Appendix 1 – Draft Medium Term Financial Strategy 2025/26 to 2028/29 (December Cabinet)</p> <p>Appendix 2 – Final Medium Term Financial Strategy 2025/26 to 2028/29</p> <p>Appendix 3 – Final Budget Savings 2025/26</p> <p>Appendix 4 – Service Growth 2025/26 to 2028/29</p> <p>Appendix 5 – Public Health Budget 2025/26</p> <p>Appendix 6 - Reserves 2025/26</p> <p>Appendix 7 – Reserves, Provisions and Contingency Policy</p> <p>Appendix 8 – Report of the Chief Finance Officer</p> <p>Appendix 9 – Model Council Tax Resolution 2025/26</p> <p>Appendix 10 – Members Allowance Scheme 2025/26</p> |

1. EXECUTIVE SUMMARY

- 1.1 The Council's financial position is exponentially challenging and will remain so for several years.
- 1.2 The Council requires exceptional financial support (EFS) from central government to achieve its legal requirement to set a balanced budget for the forth coming year. The support is given through a Capitalisation Direction (CD) requirement and the level of support required is underpinned by five key financial strategies:
 - Annual Budget
 - Medium Term Financial Strategy (MTFS)
 - Capital Programme
 - Asset Disposal Plan
 - Divestment Plan
- 1.3 This report sets out the final budget for 2025/26 and MTFS 2025/26 to 2028/29 which incorporates the implications of all key financial strategies.
- 1.4 The review and refresh of the financial strategies has resulted in the estimated level of Capitalisation Direction required by the Council, over the seven-year period 2022/23 to 2028/29, increasing from £520m to £691m. The increase is not as a result of the Council changing any of its strategies or not adhering to agreed plans. The changes are largely attributable to the correction of debt levels (£124m), recognising revenue impairments (£94m) and updating the MTFS to reflect a realistic level of service demand of (£38.9m).
- 1.5 This report sets the 2025/26 revenue budget at £240.7m to cover the operating budget of £176.4m and treasury costs of £64.3m. As the Council's core funding is £168.5m, the Council requires an estimated CD of £72.1m to ensure a legally balanced budget can be set. .
- 1.6 Over the seven years, the total estimated CD requirement of £691m is funding a £57m shortfall against the council's operating budget and a cost of £634m to cover treasury costs to support council debt. As at 31/03/25, the Council's debt is estimated at £867m increasing to £1.015bn by the end of 2025/26. These estimated debt levels are net of the remaining capital receipts to be generated by the asset disposal and the divestment programme.
- 1.7 The MTFS and CD requirement are calculated at a point in time based on a set of variables. These variables will be subject to change hence why the Council's budget is approved annually to account for changes.
- 1.8 The Ministry of Housing, Communities and Local Government (MHCLG) is updated regularly on the Councils estimated CD requirement as part of the ongoing discussions around financial sustainability.
- 1.9 Pressures against the Dedicated Schools Grant (DSG) are a national issue. At the end of 2024/25 the Council's accumulated deficit is estimated at £0.8m. Whilst this is relatively minor compared to the national picture, the accumulated deficit by 2028/29 is estimated at £20.2m. Whilst the statutory

override remains in place, the deficit is held against the Council's reserves. The current override ends in March 2026, presenting a significant risk to the whole sector if deficits revert back to councils to fund.

- 1.10 However, the Council is making good progress with the financial targets it must achieve. The budget for 2024/25 includes a significant savings target of £19.866m of which 86% is delivered or on track to be delivered. The Qtr 2 forecast for the performance of the overall budget is a pressure of £1.896m (after accounting for exceptional financial support from central government) which is largely driven by factors outside the control of the council; demography, inflation, and the increasing demand for temporary accommodation. There is a continued focus across the organisation to ensure the pressure is mitigated by year end. Proposals have been identified to meet the £18.2m savings target for 2025/6.
- 1.11 As already referenced the Council has had to update its MTFS to include inflation and service growth pressures not previously accounted for, or which have increased since February 2024. This has added £38.9m into the MTFS. As the Council starts the annual budget setting process for 2026/27 and formulates its plans for the required transformation of the Council, this must include those areas requiring significant growth, using appropriate benchmarking data, to reduce the pressures against the MTFS.

2. RECOMMENDATIONS

- 2.1 This report sets out both the final revenue budget for 2025/26 and the MTFS for 2025/26 to 2028/29. In December 2024, Cabinet approved the draft versions of the revenue budget and MTFS recommending the report be considered by the Corporate Overview and Scrutiny Committee on 14 January 2025.

Cabinet is requested to:

- a. **Recommend the 2025/26 budget to Council for approval, being mindful of comments from the Corporate Overview and Scrutiny Committee, to enable the Council Tax for 2025/26 to be set (Appendix 2)**
- b. **Recommend the Model Council Tax Resolution 2025/26 to Council for approval as set out in Appendix 9;**
- c. **Recommend to Council that, in accordance with Section 38(2) of the Local Government Finance Act 1992, the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 2 above with a period of 21 days following the Council's decision;**
- d. **Approve the Medium-Term Financial Strategy 2025/26 to 2028/29 for referral to Council (Appendix 2);**
- e. **Note the intention to increase Council Tax by 2.99% in 2025/26 (Table 7);**
- f. **Note the intention to increase Council Tax by a further 2% in 2025/26 in respect of the adult social care precept (Table 7);**
- g. **Note the 2025/26 budget for Public Health as set out in Appendix 5;**

- h. Note the Council's revised Capitalisation Direction Requirement of £691m which is set at a point in time and will continue to be subject to change (Paragraph 7.4 and Table 5);**
- i. To approve to continue with the 100% deployment of the Household Support Fund through the Essential Living Fund (Paragraph 5.1);**
- j. Agree that Thurrock's 2025/26 Early Years funding formula be implemented as stated in paragraphs 8.7 to 8.13. This is consistent with previous decisions to maximise the funding rates that providers receive;**
- k. To approve the repurposing of the recurrent revenue contingency budget as detailed in paragraph 12.5; and**
- l. Recommend the 2025/26 Members Allowance Scheme to Council for approval (Appendix 10).**

3. COMMISSIONER'S COMMENTS

- 3.1 Commissioners support the recommendations as outlined in the report. Good progress has been made on savings, however the Council continues to be in a serious financial position and much further work will be required to support the Council in getting closing to financial sustainability over the medium term. There is an operational deficit in the 2025/26 year: the operational revenue budget (before treasury) is proposed at £176.3m which is £7.8m over the core funding. The total 2025/26 revenue budget requirement is £240.7m to cover the operating budget of £176.4m and the cost of debt and servicing at £64.2m taking the requirement for support from Government in 2025/26 to £72.1m, in the form of a capitalisation direction. This is equivalent to 41% of the net revenue budget in 2025/26. The current medium-term forecast predicts this to be an equivalent of £66.2M or 37% of net revenue budget by 2028/29. Difficult decisions remain ahead on service transformation, savings and taxation strategy to support the journey to sustainability.

4. BACKGROUND

- 4.1 The Councils existing MTFS 2024/25 to 2028/29 was presented to Council in February 2024. At this time, the level of estimated EFS required via a Capitalisation Directive was £520m over the seven year period 2022/23 to 2028/29.
- 4.2 In December 2024, the draft budget for 2025/26 and draft MTFS were presented to Cabinet. The draft documents focused on the proposals to meet the £18.2m savings target and updating core funding and the operating budget. The level of estimated EFS was not updated as the Capitalisation Directive was subject to a full review.
- 4.3 This report presents the final budget for 25/26, the reset MTFS 2025/26 to 2028/29 and the revised estimated EFS requirement for the 7 year period 2022/23 to 2028/29.

- 4.5 It is important to note that both the MTFS and the Capitalisation Direction are dynamic models that are calculated at a point in time and will be subject to change. Within the MTFS, the information included for the three years after 2025/26 is estimated on the most up to date information known but will be subject to the challenges of forecasting complex issues such as inflation, demand and demographic changes so far in advance. As the budget is approved annually, the latter three years of the MTFS will be subject to review and adjustment before being finally approved. Both models are interlinked with the MTFS feeding into the Capitalisation Directive to sit alongside other calculations including asset disposals, divestments and the cost of capital financing. Therefore, the Capitalisation Direction and the subsequent estimated level of EFS required over the seven-year period will continue to fluctuate.

5. AUTUMN BUDGET 2024 AND SPENDING REVIEW 2025

Autumn Budget 2024

- 5.1 On 30 October 2024, the Chancellor of the Exchequer Rachel Reeves announced the Autumn Budget 2024. Within it, the Chancellor concluded the one-year spending review for 2025/26. The strong emphasis from the Chancellor was that the Governments financial decisions have been made to restore stability to and grow the economy, support public services and to protect working people. The key areas of the Statement pertaining to Local Government are detailed below and included in the final MTFS:

- The Council Tax referendum limit remains at 3% for core Council Tax with flexibility for a further 2% for the adult social care precept. The MTFS assumes a Council Tax increase of 4.99% per annum.
 - The Revenue Support Grant (RSG) has increased from £8.5m to £8.7m. Apart from an inflationary uplift, the increase is as a result of 'rolling up' separate grants into RGS, including the Extended Rights Home to Schools Transport Grant of £0.1m.
 - The Services Grant of £0.2m has been ceased and is removed from the budget.
 - The Social Care Grant has increased by £2.3m to £15.8m and is applied to fund social care growth required in the 2025/26 budget.
 - The Market Sustainability and Improvement Fund remains at £2.9m and supports the budget for Adult Services.
 - The Domestic Abuse Safe Accommodation Grant has increased by £0.1m to £0.5m.
 - The New Homes Bonus has reduced to £0.06m from £0.019m.
- The Children's Social Care Prevention Grant (£1m) is a new grant to invest in the national roll out of Family Help. The grant conditions are yet to be determined however it is anticipated that new requirements will be attached to the funding and the MTFS assumes the grant will fund new expenditure to meet the grant criteria. This grant is expected to increase by £13m nationally in the Final Settlement with the Council's additional share estimated at c£0.05m.

- The Recovery Grant is a new grant and part of a national allocation of £600m to be distributed to Council's with greater need and demand for services and which are least able to fund their own services locally. Allocation is based on deprivation indices. The Council's share is £0.7m and the grant is reflected in the MTFs as additional income to meet existing expenditure.
- Homelessness Prevention funding has increased by £0.05m to £1.7m. The increase is reflected in the MTFs as a slight offset against significant growth required across the MTFs for homelessness pressures.
- The Department for Environment, Food And Rural Affairs (DEFRA) have notified the Council that their extended producer responsibility payments (EPR), which covers the net costs of collecting, managing, recycling and disposing of household packaging waste, is estimated at £3.59m covering the period 01/04/25 to 31/03/26. The payment of fees by producers fall under the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations. Whilst this payment may change, the Government is guaranteeing that in 2025/26 the Council will receive at least this sum and it may be subject to a top up. The Simpler Recycling legislation for Local Councils will enable consistent, more streamlined collections from all households and relevant non-domestic properties. As this is new legislation from December 2024, the Council is in the process of planning what actions are required to meet the legislation and the financial implications. For this reason, the funding has not been built in the MTFs and will be held in reserve until plans are agreed.
- The National Insurance (NI) Contribution Grant is based on the Council's Revenue Outturn (RO) grant returns. The estimate for Thurrock is between £1.37m and £1.43m. At the time of calculation, a number of Councils have not submitted their RO returns and there is likely to be some downward movement. Therefore a prudent estimate of £1.3m has been included in the 2025/26 budget. Supplier NI is not being compensated for. If supplier NI cannot be managed within the inflation provisions included in the budget, the Council does hold a contingency for unforeseen items.
- The extension of the Household Support Fund was confirmed for a further year, from 1 April 2025 to 31 March 2026. This is to support those most in need and to help with the significantly rising cost of living and to access support towards the cost of essentials, such as food, energy and water, particularly those who may not be eligible for the other support. Budget documents indicate that in the next financial year the overall (HSF) will be equivalent to £450m every six months, compared to the historic level of £500m. Final guidance and funding allocation are still awaited. However, Members are asked if they wish to continue with the 100% deployment of funds through the Essential Living Fund. The Essential Living Fund is an application-based system of support. That is open and available to all residents and recognises the current financial pressures and challenges of an individual or family at the time of application.
- Core schools funding is increasing by £2.3 billion in 2025-26 compared to 2024-25, which takes the overall national budget to £63.9 billion, including a £1 billion increase in high needs funding for the costs of complex SEND and alternative provision as part of reforms to the system.

- Thurrock has received an additional £3.561m revenue funding for the core schools budget to support the core schools budget and cover the remaining costs of the 2024 teacher's pay award in mainstream schools and an additional £2.788m (7.13%) within the high-needs block.
- Thurrock has been allocated an additional £0.985m as part of the national £500m increase announced within the budget settlement and this has been included within the Dft Block Maintenance capital budget for 2025/26 and within the capital programme update. This has increased the Block Maintenance programme from £2.834m to £3.819m within the capital Programme.

5.2 The impact of the settlement has been built into the 2025/26 budget with no further increases assumed across the MTFS.

Spending Review 2025

5.3 The Spending Review 2025 (SR 25) is taking place in two phases. Phase 1 was the Autumn Budget 2024 which confirmed government department budgets for 2024/25 and setting budgets for 2025/26. Phase 2 will be held on June 11 2025 and will set resource or day to day government departmental budgets until 2028/29 and capital departmental budgets until 2029/30. Current indications are that government departments will be expected to make a 5% savings target. It is difficult to predict what this will mean for the Council. If future funding streams are to be more aligned to deprivation this may benefit the Council and help improve its financial position and this will have to be worked through when details start to be known. The impact of SR 25 will be reported to members as soon as information is available.

6 DELIVERY OF THE 2024/25 BUDGET

6.1 Delivering a balanced budget for 2024/25 is critical to ensuring the Council remains within the agreed budget envelope and that there is no requirement for a unplanned call upon reserves.

6.2 Performance against the 2024/25 budget was brought to December Cabinet, Quarter 2 Forecast Revenue and Capital Outturn 2024/25 report. The 2024/25 budget assumes Capitalisation Direction of £68.570m. Over and above these services are forecasting an overspend of £2.722m which is reduced to a residual overspend of £1.896m after applying the balance of Contain Outbreak Management Fund grant. The pressures against the revenue budget are largely, but not limited to, pressures that are not unique to Thurrock Council, namely demand and placement costs in Children's Services and the unprecedented pressures against the homelessness budget. However the Council remains committed to delivering a balanced budget for 2024/25, accepting the budget requires EFS, and work is ongoing to ensure delivery of services are contained within the agreed budget envelope. There is a correlation between pressures experienced in year and the setting of future year budgets and the 'Service Growth' section of this report will explain how current pressures, outside of the Council's

control, are reflected across the revised MTFS to ensure financial plans are cognisant of the dynamic environment in which the Council operates.

- 6.3 The 2024/25 budget includes a challenging savings target of £19.866m. Progress against this target is good with 86% of savings either delivered or on track to be delivered. 10% are classed as ‘at risk’ and are being closely monitored to ensure they are either delivered in full or mitigated. The balance of 4%, which are forecast to not be delivered, the largest proportion of these (3%) are delayed and anticipated to be delivered in full in 2025/26. 2 savings (£206k) are deemed as not deliverable and have been reversed out of the final budget for 2025/26. At the time of writing this report the Qtr 3 monitoring, which will be presented to Cabinet in March, is a work in progress but indications are that the forecast pressure of £1.896m is reducing. Growth provisions in the final budget for 2025/26 will be reviewed against Qtr 3 forecasts. If growth provisions do look high, the growth will be held centrally and potentially reversed out of the budget in the next budget setting process.

7. MEDIUM TERM FINANCIAL STRATEGY 2025/26 TO 2028/29

- 7.1 In December, Cabinet was asked to note the Draft Budget 2025/26 and Draft MTFS 2025/26 to 2028/29 which solely focused on:

- Core Funding - income received from council tax, national non-domestic rates (NNDR) and non-specific government grants.
- Operating Budget - costs associated with core service delivery, corporate and technical costs (including the capital financing costs of new additions to the capital programme).)
- The draft saving proposals for 2025/26 (£18.2m)

- 7.2 This is enclosed at Appendix 1 for reference.

The draft budget and MTFS has been updated to ensure the final versions are reflective of changes to council tax, NNDR, revised budget assumptions, the indicative local government financial settlement and updated treasury costs. Following all these adjustments, the estimated level of Capitalisation Direction can be updated. A summary of the movements is detailed below:

Table 1 summarises the movement in core funding, between draft and final MTFS, followed by explanatory narrative:

Table 1: Movement in Core Funding

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|---------------------------------|----------------|----------------|----------------|----------------|
| Core Funding | £m | £m | £m | £m |
| Draft MTFS (Dec 24) | (160.815) | (165.588) | (170.595) | (175.848) |
| Final MTFS (Feb 25) | (168.529) | (170.314) | (175.837) | (181.576) |
| Increase in Core Funding | (7.714) | (4.726) | (5.242) | (5.728) |

7.3 Key reasons for the increase in core funding:

- Additional grant income, received as part of the indicative local government finance settlement, has been recognised in the MTFs.
- The final council tax base is set at 54,114 for 2025/26. This is an increase of 76 band D equivalent properties from the draft budget. An assumed increase in the base is reflected over the remainder of the MTFs of 199, 137 and 166 band D equivalents for 2026/27, 2027/28 and 2028/29 respectively.
- The estimated council tax surplus for 2024/25 is set at £151,516. £127,085 is retained by the Council and built into the 2025/26 budget as a one-off benefit with the balance being distributed to Essex Police and Essex County Fire & Rescue Service.
- The NNDR base was assumed at £54.9m at draft budget pending a full review of the tax base with external support from LG Futures. The results of the review are:
 - An estimated collection fund surplus of £3.198m for 2024/25. In 2025/26 this is recognised in the budget as a transfer to reserves to manage collection fund volatility and rate resets.
 - An increase in the NNDR base of £2.237m increasing the permanent NNDR base to £57.137m for 2025/26. This will remain cash flat over the remainder of the MTFs and reviewed annually.

Table 2 summarises the movement in the operating budget, between draft and final MTFs, followed by explanatory narrative:

Table 2: Movement in Operating Budget

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|--------------------------------------|----------------|----------------|-----------------|-----------------|
| Operating Budget | £m | £m | £m | £m |
| Draft MTFs (Dec 24) | 179.003 | 184.573 | 187.828 | 191.087 |
| Final MTFs (Feb 25) | 176.375 | 178.687 | 177.268 | 177.974 |
| Reduction in Operating Budget | (2.628) | (5.886) | (10.560) | (13.113) |

Key reasons for reduction in the operating budget:

- Budget of £1.2m, funding the Asset Disposal Team, has been removed from the budget. The asset disposal programme is time limited therefore it is reasonable that the team are funded from one off reserve funding. The Treasury Equalisation has sufficient funds for the remaining life of the team.
- Budget of £2.126m has been removed from the revenue contingency, the details of which are explained in a later section of this report.
- At draft budget to December Cabinet, service inflation and growth pressures were included at £45.8m and have been revised down to £39.8m. This represents a reduction of £6m largely due to a revision in

inflation assumptions and accounting for the Homelessness Prevention Grant of £1.7m per annum against temporary accommodation. Service growth over the planning period is detailed in Appendix 4.

The savings proposals, totalling £18.2m, that were included in the draft budget have been subject to no change and are included in the final budget for 2025/26. These are detailed in Appendix 3.

Table 3 summarises the movement in treasury costs, followed by explanatory narrative. The movement in treasury costs has resulted in a number of back dated amendments therefore they are shown over the 7 years:

Table 3: Movement in Treasury Costs

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | Total |
|-----------------------------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Treasury Costs | | | | | | | | |
| MTFS (Feb 24) | 40.387 | 209.008 | 52.169 | 51.475 | 53.601 | 53.902 | 44.402 | 504.944 |
| MTFS (Feb 25) | 130.419 | 157.614 | 79.749 | 64.282 | 64.937 | 67.237 | 69.846 | 634.084 |
| Increase in Treasury Costs | 90.032 | -51.394 | 27.580 | 12.807 | 11.336 | 13.335 | 25.444 | 129.140 |

Key reasons for the increase in the treasury costs:

- £124m – Correction of the debt levels within the CD Model. As debt levels were understated, the correction increases the cost of debt to be reflected in the model.
- £94m – Revenue impairments on divestments sold (£85m) and investment income (£9m). A revenue impairment is where the sale value of an investment is less than the internal book value resulting in a charge to the revenue account. An investment income impairment is similar where investment returns are less than the internal book value
- (£23m) – Correction of Minimum Revenue Provision (MRP) charges to the model to ensure charges are in accordance with the Council's MRP Policy, which in turn is in accordance with guidance issued by MHCLG
- (£3m) – Removal of the 1% penalty premium on borrowings from the Public Works Loans Board (PWLb)
- (£29m) – Interest received on divestment income received which has been invested with the Debt Management Office (Bank of England) until required to repay loans from the PWLB. Early repayment of loans would result in penalty payments
- (£15m) – Income returns from investments up to the point of them being sold
- (£12m) – Ensuring debt levels pertaining to the Housing Revenue Account (HRA), and funded by the HRA, are accurately reflected in the model
- (£4m) – Estimated treasury management costs no longer required

7.4 The impact of the changes in core funding, operating budget and treasury costs has resulted in the Council's estimated CD requirement increasing from £520m (February 2024) to £691m (February 2025). MHCLG are aware

of the increased requirement and what can be done to address this, both internally and externally, is part of the ongoing conversations with the department regarding the Council's ongoing sustainability. Tables 4 & 5 summarise movement in the estimated CD requirement:

Table 4: Capitalisation Direction (February 2024)

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | Total |
|----------------------------------|---------------|----------------|---------------|---------------|---------------|----------------|----------------|----------------|
| February 2024 | £m | £m | £m | £m | £m | £m | £m | £m |
| Core Funding | 0 | -147.172 | -154.613 | -155.276 | -162.859 | -170.819 | -179.173 | -969.912 |
| Operating Budget | 0 | 172.715 | 171.013 | 162.413 | 160.755 | 159.548 | 158.810 | 985.254 |
| Shortfall/(Surplus) to CD | 0 | 25.543 | 16.400 | 7.137 | -2.104 | -11.271 | -20.363 | 15.342 |
| Treasury costs | 40.387 | 209.008 | 52.169 | 51.475 | 53.601 | 53.902 | 44.502 | 505.044 |
| Total CD Requirement | 40.387 | 234.551 | 68.569 | 58.612 | 51.497 | 42.631 | 24.139 | 520.386 |

Table 5: Capitalisation Direction (February 2025)

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | Total |
|----------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| February 2025 | £m | £m | £m | £m | £m | £m | £m | £m |
| Core Funding | 0.000 | -148.184 | -155.728 | -168.529 | -170.314 | -175.837 | -181.576 | -1,000.168 |
| Operating Budget | 0.000 | 174.661 | 172.399 | 176.375 | 178.687 | 177.268 | 177.974 | 1,057.364 |
| Shortfall/(Surplus) to CD | 0.000 | 26.477 | 16.671 | 7.846 | 8.373 | 1.431 | -3.602 | 57.196 |
| Treasury costs | 130.419 | 157.614 | 79.749 | 64.282 | 64.937 | 67.237 | 69.846 | 634.084 |
| Total EFS Requirement | 130.419 | 184.091 | 96.420 | 72.128 | 73.310 | 68.668 | 66.244 | 691.280 |

The final 2025/26 Budget and MTFFS 2025/26 to 2028/29, which this report is recommending to Council, is summarised in table 6 and shown in more detail in Appendix 2.

Table 6: Final Budget 2025/26 and Final MTFFS 2025/26 to 2028/29

| Final MTFFS 2025/26 to 2028/29 | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| | £m | £m | £m | £m |
| Core Funding | (168.529) | (170.314) | (175.837) | (181.576) |
| <i>Service Expenditure</i> | 170.701 | 181.263 | 189.501 | 197.680 |
| <i>Corporate and Technical</i> | (0.054) | 6.584 | 12.526 | 18.646 |
| <i>Savings to be found</i> | 0.000 | (13.650) | (27.300) | (40.950) |
| <i>Capital Financing</i> | 0.530 | 2.489 | 2.543 | 2.598 |
| <i>Transfer to/from Reserves</i> | 5.198 | 2.000 | 0.000 | 0.000 |
| Total Operating Budget | 176.375 | 178.686 | 177.270 | 177.974 |
| Treasury Costs | 64.282 | 64.937 | 67.235 | 69.846 |
| Total Budget Requirement | 240.657 | 243.623 | 244.505 | 247.820 |
| Capitalisation Direction | 72.128 | 73.310 | 68.668 | 66.244 |

Table 7 overleaf summarises the core assumptions underpinning the final budget and MTFFS:

Table 7: Core Assumptions Underpinning the Final Budget 2025/26 and MTFS 2025/26 to 2028/29

| | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|---|----------------|----------------|----------------|----------------|
| Core Council Tax increase (Note 1) | 2.99% | 2.99% | 2.99% | 2.99% |
| Adult Social Care Precept increase | 2.00% | 2.00% | 2.00% | 2.00% |
| Council Tax Base (band D equivalent properties) | 54,114 | 54,313 | 54,450 | 54,616 |
| Council Tax (£'000) | £97.376m | £102.359m | £107.882m | £113.622m |
| Collection Rate | 98.80% | 98.8% | 98.80% | 98.80% |
| National Non-Domestic Rates (£'000) | £57.137m | £57.137m | £57.137m | £57.137m |
| Pay – Pay Award | 2.50% | 2.50% | 2.50% | 2.50% |
| Pay – Increments | 1.80% | 1.80% | 1.80% | 1.80% |
| Savings actual/ targets | £18.200m | £13.650m | £13.650m | £13.650m |
| Service growth | £14.304m | £9.167m | £8.238m | £8.179m |
| Asset Disposals | £29.52m | £19.752m | £10.21m | 0 |
| Divestments | £4.5m | £46.4m | 0 | 0 |
| Treasury Costs | £64.282m | £64.937m | £67.235m | £69.846m |
| Estimated Capitalisation Requirement | £72.128m | £73.210m | £68.668m | £66.244m |

Note 1: Across Greater Essex, the Council's band D council tax remains the lowest at £2,040 compared to an average of £2,115 (rates include precepts and parish)

Finally, table 8 shows how the budget has moved from 2024/25 to 2025/26:

Table 8: Budget Movement 2024/25 to 2025/26

| | £000s | £000s |
|----------------------|----------|---------------|
| 2024/25 | | 68,571 |
| Council Tax | (5,366) | |
| Business Rates | (5,435) | |
| Core grant changes | (4,300) | |
| Contingency | (4,697) | |
| Growth | 14,304 | |
| Savings | (18,200) | |
| Pay Award Provision | 6,125 | |
| Treasury Costs | 12,807 | |
| Inflation Provision | 656 | |
| Capital Financing | 530 | |
| Transfer to Reserves | 5,198 | |
| Corporate Budgets | 1,935 | |
| | 3,557 | |
| 2025/26 | | 72,128 |

7.5 Thames Freeport Limited is located within the borough. The Freeport business case makes allowance for a counterfactual position of 25% of the NNDR income for each year, reflecting local authority budget forecasts for growth above the baseline that would have happened had the Freeport not been set up. This amounts to a total of £7.332m for the financial years 2023/24 to 2025/26 inclusive. The Freeport area is already an area of growth and hence a lower level of growth is part of the core expected business rates for the local authority. This income is allocated to support the wider activities of the authority and does not form part of the investment in support of the Freeport. Work is in progress to ensure that all the relevant transactions are logged on the financial management system dating back to the commencement of the Freeport on 1 April 2023. Once this has been completed, this will be reported to Cabinet within the Outturn Report for 2024/25. The 25% counterfactual income of £7.332m will be recognised in the accounts and transferred to a ring-fenced reserve until deployed.

8. DEDICATED SCHOOLS GRANT 2025/26

8.1 The Dedicated Schools Grant (DSG) is a ring-fenced specific grant allocated to the Local Authority (LA) by the Government to support a range of education related services.

8.2 The Dedicated Schools Grant to be received by Thurrock Council in 2025/26, after academy recoupment, is shown in the table below:

| Dedicated Schools Grant 2025/26 | Funding Settlement | Academy Recoupment | Retained DSG |
|---------------------------------|--------------------|--------------------|--------------|
| | £m | £m | £m |
| Schools Block | 180.524 | (174.713) | 5.811 |
| Central School Services Block | 1.598 | 0.000 | 1.598 |

| | | | |
|-------------------|----------------|------------------|---------------|
| High Needs Block | 41.870 | (7.246) | 34.624 |
| Early Years Block | 30.192 | 0.000 | 30.192 |
| Total | 254.184 | (181.959) | 72.225 |

Schools Block

- 8.3 The Schools Block funding formula was approved by Cabinet and submitted for validation and approval to the Department for Education in January. Schools have been notified of their provisional 2025/26 funding allocation.

Central School Services Block

- 8.4 This supports the local authority role in education. This retained funding allocation was approved by Thurrock Schools Forum in January.

High Needs Block

- 8.5 Officers continue to work through the detail of the funding allocation and consider the 2025/26 budget alongside the high level of demand for specialist places and Education, Health, and Care Plans (EHCP). This is to be discussed with Thurrock Schools Forum in March.
- 8.6 This increased demand, complexity of need and price increases reflects the national position of the High Needs Block. A long-term solution is required to funding available to support Schools and the High Needs Block.

Early Years

- 8.7 On 10 December 2024, the Department for Education announced the local authority hourly funding rates for April 2025 to March 2026. These are the rates that the Department for Education (DfE) will pay to each local authority.
- 8.8 Local authorities will be funded for early years provision through the early years block in the DSG. Funding for 3 and 4-year-olds and families of 2-year-olds receiving additional support will be based on data from the annual early years, school, and alternative provision censuses, with mid-year adjustment to the early years block of the DSG.
- 8.9 Termly headcounts will continue to be used to fund for delivering the new entitlements, to better match how local authorities fund providers across the year in 2025/26. Given the additional termly counts for the new entitlements in 2025/26, the indicative allocations for these funding streams will be updated following the data collection each term.
- 8.10 In 2025/26 the minimum pass-through requirement will increase from 95% to 96%, with the long-term intention to increase this to 97% once the new entitlements are sufficiently embedded. This new 96% requirement will apply separately to the entitlements for:
- 9-month-old children up to 2-year-olds of eligible working parents
 - 2-year-old children of eligible working parents
 - 2-year-old children from families receiving additional support
 - 3 and 4-year-olds (universal and additional hours)

- 8.11 Local Authorities are required to follow the Early Years entitlements operation guide, which is intended to help them to fund early years providers to deliver the early years entitlements in accordance with their legal obligations and government policy.
- 8.12 The funding formula proposed, maximises the funding to be paid to providers, while maintaining sufficient funds to support SEN inclusion. The funding rates to be applied from April 2025 are shown in the table overleaf:

| Early Years Funding Formula 2025/26 | | |
|---|--------------------|--|
| The hourly rates to be paid to all providers from April 2025 are: | | |
| Under 2's | £11.50 | An increase of 36p per hour |
| 2 Year Olds | £8.30 | An increase of 80p per hour. No deprivation funding to be paid. |
| 3 and 4 Year Olds | £5.50 | An increase of 10p per hour. Increase to deprivation rates. |
| Deprivation funding 3 & 4 Year Olds only | Annual Rate | Rate Per Hour |
| Band G - IDACI SCORE < 0.20 | £0.00 | £0.00 |
| Band F - IDACI SCORE 0.20 - 0.25 | £340.00 | £0.60 |
| Band E - IDACI SCORE 0.25 - 0.30 | £340.00 | £0.60 |
| Band D - IDACI SCORE 0.30 - 0.35 | £425.00 | £0.75 |
| Band C - IDACI SCORE 0.35 - 0.40 | £540.00 | £0.95 |
| Band B - IDACI SCORE 0.40 - 0.50 | £685.00 | £1.20 |
| Band A - IDACI SCORE > 0.50 | £800.00 | £1.40 |
| IDACI Postcode Score can be download from: | | |
| http://imd-by-postcode.opendatacommunities.org/imd/2019 | | |
| EARLY YEARS PUPIL PREMIUM | £570.00 | £1.00 |
| DISABILITY ACCESS FUND | £938.00 | |

- 8.13 The pass-through rates based on the proposed funding rates above are:
- 9-month-old children up to 2-year-olds of eligible working parents **(96.91%)**
 - 2-year-old children of eligible working parents **(96.91%)**
 - 2-year-old children from families receiving additional support **(96.91%)**

- 3 and 4-year-olds (universal and additional hours) **(97.57%)**

8.14 The Department for Education will use the planned budget information provided by local authorities in their annual section 251 (s251) early years proforma to monitor compliance with all the policies set out in the Operation guide and the underpinning regulations and DSG conditions of grant.

Dedicated Schools Grant Management Plan

8.15 The Government extended the DSG statutory override in December 2022 for a one-off period of three years up to 31 March 2026. When the statutory override falls away, the accumulated DSG deficit will be the responsibility of each Local Authority.

8.16 Local Authority are required to maintain a long term management plan to show future year projections and the accumulated deficit position. This projected liability, with the removal of the statutory override, is the deficit position that would become the responsibility of the Local Authority.

8.17 Thurrock's current DSG projected deficit at 31 March 2025 is forecasted to be £0.822m. However, by the end of 2028/29 this deficit is projected to increase to £20.201m as shown in the table. This reflects the national position of the High Needs Block, and the challenges faced in meeting increased demand, complexity of need and price increases. A long-term solution is required to funding available to support Schools and the High Needs Block.

| Thurrock Dedicate Schools Grant Management Plan 2024/25 to 2028/29 | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Mitigated and DBV | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Total Expenditure | £m | £m | £m | £m | £m | £m |
| Mainstream | 7.621 | 9.373 | 10.232 | 9.931 | 9.905 | 10.197 |
| Resources | 5.043 | 5.569 | 5.722 | 7.722 | 7.318 | 7.799 |
| Special Schools | 12.580 | 13.609 | 13.535 | 14.837 | 16.113 | 17.273 |
| NMSS or Independent | 3.960 | 4.265 | 6.384 | 6.217 | 6.407 | 6.220 |
| Medical or Home Tuition | 1.078 | 1.101 | 0.809 | 0.857 | 0.908 | 0.962 |
| Post-16 or FE | 2.563 | 3.211 | 2.642 | 2.776 | 2.918 | 3.067 |
| AP | 2.721 | 2.749 | 2.670 | 2.725 | 3.081 | 3.139 |
| Other H2S Transport | 1.600 | 1.600 | 1.600 | 1.600 | 1.600 | 1.600 |
| Total | 37.165 | 41.478 | 43.595 | 46.665 | 48.250 | 50.258 |
| DSG Assumed | 38.111 | 39.288 | 41.870 | 41.256 | 42.494 | 43.769 |
| In Year Position HNB | (0.946) | 2.191 | 1.724 | 5.409 | 5.756 | 6.489 |
| In Year Position Other Funding Blocks | (0.219) | (0.738) | 0.000 | 0.000 | 0.000 | 0.000 |
| DSG Deficit/(Surplus) | 0.534 | (0.631) | 0.822 | 2.546 | 7.956 | 13.712 |
| Accumulated Deficit/(Surplus) | (0.631) | 0.822 | 2.546 | 7.956 | 13.712 | 20.201 |

9. PUBLIC HEALTH FUNDING

- 9.1 Upper tier local authorities are responsible for improving the health of their local population and for reducing health inequalities. Central government decides the value of the Public Health Grant allocated to each local authority. The purpose of the grant is to provide local authorities in England the funding required to discharge public health functions. Each authority must prepare a return setting out how the grant has been spent at the end of each financial year, in accordance with grant conditions. Frequency of detailed inspection is at the discretion of the Regional Director of Public Health. The most recent visit was in May 2024.
- 9.2 The Ring-Fenced Public Health Grant Allocation for Thurrock Council for 2024/25 was £12.6m (Appendix 5). The grant for 2025/26 is yet to be announced at the time of writing this report, this should be announced in March 2025.
- 9.3 Other Public Health Grants include the Tobacco Control Monies Grant with an allocation for 2024/25 of £0.239m, the Section 31 Criminal Justice Drug and Alcohol (D&G)/Supplementary Substance Misuse Treatment and Recovery Grant (SSMTRG) with a 2024/25 allocation of £0.243m, and the grant from the Office for The Police and Crime Commissioner (OPCC) of £0.049m for 2024/25. The 2025/26 allocations are yet to be announced by Central Government for these grants.

10. BETTER CARE FUND

- 10.1 The Better Care Fund (BCF) is the pooled budget with the Integrated Care Board (ICB), which is held by the Council. This comprises of total funding of £55.614m in 2025/26 and is an integral part of the Adult Social Care budget. The monitoring of the Better Care is held in conjunction with the ICB, as part of the Integrated Care Executive (ICE), and is ring-fenced funding governed under a Section 75 agreement. The grants/budgets incorporated in the BCF are:
- Disabled Facilities Grant (£1.638m)
 - Minimum NHC Contribution (£14.240m)
 - Improved Better Care Fund (£5.569m)
 - Additional Local Authority Contribution (£31.492m)
 - Local Authority Discharge Fund (£1.301m)
 - ICB Discharge Fund (£1.374m)

11. MEMBER ALLOWANCES 2025/26

- 11.1 The scheme of Member Allowances for 2025/26 is attached at Appendix 10. There is no change from 2024/25, Members rejected recommendations to index allowances to staff increases at the main Independent Remuneration Panel (IRP) report from November 2023. In May 2024 the Council agreed IRP recommendations to revise the Special Responsibility Allowances (SRA's) for the Overview and Scrutiny Chairs and the newly created chairs of the Standards Committee and Audit Committee. The IRP met in December 2024 on request of Full Council to review these

allowances, with a mind to test their suitability after being in place for sixth months, for O & S Chairs and Vice Chairs. The IRP is making no recommendations to change the allowances. The IRP report is being written now and will not be reported to Council until after February.

12. RESERVES AND CONTINGENCIES

12.1 Reserves and contingencies need to be considered in the context of their role to protect the Council's financial standing and in the context of the overall risks that the Council faces during a continuing period of economic uncertainty and changing demand. The MTFs reflects the Council's need to ensure an adequate level of reserves and contingencies which will enable it to manage risks associated with service delivery of the budget including equalities impacts and unforeseen items.

12.2 Reserves

The Council holds a list of ear marked reserves which are held for specific purposes. At Qtr 3 (end of December 2024), total reserves forecast for carry forward into 2025/26 are £46.570m after estimating a total of £13.470m being drawn down to support the 2024/25 budget. (Appendix 7)

12.3 At Qtr 2, a review of all earmarked reserves was undertaken to identify balances which were historic and no longer required. A total of £2.881m was identified of which £1.5m was transferred into a specific reserve for Adult and Children's social care. The balance of £1.381m was transferred into a MTFs delivery risk reserve for ongoing financial pressures. These reserves are included in the overall total of £46.570m.

In addition to ear marked reserves, the Council holds one General Fund reserve of £10.942m which equates to 6% of the operating budget for 2025/26. The CFO comments on the adequacy of reserves in their report in Appendix 8.

Contingency

12.4 The revenue budget includes one recurrent contingency budget. It was created as part of the 2024/25 budget setting process, at a value of £8m, as a contingency for the £19.866m of savings built into the budget. The imperative throughout the year has always been the delivery of savings in full without calling on contingency. As this is on track to be achieved, the contingency budget will be repurposed:

- At the end of 2024/25, through the outturn process, a request will be made to transfer the underspend on the contingency budget into the Transformation Reserve
- The balance on the contingency budget, as at 01/04/25, is estimated at £7.447m. A sum of £1.571m will be earmarked to fund:
 - Direct Debit payment implementation (£34k)
 - Voice Automation (£112k)
 - External audit fees (£721k)
 - Facilities Management / Health & Safety (£500k)

- Reversing 2 unachievable savings in the 2024/25 budget:
 - CTS001 – Direct debits (£106k)
 - CTS020 – Workforce planning and agency (finance) (£100k)
 - A sum of £1.750m will be vired into a separate ‘Contingency for Unforeseen Items under the governance of the Chief Finance Officer
 - A sum of £2m will be set aside for devolution and local government review under the governance of the Assistant Chief Executive and Chief Finance Officer
 - This leaves a balance of £2.126m on the reserve which has been removed from the 2025/26 budget
- 12.5 In summary the ongoing contingency budget of £7.447m has been re-purposed as follows for 2025/26:
- £1.750m - moved to a specific contingency for unforeseen items
 - £3.571m – will remain in the general contingency to support devolution and local government reform (£2m) and the specific sums as detailed above (£1.571m),
 - £2.126m - removed from the 2025/26 budget

The use of the contingency budgets will be reported to Cabinet as part of the quarterly monitoring update. Any single item of expenditure exceeding £0.5m will need Cabinet and Commissioner approval.

13. COUNCIL TAX MODEL RESOLUTION

- 13.1 The Council Tax Model Resolution is attached at Appendix 9 which proposes the Band D council tax of £1,797.12 for Thurrock for 2025/26. The proposed Police precept of £260.37 (an increase of 5.66%) and the proposed Fire precept of £87.57 (an increase of 5.99%) takes the overall proposed band D council tax to £2,145.06. The Police and Fire precept is still subject to confirmation and is expected to be confirmed on 4 February 2025. The relevant basic amount of council tax is under the threshold in the Referendum relating to Council Tax Increases (Principle) (England) Report 2024/25. The proposed Fire and Police precepts are an increase of £18.90 taking the aggregate Council Tax increase to 5.12%.

14. REASONS FOR RECOMMENDATIONS

- 14.1 The recommendations are made to ensure Cabinet and Council are:
- Clear about the Medium Term Financial Strategy, the basis on which it is constructed and the future saving targets the Council is working towards.
 - Understand the final proposals to meet the savings target of £18.2m for 2025/26 and the key action points raised following the

Corporate Overview & Scrutiny Budget Scrutiny meeting on 20 November.

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

The delivery of the MTFS will underpin all of the work of the Council and its policies, priorities and performance.

14.3 Alternative options considered

Every council must have a balanced and robust budget for the forthcoming financial year and also a Medium Term Financial Strategy (MTFS). Therefore, no alternative options have been considered as viable alternatives.

15. CONSULTATION

15.1 The draft saving proposals were presented to the Corporate Overview & Scrutiny Committee on 20 November, also attended by Members from the Place and People Scrutiny Committees. The Committee made 6 recommendations to Cabinet in respect of the draft savings proposals. Detailed below are the proposals and the actions taken in the final budget and MTFS:

- A report outlining in further detail the business case for CS02 'Grangewaters: Business Opportunities' be presented to the relevant O&S Committee for consideration. *Action – The Grangewaters business case was discussed at Corporate Overview & Scrutiny Committee on 14 January. There are no changes to saving proposal CS02 – Grangewaters commercialisation opportunities (£150k) which remains in the final budget.*
- Cabinet to consider other revenue generating activities, across services, with a view to increasing income for the Council. *Action – The Leader is establishing and Income Generation - Member Working Group.*
- Cabinet review PLA02 'Energy Management' to give assurance and further justification that the proposal will deliver projected savings. *Response: Officers have looked closely at the savings proposal 'PLA02: Energy Management' and have reviewed existing resource within the Place directorate. Officers and the Portfolio Holder have agreed that the net £50k saving and energy reduction efficiencies can be achieved by utilising a resource from the Economic Development and Sustainability Team without the need to recruit additional resource. As the saving can be achieved without the need to recruit an Energy Manager, a specific paper will not be coming to Place O&S.*

- Cabinet review the feasibility of introducing a 50% reduction in brown bin charges for pensioners (PLA09). *Action – Cabinet agreed that they had reviewed brown bin charges and cannot make any current changes at this time. The saving remains in the final budget.*
- Cabinet review PLA18 ‘Reduction in Highways Operational Maintenance Budget’ to ensure the proposed saving represents an efficiency saving and not a cut to service. *Action: Actions towards supporting the proposed reduction of £100k from the Highways Reactive Maintenance budget (PN001) will be achieved through a reduction in operating costs such as fuel and vehicle usage, achieved through efficiencies resulting from the Highways and Transport restructure. The service will continue to focus on the repair of safety critical and immediate intervention level defects as set out in the highway maintenance strategy. The saving remains in the final budget.*
- Cabinet take into consideration the comments and suggestions of the O&S committees on other savings proposals as part of its future budget considerations. *No action required.*

16. FINANCIAL IMPLICATIONS

16.1 Financial implications are considered as part of this report.

17. RISK IMPLICATIONS

17.1 Risks included on corporate or directorate risk register: Yes

The following risks should be considered when agreeing the recommendations of this report:

| Risk Description | Mitigations | RAG Status |
|--|---|------------|
| The final budget and MTFS is based on the Indicative Finance Settlement to be followed by the Final Settlement in early February which may require change. | <ul style="list-style-type: none"> • The council holds a contingency for unforeseen items to support any potential impact to ensure no change to the budget envelope | AMBER |
| The impact of Devolution and Local Government Reform | <ul style="list-style-type: none"> • £2m ear marked contingency to support capacity required to ensure no | AMBER |

| | | |
|--|---|-------|
| | deviation from delivering BAU | |
| External factors, outside of the control of the Council, will be subject to volatility with upward volatility creating a financial risk on the final budget and MTFS. | <ul style="list-style-type: none"> • Demand and inflationary growth evidence based, on the most up today date information at the time of budget setting • Robust monthly in year monitoring to capture volatility / potential volatility to ensure mitigating actions can be implemented • Monitoring reported through the governance channels/scrutiny to ensure areas of risk and transparent and addressed • Contingency for unforeseen items (£1.75m) | AMBER |
| The actions required to deliver the £18.2m of proposals in 2025/26 are delayed creating a risk to benefit realisation from 01/04/25. | <ul style="list-style-type: none"> • Proposals have been divided into BAU and those requiring a more detailed business case to focus attention on the latter which present more risk • Implementation costs (revenue and capital) are known and provision has been allocated to ensure delivery | AMBER |

| | | |
|---|--|--------------|
| | <p>actions are in place</p> <ul style="list-style-type: none"> • An 'early heads up' 2025/26 savings tracker is in progress, to test the readiness of delivery plans allowing time to take action if potential delays identified. | |
| <p>Inability to deliver the Councils approved MTFS over the next 4 years leading to an inability to set a balanced budget (accepting EFS is required) and provide core services</p> | <ul style="list-style-type: none"> • Saving targets over the last three years of the MTFS are known allowing the Council sufficient lead in time to ensure the Council's transformation is delivered • MTFS accurately reflects demand and legislative changes (where known) to minimise risk • Strategic financial planning with Cabinet, SLT and wider organisation to ensure full engagement with delivery | <p>AMBER</p> |

Implications Verified by Dawn Calvert

Date

03/02/25

18. LEGAL AND GOVERNANCE IMPLICATIONS

- 18.1 The setting of the budget is a function reserved to Full Council. The Council is required to set its budget before 11 March each year pursuant to section 30(6) Local Government Finance Act (LGFA) 1992, in advance of the start

of the new financial year on 1 April. The report requests the draft budget is approved, and is the first step in the budget setting process, with the draft being consulted on, returned to Cabinet for recommendation to Full Council.

- 18.2 The Council is required to set a balanced budget for each financial year. Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their council tax requirements in accordance with the prescribed requirements of the section. This requires consideration of the authority's estimated revenue expenditure for the year to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund. These provisions have the effect of obliging a local authority to set a balanced budget, by providing that its forecast expenditure must align with its forecast income. 'Income' may include transfers from the authority's reserves, but this must be specified in the calculations.
- 18.3 Section 25(1)(a) and (b) of the Local Government Act 2003 requires its Chief Finance Officer (Section 151 Officer) to report amongst other things, on the robustness of the estimates made for the purpose of calculating Council Tax, and on the adequacy of reserves. This should be taking into account when approving the budget.
- 18.4 Local authorities owe a fiduciary duty to council tax payers, which means they must consider use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council taxpayers and rate payers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.
- 18.5 The council is also under a duty pursuant to section 3 Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness ("the best value duty").

Implications Verified by

Helen Nicol

Date 04/02/25

19. EQUALITY AND DIVERSITY IMPLICATIONS (including the public sector equality duty)

- 19.1 There are no direct diversity implications noted in this report. Revisions to the capital programme will continue to ensure that essential services and public safety are maintained.

19.2 Community and Equality Impact Assessments (CEIA) have been prepared for specific savings proposals to address the Council's savings requirements

Implications Verified by Rebecca Lee

Date 02/04/25

20 Other Relevant Implications

None

21 Background Documents

N/A

 thurrock.gov.uk

N/A