

Appendix 2 - Revenue Position - Detailed commentary

Comments are included below on the most significant of the variances against budget at a directorate level:

1. Adults; Housing and Health: £1.077m (2%) overspend

The provisional outturn of £52.043m is 2% more than the budgeted level. This is a £1.904m favourable movement from the quarter 3 reported position.

The overspend is driven by:

- **£1.101m** External Placements spend exceeded budgeted levels due to the significant increase in demand for Homecare and Residential services for those people with increased level of care needs being discharge from hospital requiring continuing social care support. The improved outturn position from the previously reported Cabinet position is through a combination of the utilisation of grant funding, and a reduction in expenditure on external placements being presented to the spending control panel. Additionally, a significant amount of work has been invested into early review of existing care packages and clearing the backlog of assessments
- **£0.359m** In-house Provider Services have been subject to the same demand pressures as external providers, coupled with pay adjustments.

Partially offset by:

- **£0.139m** Commissioning & Service delivery staffing underspend
- **£0.074m** Libraries & Community Development staffing underspend
- **£0.167m** Fieldwork services reduction in non-essential spend

Movement to reserves:

- Streamline of Adult Social Care Assessments **£0.130m**. Grant received at the end of 2022/23, will be used in 2023/24 in line with grant conditions
- Adult social care charging reform: implementation support funding grant **£0.102m**. This grant funding is specifically ear-marked to finance additional modules required for the monitoring of the deferred cost of cap.
- External funding ring fenced for Adults Safeguarding board **£0.017m**

2. Children's Services (non-DSG) £1.217m (3%) overspend

The provisional outturn of £42.246m is 3% more than the budgeted level. This is a £0.809m favourable movement from the quarter 3 reported position.

Children & Family Services £1.562m (5%) overspend

The overspend is driven by:

- **£1.894m** External placements for children looked after, this reflects increase in complexity of need and demand for costly residential and supported accommodation packages.
- **£0.484m** Brighter Future Prevention Service, costs associated with short breaks provision and direct payments exceeded budgeted levels
- **£0.335m** cost associated with the number of cases in legal proceedings. With the introduction of the new Think Family Team, costs have reduced in 2022/23

Offset by:

- **£0.493m** reduction in assumed adoption costs due to selling more adopters than purchasing through the Interagency arrangement. In addition, there is a reduction in advertising and recruitment expenditure
- **£0.735m** Staffing underspends across the service. The underspend reflects the achievement of 2022/23 reductions and the holding of posts to support 2023/24 reduction plans. In addition, control has been exercised to support the S114 notice with delay or non-filling of vacant posts.

Movement to reserves:

- Family Hubs and Start for Life Programme grant funding carry forward **£0.582m**
- Safeguarding Children funding from external bodies **£0.074m**
- Violence & Vulnerability unit funding **£0.041m**
- Short-breaks and outreach parent donations for the Sunshine Centre **£0.006m**

Education & Skills £0.667m (13%) underspend

The underspend is driven by:

- **£0.318m** less than budgeted within the Employability & Skills service due to a review of the establishment and delays in recruitment plus additional income.
- **£0.200m** less than anticipated within the Special Education Needs service; the Virtual school incurred lower levels of professional fee expenditure and foundation payments. The Education Psychology service experienced recruitment and retention issues and as a result underspent on their staffing budgets
- **£0.168m** Education Support service achieved higher than anticipated income within the catering service and managed costs elsewhere
- **£0.102m** School Effectiveness team achieved more income than expected levels

Offset by:

- **£0.129m** Day Nurseries ceased to operate from August 2022. The additional cost reflects costs incurred during the Summer 2022 term and redundancy costs arising from the closure Day nurseries, alongside the backdated pay award

Movements to reserves:

- Thurrock Adult Community College TACC has several funding sources all subject to validation of outcomes. The carry-forward allows this risk to be managed **£0.329m**
- Carry forward of underspend to support Health and Safety and Cyclical Maintenance Programme for Grangewaters Outdoor Education Centre **£0.067m**
- Music Service - Arts Council Funded to support the service in 2023/24 **£0.034m**
- Carry forward to support work of Virtual School and LAC children **£0.033m**
- School Wellbeing underspend to support service costs in 2023/24 **£0.006m**
- Essex Activate Holiday Activity and Food Clubs grant carry forward **£0.005m**

School Transport £0.365m (11%) overspend

The overspend is driven by:

- **£0.611m** increase demand for Education Health and Care plans and impact of the requirement to provide Home to School Transport to support these plans
- **£0.133m** Secondary school transport

Partly offset by:

- **£0.202m** less than budgeted for out of borough transport costs
- **£0.193m** reduction in primary school transport costs

3. Housing General Fund £0.020 (1%) overspend

The provisional outturn of £1.601m is 1% more than the budgeted level. This is a £0.303m favourable movement from the quarter 3 reported position.

The overspend is driven by:

- **£0.107m** Homelessness support. There has been a continued increase in the number of people requiring housing accommodation solutions throughout the year. There are many contributing factors to a rising demand of people facing potential homelessness including mental health issues, substance abuse, domestic violence, as well as people experiencing financial hardship in the current economic climate. This often involves dealing with some of the most vulnerable people within the borough.

Offset by:

- **£0.090m** Through the utilisation of external grant funding

Movement from reserves:

- Private Sector Housing Licencing Scheme **£0.107m**

Movement to reserves:

- Domestic Abuse New Burdens Funding - Safe Accommodation **£0.211m**
- Asylum Dispersal Grant (Home Office) **£0.074m**

4. HR; OD and Transformation: £0.186m (2%) underspend

The provisional outturn of £8.755m is 2% lower than the budgeted level. This is a £0.716m adverse movement from the quarter 3 reported position (because of the ICT issues mentioned below).

The underspend is driven by:

- **£0.476m** underspend against staffing budgets across the directorate due to the controls implemented to manage recruitment in line with the S114 requirements
- **£0.258m** through a reduction in non-essential spend within the HROD team. Events such as the Long Service Awards, Staff Awards and Managers Conferences were still delivered but scaled back to reduce cost
- **£0.236m** Capitalisation of staff time above budgeted levels
- **£0.073m** Reduced spend on MFD's in line with planned savings for 23/24
- **£0.044m** reduced spend against corporate training & development budget, separate apprentice levy utilised to support training requirements

Offset by:

- **£0.920m** ICT capital costs which have been classified as "Intangible" costs in previous years are currently being reviewed. This may result in the reversal of previous accounting treatments, and it is felt prudent to assume licence costs of £0.594m incurred in 2022/23 should not be treated as a capital item. In addition, £0.180m of rental fees in relation to the Thurrock Wide Area Network project have been identified as not meeting the capital cost requirement.

Movement from reserves:

- Workforce Planning - Training grant to be used for ringfenced activities **£0.009m**

5. Public Realm £0.616m (1.8%) underspend

Public Realm's overall provisional outturn of £35.524m is 1.8% lower than the budgeted level. This represents a favourable movement of £0.240m from the quarter 3 reported position.

There are various services contained within this directorate and the main drivers within each service area are set out below:

*Counter Fraud & Enforcement **£0.312m (33%) underspend***

The underspend is driven by:

- **£0.975m** Counter Fraud work with external agencies and underspend on internal Fraud team staffing budget
- **£0.268m** income generated through parking decriminalisation charges (**£0.209m** above anticipated levels for fixed penalty notices) and environment enforcement activity (**£0.059m** more than budgeted)

Offset by:

- **£0.166m** Borough wide traveller injunction and enforcement action at Traveller site
- **£0.288m** Parking charge for on street and off-street parking have been below budgeted levels following the change in working practices implemented as part of the pandemic, these have not returned to pre Covid levels and people continue to work away of the office. This includes the underachieved saving linked to new pay and display car parks
- **£0.352m** Enforcement staffing and reliance on agency staff
- **£0.100m** non-achievement of saving target in relation to commercially trading the CCTV function

Emergency Planning and Resilience £0.230m (50%) overspend

The overspend is driven by:

- **£0.249m** Costs associated with Injunction powers granted to deal with environmental protestors “Just Stop Oil.” There was an understanding that costs were to be recovered from central government, however this has not materialised.

Movement from reserves:

- To meet the cost of additional police officers and Anti-Social Behaviour staff **£0.208m**
- Police & Crime Commissioner Violence & Vulnerability Grant **£0.009m**

Environment and Highways, Fleet & Logistics £0.432m (4%) underspend

The underspend is driven by:

- **£0.305m** reduction in discretionary spend
- **£0.272m** income generated through the issuing of permits under the New Roads and Street Workers Act were better than anticipated in the last quarter.
- **£0.118m** Passenger transport correction to previous years’ payments to suppliers lead to an in-year underspend against budget

Offset by:

- **£0.183m** street lighting charges exceeded the budget due to the energy crisis and increased unit cost p/kw
- **£0.062m** additional winter gritting runs were required which incurred additional costs exceeding the budgeted levels

Movement to reserves:

- Commuted sum relating to Thames Park School for Highways Maintenance work which is likely to span several financial years **£0.115m**

*Planning, Transportation and Public Protection **£0.109m overspend (2%)***

The overspend is driven by:

- **£0.125m** shortfall in expected income through development fees, it is felt the wider economic issues have reduced the number of applications as residents prioritise dealing with the cost-of-living crisis
- **£0.176m** cost of consultants to support the Development Management team. There remains difficulty in recruiting permanent staff with the correct skill set in this area

Offset by:

- **£0.122m** reduction in discretionary spend across the service
- **£0.076m** improved traded service position, income for delivery of public protection services to other local authorities

Movement from reserves:

- To meet cost of delivering the Local Plan **£0.922m**
- Planning Delivery Fund work being led by ASELA to meet planned costs **£0.019m**
- Capability grants funding Cycle Hub, Road Safety, and other eligible costs **£0.135m**

Movement to reserves:

- Planning Delivery Fund grant carry forward **£0.009m**
- Fee-paying element of Building Control, service should be self-financing, negative reserve adjustment required with the aim to balance over several years **(0.027m)**
- Planning Performance Agreement (PPA) monies received in-year, to be spent on dedicated planning resource in 2023/24 to support new development **£0.111m**
- Local Plan PPA monies ring-fenced to fund the preparation of the Local Plan in 2023/24 **£0.197m**
- Private development often spans more than one financial year **£0.136m**
- Capability Fund/Active Travel Grant carry forward **£0.063m**

Street, Scene & Leisure **£0.212m (1%) underspend**

The underspend is driven by:

- **£1.077m** improved position on the performance against the waste disposal contracts – these contracts contain variable elements related tonnage, contaminated recycling, and landfill.
- **£0.102m** fees recovered through the Trade Waste service to local businesses

- **£0.026** increase in income through burial fees
- **£0.049** staff saving within the Country Parks Team

Offset by:

- **£0.735** adverse variance to budget for Waste Collection. There have been significant issues throughout the year within this area with vacancies and staff sickness within the permanent workforce (£0.496m underspend) requiring a reliance on agency staff (£0.902m overspend) and private contractors (£0.268m overspend) to be able to continue service delivery. This is alongside increased fuel and vehicle costs of £0.061m.
- **£0.150m** unachieved saving target for planned income generation through selling the grounds maintenance service to local schools and businesses
- **£0.075m** shortfall in the service level agreement with the HRA following a review of service requirements
- **£0.065m** additional costs for water charges to maintain outdoor sports
Outdoor sports

Movement to reserves:

- Part of the waste disposal underspend has been carried forward to fund an additional collection of brown bins in 2023/24 and to advise residents of service plans going forward **£0.016m**

6. Resources & Place Delivery £1.501m overspend (11%)

The provisional outturn of £15.541m is 12% more than the budgeted level. This is a £0.176m adverse movement from the quarter 3 reported position.

The overspend is driven by:

- **£0.938m** shortfall in planned capitalisation of staff costs against major projects
- **£0.548m** additional staffing costs for the Place Delivery Team which included a heavy reliance on agency staff resource
- **£0.259m** unachieved asset rationalisation saving due to the delay in decisions regarding the use of buildings and increased utility costs
- **£0.367m** rental income shortfall for commercial properties

Offset by:

- **£0.491m** reduction in staff costs across several teams including Revenues & Benefits, Procurement, Internal Audit, Legal Services. This is in line with the cost control processes implemented to manage recruitment
- **£0.153m** reduction in non-essential spend within the Land & Building and Facilities management functions
- **£0.051m** reduction in running costs and increase rental income for village halls
- **£0.034m** reduction in costs within members services including members allowances, equipment, and civic events

Movement from reserves:

- Lower Thames Crossing reserve to match in-year expenditure **£0.332m**
- ASELA grant to offset in-year spend **£0.046**
- Thames Freeport grant **£0.065m**
- Towns Fund **£0.150**

Movement to reserves:

- Thames Estuary Growth Board external funding **£1.458m**
- Homes for Ukraine ring-fenced grant to be spend in line with the conditions set by DLUHC **£1.135m**
- Insurance underspend to be carried forward **£0.238m**
- New Burdens electoral services funding to support arrangements for anticipated general election **£0.022m**

7. Strategy; Engagement & Growth £0.252m (7%) underspend

The provisional outturn of £3.198m is 8% less than the budgeted level. This is a £0.043m favourable movement from the quarter 3 reported position.

The underspend is driven by:

- **£0.259m** reduction in spend against the Customer Services staffing budget
- **£0.112m** reduction in ICT and consultancy spend linked to the wider cost control process in place to manage non-essential spending

Offset by:

- **£0.069m** Museum & Theatre staff costs exceeded budgeted levels
- **£0.037m** additional staffing spend within the Communications team

Movement from reserves:

- South-East Creative Cultural & Digital sector grant to match spend incurred **£0.007m**
- Community Renewal Fund grant to match spend incurred **£0.063m**

Movement to reserves:

- Creative Estuary grant funding to be carried forward for continued project delivery as per the agreed outcomes **£0.127m**

8. Corporate Costs £0.828m (46%) underspend

- **£0.828m** Spend was less than anticipated in this area due to the cost control processes in place to manage non-essential spend.

9. Staffing

The provisional underspend against the overall staffing budget is £1.374m before the vacancy factor is applied. This equates to 1.4%. A vacancy factor of £3m was held as a central target rather than allocated to individual service areas. When this is applied to the staffing outturn there is a budget pressure of £1.626m. It should be

noted that the change to the in-year pay policy led to additional costs of £2.032m, without this change the vacancy factor would have been achieved in full.

Underspend on staffing is driven by:

- **£1.499m** Children's Services
- **£0.603m** HR, OD & Transformation
- **£0.267m** Strategy, Engagement & Growth

Offset by:

- **£0.809m** Public Realm
- **£0.120m** Adult Social Care
- **£0.050m** Housing General Fund
- **£0.017m** Resources & Public Development
- **£3m** Vacancy Factor

10. Intervention and Commissioner's Process £4.702m

Costs associated with the response to the Government Intervention and Best Value Inspection were not budgeted. Significant costs have been incurred through the specialist legal advice required to manage the investment portfolio.

The spend has been incurred as follows:

- **£3.613m** Specialist legal support and consultancy
- **£0.459m** Additional staff capacity
- **£0.233m** Asset Disposal Team
- **£0.205m** Commissioners
- **£0.192m** Best Value Inspection

This page is intentionally left blank