Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

# Corporate Overview and Scrutiny Committee

The meeting will be held at **7.00 pm** on **18 January 2022**

**South Essex College, High Street, Grays, RM17 6TF in room W1.24**

**Membership:**

Councillors Susan Little (Chair), Colin Churchman (Vice-Chair), Adam Carter, James Halden, John Kent and Bukky Okunade

**Substitutes:**

Councillors Abbie Akinbohun, Gary Collins, Sara Muldowney and Graham Snell

---

**Agenda**

Open to Public and Press

| | | Page |
|---|---|---|
| **1** | **Apologies for Absence** | |
| **2** | **Minutes**<br><br>To approve as a correct record the minutes of the Corporate Overview and Scrutiny Committee meeting held on 16 November 2021. | **5 - 18** |
| **3** | **Items of Urgent Business**<br><br>To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972. To agree any relevant briefing notes submitted to the Committee. | |
| **4** | **Declaration of Interests** | |

**Queries regarding this Agenda or notification of apologies:**

Please contact Grace Le, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **10 January 2022**

## Information for members of the public and councillors

**Access to Information and Meetings**

**Advice Regarding Public Attendance at Meetings:**

Following changes to government advice there is no longer a requirement for public attendees to book seats in advance of a committee meeting. All public attendees are expected to comply with the following points when physically attending a committee meeting:

1. If you are feeling ill or have tested positive for Covid and are isolating you should remain at home, the meeting will be webcast and you can attend in that way.

2. You are recommended to wear a face covering (where able) when attending the meeting and moving around the council offices to reduce any chance of infection. Removal of any face covering would be advisable when speaking publically at the meeting.

3. Hand sanitiser will also be available at the entrance for your use.

Whilst the Council encourages all who are eligible to have vaccination and this is important in reducing risks around COVID-19, around 1 in 3 people with COVID-19 do not have any symptoms. This means they could be spreading the virus without knowing it. In line with government guidance testing twice a week increases the chances of detecting COVID-19 when you are infectious but aren't displaying symptoms, helping to make sure you do not spread COVID-19. Rapid lateral flow testing is available for free to anybody. To find out more about testing please visit https://www.nhs.uk/conditions/coronavirus-covid-19/testing/regular-rapid-coronavirus-tests-if-you-do-not-have-symptoms/

Members of the public have the right to see the agenda, which will be published no later than 5 working days before the meeting, and minutes once they are published.

**Recording of meetings**

This meeting will be live streamed and recorded with the video recording being published via the Council's online webcast channel: www.thurrock.gov.uk/webcast

If you have any queries regarding this, please contact Democratic Services at Direct.Democracy@thurrock.gov.uk

**Guidelines on filming, photography, recording and use of social media at council and committee meetings**

The council welcomes the filming, photography, recording and use of social media at council and committee meetings as a means of reporting on its proceedings because it helps to make the council more transparent and accountable to its local communities.

**Thurrock Council Wi-Fi**

Wi-Fi is available throughout the Civic Offices. You can access Wi-Fi on your device by simply turning on the Wi-Fi on your laptop, Smartphone or tablet.

- You should connect to TBC-CIVIC
- Enter the password **Thurrock** to connect to/join the Wi-Fi network.
- A Terms & Conditions page should appear and you have to accept these before you can begin using Wi-Fi. Some devices require you to access your browser to bring up the Terms & Conditions page, which you must accept.

The ICT department can offer support for council owned devices only.

**Evacuation Procedures**

In the case of an emergency, you should evacuate the building using the nearest available exit and congregate at the assembly point at Kings Walk.

**How to view this agenda on a tablet device**

You can view the agenda on your iPad, Android Device or Blackberry Playbook with the free modern.gov app.

Members of the Council should ensure that their device is sufficiently charged, although a limited number of charging points will be available in Members Services.

To view any "exempt" information that may be included on the agenda for this meeting, Councillors should:

- Access the modern.gov app
- Enter your username and password

# DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

**Breaching those parts identified as a pecuniary interest is potentially a criminal offence**

## Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

## When should you declare an interest *at a meeting?*

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**

↓

**Does the business to be transacted at the meeting**
- **relate to; or**
- **likely to affect**

**any of your registered interests and in particular any of your Disclosable Pecuniary Interests?**

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

**What is a Non-Pecuniary interest?** – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

### Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

**Unless you have received dispensation upon previous application from the Monitoring Officer, you must:**

- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
- **leave the room while the item is being considered/voted upon**

**If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps**

### Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature

↓

**You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.**

## Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay

    - High quality, consistent and accessible public services which are right first time
    - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
    - Communities are empowered to make choices and be safer and stronger together

2. **Place** – a heritage-rich borough which is ambitious for its future

    - Roads, houses and public spaces that connect people and places
    - Clean environments that everyone has reason to take pride in
    - Fewer public buildings with better services

3. **Prosperity** – a borough which enables everyone to achieve their aspirations

    - Attractive opportunities for businesses and investors to enhance the local economy
    - Vocational and academic education, skills and job opportunities for all
    - Commercial, entrepreneurial and connected public services

**Minutes of the Meeting of the Corporate Overview and Scrutiny Committee held on 16 November 2021 at 7.00 pm**

| | |
|---|---|
| **Present:** | Councillors Susan Little (Chair), Colin Churchman (Vice-Chair), Adam Carter, James Halden, John Kent and Bukky Okunade |
| **In attendance:** | Andrew Brittain, Strategic Lead Revenue and Benefits<br>Sean Clark, Corporate Director Resources and Place Delivery<br>Sarah Welton, Strategy Manager<br>Lucy Tricker, Senior Democratic Services Officer |

Before the start of the Meeting, all present were advised that the meeting was being recorded, with the recording to be made available on the Council's website.

**13. Minutes**

The minutes of the Corporate Overview and Scrutiny Committee held on 7 September 2021 were approved as a true and correct record.

**14. Items of Urgent Business**

There were no items of urgent business.

**15. Declaration of Interests**

Councillor John Kent declared a non-pecuniary interest as he worked for Thurrock Lifestyle Solutions, which was owned by Thurrock Council.

Councillor Carter declared a non-pecuniary interest as he also worked for Thurrock Lifestyle Solutions, which was owned by Thurrock Council.

**16. Medium Term Financial Strategy and Budget Proposals**

The Corporate Director Resources and Place Delivery introduced the report and stated that it provided an update on the financial situation of Thurrock Council. He explained that two reports had been presented to Cabinet in July and September that outlined potential savings, and a draft budget would be presented to Cabinet in January, before coming to the Corporate Overview and Scrutiny Committee and returning to Cabinet and Council in February. He stated that the budget gap had been £34million over the next two years, but due to actions undertaken, the gap was now £3.9million. He highlighted section two of the report which outlined the Council's financial base, and explained that Thurrock had one of the lowest council tax bases in the country, as 70% of properties were within Bands A-C. He mentioned that Southend-on-Sea Borough Council had a council tax base approximately £15million higher than Thurrock. He added that business rate collection had been impacted by COVID-19, and Thurrock could only keep 3% of business rates collected, the rest being given to central government for redistribution.

The Corporate Director Resources and Place Delivery moved on and explained the CIPFA Resilience Index, which he felt was a useful tool to compare local authorities around the country. He explained that, according to the CIPFA Resilience Index, currently Thurrock's Adult Social Care service were classified as 'at risk', due to the low council tax base and therefore comparatively low percentage spend on adult social care.

The Corporate Director Resources and Place Delivery highlighted the government's comprehensive spending review which had occurred in October, and had stated that local authorities would receive a funding increase of 5.4% from central government. He explained that this increase would be calculated from a re-based position, and therefore the percentage increase would not take into consideration funding that had been granted from central government for COVID. He added that a more detailed announcement from central government was expected on 15 December 2021, and the team would then work on identifying the impacts and implications for the Council. He stated that previously the Department for Levelling Up, Housing and Communities (DLUHC) had provided a three year funding settlement to local authorities, but they had recently indicated that the distribution of this funding would be changing, which created uncertainty for local councils.

The Corporate Director Resources and Place Delivery explained that the government had retained the council tax increase cap at 1.99%, but had granted an additional 1% adult social care precept increase. He explained that this would be voted on by all Members at the February Full Council meeting. He added that the government had also increased National Insurance contributions, which would go towards funding the NHS and social care. He explained that the Council's National Insurance contribution would also increase by between £900,000 and £1million, but central government could reimburse this to the Council, although this could come out of additional funding.

The Corporate Director Resource and Place Delivery highlighted points 3.1 and 3.2 of the report and stated that the Medium Term Financial Strategy (MTFS) assumed core funding would increase by approximately £1.7mn, due to assumed council tax increases and other savings. He stated that the council's finances might be affected by areas such as: a reduction in council tax collection next year due to the ongoing impacts of COVID-19; a reduction in government grants, an increased spend on pay awards, and could be affected by the proposed increase in inflation, for example regarding contracts and fuel payments, which could all affect the assumptions outlined the MTFS. He stated that spending on the treasury would also increase due to the phasing out of maturing investments, increased interest costs due to increased borrowing costs and debt, and an increase in Minimum Revenue Provision (MRP) from set aside debt repayments and funding the capital programme. He explained that the Council would also have to deal with other pressures such as social care, the reduction of COVID grants and the phasing out of reserve usage, as this was not a sustainable method of managing the MTFS in the long-term. He stated that in 2023/24 the Council would not use reserves or capital receipts to balance the MTFS.

The Corporate Director Resources and Place Delivery explained that the Council had begun the savings process by looking at individual services, but it had been hard to identify large enough savings areas. He stated that the team had then started to look at subjective budgets, which looked at where money was spent within the Council overall, such as staff and contracts. He explained that the Council had 16 subjective budgets that were over £1mn, which were outlined in points 4.6 and 4.7 of the report. He stated that the largest budget was staffing cost at £100mn, followed by adult social care placements at £40mn; children's social care at £30mn; interest payable at £16mn; and the MRP at £9mn. He stated that the Council could not alter spend on the MRP, and spend on interest payable also brought in £30mn profit through investment. He stated that there were other budgets over £1mn such as concessionary fares which was a central government scheme and could not be altered, and home to school transport which was already under consideration. He added that the Council were also considering the assets budget which equated to £3mn and would be discussed during the next report.

The Corporate Director Resources and Place Delivery explained that the Council would therefore be targeting employee costs by reducing posts, and were aiming to reduce employee costs by £20mn within the next two years. He stated that this would equate to roughly 500 full time employees (FTEs) with an average salary of £40,000. He stated that assets had been targeted in July with a proposed savings target of £1mn, but this savings target had been reduced to £850,000, which would be met through the proposed closure of the Thameside Complex and the decision not to renew the lease on the multi-story car park. He explained that the detail of this was included at appendix 1 and 2 of the report. He stated that even with these proposed savings the Council was still facing a budget gap of £3.3mn next year and £500,000 the following year, so significant staff savings still needed to be identified. He explained that appendix 1 outlined the decisions that would need to be agreed by Cabinet, after discussion at the relevant overview and scrutiny committees, and appendix 2 outlined decisions that could be made by director delegation. The Corporate Director Resource and Place Delivery summarised and stated that the July finance report to Cabinet had considered a new charge for the collection of green garden waste, but this had not been supported by the Portfolio Holders so had been removed from this report.

The Chair highlighted page 23 of the agenda and clarified that the finance report would be presented to Cabinet in December rather than September. Councillor Okunade queried the savings proposals on page 26 of the agenda at appendix 1, and asked if the £100,000 proposed saving on town centre cleansing would have an impact for residents. The Chair asked if any town centres had been identified in terms of these savings. The Corporate Director Resources and Place Delivery stated that this proposed saving had been reported to the relevant Overview and Scrutiny Committee, and explained that although the team would work to ensure the saving would have a limited impact on residents, this could not be guaranteed. He stated that Thurrock's financial pressures were not unusual, and Council's around the country were having to deal with pressures and make savings. He added that the Portfolio Holder and Director would be making the decision regarding which town centres would be impacted by this saving.

Councillor Kent highlighted the savings figure of £20mn over the course of two years in regards to staffing costs, and asked how many redundancies this would be. The Corporate Director Resources and Place Delivery replied that the team estimated it would be between 200 and 250 redundancies over two years, working on an average salary of £40,000. He explained that the Council would work to protect staff as much as possible through re-training and redeployment. Councillor Kent queried which directorates these jobs would come from, as well as how senior officers would identify these posts. The Corporate Director Resources and Place Delivery replied that the first stage of redundancies would have a minimal impact on the community as it would be a transformational programme that would include robotic process automation. He stated that a digital efficiency review would be carried out and would review up to 200 posts. He stated that each director would be assessing their entire directorate to find post savings, which would then be taken to Directors Board and recommendations would be brought forward. Councillor Kent stated that £10mn of staff savings had already been identified, and asked if process notices had been given to the staff affected by this. The Corporate Director Resources and Place Delivery replied that the majority of this saving had been met through vacant posts. He explained that where people were in post, a three month consultation on redundancies was being undertaken, that was due to finish at the end of November. He stated that phase two of redundancies would be begun in the New Year, and Members would receive the detail of this when completed. He stated that unions had been briefed on the redundancies and consultations. Councillor Kent queried how these redundancies would be funded. The Corporate Director Resource and Place Delivery replied that pay awards had not been granted in 2021, the monies from which equated to £1.5mn and would be used to fund redundancies. Councillor Kent then highlighted point 3.2 on page 19 of the agenda, and the £12.1mn of treasury spend. He felt that not a lot of detail on this spend was outlined in the report, and queried how this policy would be taken forward. The Corporate Director Resources and Place Delivery stated that CIPFA were currently undertaking a Prudential Code update, which could potentially affect the Treasury Management Policy. He stated that no new investments would be undertaken by Thurrock Council as this was no longer supported by the Public Works Loan Board (PWLB) or central government. He added that any treasury borrowing would be used for the capital programme and Thurrock Regeneration Limited.

The Chair queried how savings could be made on vacant posts. The Corporate Director Resources and Place Delivery explained that the all actual posts were included in a directorate's budget, even those posts that were vacant. He stated that if those vacant posts were removed, the directorate would therefore make savings equivalent to the posts salary. The Chair asked if the £1mn retraining fund would be enough, and queried how the team had arrived at this figure. The Corporate Director Resource and Place Delivery replied that this budget had been derived from the pay awards of £1.5mn that had not been granted in 2021. He stated that this money had been kept separate and would be spent on severance or retraining, and if not enough then could be increased through reserves.

Councillor Halden thanked the Corporate Director Resources and Place Delivery, and the finance team, for their hard work on the report, particularly decreasing the budget gap by approximately 90%. He stated that the Council were unable to change the council tax base, other than through the Local Plan, and felt that financial pressures in social care could only be resolved through local government reform, such as expanding unitary authorities or devolution. The Corporate Director Resources and Place Delivery stated that local authority reorganisation decisions would be taken by Members, and would be resourced by officers. He stated that capacity in Thurrock would reduce due to a reduction in staffing. He felt that both adults and children's social care were experiencing funding issues around the country, and fundamental changes in local authority funding would need to be implemented. He highlighted that all local councils were currently unaware of what local government reform would look like, but once the detail was known then officers would begin to implement this for Thurrock.

Councillor Kent questioned why Members were only being asked to comment on appendix one in the recommendations, and why appendix two was not mentioned. The Corporate Director Resources and Place Delivery stated that the Corporate Overview and Scrutiny Committee only had the remit to consider the whole budget, rather than individual responsibilities, but would take this point on board and update the recommendation. He explained that comments made at scrutiny would be included within the Cabinet report in December.

**RESOLVED: That the Committee:**

**1. Noted and commented on the financial forecasts included within the report.**
**2. Considered the proposals set out within the report, and provided comments to Cabinet.**

## 17. Report on Asset Related Savings

The Chair stated that two members of the public wished to speak on this item. Mr Murray James read his statement: "Grays has been offered a once in a generation opportunity to connect the town with its Thames foreshore through the £20m Town Fund. This could unlock huge recreational potential on the river – potential that is also recognised by the Port of London Authority through its Active Thames programme which aims to increase participation in recreational activity along the full length of the river. Our stretch of the Thames has some unique advantages for sailing in particular, but strong tides, deep mud, and commercial shipping traffic mean it is a challenging area for novices. A degree of both competence and confidence are required to enjoy our waters safely. Grays is a coastal town with a proud maritime history and at Thurrock Yacht Club we firmly believe that we need to be putting a focus on maritime sports in an area that suffers from high levels of inactivity – a problem that members will know leads to a higher long term demand on scarce council and NHS resources. Thurrock is fortunate in that it already has a fantastic facility at Grangewaters. Following the winding down of sailing at Stubbers in Upminster, Grangewaters is now the only safe learning water within easy reach of Thurrock. It is also ideal as a feeder site for other aquatic sports that can transfer to the Thames including paddle sports and rowing. Our club is currently working with the team at Grangewaters to establish regular recreational sailing activities that span both their site and our established sailing area on the Grays waterfront. A joined up offer of this nature creates opportunity not only for the people of Thurrock – it will attract people to come from surrounding areas to regularly enjoy leisure time in our wonderful borough and prove that we are more than just a place to shop. We urge this committee to do everything within their remit to ensure the full long term financial impacts of disposing of Grangewaters are fully explored before any decisions are made, including its important role in ensuring the Grays Town fund project does not leave Thurrock stranded with a new generation of unproductive public assets. Grangewaters is more than a cherished community asset – it is a vital enabler for bringing recreation to the Thames."

The Chair thanked Mr James for his statement and asked if Grangewaters was listed as an Asset of Community Value. She also asked how many members Thurrock Yacht Club currently had. Mr James replied that Grangewaters was listed as an Asset of Community Value. He explained that membership of the Yacht Club had been growing rapidly due to the closure of Stubbers in Upminster. He stated that there were currently 130 members from across Thurrock, Havering and Brentwood. He added that the Club had also recently been gifted numerous dinghies to ensure that sailing and river activities remained accessible and affordable for everyone.

Ms Samantha Byrne then read her question: "the report talks about the importance of arts and culture. Can you please explain how you can consider closing the Thameside Complex that houses the theatre and museum before the elements of the new culture strategy, details of which haven't been released, are successfully running in its place?" The Corporate Director Resources and Place Delivery thanked Ms Byrne for her question and stated that Cabinet would be making the final decision in December, but her question and comments would be included as part of the consultation with scrutiny for Cabinet Members to consider when making their decision. He stated that the report set out what work had already been taking place with interested parties, and one roundtable meeting with community representation had taken place, with another planned for the next couple of weeks. He added that papers on the draft Cultural Strategy would be taken to the relevant Overview and Scrutiny Committee when completed. Ms Byrne thanked the Corporate Director Resource and Place Delivery for his response and stated that the roundtable meeting had taken place in September. She explained that a second meeting had been planned, but had been cancelled due to the tragic death of Sir David Amess MP, along with all Council meetings in Thurrock and across Essex. She stated that the next roundtable meeting was scheduled for the end of November at High House Production Park, and concern was being felt amongst residents that this would not be enough time for their feedback to be considered by Cabinet at their meeting in December. Ms Byrne stated that the report discussed issues with the building, not with the service itself, and asked if income received from the Thameside Theatre had been included in funding figures. The Corporate Director Resources and Place Delivery replied that the service itself would be included in the Cultural Strategy, which was still being debated, but the building itself came under the remit of the Corporate Overview and Scrutiny Committee. He stated that comments made at the roundtable meeting on 30 November 2021, would be included either within the Cabinet report, or updates would be provided by the Portfolio Holders at the meeting verbally.

The Corporate Director Resources and Place Delivery introduced the report and stated that it covered three areas, the first being the Thameside Complex. He stated that the capital cost of the Thameside Complex was £16mn, and 3.3 of the report outlined the outturn of the Complex in 2020/21 was £601,970 and the budget in 2021/22 was £629,566, which was similar to previous years. He stated that as the cost of utilities had increased and there had been limited use during 2020 due to the pandemic, which had affected the Complex's revenue and income streams. He stated that a breakdown had also been provided of work that needed to be undertaken, and these figures had been produced by mechanical and technical engineers. He added that a modernisation and refurbishment assessment had been carried out approximately five years ago, and these figures had been outlined in the report, although these could have changed due to inflation and other issues. The Corporate Director Resources and Place Delivery added that only £300,000 had been spent on maintenance work on the Thameside Complex within the past ten years, with only £100,000 of this being spent within the past eight years. He explained that the proposals would move the library and registrars service to the Civic Offices, but the Complex would not close before the end of March 2022, if agreed at Cabinet.

The Corporate Director Resources and Place Delivery explained that the second area within the report was Grangewaters, which would also be included in the December Cabinet report. He explained that no direct plans had been agreed for the Grangewaters site, but it had been identified for examination in July. He stated that no immediate plans for development had been agreed, but this process could be explored as the site would remain open for the foreseeable future. He stated that the third area outlined in the report was regarding libraries, which would remain open. He explained that this was the reason why the savings target for assets had been reduced from £1mn to £850,000.

The Chair questioned if the Thameside Complex was an Asset of Community Value. The Corporate Director Resource and Place Delivery explained that Grangewaters was an Asset of Community Value, which meant that should Thurrock Council decide to dispose of the site, the community organisation would get first refusal and a six month decision period. He explained that an application for the Thameside Complex to be an Asset of Community Value had been received and returned for amendment. He explained that these amendments had now been made and application returned. He stated that the application would now be assessed and a decision made within the next three to four weeks. He added that the Council had also been approached by a community group regarding a Community Asset Transfer for the Thameside Complex, and a meeting was scheduled for later in the week to better understand these proposals.

Councillor Kent queried if progress had been made regarding the sale of other assets that had been listed in the Cabinet reports in March and July. The Corporate Director Resource and Place Delivery responded that some assets had had no revenue costs, so had been disposed. He explained that Thurrock Adult Community College had already moved from the building on Richmond Road. He explained that the site was now being demolished and asbestos being cleared, although this would not bring any direct savings. He explained that the additional £250,000 needed to reach the asset savings target would mostly come from the decision not to renew the lease with the multi-story car park. Councillor Kent stated that any asset disposal would incur legal costs, which were not outlined in the report. He stated that some assets also brought income into the Council, and asked how much income would be lost from the sale of these assets. The Corporate Director Resource and Place Delivery responded that any legal cost from disposal would be capitalized against future capital receipts. He added that any income generated from the assets, including the Thameside Complex, had been included in the budget calculations. He stated that the Thameside Theatre had seen an income reduction of £50,000 in 2020 due to COVID-19.

Councillor Kent stated that he was opposed to the closure of the Thameside Complex, but felt that it did not need to be operated by Thurrock Council. He felt that the timescales presented in the report were tight, and felt that the Council should not work towards making the full saving this year to allow time for conversations with community groups and partners to conclude satisfactorily for everyone's needs. He felt that the Thameside Complex did not need to be demolished as it was structurally sound and watertight, and could be refurbished. He added that it would be more environmentally friendly to refurbish the building rather than demolish it, and would reduce carbon emissions in the borough. Councillor Kent commented that if the Thameside complex were to close, it should not do so until a new complex had been opened. The Chair felt that the borough could have a new theatre complex, as the current offer did not meet the need of the community. She stated that the current theatre could not hold larger audiences, and a new library setting could increase engagement. The Corporate Director Resources and Place Delivery stated that there were currently no plans in place regarding the building and future of the site, including any plans to demolish or renovate.

Councillor Halden welcomed the statement and questions from local residents, and queried if the figure of £16mn was for refurbishing or maintaining. The Corporate Director Resource and Place Delivery replied that the majority of this figure was for maintenances, but did include some elements of modernisation and refurbishment. He stated that this was outlined in the table on page 31 of the agenda, and the figure of £6.6mn for refurbishment was based on a study completed in 2015, and could be more or less now. Councillor Halden stated that he had recently toured the new Civic Offices and had felt the new registrar's area was more spacious and private than the offer within the Thameside Complex. He stated that theatre provision within Thurrock should be modern and improve the cultural offer of the borough.

Councillor Okunade felt it would be good to see the outcome of the roundtable meeting being held on 30 November 2021, and felt the community needed to agree with the Council on the decisions made regarding the Thameside Complex. Ms Byrne queried the timeframe for the £16mn spend on the Thameside Complex. The Corporate Director Resources and Place Delivery replied that all comments from scrutiny and residents would be included in the report to Cabinet. He added that Councillor Coxshall and Councillor Huelin would be attending the roundtable meeting on 30 November 2021 and would be reporting back to Cabinet. He stated that the figures on page 31 covered a period of ten years, but the majority of the work would need to be carried out in the next five years, as some work was quite urgent.

Councillor Kent moved to add a second recommendation reading: "The Corporate Overview and Scrutiny Committee ask Cabinet to give adequate time for conversations between community groups and the Council to reach conclusion, even if no in-year savings can be made."

A vote was held, with two voting in favour of the proposed recommendation and four voting against the recommendation. The proposed recommendation was not agreed.

**RESOLVED: That the Committee:**

**1. Commented on the report for consideration by Cabinet at their meeting on 8 December 2021.**

## 18. Local Council Tax Scheme

The Strategic Lead Revenue and Benefits introduced the report and stated that it set out the Council's annual obligation to consider its Local Council Tax Support Scheme (LCTS) for working age people. He explained that the report recommended that the current scheme for working age people remain unchanged for the forthcoming financial year. He stated that this would enable an ongoing, accessible means tested assessment process, which currently saw high collection rates and low complaints. He commented that the recommendation had been made in view of the ongoing difficulties lower income households could face following COVID-19, and provided consistency by maintaining current support levels. He summarised and stated that the Council was required to consider the LCTS annually, and the scheme would continue to be considered in future years when the situation regarding COVID had stabilised, and future demand and supply could be more confidently assessed.

The Chair thanked the Strategic Lead Revenue and Benefits for his work on the report and asked if there were any risks associated with the scheme remaining the same. The Strategic Lead Revenue and Benefits replied that there was a risk at the current time in claimant numbers and the cost of the scheme rising, however the team felt that maintaining the current scheme would be the better option, rather than implementing changes with no real insight on the impact. Councillor Okunade highlighted point 3.2 on page 37 of the agenda and asked if the increased numbers of people receiving Universal Credit had affected the number of people receiving LCTS. The Strategic Lead Revenue and Benefits replied that no impact had been seen to date. He stated that the claim process had been streamlined for residents who applied for Universal Credit and also wished to claim Council Tax Support. Councillor Halden thanked the Strategic Lead Revenue and Benefits and his team for their hard work in ensuring that collections were compassionately collected and vulnerable residents were supported.

**RESOLVED: That the Committee:**

**1. Noted the analysis of the current scheme.**
**2. Supported the recommendation that the current scheme remains unchanged for 2022/23.**

## 19. Quarter 2 (April to September 2021) Corporate Performance Report 2021/22

The Strategy Manager introduced the report and stated that it provided an update on the Key Performance Indicators (KPIs) from April to September 2021, which included the period when the UK was moving out of COVID-19 lockdown. She stated that at the end of September 71% of KPIs had met their target, and 60% were better than the previous year. She stated that questions that had been raised by the Committee at the previous meeting had been included at point 3.6 of the report.

Councillor Okunade thanked the team for their hard work in meeting the targets, and highlighted page 48 of the report and the KPI relating to older people still at home91 days after discharge from hospital into reablement or rehabilitation. She asked how this KPI was calculated and specifically why the commentary stated that five people were in hospital, which seemed to contradict the definition. The Strategy Manager replied that the indicator included people who had been readmitted to a hospital within three months after returning home, not necessarily for the same reason for which they were initially in hospital. She explained that the definition for this KPI was nationally set. Councillor Okunade moved on and highlighted page 51 of the report and the KPI relating to the turnaround and re-let time for properties. She felt that Thurrock had an issue with homelessness and should be reducing the turnaround time to ensure all residents had a safe place to stay. She asked what incentives were being utilised to get residents into these houses. The

Assistant Director Housing replied that the housing team worked closely with other teams to incentivise people to bid for certain houses, and ensured that people lived well together. She stated that the majority of hard to let properties had now been filled, so the KPI was on track to meet its target during the next quarter.

*Councillor Hebb arrived 8.42pm*

Councillor Halden highlighted page 53 of the report and the KPI relating to the number of children receiving initial health assessments within 28 days. He stated that this KPI had reduced from 80% to 61% of children receiving these assessments due to families not consenting and/or procedural delays. He asked for clarification on the percentage of these cases not receiving an initial health assessment for the latter reason compared to the former, and more information on what was being done to improve this. The Strategy Manager stated that she would liaise with colleagues in Children's Services to reply in writing.

Councillor Kent thanked the Strategy Manager for the responses to the questions asked by the Committee, outlined on page 57. He highlighted the KPI relating to new homes built this year and stated that only 195 new homes and been built last year, and felt this should be higher. He also stated that the KPI relating to the payment of fixed penalty notices should be improving and asked to see a clear action plan put in place to ensure it met its target next quarter.

**RESOLVED: That the Committee:**

**1. Noted and commented upon the performance of the key corporate performance indicators, in particular those areas which were off target and the impact of COVID-19.**
**2. Identified any areas which required additional consideration.**

## 20. Fair Debt Update

The Strategic Lead Revenue and Benefits introduced the report and stated that it provided an update to the Committee on the enhancements and initiatives that had been delivered within the Debt Recovery Service, following an external review in 2017 and the Fair Debt Summit in 2018. He stated that work on the project was ongoing, and although much of this development work had paused last year due to COVID-19, progress had continued to be made. He stated that the report outlined the Single View of Debtor, which brought together information from multiple systems on amounts owing to the Council and potential vulnerability. He explained that the report also discussed financial inclusion, which provided additional dedicated officer support to people in extreme circumstances, to ensure they could access the relevant available support. He stated that the team had also adopted breathing space legislation, which provided a pause in recovery action to enable organisations assisting people with their finances time to identify a resolution. He explained that the team were now focussed on early resolution through delivery of effective communications, including delivering the right message, in the right way, at the right time.

The Strategic Lead Revenue and Benefits stated that the report also provided a summary of how the service tailored its approach to provide additional support to residents and businesses throughout the pandemic, whilst maintaining high collection rates. He stated that appendix 1 included the draft Fair Debt Policy, which had been developed in collaboration with Fair Debt Summit attendees and supported an enhanced approach to ensure that those who couldn't pay were assisted in gaining appropriate support, and those who deliberately avoided payment were brought to justice using all legislative means available.

Councillor Okunade asked how the team differentiated between those residents who couldn't pay and those who refused to pay. The Strategic Lead Revenue and Benefits replied that the system currently relied on residents contacting the team, but the Single View of Debtor, which was currently in beta, provided an outline of people's ability to pay, which improved the teams' ability to appropriately intervene. Councillor Halden felt it was a good piece of work and was pleased to see the team differentiating the approach between compassion and justice. He highlighted point 5.2 on page 65 of the agenda and stated that the Council currently had £1mn of unpaid debts from residents who refused to pay. He queried how many people were included in this figure. The Strategic Lead Revenue and Benefits replied that approximately 200 people owed £1mn of unpaid debts, most of which was long-term outstanding debt. He stated that the team were currently implementing an enforcement plan that took these people to magistrate's court to undergo a means inquiry. He stated that if they were found to have the means to pay, but still refused then they could be sent to prison for up to sixty days. He explained that the team were building the capacity to do this by recruiting one fixed tem post, which was hoped would bring 20% of the £1mn outstanding debt back to the Council. Councillor Halden queried how the team were using programmes such as Xantura and big data to collect debt. The Strategic Lead Revenue and Benefits replied that the first phase of the Single View of Debtor had worked to collect the necessary data, and the second phase, which was being entered into now, would utilise this information to help those with outstanding debt where appropriate. He stated that the debt collection team would work with other teams, such as the Troubled Families team, to deliver the necessary messages, based on the information provided to them by Xantura. He explained that the historic system simply sent a letter to those people with debt, but the new system would help those in debt by communicating the right message, at the right time, by the right people.

Councillor Kent welcomed the early intervention with debtors, and felt that intervention should start in primary schools. He asked if the Council could engage with local primary schools to ensure they were teaching appropriate debt management lessons. He highlighted appendix one on page 91 of the agenda and asked how the new policy differed from the old policy. He also questioned how the team would work to identify vulnerable people to compassionately collect debt. The Strategic Lead Revenue and Benefits replied that the team had been working on a Vulnerable Person Policy, which would guide the approach to vulnerable residents regarding their debt, depending on their vulnerability. He stated that where residents made contact with the team, matters would be considered on a case-by-case basis to ensure that people had the opportunity to gain the necessary support to enable them to pay their debt. He stated that the team worked closely with internal support and external organisations, and in extreme cases the Financial Officer would provide assistance and could be a conduit between the person owing money and the relevant support.

The Portfolio Holder for Finance thanked their Committee for their work on Fair Debt. He stated that the Council would continue to help those who wanted to pay but could not. He explained that the Fair Debt Summit in 2018 had discussed how to help vulnerable people with the IRV and John Cruise, who was a leading practice lawyer working on sensitive approaches to debt collection. He added that the Single View of Debt consolidated a residents' debt into one holistic problem, meaning they only had to deal with one team within the Council and the problem became simplified. He stated that those residents who could pay but refused were often habitual and routine non-payers, and the Council would work to ensure that their debt was collected and justice served if necessary.

**RESOLVED: That the Committee:**

**1. Noted the initiatives delivered since the Fair Debt Summit.**
**2. Reviewed and commented on the performance.**
**3. Reviewed and commented on the draft Fair Debt Policy.**
**4. Endorsed that the Council uses all legal powers available to it to recover money owed by those who "can pay by won't" including committal.**

## 21. Thurrock's Scrutiny Review: An Update

The Senior Democratic Services Officer introduced the report and stated that it provided an update on the Scrutiny Review that had been agreed by the Committee and Cabinet in November 2020. She explained that the report outlined each of the recommendations and the work that had been undertaken to implement these, as well as actions still outstanding. She stated that some scrutiny Committees had adopted some of the recommendations, and some scrutiny Committees had adopted other recommendations, but due to the nature of the review this was to be expected. She summarised and stated that due to the cultural changes required within the review, work was still ongoing on the implementation process, and would continue over the coming year.

**RESOLVED: That the Committee:**

**1. Commented on the implementation of the review recommendations thus far, as outlined in Appendix 1.**

## 22. Work Programme

The Chair explained that Councillor Coxshall would be invited to the next meeting to provide an update on his Portfolio. She added that Councillor Hebb would also be invited to the meeting in March to provide an update regarding Fair Debt.

**The meeting finished at 9.05 pm**

Approved as a true and correct record

**CHAIR**

**DATE**

**Any queries regarding these Minutes, please contact Democratic Services at Direct.Democracy@thurrock.gov.uk**

| 18 January 2022 | ITEM: 6 |
|---|---|
| **Corporate Overview and Scrutiny Committee** | |
| **Discussion Paper - Investments Committee** | |
| **Wards and communities affected:**<br>All | **Key Decision:**<br>N/A |
| **Report of:** Sean Clark – Corporate Director of Resources and Place Delivery | |
| **Accountable Assistant Director:** Jonathan Wilson – Assistant Director of Finance | |
| **Accountable Director:** Sean Clark – Corporate Director of Resources and Place Delivery | |
| **This report is** Public | |

**Executive Summary**

The Council has a duty to make arrangements for the proper administration of its financial affairs and to maintain a balanced budget.

The legislative framework underpinning local government financing permits Councils to undertake borrowing and lending activities as part of their routine treasury management or treasury management delegations.

In undertaking these activities, local authorities must have regard to the statutory guidance issued by the Secretary of State in accordance with section 15 (1) (a) Local Government Act 2003 and should follow the good practice framework set out in The Prudential Code.

In July 2020 at the Extraordinary Council meeting Members discussed the formation of a formal Investment Committee. Following the meeting the current informal arrangement has been developed to continue the conversation around investments and the appropriate structure of a committee.

**1. Recommendation(s)**

**That Members:**

**1.1 Note the report and consider the options set out**

**2. Background**

2.1 The Council's Investment and Treasury Management Strategy was approved by all elected members in October 2017 and has since enabled the local authority to generate significant income to deliver vital and additional services as well as increase its financial resilience.

2.2 Following an Investment Briefing to Full Council on 8 July 2020, Members considered the arrangements for performance and risk management and the future monitoring of the authority's investment portfolio.

2.3 Since the meeting in July 2020, the Council has shifted its approach to investments in response to both changes within the market, emerging changes to the framework underpinning treasury activity, and the wider Local Authority environment. The intention and direction now is to manage and monitor the Council's existing investment portfolio to maturity, but not to make any new investments. This change in approach may influence the approach of the committee.

2.4 This paper sets out the options available for improving the Council's assurance framework and systems of internal control.

## 3. Issues, Options and Analysis of Options

### Option 1 – Continue with existing arrangements

3.1 The Council's Investment and Treasury Management Strategy has been implemented and overseen by the section 151 Officer, who has the delegated authority to take investment decisions, which began in 2014 with the first initial activity with the CCLA.

3.2 Scrutiny of the Strategy has been provided by way of the Corporate Overview and Scrutiny committee, Standards and Audit, the Council Spending Review and annual report to Full Council. The Council Spending Review process was agreed by (then) Group Leaders and Deputies as the recognised route for officers to provide updates and share key considerations with Members, and functioned up until 2020 where Members indicated a change was desired.

3.3 Corporate Overview and Scrutiny has the following relevant terms of reference:

- The Council's overall performance;
- The Council's overall Budget and Value for Money;
- Council's strategic risk management;
- Ethical governance matters in conjunction with the Standards and Audit Committee; and
- Resources, including human resources and asset management.

3.4 The Standards and Audit Committee has the following relevant terms of reference:

- Providing independent assurance that the Authority's financial and risk management is adequate and effective and that there is a sound system of internal control that facilitates the effective exercise of its functions, including:

i) considering or reviewing the following and the action taken on them and advising the Council and/or the Cabinet, as appropriate:

(a) internal and external audit plans and progress against plans;
(b) summaries of external and internal audit reports and progress against recommendations made in audit reports;
(c) the annual report of the internal auditor and the Annual Governance Statement;
(d) approving the annual statement of accounts and whether appropriate accounting policies have been followed;
(e) reports from inspection agencies, including the external auditor's Annual Management letter and report to those charged with governance issues; and
(f) keeping under review the Authority's control environment and anti-fraud and anticorruption arrangements, including compliance with the Financial and Contracts Procedure Rules.

- Reviewing the performance of the Council's appointed Internal Audit provider.

3.5 Whilst there is scope for significant scrutiny and understanding related to the Council's investment framework through this route there is a risk of both duplication and gaps in oversight as each committee schedules its own work. This could be mitigated through liaison between the respective Chairs and the formation of a structured plan of work.

**Option 2 – Proceed with an informal arrangement**

3.6 In addition to the existing framework the Council could continue with the informal Member group approach. Whilst this does not meet the initial desire of Members for a committee it may be considered more appropriate given the change in strategy.

3.7 This could meet the requirement that those involved in investment decision making have the appropriate capacity, skills and knowledge to enable them to make informed decisions in accordance with corporate priorities and the strategic risk management framework, thus limiting the authority's exposure to risk.

3.8 This approach however, while addressing oversight by Members, and technical capability, lacks the formality of a corporate governance arrangement that would demonstrate public transparency and accountability.

**Option 3 – Extend the portfolio of existing committees**

3.9 Additional scrutiny of the authority's investment activities could be incorporated within the terms of reference of one of the existing committees below:

- Standards and Audit Committee;
- Corporate Scrutiny Committee; or
- General Services Committee.

3.10 These committees already operate in a regulatory capacity to oversee specific functions of the Council and a proposal to broaden their remit could reasonably be considered. This augmentation of the committees' functions could mitigate the risk with the current arrangement that there is insufficient focus on the overall portfolio.

3.11 The General Services Committee does not at the present time have a direct role in scrutinising the Council's financial investments, however it does oversee on behalf of the Council the work of Thurrock Regeneration Limited. It has been agreed that there will be quarterly reporting of progress to the committee, accordingly this could be mirrored with the Council's investment portfolio.

3.12 Whilst this may provide a seemingly logical extension of functions, there is also a risk that a wider remit will limit the high level of scrutiny required in relation to the investment of public money in the Council's investment portfolio, however recognising that this is likely to be a diminishing portfolio it may be considered appropriate.

**Option 4 – Establish an Investments Committee**

3.13 As was proposed at the Extraordinary Committee meeting on 8 July 2020, a new Investments Committee could be created with the specific function of overseeing the authority's investment portfolio. A potential framework terms of reference attached at Appendix 1.

The core role of the committee would be to:

- Monitor the investment portfolio and strategy;
- Provide a forum for the s151 Officer to present ideas for consideration in respect of the portfolio;
- Act as the principal consultee to the annual Capital Strategy Paper, including TOR and delegations, and
- Provide assurance for other Members and the public through the development and publication of an Investment Strategy Statement that would share key information about the portfolio, and the way the portfolio is being managed etc.

3.14 An Investments Committee could demonstrate transparency and provide a specific forum for reviewing and assessing risks and regularly monitoring investments in compliance with the Investment and Treasury Management

Strategy. This would be a specific public forum in which this work is undertaken utilising the skills of Members in this work. The benefits this brings have to be balanced against the additional costs and resource in maintaining a separate committee both in Member and Officer time and commitments. In the context of a managed decline in investments this must be considered.

3.15 The committee if constituted would need to be introduced into the constitution. The following key questions need to be considered and the Committee are asked to comment on these elements.

3.16 Members may also wish to give an indication of how the committee is chaired at this early stage of development.

Size and Composition:

3.17 An appropriate number of Members, with the sufficient skills and capabilities will be required. In accordance with section 15 of the Local Government and Housing Act 1989, allocation of seats should be in accordance with political proportionality unless there is an agreement by all Members of Council that allocations can be outside of the usual proportionality requirements. This will be an ongoing annual requirement.

3.18 The Council has the General Services Committee which is generally run on a basis where all groups are represented irrespective of the formal proportionality rules. This is not enshrined in the constitution but works on the convention of the largest party gifting seats to smaller parties who would not automatically be represented. This model could be followed but relies on convention to work.

3.19 In accordance with the constitution, the quorum of the meeting will be one quarter of the whole number of Members assigned to that committee, provided that this is no less than 3; and in line with proceedings for other committees, could convene at least quarterly.

Training and Skills:

3.20 Membership of the committee would be determined by the political groups. Whilst guidance to groups can ask for Members with particular interests, skills or backgrounds, the Membership of the committee may not have the desired background knowledge at the start.

3.21 In accordance with the statutory guidance on local authority investments, its members, whilst not necessarily specialists, would need to be provided with sufficient training, to ensure that those involved have the necessary competence to scrutinise investment activities.

3.22 This will be an ongoing commitment not only to undertake training of Members initially but to maintain their awareness of the relevant markets and economic factors in play. This is common-place in Local Government Pension Schemes, where training is provided regularly by The Pensions Regulator.

Specialism and Expertise

3.23 The inclusion of co-opted members on the committee could be considered appropriate in circumstances where specialist input such as investment risk advice would be useful in guiding members. The appointment of these members can be undertaken to meet specific skill or qualification profiles to ensure that identified gaps in Members' knowledge can be supported.

An assessment of the specific input required would be necessary to determine whether co-opted members should be retained, and the number of these.

3.24 Members may wish to ensure that non-affiliated consultants are incorporated into the committee structure to provide that level of advice

3.25 It should be noted that in order to attract suitable Members it is likely that they would seek remuneration / allowances, this can be facilitated but will be an additional unbudgeted cost.

3.26 It should be noted that in accordance with section 13 Local Government and Housing Act 1989, such individuals will not be permitted to vote on matters debated by the committee. It has been suggested that an independent Member could be appointed as Chair of the committee, whilst this could be undertaken this should be approached with significant care, as they would be unable to exercise the voting rights of a chair. There are specific statutory provisions for pension schemes enabling their framework which are not applicable in this context.

Confidentiality:

3.27 As an established committee the proceedings will by default be public. However given the specific nature of the committee there will routinely be commercially confidential material which will need to be shared with the Members.

3.28 This can be determined in accordance with Part 1, Schedule 12A of the Local Government Act 1972 or is confidential for the purposes of section 100A(2) . In all circumstances the public interest in maintaining the exemption will need to outweigh the public interest in disclosing the information. This is a process Members are familiar with. Members are required to maintain the confidentiality of the Councils commercial information in line with their duties under the Code of Conduct.

3.29 Establishing the governance arrangements noted above should provide a robust regulatory framework within which the authority's investments can be made to meet the requirements of transparency and accountability. It should be noted however, that in light of the restrictions on new investments and limitations of the authority's portfolio, Members should consider whether one of the alternative options set out above may be more appropriate.

**4. Reasons for Recommendation**

4.1 To consider the options outlined above to determine the mode of governance for implementation of the Investments and Treasury Management Strategy.

**5. Consultation (including Overview and Scrutiny, if applicable)**

5.1 This paper is intended to stimulate discussion, any formal recommendations would be considered by the General Services Committee before consideration by Council if a change in the constitution is required. Future reports would need to consider the usual wider corporate implications.

**6. Impact on corporate policies, priorities, performance and community impact**

6.1 Whilst investment income contributes towards the policies, priorities and performance of the authority, this report as no direct impact.

**7. Implications**

7.1 **Financial**

Implications verified by: **Sean Clark**

**Corporate Director of Resources and Place Delivery**

Whilst there may be resourcing costs should a new committee be formed, these would be met from existing budgets.

7.2 **Legal**

Implications verified by: **Matthew Boulter**

**Democratic & Governance Services Manager and Interim Monitoring Officer**

The legal implications are set out in the Executive Summary and body of the report. Any proposed changes to the terms of reference for existing committees or the establishing of a new committee would need to go through the necessary decision making process in order to be included in the Constitution. Members should find the best way to discharge the requirements whilst being mindful of the resources available for committee services

7.3 **Diversity and Equality**

Implications verified by: **Sean Clark**

**Corporate Director of Resources and Place Delivery**

No implications at this stage.

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

There are no direct implications arising from this report.

**8. 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):

None

**9. Appendices to the report**

None

**Report Author:**

Sean Clark, Corporate Director of Resources and Place Delivery

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

**Executive Summary**

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

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

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

## 1. Recommendations:

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

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

## 2. Introduction & Background

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

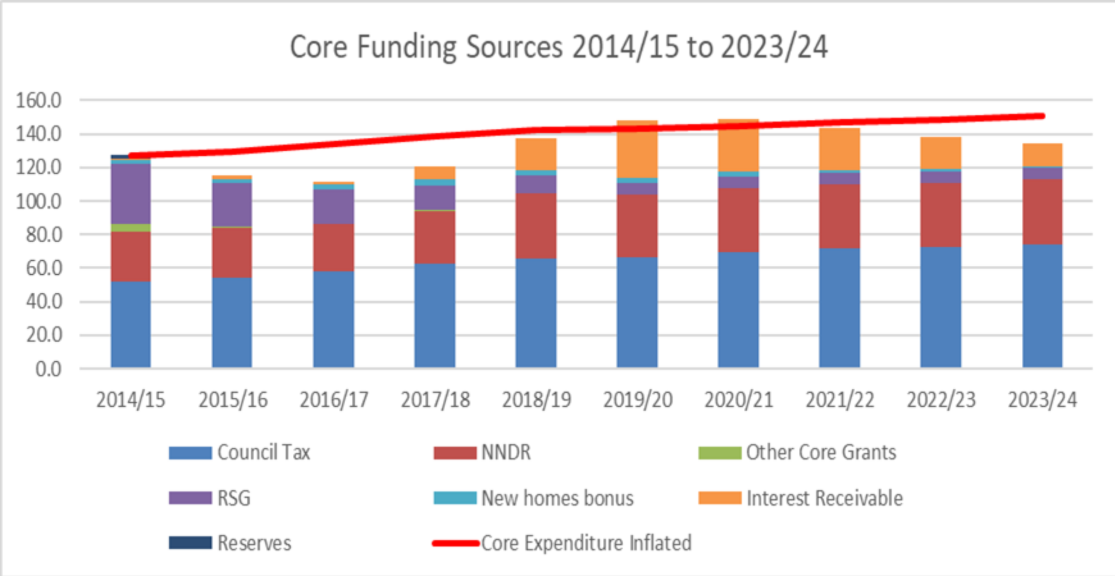
2.2

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

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

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

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

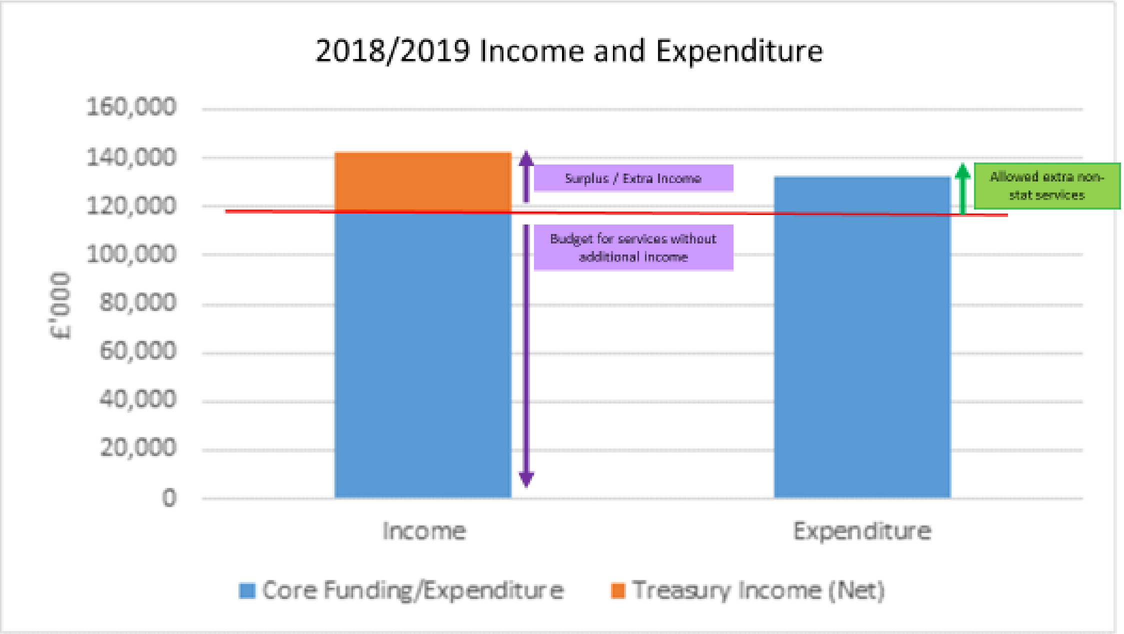


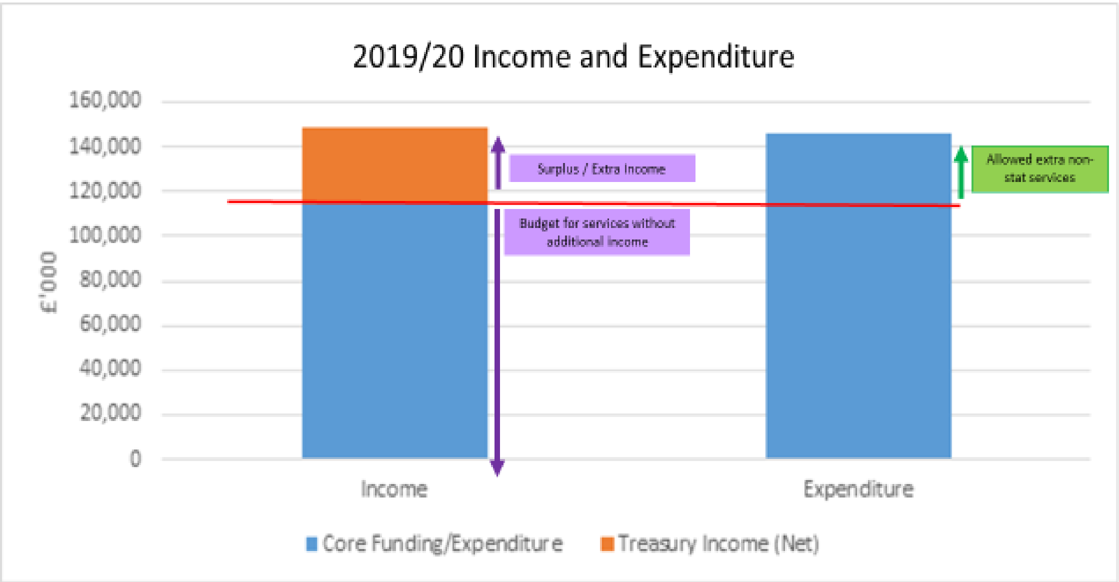

2.6 The financial pressures faced by the Council continue to be further challenged by the ongoing impacts of Covid-19, which includes significant demand increases in both children's and adults' social care; an issue growing across the entire local government sector.

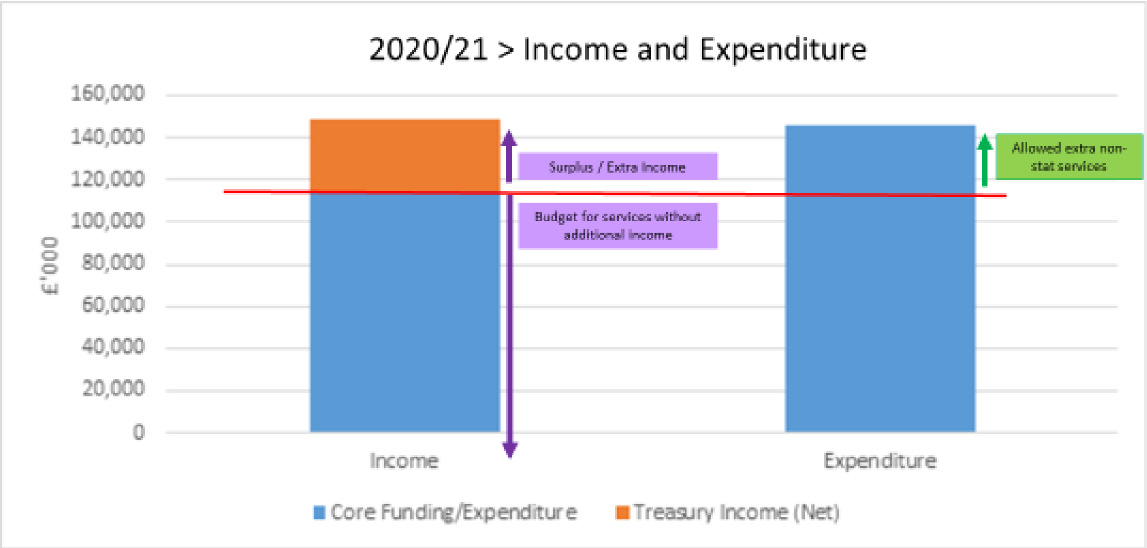
2.7 In addition and despite the approach successfully enduring the test of a 20-month international pandemic, the Council continues to deprioritise the previously council-wide agreed investment approach. This means investments that were planned and agreed as part of the medium term financial strategy have been removed from forecasts and existing investments will not be replaced. The removal of this funding support mechanism increases the funding gaps faced by the Council over the short to medium term. As such, the current investment surplus in excess of £30m per annum will be removed in a phased manner from the council's finances over the next decade adding to the annual pressures that every council faces.

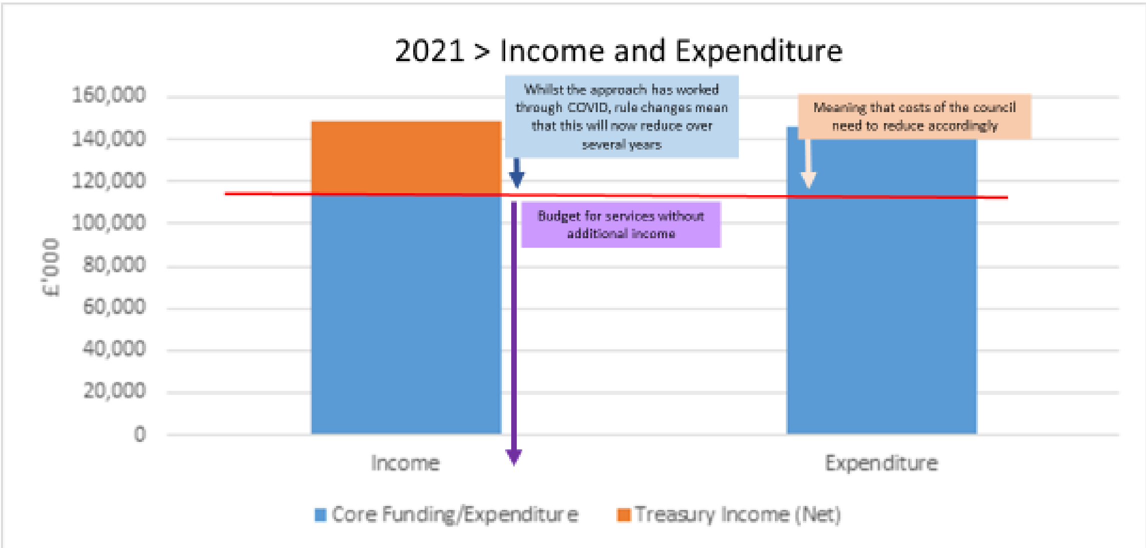
2.8 Incidentally, the EELGA response to the CSR, published in September 2021 noted: *Recent examples of commercial failures in some council ventures should not deter central or local government from pursuing relevant, suitable opportunities for prudent commercial decisions and developments. Instances of failure are relatively rare, so a proportionate response to risk mitigation is needed, so that councils can flourish and do their part to generate additional income where appropriate.* Whilst there are public bodies that appear to continue to support the concept of local authority investments; whilst there remains uncertainty on what councils can and cannot do, the council will not seek to modify its position that it will exit on a phased-basis from the approach it commenced initially in 2016.

2.9 The impacts of this can be illustrated best by the graphics below – the first three graphs show how income from the approach allowed the funding of services above and beyond the statutory minimum (2018/19, 2019/20, 2020/21). The fourth graph (2021/22) illustrates how the income reduction from the phased wind-down of the approach means that the council now needs to do what it would have had to do at rapid pace in May 2016






## 3. Medium Term Financial Strategy

3.1 The MTFS is prepared using a number of assumptions that then forms a net increase in the budget from one year to the next. Additional income or expenditure reductions are then required to meet this increase.

3.2 The Comprehensive Spending Review has provided additional detail following their headline announcements on 27 October 2021. Overall, the government said the settlement would provide a real-terms spending power increase of 4% on 2021/22. This reflects both inflationary rises to core grants and the assumption that Councils will raise council tax up to the referendum limit. In practice, this means a 1.99% increase in council tax, and 1% for the Adult Social Care precept.

3.3 The government has confirmed that within these increases councils will receive a share of £700m of new grant funding for social care. The social care precept and including this assumption equates to a total £1bn year-on-year funding increase in 2022/23. This also includes the Department for Health and Social Care's Market Sustainability and Fair Cost of Care Fund of £162m. This is to provide support as Local Authorities prepare their markets for reform and move towards paying providers a fair cost of care. The impact of the reforms are not yet known but will add additional cost pressures once further guidance is issued and assessed.

3.4 Local authorities will also receive a share of a one-off £822m 'Services Grant' in 2022/23, to help meet service demands, as part of a single-year provisional local government settlement. This grant includes funding for local government costs arising from the increase in employer National Insurance Contributions and increased costs linked to the increases in the National Living Wage. The funding does not explicitly include funding to address the equivalent increases faced by suppliers of goods and services procured by the Council. There is also concern that this is a one-off grant whilst the increases to NI and NLW are permanent meaning there will be increased pressure on the budget in 2023/24.

3.5 Whilst changes to core grant funding is welcomed, it needs to be considered in the context of the removal of the Covid-19 funding. The Council received a grant of £4.853m in 2021/22 and the removal of this offsets the wider benefits received from changes in core grant funding. As such, the 4% set out in paragraph 4.2 is measured against the council's budget in this financial year after the removal of the £4.853m.The net effect of the settlement is an additional £2.470m as set out in the table below.

3.6 As in previous years, the government also confirmed that the business rates multiplier will be frozen and local authorities would receive an equivalent compensation grant. In addition, there will be adjustments to business rates including a temporary relief of £1.7bn across 400,000 retail, hospitality and leisure properties in 2022/23. Broadly, this equates to a 50% business rates reduction for those qualifying businesses and local authorities will receive an equivalent grant to compensate them for the loss of income.

3.7 While there is some clarity on the level of sector-wide funding for the following two years, the individual allocations to local authorities have not been confirmed so in effect, this is a single year settlement. It is expected there will be further consideration of proposed reforms to the funding formula in 2022/23 to support the wider levelling up agenda, the impact of which on each local authority will not likely be clear until December 2022. The short term funding confirmation only provides limited and short-term stability for local authorities.

3.8 The below table shows the confirmed additional funding for 2022/23:

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

3.9 As the Council has one of the lowest funding bases compared to other equivalent unitary authorities and neighbouring authorities, net expenditure on services is, by definition, lower than average. Consequently identifying savings to meet these pressures from an inherently low cost base continues to be extremely challenging.

3.10 This financially challenging position is not new to the Council as over the last decade, significant MTFS deficits were commonplace as recently as 2016/17.This is also a consistent position across the wider sector further exacerbated by the impact of the pandemic.

3.11 The unanimously agreed investment approach that provided the ability to fund services above the statutory minimum, provide headroom for the council to reform services, and increased useable reserves by 300% (from £8m in 2016 to £24m at the outset of the pandemic in March 2020) has been paused. Future investments of this nature, for reasons previously reported (despite their withstanding the impacts of a pandemic), are no longer an option.

3.12 The revised MTFS is included in Appendix 1. The overall financial position over the next 3 years shows a revised deficit of £14.269m. This has arisen primarily from the projected long-term impact of Covid-19, including the impact on both Adults and Children's social care, a pause to the investment approach and the reversal of temporary funding support mechanisms.

3.13 The below table shows a summarised MTFS position and reflects all confirmed funding known to date:

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

3.14 It is proposed that the gap will be bridged by the extension of the use of capital funding to support transformation and, as required, further use of resilience reserves is applied to the 2022/23 position – which is only possible as a result of the reserves increases facilitated since 2016. This provides certainty that the Local Authority's statutory duty to set a balanced budget can be met. Members should note that the use of reserves enables a one-off stimulus. They cannot be used for sustainable spending needs and, as such, Members are reminded of the need to reform services for a sustainable medium/long term cost base and every effort must be made to achieve further savings in 2022/23 to reduce the call on these one-off measures.

3.15 The proposed use of capital transformation activity and reserves in 2022/23 will leave remaining deficits of £8.905m and £5.364m in 2023/24 and 2024/25 respectively.

3.16 Significant savings have been identified through changes to service delivery, process automation, recruitment management and general efficiencies. Further work is required to identify additional savings that can be achieved through a wider transformation programme with the intention of balancing the 2023/24 and 2024/25 positions.

## 4. Draft 2022/23 Budget, Growth & Savings

4.1 The full MTFS forms the basis for the detailed budget allocation across the authority and changes are reflected to arrive at indicative cash envelopes for 2022/23. This is shown in Appendix 1.

4.2 Growth has been applied in line with the government's intention to support both adults' and children's social care and is reflective of the most recent budget monitoring report presented to the Cabinet in which significant pressures were identified in both these key areas for 2021/22.

4.3 The 2022/23 budget relies on the achievement of a number of service led savings targets (developed in consultation with relevant portfolio holders) alongside additional crosscutting targets. The full saving list is included in Appendix 2 and summarised for each directorate below:

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

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

Adults, Housing & Health

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

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

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

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

Children's Services

4.9 Significant budget pressures have been highlighted in 2021/22, particularly regarding demand for placements for young people with more complex needs. These pressures will have an ongoing impact on future years. Growth has been allocated to the value of £3.091m to support key services related to looked after children's placements part funded by the 1.99% proposed increase.

4.10 Alongside this is an ambitious transformation programme that looks to reduce spend by over £3m in 2022/23, through a comprehensive review of education services, work to transform the delivery of social care, the continued review of high cost placements and a further review of the efficiency in which services are delivered. This will be informed by a specific financial review of the service to ensure a wider holistic view of the service can also inform the balance between the cost and effective delivery of the core services.

4.11 There remains significant risk in this area as reported throughout 2021/22 and the savings work continues against a backdrop of increased levels of looked after children. This will remain under review in the current year with actions being taken to address the significant high cost drivers.

Housing General Fund

4.12 A new approach to providing support for homeless people is intended to reduce significantly the demand for expensive temporary accommodation and the provision of Bed and Breakfast. The saving is based on the delivery of accommodation and hence any delay to the purchase of properties may affect the ability to realise fully the saving in 2022/23. There remains a focus to deliver the required accommodation in accordance with agreed timescales.

4.13 There is a specific reserve held to support this area that would provide one-off mitigation for any delays to the scheme becoming operational.

HR.OD & Transformation

4.14 Targeted staffing reductions and the use of capital funding to support the corporate transformation programme will realise a number of savings for the directorate.

4.15 The digital efficiency review is intended to identify a range of transactional processes across the authority that can be automated or streamlined and lead to a reduction in costs.

4.16 The centralisation of ICT functions continues to rationalise and centralise further corporate systems that have historically been managed at directorate level. This ensures both the system and the service support requirement is considered in the context of the wider corporate ICT delivery programme and reduces the potential for the duplication of resources.

Public Realm

4.17 As part of the longer-term waste strategy, savings will also be realised by moving to fortnightly collection for residual waste, as agreed by Cabinet in November 2020. This transformation initiative's intention is to increase recycling rates by encouraging the use of the weekly recycling (blue) bin service, and to discourage the use of general waste (green/black) bins for anything other than non-recyclable waste.

4.18 Continued work with external bodies will generate additional income for the Counter Fraud Team. This builds on the current service provided to central government to tackle fraud arising from the implementation of business loan schemes in response to the pandemic. The wider more commercial approach to income generation across the directorate will generate increased income from the enforcement of parking regulations, developing the commercial offer in respect of grounds maintenance and the provision of CCTV services.

Resources & Place Delivery

4.19 Capitalisation of staff time to relevant capital projects will reduce the pressure on the general fund budget whilst ensuring service levels are maintained across key areas.

4.20 A review of assets held by the authority, including the identification of those surplus to requirements, or those which are not efficient/self-sufficient, is intended to realise revenue savings by reducing the day-to-day running costs of the individual sites. Previous papers have been presented to Cabinet and discussions are ongoing regarding a number of options.

Strategy, Engagement & Growth

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

4.22 The indicative impact of the above on each directorate's cash envelope for 2022/23 is shown in Appendix 3.

## 5. Council Tax and Future Funding

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

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

5.2 Whilst the Adult Social Care precept is required to provide much needed additional funding, the amount raised by Thurrock Council will be comparatively lower than the majority of top tier authorities as historically the Council has not maximised council tax increases up to the level indicated by Central Government in previous years. A comparison with the band D level of Council Tax at other Essex authorities confirms the Council position is circa £195 below the average. This equates to a level of funding circa £9.9m below the average level in Essex.

5.3 It remains critical to provide this additional financial resilience in future years to mitigate the identified budget shortfalls currently identified. This recommendation will be reflected in the S151 Officer's Section 25 statement and is a key consideration for Members at the council meeting on 23 February 2022.

5.4 A 1% council tax increase equates to £0.718m additional funding for the Authority.

5.5 The following table highlights the specific financial impact of a 1% increase on Council tax per annum/per household based on the 2021/22 band charge (which includes the Essex Police and Essex Fire Authority precepts).

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

5.6 The additional funding raised through council tax increases will be applied specifically to the emerging pressures in Children's and Adults' social care that support some of the most vulnerable members of the community.

5.7 Having considered all of the above, Cabinet is asked to recommend a 1.99% general council tax increase and a 1% Adult Social Care increase.

5.8 The MTFS now reflects all known and confirmed funding changes notified from central government in respect of the 2022/23 financial year. There is no certainty beyond the 2022/23 funding settlement and further action should only be based on the only realistic assumptions that can be made for the subsequent two years. This includes inflationary increases to core funding streams and the costs they fund as well as the removal of the use of reserves and capital receipts. There is no indication of additional funding beyond this and the wider economic position suggests this will remain the position.

5.9 Officers will continue to develop the savings plans required to mitigate the budget gap in 2023/24 in the first instance. Members should not underestimate the difficulties the council now faces in delivering the required savings and the lead in time required.

**Remaining Considerations**

5.10 The methodology for the allocation of funding to local government bodies remains under review. The Fair Funding review is expected to progress in 2022/23 but there is no revised timeline to date. As part of this it remains an assumption that separately identified ring fenced grants, such as the Public Health Grant, will be absorbed into mainstream funding. It is clear though, that any changes to allocation methodologies will be to support the national levelling up agenda.

5.11 Similarly, there is no formal clarification on proposed changes to the current business rates system. As such, the council is only able to assume inflationary uplifts to the business rates precept in the MTFS. As previously noted the introduction of this system will potentially increase the underlying level of financial risk faced by the council.

5.12 Work is ongoing in support of the Thames Freeport bid, which is intended to have a positive impact on NNDR levels into the future. The assumption for the purposes of the budget setting is that the excess income associated with the Freeport will be ring-fenced to the delivery of the associated programmes to meet the wider objective of the policy and enhance the infrastructure of the borough.

## 6. Reserves Position

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

6.2 Members will be aware from previous reports that the council's reserves position has become far more resilient since 2016, as a direct result of the investment approach – a lift of 300% (£8m in 2016 to £24m at the start of the pandemic in March 2020). This included the creation of financial resilience reserves, which are planned to provide £4.684m to address pressures arising in response to the pandemic.

6.3 This has led to direct and indirect pressures and fluctuations. As such, a partial use of reserves continues to support the delivery of the 2021/22 budget. As noted above, the MTFS assumes a further use of reserves to support the delivery of the core budget in 2022/23. £3.3m is expected to be required to meet the underlying pressures but is subject to delivery of the 2021/22 position that will be confirmed at the end of the current financial year. This assumes that the £11m General Fund Balance remains intact.

6.4 Furthermore, the planned use of capital receipts continues to support wider transformation activity that will support the delivery of the savings programme and provide services that are financially sustainable in the medium term.

6.5 Members should note that the use of reserves provides one-off funding support to meet budgetary pressures. They cannot be used for sustainable spending needs and, as noted in section 2.14, Members are reminded of the need to continue to reform services for a sustainable medium/long term cost base.

## 7. Issues, Options and Analysis of Options

7.1 This report sets out the changes from the current 2021/22 budget that are proposed for 2022/23. The impact on service delivery, particularly as a result of the proposed savings targets, will be closely monitored throughout the year to ensure essential front line services are provided to the required level.

7.2 Officers recommend a maximum council tax increase as the Government's core spending power calculations and Comprehensive Spending Review will assume that the council has maximised resources from its ability to raise funding locally. The Government will not subsidise any income foregone, thus any increase applied which is lower than the maximum level will continue to impact on the council's resources in all future years.

7.3 The report also sets out the identified deficits over the three-year period of the MTFS. Members and officers will continue to work to identify further mitigating actions and carry out service review processes across a number of areas.

## 8. Reasons for Recommendation

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

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

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

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

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

## 11. Implications

11.1 **Financial**

Implications verified by: **Sean Clark**

**Corporate Director of Resources and Place Delivery**

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

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

11.2 **Legal**

Implications verified by: **Gina Clarke**

**Corporate Governance Lawyer and Deputy Monitoring Officer**

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

The Local Government Finance Act 1988 (Section 114) places the responsible financial officer under an obligation to make a report to Full Council if he considers that a decision has been made or is about to be made involving expenditure which is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority. Also the Council's Monitoring Officer is required to report to Full Council if it appears to him that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration.

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

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

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

11.3 **Diversity and Equality**

Implications verified by: **Roxanne Scanlon**

**Community Engagement and Project Monitoring Officer**

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

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

The council declared a Climate Emergency in 2019 through a motion at full council. The council's current investments continue to contribute towards the green agenda through supporting renewable energy schemes across the UK – notably, external advise is that one part of the portfolio generates twice the amount of energy to power the borough of Thurrock each year. Part of the budget surplus had previously been allocated to supporting climate change but, with the budget pressures the council now faces, this, along with other such allocations, has been centralised back into a general reserve to support the budget in this year and next.

**12. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

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

## 13. Appendices to the report

Appendix 1 –Medium Term Financial Strategy

Appendix 2 –Full list of savings targets

Appendix 3 –Indicative Service Budget impact

**Report Author**

Jonathan Wilson

AD Finance, Corporate Finance

# Appendix 1 - Medium Term Financial Strategy

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

**Appendix 2 – Full Savings list 2022/23**

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

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

**Appendix 3 – Indicative Directorate budget impact**

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

This page is intentionally left blank

| 18 January 2022 | ITEM: 8 |
|---|---|
| **Corporate Overview and Scrutiny Committee** | |
| **Capital Strategy 2022/23** | |
| **Wards and communities affected:** All | **Key Decision:** Yes |
| **Report of:** Sean Clark, Corporate Director of Resources and Place Delivery | |
| **Accountable Assistant Director:** Jonathan Wilson, Assistant Director - Finance | |
| **Accountable Director:** Sean Clark, Corporate Director of Resources and Place Delivery | |
| **This report is** public | |

**Executive Summary**


The Capital Strategy sets out the strategic framework underpinning capital expenditure and the associated financing at the Council.
This includes:

- The Capital Project Programme - £550.581m (General Fund, HRA and TRL combined projected to the end of 2022/23.) and:
- The now-historical capital investment activity, which is being wound down over several years and is projected to be funded by £915.759m of borrowing.

These investments continue to deliver a further surplus of £20.172m in 2022/23 once interest on borrowing is repaid (For 2021/22, the projected surplus is £25.798m). This contributes to the £115m after interest that have funded services at levels above the statutory minimum).

It also includes the Treasury Management Strategy. These are set in accordance with revised guidance contained in The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services and the Prudential Code (The Code).  It is noted these documents were updated in December 2021 with changes that need to be reflected in the 2023/24 Capital Strategy. These will be assessed and included in the annual update to the strategy.

The strategy is set in the context of the de-prioritisation of the Council’s investment approach. This means previously planned investments were not progressed and have been removed from the medium term financial strategy. There is a continued focus on the management of the existing investments that have continued to create

revenue returns that can then be allocated to spending on the services for Thurrock residents.

The Code requires local authorities to determine the Capital Strategy and the associated Prudential Indicators on an annual basis. The annual strategy also includes the Treasury Management Strategy that is a requirement of the Department of Levelling Up, Housing and Communities Investment Guidance.

There are two points of note:

1. Borrowing levels

   The borrowing levels set out in the report reflect the ongoing capital project activity in both the General Fund and the HRA alongside planned investments in Thurrock Regeneration Ltd (TRL). It is noted the planned increases in borrowing reflect the wider proposed changes to the capital programme and the associated interest costs will be met from the General Fund, HRA or the associated interest receivable in respect of TRL projects.

   There is no new capital investment activity planned and the overall level of debt linked to this starts to reduce further in 2023/24. The balance will be managed down in line with agreed redemption dates (or sooner where the opportunity to do so is made available and can be managed in a financially sustainable way.

2. Capital Financing Requirement

   The Capital Financing Requirement sets out the level of borrowing required to support the planned capital activity of the Council. The report sets out the levels through to 2024/25 and confirms the level of borrowing will be within this limit throughout this period.

In accordance with the above Codes, this report:

a) sets out the Capital strategy for 2022/23;

b) confirms the proposed Prudential Indicators; and

c) sets the Capital and Treasury Management projections for 2022/23.

## 1 Recommendation(s)

1.1 **That the Corporate Overview and Scrutiny Committee comment on the 2022/23 Capital Strategy for consideration by Cabinet at their meeting on 9 February 2022.**

## 2 Introduction and Background

2.1 The Capital Strategy and the Annual MRP Statement are prepared under the terms of the CIPFA Prudential Code for Capital Finance in Local Authorities (the Code) and approval is sought for the adoption of the Prudential Indicators that have been developed in accordance with the Code.

2.2 The report also includes a forecast for Interest Receivable from Investments and the indicative Interest Payable on Borrowing.

2.3 The report covers a range of areas as set out below with the detailed document attached at Appendix 1.

**3 Issues, Options and Analysis of Options**

3.1 The Capital strategy of the Council is attached as an appendix to this report and has been set with consideration of relevant legislation and appropriate guidance. This includes Annex 1 which incorporates the Treasury Management Strategy. The Prudential Indicators are governed by decisions made on the revenue and capital budgets.

3.2 The Capital Strategy sets out a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It includes the following:

- Details of capital expenditure and financing;
- The governance arrangements around the identification and approval of capital project bids;
- Details on the sources of funding and projections on capital receipts (assets);
- The strategic approach of the Council to borrowing and the governance arrangements in place;
- The proposed prudential indicators for 2022/23;
- Details of the Council's strategic approach to historic investments and commercial activities, and on-going management;
- Details of other liabilities and revenue implications arising from this strategy; and
- A further annex containing the detailed treasury management strategy that supports the capital strategy. This includes the annual statement on the Minimum Revenue Provision.

3.3 There are two key areas in this report for Members to be particularly mindful of:

a) The Council has held significant levels of temporary borrowing since 2010 though this has reduced significantly over the last two years. It is noted that there are further moves to alternative funders, including the PWLB, likely over the coming year; and

b) The approach taken to the Minimum Revenue Provision (as set out in Annex 1).

3.4 The capital strategy reflects the requirements of the The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services and the Prudential Code (The Code). These documents were updated in December 2021, and the broad focus of the changes are to ensure the capital programme, investment activity and the associated borrowing is proportionate to the financial capacity of the organisation. The 2023/24 capital strategy will reflect the detailed requirements of the guidance and the Council continues to manage capital, investment and borrowing activity and effectively manages associated financial risk appropriately. Furthermore, it is noted the Council has deprioritised the Investment Strategy and hence the application of the new guidance will apply to the existing investment portfolio as it concludes.

3.5 There are further proposed updates to the guidance on the Minimum Revenue Provision. The government is proposing changes to regulations to make sure that practices remain prudent and consistent across the sector. The consultation raises a specific concern around how MRP has been applied in respect of commercial property held for investment purposes. This remains at the consultation phase and the final guidance will be considered in due course.

## 4 Reasons for Recommendation

4.1 There is a statutory requirement for the Capital Strategy and the Annual Minimum Revenue Provision Statement to be ratified by Full Council. This report and appendices have been written in line with best practice and the Council's spending plans

## 5 Consultation (including Overview and Scrutiny, if applicable)

5.1 As set out in this report, the Capital Strategy is largely based on best practice and the Council's spending plans.

5.2 Any comments from the Corporate Overview and Scrutiny Committee will be reported to Cabinet for their consideration.

## 6 Impact on corporate policies, priorities, performance and community impact

6.1 Treasury Management plays a significant role in funding the delivery of services to the community. The debt restructuring carried out in August 2010 will have contributed savings in the region of £34m by the end of 2021/22 and Investment activity has contributed circa £115m of additional income over the last five years.

## 7 Implications

### 7.1 Financial

Implications verified by: **Chris Buckley**
**Treasury Management Officer**

The financial implications are included in the main body of the report and appendix.

### 7.2 Legal

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

The report is in accordance with the Local Government Act 2003, related secondary legislation and other requirements including the Prudential Code.

Publication of the strategies is a statutory requirement and conforms to best practice as required by the CIPFA Code of Practice.

### 7.3 Diversity and Equality

Implications verified by: **Natalie Smith**
**Community Development Officer**

There are no direct diversity implications noted in this report

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

- Not applicable

## 8 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):

- Revised CIPFA Prudential Code
- Revised draft ODPM's Guidance on Local Government Investments
- Revised CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes
- Treasury Management Policy Statement
- Investment Strategy
- Treasury sector Briefings

## 9. Appendices to the report

- Appendix 1 – Capital Strategy Report 2022/23
- Annex 1 – Treasury Management Strategy 2022/23

**Report Author:**

Chris Buckley
Senior Financial Accountant, Corporate Finance

**Appendix 1 - Thurrock Council**

**Capital Strategy Report 2022/23**

## Introduction

This capital strategy is a refreshed report for 2022/23, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

## Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets that will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy or build assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10k are not capitalised and are charged to revenue in year.

In 2022/23, the Council is planning capital project expenditure of £120.047m as summarised below:

*Table 1a: Prudential Indicator: Estimates of Capital Expenditure in £m – Capital Projects*

| | 2020/21 actual | 2021/22 forecast | 2022/23 forecast | 2023/24 forecast | 2024/25 forecast |
|---|---|---|---|---|---|
| General Fund services | 73.262 | 117.595 | 81.496 | 69.782 | 56.546 |
| Council housing (HRA) | 18.934 | 54.775 | 39.051 | 16.260 | 18.410 |
| **TOTAL** | **92.196** | **172.370** | **120.547** | **86.042** | **74.956** |

The main General Fund capital projects include the Stanford Le Hope Interchange, Purfleet and Grays redevelopment, Highways Infrastructure Improvements, Provision of Care Home, Integrated Medical Centres, school expansions, and ICT improvements.

The Housing Revenue Account (HRA) is a ring-fenced account that ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes expenditure over the following 3 years of £86m including £32.9m for transforming homes and £29.4m for tower block refurbishments.

*Table 1b: Prudential Indicator: Estimates of Capital Expenditure in £m – New investment activity*

| | 2020/21 actual | 2021/22 forecast | 2022/23 forecast | 2023/24 forecast | 2024/25 forecast |
|---|---|---|---|---|---|
| Capital investments | 15.302 | 0 | 0 | 0 | 0 |

There are no planned capital investments from 2022/23 onwards following an agreed pause to the investment strategy.

**Governance**: Service managers bid annually in September to include projects in the Council's capital programme. Bids are collated by Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). The bids are then collated and prioritised by either Property Board, Digital Board or the Service Review Board. The proposed programme is then considered by Directors' Board. This includes a final appraisal of all bids including final consideration of service priorities and financing costs. The final proposed capital programme is then collated and reported with recommendations to the Corporate Overview and Scrutiny committee. The final capital programme is then presented to Cabinet and to Council in February each year as part of the overall budget setting process.

All capital expenditure must be financed, from either external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing sources in £m*

| | 2020/21 actual | 2021/22 forecast | 2022/23 forecast | 2023/24 forecast | 2024/25 forecast |
|---|---|---|---|---|---|
| External sources | 54.790 | 25.711 | 23.691 | 23.790 | 29.000 |
| Own resources | 15.805 | 20.907 | 10.790 | 11.046 | 11.307 |
| Debt | 36.903 | 125.752 | 86.066 | 51.206 | 34.649 |
| **TOTAL** | **107.498** | **172.370** | **120.547** | **86.042** | **74.956** |

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue that is known as the Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance and repayments of investments on maturity will repay the associated debt. Planned MRP and use of capital receipts are as follows:

*Table 3: Minimum Revenue Provision in £m*

| | 2020/21 actual | 2021/22 forecast | 2022/23 forecast | 2023/24 forecast | 2024/25 forecast |
|---|---|---|---|---|---|
| Own resources | 5.189 | 6.675 | 9.024 | 10.756 | 12.796 |

The Council's full MRP statement is included in the treasury management statement appended as an annex to this document.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £83.945m during 2022/23 to reflect capital project programme changes. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £m*

| | 31.3.2021 actual | 31.3.2022 forecast | 31.3.2023 forecast | 31.3.2024 forecast | 31.3.2025 forecast |
|---|---|---|---|---|---|
| General Fund services | 207.612 | 291.979 | 340.761 | 375.996 | 390.746 |
| Council housing (HRA) | 195.263 | 229.972 | 258.233 | 263.447 | 270.550 |
| Capital investments | 915.759 | 915.759 | 915.759 | 872.759 | 872.759 |
| TRL Investments | 29.632 | 28.632 | 35.532 | 78.782 | 71.882 |
| **TOTAL CFR** | **1,348.266** | **1,466.342** | **1,550.285** | **1,590.984** | **1,605.937** |

**Asset management:** To ensure that capital assets continue to be of long-term use, the Council has undertaken a detailed asset review in 2021/22 and the use and future of assets is being considered alongside the delivery of corporate priorities.

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay capital borrowing. The Council is currently also permitted to spend capital receipts on service transformation projects until 2024/25. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive capital receipts (total includes both GF and HRA receipts) in the coming financial year as follows:

*Table 5: Capital (asset) receipts in £m*

| | 2020/21 actual | 2021/22 forecast | 2022/23 forecast | 2023/24 forecast | 2024/25 forecast |
|---|---|---|---|---|---|
| Asset sales | 6.931 | 15.000 | 10.000 | 10.000 | 10.000 |
| Loans repaid | 0.041 | 0.043 | 0.045 | 0.047 | 0.049 |
| **TOTAL** | **6.972** | **15.043** | **10.045** | **10.047** | **10.049** |

**Treasury Management**

Treasury management is concerned with keeping sufficient yet not excessive cash available to meet the Council's spending needs, while managing the risks involved. Local authorities can invest surplus cash until required to maximise returns, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

The Council is projecting £1.460bn of borrowing at the end of 2022/23 at an average interest rate of 2.4% including £21m treasury investments at an average rate of 0.11%

- £550.581m for the capital programme (General Fund, HRA and TRL combined) and
- £915.759m for investments. In terms of the latter, the approach has generated an 11.5% return after all costs and interest are paid.

**Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.30%) and long-term fixed rate loans where the future cost is known but higher (currently 0.95% to 1.37%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £m*

| | 31.3.2022 forecast | 31.3.2023 forecast | 31.3.2024 forecast | 31.3.2025 forecast |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Debt (incl. PFI & leases) | 1,460.385 | 1,533.932 | 1,552.237 | 1,502.237 |
| Capital Financing Requirement | 1,466.340 | 1,550.285 | 1,633.984 | 1,605.937 |

Statutory guidance is that debt should remain below the capital financing requirement over the medium to long term but can be over for the short term recognising borrowing requirements ahead of need for future capital expenditure. As can be seen from table 6, the Council complies with this requirement.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

*Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

| | 2021/22 Forecast | 2022/23 limit | 2023/24 limit | 2024/25 limit |
|---|---|---|---|---|
| Authorised limit – borrowing | 1,570.385 | 1,633.932 | 1,652.137 | 1,602.237 |
| Authorised limit – PFI and leases | 0.000 | 0.000 | 0.000 | 0.000 |
| Authorised limit – total external debt | 1,570.385 | 1,633.932 | 1,652.137 | 1,602.237 |
| Operational boundary – borrowing | 1,470.385 | 1,533.932 | 1,552.137 | 1,502.237 |
| Operational boundary – PFI and leases | 0.000 | 0.000 | 0.000 | 0.000 |
| Operational boundary – total external debt | 1,470.385 | 1,533.932 | 1,552.137 | 1,502.237 |

Further details on borrowing are contained in the treasury management strategy as annex 1 on this report.

**Investment strategy:**

The Council's policy on treasury investments is to prioritise security and liquidity over yield - that is to focus on minimising risk rather than maximising returns. Historical activity that will conclude as investments complete over the next several years were always based on low-risk activity, for lesser return; prioritising safety over risk. The approach has endured during the COVID-pandemic, contributing to a return of circa £115m of additional income over the last five years. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Further details on treasury investments are contained in the treasury management strategy as annex 1 to this report.

**Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Resources and Place Delivery and staff, who must act in line with the treasury management strategy approved by elected members of Full Council.

**Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

| Refinancing rate risk indicator | Upper limit | Lower limit |
|---|---|---|
| Under 12 months | 100% | 0% |
| 12 months and within 24 months | 60% | 0% |
| 24 months and within 5 years | 60% | 0% |
| 5 years and within 10 years | 60% | 0% |
| 10 years and within 40 years | 60% | 0% |
| Over 40 years | 100% | 0% |

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

## Investments for Service Purposes

The Council can make investments to assist local public services, including making loans to and buying shares in local service providers, local small businesses to promote economic growth, the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than it would with other treasury-related investments, however it still plans for such investments to break even after all costs.

**Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Corporate Director of Resources and Place Delivery and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore be approved as part of the capital programme.

Further details on service investments are contained in the treasury management strategy in annex 1 to this report.

## Commercial Activities

With central government financial support to local public services declining, the Council decided to investigate various options to increase income and has subsequently made investments in line with the principles set out in the Council's Investment Strategy. The approach started in 2010, and its first larger investment occurred in 2016. Members then supported a move to an investment approach in 2017. In 2020, the decision was made to pause the approach.

On 20 November 2018, a Long Term Investment Strategy was taken to the Corporate Overview and Scrutiny Committee outlining the Council's approach to Service/Non-Treasury/Commercial Investments rather than the standard treasury investments. The report outlined the key principles involved, governance arrangements and the considerations required to ensure investments are thoroughly scrutinised before completion.

In 2020/21, the investment strategy was paused and following changes in the Prudential code and PWLB borrowing regulations the strategy has now been stopped with no further investments to be undertaken.

## Liabilities

In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £195.941m at 31 March 2021). It has also set aside £10.164m to cover risks including business rates appeals and insurance claims.

**Governance:** Decisions on incurring new discretional liabilities are taken by service managers in consultation with Corporate Finance and, where appropriate, the Corporate Director of Finance, Governance and Property. The risk of liabilities crystallising and requiring payment is monitored by Corporate Finance.

## Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing income; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

This shows the net financing income that is in addition to the core funding streams of the Council.

*Table 9 (i): Prudential Indicator: Proportion of net financing costs to net revenue stream*

| | **2021/22 forecast** | **2022/23 budget** | **2023/24 budget** | **2024/25 budget** |
|---|---|---|---|---|
| Net financing income (£m) | (17.430) | (10.676) | (7.728) | (4.360) |
| Proportion of net revenue stream | 14.64% | 8.67% | 6.04% | 3.25% |

For wider context, the table below shows the financing costs (Interest payable plus MRP) as a percentage of the revenue stream, excluding the investment income generated from the investment strategy. This demonstrates how this income is providing additional funding to meet service priorities including the delivery of the capital programme.

*Table 9 (ii): Prudential Indicator: Proportion of financing costs to net revenue stream*

| | **2021/22 forecast** | **2022/23 budget** | **2023/24 budget** | **2024/25 budget** |
|---|---|---|---|---|
| Financing costs (£m) | 27.731 | 32.513 | 35.578 | 36.578 |
| Proportion of net revenue stream | 23.29% | 26.41% | 27.81% | 27.30% |

**Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend into the future. The Corporate Director of Finance, Governance and Property is satisfied that the proposed capital programme is prudent, affordable and sustainable as set out annually in the s25 statement accompanying the setting of the annual budget.

## Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Corporate Director of Resources and Place Delivery is a qualified accountant with 35 years' experience. The Council pays junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury), AAT & ACCA.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

This page is intentionally left blank

**Annex 1 - Treasury Management Strategy 2022/23**

The Treasury Management Strategy is a critical component of the way Thurrock Council manages cash-flow. It also supports the management of investments and borrowing to enable the net revenue returns to be allocated to spending on the services for Thurrock residents.

Treasury risk management at the Council is conducted within the framework of CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

In accordance with the above Codes, this report:

a) sets out the Treasury Management strategy for 2022/23; and

b) sets out the Treasury Management projections for 2022/23.

**2 Introduction and Background**

2.1 The Treasury Management Strategy and Annual MRP Statement are prepared under the terms of the CIPFA Prudential Code for Capital Finance in Local Authorities (the Code).

2.2 The report also includes a forecast for Interest Receivable from Investments and the indicative Interest Payable on Borrowing.

**Borrowing Activity 2021/22 to 2023/24**

2.3 The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with the level of balances and reserves, are the core drivers of Treasury Management activity. The estimates, based on the current revenue budget and capital programmes are:

| | **31/3/2022 Estimate £m** | **31/3/2023 Estimate £m** | **31/3/2024 Estimate £m** |
|---|---|---|---|
| General Fund Borrowing CFR | 291,979 | 340,761 | 375,996 |
| Housing Revenue Account Borrowing CFR (includes effects of Housing Finance Reform based on current available figures) | 229,972 | 258,233 | 263,447 |
| Capital Investments (Including TRL) | 915,759 | 915,759 | 872,759 |
| TRL Investments | 28,630 | 35,532 | 71,882 |

| | | | |
|---|---|---|---|
| **Total Borrowing CFR** | 1,466,340 | 1,550,285 | 1,590,984 |
| Less: External Borrowing | 1,460,385 | 1,533,932 | 1,552,137 |
| **Under/(Over) CFR** | 5,955 | 16,343 | 38,847 |

2.4 The figures above reflect the proposed changes to the council's capital programmes in both the general fund and the HRA. Repayments of prudential debt are made through the annual Minimum Revenue Provision (MRP) and where surplus cash balances are accumulated. However, where the amounts needed to finance the capital programme, even just essential operational requirements, are in excess of these repayments this leads to an annual increase in net debt.

2.5 The Council's levels of borrowing and investments are calculated by reference to the current balance sheet and projected forward based on planned capital activity. The deprioritisation of the Council's Investment Strategy means there are no planned new investments included in the figures above. The Council's key objectives when borrowing money are to balance low interest costs with cost certainty over the period for which funds are required. A further objective is to provide sufficient flexibility to review the level and type of borrowing should the Council's long-term plans change.

2.6 In the context of the level of funding, the Council can access from the Local Government finance settlement, the Council's focus on the treasury management strategy remains on the balance between affordability and the longer-term stability of the debt portfolio. Subject to the availability of low short-term interest rates, it remains cost effective to borrow over short-term periods or utilise internal balances to fund specific activity.

2.7 Where available this further enables the Council to reduce borrowing costs and hence the overall treasury management risk. While this strategy is beneficial over the next year or two as official interest rates remain low, this depends on the availability of this funding means this will be supplemented by PWLB borrowing which will provide the balance of the funding. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. This will help inform whether the Council borrows additional sums at long-term fixed rates in 2022/23.

2.8 In addition, the Council expects this will be supplemented by wider borrowing to enable the operational management of the Council's cash flow. Reasons can include DLUHC transactions, COVID grant payments to businesses – as examples.

2.9 The Council will keep under review the following sources for long term and short term borrowing:

- Public Works Loan Board (PWLB) loans and its successor body;
- UK Local Authorities;
- Any institution approved for investments;

- Any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK;
- Public and private sector pension funds;
- Capital market bond investors;
- UK Municipal Bonds Agency;
- Special purpose companies created to enable joint local authority bond issues;
- Local Authority bills; and
- Structured finance, such as operating/finance leases, hire purchase, Private Finance Initiative or sale and leaseback.

2.10 With regards to debt rescheduling, the PWLB allows Councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some lenders may also be prepared to negotiate premature repayment terms. In 2021/22 the Council has continues to review the debt portfolio to identify opportunities expected to lead to an overall saving or reduction in risk. For longer-term debt – such as LOBO debts from the mid-2000'sthere have not still been opportunities to renegotiate terms given the associated fees. For shorter-term debt, the Council has taken the opportunity to replace short-term debt borrowed from other local authorities with PWLB debt. This has led to an increase in interest cost and reflects the lack of availability of funding in the local authority market.

2.11 Borrowing and rescheduling activity will continue be reported to Cabinet on a regularly during 2022/23.

2.12 In August 2010, the Council repaid its entire PWLB portfolio of loans (£84 million) to obtain significant interest savings. The re-financing was undertaken by utilising short term funds from the money markets. This was largely taken from other Local Authorities with surplus funding which was available at substantially lower rates than taking longer term fixed debt. This reduced the Council's borrowing costs and ensured the wider partners in the sector benefitted from the additional income. To the end of 2020/21 the rescheduling had saved £32.3m of interest costs and is estimated to have saved £34m by the end of 2021/22. Currently financing from short term money market debt is expected to continue, where available, into 2022/23 and beyond supplemented by borrowing from the PWLB should it be required. The inherent risk of this strategy is noted with potentially higher rates and increased debt costs in the future.

2.13 The Council retains the ability to fix interest rates. This can be achieved within a matter of days of the decision being made or profiled against the maturity schedule of the short term debt. The current base rate stands at 0.10% with short term rates standing at between 0.10%-0.40% and it is estimated that there will be increases in the base rate to around 0.50%-0.75% during 2022/2023. The future course of interest rates largely depends on macroeconomic factors such as inflation and wider economic impacts on the UK and global economies. Hence, future interest rate estimates are made in this context. Current PWLB rates at the shorter end of the market range between 1%-1.25% that will be accessed if funding is not available in the short-term money market. However, even if the base rate increases to 0.75% this will still be below the level of current long term rates that the Council could borrow at. In addition, as the Council borrows from other public bodies, rates are not fixed to the bank base rate and are generally lower. The normalised level of the bank base rate post this period is expected to be between 2.50% to 3.50%.

2.14 Based on this outlook, the council may borrow on a short term basis when deemed beneficial to the taxpayer while monitoring interest rates to ensure borrowing is fixed if required. Prudently, the Medium Term Financial Strategy (MTFS) does assume rate increases over the three year period and this is included a part of the budget report to Council in February 2022.

2.15 The Council has £29 million of loans which are LOBO loans (Lenders Option Borrowers Option) where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these loans, excluding one with Barclays, could now be amended at the request of the lender only and, although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. In the event the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan by borrowing from the PWLB or capital markets. Barclays have taken out the option to increase the rate of their loan thereby effectively turning the loan into a fixed rate deal. LOBO loans have become less attractive to Banks and there may be opportunities in the future to redeem these loans. Officers will continue to monitor any developments in this area.

2.16 On 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and Housing Revenue Account (HRA) pools. New long-term loans will be assigned in their entirety to one pool or the other. Interest payable and other costs and income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged or credited to the respective revenue account. The Council will credit interest to the HRA based on the average balances of its reserves and revenue account balance at the average 7 day LIBID rate for the year.

2.17 The Council continues to undertake a series of new housing related schemes utilising borrowing and the abolition of the cap on housing debt has increased the funding flexibility available to the Council to deliver its investment in both existing housing stock and new housing schemes.

2.18 Finally, the general fund capital project programme is approved by members annually. The need to borrow to support the programme is approved as part of the annual budget setting process. Significant schemes are, as required, further considered by Cabinet in detail on a case by case basis that considers the financial risk alongside the individual project risks.

**Investments**

2.19 Where the Council holds excess funds, they may be invested with any of the counterparties detailed in Appendix 1 to this Annex. The balance is expected to meet only essential requirements at any specific time.

2.20 The Council holds a £103m investment in the CCLA Property Fund that is estimated to provide a gross return in 2021/22 of 4.25% with income in the region of £4.3m. The Council has also invested in a number of bonds of various durations since 2016/17 that provides finance to the private sector for, as an example, the purchase of solar farms, whilst providing significant net returns to the council to support front line services in a move towards financial sustainability, as well as aiding the climate agenda (underscored by the fact that Thurrock declared a Climate Emergency in 2019). However, following changes to the Prudential Code and PWLB borrowing regulations the Council will not be making further investments of this type and maturing investments will be repaid . Whilst this will mean that the associated level of debt is repaid, it needs to be taken in the wider context that the interest received from the investments will also cease, meaning an end to the arrangements of the last half decade which has provided resources of circa £115m to fund services above the statutory minimum.

2.21 Local Authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over Authorities use of standalone financial derivatives. The CIPFA code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

2.22 The Council will only use standalone derivatives (such as swaps, forward, futures and options) where they can be clearly demonstrated to reduce the Council's overall exposure to financial risks. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall Treasury Management strategy.

2.23 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit. The Local Authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

2.24 The Authority has opted up to professional client status with its providers of financial services, including, banks, brokers and fund managers, allowing it access to a greater range of services, but, without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities the Corporate Director of Finance, Governance and Property believes this to be the most appropriate status.

2.25 The Council complies with the provisions of s32 of the Local Government Finance Act 1992 to set a balanced budget.

2.26 The needs of the Council's Treasury Management staff for relevant training are assessed as part of the annual staff appraisal process and additionally where the responsibilities of individual members of staff change. Staff attend courses, seminars and conferences provided by the Council's advisors and CIPFA. Corporate Finance staff are encouraged to study for professional accountancy qualifications from appropriate bodies.

2.27 Under the new IFRS standard the accounting for certain investments depends on the business model for managing them The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to accounted for at amortised cost.

**Annual Minimum Revenue Provision Statement**

2.28 Local Authorities are required to prepare an Annual Statement of their policy on making MRP for each financial year. Appendix 2 to Annex 1 outlines the assessment of the Council's Annual MRP Statement for 2022/23, which is included in the Annual Strategy in paragraph 2.30.

2.29 Officers have reviewed the current strategy and recommend no changes for the 2022/23 strategy.

2.30 Consequently the following paragraphs on Borrowing Activity and Investments form part of the Council's Treasury Management Strategy with effect from 1 April 2022:

2.30.1 To obtain any long term borrowing requirement from the sources of finance set out in paragraph 2.9;

2.30.2 A preference to continue to fund the ex-PWLB debt via short term funds from the money markets unless circumstances dictate moving back into longer term fixed rate debt. The borrowing sources mentioned in paragraph 2.9 will then be assessed as to their suitability for use;

2.30.3 To repay market loans requiring renewal by concluding ('realising') equivalent amounts of investments. If it is not possible to 'realise' investments then the borrowing sources in paragraph 2.9 will be assessed as to their suitability for use as replacements;

2.30.4 To undertake short term temporary borrowing when necessary in order to manage cash flow to the Council's advantage;

2.30.5 To reschedule market and PWLB loans, where practicable, to achieve interest rate reductions, balance the volatility profile or amend the debt profile, dependent on the level of premiums payable or discounts receivable;

2.30.6 To ensure security and liquidity of the Council's investments and to then optimise investment returns commensurate to those ideals;

2.30.7 To contain the type, size and duration of investments with individual institutions within the limits specified in Appendix 1 to this Annex.;

2.30.8 To move funds into externally managed funds if it is felt prudent to do so following appropriate due diligence; and in consultation with the Cabinet Member for Finance;

2.30.9 To meet the requirements of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Council's policy for the calculation of MRP in 2022/23 shall be that the Council will set aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG; and

2.30.10 To ensure all borrowing and investment activities are made with due reference to any relevant Prudential Indicators.

**Interest Projections 2021/22 Revised and 2022/23 Original**

2.31 The CIPFA document Treasury Management in the Public Services: Code of Practice places a requirement on the Council to publish estimates relating to the operation of the borrowing and investment function.

2.32 The 2021/22 budget and the projected position for 2021/22 as at November 2021 and also an initial projection for 2022/23 are shown in summary format in the table below. Surpluses are indicated in brackets – i.e. the Projection 2022/23 shows a surplus of (20,172m) once interest is repaid :

| | Budget 2021/22 | Projected 2021/22 | Projection 2022/23 |
|---|---|---|---|
| | £'000's | £'000's | £'000's |
| **Interest payable on External Debt** | | | |
| Debt Interest | 19,421 | 19,510 | 22,921 |
| Total internal interest | 96 | 96 | 96 |
| Interest payable | 19,517 | 19,706 | 23,017 |
| **Investment Income** | | | |
| Interest on Investments | (45,161) | (45,504) | (43,189) |
| **Net interest credited to the General Fund (for use in service delivery)** | (25,644) | (25,798) | (20,172) |
| MRP- Supported/Unsupported Borrowing | 8,214 | 8,050 | 9,496 |

2.33 It is noted that the figures shown above for 2022/23 include assumptions made about the level of balances available for investment; any anticipated new long-term borrowing and the level of interest rates achievable. They may be liable to a significant degree of change during the year arising from variations in interest rates, other market and economic developments, and Council's response to those events.

2.34 In accordance with the requirements of the revised CIPFA Treasury Management Code, the Council will report on treasury management activity and the outturn against the treasury related Prudential Indicators at least bi-annually.

**Approved Investment Counterparties:**

| Credit Rating | Banks/Building Societies Unsecured | | Bank/Building Societies Secured | | Government | | Corporates | | Registered Providers | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | Period | Amount | Period | Amount | Period | Amount | Period | Amount | Period |
| **UK Govt** | N/A | N/A | N/A | N/A | £unlimited | 50 years | N/A | N/A | N/A | N/A |
| **AAA** | £10m | 5 years | £20m | 20 years | £20m | 50 years | £10m | 20 years | £10m | 20 years |
| **AA+** | £10m | 5 years | £20m | 10 years | £20m | 25 years | £10m | 10 years | £10m | 10 years |
| **AA** | £10m | 4 years | £20m | 5 years | £20m | 15 years | £10m | 5 years | £10m | 10 years |
| **AA-** | £10m | 3 years | £20m | 4 years | £20m | 10 years | £10m | 4 years | £10m | 10 years |
| **A+** | £10m | 2 years | £20m | 3 years | £10m | 5 years | £10m | 3 years | £10m | 5 years |
| **A** | £10m | 1 year | £20m | 2 years | £10m | 5 years | £10m | 2 years | £10m | 5 years |
| **A-** | £7.5m | 13 months | £15m | 13 months | £10m | 5 years | £10m | 13 months | £10m | 5 years |
| **BBB+** | £5m | 6 months | £10m | 6 months | £5m | 2 years | £5m | 6 months | £5m | 2 years |
| **BBB** | £5m | 100 days | £10m | 100 days | N/A | N/A | N/A | N/A | N/A | N/A |
| **BBB-** | £5m | 100 days | £10m | 100 days | N/A | N/A | N/A | N/A | N/A | N/A |
| **None** | £5m | 6 months | N/A | N/A | £5m | 25 years | N/A | N/A | N/A | N/A |

Pooled Funds ,External Fund Managers and any other investment vehicle approved by the Section 151 Officer – Decisions are based on each individual case following appropriate due diligence work being undertaken.

.

The above limits are the maximum that the Council would expect to have in place at any time. However, in practice the actual duration limits in place are continually assessed are often much shorter than the limits in the above table.

Credit ratings: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks and Building Societies Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks and Building Societies Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements. These investments are secured on the bank's assets, which limits the potential loss in the unlikely event of insolvency and means that they are exempt from bail-in. Where there is no investment specific credit rating, but, the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multi development banks. These investments are not subject to bail-in and there is an insignificant risk of insolvency. Investments with the UK Central government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but, are exposed to the risk of the company going insolvent.

Other Organisations – The Council may also invest cash with other organisations, for example making loans to small businesses as part of a diversified pool in order to spread the risk widely. Because of the higher perceived risk of unrated businesses such investments may provide considerably higher rates of return. The Council will also undertake appropriate due diligence to assist in all investment decisions.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Community Agency and as providers of public services they retain a high likelihood of receiving Government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of any of the above investment types plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks coupled with the services of a professional fund manager in return for a fee. Money market funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but, are more volatile in the short term. These allow authorities to diversify into asset classes other than cash without the need to own and manage the underlying investments. These funds have no defined maturity date but are available for withdrawal after a notice period. As a result their performance and continued suitability in meeting the authority’s investment objectives will be monitored regularly and decisions made on entering such funds will be made on an individual basis.

Risk assessment and credit ratings: Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investments will be made;
- Any existing investment that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade so that it may fall below the approved rating criteria then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Council understands that credit ratings are good but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but, can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the authorities cash balances then the surplus will be deposited with the UK Government via the Debt Management Office or invested in treasury bills for example or with other local authorities. This will cause a reduction in the level of investment income earned, but, will protect the principal sum.

## Specified Investments

Specified investments will be those that meet the criteria in the central government Guidance, i.e. the investment:

- is sterling denominated;
- has a maximum maturity of one year;
- meets the ''high credit quality'' as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council; and
- The making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

The Council defines 'high credit quality' organisations and securities as those having a credit rating of BBB- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds 'high credit quality is defined as those having a credit rating of A- or higher

## Non-specified Investments

Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares

## Non-Specified Investment Limits

| | Cash Limit |
|---|---|
| Total Long Term Treasury Investments | £450m |
| Total Investments without credit ratings or rated below A- with appropriate due diligence having been performed | £70m |
| Total Investments in foreign countries rated below AA+ | £30m |
| Maximum total non-specified investments | £550m |

## Investment Limits

The maximum that will be lent to any one organisation in the Approved Investment Counter Party list (except the UK Government) is £20m.For other investments approved by the Section 151 Officer the amount to be invested will be determined by the Section 151 Officer, taking into account the relevant merits of the transaction such as, for example, duration and risk following due diligence work undertaken. A group of banks under the same ownership, a group of funds under the same management, brokers nominee accounts, foreign countries and industry sectors will all have limits placed on them as in the table below:

| | Cash Limit |
|---|---|
| Any single organisation, except the UK Central Government | £20m each |
| UK Central Government | unlimited |
| Any group of organisations under the same ownership | £40m |
| Any group of pooled funds under the same management | £50m |
| Any external Fund Manager | £750m |
| Negotiable instruments held in a brokers nominee account | £20m |
| Foreign countries (total per country) | £30m |
| Registered Providers in total | £30m |
| Building Societies in total (excluding overnight investments) | £40m |
| Loans to small businesses | £20m |
| Money Market Funds | £40m |
| Investments approved by the Section 151 Officer | Reviewed for each case |

Liquidity Management

The Council maintains a cash flow spreadsheet that forecasts the Council's cash flows into the future. This is used to determine the maximum period for which funds may be prudently committed. The forecast is deliberately compiled on a pessimistic basis, with receipts under estimated and payments over estimated to minimise the risk of the Council having to borrow on unfavourable terms to meet its financial commitments.

# THE MINIMUM REVENUE PROVISION STATEMENT

## Introduction:

The rules for Minimum Revenue Provision (MRP) were set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. These rules have now been revised by the Local Authorities (Capital Finance and Accounting (England) (Amendment) Regulations 2008.

Authorities are required to submit to a meeting of their Council an annual statement of their policy on making MRP.

## Background:

Each year the Council borrows money in order to finance some of its capital expenditure. The loans taken out for this purpose, unlike a mortgage which is repaid in part each month, are fully repayable at a future point in time. The repayment date is chosen to secure the best financial result for the Council.

The concept of Minimum Revenue Provision was introduced in 1989 to prescribe a minimum amount which must be charged to the revenue account each year in order to make provision to meet the cost of repaying that borrowing.

The detailed rules and formulae to be used in the more recent method of calculation were laid down in the Regulations mentioned in the introduction section.

This system has now been radically revised and requires an annual statement to full Council setting out the method the Council intends to adopt for the calculation of MRP.

## Considerations:

Under the old regulations Local Authorities were required to set aside each year, from their revenue account an amount that, in simple terms equalled approximately 4% of the amount of capital expenditure financed by borrowing. Local Authorities had no freedom to exercise any discretion over this requirement.

The amendment regulations introduce a simple duty for an authority each year to set aside an amount of MRP which it considers to be ‘prudent’. The regulation does not define a ‘prudent provision’ but the MRP guidance makes recommendations to authorities on the interpretation of that term.

The MRP guidance document is a statutory document and authorities are obliged by section 21 of the Local Government Act 2003 to have regard to such guidance. The guidance aims to provide more flexibility and in particular for development schemes it is possible to have an MRP “holiday” for assets or infrastructure under construction.

In addition, it is accepted that where there is capital expenditure that will give rise to a capital receipts, either through the disposal of the asset or loan repayments, then there is no need to set aside MRP on an annual basis but the capital receipt or loan repayments should be set aside on receipt for that purpose.

The operative date of the change was 31 March 2008, which means the new rules have applied since the financial year 2007/08.

**The Annual MRP Statement**

As stated above, Local Authorities are required to prepare an annual statement of their policy on making MRP for submission to their full Council. This mirrors the existing requirements to report to the Council on the Prudential borrowing limits and Treasury Management strategy. The aim is to give elected Members the opportunity to scrutinise the proposed use of the additional freedoms conferred under the new arrangements. The statement must be made before the start of each financial year.

The statement should indicate how it is proposed to discharge the duty to make prudent MRP in the financial year in question for the borrowing that is to take place in that financial year. If it is ever proposed to vary the terms of the original statement during any year, a revised statement should be put to Council at that time.

The guidance includes specific examples of options for making a prudent provision. The aim of this is to ensure that the provision to repay the borrowing is made over a period that bears some relation to the useful life of the assets in question or where a capital receipt will be received to repay the debt in part or in full.

**Proposals**

The Minimum Revenue Provision Policy Statement for 2022/23:

- In accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Council's policy for the calculation of MRP in 2021/22 shall be that the Council will set aside an amount each year which it deems to be prudent and appropriate, having regard to statutory requirements and relevant guidance issued by DCLG. The policy will be reviewed on an annual basis.

This page is intentionally left blank

| 18 January 2022 | ITEM: 9 |
|---|---|
| **Corporate Overview and Scrutiny Committee** | |
| **Draft Capital Project Programme** | |
| **Wards and communities affected:** All | **Key Decision:** Key |
| **Report of:** Sean Clark, Corporate Director of Finance, Governance and Property | |
| **Accountable Assistant Director:** Jonathan Wilson, Assistant Director - Finance | |
| **Accountable Director:** Sean Clark, Corporate Director of Finance, Governance and Property | |
| **This report is** public | |

**Executive Summary**

This report presents the committee with the recommended additions and approach to the new capital project programme for 2022/23 and subsequent years.

The total cost of the Capital Programme in 2022/23 is currently projected to be £120.547m.

The council continues to deliver services to residents against the background of ongoing changes in population, local business growth and national infrastructure developments in the borough. This also includes the ongoing impacts of Covid-19 and is now in the wider context of the development of planned improvements in Grays and Tilbury through Towns Fund projects and the development of the Freeports bid. Hence, a planned programme of capital works is set out in this context but also against a background of significant funding pressures as set out in the MTFS reported to Cabinet on 12 January 2022 and hence the programme has been restricted to essential projects only, and remains subject to further reviews. This report sets out the proposed requirements for projects proposed to commence in 2022/23.

**1 Recommendations:**

**That the Corporate Overview and Scrutiny Committee:**

**1.1 Comment on the specific proposals set out within this report.**

**2 Introduction and Background**

2.1 As part of the budget, the Council needs to set its capital programme for the following financial years. The development of the Medium Term Financial Strategy (MTFS) will need to take account of future capital spending plans over the period of the strategy.

2.2 The following sources of funding are available to the General Fund:

a) Capital Receipts – these are the receipts realised from the disposal of capital assets such as land and buildings;

b) Grants and Contributions - these could be ad hoc grants awarded from government or other funding agencies or contributions from developers and others;

c) Prudential Borrowing – the Council is able to increase its borrowing to finance schemes as long as they are considered affordable; and

d) Revenue – the Council can charge capital costs directly to the General Fund but the pressure on resources means that this is not recommended.

2.3 In more recent years, only Prudential Borrowing has been available to finance the majority of schemes within the capital programme with grants only being made available for specific services such as highways. Further work is being facilitated on Grants and Contributions, so to secure project-related finance from grants from external agencies, or, from developers, for in-borough Capital Projects. The Freeport and Towns Funds are such examples of the former.

2.4 Funding from capital receipts may become available as part of the ongoing asset review. This continues to challenge the rationale for holding the asset resulting in the classification of assets as either:

- Released (for example to dispose of immediately or develop for housing);
- Re-used (for example for different services or more intensive or changed use); and
- Retained (business as usual, little need or opportunity for change identified).

Sites that have been identified for release are being reviewed by the relevant stakeholders to determine their redevelopment potential and enable a final decision on release of the asset or otherwise. This potentially enables further funding of capital projects from the capital receipts generated and reduce the level of prudential borrowing required. Equally, a proportion will be set aside to support the delivery of the revenue budget as set out in the Medium Term Financial Strategy (MTFS).

2.5 Members should note that General Fund Capital Receipts can also be used to finance Housing Revenue Account capital expenditure which combined with Right to Buy buy-backs can enable the maximisation of HRA resources to fund capital projects.

2.6 Annually, all services consider their future capital needs and submit bids for schemes ranging from projects in their own right to smaller schemes that are required to maintain operational ability – such as capital repairs to operational buildings and system upgrades.

2.7 In addition, the service reform process identifies service enhancements that will ultimately reduce costs or increase income. These will need to be funded as and when identified.

2.8 Finally, there are those projects that require seed funding to prepare more detailed business cases. The council agreed in February 2017 to a £2m budget provision to ensure funding is available to prepare business cases for Future and Aspirational Capital Schemes which go through in-year assessment and approval processes. No further provision is sought this year.

## 3 Current Programme

3.1 Before considering the new proposals, it is worth reflecting on the allocations that have been agreed over recent years. These are summarised in Appendix 1 but, covering the period 2021/22 through to 2024/25.

3.2 The major projects that are included within the current programme are set out below and continue to be monitored by the Corporate Major Projects Board. Further additions will be finalised and agreed in 2022/23 in respect of the Towns Fund Programme for both Grays and Tilbury. These projects are funded by central government grant allocations and are currently at a feasibility stage. Furthermore, an outline capital programme funded from the projected retained rates income within the Freeport area is under consideration as part of the completion of the Full Business Case.

- The widening of the A13;
- Purfleet Regeneration;
- A13 Eastbound Slip Road;
- Civic Estate Improvements;
- Grays Town Centre and Underpass;
- Stanford-le-Hope Interchange;
- Integrated Medical Centres
- Improvements to parks and open spaces;
- New Educational facilities;
- The HRA Transforming Homes programme;
- HRA New Build Schemes;
- Highways infrastructure; and

3.3 No further funding for feasibility projects is sought for 2022/23. However as the detailed review of assets developed this will enable longer-term decisions that support an asset management strategy that aligns with the Council priorities.

## 4 Draft Capital Proposals

4.1 As set out above, there have been a number of schemes that can be seen as projects in their own right. These have been included at Appendix 2.

4.2 Having reviewed all of the other capital requests, they fall within one of three categories and are summarised in the table below. The amounts have been calculated using the respective bid totals and would be under the responsibility of a relevant Directorate/Board for allocation and monitoring. Funding is only committed in response to a specific need by the relevant service and is subject to finance approval. The further amounts have been assessed for the forthcoming year specifically to ensure priority work can be delivered. Subsequent years will be considered in the relevant year and in the context of the financial position at that point.

| **Project Pots** | **Examples** | **2022/23 £m** |
|---|---|---|
| Service Review | These could include new systems that create efficiencies, upgrades to facilities to increase income potential and enhancements to open spaces to reduce ongoing maintenance. | 2.050 |
| Digital | The council has been progressing steadily towards digital delivery, both with residents and amongst officers. This budget will allow for further progression as well as ensuring all current systems are maintained to current versions and provide for end of life replacement. | 2.100 |
| Property | This budget will provide for all operational buildings including the Civic Offices, libraries, depot and Collins House. It will allow for essential capital maintenance, compliance work and minor enhancements. | 1.100 |

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

4.4 Highways are expected to receive in the region of £4m per annum whilst Education are expected to receive a further £2m in 2021/22 with further allocations for free schools.

## 5 Issues, Options and Analysis of Options

5.1 In previous years, the recommendations to Council have also included delegations to Cabinet to agree additions to the capital programme under the following criteria:

- If additional third party resources are been secured, such as government grants and s106 agreements (or potentially the Community Infrastructure Levy – should such an arrangement be introduced in the future), for specific schemes;
- Where a scheme is identified that can be classed as 'spend to save' – where it will lead to cost reductions or income generation that will, as a minimum, cover the cost of borrowing; and
- For Thurrock Regeneration Ltd schemes – these actually also fall under the 'spend to save' criteria set out above but has not been agreed over the last couple of years.

## 6 Reasons for Recommendation

6.1 The capital programme forms part of the formal budget setting in February and is an integral part of the Council's overall approach to financial planning.

## 7 Consultation (including Overview and Scrutiny, if applicable)

7.1 The various capital bids put forward have all been considered by the service management teams and by the Directors' Board. Some projects will have also been reported separately to the relevant Overview and Scrutiny Committee.

## 8 Impact on corporate policies, priorities, performance and community impact

8.1 Capital budgets provide the finance to meet the Corporate Priorities. If a capital project was not to proceed, this may impact, positively or negatively, on the delivery of these priorities and performance with a corresponding impact on the community.

## 9 Implications

### 9.1 Financial

Implications verified by: **Jonathan Wilson**

**Assistant Director - Finance**

The financial implications have been set out throughout the body of the report. The financial impact of the borrowing decisions required to support the programme has been accounted for within the MTFS to date.

### 9.2 Legal

Implications verified by: **Gina Clarke**

**Corporate Governance Lawyer and Deputy Monitoring Officer**

Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This budget report contributes to that requirement although specific legal advice may be required on each projects business case.

### 9.3 Diversity and Equality

Implications verified by: **Natalie Smith**

**Strategic Lead - Community Development and Equalities Manager**

All local authorities are required to have due regard to their duties under the Equality Act 2010. The capital programme is assessed at keys stages to ensure the impact of each scheme is measured in a proportionate and appropriate way to ensure this duty is met and the needs of different protected characteristics are considered.

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

None

## 10 Appendices to this Report:

- Appendix 1 – Current Programme Summary
- Appendix 2 - New Capital Projects.

**Report Author:**

Sean Clark

Corporate Director of Finance, Governance and Property

This page is intentionally left blank

**Appendix 1 – Summary of Existing Capital Programme**

| Directorate ID | Total Budget 2021/22 £'000 | Total Budget 2022/23 £'000 | Total Budget 2023/24 £'000 | Total Budget 2024/25 £'000 |
|---|---|---|---|---|
| **Adults; Housing and Health** | 3,056 | 7,047 | 3,500 | 0 |
| **Chief Executive's Office** | 7,000 | 0 | 0 | 0 |
| **Commercial Services** | 18 | 0 | 0 | 0 |
| **Children's Services** | 5,064 | 9,411 | 7,000 | 0 |
| **HR; OD and Transformation** | 18,329 | 9,170 | 200 | 0 |
| **Public Realm** | 24,380 | 10,648 | 16,213 | 23,625 |
| **Resources & Place Delivery** | 59,444 | 30,524 | 24,484 | 10,300 |
| **Strategy; Engagement & Growth** | 304 | 63 | 0 | 0 |
| **Housing HRA** | 54,775 | 7,904 | 0 | 0 |
| **Total** | **172,370** | **74,767** | **51,397** | **33,925** |

This page is intentionally left blank

Appendix 2 - New Capital Projects

| Project | Director | Project Ambition | Total Value | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|---|---|---|
| Fleet vehicle replacement | Julie Rogers | To tender for the replacement of vehicles purchased from 2015-2017 as part of the vehicle replacement programme. All vehicles are put on either a 5 or 7 year renewal programme dependent of cost and operation.<br><br>There are 8 Kubota F3890 ride on mowers due for renewal under the 5 year plan, purchased in June 2017 and reaching end of life they are now becoming uneconomical to repair due to the nature of their work and amassing vehicle downtime. Costs associated are approximately £21,000 per machine (£168,000) and will be phased over 5 years.<br><br>There is also a requirement to purchase seven vehicles for housing caretakers to replace their current fleet vehicles that are again at the end of their 5 year planned replacement programme these include Medium vans, 3.5 and 5t tippers that are used to carry out their frontline operations. These will be specified in line with user requirements and with due consultation with the user. Cost associated with this are approximately £200,000 total.<br><br>Adult social care also have 5 vehicles due replacement that are used for transporting clients to and from care facilities. These vehicles are 7 years old in 2022 and again are at the end of their replacement cycle. Estimated costs for renewal are approximately £310,000.<br><br>Please note at the time of replacement diesel fuelled vehicles are the only option as zero emission vehicles are either not available in this class or at infant stage with associated costs. | 678,000 | 168,000 | 510,000 | - |

| Project | Director | Project Ambition | Total Value | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|---|---|---|
| 1934 Fort Road Tilbury - Bridge repairs | Julie Rogers | Fort Road bridge is a strategically important highway asset in Tilbury which provides key linkages over the C2C Fenchurch Line for HGV movements to and from EMR Metal recycling and also Goshems Farm. Following a recent Special Inspection it has been found to be showing significant failures in key elements.<br><br>The structure is in a critical condition and needs key maintenance repairs undertaken to ensure durability of the structure and to future proof it. However due to the position of the structure over the railway line and the potential type of repair methods needed, it is likely to require significant works.<br><br>Failure to action the issues will lead to high probability of failures of structures and/or long closures of strategic link and places the Authority at risk of claims.<br><br>The proposal is commence design work and liaison with Network repair works. Aims of the project are to repair structure to ensure no liability going forward and allowing key HGV movement over the structure without diverting through East Tilbury or West Tilbury. Temporary closures will be required to facilitate the repairs however but this will managed to ensure they are kept to minimum. | 785,000 | 85,000 | 700,000 | - |

| Project | Director | Project Ambition | Total Value | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|---|---|---|
| Junction 31 Electrical Repairs | Julie Rogers | Junction 31 (M25/A1306 interchange) is part of Thurrock adopted Highway Network, as are the assets within it. National Highways have no legal obligation or requirement to maintain J31.<br><br>The existing infrastructure for the assets consist of approximately 1km of cabling and houses approximately 100 street lighting assets and the associated cabling network which provides lighting for all roads users, including pedestrians and cyclists on the northern, eastern and western sides.<br><br>This junction has a long history of faults associated with failing infrastructure which pre-dates any records we hold for the assets. These range from an 'all out' which means a significant proportion of assets out to individual cable faults. The faults are generally down to condition and age of the cabling network and damage caused by other works completed over the years and are now a significant safety risk.<br><br>Faults are typically expensive to rectify and having an impact on the revenue budget. With faults costing in the range £1500-£3000, due to complexities of the site and requirements for traffic management. The latest repair being £16k.<br><br>Therefore the proposal is the renewal and overhaul of all the associated street lighting assets. | 510,000 | 170,000 | 170,000 | 170,000 |

| Project | Director | Project Ambition | Total Value | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|---|---|---|
| | | | | | | |
| Orchard Footbridge renewal | Julie Rogers | Orchard Road footbridge is a strategically important highway asset in South Ockendon which provides key linkages over the C2C Fenchurch Line for pedestrians connecting two conurbations. Following a recent Principle Inspection it has been found to be showing significant failures in the supporting elements.<br><br>The structure is in a critical condition and needs to be either refurbished or replaced. However due to the position of the structure over the railway line and the potential type of repair methods needed, it is considered better to replace the structure or parts of as refurbishing will incur significant risk and cost.<br><br>Failure to action the issues will lead to high probability of failures of structures and/or long closures of strategic link and places the Authority at risk of claims.<br><br>The proposal is commence advance design work and liaison with Network on a preferred options and then onto implementation. Aims of the project are:<br><br>1. to provide a cost effective structure which reduces long term maintenance liabilities associated with Network Rail land<br>2. a structure which significantly improves ASBO concerns<br><br>3. improved connectivity for all vulnerable road users | 645,000 | 85,000 | 560,000 | - |

| Project | Director | Project Ambition | Total Value | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|---|---|---|
| | | | | | | |
| Corporate Landlord's Maintenance Program | Sean Clark | Thurrock Council has a legal responsibility for a number of properties used by the council for direct service provisions and, in some cases, for properties that are leased out.  This bid reflects the necessary works required over the next three years to meet those obligations. | 1,925,000 | 1,100,000 | 825,000 | - |

This page is intentionally left blank

# Work Programme

**Committee:** Corporate Overview and Scrutiny Committee **Year:** 2021/22

**Dates of Meetings:** 8 June 2021, 7 September 2021, 16 November 2021, 18 January 2022, 8 March 2022

| Topic | Lead Officer | Requested by Officer/Member |
|---|---|---|
| **8 June 2021** | | |
| End of Year Corporate Performance Summary 2020/21 | Sarah Welton/ Karen Wheeler | Officer |
| Work Programme | Democratic Services Officer | Standard Item |
| **7 September 2021** | | |
| Quarter 1 (April to June 2021) Corporate Performance Report 2021/22 and Corporate Performance Framework | Sarah Welton/Karen Wheeler | Officer |
| Communications Strategy 2021-24 | Karen Wheeler | Officer |
| Fair Debt Summit – Supporting Vulnerable Residents | Michele Lucas | Member |
| Work Programme | Democratic Services Officer | Standard Item |
| **16 November 2021** | | |
| Thurrock's Scrutiny Review: An Update | Lucy Tricker/Matthew Boulter | Member |
| Mid-Year/Quarter 2 (June-September 2021) Corporate Performance Report 2021/22 | Sarah Welton/Karen Wheeler | Officer |
| Fair Debt Update | Andy Brittain/Sean Clark | Members |

# Work Programme

| Topic | Lead Officer | Requested by Officer/Member |
|---|---|---|
| Report on Asset Related Savings | Sean Clark | Officer |
| Medium Term Financial Strategy and Budget Proposals | Jonathan Wilson/ Sean Clark | Officers |
| Local Council Tax Scheme | Andy Brittain/ Sean Clark | Members |
| Work Programme | Democratic Services Officer | Standard Item |
| **18 January 2022** | | |
| Councillor Coxshall – PFH Invitation | N/A | Member |
| Discussion Paper - Investments Committee | Sean Clark | Member |
| Draft General Fund Budget and Medium Term Financial Strategy Update | Jonathan Wilson/Sean Clark | Officer |
| Capital Strategy 2022/23 | Jonathan Wilson/Sean Clark | Officer |
| Draft Capital Project Programme | Jonathan Wilson/ Sean Clark | Officer |
| Work Programme | Democratic Services Officer | Standard Item |
| **8 March 2022** | | |
| Fair Debt Update | Sean Clark | Member |
| Quarter 3 (April-December 2021) Corporate Performance Report 2021/22 | Sarah Welton/Karen Wheeler | Officer |

# Work Programme

| Topic | Lead Officer | Requested by Officer/Member |
|---|---|---|
| Work Programme | Work Programme | Work Programme |

**Clerk:** Grace Le

**Updated:** 10 January 2021

This page is intentionally left blank