

**31 January 2019**

**ITEM: 7**

**Corporate Overview and Scrutiny Committee**

**Draft General Fund Budget and Medium Term Financial Strategy Update**

**Wards and communities affected:**

All

**Key Decision:**

Key

**Report of:** Sean Clark, Director of Finance and IT

**Accountable Assistant Director:** Jonathan Wilson, Assistant Director Finance

**Accountable Director:** Sean Clark, Director of Finance and IT

**This report is public**

**Executive Summary**

This report presents the latest version of the Medium Term Financial Strategy (MTFS) (appendix 1) and draft budget proposals for 2019/20 as recommended by Cabinet at their meeting on 16 January 2019. The key item to consider is the recommendation to by Cabinet to freeze council tax and the subsequent impact this has on the Council's financial position into the medium and longer term.

Service Review proposals, covering the next four years, have been developed and are summarised in the body of the report. No further savings are proposed at this time owing to the success of the investment approach endorsed by both Cabinet and Council in October 2017.

Cabinet should note that the Investment Strategy is just one element of the move towards financial self-sustainability and that the council is committed to following all other streams to meet this aim.

The Council Spending Review "Service Review Boards" have continued to develop cross cutting expenditure savings along with an enhanced focus on income generation and their proposals for 2019/20 have been allocated to services as set out in appendices 2 and 3 so as to inform Cabinet of overall changes to the Directorate budgets. These are draft and will be updated in future reports as allocations are refined.

The council has a statutory requirement to set a balanced budget annually and to review its adequacy of reserves. This report sets out a balanced budget and maintains the General Fund balance at £11m.

## **1 Recommendations:**

**1.1 That the committee comments on the proposed council tax freeze with mind to the comments set out in this report; and**

**1.2 That the committee comments on the draft budget as set out within this report to inform final budget proposals at Cabinet on 12 February 2019.**

## **2 Introduction and Background**

2.1 Members are aware of financial pressures that councils have felt in previous years as well as the challenges faced in future years to balance the MTFS while becoming financially self-sustainable.

2.2 The MTFS presented to Cabinet on 16 January 2019 shows a balanced budget for the next four years. This is based on a number of assumptions that, when delivered, puts the council in a stronger financial position than most to transition into the proposed new system of Local Government funding. This includes the replacement of a stable system of grant funding from Central Government with the uncertainty arising from a greater share of funding being raised locally through the updated Business Rates Retention system. This is further discussed in section 4 of this report.

2.3 The assumptions contained within the MTFS are based on driving reductions through reducing staff expenditure (outside of inflationary pressures), improved procurement, efficiencies through changing the ways the council works such as utilising digital channels and income generation through council tax, business rates, investments and fees and charges.

2.4 A key change from the MTFS considered during 2018 is the decision to recommend a zero percentage council tax increase for 2019/20. This will reduce income by £2.1m in that year and circa £11m over the life of the MTFS.

2.5 The Council Spending Review "Service Review Board" has undertaken a number of cross cutting reviews which challenge current delivery models, structures and assumptions with a view to improving outcomes and identifying efficiencies. The board has a savings target of £0.902m in 2019/20 which is to be delivered following the implementation of the review outcomes stated below:

- Children's Social Care - £0.797m;
- Transport - £0.060m; and
- Planning - £0.063m.

2.6 Together these form an overall package that contribute towards a balanced budget and also allows the council to invest in enhancing existing services as well as providing additional services where they are deemed to be a priority.

- 2.7 Regarding the savings within Children’s Services, a more detailed briefing note is included at Appendix 3. Whilst the headline is a budget reduction, savings of £3m have been identified through transformation but a budget reduction of circa £1m enacted. The balance remains within the service budget for any unexpected variations and as a result provides a real increase to funding levels within Children’s Services following implementation.
- 2.8 Before considering future years, it is important to recognise any ongoing impacts from the current year. In recent months, Cabinet have received two update reports, the most recent report on 12 December 2018, detailing a net budget pressure of £0.500m. The main areas of risk are within Children’s, Environment and General Fund Housing Services as well as growing pressures relating to “No Recourse to Public Funds”. This latter pressure reflects the Council’s statutory responsibilities for children that have entered the country but have no legal jurisdiction to reside. As such, the family is not able to access the normal range of financial support, and therefore the council has a duty to ensure the welfare of any children and thus their wider family.
- 2.9 In recognition of the pressures listed above, growth has been included within the MTFs where it is considered there is a need to meet ongoing demand.

### 3 Draft 2019/20 Budget and Future Forecasts

- 3.1 The MTFs attached at Appendix 1 sets out a balanced budget for four of the next five years which is predicated on the assumptions set out in the body of the report and its appendices.
- 3.2 The summarised budget position for the medium term now stands at:

Narrative	2019/20	2020/2	2021/2	2022/2	2023/2
	£'000	1 £'000	2 £'000	3 £'000	4 £'000
Net Additional (Reduction) in resources	3,493	(1,790)	(1,668)	(2,114)	(1,927)
Inflation and other increases	3,895	2,958	3,081	3,210	3,345
Treasury and Capital Financing	(11,478)	(2,178)	(336)	(1,224)	365
Demographic and Economic Pressures	3,000	2,200	2,200	2,200	2,200
Services Design	(2,226)	(900)	(1,000)	(1,000)	0
<b>Position before carry forward</b>	<b>(3,315)</b>	<b>290</b>	<b>2,277</b>	<b>1,072</b>	<b>3,983</b>
<b>C/f Position</b>	<b>(2,488)</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,237)</b>	<b>(2,165)</b>
<b>Working Total</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,236)</b>	<b>(2,165)</b>	<b>1,817</b>

- 3.3 The budget surplus in each year should only be used for one off expenditure and/or as a contribution to reserves. By not committing this to ongoing expenditure the surplus carries forward to the subsequent year.

- 3.4 The scale of these surpluses provide the Council with further resilience against budget fluctuations whilst also offering the opportunity for major investment in the borough.
- 3.5 The draft Local Government Finance Settlement was announced on Thursday 13 December 2018. The announcement confirmed grant levels as set out in this and previous versions of the MTFS. In summary:
- Revenue Support Grant has reduced by £4.001m between 2018/19 and 2019/20;
  - Other Grants have reduced by £0.348m between 2018/19 and 2019/20; and
  - Assumed growth in business rates is £0.378m between 2018/19 and 2019/20.

#### **4 Council Tax and Future Funding**

- 4.1 Members will be aware that Thurrock Council has the lowest council tax in Essex and one of the lowest of all Unitary authorities throughout the country. Whilst there is no desire or need to change this position, officers' advice is clear that council tax increases are required and this is echoed in the Director of Finance and IT's s25 Statements in recent years, and is a key consideration for Members at the Council meeting on 27 February 2019.
- 4.2 The assumption at the start of the municipal year within the MTFS was a 2.99% council tax increase in 2019/20 (4.98% in 2018/19) and 1.99% thereafter.
- 4.3 Whilst surplus balances might suggest to most that increases are not required, Members should consider the following:
- 4.3.1 Advice from CIPFA is clear that investments should not be used to replace existing funding streams, instead any additional revenues should be used to fund additional service provision. This is also a concern raised by the MHCLG. There is also a greater inherent risk associated by funding core services though an investment income underpinned by borrowing, as opposed to the greatly reduce risk associated with equivalent funding from council tax;
- 4.3.2 The Government's Comprehensive Spending Review will be carried out next year, and this will assume the council has increased council tax by 2.99% (the maximum allowable level that does not require a local referendum). The government will not replace any income foregone and thus a council tax freeze will continue to impact the council's resources by £2.1m per annum going forward. This will also form part of the calculation when determining the amount the council can retain from its locally collected business rates. Therefore the level of retained business rates funding available to the Council will also be reduced.
- 4.3.3 The Business Rate Retention system will be reset during 2019/20 and will be in place for the subsequent year. Theoretically this increases the level of

locally collected business rates which the council initially retains from 49% to 74%. Members will be aware that the actual amount currently retained is actually circa 30%. The benefit of the new system is that additional growth over government set baselines will be retained in full. One area that is currently under discussion is how often the baseline is reset, and hence whether gains above this level will be lost in full or phased out, thus adding another level of uncertainty to future funding;

- 4.3.4 Consultation has been undertaken between MHCLG and local authorities as to whether investment income should be considered as part of the council's core spending power. While this is not currently proposed to be included it remains possible. If introduced, the amount of business rates that the council would be able to retain would be reduced;
- 4.3.5 Whilst the Adult Social Care precept was welcome to provide much needed funding, the amount raised for Thurrock was comparatively lower than the majority of other top tier authorities due to the low council tax base. This may also indicate that additional precepts could become part of local government funding going forward;
- 4.3.6 There remains a lack of clarity in the future funding of Local Government at present. The Comprehensive Spending review is yet to be announced and the basis of funding is being clarified through the ongoing fair funding review and the implementation of the revised business rate retention system. There is, however, a continued trend towards greater council funding being raised locally.
- 4.3.7 Separately identified ring fenced grants, such as public health, are envisaged to become part of mainstream funding in the future. This is further confirmation of the trend to statutory services being funded from local sources.
- 4.4 At the meeting of Council on 28 November 2018, a Councillor asked for an Equality Impact Assessment to be carried out and this is attached at Appendix 4. The following table highlights the specific financial impact of a 1% increase on Council tax per annum/per household.

Band	Band Charge	Properties		Average Net Charge	Average 1% Increase p.a.
		No.	%		
A	£1,018.14	7,435	11.0%	£609.04	£6.09
B	£1,187.83	13,480	19.9%	£893.69	£8.94
C	£1,357.52	26,893	39.6%	£1,138.93	£11.39
D	£1,527.21	12,295	18.1%	£1,359.94	£13.60
E	£1,866.59	4,676	6.9%	£1,719.18	£17.19

F	£2,205.97	2,210	3.3%	£2,081.84	£20.82
G	£2,545.35	810	1.2%	£2,400.15	£24.00
H	£3,054.42	48	0.1%	£2,100.68	£21.01
<b>TOTALS</b>		<b>67,847</b>	<b>100.0%</b>	<b>£1,158.63</b>	<b>£11.59</b>

For over 70% of residents, each additional 1% increase in council tax equates to an average of 19 pence per week or £9.87 per annum whilst raising £0.7m to be applied to a wide range of services, including Children's and Adult Social Care that work with the most vulnerable members of the community.

- 4.5 Having considered all of the above, the committee is asked to comment on the recommended zero percentage council tax increase.

## **5 Issues, Options and Analysis of Options**

- 5.1 This report sets out the changes to the current year budget that are proposed for 2019/20. The impact on services is limited compared to previous years and allows for significant growth within the council's frontline services.
- 5.2 Council tax increases will always be recommended by officers, due to their ability to continue towards financial self-sustainability.
- 5.3 The report also sets out surpluses over the four year period of the MTFs. It is recommended that they only be used for one off expenditure as any commitment to ongoing expenditure will impact on future years as the budgets become a core requirement.

## **6 Reasons for Recommendation**

- 6.1 The Council has a statutory requirement to set a balanced budget annually and to review its adequacy of reserves. This report sets out a balanced budget for 2019/20 and maintains the £11m level for the General Fund Balance.

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

- 7.1 The budget planning governance structure includes involvement and consultation with officers, Portfolio Holders and Members. The process includes the Council Spending Review Panel, made up of cross-party Group Leaders and Deputies who meet regularly during the budget planning period and ahead of key decision points.

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

- 8.1 There are increases to frontline services where pressures have been identified in the current year that will help the council to deliver both its statutory services and priority areas.

- 8.2 The surpluses will also allow for additionality in services through enhancement, provision of new services or, indeed, a major capital investment in the borough.

## **9 Implications**

### **9.1 Financial**

Implications verified by: **Sean Clark**  
**Director of Finance and IT**

Council officers have a legal responsibility to ensure that the Council can contain spend within its available resources. Regular budget monitoring reports will continue to come to Cabinet and be considered by the Directors' Board and management teams in order to maintain effective controls on expenditure. Austerity measures in place are continually reinforced across the Council in order to reduce ancillary spend and to ensure that everyone is aware of the importance and value of every pound of the taxpayers money that is spent by the Council.

Whilst this draft budget report sets a balanced budget, it does not include a council tax increase and so reduces the council's ability to maximise council tax streams going forward in its aim to become financially self-sufficient. Each 1% is circa £0.7m that is then lost to the income stream for perpetuity at a time where the government has made clear that councils will need to finance services through local revenues from both council tax and business rates.

The government in setting its grant support for the coming year has made the assumption that this funding would be realised and this assumption will also influence the Comprehensive Spending Review in 2019 that will determine the amounts of business rates that the Council will be able to retain for the delivery of local services over the period 2020-2023.

Recent announcements from CIPFA has raised concerns over the amount of property and other investments that local authorities are carrying out and the advice is clear that there needs to be more tangible benefits to the local authority area and its residents as opposed to purely financial gain. The government, in its announcement of the draft finance settlement, acknowledged this position and left the possibility of a future discussion with the Treasury open. Thurrock Council's investments do fall within the accepted parameters when considering the allocation of surpluses to enhance and/or provide new services.

The committee should note that even without investment targets included, the budget remains in balance thus demonstrating that the targets are not simply replacing a council tax increase.

## 9.2 Legal

Implications verified by: **David Lawson**  
**Assistant Director Legal & Monitoring Officer**

There are no direct legal implications arising from this 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 Warren**  
**Community Development and Equalities Manager**

There are no specific diversity and equalities implications as part of this report. A comprehensive Community and Equality Impact Assessment (CEIA) has been completed for council tax increases.

## 9.4 Other implications (where significant – i.e. Staff, Health, Sustainability, Crime and Disorder)

Budget surpluses to date have been used to support action against Anti-Social Behaviour and to secure more police officers within the borough. The surpluses have also allowed increased activity within Environmental Services whilst also investing in social care to support the borough's vulnerable.

## 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):

- Budget working papers held in Corporate Finance
- Budget Review Panel papers held in Strategy and Communications

## 11 Appendices to the report

- Appendix 1 – Medium Term Financial Strategy
- Appendix 2 – Savings by CSR Board

- Appendix 3 – Children’s Services Budget Briefing Note
- Appendix 4 – Indicative Service Budget Impact 2019/20
- Appendix 5 – Community and Equality Impact Assessment

**Report Authors:**

Sean Clark

Director of Finance and IT

## MEDIUM TERM FINANCIAL STRATEGY

Narrative	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
		<b>75% BRR</b>			
<b>1. Local Funding</b>					
Council Tax Base / Charge	(606)	(1,939)	(1,999)	(2,065)	(2,127)
Council Tax Social Care Precept	(48)	(48)	(49)	(49)	(50)
	<b>(654)</b>	<b>(1,988)</b>	<b>(2,047)</b>	<b>(2,114)</b>	<b>(2,177)</b>
Business Rates Precept	(378)	(658)	(500)	(500)	(250)
<b>2. Total Government Resources</b>					
Revenue Support Grant	4,000	658	6,039		
Transfer to funding formula under 75% retention	0	0	(6,039)		
New Homes Bonus	122	0	500	500	500
Other Grants	403	198	379	0	0
	<b>4,525</b>	<b>856</b>	<b>879</b>	<b>500</b>	<b>500</b>
<b>Net Additional (Reduction) in resources</b>	<b>3,493</b>	<b>(1,790)</b>	<b>(1,668)</b>	<b>(2,114)</b>	<b>(1,927)</b>
<b>3. Inflation and other increases</b>					
Pay award at 2%, Increments and legislative changes	3,150	2,214	2,281	2,350	2,421
Contractural and non contractual	746	744	799	859	924
	<b>3,895</b>	<b>2,958</b>	<b>3,081</b>	<b>3,210</b>	<b>3,345</b>
<b>5. Treasury</b>					
Investment income	(14,297)	(3,818)	(3,214)	(3,756)	(1,700)
Interest Costs	2,819	538	2,570	2,500	2,065
MRP	0	1,102	308	32	0
<b>Treasury and Capital Financing</b>	<b>(11,478)</b>	<b>(2,178)</b>	<b>(336)</b>	<b>(1,224)</b>	<b>365</b>
<b>6. Demographic and Economic Pressures</b>	<b>3,000</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>
<b>7. Services Design Principals and Strategic Boards</b>	<b>(2,226)</b>	<b>(900)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>0</b>
<b>Position before carry forward</b>	<b>(3,316)</b>	<b>290</b>	<b>2,277</b>	<b>1,071</b>	<b>3,983</b>
<b>C/f Position</b>	<b>(2,488)</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,237)</b>	<b>(2,165)</b>
<b>Working Total</b>	<b>(5,803)</b>	<b>(5,513)</b>	<b>(3,237)</b>	<b>(2,165)</b>	<b>1,817</b>

## SAVINGS BY CSR BOARD

Board	Proposal	2019/20
Procurement	Savings to be delivered through effective procurement and contract management	105
Commercial	Further income through the expansion and development of traded services	270
Commercial	Growth in fees and charges income reflecting 18/19 forecasts and review of fees and charges, mainly through volume increases as a direct result of service areas understanding and acting upon market and competitor information	100
ICT / Digital	Legacy Application Rationalisation and Unified Communications	130
People	Savings to be delivered through ongoing review of employee related costs including reducing use of high cost agency staff, effective attendance management and reviewing overtime arrangements	500
Property	Rental income stretch target - annual increase in rent roll through lease reviews and renewals	200
Service Review	Service Review savings to be identified through ongoing review process	920
<b>TOTAL</b>		<b>2,225</b>

## CHILDREN'S SERVICE BUDGET BRIEFING NOTE

Additional investment has been made in Children's Services to support a transformation of service delivery to improve effectiveness and efficiency while reducing levels of demand. These changes were made on the basis that through improved ways of working they would yield efficiency savings in due course. We are already seeing the fruits of this investment with clear evidence of significant progress being made. Budget savings of £1.102m have been identified within Children's Services in 2019/20 as set out below. The majority of these savings are within Children and Family Services and were identified through the Service Review process which has provided significant additional investment in the service.

	Commercial £000	People £000	Procurement £000	Service Review £000	Total £000
Children and Family	9	97	5	797	<b>908</b>
Central Admin		7			<b>7</b>
Learning & Universal Outcomes	116	11			<b>127</b>
School Transport				60	<b>60</b>
<b>Total</b>	<b>125</b>	<b>115</b>	<b>5</b>	<b>857</b>	<b>1,102</b>

### Commercial - £125k

Increases in external income targets follow review of 2018/19 performance and review of fees and charges. This includes additional income within the Education Welfare service, increased demand in Learning & Skills and ongoing delivery of the Grangewaters business plan.

### People - £115k

To be delivered through ongoing review of employee related costs including reducing use of high cost agency staff, effective attendance management and reviewing overtime arrangements.

### Procurement - £5k

Saving in translation and interpretation services following review and contract re-procurement. Final year of 3 year saving.

### Service Review - £857k

The budget saving relates primarily to the outcomes of the Children's Social Care review (£797k), but also includes a £60k saving against school transport as part of the ongoing Transport review.

The Transport review is still in progress. It is considering the type of home to school transport used, contract arrangements and process review. An early outcome of the

## CHILDREN'S SERVICE BUDGET BRIEFING NOTE

review, which has realised the £60k saving, is the move to providing bus passes to students attending Ormiston Park.

The Children's Social Care review commenced in November 2017 with the aim of determining the underlying reasons for the increase in children coming into care and the associated cost of provision; ascertaining the effectiveness of key processes, procedures and policies; and making recommendations to address areas of high demand. .

Business cases were agreed by Directors Board in September 2018 and are currently being implemented. Additional investment has been made in the key areas of Adoption, Fostering, prevention services, care leaver housing and developing a sustainable workforce. Key deliverables are improving outcomes for children, service efficiency and delivering ongoing savings where possible.

The cumulative impact across all business cases within the Children's Social Care review is a net saving of £3m in 2019/20. This assumes there is no variation to the assumptions and timeframes within the business cases, which when operating in a complex area such as social care cannot be guaranteed. The budget saving applied in 2019/20 of £797k provides scope for any unexpected variations and as a result provides a real increase to funding levels within Children's Services following implementation. Project management resource has been allocated to the programme to oversee delivery.

**Adoption** – the review recommended bringing the fragmented outsourced arrangement back in house realising a cashable saving whilst enabling service improvements including: more children being adopted from care, overview and ownership across the service of the journey of the child from first point of contact to permanency, strengthening Thurrock's role within a regional adoption alliance enabling a potential sale of surplus adoptive placements.

**Fostering** – the business case recommends establishing a time-limited Recruitment and Marketing Team to provide up to 100 extra in-house places for looked after children. This would deliver an ongoing cashable saving whilst reducing the use of high cost Independent Fostering Agency numbers, a reduction in residential placements, more in-house foster carers and more children placed locally.

**Edge of Care Prevention Services** – the business case is part of an overarching Early Help strategy to intervene early when families are in difficulty to offer evidence-based support and enable more children to remain safely within their families. This will improve outcomes for children and young people and reduce demand for high cost children's social care statutory services.

This element of the review provides the most significant financial benefit, therefore, also provides the most risk in achieving the overall financial position. The Service will deliver savings by reducing numbers in care, reducing the length of time that children are in care, reducing the number of families that are re-referred and working with families to prevent breakdown.

**Headstart Housing – care leavers supported to access suitable accommodation** – the business case recommended further development of Head

**CHILDREN'S SERVICE BUDGET BRIEFING NOTE**

Start Housing, recognising the challenges that young people face who are leaving care in finding and sustaining suitable accommodation by improving outcomes for young people leaving care. Our aim is to continue our partnership work with housing increasing the number of properties available within the Head Start Housing portfolio. This would deliver ongoing savings through a reduction in the cost of placements whilst also helping young people be better prepared for independent living and ensure greater provision within the borough.

**Sustainable Workforce** – Children's services have experienced difficulties in recruiting to roles in Social Care since 2013. This has led to high numbers of agency workers being used to cover permanent roles. The proposal is to deliver a phased recruitment programme of newly qualified social workers in order for the service to develop, grow and retain a permanent workforce and reduce the need for additional agency staff.

## Indicative Service Budget Impact 2019/20

Directorate	Service	2018/19 Net Current Budget (September 2018) £000	2018/19 Forecast & Carryforward Adjustment £000	MTFS Change in Resources 2019/20 £000	MTFS Growth, Inflation & Other Increases 2019/20 £000	Baseline Budget 2019/20 £000	Commercial Savings £000	Customer & Demand Management Savings £000	ICT/ Digital Savings £000	People Savings £000	Procurement Savings £000	Property Savings £000	Service Review Savings £000	Total Savings £000	Indicative Budget 2019/20 £000
Environment and Highways	Environment & Highways	1,313	(55)		143	1,401				(2)				(2)	1,399
	Highways, Fleet and Logistics	7,217	502		279	7,998	(24)			(22)				(46)	7,952
	Street Scene and Leisure	17,520	834		1,358	19,712	(165)			(31)				(256)	19,456
	Unallocated Surplus / (Deficit)	0	(1,281)			(1,281)									(1,281)
	<b>Environment and Highways Total</b>	<b>26,050</b>	<b>0</b>	<b>0</b>	<b>1,780</b>	<b>27,830</b>	<b>(183)</b>	<b>0</b>	<b>0</b>	<b>(115)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(304)</b>	<b>27,526</b>
Place	Assets	5,563	(241)		38	5,366		22		(5)		(200)		(183)	5,183
	Economic Development	546	(88)			458	(20)			(2)				(22)	436
	Lower Thames Crossing	449	(337)			112								0	112
	Planning, Transportation & Public Protection	3,202	538			3,740	(76)			(23)			(63)	(162)	3,578
	Unallocated Surplus / (Deficit)	0	(304)			(304)									(304)
<b>Place Total</b>	<b>9,766</b>	<b>(432)</b>	<b>0</b>	<b>38</b>	<b>9,372</b>	<b>(74)</b>	<b>0</b>	<b>0</b>	<b>(30)</b>	<b>0</b>	<b>(200)</b>	<b>(63)</b>	<b>(367)</b>	<b>9,005</b>	
Children's Services	Children and Family Services	28,902	609		401	29,912	(3)			(37)	(5)		(797)	(908)	29,004
	Central Administration Support and Other	1,382	(284)			1,098				(7)				(7)	1,091
	Learning & Universal Outcomes	5,103	(1,167)		5	3,941	(116)			(11)				(127)	3,814
	School Transport	750	410			1,160							(60)	(60)	1,100
	Unallocated Surplus / (Deficit)	0	15			15									15
<b>Children's Services Total</b>	<b>36,137</b>	<b>(417)</b>	<b>0</b>	<b>406</b>	<b>36,126</b>	<b>(125)</b>	<b>0</b>	<b>0</b>	<b>(115)</b>	<b>(5)</b>	<b>0</b>	<b>(857)</b>	<b>(1,102)</b>	<b>35,024</b>	
Adults, Housing and Health	External Placements	23,029	(208)			22,821				(2)	(100)			(102)	22,719
	Provider Services	10,027	25		4	10,056	(19)			(145)				(164)	9,892
	External Commissioning	2,495	(16)			2,479	(2)			(4)				(6)	2,473
	Public Health	75	(75)			0								0	0
	Better Care Fund	1,346	(1,346)			0								0	0
Community Development & Libraries	1,733	4			1,737	(10)				(2)			(12)	1,725	
Unallocated Surplus / (Deficit)	0	270			270									270	
<b>Adults, Housing and Health Total</b>	<b>38,705</b>	<b>(1,346)</b>	<b>0</b>	<b>4</b>	<b>37,363</b>	<b>(31)</b>	<b>0</b>	<b>0</b>	<b>(153)</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>(284)</b>	<b>37,079</b>	
Housing General Fund	Homelessness	522	(35)		180	667				(4)				(4)	663
	Private Sector Housing	321	0			321	(1)							(1)	320
	Travellers	(109)	(5)		75	(39)								0	(39)
	Unallocated Surplus / (Deficit)	0	40			40									40
	<b>Housing General Fund Total</b>	<b>734</b>	<b>0</b>	<b>0</b>	<b>255</b>	<b>989</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5)</b>	<b>984</b>
Finance, IT and Legal	Corporate Finance	2,010	(85)			1,925		50		(8)				42	1,967
	Cashiers	65	0			65								0	65
	Chief Executive	352	(1)			351				(1)				(1)	350
	ICT	3,439	0			3,439			(50)	(7)				(57)	3,382
	Revenue and Benefits	1,927	(10)			1,917				(12)				(12)	1,905
	Legal Services	1,714	47			1,761	(75)			(19)				(34)	1,667
	Democratic Services	199	(11)			188								0	188
	Members Services	721	15			736								0	736
	Electoral Services	477	(44)			433				(1)				(1)	432
	Unallocated Surplus / (Deficit)	0	89			89									89
<b>Finance, IT &amp; Legal Total</b>	<b>10,904</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,904</b>	<b>(25)</b>	<b>0</b>	<b>(50)</b>	<b>(48)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(123)</b>	<b>10,781</b>	
HR, OD and Transformation	HR & OD	4,297	(150)			4,147	(54)			(7)				(61)	4,086
	Unallocated Surplus / (Deficit)	0	13			13									13
	<b>HR&amp;OD Total</b>	<b>4,297</b>	<b>(137)</b>	<b>0</b>	<b>0</b>	<b>4,160</b>	<b>(54)</b>	<b>0</b>	<b>0</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(61)</b>	<b>4,099</b>
Strategy, Communications and Customer Services	Corporate Strategy & Communications	1,741	(146)		7	1,602	(20)			(16)				(36)	1,566
	Social Care Performance	382	0			382				(3)				(3)	379
	Unallocated Surplus / (Deficit)	0	146			146									146
<b>SCCS Total</b>	<b>2,723</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>2,730</b>	<b>(20)</b>	<b>0</b>	<b>0</b>	<b>(19)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(39)</b>	<b>2,691</b>	
Commercial Services	Commercial Services	683	(10)			673				(2)				(2)	671
	Unallocated Surplus / (Deficit)	0	10			10									10
	<b>Commercial Services Total</b>	<b>683</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>683</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>681</b>
Central Expenses	Corporate Finance	(15,040)	1,330	150	(1,739)	(15,239)	149			(7)			142	(15,157)	
	2019/20 Savings to be Allocated	0				0				(80)				(80)	
	Unallocated Surplus / (Deficit)	0	1,002			1,002								(80)	1,002
<b>Central Expenses Total</b>	<b>(15,040)</b>	<b>2,332</b>	<b>150</b>	<b>(1,739)</b>	<b>(14,297)</b>	<b>149</b>	<b>0</b>	<b>(80)</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>(14,235)</b>	
Revenue Funding	Council Tax Income	(65,403)	0	(2,673)		(68,082)								0	(68,082)
	Grant Income	(3,418)	0	375		(3,043)								0	(3,043)
	NNDR Income	(35,434)	0	(378)		(35,812)								0	(35,812)
	Revenue Support Grant	(10,638)	0	4,000		(6,638)								0	(6,638)
	<b>Revenue Funding Total</b>	<b>(114,953)</b>	<b>0</b>	<b>1,324</b>	<b>0</b>	<b>(113,635)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(113,635)</b>
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>1,474</b>	<b>751</b>	<b>2,225</b>	<b>(370)</b>	<b>0</b>	<b>(130)</b>	<b>(500)</b>	<b>(105)</b>	<b>(200)</b>	<b>(320)</b>	<b>(2,225)</b>	<b>0</b>	

## COMMUNITY AND EQUALITY IMPACT ASSESSMENT

As an authority we have made a commitment to apply a systematic screening process to both new policy development or changes to services.

This is to determine whether the proposals are likely to have a significant impact on different groups within our community.

This process has been developed, together with [full guidance \(PDF\)](#), to support officers in meeting our duties under the:

- Equality Act 2010.
- The Best Value Guidance
- The Public Services (Social Value) 2012 Act

In addition the guidance supports officers to consider our commitments set out in the [Thurrock Joint Compact](#) with the voluntary sector.

As well as supporting you to look at whether there is, or will be, a significant impact, the guidance will also consider ways in which you might mitigate this in the future.

## COMMUNITY AND EQUALITY IMPACT ASSESSMENT

### About the service or policy development

Name of service or policy	Corporate Finance – Budget Setting Process (Council Tax Increase)
Lead Officer	Sean Clark
Contact Details	(e) <a href="mailto:sclark@thurrock.gov.uk">sclark@thurrock.gov.uk</a> (t) 01375 652010

#### Why is this service or policy development/review needed?

The Council must, by law, set its annual revenue budget and associated council tax level by 11 March of the preceding financial year. If, for whatever reason, the Council cannot agree a budget and council tax level, the Council will not have a legal budget and this will impact on service delivery and cashflow with immediate effect whilst damaging the council's reputation and can, as a last resort, lead to intervention from the Secretary of State under powers given by section 15 of Local Government Act 1999.

### 1. Community impact (this can be used to assess impact on staff although a cumulative impact should be considered).

What impacts will this service or policy development have on communities?  
Look at what you know? What does your research tell you?

*Consider:*

- National and local data sets – for example, [key statistics and ward profiles](#)
- Complaints
- Consultation and service monitoring information
- Voluntary and Community Organisations
- The Equality Act places a specific duty on people with 'protected characteristics'. The table below details these groups and helps you to consider the impact on these groups.

	Positive	Neutral	Negative	What are the positive and negative impacts?	How will benefits be enhanced and negative impacts minimised or eliminated?
<b>Local communities in general</b>	-	Y	-	The impact of the budget setting process, and proposed Council tax increase, is considered neutral since it affects all members of the	The Council operates an exemptions and reductions scheme for residents that meet eligibility criteria. For further information, please

<b>COMMUNITY AND EQUALITY IMPACT ASSESSMENT</b>
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				community equally. Funds raised will be invested to maintain and transform Council services	see: <a href="https://www.thurrock.gov.uk/council-tax">https://www.thurrock.gov.uk/council-tax</a>
<b>Age</b>	-	Y	-	Please see above	Please see above
<b>Disability</b>	-	Y	-	Please see above	Please see above
<b>Gender reassignment</b>	-	Y	-	Please see above	Please see above
<b>Marriage and civil partnership</b>	-	Y	-	Please see above	Please see above
<b>Pregnancy and maternity</b>	-	Y	-	Please see above	Please see above
<b>Race (including Gypsies, Roma and Travellers)</b>	-	Y	-	Please see above	Please see above
<b>Religion or belief</b>	-	Y	-	Please see above	Please see above
<b>Gender</b>	-	Y	-	Please see above	Please see above
<b>Sexual orientation</b>	-	Y	-	Please see above	Please see above
<b>Any community issues identified for this location?</b> <i>See above link to ward profiles.</i> If the project is based in a specific location please state where, or whether Borough wide. Please note any detail of relevance e.g. is it an area with high unemployment, or public transport limited?	-	Y	-	When planning all Council services, including their role in the budget setting process, deprivation levels across Thurrock are taken into account as these are not uniform across the borough. The impact according to area remains neutral since it is to be applied universally across all Council Tax Bands subject to the exemptions and reductions	In terms of impact, since Council Tax is applicable to all properties in Thurrock the increase will not target specific protected groups, rather it is an increase that, if accepted by Council, will be applied across the board.

<b>COMMUNITY AND EQUALITY IMPACT ASSESSMENT</b>
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				scheme.	
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## 2. Consultation.

Provide details of what steps you have taken or plan to take to consult the whole community or specific groups affected by the service or policy development e.g. on-line consultation, focus groups, consultation with representative groups?

***This is a vital step*** – see [full guidance \(PDF\)](#).

The Localism Act 2011 introduced the concept of a referendum where a proposed council tax increase exceeds its excessiveness principles either by the billing authority (Thurrock Council) or one of its major preceptors. Simply, a referendum would be required if the Council resolved to increase council tax by a higher percentage than the government guidelines (3%). The proposed increase in 2019/20 would not call for a referendum.

This report has been developed in consultation with the Leader, Portfolio Holders and Directors Board. In addition, Corporate Overview and Scrutiny Committee considered the budget proposals on 31 January 2019 with their comments set out in the body of the report. Group Leaders and Deputy Leaders have been involved throughout the budget planning process.

## 3. Monitoring and Review

How will you review community and equality impact once the service or policy has been implemented?

*These actions should be developed using the information gathered in **Section 1 and 2** and should be picked up in your departmental/service business plans.*

Action	By when?	By who?
Council officers have a legal responsibility to ensure the Council can contain spend within its available resources. Regular budget monitoring reports will continue to come to Cabinet and be considered by Directors Board and management teams in order to maintain effective controls on expenditure during this period of enhanced risk. Measures are in place and continually reinforced across the Council in order to reduce ancillary spend and to ensure that everyone is aware of the importance and value of every pound of the taxpayers money that is spent by the Council.	Ongoing throughout 2019/20	All staff

## 4. Next steps

## COMMUNITY AND EQUALITY IMPACT ASSESSMENT

It is important the information gathered is used to inform any Council reports that are presented to Cabinet or Overview and Scrutiny committees. This will allow Members to be furnished with all the facts in relation to the impact their decisions will have on different equality groups and the community as a whole.

### Implications/ Customer Impact

**Corporate Finance to confirm:** Thurrock Council has one of the lowest council level and income of the 55 Unitary Councils in the country and the lowest council tax in Essex. This low base means that, financially, Thurrock Council has less income than comparable councils to deliver the same suite of services, irrespective of demographic need, and limits any additional precepts, as seen with the Adult Social Care precept, as any percentage increase is on a lower amount than other authorities. The most significant and stable income stream that the council has is through council tax and building this base is critical to sustaining the services offered by the council, when accounting for inflation, wage increases in the social care sector etc. This proposal is linked to one aspect of local government funding where the Council has some discretion to raise additional funds by increases to Council Tax up to a maximum of 3%.

A 1% increase to Council Tax would be applied to all properties through Bands A-H. Community and equality impact is neutral as it applies to all groups with the lower paid offered support through the Local Council Tax Scheme.

The following table highlights the specific financial impact of a 1% increase on Council tax per annum/per household.

Band	Band Charge	Properties		Average Net Charge	Average 1% Increase p.a.
		No.	%		
A	£1,018.14	7,435	11.0%	£609.04	£6.09
B	£1,187.83	13,480	19.9%	£893.69	£8.94
C	£1,357.52	26,893	39.6%	£1,138.93	£11.39
D	£1,527.21	12,295	18.1%	£1,359.94	£13.60
E	£1,866.59	4,676	6.9%	£1,719.18	£17.19
F	£2,205.97	2,210	3.3%	£2,081.84	£20.82
G	£2,545.35	810	1.2%	£2,400.15	£24.00
H	£3,054.42	48	0.1%	£2,100.68	£21.01
<b>TOTALS</b>		<b>67,847</b>	<b>100.0%</b>	<b>£1,158.63</b>	<b>£11.59</b>

## COMMUNITY AND EQUALITY IMPACT ASSESSMENT

### Implications/ Customer Impact

For over 70% of residents, each additional 1% increase in council tax equates to an average of 19 pence per week or £9.87 per annum whilst raising £0.7m to be applied to a wide range of services, including Children's and Adult Social Care that work with the most vulnerable members of the community.

In terms of the wider budget setting process, whilst there are no specific diversity and equalities implications noted as part of the overarching budget setting report, comprehensive Community and Equality Impact Assessments (CEIA) will be completed for any specific savings proposals developed to address future savings requirements. These will be informed by consultation outcomes to feed into final decision making with the cumulative impact closely monitored and reported to Members.

### 5. Sign off

The information contained in this template should be authorised by the relevant project sponsor or Head of Service who will be responsible for the accuracy of the information now provided and delivery of actions detailed.

Name	Role (e.g. project sponsor, head of service)	Date
Lyn Carpenter	Chief Executive	