

Appendix 1- Key General Fund Variances

The below table shows the direction of travel between the quarter 2 and quarter 3 forecast with further explanation in the subsequent section. There remains volatility in a number of areas as set out.

| Variance category | Risk detail | Quarter 2 Forecast Variance £'000 | Quarter 3 Forecast Variance £'000 | Movement £'000 | Direction of travel |
|-------------------------------|--------------------------------|-----------------------------------|-----------------------------------|----------------|---------------------|
| Demographic growth | Adults External Placements | 3,269 | 2,943 | (326) | ▲ |
| Employees Costs | Vacant post saving | 1,362 | (50) | (1,412) | ▲ |
| | Backdated Pay Award | 0 | 2,758 | 2,758 | ▼ |
| Demand | Homelessness | 0 | 419 | 419 | ▼ |
| | School Transport | 616 | 380 | (236) | ▲ |
| | Waste Disposal | (604) | (845) | (241) | ▲ |
| Complexity of care | Children's external placements | 1,741 | 2,148 | 408 | ▼ |
| | Children's Legal proceedings | 453 | 363 | (90) | ▲ |
| Corporate Costs | Pension / Corporate Overheads | (786) | (695) | 91 | ▼ |
| | Cost of Intervention | 1,500 | 2,657 | 1,157 | ▼ |
| Delay to savings | Asset Rationalisation | 128 | 129 | 1 | ▼ |
| | Capitalisation of staff | 487 | 987 | 500 | ▼ |
| | Ground maintenance saving | 130 | 130 | 0 | ▼ |
| | Waste Collection | 636 | 557 | (79) | ▲ |
| Income generation | Counter Fraud | (1,123) | (921) | 201 | ▼ |
| | Parking charges | 327 | 431 | 104 | ▼ |
| | Planning fees | 463 | 169 | (294) | ▲ |
| Inflation | Utilities | 995 | 1,011 | 16 | ▼ |
| | Other income/expenditure | 499 | 576 | 77 | ▼ |
| Total Service Pressure | | 10,092 | 13,146 | 3,054 | ▼ |

| Variance category | Risk detail | Forecast Variance £'000 |
|---|-----------------------------------|-------------------------|
| Demographic growth | Adults External Placements | 2,943 |
| <p>a) There has been a significant increase in demand for Homecare and Residential services for older people. The improved quarter 3 forecast outturn position is as a result of the utilisation of the Adult Social Care Hospital Discharge Grant, which has funded some of the placements that were included in the previous additional demand forecasts. In addition, there has been an improvement in the forecasted level of client contributions income, which has now been reflected in the revised year end estimate.</p> | | |

b) The increased level of care needs for people being discharge from hospital requiring continuing social care support to live independently outside of residential care. This has 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.

c) Increased complexity and the associated requirement for additional level of 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

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.

| | | |
|-----------------------|---------------------------|-------------|
| Employee Costs | Vacant post saving | (50) |
|-----------------------|---------------------------|-------------|

The position on vacant posts continues to be monitored against a corporate target of £3m. The month 9 position demonstrates the savings has been achieved as shown in the below table. However, this saving 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:

| Directorate | 2022/23 Budget £'000 | Quarter 3 Forecast £'000 | Forecast Variance £'000 |
|-------------------------------|---------------------------------|-------------------------------------|------------------------------------|
| Adults; Housing and Health | 20,420 | 20,513 | 93 |
| Children's Services | 29,452 | 27,970 | (1,482) |
| Housing General Fund | 2,067 | 2,154 | 87 |
| HR; OD and Transformation | 7,835 | 7,018 | (817) |
| Public Realm | 17,429 | 17,286 | (143) |
| Resources & Place Delivery | 11,307 | 10,819 | (488) |
| Strategy; Engagement & Growth | 4,758 | 4,458 | (300) |
| Unallocated Vacancy Factor | (3,000) | 0 | 3,000 |
| Total | 90,267 | 90,217 | (50) |

| | | |
|-----------------------|-----------------------------------|--------------|
| Employee Costs | Alignment to NJC pay offer | 2,758 |
|-----------------------|-----------------------------------|--------------|

Following approval of the Pay Policy at Council in February 2022, the Council implemented a pay increase of 2.5% for Bands A & B and 2.25% for Bands C to I. This is significantly below the offer that has now been agreed nationally. The national pay award represents a pay increase of over 13% to the Council's lowest pay point and 2.75% to the highest pay point.

Full Council agreed amendments to the Thurrock pay policy at their meeting on 25th January 2023 and payment is due to be paid to employees in February 2023, the month 9 position assumes estimated costs of £2.758m.

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| Demand | Homelessness | 419 |
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The most significant risk on the housing general fund is centred around the demand for temporary accommodation placements. This will include finding accommodation solutions for vulnerable people and is a demand lead service.

The average monthly level of placements in TA accommodation is shown in the below table:

| TA types. Year 2022/23 | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| B&B | 1 | 1 | 3 | 3 | 3 | 5 | 4 | 5 | 5 |
| Nightly Let | 116 | 120 | 120 | 115 | 110 | 106 | 101 | 102 | 102 |
| Furnished Let - in house | 79 | 88 | 96 | 103 | 119 | 137 | 139 | 143 | 143 |
| Charles Street Hostel - through Sanctuary | 27 | 29 | 27 | 27 | 24 | 24 | 28 | 29 | 29 |
| Brook House Hostel - In house | 9 | 10 | 10 | 7 | 8 | 10 | 10 | 10 | 10 |
| Clarence Road Hostels - in house | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 |
| Grand Total | 235 | 251 | 259 | 258 | 267 | 284 | 285 | 292 | 292 |

The number of cases has continued to grow throughout the year, but significant investment has been made into the service to find alternative accommodation solutions to bed and breakfast and nightly lettings though the utilisation of dwelling owned by the Council.

A further 64 furnished letting dwellings have been utilised in the period between April and December. This has reduced the number of nightly lets by 14, but the overall number of cases of TA has increased by 57 over the same period.

The average cost of a nightly let is £8,528 compared to furnished lettings at £3,210. The utilisation of the council existing stock is one of the few ways in which the department is able to reduce costs in the face of rising demand. It also offers a better solution to people that are in need of temporary accommodation.

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| Demand | School Transport | 380 |
|---------------|-------------------------|------------|

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.

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 3 Forecast £'000 | Forecast Variance £'000 |
|---|-------------------------------------|---|--|
| Alternative Provision | 147 | 93 | (54) |
| Autumn Term - Covid (Education Transport) | 0 | 0 | 0 |
| Denominational Transport | 8 | 0 | (8) |
| Home To School Transport - Primary | 659 | 309 | (349) |
| Home To School Transport - Secondary | 251 | 373 | 122 |
| Home To School Transport - Special | 288 | 802 | 514 |
| Independent School Fees (Transport) | 1,361 | 1,349 | (13) |
| Out of Borough - LAC | 15 | 57 | 41 |
| Out of Borough - Other LA's | 36 | (6) | (42) |
| Out of Borough - Post 16 | 411 | 277 | (133) |
| Post 16 SEND | 113 | 271 | 159 |
| Resource Base - Primary | 2 | 145 | 143 |
| | 3,292 | 3,671 | 380 |

| | | |
|---------------|-----------------------|--------------|
| Demand | Waste Disposal | (845) |
|---------------|-----------------------|--------------|

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 | 2,148 |
|---------------------------|---------------------------------------|--------------|

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 | Dec-22 Numbers |
|-------------------------------|---------------------------------------|---------------------------|
| Placed with Parent / Adoption | 10 | 10 |
| Internal Fostering | 127 | 106 |
| Supported Accommodation | 26 | 41 |
| External Fostering | 103 | 104 |
| External Residential | 29 | 21 |
| Secure Placement | 0 | 0 |
| Unregulated | 0 | 7 |
| Education Contribution | 0 | 0 |
| Remand | 2 | 2 |
| Total LAC | 297 | 291 |

| Number of External Residential Placements | | |
|--|---------------|---------------|
| | Budget | Dec-22 |
| <£2,000 | 0 | 1 |
| £2k but LT£3k | 5 | 6 |
| £3k but LT£4k | 6 | 3 |
| £4k but LT£5k | 8 | 3 |
| £5k but LT£6k | 4 | 4 |
| £6k but LT£7k | 2 | 2 |
| £7k but LT£8k | 1 | 0 |
| £8k but LT£9k | 2 | 0 |
| £9k but LT£10k | | 3 |
| £10k but LT£11k | 1 | 0 |
| £11k but LT£12k | | 1 |
| £12k but LT£13k | | 2 |
| £13k but LT£14k | | 1 |
| £14k but LT£15k | | 2 |
| Total | 29 | 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 £2.969m. Ofsted registration is being progressed.

There are currently 10 high-cost placements with a total forecast of £4.745m

| | | |
|---------------------------|-------------------------------------|------------|
| Complexity of care | Children's Legal proceedings | 363 |
|---------------------------|-------------------------------------|------------|

The forecast is based on the current case level of 34 with 5 to issue, a total of 39 cases and a contingency for 8 more cases to the end of the financial year. 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, based on costs of between £0.001m to £0.005m.

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.

| | | |
|------------------------|---------------------------------------|--------------|
| Corporate Costs | Pension costs & Audit fees | (695) |
|------------------------|---------------------------------------|--------------|

Costs have not materialised to the expected levels.

| | | |
|--|--|--------------|
| | Cost of Intervention & additional resources | 2,657 |
|--|--|--------------|

The estimated cost of Intervention covers the commissioner time, Best Value Inspection, specialist external financial advisors, legal fees and additional resources/staffing capacity required to support and implement the Improvement Recovery Plan. Many of the costs are subject to successful recruitment and therefore there is potential for slippage within these estimates.

| | | |
|-------------------------|--------------------------------|------------|
| Delay to savings | Capitalisation of staff | 987 |
|-------------------------|--------------------------------|------------|

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. A wider review of the capital programme has provided further clarity on the ability to charge staff time to existing budgets and this has adversely affected the general fund position.

| | | |
|-------------------------|----------------------------------|------------|
| Delay to savings | Ground maintenance saving | 130 |
|-------------------------|----------------------------------|------------|

£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.

| | | |
|-------------------------|-------------------------|------------|
| Delay to savings | Waste Collection | 557 |
|-------------------------|-------------------------|------------|

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. The value of the unachieved saving is £0.322m.

| | | |
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| Delay to savings | Asset Rationalisation | 128 |
|-------------------------|------------------------------|------------|

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.

| Inflation | Utilities | 1,011 | | | | | | | | | | | | | | | | | | | | |
|--|---------------------------------|-------------------------------------|------------------------------------|---------------------------------|-------------------------------------|------------------------------------|-------------|-------|-------|-----|--------------|-----|-------|-----|-----|-----|-----|-----|--------------|--------------|--------------|--------------|
| <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> | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Subjective Description</th> <th>2022/23 Budget £'000</th> <th>Quarter 3 Forecast £'000</th> <th>Forecast Variance £'000</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td>1,692</td> <td>2,320</td> <td>628</td> </tr> <tr> <td>Fuel and Oil</td> <td>911</td> <td>1,106</td> <td>195</td> </tr> <tr> <td>Gas</td> <td>122</td> <td>309</td> <td>188</td> </tr> <tr> <td>Total</td> <td>2,725</td> <td>3,736</td> <td>1,011</td> </tr> </tbody> </table> | | | Subjective Description | 2022/23 Budget £'000 | Quarter 3 Forecast £'000 | Forecast Variance £'000 | Electricity | 1,692 | 2,320 | 628 | Fuel and Oil | 911 | 1,106 | 195 | Gas | 122 | 309 | 188 | Total | 2,725 | 3,736 | 1,011 |
| Subjective Description | 2022/23 Budget £'000 | Quarter 3 Forecast £'000 | Forecast Variance £'000 | | | | | | | | | | | | | | | | | | | |
| Electricity | 1,692 | 2,320 | 628 | | | | | | | | | | | | | | | | | | | |
| Fuel and Oil | 911 | 1,106 | 195 | | | | | | | | | | | | | | | | | | | |
| Gas | 122 | 309 | 188 | | | | | | | | | | | | | | | | | | | |
| Total | 2,725 | 3,736 | 1,011 | | | | | | | | | | | | | | | | | | | |
| Inflation | Other income/expenditure | 576 | | | | | | | | | | | | | | | | | | | | |
| <p>Inflation is currently more than 10% which is impacting the general supply of goods and services across the Authority.</p> | | | | | | | | | | | | | | | | | | | | | | |
| Income generation | Parking charges | 431 | | | | | | | | | | | | | | | | | | | | |
| <p>Changes to working practices and continued agile working have impacted the recovery of in-year parking revenue, particularly within the Grays Central location. Fees for on-street parking have increased for 2023/24 and should help mitigate part of the shortfall going forward, alongside increased income through other fees and charges sources and a wider review scheduled for quarter 1.</p> | | | | | | | | | | | | | | | | | | | | | | |
| Income generation | Counter Fraud | (921) | | | | | | | | | | | | | | | | | | | | |
| <p>The Counter Fraud and NATIS operating model is set to deliver a surplus position in the current financial year.</p> | | | | | | | | | | | | | | | | | | | | | | |
| Income generation | Planning fees | 169 | | | | | | | | | | | | | | | | | | | | |
| <p>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.</p> | | | | | | | | | | | | | | | | | | | | | | |
| General Fund pressures before mitigation | | 13,146 | | | | | | | | | | | | | | | | | | | | |

Mitigation for undeliverable in-year savings:

| Directorate | Title of Project/Programme | Non-deliverable £'000 | At High Risk of not being delivered by 31/3/23 £'000 | At Risk of not being delivered by 31/3/23 (£ 000) | Summary of mitigation |
|------------------------------|---|--------------------------|---|--|---|
| Adult Social Care | New Model of Care – Supported Living | 200 | | | Use of ASC reserves in 22/23. New models were delayed and are being introduced now, should provide savings in 23/24 |
| Corporate | MRP and Treasury | 500 | | | Not provided |
| Public Realm | Fortnightly Collection | 322 | | | Mitigated elsewhere in the directorate by an improved Waste Disposal position |
| Public Realm | Bulky Waste charges | | | 5 | Met by underspends within the directorate |
| Public Realm | Commercially Trade CCTV Capability | 100 | | | Mitigated elsewhere in the directorate by an improved Waste Disposal position |
| Public Realm | Introduce Pay & Display in Free Car Parks - put back to £100k 4/10/21 | | 94 | | These car parks are due to open, however the full year impact will not be made. This will be mitigated elsewhere in the directorate largely by an improved Waste Disposal position. |
| Public Realm | Commercial Grounds Maintenance Contracts | | 130 | | Mitigated elsewhere in the directorate by an improved Waste Disposal position. The service is working to generate additional income by year end. |
| Public Realm | Council vehicles to be parked in the Depot overnight to reduce fuel costs | | | 21 | Met this year by underspend elsewhere in the Directorate. Work ongoing to ensure reduction for next year. Practice of vehicles being taken home will cease from April 2023. |
| Public Realm | Off- hire long term hire vehicles (not Covid related) | | 48 | | Mitigated elsewhere in the directorate by an improved Waste Disposal position. Review of hired vehicles as part of the service review and future savings |
| resources and place delivery | Capitalisation of costs | 987 | | | 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 . |
| resources and place delivery | Additional General Costs (DER) following DB | 33 | | | Mitigated by reduced expenditure in the service |
| resources and place delivery | Asset Rationalisation - reduced to £850k 4/10/21 | | 128 | | Revenue savings of £0.850m were assumed in the 22/23 base budget for a number of assets. Delays to the disposals have impacted the ability to realise a full year impact. |
| | | 2,142 | 400 | 26 | |

Appendix 2 - Dedicated Schools Budget

Dedicated Schools Grant 2022/23

The current projected outturn for 2022/23 is a breakeven position.

| 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 | 4.181 | (0.677) |
| Central Services | 1.688 | 0.000 | 0.000 | 1.688 | 1.613 | (0.075) |
| High Needs | 32.662 | (6.500) | 0.700 | 26.862 | 27.614 | 0.752 |
| Early Years | 12.880 | 0.000 | 0.000 | 12.880 | 12.880 | 0.000 |
| Total | 193.750 | (147.461) | 0.000 | 46.288 | 46.288 | 0.000 |

The outturn position reflects the following key areas:

- Schools Block – Pupil Growth, in line with projections, has an underspend of £0.677m.
- Central Services Block – Staffing underspends and maximisation of external funding.
- High Needs Block – An overspend of £0.752m. The overspend relates to increased demand for EHCP's, Specialist and Post-16 placements.

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

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.