

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 **8 December 2022**

Committee Room 2, CO3, Civic Offices, New Road, Grays, RM17 6SL

Membership:

Councillors Fraser Massey (Chair), James Thandi (Vice-Chair), Paul Arnold, Adam Carter, Victoria Holloway and John Kent

Substitutes:

Councillors Alex Anderson, Gary Collins, George Coxshall, Tony Fish and Sara Muldowney

Agenda

Open to Public and Press

	Page
1 Apologies for Absence	
2 Minutes	5 - 18
To approve as a correct record the minutes of the Corporate Overview and Scrutiny Committee meeting held on 6 October 2022.	
The minutes of the Association of South Essex Local Authorities (ASELA) meeting held on 20 October 2022 are attached for the Committee's information.	
3 Items of Urgent Business	
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	

5	Report of the Cabinet Member for Central Services	19 - 38
6	Financial Update - Quarter 2 2022/23	39 - 76
7	Local Council Tax Scheme	77 - 84
8	Corporate Peer Challenge 2022 Update	85 - 118
9	Work Programme	119 - 120

Queries regarding this Agenda or notification of apologies:

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

Agenda published on: **30 November 2022**

Information for members of the public and councillors

Access to Information and Meetings

Advice Regarding Public Attendance at Meetings:

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.

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 6 October 2022 at 7.00 pm

Present: Councillors Paul Arnold (Vice-Chair), Alex Anderson (substitute), Adam Carter, John Kent and Sara Muldowney (substitute)

Apologies: Councillors Colin Churchman and Victoria Holloway

In attendance: Andy Best, Strategic Lead ICT
Jackie Hinchliffe, Director of HR, OD & Transformation
Karen Wheeler, Director Strategy, Engagement and Growth
Jonathan Wilson, Interim Director of Finance and S151 Officer
Lucy Tricker, Senior Democratic Services Officer

Before the start of the meeting, all present we're advised at the meeting was being recorded and live streamed, with the recording to be made available on the Council's website.

7. Minutes

The minutes of the meeting held on 12 July 2022 were approved as a true and correct record.

8. Declaration of Interests

There were no interests declared.

9. Items of Urgent Business

The Vice-Chair informed the Committee that one item of urgent business had been received, which was a briefing note providing an update on the Council's borrowing. The Vice-Chair asked if any Members had any comments or feedback on the briefing note. Councillor Muldowney questioned what the interest rates would be from the new Public Works Loan Board (PWLB). The Interim Director of Finance replied that the interest rates for PWLB were currently approximately 4.5%, although this could vary. He stated that PWLB could be cheaper than other loans and provided access to a wider market. Councillor Muldowney questioned what the previous interest rate for PWLB used to be. The Interim Director of Finance stated that interest rates for PWLB used to vary between 0.5% and 3.5%. Councillor Muldowney asked if interest rates could rise further, and if this would present additional risk to the Council. The Interim Director of Finance stated that the Council were currently seeking treasury management advice regarding the longer-term interest rates, as the market was no longer stable and remained subject to change. He added that the debt had been initially replaced with PWLB to create breathing space and this approach formed a key part of the intervention. He commented that further detail on PWLB would be brought to the Committee as part of the

Quarter 2 Financial report.

Councillor Kent highlighted that the Chancellor's mini budget had increased the interest rate for local authorities from 3.96% to 5.36%, and queried if Thurrock's loans had been taken out at the higher, 5.36% rate. The Interim Director of Finance explained that the loan had been taken out at 3.96% interest rate, but rates fluctuated almost daily, so this was subject to change. Councillor Kent asked if any future loans would be granted to Thurrock at the prevailing rate. He stated that the PWLB rate was linked to government bonds, so was liable to fluctuate. He asked if the finance team had undertaken any modelling to predict the level of interest debt repayment. The Interim Director of Finance agreed that the PWLB interest rate could fluctuate, and the process for monitoring this would be agreed through the Medium-Term Financial Strategy (MTFS). He stated that this could increase the level of debt at Thurrock, as approximately £836million of debt was being recycled into PWLB loans at an average 4.3% interest rate, and the finance team would be considering this differential, which could be approximately £20million. Councillor Kent questioned what the process for agreeing PWLB had been. The Interim Director of Finance explained that Thurrock had sought treasury management advice in response to stories in the local and national press, which had led to limited access on the local authority borrowing market. He stated that the intervention had begun on 2 September 2022, and at this point Thurrock had no access to the local authority borrowing market. He explained that the commissioners had worked with Thurrock to find funding and understand the requirements needed to reduce the debt and how it could be paid. He commented that once the commissioners understood the level of debt and the scale of the issue, they would be issuing a judgement on how the debt could be refinanced and repaid. He added that the commissioners had also been discussing how to reduce the debt level and ensure the Treasury Management Strategy was compliant. The Interim Director of Finance stated that the PWLB provided a short-term replacement market for the local authority borrowing market, and this could be reassessed. He stated that the approach had been agreed by the Treasury, Department of Housing, Levelling Up and Communities (DHLUC), the Commissioners, the Acting Leader, and the Portfolio Holder.

Councillor Carter asked if there was any flexibility in the current approach, particularly regarding interest rate changes. The Interim Director of Finance explained that Thurrock had been in conversation with DHLUC colleagues to address some of the short-term issues and interest rates. He explained that most of the debt was short-term, which would provide Thurrock the opportunity to reset, reconsider its wider options, and manage asset expectation. Councillor Muldowney sought clarification that the debt was not being paid off, but was being refinanced at a higher rate. She queried how the level of debt had reached approximately £1bn and what the Council's strategy for paying it off would be. The Interim Director of Finance explained that there were currently two workstreams being investigated by the commissioners: the first being forward looking, for example considering the scale of risk; and the second being backwards looking, for example considering the journey to this point. He explained that the Best Value (BV) inspection had begun on Monday

with a document review, and would be meeting with Members and senior officers, to examine how the Council got to this stage. He stated that their investigations would conclude on 3 January 2023 when Essex County Council would report to DHLUC, which would explain the journey here.

Councillor Anderson queried if the Council had considered any other alternatives to the PWLB. The Interim Director of Finance explained that the alternative to the PWLB was the local authority borrowing market, which Thurrock did not have wider access too, and which had higher rates than the PWLB. He explained that the PWLB offered the best rate and therefore made it the cheapest option available. The Vice-Chair summarised and stated that Members felt concerned regarding the current financial situation, but felt the briefing note had been useful and informative.

10. Financial Update - Quarter 1 2022/23

The Interim Director of Finance introduced the report and stated that it had been written before the intervention had begun, which was why the intervention was only briefly mentioned. He explained that the situation was moving quickly, but the Quarter 2 2022/23 finance report would include more detail on the situation, and would outline any capital loss and wider impacts, for example the Minimum Revenue Position. He stated that the financial position was fluctuating, which meant that there was currently a limited level of certainty, but regular reports would be brought forward to ensure regular monitoring.

The Interim Director of Finance felt that some service pressures within the Council were significant, but the Council and commissioners were working through a variety of solutions to these pressures that could be implemented next year. He stated that in the short-term, there was a pressure to balance the 2022/23 budget, but explained that this had been a challenge before the commissioners had started working with Thurrock. He explained that some of these pressures were being seen at a national level, for example pressures within Adults Social Care and Children's Social Care, although stated that this pressure was at a lower level compared to previous years. He added that there were also service pressures in areas such as home to school transport and employee cost pressures. He summarised and stated that the commissioners were working with the Council to assess the financial position and the Minimum Revenue Position (MRP).

Councillor Muldowney felt that refinancing debt at a higher interest rate might have implications on services already experiencing budgetary pressures. She asked if other pressures, such as an increase in inflation which was currently at approximately 10%, would affect the Council. She also asked how the Council would cover the cost of rising inflation, as central government had not committed to covering this rise. The Interim Director of Finance explained that central government would be providing a funding indication at the end of October, which would be finalised in December. The Interim Director of Finance added that a service review had started at the beginning of the year, which had identified service pressures and was working to reduce these. He

stated that at the beginning of the financial year, there had been a budget gap of £13million, and explained that £9million of funding to bridge this gap had been agreed, and £3million was in the process of being agreed. He explained that the Council were in the process of setting the budget for 2023/24 with the commissioners, although DHLUC needed to fully understand the scale of the problem before they could act. He explained that any savings made needed to be sustainable and deliverable to ensure that statutory services were maintained. He added that the commissioners would be working with Thurrock for three years. Councillor Muldowney questioned how long the issues would take to resolve, as the approximate figure appeared to be 20 years. The Interim Director of Finance explained that the Council, commissioners and DHLUC were working to find a sustainable solution, but 20 years was the usual first approximation. He explained that this was a historic methodology and could therefore be longer or shorter.

Councillor Kent highlighted the budget presented to Council in February 2022, which outlined that £3million of reserves would be used to bridge the gap. He queried if this figure was still correct. The Interim Director of Finance stated the reserves outlined in February 2022 still needed to be used, but additional service specific reserves would also need to be used, for example the Adult Social Care reserves, to support the service as there was significant demand. Councillor Kent queried how the home to school transport service would be affected, as he felt that some young people were no longer able to access this service, particularly those young people with special educational needs and disabilities. The Interim Director of Finance explained that home to school transport was experiencing pressures due to an increased caseload as there were now more SEND facilities in Thurrock. He stated that the rules and regulations regarding home to school transport were specific, and Thurrock had to meet their statutory duty, which meant Thurrock had limited control over who to offer the service. He explained that this budget was funded through the general fund, rather than the Dedicated Schools Grant. The Interim Director of Finance stated that although it was a statutory duty, the Council periodically reviewed the service. Councillor Kent felt that asset sales were not a sustainable way of increasing income, and asked if the £3.3million of asset sales in the budget had been achieved. The Interim Director of Finance confirmed that the asset sale figure of £3.3million had been achieved.

Councillor Kent highlighted that this was the first public meeting that had discussed the intervention, and sought clarity on how the Council had reached this position. He felt that Members had little understanding of the finance and investment strategy, but felt that an apology should be issued to residents and Members. Councillor Muldowney echoed Councillor Kent and felt that the investment strategy and Council finances needed to be thoroughly scrutinised, and questions asked. The Portfolio Holder for Finance stated that the Council would now be trying to bring forward as much information as possible to Committee's and Members to ensure increased transparency. He stated that the Council were still trying to find out how the financial situation had occurred, and this would not be reported on until the BV report in January 2023. He commented that reports or briefing notes would be brought forward regularly so all Councillors could see the process and make decisions.

RESOLVED: That the Committee:

1. Noted the Department of Levelling Up, Housing and Communities have put an intervention package in place and nominated Essex County Council as the Commissioners as set out in Section 2.

2. Commented on the forecast revenue and capital outturn positions for 2022/23.

3. Noted that additional action will be required to identify further savings to manage the reported General Fund budget pressures.

11. Digital and Customer Experience Strategy

The Director of HR, OD and Transformation introduced the report and explained that this was the first report that combined the digital and customer strategies and outlined the Council's digital ambitions framework to transform delivery and customer service through digital access. She stated that the report highlighted the four themes within the strategy:

1. Digital Thurrock – to promote growth through technology for residents.
2. Digital Customers - to increase digital access for residents 24/7.
3. Digital Office – to increase efficiency amongst officers using technology.
4. Digital Foundations – to provide reliable infrastructure and security whilst operating online.

The Director of HR, OD and Transformation highlighted 2.3 of the report which stated that the outcome of the strategy was to transform Thurrock and improve digital access. She stated that this strategy also helped meet budget pressures as it would enable efficiencies and maintain services whilst targeting specific resources.

The Vice-Chair thanked officers for the report, but felt concerned that some residents, such as elderly or vulnerable people, would not be able to access online services. He felt pleased to see that the registry office allowed for weddings to be streamed online, and asked how the business plan for the registrars would improve the service. The Director of Strategy, Engagement and Growth replied that the new digital registry office would allow people from across the world to take part in services such as weddings and citizenship ceremonies, and provide a refreshed approach. She stated that this model could be explored in other areas across the Council. Councillor Muldowney stated that a government review in 2019 had found that approximately 10% of the UK were digitally excluded, as some people could not access online services, could not afford broadband, or did not have the training or understanding needed. She asked how these residents would be included in the digital strategy. The Director of HR, OD and Transformation explained that Thurrock had undertaken research into digital exclusion as part of the consultation process for the Health and Wellbeing Strategy. She stated that this strategy would focus on the approach undertaken by the Council, for

example by encouraging online self-service but ensuring that alternatives and back-up options were in place for those who could not access the internet. She explained that the strategy would also encourage people to improve their digital ability, as this could improve other areas of their life that now utilised technology more, such as banking. The Director of Strategy, Engagement and Growth added that residents who could not access the internet could call the contact centre, who would help them over the phone or would refer them to the service directly. She added that the new reception in the Civic Offices was open, so residents could use the tablets, direct-dial phones, or speak to the reception staff who would try and help them with their query. She added that the libraries and hubs also contained direct-dial phones to the contact centre.

Councillor Muldowney highlighted page 57 of the report and asked what work had been undertaken to find out the impression of the Council by residents. The Director of Strategy, Engagement and Growth explained that research had been undertaken through the contact centre by providing residents who called with a satisfaction survey and other specific research questions. She added that the team also looked at complaints data and the end-to-end customer journey. Councillor Kent thanked officers for the report, but felt that the word 'customers' should not be used, as all customers were residents and did not have a choice in using the council. He felt that many Thurrock residents could not access the internet, for example some residents could not home educate their children during the pandemic as they could not afford broadband, and some care homes within Thurrock did not provide Wi-Fi for their residents. He asked if the team could consider schemes such as promoting Wi-Fi sharing amongst neighbours; free Wi-Fi in council-run care homes; or improved Wi-Fi options in places such as East Tilbury or Chadwell St Mary. He also queried how the team ensured consistent levels of service in the contact centre. Councillor Kent also asked if external consultation would take place regarding the proposed strategy. The Director of Strategy, Engagement and Growth explained that all residents could give feedback on their calls with the contact centre, and the contact centre currently had a 99% satisfaction rate. She added that the contact centre was also independently accredited through a rigorous annual process. She stated that consultation on the strategy could be undertaken through non-digital channels with the voluntary sector and CVS to reach specific groups, and the team were working with the Portfolio Holder to ensure hard to reach groups were also consulted. The Director of Strategy, Engagement and Growth stated that there was currently a full-fibre broadband programme running across south Essex to improve broadband connectivity, and as part of this sheltered housing complexes would have Wi-Fi installed.

RESOLVED: That the Committee:

1. Provided commentary, feedback and suggestions on the draft Digital and Customer Experience Strategy at Appendix 1.

12. Work Programme

Members did not have any items to add to the Work Programme.

The meeting finished at 8.26 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**

This page is intentionally left blank



Meeting of Association of South Essex Local Authorities (ASELA) – Joint Committee

Date: Thursday, 20 October 2022

**Place: Council Chamber, Castle Point Borough Council, Kiln Road,
Thundersley, Benfleet, SS7 1TF**

Present: Councillor C Hossack (Chair) (Brentwood Borough Council)
Councillors S Wootton (Vice Chair) (Rochford District Council), A
Baggott (Basildon Borough Council), K Bentley (Essex County
Council), S George (Southend-On-Sea City Council), S Cole
(Castle Point Borough Council)

In attendance: I Butt (Castle Point Borough Council), E Helm (Southend-On-
Sea City Council), A Hutching (Castle Point Borough Council), A
Lewis (Southend-On-Sea City Council), S Logan (Basildon
Borough Council), M Snaith, J Stephenson (Brentwood Borough
Council and Rochford District Council), A Wardle (ASELA
Communications Lead), T Walker (Essex County Council), K
Wheeler (Thurrock Borough Council)

Start/End Time 10.00am – 11.35am

1. Apologies

Apologies for absence were received from Councillor M Coxshall (Leader-
Thurrock Borough Council), Councillor D Blackwell (Castle Point Borough
Council) and Sharon Bayliss.

2. Declarations of Interest

No declarations of interest were made at the meeting.

3. Minutes of Previous Meeting

Resolved:

That the minutes of the meeting of the Committee held on the 14 July 2022 be
confirmed as a correct record.

4. Chairman's Report - Verbal Update

The Chair noted that nationally we are facing difficult times however he stated that ASELA knows its purpose and the things it is focussed on and continues to pursue them. The Chair also noted the issues Thurrock Council were experiencing and stressed that Thurrock remains a partner of ASELA and confirmed that all the Local Authorities that make up ASELA are supporting Thurrock.

The Chair highlighted that the time is right to re-group and for ASELA to look at its strategic priorities. The Chair proposed that within the next 3 weeks a date is agreed for a workshop to be arranged to look at the pressures Local Governments are under and to consider how to take this level of collaboration to the next level.

Councillor Bentley updated the Committee that Essex County Council has completed their submission to Government for Investment Zones in 4 areas, the North of Essex - Clacton, in the south of Essex - the A127 corridor, the A120 corridor and over to the west of Essex - North Weald. Councillor Bentley praised staff for their hard work on the submission which was put together in just two weeks. The outcome of the submission should be received before Christmas. Councillor George confirmed that Southend-On-Sea City Council's submission related to the city centre and linking it up with the area around Southend Airport. The Chair confirmed he had received communications from Environment groups referring to investment zones as an attack on nature. The Chair clarified that all the submissions from Essex were part of Local Development Plans already or brownfield sites and are not an attack on nature.

The Joint Committee members present agreed to attend a workshop in November to look at ASELA's priorities in the context of devolution and current financial pressures.

Councillor Baggott joined the meeting.

5. ASELA Joint Committee - Finance Report

The Joint Committee received the ASELA finance report. Members were advised that since the last meeting Homes England have confirmed the grant to ASELA of £250k of funding and Southend-On-Sea Borough Council are just waiting for this to be received into their account. The forecast is for ASELA to end 2022/23 with a surplus of £2k. There have been some other grants received since the report was written and they will be contained within the next finance report.

Resolved:

That the Joint Committee note the content of the ASELA Finance report for September 2022

6. South Essex Estuary Park Programme - Highlight Report

The Joint Committee received an overview of the current progress regarding the South Essex Estuary Park (SEE PARK) programme.

S Logan confirmed that the Pathfinder Demonstrator Project is being developed. A business case for each of the 5 landscape spaces has been completed and the focus is now on how in the current climate to resource SEE Park.

The Vice Chair raised that it would be helpful to see in future highlight reports where the income stream may be coming from and where the expenditure is for the programme.

Members were advised that the SEE Park vision contained within the South Essex Green and Blue Infrastructure study has won a World Architecture Festival award. The World Architectural Festival takes place at the end of November and will be an opportunity to showcase the work going on in South Essex on a global stage.

Councillor Baggot raised the need for further detail on what the financial costs to each Council will be once SEE Park is created and what the plan will be for ongoing maintenance and security.

Resolved:

That the progress of the South Essex Estuary (SEE Park) programme be noted and that the continued provision of support to deliver the programme, be endorsed.

7. South Essex Technical University Programme - Highlight Report

The Joint Committee received an overview of the current progress with regard to the South Essex Technical University programme.

S Logan reported that the key workstreams they are focussing on are setting up the Operating company, procuring the HE Provider to deliver the planned courses and procuring a HE Advisor.

Councillor Baggott queried what the process is for assessing and finding the Provider.

S Logan confirmed they are starting work on a soft marketing exercise and will then invite interest. It will be the businesses who make the decision as to who the Provider is.

S Logan reassured the Committee that they have got a number of experts involved with the programme now who have experience of this process.

Resolved:

That the progress of the South Essex Technical University programme to be noted and the continued provision of support to deliver the programme, be endorsed.

8. Digital Programme - Highlight Report

J Stephenson introduced the Digital Programme Highlight Report and requested that Item 8 and Item 9 of the agenda are heard together as item 8 provides details of the work completed in the last quarter and item 9 summarises the work undertaken over the last 2 years. J Stephenson highlighted the four key themes of the Digital programme and confirmed that the 200km of full fibre network has been delivered and is due to be lit very soon. He stated that the Project Manager M Snaith will provide a more detailed summary to the Joint Committee.

9. Digital Programme Briefing Report

M Snaith thanked all colleagues that have supported this programme and stated that they wouldn't be where they are today without this level of collaboration. M Snaith explained that they had been fortunate in securing 7.5 million pounds of funding to deliver 200km of full fibre network which has now linked over 200 public sector buildings.

M Snaith highlighted that in July 2021 the level of full fibre coverage in Rochford was 8%, it is now 33%. In Thurrock coverage was at 13.6% and is now at 48%. M Snaith acknowledged that Castle Point is still at 4.5% and commented that this is not good enough.

M Snaith confirmed that Thurrock have now lit the network and have derived over a million pounds worth of savings over the next 4 years. All other sites will be enabled with a lit service over the next 12 months. There is connectivity for all the sheltered housing in Thurrock and they are working with colleagues in adult social care who support those sites to use that fibre to provide virtual opportunities for residents to engage in such as to provide yoga sessions across 29 sites or a digital skills course. This can then be extended to other sites in the ASELA area. Community sites and village halls can also be used as digital hubs and this may provide somewhere to work for residents who work from home. M Snaith highlighted that the network can also collect anonymous data to inform policy.

The Joint Committee discussed the issue of inclusion. M Snaith confirmed in the current climate take up of full fibre connectivity is quite low and the issue of affordability needs to be looked at. The Chair requested if data could be provided to confirm the amount of people taking it up. M Snaith responded that it is likely to be commercially sensitive information to the companies and internet providers.

S Logan highlighted the need to communicate the wider benefits of the Digital programme and other ASELA programmes to residents and businesses.

Resolved:

That the progress of the Digital programme be noted and the continued provision of support to deliver the programme, be endorsed.

10. ASELA Communications Update Report

A Wardle reported that there has been a delay in the communication of the success around the digital programme as they are waiting to get a few key milestones over the finish line first. They have also joined up with Highways England to help promote this through some video work. A Wardle also advised the Committee that there are a number of opportunities for communications coming up with SEE park and the World Architecture Festival and also SETU.

The Joint Committee discussed how to maximise communication opportunities around each of the programmes and using the ambassadors of the programmes to do this. It was also raised that ASELA communications should be linked up with all 7 of the ASELA Local Authority Communications teams to maximise reach as it was noted that the majority of the Council's staff are also Essex residents.

Resolved:

That the Communications Report be noted.

11. Any Other Business

J Stephenson provided a short update on the Housing programme. He noted that the finance report had covered the grant of funding from Homes England earlier on in the meeting. He confirmed they can now appoint a programme director to support delivery of the programme but whilst this goes out to market, Inner Circle Consulting will be working on this in the interim as there is a need to use the funding gained otherwise they will lose it.

J Stephenson confirmed he hoped to be able to provide a full update at the next Joint Committee meeting or the one after where a representative from Homes England and the programme director can also be present.

This page is intentionally left blank

8 December 2022	ITEM: 5
Corporate O&S	
Report of the Cabinet Member for Central Services	
Report of: Councillor Jack Duffin, Cabinet Member for Central Services	
This report is public	

Introduction by Cabinet Member

I am delighted to present to Corporate Overview & Scrutiny Committee my portfolio holder report as the Cabinet Member for Central Services. I would first like to acknowledge and thank all those staff working across my Portfolio in what are in the main considered 'back-office functions'. This work is the backbone of the organisation and roles I know you tirelessly carry out to ensure not only the council continues to run but that our residents receive an excellent service in doing so.

My portfolio covers a diverse range of areas that not only have their own exciting projects but also support those in other areas. The last few months has seen some key activities take place:

- a new digital and customer experience strategy has been developed and approved (subject to Cabinet on 7 December) for implementation;
- phase 2 of the pay review has been successfully implemented. This focused on the modernisation of our allowances, reducing costs, and enabling us to apply a universal approach to reward;
- our Customer Services performance was again recognised externally with accreditation of the CCA (Customer Contact Association) Version 7 global standard;
- the Constitution Working Group reviewed the structure of the overview and scrutiny function and changes to the Constitution agreed;
- 183 unique good news stories have been shared through direct communications via the council's multiple channels
- and we have successfully delivered high-profile events including responding appropriately and sensitively to the sad death of Her Majesty The Queen and ensuring a public opportunity to hear the Proclamation of the new King.

1. Recommendation:

- 1.1 That Corporate Overview & Scrutiny Committee note the report and ask the Cabinet Member any related questions.**

INFORMATION TECHNOLOGY

The IT department provides the technical infrastructure, functionality, governance, and support to enable the council to work effectively.

Dealing with 3,000 requests per month the service is responsible for providing the council with IT services that enable people and systems to work effectively.

► REVIEW OF PREVIOUS 12 MONTHS

The service has continued to rollout laptops so that staff can benefit from additional functionality from the M365 stack of application including channels, MSForms, Onenote and OneDrive. This has enabled staff to collaborate and use the additional functionality to make process efficiencies. We have also completed the rollout of hybrid meeting technology into meeting rooms throughout civic.

We have strengthened our cyber security and working in partnership with the Emergency Planning Team and Fraud teams we have run several cyber awareness workshops for staff to highlight the potential impact of such an attack and this has led to several departmental business continuity plans being amended.

In partnership with customer services, we have developed the new Digital and Customer experience strategy.

Projects

In addition to the above the service has delivered several other key projects over the last year, many aimed directly at providing more effective, efficient services for residents, some of which are highlighted below:

- Local Full Fibre Network (LFFN) Phase 2, funded from a £2.5m Getting Building Fund Grant, has rolled out 85 sites and an additional 75km of spine fibre to rural areas, plus point to point Backhaul connectivity across the Association of South Essex Local Authorities (ASELA).
- Wide Area Network (WAN) – We have implemented a new WAN provided by High-Speed Office. This provides 10 ten times the core bandwidth available across the WAN and all end sites will receive significant increases with the majority receiving a minimum of 200Mb
- We have upgraded our firewalls, which has now given us increased resiliency through additional hardware, increased throughput, enabled better management and integration of security features that were split across multiple appliances.
- Enhanced our Govservice platform to add building control and taxi licensing as part of our service offering.
- Rolled out further capability for M365 including the use of 9 specific applications to increase collaboration and efficiency across the council.
- Developed our robotic process automation capability to help the wider organisation to transform the way they work and make efficiency savings. To date we have more than 20 processes that have been automated using this technology and have saved more than 1 FTE in time.
- Integrated Medical Centres – along with NHS partners we have worked to provide an IT solution that enables multiple agencies to work from a single site.

▶ FUTURE

The next 12 months will be challenging as we continue to support the digital transformation of the council and provide the tools to make efficiency savings. Outlined below are some of the key projects that are planned for delivery over the coming year, which will have a direct, positive impact on residents and businesses:

- Relocate and enhance our disaster recovery capability
- Deployment of MS Sharepoint to further develop our collaboration capability
- Deployment of MS power automate technology to enable the council to gain real time information and reporting
- Replacement of Objective by utilising the functionality available in M365
- Delivery of the digital projects associated with corporate transformation plan including paperless office and providing support to the digital efficiency review
- Further development of our robotic process automation capability to help the wider organisation to transform the way they work and make efficiency savings
- Provision of omni-channel technology enabling residents to receive a more efficient and timely response to standard enquiries
- Development of a citizen app to simplify the way residents interact with the council
- Development of a data strategy
- Application rationalisation
- Wi-Fi - expand corporate and guest wi-fi to all council sites
- Smarter working - we will roll out the same capabilities to all council sites

INFORMATION GOVERNANCE

▶ SERVICE OVERVIEW

This team is responsible for ensuring compliance with information governance regulations, including information security (policies and procedures), Data Protection, Freedom of Information (FOI), Records Management, Complaints and Geographical Information Systems (GIS) including Local Land & Property Gazetteer (LLPG) / Local Street Gazetteer (LSG).

▶ REVIEW OF PREVIOUS 12 MONTHS

During 2021/22:

- The council processed 98% of Freedom of Information (FOI) requests within the 20-working day legal timeframe. The Information Commissioner expect public authorities to answer at least 90% on time.
- The council continue to ensure data is identified for routine publication online. This work forms part of the Transparency Agenda and aims to increase openness and accountability
- The council received 148 Subject Access Requests (SAR's) under the Data Protection Legislation. 91% of these requests were processed within the legal timeframe. The volume of SAR's received this year has increased by 76% compared to 2020/21, however performance remains strong.
- The number of complaints received was 1,562. For the same period last year, the figure was 1,227. The main reason for this is attributed to a significant increase in waste related complaints due to industrial action. 39% of complaints were upheld.

- A total of 4,336 member enquiries were received, with 94% responded to within timeframe. Last year the council received 3,948 enquiries with 95% responded to within timeframe. The average time taken to respond to members enquiries across all directorates was 4 days.
- From 1 April 2021 the council moved to a two-stage complaints process. Prior to this a three-stage process was in place. The primary reason for this change was to improve the customer experience in relation to complaints, by improving the quality of Stage 1 complaint responses and therefore reducing the number of escalations (getting it right first time). This change in complaints process has resulted in fewer Stage 1 complaints escalating onto Stage 2.

▶ **FUTURE**

The focus for the team over the next year will be:

- Driving a learning from complaints culture with robust learning action plans across council services
- To seek opportunities to generate income from Traded Services work for Information Governance related work
- To reduce the number of physical records located at off-site storage locations
- To introduce a range of smarter/digital working initiatives to improve service delivery

TRANSFORMATION

▶ **SERVICE OVERVIEW**

The Corporate Programme Team is responsible for the delivery and monitoring of the council's Strategic Transformation Programme. This ambitious programme has been re-reviewed and refreshed this year to re-align and prioritise programmes and projects to support new operating models, deliver costs reductions and efficiencies and drive digital solutions.

The programme comprises of five Executive Portfolios:

- Digital
- Access to Services
- Organisational Culture
- Service Transformation
- Assets and Property

The programmes and projects range from enhancing the way residents interact digitally with the council through to rationalising our assets to help reduce the operational footprint of the organisation whilst supporting a more mobile workforce.

A new governance structure is supporting the delivery plan and ensuring interdependencies are managed appropriately. A new reporting mechanism to Director's Board has also been established giving them regular oversight to the programme's progress.

▶ REVIEW OF PREVIOUS 12 MONTHS

Smarter Working

Building on the acceleration achieved as a result of the COVID lockdown the Smarter Working Programme focused on three key areas of activity:

- Technology
- Workspace
- Culture

This approach to embracing new ways of working has enabled us to redesign and deliver a new Civic office environment that provides collaborative space, supported by mobile equipment and a Digital Academy to enhance digital skills.

The programme has now started to focus on updating sites external to the Civic Offices to allow further utilisation of the new mobile technology issued over the previous year or so. For example, laptop docking stations and external screens, keyboards and mice are being deployed to sites.

Civic Offices

The new building forms part of the Grays regeneration programme and its West facing entrance will link perfectly with the planned North/South underpass. It is a technologically advanced, eco-friendly building that meets BREEAM Outstanding rating, replacing the outdated original Civic Office (C01).

Registrars were the first Service to operate from the new building with Weddings and Citzenships taking place from April 2022. Members were also able to access their Group offices on the second floor shortly after that along with the committee rooms.

In early June the ground floor opened to the public with a new meet and greet service introduced by the Customer Services team.

The Café opened in early September and is proving to be a popular meeting space both for staff and the public.

In October the Chamber opened to the public and the first of our democratic meetings took place.

Digital Efficiency

DE is one of the key projects that sits under the 'Digital' portfolio of the Transformation programme and seeks to:

- Embed a digital by default, innovative workforce.
- Improve and rationalise processes
- Create efficiencies
- Remove duplication
- Paperless by default
- Rationalise business support across leadership and management tiers

The project started in September 2021 and has adopted an Agile approach to its delivery and adapted to different approaches based on various business drivers that have evolved as it progressed. Our business analysts and IT teams are continuing working to re-engineer processes and identify digital solutions for implementation that will create efficiencies and savings.

► **FUTURE**

Innovation and new ways of working are constantly on our radar to deliver the best possible services to the residents and businesses of Thurrock. Over the coming year we will continue to focus our Strategic Transformation Programme on the delivery of the transformational projects that will optimise efficiency and shape the council.

Improvement initiatives continue to include:

- Business Process Improvement, which includes:
 - Business process re-engineering
 - Process Automation A/I
- Citizen Channels, which includes:
 - Thurrock On-Line
 - Simplifying access to services
 - Developing a Citizen App.
- Data Platform integration & Business Intelligence, which includes:
 - Capturing information once
 - Optimising assessments
 - Data analysis
- Workforce optimisation, which includes:
 - Smarter Working
 - The Digital Efficiencies (DE)
 - Digital collaboration using MS 365
- Asset rationalisation, which includes:
 - Comprehensive Asset Review
 - Civic Offices reconfiguration
 - Library/Hubs review

Thurrock On-Line

The new platform will be used to digitise more of our services, thereby increasing our self-service offer to our residents. It will also be used to migrate some of our existing e-forms, thus creating a consistent user experience when making applications or reporting issues to the council.

This project will link with several other improvement initiatives, such as DE for example, to ensure that we streamline, or ideally automate, back-end processes and ensure that customers receive an effective outcome in the timeliest manner.

Data Analytics, Process Automation and Artificial Intelligence

Unsurprisingly, the pandemic made organisations across many sectors realise the true value of the data they have access to and how quickly they can react to what it's telling them.

Learning from previous successes with regards data visioning we will primarily focus on further developing an integrated data platform that will ultimately give us to access to data that resides across disconnected business applications. Delivering:

- Greater insight into trends to help forecast demand on services
- The ability to understand better, and react more effectively, to our resident's needs
- The capability to gain Business Intelligence across the whole organisation and to speed up assessment overheads

Recent research confirms that data's role in transformation is very much seen as a key enabler among councils: yet many continue to grapple with joining the dots up across multiple, disparate data sources. So, we are not alone in this ambition – and certainly further ahead than may other organisations.

HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT

▶ SERVICE OVERVIEW

The focus of HR & OD is to ensure the council has the high performing, engaged and confident workforce it needs to deliver excellent services and positive outcomes to our residents. The service consists of:

- HR and Resourcing – ensuring the council is effectively resourced with the right people to deliver services to residents and providing the employment framework for excellent people management.
- Pay & Operations – ensuring staff are paid appropriately and the council complies with appropriate legislation and statutory requirements.
- People & Organisational Development – ensuring our workforce is equipped with the skills, knowledge and behaviours needed to deliver the council's priorities and the organisation embraces change.

Activity and interventions are aligned to deliver the council's People Strategy which is focused on embedding the council's six core values:

- Ambitious
- Compassionate
- Empowered
- Collaborative
- Inclusive
- Proud

and our ambition to create a high performing, open and inclusive culture where innovation and creativity is encouraged and nurtured.

▶ REVIEW OF PREVIOUS 12 MONTHS

Workforce Strategy

The financial challenges facing the council have required a focus on the optimum use of resources, including our workforce. Our drive for new operating models through transformation require a clear workforce plan to ensure we retain the people and skills we need, rationalise where we can automate and protect front line services and reskill our staff for the future. The initial phase of our Workforce Strategy has enabled us to:

- Reduce FTE by restricting recruitment to business-critical roles
- Deliver cashable savings through vacancies
- Ensure the organisation has and retains the right skills and capabilities
- Protect our existing permanent workforce as much as possible

Pay Review

Following on from the successful delivery of Phase 1 of the Pay Review, which saw significant investment in our pay structure and salaries, Phase 2 has also been successfully implemented. This focused on the modernisation of our allowances, reducing costs, and enabling us to apply a universal approach to reward. This year we have:

- Fully implemented Phase 2 of the Pay Review, realising the savings of £800,000 required following the investment made in the pay structure as part of Phase 1.

Organisational Design

Critical for transformation the team have supported the organisation in the development of new Operating Models. These have embedded principles that enable services to challenge and consider options for service delivery, including management structures, digital solutions and spans of control.

Organisational Culture

Organisational culture is critical to our success, the way we do things is the ultimate determinate of how we treat our customers. This year we have:

- Continue to embed new working practices to support Smarter Working
- Embedded change management processes to support organisational change and transformation including an active network of change champions, early adopters, and staff networks
- Maintained our Wellbeing offer, promoting health and wellbeing and ensuring staff are supported - effectively managing sickness absence and supporting mental health

Confidence & Capacity

In aiming to have the best workforce and the most exciting opportunities for staff we have:

- Continued to develop online communities covering a range of learning activities to support staff development, professional development

- Delivered a range of health & wellbeing, Leadership, communication, personal development, and technology activities
- Increased skills and capability by delivering a range of different learning and development events in the past 12 months
- 303 learning activities delivered through face to face, virtual and self-paced learning & development – 8057 attendances for the whole year
- 2251 completed at least one learning activity over the last 12 months

Oracle Cloud

Oracle Cloud provides a modern system which will underpin business transformation and improvement across HR & OD and the wider Council. Oracle went live on 1 April 2019 and the team have consolidated processes to improve efficiency through automated transactions, improved employee, and manager experience, whilst supporting change across the organisation. The Oracle Improvement Project has continued to resource test and implement enhanced functionality through new modules, upgrades and fixes.

- Fully integrated HMRC Real Time Information (RTI) automation for submissions and returns
- Enhances to HR Helpdesk including better reporting and customer experience
- Fixes to annual leave giving greater flexibility to book leave and multi assignment
- A new Elections payroll allowing this payroll to move “in-house” from Rochford Council
- Review Employee Positions to enhance budget and establishment control
- Implementation of the Oracle Recruiting Cloud (ORC) module

Once fully functional Oracle will provide:

- Enhanced business intelligence to support workforce planning and talent management
- Improved Employee Self Service through an app
- Improved Manager Self Service and dashboards
- Efficiency in internal processes supports improved customer service

By enhancing our internal digital transformation this supports the targeting of resourcing to resident facing services.

► FUTURE

Key priorities for the year ahead include:

- Support the organisation in its Cultural Change programme
- Embed engagement activity across all levels of the organisation
- Improve Leadership and Management practice throughout organisation
- Support ongoing organisational change and transformation through effective workforce planning – ensuring we have the right people to deliver the council’s priorities
- Continue to embed new ways of working, ensuring individuals are supported and outcomes managed.
- Talent management – embed talent management and succession to support effective workforce and career planning
- Refresh our People Strategy

- Continue to build a culture of utilising digital solutions to support the organisational transformation.
- Continue with the Oracle Improvement Project including:
 - Overtime Self Service (OTL)
 - Integration between Matrix SCM and Oracle
 - Implementation of the Local Government Pension Scheme (LGPS) and Teacher's pension functionality to meet new pension legislation
 - Improved Employee Helpdesk with seeded Robotic Process Automation (RPA)
 - Embed Employee and Manager Self Service to realise benefits and efficiencies and underpin business transformation

COMMUNICATIONS

▶ SERVICE OVERVIEW

This portfolio covers the council's communications functions including media liaison (proactive and reactive), social media, digital communications, campaigns, design, and the council's website as well as internal communication and engagement with staff.

Timely, open and honest communication and engagement with staff, Members, partners and residents has never been more important as we respond to intervention, develop and Improvement and Recovery Plan, and await the outcome of the Best Value inspection.

▶ REVIEW OF PREVIOUS 12 MONTHS

Campaigns

The communications team have led on the development of campaigns that have supported both corporate and service priorities, which has included work on sustainable warmth, rent support and linking to council and government support around increasing cost of living pressures. They have promoted regeneration and growth across the borough including the new Civic Offices building and alternative heating in housing in Chadwell, and their support with the full programme of events across the inaugural Thurrock Enterprise Week in March 2022. The team have also helped foster and celebrate community spirit through their work promoting events such as the Queen's Jubilee, the Commonwealth Games Baton Relay, and initiatives such as the Shop Local campaign.

The team have used a wide range of communications channels and techniques to support public consultations on key council priorities such the Local Plan, Lower Thames Crossing and the Health and Wellbeing strategy.

Unfortunately, they have had to continue delivering awareness messages around COVID, which has included a focus on promoting the work of the Public Health Vaccine Champions – highlighting their work and regularly informing the public of tailored opportunities open to them to get their first, second or third COVID vaccination jabs.

Digital communications

The council's approach to digital communications continues to develop in line with public preferences for consuming news and information.

We have grown our number of registered users across all our social channels, and currently have:

14,758 followers – Facebook

14,000 followers – Twitter

6,000 followers - LinkedIn

2,000 followers – Instagram

Over 100 TikTok followers, with plans in place to focus on growing this in 2023

E-newsletters continue to be a valuable channel for reaching residents directly with key information and updates, and 98,000 Thurrock residents remain subscribed to our weekly newsletter.

We also continue to share a monthly business-focused newsletter with a subscribed list of over 4,000 businesses.

Internal Communications

Our internal communication channels are vital to sharing the latest information and guidance with staff about the ongoing developments of the council and key updates, exciting campaigns, and projects for them to get involved in, positive stories and developments from across the workforce and news from around the borough.

The local government good benchmark open rate for internal communications is 33%. Our weekly internal e-newsletter #TeamThurrock has a week-on-week average open rate of 65%.

A new approach to communicating includes a weekly Leadership Group email, which receives a consistent average open rate of 88%. Manager-specific communications also help to target mid-managers with details on specific actions they must take and key updates from across our services.

We have supported a move toward face-to-face meetings, as part of a conscious effort led by the Acting Chief Executive and Directors' Board to nurture a more collaborative, cross-Directorate culture. Over the last few months, we have seen the introduction of monthly in-person Leadership Group meetings, a new series of bi-monthly in-person Manager's Conference meetings, which have included the Leader of the Council and the Leader of the Opposition, and fortnightly All Staff Briefings on Teams led by the Acting Chief Executive.

Other internal channels include the Intranet, Smarter working and weekly All Staff e-newsletters, Everybody Emails, All Staff briefings and targeted email communications. A large piece of work is currently being undertaken to further enhance internal communications channels and engagement across every level of the organisation.

Emergency Communications

The team continues to deliver strategic and operational support to the council and partners during times of emergency, including managing our public narrative and reputation.

This has been called into play several times this year, namely but not limited to:

Operation London Bridge - managing the communications protocol surrounding the passing of Her Majesty Queen Elizabeth II.

Just Stop Oil – offering advice and operational support not just to the council, but to a wide range of key partners including for one instance which occurred over a 12-day period, but in also in other subsequent incidents.

War in Ukraine – shaping and supporting our corporate response with Housing and other colleagues and drafting several ongoing communications both to Homes for Ukraine sponsors but also their Ukrainian guests to support their transition to life in Thurrock. We communicate with sponsors directly offering advice, government updates and signposting to local events or initiatives.

Media relations

The council continues to manage all media enquires as well as a schedule of pro-active activity including securing over a dozen interviews in broadcast media during the past year. In total, the communications team dealt with 185 media enquiries in the past 12 months and issued 184 proactive press-releases during this time.

The Communications team are actively supporting the Leader and Acting Chief Executive's drive to forge stronger and more mutually beneficial relationships with our local media, having invited media colleagues in for face-to-face discussions which are now continuing on a regular basis. This is in stark contrast to previous decisions taken to disengage with individual members of the local media and demonstrates the commitment to be more open and transparent in our approach.

Good news

In February this year I made a commitment that our Communications team would share at least one good news story a day for the rest of the municipal year. In the time from me making that commitment to compiling this report, 188 days have passed. In those 188 days, the team have shared 183 unique good news stories across our social media and digital newsletter channels. This is with the consideration of a temporary and appropriate reduction in proactive communication activity due to the passing of Her Majesty Queen Elizabeth II.

► FUTURE

We will continue to deliver to the 2021 – 2024 communications strategy and it's three key areas of focus:

A strategic approach – working closer with senior leadership, the Leader, and Portfolio Holders to further align our work collectively, and into a more recognisable shared narrative.

Brand recognition – we will showcase our frontline staff, creating case studies to show the humans behind the jobs and the work they do for and with residents, to help nurture

stronger recognition of the breadth of services we deliver as a council. We will involve the local media and work with them to help act as advocates for the work of the council.

Direct digital communications – we will continue to monitor grow our online engagement, putting an emphasis on platforms such as Instagram and TikTok to appeal to broader audiences, including capturing the voice of young people in Thurrock. In 2023 will focus strongly on video content and animation as new methods of communicating and engaging.

The work of the communications team in the coming 12 months will focus on improving the reputation of the council by helping craft and manage our intervention, improvement and recovery narrative, both internally and externally. We will be working closely with Directors' Board, Members, Commissioners and our local media following the outcome of the Best Value Inspection, agreeing our public position and external messaging. Internally, we will be working with colleagues to help our staff engage with and deliver to our Improvement and Recovery Plan.

We are committed to improving our relationships with our local media and becoming a more trusted source of information both internally and externally.

We will also help devise and deliver key communications and engagement activity around some of the key council priorities, including supporting the Backing Thurrock strategy and Local Plan to help shape our 'place' narrative, engaging with residents around our Waste strategy and showcasing the work of our frontline staff.

I encourage all Councillors to sign-up for our e-newsletters and follow our social media channels to keep up to date on the wide-ranging work the council is doing as well as share the good news.

CORPORATE WIDE PERFORMANCE and VISION and STRATEGY

▶ SERVICE OVERVIEW

This part of my portfolio is primarily concerned with the council's vision and priorities and ensuring the council is delivering against those priorities and objectives through the corporate performance framework.

▶ REVIEW OF PREVIOUS 12 MONTHS

The vision and corporate priorities were agreed by Council in January 2018. Further to discussions at Cabinet in July 2022, whilst the vision and priorities did not need to be reviewed immediately, the wider performance framework is being reviewed to reflect the changing and future landscape of Thurrock. This will now move forward in line with the wider review and inspection of governance being undertaken by the Commissioners and any recommendations made by the Best Value Inspectors. In the meantime there is a lot of work going on across the council to ensure existing and emerging key strategies are delivered and interlink, for instance the new Health and Well Being Strategy and the Backing Thurrock Economic Growth Strategy both focus on addressing inequalities in the lives of residents both in terms of health but also the wider determinants of health and well-being, such as access to jobs, housing, skills,

transport, open spaces, all of which contribute to the levelling up of opportunities within our borough. The Local Plan is also progressing and has interlinking themes with the other two key strategies.

Despite the varying longer-term impact of COVID, the end of year corporate performance report for 2021/22 showed that 67.5% of indicators achieved target. This compares with 63% in 2020/21 at the height of the COVID pandemic and 74% in 2019/20.

Members will remember that during the first three months of 2021/22 (April to June), the country was preparing to open up slowly in line with the government's roadmap, but there were still a number of restrictions in place. In quarter 2 (July to September), some indicators were still being directly or indirectly impacted by the coronavirus pandemic although national restrictions had significantly reduced. During quarter 3 (October to December), rates of infection and restrictions increased again. In the final quarter (January to March) restrictions were lifted, however there were still some residual knock-on impacts to some services. Recovery was further affected by the need to mitigate against the wider capacity and financial pressures which COVID-19 had brought about, including the need to hold vacant posts and the ongoing recruitment restrictions as well as transformational changes to the way services are delivered.

We continue to see excellent individual council services and projects recognised locally, regionally, and nationally. In the last 12 months this has included shortlisting for several housing awards, plus recognition for regulatory services and the counter fraud team. A full list of the awards which the council has won or been shortlisted for can be found at www.thurrock.gov.uk/how-we-are-doing/awards.

► FUTURE

The immediate future focus is on developing and delivering the Improvement and Recovery Plan (IRP) which is required as part of the intervention process. The IRP will, in time, develop and evolve into a new Corporate Plan which will also inform the review of the wider performance framework to reflect the changing and future landscape of Thurrock including recommendations by the Commissioners and government.

In the meantime, monitoring of performance of key strategies within the council continues to be multi-layered – individual teams, lead officers, Boards, Directors, portfolio holders and member scrutiny through the Overview and Scrutiny Committees and Cabinet work programme.

CUSTOMER SERVICES

► SERVICE OVERVIEW

This part of the portfolio includes all front-line customer contact including the Contact Centre, Careline, out-of-hours, cashiers, and meet and greet customer services on the ground floor of the new CO3 building.

REVIEW OF PREVIOUS 12 MONTHS

Our Customer Services performance was again recognised externally with accreditation of the CCA (Customer Contact Association) Version 7 global standard in December 2021 with our next assessment due in January 2023. This standard was achieved again with no non conformances identified, and an excellent audit report. We also received an award to recognise our achievement of 10 years successful accreditation.

The new meet and greet facility for the new building has been working well and we have been able to cover all customer and visitor scenarios, ensuring that those residents that really need our support, receive this. The volume of customers visiting the town hall/civic offices has been manageable and demonstrates that customers have taken advantage of our digital and telephone solutions rather than feel the need to start to visit in person again following the doors opening in June 2022. We have noticed an increase in handling times for Contact Centre calls and this is due to Customer Services Advisors assisting vulnerable customers with online applications etc. and providing reassurance for situations where customers may have previously visited civic offices.

We have also managed to maintain a fully operational Careline 24/7- 365 days, along with the out of hours service for the council throughout the year ensuring there is always support for our most vulnerable residents and in an emergency.

Working closely with our ICT department, we have developed our first combined Digital and Customer Experience Strategy which covers four main themes, Digital Foundation, Digital Office, Digital Customer and Digital Thurrock. The strategy sets out how the technology will underpin the Council's future needs to drive efficiencies and deliver services.

► FUTURE

We will of course ensure that we continue to support our most vulnerable residents. We are also working on further digital enhancements as part of our Digital and Customer Experience Strategy action plan, looking at any further automation opportunities where high call volumes exist, exploring the use of Artificial Intelligence (AI) where clear customer benefits can be identified, along with further integration with existing platforms. We will continue to explore channel migration opportunities to maximise the use of our digital channels wherever possible and enabling residents to access council services online and when it is more convenient for them.

We will continue to complete customer services quality assessments with other services utilising the framework to help guide and implement actions to improve customer service delivery across all council departments. We will also continue to work on quality reviews across various channels such as generic email boxes, telephone calls and correspondence sent from various departments outside of the contact centre, to ensure a consistent level of customer service is being provided.

LEGAL SERVICES

The Legal Services directorate includes the legal services team, democratic services, Members' services and electoral services.

▶ REVIEW OF PREVIOUS 12 MONTHS

The Legal Services team has continued to work across the council supporting the delivery of legal advice and support to all teams. There are strong working relationships with a range of key teams where high volumes of core work are handled.

The team continues to evolve its services working with other services across the council to support the delivery of corporate projects and programs. This includes the delivery of training.

Strong working relationships have been developed with external partners including the courts and other stakeholders as well as internal teams. Representatives of the service have attended regular meetings with with the designated family judge, CAFCASS etc.

The relationship with the shared service at London Borough of Barking and Dagenham (LBBD) has been reviewed and formalized to ensure value for money and that client needs are met.

Work has been started to develop and stabilize the inhouse service to reduce dependency on locum appointments and external lawyers.

The service has continued to adapt to the move to electronic working by the court service including moving to using HM Courts and Tribunals Service (HMCTS) online court application portal.

The service has been involved in some high-profile matters and succeeded in securing an innovative urgent injunction to assist in controlling some of the recent protests in the borough.

▶ FUTURE

The team moved its case management systems to a locally hosted service improving resilience. This will continue to be developed to ensure maximum use which will facilitate greater efficiency in the delivery of the service. Robust practice management is a key factor in delivering excellence in legal services, retaining good legal talent and consequently giving reassurance to our residents.

Thurrock Legal Services will continue as with a core in-house team addressing principally the needs of Thurrock Council. This will be beneficial to the community as will give continuity in service provision and stability for the specialist teams such as children in care. We are supporting a robust legal team to protect vulnerable residents, to prosecute planning violations and environmental enforcement including against fly tippers.

The team will look to develop relationships with clients and seek feedback on performance and continue to support client training and development needs

We will build on our partnership with LBB legal services to ensure that continues to support the Council's priorities. Work will be undertaken to review external legal support to ensure it delivers value for money and where better value for money can be obtained without loss of quality alternative options will be examined including considering insourcing where appropriate.

Work will continue to reduce dependency on locum appointments.

DEMOCRATIC SERVICES

Democratic Services has continued to deliver committee meetings in a variety of venues following the easing of COVID measures and the unavailability of the old Council Chamber. The Team utilised partner facilities at South Essex College and the Beehive in early 2022 and with the opening of the new civic office space the Team has begun to bed in the Public-1 technology into the new committee rooms and the Council Chamber.

In addition to the annual cycle of committee meetings, the team has provided support to the Constitution Working Group to review aspects of the Constitution in line with statutory requirements but also the wishes of a cross party group of Members. This has included a move to review the structure of the overview and scrutiny function. The Democratic Service Manager, since December 2021, has taken on enhanced duties as the interim Monitoring Officer.

ELECTORAL SERVICES

The Electoral Services team delivered the local elections in May 2022 with minimal impact due to COVID. Staffing was difficult as COVID did still impact staff working on polling day, with many last-minute changes and a lack of staff willing and/or available to work.

The statutory annual canvass commenced in July 2022 and the revised register is on target for publication on 1 December 2022.

Rolling registration continues each month to meet the statutory duty of the Electoral Registration officer.

► FUTURE

Implementing and planning for the Elections Act. On 28 April 2022, the Elections Act 2022 received Royal Assent.

This Act seeks to:

- require voters to show photo ID at polling stations before a ballot paper is issued;
- require Electoral Registration Officers based in local authorities to issue free electoral identification documents –'Voter Authority Certificates' to eligible electors who apply for one;
- require postal voters to reapply for a postal vote every three years, replacing current rules of refreshing their signature every five years;
- restrict the handling of postal votes, including limiting the number of postal votes an individual can hand in at a polling station or council office;
- further limit the number of people someone may act as proxy for;

- extend accessibility to elections including requiring Returning Officers to take all reasonable steps to provide support for those with a disability in polling stations;
- simplify and clarify the offence of undue influence;
- change the voting and candidacy arrangements for EU voters;
- and allow all British citizens living overseas to vote in UK Parliamentary elections, regardless of when they left the UK.

Two of the changes above are planned for implementation for polls held in May 2023 1) Voter ID and 2) increased accessibility at polling stations. The others will follow later in 2023. This is subject to secondary legislation in late 2022/early 2023.

- Planning for May 2023 local elections.
- Planning for the annual canvass plus rolling registration
- Boundary Commission Review 2023 – implementation of any changes

MEMBERS SERVICES

The Member Services team continue to support all elected members including managing the Leader and Mayor's offices.

The team have successfully supported the previous Mayor's COVID Community Stars which saw a Certificate of Recognition given to those in the borough who had gone above and beyond to help their community during the COVID-19 pandemic. They are currently ensuring the new Mayor's Roll of Honour runs smoothly celebrating charities, businesses, individuals and community groups who have gone above and beyond for the borough.

There is a vital role for the team in responding to significant national events that have a civic role such as the Platinum Jubilee, sad death of Her Majesty the Queen and proclamation of the King, as well as supporting the Mayor with business engagement, meeting with community groups and promoting his charities.

► FUTURE

Work is underway to more closely align support for the Leader and Mayor's offices to the Chief Executive's office and work of Directors' Board to effectively enable the leadership of the organisation. The team will continue to provide business support to all Members as well as organising civic and celebratory events such as the Mayor's Civic Dinner.

FINANCIAL INFORMATION

Service	Last year outturn	Budget	Q1 Forecast	Q1 Variance
	£000	£000	£000	£000
Strategy	333	330	330	0
Communications	567	492	492	0
Customer Services	702	1,094	965	(131)
Legal Services	2,013	1,890	1,939	49
Democratic Services	219	243	273	30
Electoral Services	317	444	447	3
Member Services	751	823	823	0
Corporate Programme Team	385	898	757	(141)
Information Team	621	660	686	26
Information Technology	3,385	4,010	4,010	0

This page is intentionally left blank

8 December 2022		ITEM: 6
Corporate Overview and Scrutiny Committee		
Financial Update – Quarter 2 2022/23		
Wards and communities affected: All	Key Decision: Key	
Report of: Jonathan Wilson – Interim Director of Finance		
Accountable Assistant Director: N/A		
Accountable Director: Jonathan Wilson, Interim Director of Finance		
This report is public		

Executive Summary

The report has been prepared and agreed with Commissioners and provides an update to the Committee on the latest known financial position for 2022/23 and medium-term outlook. The report includes the specific comments of Commissioners and it is noted that comments from the Committee will further inform reporting of the current year position and setting the budget for 2023/24.

The report represents a significant deterioration in the financial position previously reported on 12th October 2022 and following the intervention by the Secretary of State. Work has now been done to identify (i) the impairments on major investments due to material deterioration in value of those investments (ii) revenue impacts of compliance with the Prudential Code for Capital Finance on the treatment of assets, notably minimum revenue provision (iii) refinancing debt (iii) & other underlying pressures.

There is an in-year deficit projected at £469.581m and an estimated structural deficit in 2023/24 of £184.381m. This is a grave position and at this point the council cannot find a way to finance their expenditure in-year and is unlikely to achieve a balanced budget for 2023/24 without external support. A request to the Secretary of State (SoS) for exceptional financial support (EFS) for 2022/23 will need to be made. It is also necessary for the s151 to consider further actions within Thurrock to restrict expenditure, whilst ensuring statutory services and contractual commitments are met. Furthermore, an exercise has commenced to identify opportunities for capital receipts to be generated through the disposal of assets.

As a result of the recommendations outlined in the report, there will be a draw down from general reserves of £7.591m, leaving a general reserve balance of £11m.

A further report will be prepared as part of the 2023/24 Budget Setting which updates the Medium-Term Financial Strategy and sets out the opportunities, in so far as they are known, for recovery of the position and that will also inevitably necessitate a further ask of the SoS to enable Thurrock to set a balanced budget.

The report sets out the position upon:

- 2022/23 General Fund Forecast Outturn at Quarter 2 (including assumed use of reserves, treasury & cash flow)
- 2023/24 Medium Term Financial Strategy (MTFS) update
- 2022/23 Capital Programme Forecast Outturn at Quarter 2
- 2022/23 Dedicated Schools Budget Forecast Outturn at Quarter 2

2022/23 General Fund Outturn at Quarter 2

The summary forecast position is set out in the table below:

2022-23 Quarter 2 Summary Position	£'000
Service pressure, net of earmarked reserves (Table 1)	1,772
Prior year investment income losses	29,927
In-year treasury position (Table 3)	33,268
Investment asset impairments	275,373
Further Minimum Revenue Provision in respect of capital Investments	129,241
Funding gap before mitigation	469,581
<i>Mitigation:</i>	
Use of Reserves: Treasury Equalisation, Financial Resilience & Transformation (Table 4)	(7,591)
Potential asset sales/capital receipts (Table 5)	(9,610)
Remaining funding gap	452,380

The figures reflect the known positions to date and the Minimum Revenue Provision remains under assessment and subject to further change. The potential asset sales also remain subject to further assessment and will be confirmed in due course. The position now reflects the write down of four investment assets of (£275.373m), the impact of the provision for the write down of the remaining investments over their lives (£129.241m) and increased pressure on the treasury position (£33.268m – current year and £29.927m prior year) reflecting the impact of projected lost income from specific investments and increased borrowing costs. Further detail is set out in sections 3.12 to 3.16.

The table includes potential mitigation based on a combination of available reserves and the use of capital receipts from projected asset disposals. The former is provisional and subject to closure of prior year audits and the latter is assumed on the basis that a capitalisation direction is received from government.

The total projected funding gap is so significant that the Council cannot deliver a balanced budget in 2022/23 within existing resources. Inevitably the Council will need to look to levers within Thurrock to raise further funding, capital receipts and drive further savings, but it will also need to urgently seek exceptional financial

support from government alongside taking action to reduce its expenditure. The requested support is expected to be in the form of a capitalisation direction which is sought to mitigate the short-term funding gap and provide sufficient time to develop solutions which ultimately fund the financial shortfall. This further enables the Council to continue to deliver services to residents and provides assurance to wider partners, suppliers, and staff.

The request for support is expected to be made to The Department for Levelling Up, Homes and Communities (DLUHC) in December 2022 and will be specific to the 2022/23 funding gap. Where further support is required in subsequent financial years then requests will be made in the relevant period following detailed assessment. It is important to note the cash flow consequences of the position set out above continue to be managed in conjunction with Commissioners and DLUHC. The Council will continue to deliver core services and meet its contractual financial obligations while working through options to resolve the financial position set out.

2023/24 Medium Term Financial Strategy (MTFS) update

The summary MTFS position for 2023/24 currently projects further significant funding gaps as set out below:

MTFS Summary position	£'000
Net (Additional) / Reduction in resources through central government grants and taxation	(7,836)
Total Inflation Costs & service pressures	26,411
Underlying Budget Deficit Position	18,575
Reversal of non-recurrent funding	8,782
Total Gross Budget Pressure	27,357
Total Saving Identified	(10,944)
Net position after provisional savings and before treasury	16,413
Investment & Interest adjustments	67,008
MRP to be applied on investments	74,956
write down of/interest on 22/23 exceptional support request	26,004
2023/24 Funding gap (Table 8)	184,381

For comparison purposes this is 120% of the 2022/23 net expenditure budget.

This is a position based on the assumption that investments are retained along with the associated borrowing and the provisions to write down investments continue.

However, in accordance with directions there will be a necessary divestment of those commercial investments, with a consequent reduction of debt and treasury costs. That has not yet been considered in the MTFS. The impact of further mitigation to the capitalisation request, though capital receipts, has also not yet been included.

Consequently, there are significant further actions that can and will be taken to improve the position and to support the reduction of debt. To the extent a funding gap cannot be met then a further request for exceptional financial support will be required.

2022/23 Capital Programme Outturn at quarter 2

A comprehensive review of the programme, to identify reductions was undertaken in July 2022. This has been reflected in the budgets included in the Table below, with the remaining schemes forecasting slippage of £20.063m.

A further report will be provided to Cabinet on 8th Feb 2023 that sets out the multi-year view of the capital programme and is clear about the parameters for a review of the capital programme to look to opportunities to reduce costs.

A further detailed report on the Capital programme for the current and future year will be completed as part of the intervention and recovery plan.

	Latest Agreed Budget	Quarter 2 Forecast	Variance to budget
	£'000	£'000	£'000
Total Expenditure	89,650	69,587	(20,063)
Resources:			
Prudential Borrowing	(60,275)	(45,797)	14,478
Capital Receipts	(58)	(58)	0
Government Grants	(19,265)	(14,873)	4,392
Other Grants	(7,906)	(6,713)	1,193
Developers Contributions (S106)	(2,146)	(2,146)	0
Total Resources	(89,650)	(69,587)	20,063
Forecast Over/underspend in Resources	0	0	0

Statement by the Commissioner:

The financial position for 2022/23 is such that Thurrock is not able to fund its expenditure from within existing resources and needs to make a formal request for emergency financial support from the Secretary of State. This is a grave position and at this point the council cannot find a way to finance their expenditure in-year and is unable to achieve a balanced budget for 2023/24 without external support.

A request to the Secretary of State (SoS) for exceptional financial support (EFS) for 2022/23 and 2023/24 will be made. It is also necessary for the s151 to consider further actions within Thurrock to restrict expenditure, whilst ensuring statutory services and contractual commitments are met.

An exercise has commenced to identify opportunities for capital receipts to be generated through the disposal of assets; whilst not yet finalised, it will not be sufficient to meet the financial deficit.

The position as outlined is an accurate reflection of the information as known as at 29th November 2022, which is subject to change as the financial review progresses. Notably further work is pending on investments, the HRA and wholly owned companies and the outcome of that will be reported in a further report to Cabinet.

Reserves:

Appendix 5 sets out the position to date on reserves, which are significantly reduced and, at current balances, present a further risk to future sustainability.

In year to date there has been a reduction in overall reserve balances from £66.3m to £12.2m, with £19.1m used directly in year to both fund the opening structural deficit in the budget, with further drawdowns to offset the in year financial pressures. Coupled with withdrawals from the collection fund and for specific grants/purposes, the total residual reserves balance is now only £12.2m from an opening balance of £66.3m. As previously set out, the development of an appropriate reserves and provisions policy is critical to setting of the 2023/24 budget and this will impact on the overall MTFS, though it has not yet been quantified.

Investments:

There is confidence over the valuations of the major investments, supported by extensive external advice, which make up 75% of the investment portfolio. As a result, the impairments can be accurately quantified and accounted for. However, a review of the 'tail' of investments, a portfolio representing £256m is yet to be completed and this could result in further impairments as yet unquantified, but significantly less in value and risk than those already reported upon. An update on the £256m investments will be prepared and reported at the next financial outturn to Cabinet.

MRP and Treasury:

A material failure that has led to the significant overspend, is the failure to comply with the Prudential Code and notably make appropriate revenue charges for Minimum Revenue Provision. At the point of writing, an MRP and Treasury policy is not finalised nor consulted upon with the auditors, but best endeavours have been made to forecast the likely impact. Any changes will be reported upon in period 7 and these policies will be part of the decision-making process for the 2023/24 budget.

The focus to date has been on the MRP policy on the major investments, but further substantive work is required to review MRP treatments on the remainder of the balance sheet assets and be assured of appropriate compliance with the Prudential Code.

HRA & subsidiary companies:

Work has not yet commenced but is required under the directions, to review accounting treatment within the HRA and a review of subsidiary companies and loans to those companies.

1. Recommendations:

- 1.1 That the Committee comment on the 2022/23 forecast funding gap of £469.581m including a request for exceptional financial support from central government**
- 1.2 That the Committee note the request for exceptional support will be delegated to the s151 officer**
- 1.3 That the Committee comment on the updated Medium Term Financial Strategy which has a projected deficit in 2023/24 of £184.381m and which is expected to require a further request for exceptional financial support from central government,**
- 1.4 That the Committee note that the position is subject to change, as further work is outstanding (as highlighted in the Commissioners commentary) which is likely to lead to changes.**
- 1.5 That the Committee note additional actions will be required to identify further savings to manage the reported General Fund budget pressures,**
- 1.6 That the Committee note the use of reserves as set out in appendix 5, subject to the finalisation of the audit process relating to financial years 2020/21 and 2021/22 and note balances are subject to change,**
- 1.7 That the Committee note the proposed use of further capital receipts projected to arise in 2022/23 as set out in Table 5 to mitigate the request for exceptional financial support from government,**
- 1.8 That the Committee note that further consultation with external audit will be required to finalise the technical accounting treatments relating to the investment valuations and the associated Minimum Revenue Provision transactions,**
- 1.9 That the Committee note the position set out in respect of the capital programme and the reported slippage as set out in para 5.4**
- 1.10 That the Committee that Thurrock's 2023/24 Schools funding formula be implemented as stated in Appendix 6. This being consistent with Cabinet's decision made between 2020/21 and 2022/23 schools funding formula as per the report in Appendix 6.**

2. Introduction and Background

- 2.1 In June 2022, the Council confirmed there was significant financial risk attaching to three specific investments within the wider investment portfolio. This identified potentially significant impairments and a workstream was developed to provide clarity on the financial position and identify the potential for mitigating actions including legal remedies.**

- 2.2 As reported at quarter 1 on 2 September 2022, the Department of Levelling Up, Housing and Communities announced directions to implement an intervention package at the Council.
- 2.3 The delivery of this package is being overseen by Essex County Council as the appointed Commissioners to the Council.
- 2.4 To date, this has included: a focus on the ongoing assessment of the three specific investments subject to impairment risk, an interim borrowing strategy and a review of the MRP policy to ensure debt is written down appropriately.
- 2.5 The financial impacts of the work are reflected in the report and are subject to ongoing assessment and discussion between the Commissioners and the Council. It confirms an initial assessment of the impact of the Council's exposure to the financial risk attached to the investment strategy.
- 2.6 The position will evolve, and further consideration of wider mitigations is required to consider the impact on the overall sustainability of the Council.

3. 2022/23 General Fund Forecast Outturn

Service position

- 3.1 The forecast net outturn expenditure at quarter 2 is estimated to be £163.764m which results in an adverse service budget variance of £10.092, prior to support from additional resources. This is equivalent to a 7% variance to budget.
- 3.2 The use of earmarked reserves and an assumed reduction in cost for the last quarter by implementing tighter control over all non-essential spend could potentially reduce the projected in-year pressure to £1.772m:

Table 1 Service Pressures (net of earmarked reserves):

Directorate	2022/23 Budget £'000	Quarter 2 Forecast £'000	Forecast Variance £'000
Adults, Housing and Health	50,966	54,373	3,407
Children's Services	40,844	43,305	2,461
Housing General Fund	1,581	1,674	93
HR, OD, and Transformation	8,924	8,186	(738)
Public Realm	35,122	35,162	40
Resources & Place Delivery	13,967	15,212	1,246
Strategy, Engagement & Growth	3,450	3,319	(131)
Corporate Costs	1,819	1,033	(786)
Vacant post saving	(3,000)	0	3,000
Projected Intervention Costs	0	1,500	1,500

Service pressures quarter 2	153,672	163,764	10,092
<i>Mitigation:</i>			
Use of Earmarked reserves		(7,514)	(7,514)
Assumed 2% reduction in costs (Q4)		(806)	(806)
Remaining service pressure	153,672	155,444	1,772

3.3 The following key variances have been identified as part of the budget monitoring process. This is before any mitigating action is applied. Further explanation is included in Appendix 1.

Table 2 Key forecast variances at Quarter 2:

Variance category	Risk detail	2022/23 Budget £'000	Quarter 2 Forecast £'000	Forecast Variance £'000
Demographic growth	Adults External Placements	32,658	35,927	3,269
Vacant post saving	Employees Costs	90,314	91,676	1,362
Demand	School Transport	3,310	3,926	616
	Waste Disposal	8,343	7,739	(604)
Complexity of care	Children's external placements	12,282	14,023	1,741
	Children's Legal proceedings	272	725	453
Delay to savings	Capitalisation	(487)	0	487
	Grounds maintenance	(150)	(20)	130
	Waste Collection	5,136	5,772	636
	Asset Rationalisation	300	428	128
Inflation	Utilities	2,723	3,718	995
	Other income/expenditure	(573)	(74)	499
Income generation	Parking charges	(465)	(138)	327
	Counter Fraud	(582)	(1,705)	(1,123)
	Planning fees	(1,229)	(766)	463
Corporate Costs	Pension & Audit fees	1,819	1,033	(786)
	Intervention Costs	0	1,500	1,500
Service pressures at quarter 2		153,672	163,764	10,092

3.4 The assumption has been made that there will be no other significant variances within the central financing or other corporate cost allocations.

In-year Treasury position

3.5 Further work continues to be undertaken to assess the overall treasury position. The projection in the table below is a summary of the position using the information which is currently available:

Table 3 In-year Treasury position:

Treasury & Reserves	2022/23 Budget £'000	Quarter 2 Forecast £'000	Forecast Variance £'000
Interest payable on borrowing	22,089	27,810	5,721
Investment Income	(41,472)	(11,805)	29,667
MRP on existing capital programme	9,957	7,683	(2,274)
TRL	(1,174)	(1,020)	154
In-year pressure	(10,600)	22,668	33,268

The key variances are as a result of the following factors:

- Increases in interest rates relating to the cost of borrowing which far exceeds those projected when the base budget was set. This reflects rates moving from historic rates of less than 1% to between 4 and 5% over the last 2 months when the strategy to refinance existing short-term debt was implemented.
- Changes to the strategic approach to borrowing and the need to accelerate the switch of debt from inter authority lending to one-year PWLB, as agreed with Commissioners,
- Loss of investment income based on the latest assessment of investments
- Savings within MRP, notwithstanding changes to the policy and capitalisation directive, due to a reduction in the Council's planned capital programme.

Use of reserves

- 3.6 It should be noted that the 2022/23 budget was set with the inclusion of a £3m contribution from reserves to support the general fund budget. This is reflected in table 4 which shows the remaining financial resilience reserve balance.
- 3.7 Based on the current allocations, the reserves shown below are available to reduce the overall budget pressure and have been included in the summary position. It is noted that this requires approval from Cabinet to utilise these reserves and this is sought as part of the recommendations in the report.

Table 4 Use of Reserves

Use of Reserves in Quarter 2	£'000
Treasury Equalisation Reserve	(1,907)
Financial Resilience Reserve	(2,000)
Transformation Reserve	(3,684)
Total	(7,591)

- 3.8 Appendix 5 details the full reserves position and shows opening and closing balances.
- 3.9 Consideration to redirect other earmarked reserves not already being utilised is under consideration and may provide further mitigation. A reserves strategy will be developed as part of the 2023/24 budget and consulted upon with Members and Commissioners.
- 3.10 The Council's General Fund reserve balance, totalling £11m at the start of the year is held to mitigate against the financial risks inherent in delivering Council services; this represents around 1 month's operating expenditure for Thurrock.
- 3.11 It should be noted that whilst the external audit review remains outstanding and consequently the opening reserve position is subject to change. The proposed mitigation from reserves is based on the current unaudited balances.

Provision for the Repayment of Debt funding the Investment Strategy

- 3.12 Following the intervention, there are certain actions to be taken by the Council, including the need to review the minimum revenue provision (MRP) policy to ensure prudent provision is made in accordance with the Prudential Code and it is mandatory the Council complies with this. MRP is an annual amount required to be set aside from the General Fund to meet the capital cost of expenditure funded by borrowing or credit arrangements, that is, capital expenditure that has not been financed from grants, revenue contributions or capital receipts. MRP is sometimes referred to as the mechanism for setting aside monies to repay borrowing.
- 3.13 The Council is currently reviewing its MRP policy with a specific focus on investment capital funded from borrowing arrangements. Historically there has been no MRP charge for these assets which was in contravention of the CIPFA Prudential Code for Capital Finance in Local Authorities. A provisional figure of £74.956m represents an assessment of the value of a provision expecting that relevant assets are written down in full over the life they are held by the Council. This remains under discussion with Commissioners.

Asset Impairment

- 3.14 Thurrock holds investments with a book value of £1.024bn. The focus on the financial intervention to date has been on the high value and high-risk investments outlined below which represent 75% of the investment portfolio. Investments are subject to review each year, to confirm the carrying value of each investment is in line with the recoverable/realisable value at the maturity date.
- 3.15 The ongoing work by the Council's advisors has identified that the value of four of the Council's investments are subject to significant impairment. An

impairment is a permanent reduction in the value of an asset to less than its carrying value. Where an impairment arises on an investment asset it must be written down to the revenue account. This is either through an MRP charge in respect of a capital investment or, for a revenue investment, through a write down of the value under the accounting requirements of IFRS9.

- 3.16 The projected total write down of investments is £275.373m The positions remain under ongoing review and are subject to significant change. Further information on these investments will be provided to members in due course.

Use of Capital Receipts

- 3.17 Under the Flexible Use of Capital Receipts flexibility, the 2022/23 budget was set with the assumption that £3.190m of spend within core services (that relates to transformational activity and/or contributes towards ongoing financial savings) would be funded through capital receipts generated from the disposal of council assets. This is included at Appendix 7.
- 3.18 Reports presented to Cabinet in July 2021 and July 2022 identified a range of council owned properties that were considered surplus to requirement.
- 3.19 Between Apr-Sept 2022 £8.8m has been generated through asset disposals which exceeds the base budget assumption. Further flexibility will need to be agreed by DLUHC to allow balances over and above this amount to be applied to further offset in-year revenue pressures, below sets out indicative figures.

Table 5 Potential Asset Sales/Capital receipts:

Capital Receipts	£'000
Generated to date	(8,800)
Additional projected disposals within 2022/23	(4,000)
Potentially available to off-set in-year spend	(12,800)
Already assumed in base budget	3,190
Potential further use of capital receipts in 2022/23	(9,610)

This has been included as a potential mitigation to offset the wider budgetary gap in 2022/23. It is noted this remains subject to the agreement of a capitalisation direction from government.

Additional Risk & Uncertainty

- 3.20 The budget is set on assumptions and economic forecast but there is inherent risk and uncertainty throughout this report which should be taken into consideration:

Table 6 Additional risk areas:

Risk Area	Concern
Inflation	<ul style="list-style-type: none"> • Inflation has increased significantly in recent months and is impacting supply chain costs across many services • Energy costs continue to fluctuate impacting Corporate Landlord services • National pay agreement with Trade unions will impact local pay agreements and remains under assessment
Provider failure	<ul style="list-style-type: none"> • There are significant additional financial pressures on external providers to deliver core services commissioned by the Council.
Ongoing demand volatility	<ul style="list-style-type: none"> • As the pandemic recedes the level of demand for key services within the system and particularly within the Social Care services has risen.
Uncertainty of government funding	<ul style="list-style-type: none"> • Effectively a one-year settlement was announced in November 2021 and hence there remains uncertainty in planning for services in the medium term
Delivery risk	<ul style="list-style-type: none"> • Significant savings were applied to the 2022/23 budget allocation, and these remain subject to implementation in the agreed timescales
Advisory costs Potential further impairments	<ul style="list-style-type: none"> • There are ongoing costs relating to the assessment of the investments and the ongoing monitoring of these assets. This will include the assessment of the value of each investment and may result in adjustments to carrying values.
Interest rates	<ul style="list-style-type: none"> • Changes to the Bank of England interest rate may further impact the cost of borrowing
Intervention costs	<ul style="list-style-type: none"> • The core intervention costs relating to the commissioners are known. Wider costs will include additional capacity to support the response to the intervention – this will provide support to the corporate finance team, the property team and will support wider structural changes agreed with Commissioners. There will be further support required from a range of advisors to support specific aspects of the intervention.

4. Medium Term Financial Strategy Update

4.1 The information contained within Table 7 is the current projected budget deficit for 2023/24 and Appendix 2 includes the indicative position for 2024/25 and 2025/26. The detailed assumptions are shown in Appendix 3. Table 7 shows change in 2022/23 baseline figures rather than absolute figures.

- 4.2 The position below does not reflect any final decisions taken by members on Council Tax and further discussions will follow with DLUHC to consider further support measures required.

Table 7 Medium Term Financial Strategy 2023/24:

Narrative	2023/24
	£000's
Net Resources	
Council Tax LA Element 2.99% increase	(2,266)
Increase in the Council Tax Base @ 1.6%	(1,191)
Adult Social Care Precept 2%	(1,513)
Business Rates Position	(2,166)
Government Resources Position	(700)
Net Additional (Reduction) in resources	(7,836)
Inflation and other increases	
Pay award @ 4%,	7,292
Fuel inflation	350
Waste Inflation	1,164
Energy Inflation	2,252
	11,058
Social Care Growth	
Adults	4,013
Children's	1,250
	5,263
2022/23 Budget Monitoring Pressures	8,090
Intervention Costs	2,000
Core Budget Deficit	18,575
Other funding (not affecting baseline)	
Utilisation of Capital Receipts	3,300
Pension Deficit Adjustment	1,000
Use of reserves 2021/22	4,482
	8,782
Total Gross Budget Pressure	27,357
Savings Departmental	
Total Departmental Savings	(8,315)
Savings to be agreed by Members	(1,403)
Savings for further consideration	(1,226)
Savings Subject to further agreement	
Core Budget Position (Surplus) / Deficit	16,413
Treasury	
Interest Costs	35,829
Investment Income	30,847

TRL	154	
MRP on Capital	178	67,008
Overall Budget Working Total		83,421
15. Prior years capitalisation		
MRP	22,619	
Interest	3,385	26,004
MRP on investments		74,956
Total Budget Variance		184,381

- 4.3 The position shows a total projected deficit for 2023/24 of £184.381m which represents circa 120% of the 2022/23 budget. The core budget deficit is £16.413m and the balance of the gap is a combination of three significant amounts – interest costs, MRP and the write down and interest relating to the capitalisation direction (which is materially driven by the permanent reduction in value or impairment of the investment portfolio). The position assumes the investment assets are held until maturity. It is also noted that no assumptions are included in respect any further actions taken by the Council which may mitigate against any projected losses.
- 4.4 Consequently the resolution of the treasury impacts and the funding of the capitalisation direction are crucial for the ongoing sustainability of the Council. Work is ongoing to consider the potential for mitigation and this is expected to be through a combination of capital and asset disposals. This work remains at an early stage and a proposed approach will be shared with the Committee in due course.
- 4.5 The core budget deficit is subject to further consideration of savings by directorates and the position will be updated as part of the 2023/24 budget setting process. The position will be further informed by the Local Government funding settlement which will confirm funding levels. The core funding position continues to be impacted by significant inflationary pressures, ongoing social care pressures and the budgetary pressures in the current year that are supported by one off funding streams that will no-longer be available in 2023/24.

5. Capital Programme Update

- 5.1 Capital schemes and resources are identified in two specific categories:
- Mainstream schemes – capital expenditure funded through prudential (unsupported) borrowing, from capital receipts, from the capital contribution from revenue budget or from earmarked capital reserves; and

- Specific schemes – capital expenditure funded through external funding sources, for example, government grants and Section 106 monies which are ring fenced for specific projects.

General Fund Schemes

- 5.2 The current position for General Fund schemes for 2022/23 is summarised below:

Table 8 Capital Programme – Projected Outturn as at Quarter 2

	Latest Agreed Budget	Quarter 2 forecast	Forecast Variance
	£'000	£'000	£'000
Expenditure:			
Children's Service ¹	7,877	4,498	(3,379)
Adult, Housing & Health	5,527	2,519	(3,008)
Public Realm	27,981	27,694	(287)
Resources & Place Delivery	40,235	27,593	(12,642)
HR, OD & Transformation	7,735	6,988	(747)
Strategy; Engagement & Growth	279	279	0
Commercial Services	16	16	0
Total Expenditure	89,650	69,587	(20,063)
Resources:			
Prudential Borrowing	(60,275)	(45,797)	14,479
Capital Receipts	(58)	(58)	0
Government Grants	(19,265)	(14,873)	4,392
Other Grants	(7,906)	(6,713)	1,193
Developers Contributions (S106)	(2,146)	(2,146)	0
Total Resources	(89,650)	(69,587)	20,063
Forecast under/Overspend in Resources	0	0	0

- 5.3 This illustrates a projected outturn at the end of the financial year of £69.587m, which is £20.063m less than the latest agreed budget for the year.
- 5.4 The forecast underspend is principally due to slippage on current schemes (£20.063m). Consequently, the funding remains allocated to specific current schemes and will be re-profiled into subsequent years. The impact of the reprofiling will be an ongoing exposure to inflationary pressures on costs and hence capital budgets. This continues to be assessed on a project by project basis.

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

Slippage on Capital Programme

Description	For Carry Forward
	£'s
Capital Maintenance Schemes	110
Community Hubs	400
Environmental Enhancements at Play Sites	250
Grays Riverside Park - Replace Splash Pool & Water Features	25
Pupil Referral Unit Relocation	750
Purfleet Thurrock School Contribution	8,700
SEN Capital	3,269
Stanford Le Hope Interchange	3,192
Thurrock On-Line Phase 2	360
Corporate Payments	387
Ship Lane Day Room	1,408
ATF - Corringham Road/Billet Lane	8
ATF - Purfleet Road	4
Well Homes Offers	200
Disabled Facility Grant	1,000
All Directorates	20,064

The slippage on the capital programme schemes is shown in the table above

The financial impact resulting in the delay of the projects will be assessed and included within the 2023/24 programme. This will range across the schemes and will be subject to further viability assessment.

- 5.5 A schedule of major variances is included in Appendix 4.
- 5.6 Several capital schemes are expected to complete construction in future years with expenditure totalling £19.604m. Budgets for these schemes have already been profiled accordingly.
- 5.7 Schemes that are at a feasibility or at an earlier stage of development have been excluded from the reported position. The total projected budgets of £132.065m include school improvement works, the A13 East Facing slip road, Grays South development and the 21st Century Care Home.

- 5.8 A further detailed report on the Capital programme for the current and future year will be submitted as part of the intervention and recovery plan, in line with the deadlines set out.

Housing Revenue Account Capital Schemes

- 5.9 The current position for Housing Revenue Account schemes for 2022/23 is summarised below.

Table 9 HRA Capital Programme – Projected Outturn

	Latest Agreed Budget	Quarter 2 forecast	Forecast variance
	£'000	£'000	£'000
Expenditure:			
Transforming Homes	57,448	43,583	(13,865)
Housing Development	3,130	3,130	0
Total Expenditure	60,578	46,713	(13,865)
Resources:			
Prudential Borrowing	(47,979)	(34,865)	13,114
Capital Receipts	(2,045)	(2,045)	0
Major Repairs Reserve	(10,554)	(10,554)	0
Total Resources	(60,578)	(46,713)	13,865
Forecast Overspend in Resources	0	0	0

- 5.10 The budget for Transforming Homes in 2022/23 is £57.448m and the forecast spend is currently £43.583m. Much of the expected slippage relates to the Tower Block Refurbishment project (£9.900m) and Refurbishment of Non-Traditional properties project (£2.921m), where revised programmes have been developed. Spend incurred up to 30 September 2022 was £15.806m.

The slippage on the tower blocks relates to those within the Blackshots estate. Further options on the long-term solutions to the issues identified in these dwellings are currently under consideration, and therefore works have commenced on the blocks in Grays as the first phase of the programme. In addition, there was additional requirements relating to the design, and agreement of sign off on external wall installations and window installations, as per social regulator. This has added some delay to the project

The requirements needed for the non-traditional properties has changed from the original estimate and are subject to further surveys. The additional requirements, coupled with current workforce and supply chain limitations has resulted in slippage to the project.

The Capital programme is being updated as part of the 2023/24 budget setting process and will be reported in due course. Consideration will be given to the financial impacts of the slippage on a project by project basis.

HRA New Build Schemes

- 5.11 The revised budgets for 2022/23 for HRA New Build Schemes are set out in Appendix 4 and cover Calcutta Way, Vigerons Way and Loewen Road. The current forecast is set to be contained within the current allocation of £3.130m. These projects will utilise receipts held under Right to Buy sharing agreement between the Council and the DLUHC, and are forecast to be delivered with the current timeframes and budgets allocations.

6. Reasons for Recommendations

- 6.1 The Council has a statutory requirement to set and deliver a balanced budget annually and this can include the use of reserves.
- 6.2 This report sets out the budget pressures in 2022/23 and notes that exceptional financial support is required in order to deliver a breakeven position.

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

- 7.1 This report is based on consultation with the services, Directors' Board, and portfolio holders and Commissioners (Essex County Council).

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

- 8.1 The implementation of previous savings proposals has already reduced service delivery levels and the council's ability to meet statutory requirements, impacting on the community and staff. There is a risk that some agreed savings and mitigation may result in increased demand for more costly interventions if needs escalate particularly in social care. The potential impact on the council's ability to safeguard children and adults will be kept carefully under review and mitigating actions taken where required.
- 8.2 The budget gap identified in the report will also necessitate engagement with the Department for Levelling-up Housing and Communities (DLUHC) regarding exceptional financial support. The outcome of this engagement in terms of conditions applied to the support may require further savings within budgets to be made, further impacting on the ability to deliver services.

9. Implications

9.1 Financial

Implications verified by: **Jonathan Wilson**
Interim Director of Finance

The financial implications are set out in the report. The report confirms the need for exceptional financial support to address the funding gap arising from

the impacts from both the impairments of specific investment assets and the wider implications which include a reduction in investment income, increased borrowing costs and the need for a prudent write down of the capital financing requirement that relate to the remaining investment balance.

The Medium-Term Financial Strategy confirms the need to take specific action to reduce borrowing and minimum revenue provision costs. This intrinsically relates to the need to divest of investments to address these pressures.

The position indicates that significant action is required from the Council to focus on the delivery of core statutory services, fund only essential spend and deliver a significant programme of savings. This enables management of the core operational deficit and alongside this an asset disposal programme will be required to address the ongoing impacts of requests for exceptional financial support.

9.2 Legal

Implications verified by: **Mark Bowen**
Interim Head of Legal

There are no specific legal implications set out in the report. There are statutory requirements of the Council's Section 151 Officer in relation to setting a balanced budget. The Local Government Finance Act 1988 (Section 114) prescribes that the responsible financial officer "must make a report if he considers that a decision has been made or is about to be made involving expenditure which is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority". This includes an unbalanced budget.

9.3 Diversity and Equality

Implications verified by: **Natalie Smith**
Community Development & Equalities Manager

The Equality Act 2010 places a public duty on authorities to consider the impact of proposals on people with protected characteristics so that positive or negative impacts can be understood and enhanced or mitigated as appropriate. Services will be required to consider the impact on any proposals to reduce service levels through a community equality impact assessment which should seek to involve those directly affected

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

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

10. 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.

11. Appendices to the report

Appendix 1: Key general fund variances at quarter 1

Appendix 2: 3 Year MTFS

Appendix 3: MTFS assumptions

Appendix 4: Capital programme financial forecast quarter 1

Appendix 5: Reserves position

Appendix 6: Dedicated Schools Budget

Appendix 7: Flexible Use of Capital Receipts Strategy 2022/23

Report Author

Jonathan Wilson

Interim Director of Finance

Appendix 1 Key General Fund variances

Variance category	Risk detail	Forecast Variance £'000																																												
Demographic growth	Adults External Placements	3,269																																												
<p>a) There has been a significant increase in demand for Homecare services</p> <p>b) The increased level of need for people being discharge from hospital requiring continuing social care support to live independently outside of residential care. This has also been exacerbated by the change in the hospital discharge criterion from 'medically fit' to 'medically optimised' meaning patients are discharged earlier and with a greater level of care acuity.</p> <p>c) Increased complexity and the associated requirement for additional care support to existing clients. This is particularly prevalent in the substantial increase in the number of homecare packages that the Local Authority is commissioning within the external care market</p> <p>d) Longer term ramifications following the covid pandemic including the pausing by the NHS of secondary prevention programmes to manage residents with long-term conditions that is now resulting in significantly increased presentation of very unwell patients presenting at A&E for emergency hospital and the subsequent demand on ASC through increased hospital backdoor pressures. Along with the "hidden" impacts of COVID amongst both working age adults and older people caused by the lockdown and removal of non-crisis intervention by health. This is particularly prevalent in Mental Health services.</p>																																														
Vacant post saving	Employees Costs	1,362																																												
<p>The position on vacant posts continues to be monitored against a corporate target of £3m. This target was held centrally and not allocated to specific directorates.</p> <p>Employee spend is estimated to be £1.638m less than budgeted before the allocation of the vacant post saving, as per the below table.</p> <p>This position needs to be considered within the context of the overall position. In some cases, reduced spend within the employee category will be offset by an under recovery of associated income or expenditure pressures elsewhere within the service area. The position will be monitored alongside the actions of the recruitment panel, the review of agency spend and wider restructures in the Council</p>																																														
<table border="1"> <thead> <tr> <th>Directorate</th> <th>2022/23 Budget £'000</th> <th>Quarter 2 Forecast £'000</th> <th>Forecast Variance £'000</th> </tr> </thead> <tbody> <tr> <td>Adults; Housing and Health</td> <td>20,427</td> <td>20,637</td> <td>210</td> </tr> <tr> <td>Children's Services</td> <td>29,488</td> <td>28,663</td> <td>(826)</td> </tr> <tr> <td>Housing General Fund</td> <td>2,067</td> <td>2,017</td> <td>(50)</td> </tr> <tr> <td>HR; OD and Transformation</td> <td>7,834</td> <td>7,272</td> <td>(562)</td> </tr> <tr> <td>Public Realm</td> <td>17,410</td> <td>17,523</td> <td>113</td> </tr> <tr> <td>Resources & Place Delivery</td> <td>11,307</td> <td>11,068</td> <td>(239)</td> </tr> <tr> <td>Strategy; Engagement & Growth</td> <td>4,781</td> <td>4,497</td> <td>(284)</td> </tr> <tr> <td></td> <td>93,314</td> <td>91,676</td> <td>(1,638)</td> </tr> <tr> <td>Vacant post saving</td> <td>(3,000)</td> <td>0</td> <td>3,000</td> </tr> <tr> <td></td> <td>90,314</td> <td>91,676</td> <td>1,362</td> </tr> </tbody> </table>			Directorate	2022/23 Budget £'000	Quarter 2 Forecast £'000	Forecast Variance £'000	Adults; Housing and Health	20,427	20,637	210	Children's Services	29,488	28,663	(826)	Housing General Fund	2,067	2,017	(50)	HR; OD and Transformation	7,834	7,272	(562)	Public Realm	17,410	17,523	113	Resources & Place Delivery	11,307	11,068	(239)	Strategy; Engagement & Growth	4,781	4,497	(284)		93,314	91,676	(1,638)	Vacant post saving	(3,000)	0	3,000		90,314	91,676	1,362
Directorate	2022/23 Budget £'000	Quarter 2 Forecast £'000	Forecast Variance £'000																																											
Adults; Housing and Health	20,427	20,637	210																																											
Children's Services	29,488	28,663	(826)																																											
Housing General Fund	2,067	2,017	(50)																																											
HR; OD and Transformation	7,834	7,272	(562)																																											
Public Realm	17,410	17,523	113																																											
Resources & Place Delivery	11,307	11,068	(239)																																											
Strategy; Engagement & Growth	4,781	4,497	(284)																																											
	93,314	91,676	(1,638)																																											
Vacant post saving	(3,000)	0	3,000																																											
	90,314	91,676	1,362																																											
Demand	School Transport	616																																												
<p>Increase in demand for Education Health and Care Plans and the phased expansion of specialist provision within Thurrock by 96 places has placed additional pressure on the service.</p>																																														

The reduction proposal at the St Clere's school has now been deemed to be an unsafe route therefore affecting the viability of the savings target.

The service commissioned an external consultant (funded from central transformation funding) to undertake a review of SEND transport to ensure discretionary transport policy is being applied correctly and to identify potential changes to process and practice which may reduce the current overspend on SEND transport. This review is currently ongoing, and updates will be presented in due course

Cost Centre Description	2022/23 Budget £'000	Quarter 2 Forecast £'000	Forecast Variance £'000
Alternative Provision	147	86	(61)
Denominational Transport	8	8	(1)
Home To School Transport - Primary	677	362	(315)
Home To School Transport - Secondary	251	377	126
Home To School Transport - Special	288	1,014	726
Independent School Fees (Transport)	1,361	1,328	(34)
Out of Borough - LAC	15	44	29
Out of Borough - Other LA's	36	22	(14)
Out of Borough - Post 16	411	298	(112)
Post 16 SEND	113	261	148
Resource Base - Primary	2	126	124
	3,310	3,926	616

Demand	Waste Disposal	(604)
---------------	-----------------------	--------------

The waste disposal figures are reviewed on an ongoing basis by finance and the service as the financial year progresses. This is Public Realm's largest volatile budget and has the potential to have a big impact on the outturn position at year end. There is a variable element to the disposal contracts, impacted by recycling rates/contamination of recycling and can fluctuate throughout the year.

Complexity of care	Children's external placements	1,741
---------------------------	---------------------------------------	--------------

Significant cost pressures are generated by moves within care. Children with the most complex needs are experiencing a high level of placement instability driven by both providers giving notice on their placement and by intervention by the regulator. Thurrock is reliant on external providers for residential and complex care including SEN placements.

Placement Type	Budget Numbers 2022/23	Sep-22 Numbers
Cost		
Placed with Parent / Adoption	10	14
Internal Fostering	127	106
Supported Accommodation	26	33
External Fostering	103	101
External Residential	29	23
Unregulated	0	5
Remand	2	0
Total LAC	297	282

	Number of External Residential Placements (incl unregulated)			
	Budget	Jul-22	Aug-22	Sep-22
<£2,000	0	0	1	1
£2k-£3k	5	6	6	6
£3k-4k	6	6	4	3
£4k-£5k	8	4	2	3
£5k-£6k	4	5	5	4
£6k-£7k	2	1	1	2
£7k-£8k	1	1	1	1
£8k-£9k	2	0	0	0
£9k-£10k		3	3	3
£10k-£11k	1	1	2	4
£11k-£12k		0	0	0
£12k-£13k		0	0	0
£13k-£14k		0	0	1
Total	29	27	25	28

Unregulated placements are where the Local Authority are unable to secure a suitable placement with a provider to meet the needs of the young person. In these instances, the LA has to develop a package of support around the child and seek judicial approval until a regulated place can be provided. By nature, these placements are highly complex and costly. Thurrock currently have 5 such placements an increase of 1 at a cost implication of £2.305m. Ofsted registration is being progressed.

There are currently 10 high-cost placements with a total forecast of £4.574m

Complexity of care	Children's Legal proceedings	453
<p>The forecast is based on the current case level of 28 with 6 to issue, a total of 34 cases. Average case cost is £0.016m and a contingency for legal fees of £0.090m for ad-hoc other and new cases has been included. In addition, included for assessments is a contingency of £0.070m</p> <p>In 2021/22 Children Services incurred legal costs of £0.965m in fees and assessments based on 58 cases at its highest point. With the introduction of the new Think Family Team, it is anticipated that the costs of assessments will be lower in 2022/23 but will still exceed the budget allocated.</p>		
Delay to savings	Capitalisation of staff	487
<p>Due to delays in approving significant regeneration schemes such as Towns Fund and Thames Freeports we have not been able to allocate costs to those schemes to the levels envisioned at the time of budget setting.</p>		
Delay to savings	Ground maintenance saving	130
<p>£0.150m target was set for income generation in relation to the Commercial Grounds Maintenance service, work continues expanding the service offer to external businesses with the support of the Business Development & Innovation Team.</p>		
Delay to savings	Waste Collection	636
<p>The decision to delay the fortnightly waste collection plan has led to an in-year pressure. There have also been several staffing and operational issues which have required additional resource to manage and ensure continued service delivery.</p>		
Delay to savings	Asset Rationalisation	128
<p>Revenue savings of £0.850m were assumed in the 22/23 base budget in relation to the disposal of operational buildings and the corresponding reduction in running costs and/or increased income through rent review on commercial properties. Outstanding decisions on key buildings has delayed the deliverability of this saving.</p>		
Inflation	Utilities	995
<p>The global energy crisis has impacted the cost of gas and electricity; market prices for gas and electricity are extremely volatile with prices peaking at new highs in September 2022 before falling back. The current estimates are reflective of information from our suppliers regarding price per k/w and our local usage levels.</p>		

Subjective Description	2022/23 Budget £'000	Quarter 2 Forecast £'000	Forecast Variance £'000
Electricity	1,691	2,304	613
Fuel and Oil	909	1,110	201
Gas	123	304	181
	2,723	3,718	995

The main area of Thurrock's fuel spend is incurred within the Public Realm waste collection service and the indicative impact of transitioning from red to white diesel per litre is shown below:

Date	Average cost red diesel (pence per litre)	Average cost white diesel (pence per litre)	Increase (pence per litre)	Increase (%)
Oct-22	100.99	181.74	80.75	80%

Inflation	Other income/expenditure	499
Inflation is currently more than 10% which is impacting the general supply of goods and services across the Authority.		
Income generation	Parking charges	327
Changes to working practices and continued agile working have impacted parking income levels, particularly within the Grays Central location.		
Income generation	Counter Fraud	(1,123)
The Counter Fraud and NATIS operating model is set to deliver a surplus position in the current financial year.		
Income generation	Planning fees	463
Income is below expected levels for the year and the loss is assumed to be linked to the wider economic uncertainty affecting the number of requests for improvements to property.		
Corporate Costs	Pension costs & Audit fees	(786)
	Estimated cost of intervention & Best Value Inspection 2022/23	1,500
General Fund pressures before mitigation		10,092

Full current 2022/23 budget allocation is shown below for completeness:

Directorate	2022/23 Budget £'000
--------------------	---------------------------------

Adults; Housing and Health	50,966
Children's Services	40,844
Housing General Fund	1,581
Housing Revenue Account	0
HR; OD and Transformation	8,924
Public Realm	35,122
Resources & Place Delivery	13,967
Strategy; Engagement & Growth	3,450
Corporate Costs	1,819
Vacant post saving	(3,000)
Total Service Budgets	153,672
Treasury & Central Financing	(134,295)
Planned use of FR & Transf reserves	(3,300)
Application of c/f balances	(12,887)
Planned use of Capital Receipts	(3,190)
Grand Total	0

Appendix 2 Three-year MTFS

Narrative	2023/24	2024/25	2024/25
	£000's	£000's	£000's
Net Resources			
Council Tax LA Element 2.99% increase	(2,266)	(1,566)	(1,624)
Increase in the Council Tax Base @ 1.6% then 0.7%	(1,191)	(564)	(547)
Adult Social Care Precept 2% - not agreed beyond 2022/23 at this stage	(1,513)	(785)	(814)
Business Rates Position	(2,166)	(3,165)	(665)
Government Resources Position	(700)	(148)	(151)
Net Additional (Reduction) in resources	(7,836)	(6,227)	(3,802)
Inflation and other increases			
Pay award @ 4%	7,292	3,708	3,851
Fuel inflation	350	175	175
Waste Inflation	1,164	1,164	1,164
Energy Inflation	2,252	563	563
	11,058	5,610	5,753
Social Care Growth			
Adults	4,013	3,026	3,174
Children's	1,250	863	906
	5,263	3,889	4,080
2022/23 Budget Monitoring Pressures	8,090	0	0
Intervention Costs	2,000	0	0
	18,575	3,273	6,031
Other funding (not affecting baseline)			
Utilisation of Capital Receipts	3,300	0	0
Pension Deficit Adjustment	1,000	0	0
Use of reserves 2021/22	4,482	0	0
	8,782	0	0
Total Gross Budget Pressure	27,357	3,273	6,031
Savings Departmental			
Total Departmental Savings	(8,315)	2,578	(422)
Savings to be agreed by Members	(1,403)		
Savings for further consideration	(1,226)		
Core Budget Position (Surplus) / Deficit	16,413	5,851	5,609
Treasury			
Interest Costs	35,829	2,568	3,046

Investment Income	30,847	3,462	0
TRL	154	0	0
MRP on Capital	178	274	117
	67,008	6,303	3,163
Overall Budget Working Total	83,421	12,154	8,772
15. Prior years capitalisation			
MRP	22,619	9,219	1,224
Interest	3,385	5,111	1,002
	26,004	14,330	2,227
MRP on investments	74,956	(2,000)	(1,000)
Total Budget Variance	184,381	24,484	9,999

Appendix 3 MTFS assumptions

Summary	
Narrative	2023/24 £000's
	Current Approach
<u>Net Resources</u>	
CT increase	CT increase 2.99%
CT Base Increase	1.60% increase to CT Base
Adult Social Care Precept increase	ASC precept 2%
Business Rates Position	Additional income from growth £1.5m and £0.665m from increase in the multiplier
Government Resources Position	Core spending grants within LG finance settlement
<u>Inflation and other increases</u>	
Pay award	4% pay award and 1.8% adjustment for increments. Removed Health & Social Care NI Levy and employer NI at 13.8%
Fuel inflation	10% increase in prices compared to 22/23
Waste Inflation	10% inflation, increase for demographic growth (2.9% or 1.6% linked to CT base increase) and additional waste collection.
Energy Inflation	60% increase in prices compared to 22/23
<u>Social Care Growth</u>	
Social Care Growth - Adults	Uplift for care providers
	Application of estimated market sustainability funding
	Increasing demographic changes
	Transitional to adulthood for Children's social care service users
Social Care Growth - Children's	5% growth for Children social care placement prices and transport costs
2022/23 Budget Monitoring Pressures	22/23 budget pressures reported as per budget monitoring (see appendix 4)
<u>Other funding (not affecting baseline)</u>	
One off funding 22/23 - Capital Receipts	Removal of one-off funding in the base - use of capital receipts £3.3m
One off funding 22/23 - Reserves	Removal of one-off funding in the base - use of reserves £4.482m
<u>Savings</u>	
	Savings identified in 22/23 MTFS for 23/24

April 2022 Budget Review - Savings Agreed	2023/24 Identified operational savings £7.862m.
April 2022 Budget Review - To be considered by Members	2023/24 Savings subject to further review £1.843m excluding Business Rates Pooling of £2.5m
April 2022 Budget Review - Savings Agreed - digital and cross cutting	Savings identified in 22/23 MTFS for 23/24
<u>Treasury</u>	
Interest Costs	Loan refinancing at 4.75%
Investment Income	Loss of investment income – current known position
TRL	Net interest income based on loan for development costs for 2 schemes - Belmont Rd and Culver Centre
MRP	Provision applied to write down investment assets values over shortest period within relevant guidance.
Capitalisation Direction	Assumes full impact is spread over 20 years with interest costs on the borrowing arising (at 1% above PWLB base rate)

Appendix 4 Capital Programme

Summary of the 2022/23 General Fund Capital Programme	Approved Budget			Projected Outturn			CY Spend (Sep-22)	% Spend against CY Forecast
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Childrens Service	7,877	3,266	0	4,498	3,379	0	1,277	28.39
Adults; Housing and Health								
Community Development	1,245	500	0	845	900	0	0	0.00
Provider Services	215	0	0	215	0	0	0	0.00
Better Care	2,104	0	0	1,104	1,000	0	251	23.00
Housing General Fund	1,963	0	0	355	1,608	0	-4	-1.00
	5,527	500	0	2,519	3,508	0	247	9.81
Public Realm								
Highways Maintenance	21,269	3,668	170	21,257	3,680	170	3,644	17.14
Resident Services	1,498	825	0	1,498	825	0	187	12.00
Environment	5,137	62	62	4,862	337	62	2,586	53.00
Counter Fraud & Investigation	77	0	0	77	0	0	0	0.00
	27,981	4,555	232	27,694	4,842	232	6,417	23.17
Resources & Place Delivery								
Corporate Assets	4,453	0	0	3,703	750	0	462	12.48
Highways Major Projects	17,100	5,000	5,000	13,908	11,249	1,943	6,947	49.95
Regeneration Projects	18,697	287	444	9,997	8,987	444	1,187	11.87
	40,250	5,287	5,444	27,608	20,986	2,387	8,596	31.14
HR, OD and Transformation	7,735	160	160	6,988	840	93	1,805	25.83
Strategy; Engagement & Growth	279	0	0	279	0	0	107	38.35
Total Expenditure - General	89,649	13,768	5,836	69,586	33,555	2,712	18,449	26.51

Summary of the 2022/23 Housing Revenue Account Capital Programme	Approved Budget			Projected Outturn			CY Spend (Sep-22)	% Spend against CY Forecast
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Adults, Health and Housing								
Housing Development	3,130	22,476	132,925	3,130	22,476	132,925	69	
Transforming Homes	57,448	0	0	43,583	0	0	15,806	
Total Expenditure - HRA	60,578	22,476	132,925	46,713	22,476	132,925	15,875	33.98

Summary of the 2022/23 Housing Revenue Account Capital Programme, by scheme status	Project Status	Approved Budget			Projected Outturn			CY Spend (Sep-22)	% Spend against CY Forecast
		2022/23	2023/24	2024/25	2022/23	2023/24	2024/25		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	<i>Work commenced</i>	54,364	720	0	40,499	720	0	11,638	
	<i>Scheme completed</i>	0	0	0	0	0	0	10	
	<i>Completed retention o/s</i>	178	0	0	178	0	0	-181	
	<i>Feasibility Stage</i>	1,872	21,756	132,925	1,872	21,756	132,925	244	
	<i>Demand led</i>	4,164	0	0	4,164	0	0	4,164	
Total Adults, Health and Housing - HRA		60,578	22,476	132,925	46,713	22,476	132,925	15,875	33.98

Appendix 5 Reserves

Reserve	Opening 2022/23	Use to Finance Base Budget	Used to Fund Specific Expenditure	Used to balance outturn position	Closing Balance
General Reserves					
BS300 - General Fund Balance	(11,000,000)	0	0	0	(11,000,000)
BS370 - Financial Resilience Reserve	(5,144,005)	3,144,005	0	2,000,000	0
BS369 - Transformation Reserve	(3,840,190)	155,995	0	3,684,196	0
BR013 - Treasury Equalisation Reserve	(1,906,804)	0	0	1,906,804	0
	(21,891,000)	3,300,000	0	7,591,000	(11,000,000)
Service Reserves	(9,881,098)	1,015,691	851,472	7,513,728	(500,206)
BS388 - Collection Fund	(14,707,821)	0	14,707,821	0	0
Ring Fenced or Third party funds	(10,898,862)	0	10,898,863	0	0
Major Projects / Member initiative					
BS372 - Local Plan Reserve	(1,113,387)	0	1,113,387	0	0
BS366 - Lower Thames Crossing (GF)	(466,138)	0	466,138	0	0
BS371 - Additional police Officers	(406,363)	0	406,363	0	0
	(1,985,888)	0	1,985,888	0	0
Needed to support savings generation					
BR002 - ASC - Libraries and Communities	(120,000)	0	120,000	0	0
BR011 - Resource and Place Delivery	(358,935)	0	190,434	0	(168,501)
BS378 - Environment Reserve	(264,921)	0	100,000	0	(164,921)
BS337 - Commuted Sums (GF)	(390,976)	0	0	0	(390,976)
	(1,134,832)	0	410,434	0	(724,398)
Total	(66,342,603)	4,315,691	34,697,579	15,104,728	(12,224,604)

Appendix 6 Dedicated Schools Budget

Dedicated Schools Grant

Appendix 6

1. Dedicated Schools Grant – Quarter 2 2022/23

1.1 The current projected outturn is a breakeven position as shown below:

DSG 2022/23	Funding Settlement	Academy Recoupment	Funding Block Transfer	Final DSG	Projected Outturn	Variance
	£m	£m	£m	£m	£m	£m
Schools	146.520	(140.961)	(0.700)	4.858	4.388	(0.470)
Central Services	1.688	0.000	0.000	1.688	1.646	(0.042)
High Needs	33.274	(6.500)	0.700	27.474	27.986	0.512
Early Years	12.880	0.000	0.000	12.880	12.880	0.000
Total	194.361	(147.461)	0.000	46.900	46.900	(0.000)

1.2 The outturn position reflects the following key areas:

- Schools Block – Pupil Growth, in line with projections, has an underspend of £0.470m.
- Central Services Block – Staffing underspends and maximisation of external funding.
- High Needs Block – An overspend of £0.512m. The overspend relates to post-16 funding and Out of Authority specialist placements.

1.3 The DSG has a carried forward deficit of £1.705m into 2022/23. No change to this is currently forecasted in 2022/23.

1.4 Thurrock with a DSG deficit of £1.705m, is part of the Delivering Better Value in SEND programme that aims to support LA's to improve delivery of SEND services for children and young people while ensuring services are sustainable. The programme will provide dedicated support and funding to 55 local authorities. It is expected that this will start in March 2023.

2. Dedicated Schools Grant 2023/24

1.5 In July, the Secretary of State for Education announced details of the provisional Dedicated Schools Grant (DSG) allocations for 2023/24.

The table below shows the provisional information received and includes the 2022/23 allocation for the Schools Block Growth fund and the Early Years Block. These amount along with the final DSG allocations, updated to reflect the Oct-22 School census, will be published in December 2022.

Dedicated Schools Grant	Funding	Provisional	Provisional
	Settlement	Settlement	Increase
	2022/23	2023/24	2023/24
	£m	£m	£m
Schools Block	146.520	154.321	7.801
Central School Services Block	1.688	1.617	(0.070)
High Needs Block	33.274	35.285	2.011
Early Years Block	12.880	12.880	0.000
Total	194.362	204.103	9.742

- 1.6 The key changes made by the ESFA to the National Funding Formula (NFF) in 2023/24 are:
- The schools supplementary grant 2022/23 has been rolled into 2023/24 funding formula baselines.
 - Increasing NFF factor values (on top of the amounts added for the schools supplementary grant) by:
 - 4.3% to FSM6 and income deprivation affecting children index (IDACI)
 - 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - 0.5% to the floor and the minimum per pupil levels (MPPL). This will mean that, next year, every primary school will be allocated at least £4,405 per pupil, and every secondary school at least £5,715.
 - 0% on premises factors.
- 1.7 This means that the schools NFF is targeting a greater proportion of funding towards deprived pupils; 9.8% of the schools NFF will be allocated according to deprivation in 2023/24. In 2023/24, schools in the highest quartile of deprivation (measured by the percentage of pupils who have been eligible for free school meals over the past 6 years) will, on average, attract larger per-pupil funding increases than less deprived schools.
- 1.8 In 2023/24, each local authority will continue to set a local schools funding formula, in consultation with local schools. The ESFA have confirmed, 2023/24 will also be the first year of transition to the “direct” schools NFF. The NFF policy document published sets out the requirements on local authorities to move their formulae closer to the NFF:
- In 2023/24 LA’s will only be allowed to use NFF factors in their local formulae and must use all NFF factors.
 - LA’s will also be required to mover their local formula factors 10% closer to the NFF values, compared to where they were in 2022/23, unless local formula is classed as mirroring the NFF.
- Thurrock is within 2.5% of NFF values and deemed to be mirroring the NFF.
- 1.9 Thurrock’s funding formula will implement the following principles consistent with the decision made by Cabinet from 2020/21:

- National Funding Formula including Area Cost Adjustment values to be applied.
- Where this is unaffordable the Basic Entitlement value, to be included, will be reduced to contain within the funding available. The reduction to be applied will be weighted, consistent with the distribution of funding between Primary and Secondary.
- Growth fund to be retained to support sufficiency of school places.

These principles have been discussed with Schools on the 11 October and the Schools Forum on 17 November 2022.

2. Decision Required

- 2.1 Agree that Thurrock's 2023/24 Schools funding formula to be implemented as stated in 1.5 above. This being consistent with previous Cabinets decisions made since 2020/21.

Appendix 7 Flexible Use of Capital Receipts

Flexible Use of Capital Receipts Strategy

Executive Summary

In the 2022/23 Provisional Local Government Finance Settlement, Government announced:

“Extension of the flexibility to use capital receipts to fund transformation projects

We are announcing a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery”.

On 4 April 2022, the Department of Levelling Up, Housing, and Communities confirmed this extension and published Guidance and a Direction.

This strategy is intended to set out plans to apply the above flexibility in financial year 2022-23. This approach is considered in conjunction with the Medium-Term Financial Strategy and the draft Strategic Transformation Plan. A longer-term strategy will be developed following the outcome of the Best Value Inspection being led by Essex County Council.

The Council intends to use capital receipts to fund £3.190m of qualifying expenditure which supports planned transformation projects in 2022/23.

1. Background

The Direction issued by the Secretary of State under Sections 16(2)(b) of the Local Government Act specifies that Local Authorities can treat as capital expenditure, expenditure which:

“is incurred by the Authority that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”.

“is properly incurred by the Authority for the financial years that begin on 1 April 2022 to 31 March 2023”

It is a condition of the Secretary of State’s direction that the flexible use of capital receipts in accordance with the direction only applies to capital receipts which have been received in the years to which the direction applies.

When applying the direction, Authorities are required to have regard to Guidance on Flexible Use of Capital Receipts issued by the Secretary of state under Section 15(1)(a) of the Act.

In using the flexibility, the Council will have due regard to the requirements of the Prudential Code and to the CIPFA Local Authority Accounting Code of Practice. The Council is also required to prepare a Flexible use of Capital Receipts Strategy before the start of the year to be approved by the Council.

The Council referred to a Use of Capital Receipts in its 2022/23 Budget Report, but has not, until now, prepared such a strategy.

In the future, a Flexible Use of Capital Receipts Strategy will be included within the budget report presented to Full Council in February each year.

2. Capital Receipts 2022/23

To date, the Council has £8.879m capital receipts in 2022/23 generated through a range of asset disposals and anticipates further substantial capital receipts in the remainder of the year.

3. Impact on Prudential Indicators

The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. As it is Council policy not to rely on capital receipts until they are realised, these capital receipts have not been factored into the Council's Capital Financing Requirement (CFR) by way of either reducing debt or financing capital expenditure. Consequently, the use of these receipts under this flexibility will have no effect on the Council's Prudential Indicators.

4. Transformation projects funded by capital receipts plan 2022/23

The General Fund Budget Proposals report presented to Full Council on 23 Feb 2022 includes the below plan under paragraph 6.33:

"As required under the terms of the flexibility offered the funding will be applied to transformational activity that generates ongoing savings to the Council. There is a planned use of £3m and this investment will be specifically allocated to support savings programmes that will address the funding gap in 2023/24."

Added to this is a further £0.190m as per appendix 2 Medium Term Financial Strategy included in the same report.

The below table sets out the 2022/23 savings targets for each directorate:

Directorate	Specific Directorate savings	Additional Cross-cutting savings	Total 2022/23 Directorate Savings
	£'000	£'000	£'000
Adults, Housing and Health	(2,264)	(117)	(2,381)
Children's Services	(2,859)	(140)	(2,999)
Housing General Fund	(1,495)	(24)	(1,520)
HR, OD and Transformation	(275)	(341)	(616)
Public Realm	(1,707)	(126)	(1,832)
Resources & Place Delivery	(1,963)	(945)	(2,908)
Strategy, Engagement & Growth	(355)	(94)	(449)
Wider Corporate Savings	(1,500)		(1,500)
Total	(12,418)	(1,787)	(14,206)

The Council intends to use capital receipts to fund works across the following key areas to implement and embed transformational changes required to achieve the £14.2m savings targets:

Work Stream	2022/23 Estimated Cost £'000
Asset Review	189
Digital	284
Access to Services	51

Strategic Planning	140
Direct Service transformation	2,526
	3,190

Costs have been identified in the form of staff time, additional external expertise, ICT development, one-off redundancy costs and other expenditure deemed appropriate to works required to achieve the ongoing savings proposals.

Asset Review

- *The Three R's* - Optimise the scale and use of Thurrock's real-estate through a **R**etain, **R**e-use or **R**elease strategy.

Digital

- *Digital Efficiency/Smarter Working* -To ensure that business functions are optimised digitally (using RPA where possible) and are efficient through challenging existing business processes and support activities relative to transactional activity.

Access to Services

- *Alternative Delivery Models* - To establish a mixed portfolio of provision, involving delivery models that operate across multiple services to deliver efficiencies, economies of scale whilst giving us the flexibility to innovate. This will include the Custer Services and Face to Face offer to residents.

Strategic Planning

- *Smarter Working* - To deliver our services more efficiently and in more innovative ways. This means considering the best place to work (the workspace), how we approach our work (the culture) and the equipment we use (the technology).
- *Culture Change Programme* - A programme of Organisational development that raises the awareness for the need to change and improve how we deliver our services to support our residents and businesses.

Direct Service Transformation

- A series of Service Improvement activities that are specifically local to a particular Directorate or business function:

	2022/23 Estimated cost £'000
Directorate	
Adults, Housing & Health	934
Children's Services	666
HROD	371
Public Realm	485
Resources & Place Delivery	70
	2,526

Key workstreams are set out below:

Adults, Housing & Health

- Better Care Together Thurrock: The Case for Further Change (Adult Integrated Care Strategy) - a collective plan for transforming, improving and integrating local services to improve the wellbeing of the borough's adults and older people.

Children's Services

- Review of Out of Hours Social Work service
- Review of Local Authority nursery provision
- Review of Social Care and Early Offer of Help
- Review of School Transport service

Human Resources, Organisational Development

- Centralisation of ICT services, roll out of MS365
- Staff reorganisation and streamlining of support services

Public Realm

- Waste strategy – route optimisation, vehicle capacity/efficiency, recalibration of waste collection service
- New income streams for commercial work to external customers
- CCTV/The Hub -

Resources & Place Delivery

- Business Development & Innovation team - SLA Online portal and services to schools and external clients
- Corporate finance – Beyond Forecasting Tool implementation and training for budget holders

5. Monitoring the Strategy

The Strategy will be monitored throughout the financial year as part of regular budget monitoring arrangements and be reported accordingly as part of the current quarterly budget monitoring reports to Directors.

The Strategy may be updated and replaced as proposals are developed and expenditure is incurred. The legitimacy of the use of the Strategy will be determined by the Council's s151 Officer in order to ensure that it meets the requirements set out by the Secretary of State.

8 December 2022		ITEM: 7
Corporate Overview and Scrutiny		
Local Council Tax Scheme		
Wards and communities affected: All	Key Decision: Key	
Report of: Andy Brittain, Operational Lead for Revenues and Benefits		
Accountable Assistant Director: N/A		
Accountable Director: Jonathan Wilson, Interim Director of Finance		
This report is Public		

Executive Summary

Local Council Tax Support (LCTS) helps support council taxpayers who have a low income by providing a reduction in the actual amount in Council Tax payable.

On 1st April 2013, LCTS replaced the national Council Tax Benefit Scheme (CTB). Unlike CTB, which was wholly funded by Central Government and administered by local authorities, for LCTS each Council was required to design and implement its own scheme against a backdrop of 10% reduction in central funding.

The Council is required to consider its scheme annually and consult on any changes before they are introduced. The current LCTS scheme was implemented on the 1st April 2017 following consultation and has been agreed for each subsequent year up to the current financial year with no changes.

For the forthcoming year, it is recognised that the Council needs to identify savings to close the budget gap. However, when considering the level of Local Council Tax Support for the forthcoming year, this needs to be balanced against the comparative cost of the current scheme; the economic climate; and the ability of claimants' to accommodate reduced support.

This report provides details of Thurrock's current scheme and further analysis to support the recommendation that the current scheme remains unchanged for 2023/24.

1. Recommendations

- 1.1 To note the analysis of the current scheme.
- 1.2 To support the recommendation that the current scheme remains unchanged for 2023/24.

2. Introduction and Background

- 2.1 The design of each LCTS scheme must be finalised by the 11th March 2023 ahead of the relevant year to which it relates. Failure to provide a scheme by this date will trigger the implementation of a default government scheme. The default scheme would require the Council to revert back to the level of support that would have been provided under the national Council Tax Benefit arrangements. With regards to the current caseload, reverting to the national scheme would result in an additional cost to Thurrock of circa £1m per annum.
- 2.2 Some components of the LCTS scheme have been directed by Government such as:
- all low income pensioners will be protected under the national framework as defined by DCLG;
 - consideration for protection for vulnerable working age groups will be allowed for; and
 - each authority's scheme will maintain work incentives wherever possible. The Government continues to stress the importance of this principle given the current economic climate and the welfare reform agenda.
- 2.3 From 2014/15, any specific funding for the LCTS scheme was rolled up into the Revenue Support Grant (RSG) as provided to local authorities by the Government. It is entirely for local authorities to decide how much they are prepared to spend on their LCTS scheme.
- 2.4 Local authorities take on the risk that liabilities under LCTS exceed the amount projected for at the start of the relevant financial year. This risk is shared between billing and major precepting authorities with circa 15% of the council tax collected by the Council being paid over to the Essex County Fire and Rescue Service and Essex Police.

3. Analysis/review of current scheme

3.1 Overview of existing Scheme

The existing Scheme contains the following elements:

- to ensure work pays, the first £25 per week of earned income is disregarded when calculating levels of council tax support;
- the maximum capital limit is to be set at £6,000. This means anyone who has savings over £6,000 may not receive support with their council tax;
- for working age claimants, the maximum support allowed is set at 75% of their full council tax bill;
- to assist those with families, the Child Benefit and Child Maintenance received is not included as income in the calculation of council tax support;

- the maximum period a claim can be backdated under the scheme is one calendar month. In order to qualify for this, the claimant will need to provide good reason for not claiming earlier;
- there is a full disregard of military compensation payments, including War Disablement Pensions, War Widow's Pension and Armed Forces Compensation Scheme payments;
- the number of dependants assessed in the calculation of claimants needs is a maximum of two; and
- the maximum period of an award when temporarily absent outside the United Kingdom is four weeks.

3.2 Roll out of Universal Credit

In order to keep the process as simple and efficient as possible, Thurrock Council and the majority of other authorities made the decision to keep the Local Scheme aligned as closely as possible to Housing Benefit Legislation; this was to be reconsidered once Universal Credit had been fully rolled out.

Initially, Universal Credit was to be fully implemented for all new and existing Working Age claimants by 2017. However, this has now been extended nationally and the Government's latest forecast suggests the project will not be complete before 2024. In view of this, new Housing Benefit legislation is now forming part of the Welfare Reform agenda with this benefit continuing until at least 2024.

The numbers of UC claimants claiming LCTS are being monitored. As at the October 2022, there was a total LCTS case load of 9,209 with 3,868 of these claims were related to claimants in receipt of Universal Credit.

At this stage, the introduction of Universal Credit in the Authority has not made any significant change to the amount of LCTS awarded to claimants compared to the legacy benefits.

3.3 Accessibility

The application process for LCTS is linked to other national benefits such as Universal Credit and Housing Benefit. This means that people who claim these benefits are directed to make a claim for LCTS where applicable. Applications for LCTS can be made online (with assistance via customer services), community hubs and various other organisations for those who need help in completing a claim.

3.4 Level of Support and affordability

The current Thurrock scheme operates a means tested approach, with maximum discounts for working age people set at 75%. The current level of discount provides:

- a historic high average annual collection rate of approximately 96%.

It should however be noted that within the previous financial year, the collection rate dipped to 92% as a result of the pandemic and decreased collection activities. Whilst collection rates for the current year have recovered and are forecast to achieve 96%, this will need to be closely monitored in line with wider rising cost of living pressures and considered within future schemes.

- The overall cost of Thurrock’s LCTS scheme is below average when benchmarked by CIPFA against other unitary authorities.
- The maximum level of support provided to working age claimants is in line with other Essex authorities along the South Essex Corridor as outlined in the table below:

Authority	Max. Support Level
Basildon	75%
Castle Point	70%
Southend-on-Sea	75%
Thurrock	75%

When considering any changes to the scheme, whilst the maximum level of support afforded to eligible working age claimants is entirely at the Council’s discretion, in order to maintain a fair and effective scheme, the Council needs to consider both the cost of providing support and the ability of claimants to contribute towards services funded by Council Tax.

Based on the current caseload, the cost/saving of reducing/increasing the maximum level of support by 5% would be approximately £230k per annum. Setting the maximum level of support too low would make Council Tax unaffordable for residents on a lower income and would lead to low collection rates which would ultimately benefit no-one e.g. based on current caseload each 1% reduction in collection rates would equate to £45k (Hence a 5% reduction in the level of support would be largely cost neutral) Whereas an overly generous scheme would increase the burden on the Council’s finances.

Additionally, whilst clearly the Council needs to make savings, when considering any reductions to this scheme in conjunction with the above, we also need to take account wider burdens on peoples’ finances such as the steep increase in the cost of living and likelihood that the authority will need to increase Council Tax by at least 5% for the forthcoming year.

Therefore, balancing these considerations, the recommendation is to maintain the current scheme for the forthcoming year as the best available option.

3.5 Cost and Caseload

The number of people claiming LCTS increased as a result of the COVID-19 pandemic. However, numbers have now returned to pre pandemic levels although this will continue to be closely monitored.

Within Thurrock for the period October 2021 to October 2022, the number of claims in payment decreased by 795 with a reduced cost of £470k. However, when considering these numbers, we also need to take into account the risk that claimant numbers and associated costs will again increase within the forthcoming year as a result of the current economic climate.

Claimant Type	Number of Claimants		Total Awarded	
	As at Nov 22	Var. Oct 21	As at Nov 22	Var. Oct 21
Working Age – Employed	970	-362	£798,580.12	£40,145.62
Working Age – Not Employed	4794	-331	£3,784,374.80	-£402,221.90
Pension Age	3445	-102	£3,608,265.90	-£108,828.40
Total	9209	-795	£8,191,220.82	-£470,904.68

3.6 Complaints

There have been no specific complaints recorded regarding the Council's scheme in recent years.

3.7 Additional Support

Alongside the LCTS scheme, various other mandatory and discretionary discounts and exemptions are in place to provide assistance and support to specific groups. These include: Care Leavers exemption to the age of 21 (25 in exceptional circumstances); Severe Mental Health Exemption; and Single Persons' Discount. The Council also considers its wider discretionary power in exceptional cases to reduce the council tax owed where appropriate.

3.8 Further considerations

In addition to the available evidence which suggests the scheme remains fit for purpose, due to the impact of the pandemic and in the interests of maintaining current levels of support and consistency, there are no proposals to make changes to the scheme at the moment. It is, however, intended that the scheme will be considered further once the situation stabilises, and future demand/support can be more confidently assessed.

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

- 4.1 The Council is required to have an approved LCTS scheme that has been subject to public consultation where changes are proposed. The recommendations and timeframe outlined in this report will ensure we continue to meet this requirement noting the fact that no changes are

proposed for the following municipal year.

5. Implications

5.1 Financial

Implications verified by: **Mike Jones**

Strategic Lead Corporate Finance

The impact of the LCTS scheme forms part of the determination of the Council tax base for the forthcoming financial year

Based on current estimates, and the use of methodology contained within the report, this equates to 5,215 band D equivalent properties

The options for changing the scheme are detailed within the report, and this explains the relationship between reducing the level of discount offered, and the negative impact of having a lower collection rate, which could subsequently lead to increased bad debts. Therefore, this concludes that there is no financial benefit in reducing the level of discount offered to residents.

Furthermore, consideration has been given to the residents who qualify for the scheme, and their ability to pay an increased level of Council Tax in the current economic climate, and therefore it is proposed that the scheme remains unchanged from the current financial year

5.2 Legal

Implications verified by: **John Jones**

Director of Law and Governance, and Monitoring Officer

Section 13A(2) of the Local Government Finance Act 1992, requires the Council as billing authority to make a localised Council Tax Reduction Scheme in accordance with Schedule 1A to the Act. Each financial year the Council must consider whether to revise its scheme, or to replace it with another scheme.

Any revision to its scheme, or any replacement scheme, must be made no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.

This report proposes no revisions to the LCTS currently in place for 2022/23. Therefore, the Council would not be required to conduct the prescribed

consultation process where it is not proposing to make any changes to the LCTS.

Although there are no proposed changes to the Scheme, Full Council is required to agree the adoption of the Scheme to continue as from 01 April 2023 for the Council Tax year 2023/24.

Under Schedule 1A of the Act the Government has the power to make regulations about the prescribed requirements for schemes. Therefore any scheme that the Council adopts must comply with these regulations.

The Council must ensure that it has due regard to its Public Sector Equality Duty (PSED) under the Equality Act 2010 when considering whether to revise the LCTS or to retain the existing scheme. Prior to making a decision to adopt the LCTS for 2023/24 Members must take into account and give particular consideration to an assessment, outlining the impact of the proposals for persons that share the characteristics protected under S4 of the Act and the proposals made to reduce or mitigate any negative impact associated with the proposal.

5.3 **Diversity and Equality**

Implications verified by: **Rebecca Lee**

Team Manager - Community Development and Equalities

The Council has a duty as set out in the Equality Act 2010 to consider the equality impact of its policies and decisions. The LCTS can be claimed by anyone in the Borough meeting the eligibility criteria.

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

N/A

6. **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):

- Working Papers held by Corporate Finance and Revenues and Benefits.

7. **Appendices to the report**

None

Report Author:

Andy Brittain

Strategic Lead for Revenues and Benefits

8 December 2022		ITEM: 8
Corporate Overview and Scrutiny Committee		
Corporate Peer Challenge 2022 Update		
Wards and communities affected: all	Key Decision: Non-key	
Report of: Karen Wheeler, Director of Strategy, Engagement and Growth		
Accountable Assistant Director: n/a		
Accountable Director: Karen Wheeler, Director of Strategy, Engagement and Growth		
This report is public		

Executive Summary

This report advises members of the findings of the Local Government Association (LGA) Peer Team following their visit in January 2022 and highlights the council's initial response to their recommendations.

The full report of the LGA Peer Team is shown at Appendix 1 and the Action Plan at Appendix 2.

The LGA Corporate Peer Challenge (CPC) process provided some useful insight and recommendations to support the council to deliver its vision and priorities for its residents, businesses and other stakeholders.

The council published the CPC report and action plan on its website on 30 June 2022. A motion was supported at the Council meeting on 13 October 2022 requesting the CPC report and action plan were presented to this Committee and Cabinet. It is on the forward plan for Cabinet in January 2023.

In September 2022, the government appointed commissioners to support the council with the financial challenges it faces. As part of this intervention, the council was required to submit an Improvement and Recovery Plan to government by 3 December 2022. The CPC Action Plan has, therefore, been subsumed into and superseded by intervention and the IRP.

The IRP will be shared with members in the new year after the publication of the government response to the Best Value inspection and commissioner's reports and a further iteration of the plan prepared to address their recommendations and any additional directions.

1. Recommendation(s)

- 1.1 Note the outcomes of the LGA Corporate Peer Challenge in January 2022 and the actions as part of the wider response to the Best Value inspection and intervention process.**
- 1.2 Feedback on any specific areas which committee members feel should be focussed on in future iterations of the Improvement and Recovery Plan.**

2. Introduction and Background

- 2.1 The council invited the Local Government Association (LGA) to undertake a Corporate Peer Challenge (CPC) in January 2022. Earlier LGA Corporate peer challenges have taken place in 2011, 2016 and 2018.
- 2.2 The scope and focus of the visit in 2022 were the five core themes for all LGA Corporate Peer Challenges plus an additional focus at the council's request:
 - local priorities and outcomes
 - organisational and place leadership
 - governance and culture
 - financial planning and management
 - capacity for improvement
 - additional focus: delivery ambition
- 2.3 The council published the CPC report and action plan on its website on 30 June 2022. Councillor John Kent presented a motion at the Council meeting on 13 October 2022 (originally submitted for the meeting scheduled for 21 September 2022) requesting the CPC report and action plan were presented to this Committee and Cabinet. It was confirmed that they were on the forward plan and the Motion was carried.

3. Issues, Options and Analysis of Options

- 3.1 Following the receipt of the LGA Peers' report (Appendix 1), an action plan was developed around their recommendations - see Appendix 2
- 3.2 Since the CPC Action Plan was developed, the government has appointed Essex County Council as commissioners to support the council with the financial challenges it faces. As part of this intervention, the council was required to submit an Improvement and Recovery Plan to government by 3 December 2022. The CPC Action Plan has, therefore, been subsumed into and superseded by the intervention and IRP.

- 3.3 The themes in the IRP are:
- financial sustainability
 - governance and scrutiny
 - strategic direction
 - place leadership and growth
 - leadership and culture

There is a correlation to the focus of LGA Peer Reviews at 2.2. above.

- 3.4 The IRP will be shared with members in the new year after the publication of the government response to the Best Value inspection and commissioner's reports and a further iteration of the plan prepared to address their recommendations and any additional directions.

4. Reasons for Recommendation

- 4.1 The LGA Corporate Peer Challenge process provided useful insight and recommendations to support the council delivering for its residents, businesses and other stakeholders. Since the CPC Action Plan was developed, the government has appointed Essex County Council to support us with the financial challenges we face. As part of this intervention, the council was required to submit an Improvement and Recovery Plan to government by 3 December 2022. The CPC Action Plan has, therefore, been subsumed into and superseded by the IRP.

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

- 5.1 The LGA Peer Team met with many stakeholders and partners, both internally and external to the council, including staff, members, businesses, public sector partners and the voluntary and community sector.
- 5.2 Extensive engagement is taking place and will continue to inform the Improvement and Recovery Plan.

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

- 6.1 The findings of the LGA Peer Team included recommendations on how the council should be clear about its strategic priorities and involve stakeholders in the co-production of key strategic documents. This was included in Appendix 2 Action Plan and is reflected as part of the Improvement and Recovery Plan.

7. Implications

7.1 Financial

Implications verified by: **Joanne Freeman**

Finance Manager

The LGA Corporate Peer Challenge made some recommendations around financial matters. This will now form part of the wider Improvement and Recovery Plan which was required to be submitted to our commissioners and the government by 3 December 2022.

7.2 Legal

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

By virtue of Directions made under the Local Government 1999, the council is now subject to a government intervention package relating to the management of the council's finances and a Best Value Inspection of its governance, audit (internal and external), risk management, overview and scrutiny functions. Essex County Council has been appointed as Commissioner to conduct the intervention and has appointed Best Value inspectors.

The Directions require the council to take certain actions which includes to prepare and agree an Improvement and Recovery Plan to the satisfaction of the Commissioner (which may include or draw upon improvement or action plans prepared before the date of the Directions) within three months, to include at a minimum: a. an action plan to achieve financial sustainability and to close any short and long-term budget gaps identified by the council across the period of its medium-term financial strategy (MTFS), including a robust multiyear savings plan; b. an action plan to ensure the council's capital, investment and treasury management strategies are sustainable and affordable; c. a strict debt reduction plan and an updated minimum revenue provision (MRP) policy; d. an action plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority; and e. a suitable scheme of delegations for financial decision-making. The Commissioner's first report is expected to be handed to the government alongside the Improvement and Recovery Plan in early December.

The legal requirement to prepare and agree an Improvement and Recovery Plan, has now superseded the CPC review and action plan. However, the Plan may include any appropriate/ relevant actions identified from the CPC review and action plan which members consider relevant for inclusion.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**

Community Engagement and Project Monitoring Officer

There are some recommendations put forward from the Peer Team which relate to diversity and equality specifically around involving our communities. These are being considered as part of the wider work around community engagement and involvement in developing plans moving forward. Any such actions will be considered separately as and when they are developed.

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

Individual projects arising from the recommendations may have implications on some of the above, in particular in relation to staff, which will be considered separately as and when they are developed.

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):

N/A

9. Appendices to the report

- Appendix 1: LGA Corporate Peer Challenge Report, January 2022
- Appendix 2: Corporate Peer Challenge 2022 Action Plan

Report Author

Sarah Welton

Strategy Manager, Strategy, Engagement and Growth

This page is intentionally left blank


LGA Corporate Peer Challenge

Thurrock Council

10 – 13 January 2022

Feedback report





1. Executive summary	3
2. Key recommendations	6
3. Summary of the peer challenge approach	7
4. Feedback	9
5. Next steps	24

1. Executive summary

This is Thurrock Council's third Corporate Peer Challenge (CPC) with previous peer challenges taking place in 2011, 2016 and a follow up in 2018. Thurrock is fully committed to sector led improvement with the CPC bringing together a wider programme of reviews of Adult's and Children's Services and the Council's plans for Transformation. This programme of reviews was scheduled specifically to inform decision-making associated with the planning for delivery of a balanced budget for 2023/24 and to ensure the recommendations drive the Council's transformation into a leaner, more efficient and financially sustainable organisation.

The CPC was delivered using a phased hybrid methodology consisting of three phases:

- a first phase of detailed financial diagnostics, comprising of three days of virtual meetings and three days reviewing and summarising key financial documents
- a second phase comprising of two days of virtual meetings and
- a final phase of two days of on-site face-to-face meetings.

There is no denying, Thurrock Council has made significant progress and is extremely ambitious. There is a huge growth and regeneration programme taking shape, which includes delivery of the UK's largest Freeport, the lower Thames crossing, A13 road infrastructure improvements, new civic offices and the regeneration of Tilbury and Grays as part of the Towns Fund. The Council is also embarking on a significant Council wide transformation programme which aims to save £5m in 2022/23. All this is in the context of a severely challenged financial background and a forecasted funding gap of £34m over 22/23 and 23/24.

The drive and ambition demonstrated by Thurrock Council is commendable, but it was clear the Council has not identified its main priorities and all work delivery is considered equal. The Council agreed a refreshed "People, Place and Prosperity" (PPP) vision and priorities in September 2021, however there is far more being delivered or planned for delivery than originally agreed and additional work continues to be added. There simply isn't the capacity or resources to deliver and the Council

needs to stop, review what type of Council it wants to be and prioritise accordingly. Once agreed, nothing should be added to the agreed list, unless there is agreement to pause, stop or remove something else. The Council also needs to urgently discuss and agree a programme of disinvestments to support this priority setting.

Staff at Thurrock are dedicated, committed and loyal. They have gone above and beyond during the pandemic and continued to deliver the Councils priorities at pace, however they are tired and with the prospect of redundancies due to the Councils financial position, they are concerned about their future and are looking to the leadership for clarity and direction. The Leader and Chief Executive need to 'front up' collective communications on the Councils strengths, challenges, priorities and opportunities, both internally with staff and externally with partners and stakeholders to ensure there is a shared understanding of the new priorities, direction and focus of resources.

Partners and stakeholders from the private, public and voluntary sectors are excited about the opportunities in Thurrock and want to be more involved in delivering these. Peers heard from partners that the culture at the Council is to want to lead or be in control of everything, with the phrase "Fortress Thurrock" used. Given the financial and capacity challenges the Council faces, Thurrock needs to embrace help and support from others including from its national and regional partnerships and not see this as a weakness – it can still exert the appropriate influence. Reviewing partnerships and freeing up resources will then allow the Council to concentrate on where relationships need to be strengthened. Partners believe stronger relationships need developing with Government, particularly around the Freeport and consider the Council best placed to achieve this.

The Council finances are severely challenged. The draft position for 2022/23 is projecting a balanced budget, but this is to be achieved by potentially using more reserves than in previous years and having a much larger level of savings. Despite significant work, there are no solid plans in place for 2023/24 and there are likely to be insufficient reserves available to use. The Council is planning to use £3.3m reserves in 2021/22 and to increase that by up to £4.8m in 2022/23. This is not a sustainable position and does not demonstrate good financial management. After factoring in council tax increases, savings and growth the Council still has an £8.9m gap for 2023/24 and a further gap of £5.4m in 2024/25 that will need radical plans to

resolve.

The investment strategy has served the Council well in recent years and largely shielded it from the difficult decisions many other Councils have faced. Whilst beneficial, it means Thurrock doesn't have a track record of delivering savings at scale. In order to ensure the urgent savings and efficiencies are delivered:

- Tight governance and infrastructure needs putting in place to monitor and manage the savings across the council, not just within finance.
- All Councillors need to understand the scale of challenge and be equipped with further financial information and analysis to inform oversight and future decision-making.
- Governance and oversight of the Councils investments, commercial activity and current/future capital programmes also needs strengthening.

The Council has to get on the front foot for 2023/24 and must urgently progress this.

Currently transformation and change programmes are, mainly financially driven, which given the Council's financial situation is to be expected. This has however led to services working individually to draw up savings plans, with insufficient thought to cross council transformation and how public sector reform, commercialisation in partnership or demand management can drive different ways of working. Directors' Board need to make time to collectively problem solve and work across services to ensure all opportunities are being explored and interdependencies are mapped. Many of the building blocks are in place to support staff to feel part of the next phase of transformation, for example, the Digital Academy, Change Leads and Directorate Champions. Make the most of these groups to fully engage all staff in the journey.

Although not universal, peers did identify tensions between officers and Councillors and strongly recommend these relationships are reset, to ensure complete understanding of respective roles and responsibilities. A programme of facilitated conversations individually and together would help support the culture of the organisation moving forward.

2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

2.1. Recommendation 1

Prioritise the Thurrock Ambition – Agree what type of Council you want to be and use this to drive transformation and culture change. Prioritise what you want to deliver within the budget available and agree on the disinvestments.

2.2. Recommendation 2

Financial Stability/resilience and sustainability – Corporately own and understand the financial information, align the MTFS with the ambition and priorities and effectively deliver the savings.

2.3. Recommendation 3

Agree and deliver a cross council transformation programme – Corporately own and understand the whole transformation programme, ensuring a strong governance framework to drive through the improvements.

2.4. Recommendation 4

Strengthen corporate leadership, organisational culture and member/officer relationships – make time for facilitated conversations, be clear on roles and responsibilities and describe and then demonstrate the culture you want to achieve.

2.5. Recommendation 5

Harness the partnerships offer – from local to regional and national – Define the partner you want to be in different scenarios and accept or secure help from others.

2.6. Recommendation 6

Shape and promote the collective narrative – drive proactive communications which celebrate your success and actively manage the Council's reputation.

3. Summary of the peer challenge approach

3.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Lead Member Peer (Conservative), Cllr William Nunn, East of England Regional peer - Breckland Council
- Lead Member Peer (Labour), Cllr Sir Steve Houghton, Leader, Barnsley Metropolitan Borough Council
- Lead Officer Peer, Susie Kemp, Chief Executive – Swindon Borough Council
- Senior Officer Peer, Kate Martin, Executive Director of Place – Southampton City Council
- Senior Officer Peer, Kate Waterhouse, Chief Information Officer – Bury Metropolitan Council
- LGA Officer Peer, Voke Oniovo, Programme support officer – Cyber security
- LGA Peer Challenge Manager – Kirsty Human
- LGA Project Support Officer – Simisola Rasheed Name and role/job title

Finance Diagnostic

- LGA Financial Improvement and Sustainability Adviser - Julie Parker
FCPFA

3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its

- priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
 3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
 4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
 5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to these questions, you asked the peer team to provide feedback on:

6. **Delivery ambition** - How can Thurrock Council continue to deliver high quality services to residents whilst investing in the regeneration of place with significantly less resources and capacity? What options are there for working with the community, business and voluntary sector to deliver services in the future.

3.3. The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. A robust and rigorous financial diagnostic was undertaken over six days in December 2021 to provide the peer team with a focused and detailed analysis of Thurrock Councils financial planning and management. Meetings were held with the Chief Executive, Corporate Directors for Resources, Adults and Children's services, the Deputy

Leader and Finance portfolio holder and consultant reviewing Transformation. A comprehensive suite of documents, plans and financial accounts were also analysed and discussed. The team then spent two days virtually and two days onsite at Thurrock Council, during which they:

- Gathered information and views from 37 meetings, in addition to further research and reading.
- Spoke to more than 125 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

4. Feedback

4.1. Delivery Ambition

There is a phenomenal amount of ambition and growth in Thurrock. Situated on the north side of the River Thames bordering Essex, Kent and East London and with excellent rail and road links, the Council is perfectly positioned as an economic growth hub.

With the largest UK Freeport, two successful Towns Fund allocations (Tilbury £22.8m and Grays £19.9m), the lower Thames crossing, several major infrastructure projects (including the A13 widening and Stanford-le-Hope Interchange) and Corringham Integrated Medical Centre (IMC) (one of four) there is a huge amount of delivery and it was clear the Council is doing its utmost to simultaneously manage this complex portfolio of programmes and project delivery.

Peers heard that the “ambition is a blessing and a curse.” Balancing the delivery of these large projects whilst continuing to provide core services in the face of a challenging budget position and transformation programme is currently untenable. Partners and stakeholders expressed frustration at the lack of strategic vision, prioritisation and join up between such large infrastructure projects. With conversations taking place separately at the operational and strategic level without coordination or leadership.

The Council needs to develop a clear strategic growth plan which sets out the narrative and priorities for growth in Thurrock. Bringing together all the projects under one programme, aligned with economy, culture, community and wellbeing outcomes. The programme needs a timeline with appropriate milestones, governance, stakeholder engagement, resourcing, outcomes and communications strategy.

Governance arrangements for the growth board are at an early stage with the Chief Executive providing corporate leadership and ownership. The board would be strengthened with representation from “people services” to align with education, health and community services – to ensure social and community/wellbeing outcomes are also secured and delivered as well as physical environmental changes. It would also enable one conversation to take place and move forward at pace.

The scale and skills required is beyond the Council’s current capacity and resources. Partners are really excited about this agenda and want to work with the Council and be part of the journey. Thurrock Council needs to stop putting its hands up and saying, “we’ll do that”, empower others to take the lead, secure help and share the workload. Thurrock doesn’t have to lead and drive everything – in fact, the Council risks excluding willing partners by continually doing this. The benefits of shared services to enable resilience, capacity, extra resourcing and knowledge/skills retention should be considered. Peers also encourage Thurrock to do more work on defining the type of strategic partner it wants to be for growth – for example, direct deliverer, enabler, commissioner, client or hybrid. There are many models which support limited capacity and technical expertise and there is no shame in accepting and welcoming help and support – be open to being open.

Taking the Freeport as an example. As the accountable body Peers understood that retained business rates from Thames Freeport will give the Council opportunity to invest £300m in projects to accelerate levelling-up outcomes in the area. However, the Council needs to consider the impact on its budget profile of forward funding £300m for the business rates. This is a high-risk model to pursue and goes against the backdrop of savings and transformation the Council is currently pursuing and more challenging economic conditions. The Freeport project is momentous and partners are keen to support it. Thurrock Council should therefore consider how the private sector and other local authority partners could help to reduce the risk in a way that demonstrates positive partnership working whilst respecting political locus.

The region strategically supports Thurrock. The Association of South Essex Local Authorities (ASELA) has brought together seven Councils across South Essex to deliver for the region and provide a platform to engage with national government. Over £11m has so far been provided by government for the five pioneer programmes: superfast digital connectivity, Thames Freeport, SEEPARK (South Essex Estuary Park), Infrastructure and housing and South Essex Technical University. The Thurrock chief executive plays a key role in chairing and leading the partnership, but partners would welcome more senior political engagement to strengthen the partnership.

Partners agreed that ASELA is a strategic partnership that can deliver at scale and pace across South Essex unachievable to each of them singularly – the power is in the collective. It was also clear this model of partnership working could be replicated elsewhere and should be promoted outside of Essex.

Thurrock has great examples of community engagement such as the “Your Place, Your Choice” consultation on the Local Plan and with the Princes Foundation in Aveley. The Councils “Inspire” youth service has also developed a [fantastic video](#) for young people to understand the context of Thurrock and the opportunities there are for them. The peer team suggest the Council replicate these projects and develop a communication and engagement plan to engage communities in the ambition for Thurrock. Communities want to know how regeneration; new businesses and the Freeport benefit them. Communicate the opportunities, jobs, skills and the social return on investment.

4.2. Local priorities and outcomes

There is so much to be proud of in Thurrock and from the Corporate Peer Challenge in 2011 to now, the journey of improvement is evident. The Council works hard to deliver the best services to its residents and this has been recognised and rewarded with many accolades and awards from external bodies.

The Council is delivering high quality services, with Children’s rated good in the 2019 [Ofsted inspection](#) and a recent [focused visit](#) found “Thurrock Council continues to provide effective, responsive services for vulnerable children. Children have remained a key focus for Councillors and they continue to be a corporate priority. Performance in Adults, Planning and Revenues services is also to be applauded as

is the approach to community focussed/based health services. In general performance when compared with CIPFA neighbours is above average in many areas ([LG Inform Report](#)).

The People, Place and Prosperity plan sets out the Councils vision and priorities and is recognised by staff and partners. The Backing Thurrock, Economic Development Strategy, Health and Wellbeing Strategy and emerging Local Plan, interconnect to provide further themed strategic direction. What peers felt was missing was an overarching 'place narrative' for Thurrock. The Statement of Intent, due to be published in summer 2022 and continued work to secure the Local Plan could be the missing links, as long as communities, Councillors, partners and stakeholders are collectively engaged. It must not be a document developed in isolation then presented for consultation. There needs to be real co-design on a shared understanding of what Thurrock will look like in the future and how everyone contributes to achieving this. Thurrock has a strong record in this area and should continue to build on this.

Once the Council has agreed its direction, there must be a rigorous prioritisation exercise. As previously mentioned, there is too much to do and not enough resources or capacity to do it. There is an urgent need to prioritise the workplan and agree what has to be delivered, sequentially and use the transformation programme to shape the Council to deliver this in the most efficient way possible. Thurrock Council should have more confidence in itself and each other so that when the priorities are agreed the council can work as one to deliver.

Although major incidents are planned for, it is never expected that so many would hit one Council at once. The Council's response to the pandemic, people trafficking tragedy, power loss to a residential home and a chemical spillage at a Control of Major Accident Hazards Regulations (COMAH) site, comprehensively tested the Councils skills and resilience. The blue light services in Thurrock praised the Councils "excellent" response and ability to "get things done."

Partners involved in the pandemic response also commended the Council on its swift call to action, setting up Thurrock Coronavirus Community Action (TCCA) with the Community and Voluntary Sector (CVS), supporting schools, care homes, local test and trace, redeploying staff, coordinating briefings and supporting the wider area with

data modelling. The Council really came together and demonstrated how it can work collaboratively, put trust in others and transform at pace.

Thurrock Council has a good reputation for engaging with its communities - "Your Place, Your Choice", Aveley and the Health and Wellbeing Strategy campaign around the Local Plan was well received. Use the Local Area Coordinators and Community Builders to ensure the voice of all residents is heard in strategic planning. Peers also heard that communities want to see the output and outcomes from their engagement, for example from the Local Plan which was some time ago now. It's challenging but keep the momentum and excitement going.

Services want to be more engaged in cross cutting strategies. Consider the added value the growth/economy and inward investment can provide for local communities from involving children's services with the economic development plans. The investment in housing, youth centres and other facilities will help to create a "feel good factor" whilst also meeting the Council's duties under its corporate parent role to help children and families in deprived areas. There was evidence from the Freeport work that opportunities for care leavers and Special Educational Needs and Disability (SEND) learners had already been considered, with apprenticeships and work experience built into the social value offer. This should be celebrated and expanded. However, ensure the demands from the planned economic growth are modelled and fully understood, for example what will be the demands in terms of school places and social care?

Although the Council has an Equality, Diversity and Inclusion Strategic Delivery Plan, this is not fully embedded. There appears to be a focus on delivery targets rather than outcomes. In building the new transformation programme there needs to be a stronger link between activity and how this will reduce inequalities. The staff networks want to be engaged and could add real value to this agenda. This could also be a way of drawing in Children's and Adult's Improvement Plans. Partners felt that some of the reason for this is that the areas of deprivation have improved, but there remain pockets of multi-generation unemployment which need attention, particularly bearing in mind County Lines, Gangs and Anti-Social Behaviour/Youth Violence.

The Council declared a Climate Emergency in October 2019. A positive cross party Climate Change Partnership Group (CCPG) was established to support the

embedding of carbon reduction in all areas of council activity and consider ways to maximise local benefits. The group has solid political support and a small officer team. Despite the pandemic, the group have met and are just a few months away from publishing a delivery plan. Peers encourage the group to continue embedding its work throughout the organisation, tying in engagement with all services and the transformation agenda. It is also worth exploring the strategies of neighbouring local authorities on this agenda to investigate the benefits of joint applications to government for grants and funding.

4.3. Organisational and place leadership

Thurrock Council has come a long way since 2011 and is now very much outward looking, seizing opportunities (Towns Fund) and expanding partnership arrangements (ASELA, Thames Estuary Growth Board, Thames Freeport and Stronger Together Partnership). The Council has led bids bringing millions of pounds of investment into the borough.

Thurrock is growing at rapid pace and the Council needs to be involved in the many partnership boards to influence the direction of this. Peers heard from partners and stakeholders that whilst the Council is represented at officer level, they want to see more political leadership involved in driving the agenda locally, regionally and nationally.

Thurrock is critical to UK plc, but at present there is no government delivery package. Multiple conversations are taking place with Government departments at many levels, but there isn't a single voice sharing the political vision, opportunities of collective growth programmes and harnessing cross department support and technical/project/strategic resourcing. The scale of what is needed, needs to be underpinned through collaboration and leadership with partners and Government who are willing to offer support.

The retirement of the Director of Place allowed savings to be made by reallocating the functions of the Directorate across other members of Directors Board with the intention of "Place Delivery" becoming a cross-cutting agenda across all areas of the Council. However, with such a huge growth agenda, peers believe this weakens governance and is a risk that has impacted strategically and operationally on the leadership and strategic coordination for growth, including capacity, enabling and

joint conversations locally, regionally and nationally.

Peers recommend a figurehead is identified to lead this agenda with the separation and immediate realignment of strategic place functions (enabling sustainable growth) and place and neighbourhood management functions (front-line place management /operations/ customer services). By grouping these functions in various ways across the organisation currently, it creates confusion for strategic partners, potential missed opportunities for financial and efficiency of front-line services for residents, resilience, capacity and customer focus. Having the right people at the right fora will support the collective empowered leadership sought from the Council.

There is a strong network of CVS in Thurrock however they struggle to understand the vision for the place and are looking to the Council to facilitate the creation of a clear sense of purpose which will drive commissioning decisions - allowing the partners to add maximum value. Ensure this is captured as part of the new Statement of Intent and bring Thurrock together in one place.

Historical relationships between the voluntary sector and the Council have been weakened by Covid. Although the emergency response has been excellent, restrictions on mixing and the impact on officer capacity has meant that some of the business-as-usual work has stalled. This needs reinvigorating with clear organisational leadership which puts the community and voluntary sector at the heart of demand management.

There was a sense from the CVS that there was a reticence to engage with them on the budget position in an open and constructive way. However, they felt that by taking time to celebrate successes they could identify innovative ways of working together to create sustainable models for the future. This should be at the heart of the Public Sector Reform work which is currently at an early stage. The strengths based, community first offer in adults services was quoted as a good example which with further scoping and programme management as part of the Councils “Think Family – Whole System Approach” could be implemented across other services.

Both of these points came down to the time available for officers and Councillors to genuinely engage with the CVS and with residents. Although there are good examples of past community engagement, partners spoke of residents feeling “done to” in terms of decision making but recognised this was due to volume of work and

the fact there is rarely time for collaborative co-design with residents given the pace at which the Council has to work. Partners spoke of working together to build a bridge from successful operational delivery to shared medium/long term planning. Using the new Collaborative Communities Framework, make time to redefine these connections and build up the trust and productive relationships required.

4.4. Governance and culture

Peers spoke with many officers and Councillors across the Council to understand relationships and behaviours. Views were mixed, “toxic politics” was referenced, but there were also signs of good cross party working, a good example is the climate change partnership group. Overall, there was resounding agreement that relationships needed to continue to be built on to improve the culture of the organisation and Councillors needed to take responsibility for their own learning and development.

Councillors want to receive more information, for example, through briefings such as those provided during the pandemic, which were welcomed. They want to come together more with officers, informally to discuss projects and casework. And they would like to be cited on the outcome of issues fed into the member enquiries portal.

Officers would like to see more medium to long-term strategic planning and annual prioritisation – an issue exacerbated by the cycle of elections in thirds. They need a narrative for the borough – to know what the Council doing and how are they doing it. And to have a collaborative discussion around disinvestments.

In order to achieve these requests, peers recommend the Council makes time for some facilitated political and officer top team development. With separate sessions to understand each other’s roles and responsibilities followed by joint sessions to recognise and acknowledge differences and to build richer trusted relationships. Thought should be given to how to build and develop more informal relationships which will be essential as the Council moves forward with tough decisions. Consideration should also be given to the benefits of all out elections given the direction of travel and need to plan longer term.

The Council operates a Leader and Cabinet form of governance with six overview and scrutiny committees in addition to the usual committees and task and finish

groups. Whilst there was general consensus that this works, there were concerns the number of meetings overall, did not allow enough time for the agendas of each to be fully discussed – there are only two days per month with no meetings. This was specifically raised in relation to the overview and scrutiny committees, with a view fewer committees would allow more time for the remaining ones to meet and consider more items. A review of these arrangements would ensure the Council's political governance is congruent with the Council's delivery vision and ambitions.

Thurrock Council takes a pre-decision scrutiny approach with reports for Cabinet decision going first via scrutiny. Reviewing decisions before they are made provides an important means to influence those decisions and to improve them. However, it appears the original purpose for this process has become confused with the quality of scrutiny variable between committees and many Councillors now see it as a pre-cabinet meeting. The Council would benefit from a review of its governance arrangements to consider:

- the role, relationship and interplay between each element
- more cross cutting portfolios to ensure economic, community, wellbeing, partnerships financial linkages and opportunities are fully realised to support and underpin the sustainable growth and corporate plan ambitions
- clearer and more robust governance and a culture of challenge and scrutiny.

The governance review would also help address concerns the roles of backbench Councillors were being overlooked, with fewer reports to Council for them to participate in and debate. Non exec Councillors also wished to see more detail in public reports to help support their understanding of the challenges facing the Council. Peers recommend the relationships between Cabinet, Scrutiny and Council are clarified, along with the roles and responsibilities of each. Consideration should be given to the role of all Councillors in setting policy, engaging on key decisions such as the budget and ensuring they are on board with the Councils strategic direction – with Councillors accountable for their own actions and behaviours in response to this.

Partners described the Council as “straightforward, candid and focused on delivery”. Peers also heard the phrase “we are doers, at Thurrock we get things done”. This is a good reflection of the Councils culture. However, staff are understandably

exhausted following the demands of the past two years and are now saying, “the doers have too much to do” confirming the point that prioritisation is key to future delivery.

The Council has some great ambassadors within the Corporate Workforce Group and Directorate Workforce Groups (DWG). Peers heard how the groups enable two-way conversation up and down the organisation and effect change. They are also involved in shortlisting the nominations for annual staff awards. Peers encourage the council to keep supporting and developing these groups and complete the roll out of DWG to all directorates/services.

Feedback from the Staff Networks confirmed the Council is engaging with all seven (soon to be eight) groups in terms of shaping key equality, diversity and inclusivity-related work and policies and marking local and national/international events throughout the year. They are keen to build on this by making more significant contributions to Equality Impact Assessments to achieve genuine inclusive growth. Their involvement to date has been sporadic and they would appreciate feedback on their input.

Staff welcomed the Chief Executive’s weekly blog and #TeamThurrock weekly e-newsletter, however, this was seen as top-down communication without a right of reply. It was also mentioned this was not available to staff without IT and that some messages are being heard through the media before corporate communications. There is now a need for staff to hear directly from the Leader and Chief executive, standing side by side, focussing on communicating organisational priorities, the change journey and updates on challenges/next steps with opportunities for staff to engage and ask questions and be part of future problem solving. Exploring ways to deliver such sessions as soon as possible is key to winning hearts and minds.

4.5. Financial planning and management

The Council’s investment strategy has served it well in recent years raising over £115m, it helped to increase historically low reserves (from £8m to £24m) and even during the pandemic it continued to raise funds, given the nature of the investments (renewable energy). Due to the changes in government rules on how councils can invest, this strategy is now paused. This leaves the Council with significant budgetary pressures over the short to medium term and it feels like the Council is now at a

critical point where the ambition far exceeds the reality of the medium-term financial strategy (MTFS).

In recent years, budgets have been managed and balanced using a mix of underspends, carry forwards and reserves. For 2020/21, Children's services were on budget and other services underspent, with £9m of carry forwards the Council was able to create a buffer going into 2021/22. At Q2 in 2021/22 children's services were overspending, mainly offset by others underspending. There is a £3.3m planned use of reserves. With many one-off mitigations and the use of reserves, the challenge for the Council will be to pull the spend down and manage without the one-off mitigations – although concerningly children's and adults' services told peers they are unable to do this (Thurrock is already among the lowest spending per adult for adult social care across the country.)

The projected draft position for 2022/23 is balanced, by potentially using more reserves than previous years and having a much larger level of savings to achieve. For 2023/24 there is no clear way forward and there are likely to be insufficient reserves available to use. The ongoing use of reserves is also not sustainable or good practice, current projections have the potential to reduce the earmarked reserves to £2.4m by 31/3/23. The Council is currently forecasting a £8.9m gap for 2023/24 and a further gap of £5.4m in 2024/25 that will need to be bridged. This is a sizable gap for the council to bridge in 2023/24 with ongoing measures if it is to get to a sustainable financial position.

Areas of particular concern include:

- Transformation – digital/cross cutting projects (approx. £1.8m). How realistic are they and is there enough detail to support the planned savings? There is a risk that they are not owned and if savings are top sliced will they be delivered for the activity described?
- Centrally held savings - there was differing feedback regarding how the £4m savings from vacancies was treated in the budget.
- Cross cutting savings that appear to be from top slicing - accountability and ownership for their delivery needs to be clear as does their cumulative impact.
- The adequacy of the growth levels for children's and adults in 2023/24

onwards – this is significantly below the expected national level but does appear to take on board the ongoing implications of the 2021/22 in year pressures.

- It appears that no provision is being made for any income losses due to the ongoing impact of covid beyond 2021/22.
- The adequacy of the financial position to underpin the profile of borrowing and business rates growth to sustain the Freeport proposition medium-term sustainable growth plans and projections in the current format.

In addition, there are challenges, similar to many other councils that need addressing:

- Impact of the need to provide Minimum Revenue Provision (MRP) on investments.
- Impact of the adult social care white paper
- Increasing demands and complexity of cases in children's and adults
- Ongoing impact of covid on income and demand pressures
- The opportunity that the Freeport could bring, will bring challenges as it could potentially require borrowing of up to £300m for investments, funded by business rate income. This will further increase the councils borrowing and the risks that brings, while also appearing to be in conflict with a programme of savings across the council and more limited in scope agreements for joint 'financial pooling' and risk sharing partnerships.
- Residential growth projections and how this may support medium-term income through council tax

The Council recognises that significant further work is needed to identify and deliver additional savings that can be achieved through a wider transformation programme. This has led to a mostly financially driven transformation programme which seeks to reduce costs with a narrative largely focused around reducing posts rather than holistically reviewing the organisation and considering future service design. This narrative needs to change.

The limited savings required for 2021/22 (£5.7m) do not require much proactive

action, so the Council does not have a track record to evidence it can deliver savings at scale. Delivering the savings and bridging the gaps in 2023/24 and 2024/25 will require a level of management, control and focus never experienced before. Peers identified this as the number one priority for the directors' board urging them to make the time and space required to understand the detail and work together. The infrastructure and pace needed to ensure the £14.2m savings in 2022/23 are delivered is not to be underestimated. It needs to be everyone's priority not just the finance team. If the savings are not achieved, it adds further pressure and risk to subsequent years.

The Council has a good relationship with its external auditors. There were no qualifications or VFMs last year. There is a good ecosystem around audit and fraud and it is used to support improvement. The Audit Committee works well and is positively challenging but fair. Peers were pleased to hear there is currently one independent person on the Audit Committee but recommend the Council give consideration to adding another with commercial skills to ensure good governance and due diligence around future business cases.

It became clear that not all Councillors fully understood and respected the magnitude of the financial challenge ahead and the difficult decisions and strategy required to address it. For example, Councillors were celebrating the £20m taken out of the capital programme following a fundamental review of the programme, an inconsequential sum given the substantial size of the overall programme (£200m for 2021/22). It is, therefore, essential that all Councillors are appropriately engaged with financial planning to ensure good governance, informed decision making, agreed narrative and solidarity with the challenges facing the Council. Peers recommend informal briefings, further detail in published reports and improved oversight of commercial/investment activity, Thurrock Regeneration Ltd, treasury management and the capital programme. The capital programme monitoring processes need to be strengthened with convincing business cases, approval gateways, effective reporting and a strong programme management office (PMO) function. Due diligence and alignment of financial and programme management reporting are important and crucial for what the council decides to do next.

Peers acknowledge it is a tough financial environment for local government and Thurrock Council have been fortunate to have skilled and entrepreneurial staff who

seized opportunities to raise income, top up reserves and deliver award winning services during austerity. However, the strategy now has to change and the Council is facing the painful decisions that many others have already confronted. You need to make time to focus on the finances, prioritise, ensure everyone is on the same page and deliver the savings for 2022/23 to get on the front foot for 2023/24.

4.6. Capacity for improvement

The Council refreshed its vision and priorities, People Place and Prosperity in September 2021 to set the direction of the Council. A cross council transformation programme - prospectus for change - is now the key enabler to deliver this strategy and align to the values of PPP.

People are a critical component of this strategy and the Council has developed a range of policies to support its identity and further change over the next three years. Linking to the Customer Services Strategy, Digital Strategy and MTFs, the People strategy details the behaviours, values and skills expected. There is an opportunity following the Peer Challenge to consider how culture, culture change, diversity and inclusion and workforce planning can strengthen the strategy.

Through the Leadership and Management Framework there are the tools to attract and develop talent, succession plan and grow existing staff. The reverse mentoring programme is innovative and has the potential to enhance the Councils equality and diversity programme if fully supported. This along with the Talent Pools will facilitate the Council developing a management culture in line with its new values.

The building blocks are in place to support staff to feel part of the next phase of transformation, for example, the Digital Academy, Change Leads and recognition of the need to have mental health and wellbeing support in place to help staff deal with the change and be part of it. The Council is also taking the results of the Staff Survey seriously and listening to what staff need. The unions reported a positive relationship with the Council although recognising there are challenges ahead for their members.

To date, transformation has been mainly financially driven and led individually by services or through corporate projects. There is now a need to bring together the disparate corporate and service transformation plans into one strategic transformation programme, co-designed with staff and aligned with organisational

priorities. The Directors Board and Cabinet then needs to create the space “Step Back and Look Up” to drive this cross-council transformation plan as one. The delivery of this plan is critical to the realisation of savings the Council needs to achieve. Peers recognise transformation is hard and don't underestimate the challenge Thurrock Council faces in undertaking this.

Councillors and stakeholders need to be engaged throughout the transformation journey and agreeing the process for this upfront will ensure there is the appropriate consultation, buy in, political oversight and governance in place.

Don't be tempted to take out the business intelligence, data strategy and programme management capacity as part of the efficiencies. It may be possible to review this later, but at the moment capacity in these areas is crucial to tracking delivery programmes and the social, economic and community outcomes.

The Council has effective business intelligence functions distributed across the organisation and there are well respected teams in public health, housing, adults and children's services. Whilst recognising the professional specialisms it would be useful to look at the balance of this resource and whether more could be done to strengthen corporate intelligence to hard wire this insight in strategic planning and performance management.

The Council has a strong IT & Digital function however the disparate ownership of IT infrastructure is a limiting factor within the transformation programme. As part of the revised transformation programme there is a need to broaden understanding of the benefits of a digital-first approach in terms of efficiencies from deep integration between key business systems, particularly in terms of data management and improve business intelligence. This needs to be positioned in terms of how these changes could improve outcomes for residents as well as creating efficiencies.

As referenced throughout, Thurrock Council has much to be proud of and is delivering above and beyond what can be usually expected for a single Council. Sadly, the positive communications put out from the Council are often overshadowed by negative local and national media outlets. Consider strengthening corporate capacity around communications (internal/external) to further celebrate success throughout the organisation. Develop a bold proactive communications strategy with a focus on public relations and destination marketing for sustainable growth which

puts Thurrock on the front foot, protects your reputation and reinforces core messages.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month progress review. This will be a facilitated session which creates space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Rachel Litherland, Principal Adviser for the East of England is the main contact between your authority and the Local Government Association. Rachel is available to discuss any further support the council requires.

Rachel.Litherland@local.gov.uk, 07795 076834.

Thurrock Council – Corporate Peer Challenge 2022 action plan

Recommendation	Summary of key points	Actions
<p>Recommendation #1.</p> <p>Prioritise the Thurrock Ambition.</p> <p>Agree what type of council you want to be and use this to drive transformation and culture change.</p> <p>Prioritise what you want to deliver within the budget available and agree on the disinvestments.</p>	<p>The council needs to develop a clear strategic growth plan which sets out the narrative and priorities for growth in Thurrock. Bringing together all the projects under one programme, aligned with economy, culture, community and wellbeing outcomes. The programme needs a timeline with appropriate milestones, governance, stakeholder engagement, resourcing, outcomes and communications strategy.</p> <p>The council needs to stop, review what type of council it wants to be, and prioritise accordingly.</p> <p>The council also needs to urgently discuss and agree a programme of disinvestments to support this priority setting.</p>	<p>The existing vision and priorities – People, Place and Prosperity – still stand with delivery reflected in the council's 3 main strategies (Backing Thurrock, Local Plan and Health and Wellbeing Strategy).</p> <p>An overarching growth narrative will be set out in the Statement of Intent 2030 supported by economic growth modelling.</p> <p>Develop an overarching Strategic Transformation Programme (STP) to also include significant growth projects and alignment to overarching priorities.</p> <p>Delivered through the Medium-Term Financial Strategy (MTFS) – prioritisation and disinvestment is part of the budget setting process for 2023/24.</p>
<p>Recommendation #2.</p> <p>Financial stability/resilience and sustainability</p> <p>Corporately own and understand the financial information, align the MTFS with the ambition and priorities and effectively deliver the savings.</p>	<p>Delivering the savings and bridging the gaps in 2023/24 and 2024/25 will require a level of management, control and focus never experienced before. Peers identified this as the number one priority for the directors' board.</p> <p>All councillors need to understand the scale of challenge and be equipped with further financial information and analysis to inform oversight and future decision-making.</p>	<p>Members will continue to be engaged in terms of decision-making.</p>

Recommendation	Summary of key points	Actions
<p>Recommendation #3.</p> <p>Agree and deliver a cross council transformation programme</p> <p>Corporately own and understand the whole transformation programme, ensuring a strong governance framework to drive through the improvements.</p>	<p>To date, transformation has been mainly financially driven and led individually by services or through corporate projects. There is now a need to bring together the disparate corporate and service transformation plans into one strategic transformation programme, co-designed with staff and aligned with organisational priorities.</p> <p>As part of the revised transformation programme there is a need to broaden understanding of the benefits of a digital-first approach in terms of efficiencies from deep integration between key business systems, particularly in terms of data management and improve business intelligence. This needs to be positioned in terms of how these changes could improve outcomes for residents as well as creating efficiencies.</p>	<p>Reshape the existing transformation work into a new, overarching Strategic Transformation Programme (STP) to also include significant growth projects, alignment to overarching priorities, with appropriate governance arrangements in place including an effective engagement strategy.</p> <p>This will form part of the STP including appropriate new governance structures and link to culture change.</p>
<p>Recommendation #4.</p> <p>Strengthen corporate leadership, organisational culture and member/officer relationships.</p> <p>Make time for facilitated conversations, be clear on roles and responsibilities and describe and then</p>	<p>Councillors want to receive more information – for example, briefings such as those provided during the pandemic. They want to come together more with officers, informally to discuss projects and casework.</p> <p>Officers would like to see more medium to long-term strategic planning and annual prioritisation.</p>	<p>A new regular member briefing to be launched to replace the COVID-19 briefing and cover other strategic updates and information.</p> <p>Support from the LGA has been offered to support ongoing member development.</p> <p>Joint informal sessions of Directors' Board and Cabinet will continue.</p> <p>The Engagement Strategy and its implementation will also support this and organisational culture change.</p>

Recommendation	Summary of key points	Actions
<p>demonstrate the culture you want to achieve.</p>	<p>A governance review to consider roles and relationships between each committee/meeting, their responsibilities, and so on.</p>	<p>A governance review of the constitution is underway through a cross-party Constitution Working Group. An initial report is due to be considered by General Services Committee at its meeting on 14 June 2022 and then full Council on 29 June 2022.</p>
<p>Recommendation #5.</p> <p>Harness the partnerships offer – from local to regional and national.</p> <p>Define the partner you want to be in different scenarios and accept or secure help from others.</p>	<p>Do more work on defining the type of strategic partner the council wants to be for growth – for example, direct deliverer, enabler, commissioner, client or hybrid.</p>	<p>An overarching growth narrative will be set out in the Statement of Intent 2030.</p> <p>As part of the STP, services continue to consider the key provision questions and options around delivery, this will form part of the service review and cross-cutting work of the council.</p>
<p>Recommendation #6.</p> <p>Shape and promote the collective narrative.</p> <p>Drive proactive communications which celebrate your success and actively manage the Council's reputation.</p>	<p>The council should [...] develop a communication and engagement plan to engage communities in the ambition for Thurrock. Communities want to know how regeneration, new businesses and the Freeport benefit them. Communicate the opportunities, jobs, skills and the social return on investment.</p>	<p>The Statement of Intent 2030 will establish the overall narrative with activity over the summer to engage partners and communities in how it will be achieved. This will be supported by a comprehensive communications plan for growth and placemaking with specific activity also planned across Thames Freeport partners from September 2022.</p> <p>Further Local Plan engagement will also take place in 2022.</p> <p>Further embed the Collaborative Communities Framework</p>

Recommendation	Summary of key points	Actions
	<p>Partners spoke of working together to build a bridge from successful operational delivery to shared medium/long term planning. Using the new Collaborative Communities Framework, make time to redefine these connections and build up the trust and productive relationships required.</p> <p>Consider strengthening corporate capacity around communications – internal and external – to further celebrate success throughout the organisation.</p>	<p>External support has been secured to strengthen the approach to policy analysis and stakeholder engagement more broadly and align to existing communications capacity and more strategic, proactive and positive communication activity linked closely to the council's overall ambition and priorities.</p>

Work Programme

Committee: Corporate Overview and Scrutiny Committee

Year: 2022/23

Dates of Meetings: 12 July 2022, 6 October 2022, 8 December 2022, 2 February 2023

Topic	Lead Officer	Requested by Officer/Member
12 July 2022		
Asset Review and 3Rs	David Johnson	Officers
End of Year (April 2021 to March 2022) Corporate Performance Report 2021/22	Sarah Welton/ Karen Wheeler	Officers
Work Programme	Democratic Services Officer	Standard Item
6 October 2022		
Finance Update – Quarter 1 2022/23	Jonathan Wilson	Officers
Digital & Customer Experience Strategy	Jackie Hinchliffe/Karen Wheeler	Members
Work Programme	Democratic Services Officer	Standard Item
29 November 2022 - Extraordinary		
Thames Freeport: Governance Structure	Karen Wheeler/ Jonathan Wilson/ Mark Bradbury	Members
8 December 2022		
Local Council Tax Scheme	Andy Brittain/ Jonathan Wilson	Members

Work Programme

Topic	Lead Officer	Requested by Officer/Member
Corporate Peer Challenge 2022 Update	Sarah Welton	Members
Portfolio Holder Report: Central Services	Cllr Jack Duffin/Jackie Hinchliffe	Members
Financial Update – Quarter 2 2022/23	Jonathan Wilson	Officers
Work Programme	Democratic Services Officer	Standard Item
2 February 2023		
Draft General Fund Budget and Medium Term Financial Strategy Update	Jonathan Wilson	Officers
Capital Strategy 2022/23	Jonathan Wilson	Officers
Asset Review and Disposal Update	David Johnson	Members
PFH Annual Report – Finance	Cllr Graham Snell/Jonathan Wilson	Members
PFH Annual Report – Culture and Communities	Cllr Qaisar Abbas/Natalie Smith	Members
Best Value Inspection Report	Jonathan Wilson/Karen Wheeler	Members
Thameside Update	Mark Bradbury	Members
Work Programme	Democratic Services Officer	Standard Item