

**Title:** Provisional Revenue and Capital Outturn 2023/24

**Meeting:** Cabinet

**Date:** 24 June 2024

**Classification:** Part 1

**Policy Context:** All Corporate Priorities

**Key Decision:** No

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**Executive Councillors:** Councillor Cowan – Leader and Cabinet Member for  
Infrastructure and Corporate Strategy  
Councillor Collins – Cabinet Member for Finance, Assets  
and Investments

## **1 Executive Summary**

1.1 The purpose of this report is:

1.1.1 To update Cabinet with the provisional revenue outturn for 2023/24, and therefore the indicative level of revenue balances going into 2024/25.

1.1.2 To advise Cabinet of the implications of the provisional revenue outturn for 2023/24 and to provide an update on the financial resilience and future financial sustainability of the Council. This is pertinent given the levels of financial distress that have been reported across the local government sector throughout the last financial year and locally the previously reported concerns around increasing levels of demand and cost pressures being experienced primarily in our core statutory service provision.

1.1.3 To inform Cabinet of the capital investment programme outturn for 2023/24 and to seek approval for the relevant budget carry forwards and accelerated delivery requests.

- 1.1.4 To seek approval for in year amendments for the current approved capital investment programme for 2024/25 to 2028/29.
- 1.1.5 To seek approval to carry forward Community Infrastructure Levy (CIL) Main Fund receipts from 2023/24 and previous financial years and to delegate authority to agree how the CIL Ward Neighbourhood Allocations are to be spent.
- 1.1.6 To consider and provide endorsement of the submission of the Council's new Productivity Plan to the Department for Levelling Up, Housing and Communities (DLUHC)

## **2 Recommendations**

### **That Cabinet:**

- 2.1 **Note the provisional 2023/24 revenue outturn position for both the General Fund (Section 4) and Housing Revenue Account (HRA) (Section 6) and delegate the agreement of any final adjustments following the completion and audit of the Statement of Accounts to the Executive Director (Finance and Resources).**
- 2.2 **Consider and approve the appropriation of revenue funds to and (from) earmarked reserves, as set out in Section 4.22 to 4.25 (General Fund) and Section 6.5 (HRA).**
- 2.3 **Note the potential revenue impact of the 2023/24 outturn on the 2024/25 General Fund budget and Medium Term Financial Strategy (Section 4.27 – 4.34).**
- 2.4 **Note that the expenditure on the capital investment programme for 2023/24 totalled £50.066M against a revised budget of £56.126M (Section 7.2 – 7.3).**
- 2.5 **Approve the relevant budget carry forwards and accelerated delivery requests totalling a net £7.119M moving into 2024/25 and future years, as set out in Appendix 1.**
- 2.6 **Approve the virements, reprofiles, additions, deletions, new external funding for schemes and transfers to/from the 'subject to viable business case' section of the programme, as detailed in Appendix 1 and note that this will result in an amended Capital Investment Programme deliverable by the Council of £120.899M for the period 2024/25 to 2028/29, as detailed in Appendix 2.**
- 2.7 **Note the requested changes as detailed in Appendix 2 will result in an amended total Capital Investment Programme of £20.834M deliverable by South Essex Homes Limited and £1.092M deliverable by Kent County Council, totalling £21.926M, as detailed in Appendix 2.**
- 2.8 **Note that the results of the ongoing review of the affordability and prioritisation of the current approved Capital Investment Programme.**

- 2.9 **Note the content of the Infrastructure Funding Statement 2023/24 (included in Appendix 3) and agree to carry forward CIL Main Fund receipts from reported year 2023/24 and previous reported years until the CIL Governance Framework and spending plans are reviewed for the reported year 2024/25, or Cabinet authorise any detailed spending proposals.**
- 2.10 **Delegate authority to the Executive Director for Environment and Place (in consultation with Ward Members and the Cabinet Member for Planning, Housing and the Local Plan) to agree how the CIL Ward Neighbourhood Allocations received up until 31 March 2024 (excluding allocation to Leigh Town Council) are to be spent.**
- 2.11 **Consider and endorse the submission of the Council's Productivity Plan (attached as Appendix 4) to the Department for Levelling Up, Housing and Communities (DLUHC) (Section 9). Delegate authority for any final amendments to the Executive Director (Finance and Resources) and the Executive Director (Strategy and Change) in consultation with the Cabinet Members for Finance, Assets and Investments.**

### **3 Background Information**

- 3.1 Southend-on-Sea officially celebrated gaining full City status on 1 March 2022, a key landmark event in the history of the area and the Council. In accordance with normal practice the Council's 2023/24 budget was formally approved in February 2023 and at this time it was impossible to predict the scale of economic challenges, national and international circumstances that have dominated headlines right across the world throughout the last financial year. Locally we have experienced rising demand for social care services for adults, children and our most vulnerable families. This situation has been replicated across most upper tier local authorities across the country.
- 3.2 Many local authorities expressed major concerns and gave several financial warnings during 2023/24. The sector has been forced to continue to have to make some very tough choices and embrace and implement significant further changes to their individual local service offer. Looked at collectively, there is an unprecedented amount of pressure to deliver service change and reduce costs whilst also managing major affordability and sustainability concerns. The sector has never witnessed so many s114 notices (effectively a declaration that a local authority is no longer a going concern) being issued or being considered.
- 3.3 Southend-on-Sea City Council, along with most local authorities across the country, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This has been exacerbated by the continuing challenging operating environment and increasing and more complex local service demand. We also have entrenched inequalities and disparities that exist across the city's neighbourhoods.

- 3.4 As reported throughout 2023/24 the Council faced the perfect storm of continued increases in service demand post the COVID pandemic combined with unavoidable and rapid increases in operating costs across almost every aspect of its organisation. This had a major impact on the Council's approved financial plans for 2023/24 and the general economic climate created serious cost of living challenges for some of our local residents.
- 3.5 As part of the development and approval of the Council's 2024/25 Budget and Medium Term Financial Strategy in February 2024 a commitment was given to the development of a new Transformation and Service Redesign Programme for 2024/25 – 2028/29. This was agreed as part of the Council's overall budget package, with specific areas and themes identified to be scoped and developed further during 2024/25. This commitment has been supplemented and enhanced with the continuation of comprehensive service plans that cover every area of the Council. The ambition is to support the Council's continued financial sustainability commitment.
- 3.6 Other measures will also continue to complement this new Transformational Programme and strengthen the Council's financial resilience. These include plans to enhance the terms of reference of a Members Resources Panel (Members Budget Challenge introduced in 2023/24) and to improve the value for money of services the Council is committed to delivering: on-going service reviews; a selection of targeted zero based budget challenges; implementation of outcome-based budgeting principles (to ensure resources are specifically targeted to delivering better outcomes for local residents); better linking of business planning and budgeting to service outcomes; effective and creative management of service demand; review of major contractual arrangements; further implementation of the Commissioning Framework; exploring new commercial opportunities; evaluating a range of income generation initiatives and continuing to enhance our systems, processes and internal business transformation arrangements.
- 3.7 The continued increases in inflation throughout 2023/24, added significant new pressures and local challenges for the Council. The operating landscape remains uncertain due to the challenge of predicting the medium to long term impact on local service demand, new service design delivery arrangements and potentially even more significant new national policies and financial reform for public services post the general election. The situation will continue to be closely monitored and any major implications will be reported as early as possible to Cabinet during 2024/25.
- 3.8 A considerable amount of analysis, decisive action and financial planning was undertaken throughout 2023/24, particularly since Southend-on-Sea was already having to respond to some high value social care demand trends from previous years. This scenario was replicated in many other upper tier authorities right across the country. These pressures had been recognised locally and attempts were made to address some of these issues by increasing the revenue base of these services for 2024/25 and as part of the Medium Term Financial Strategy.

- 3.9 Concerns were highlighted early in 2023/24 around the combined impact of the rapid increase in both the complexity and costs of service demand, particularly for statutory social care provision. High levels of inflation and the cost-of-living crisis that developed throughout 2023/24 also had a significant impact on all our local communities, but particularly in the more deprived areas.
- 3.10 Despite reporting a final level of overspending for 2023/24 of circa **£1.9M**, this was a significant improvement on what was forecast during the early part of the financial year. The Council remains in a relatively financially resilient position and the overall financial performance of the Authority is now stabilising and most service areas are showing positive signs of improvement.
- 3.11 The decisive action that has been taken and the commitment to further service redesign and transformation would suggest that the financing level of the overall cost base of the Council is now closer to a more reasonable, effective and sustainable level. Clearly there are still many more challenges to overcome, particularly with regards to the increasing costs of statutory social care arrangements for children and adult services. Positively throughout the last financial year, the Council responded proactively to continue to support local communities and our most vulnerable residents, minimising the impact of the cost-of-living crisis wherever it could.
- 3.12 The challenges that will be faced in 2024/25, remain significant due to the combination of continuing increases in core service demand and the legacy impact of inflationary cost pressures, albeit that the rate of inflation increases is now beginning to slow down across the range of Council operations.
- 3.13 This provisional outturn report builds on the financial performance monitoring information provided for period 8 (November 2023), which was reported to Cabinet in January 2024. It highlights the changes in the last four months of the year and provides an insight into the major variances that have contributed to the final outturn position. It also considers the implications of the revenue outturn for 2023/24 and provides an update on the financial resilience and future financial sustainability of the Council. Positive decisive action has been taken during 2023/24 but challenges remain primarily in core statutory social care service provision for the 2024/25 approved budget and Medium Term Financial Strategy to 2028/29<sup>1</sup>.

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<sup>1</sup> <https://www.southend.gov.uk/downloads/file/8236/medium-term-financial-strategy-2024-25-to-2028-29>

## 4 2023/24 Provisional General Fund Revenue Outturn

- 4.1 2023/24 was another exceptional and challenging year, with volatility in expenditure as a direct consequence of rising inflation and interest rates and the full realisation of pent-up demand for our services (especially in Social Care) following on from the COVID-19 pandemic and cost of living crisis. The escalation and speed of the increases in the direct costs of service provision and additional price pressure from our supply chains was significant. This was combined with not only major increases in service demands but also in complexity. The scale of the local financial impact on both expenditure and income expectations led to major variations from our original approved plans for 2023/24 and the actual profile of spending was erratic, particularly during the earlier part of the year.
- 4.2 Given the size and complexity of the Council's operations and the volatility caused by the operating environment and unavoidable increases in the costs of service delivery there have been several variations from the original approved plans across individual service areas. As part of the year-end arrangements, consideration has also been given to the need to review the level of provisions for insurance, future transformation priorities, specific service risk assessments, bad and doubtful debts and other demand challenges caused locally by the 'cost of living' crisis.
- 4.3 The impact on the Council's reserves caused by the combination of challenges described paragraphs 4.1 and 4.2 resulted in a **£18.668M reduction** in the level of Earmarked Reserves held by the Council from **1 April 2022 to 31 March 2023**. Specific risk reserves for statutory social care pressures began to be prudently created by the Council from the 2018/19 financial year, to respond positively to the range of unprecedented circumstances such as those experienced in 2022/23 and continued into 2023/24.
- 4.4 Whilst the operating environment remains challenging, due to the positive action that was taken in 2023/24, the level of volatility and impact on our reserves is now beginning to stabilise. The change in our level of reserves for the 2023/24 financial year is a movement from **£77.221M** (1 April 2023) to **£74.408M** (31 March 2024). A reduction of **£2.813M**. This change in 2023/24 is significantly lower than what was experienced in 2022/23. It is now hoped that the need to call on our reserves in the future will continue to reduce, indeed over the medium term the plan would be to prudently increase our reserves to support our financial resilience and sustainability commitment.
- 4.5 The following table summarises the 2023/24 provisional revenue outturn for the General Fund and summarises the level of spending variations. Careful consideration has also been given to ensure that the Council prepares appropriately for the ongoing impact of global events, the outcome of a general election, potential public service finance reform, local economic recovery aspirations and service demand pressures in 2024/25 and the future. The 2023/24 provisional outturn has been prepared on the assumption that all appropriations to and (from) earmarked reserves proposed in this report are approved. Cabinet is invited to consider the recommended level of appropriations at Sections 4.22 – 4.25 in this report.

## Provisional Outturn 2023/24

Period 8 Variance £M	Portfolio*	Revised Budget £M	Forecast Outturn £M	Variance £M	Movement
0.6	Leader: Special Educational Needs and Disability and Constitutional Affairs	30.4	31.0	0.6	▶
0.4	Deputy Leader: Environment	20.6	20.8	0.2	▲
0.1	Arts, Culture, Heritage and Leisure	5.7	5.8	0.1	▶
7.0	Children's Services, Education and Learning	32.4	39.0	6.6	▲
0.2	Community Safety and Public Protection	2.1	2.2	0.1	▲
0.0	Economic Growth and Investment	1.4	1.3	(0.1)	▲
0.4	Highways, Transport and Parking	(0.1)	1.0	1.1	▼
(0.3)	Housing and Planning	3.6	2.5	(1.1)	▲
4.7	Public Health and Adult Social Care	55.4	57.2	1.8	▲
0.4	Regulatory Services	3.6	4.3	0.7	▼
<b>13.5</b>		<b>155.1</b>	<b>165.1</b>	<b>10.0</b>	
(1.3)	Corporate Budgets	(0.3)	(1.6)	(1.3)	▶
<b>12.2</b>		<b>154.8</b>	<b>163.5</b>	<b>8.7</b>	
(5.1)	Financing Costs, Interest, etc.	15.7	10.1	(5.6)	▲
0.0	Contribution to / (from) earmarked reserves	(1.0)	(0.9)	0.1	▼
0.0	Revenue Contribution to Capital	0.5	0.4	(0.1)	▲
0.0	Non-Service Specific Grants	(17.5)	(17.7)	(0.2)	▲
<b>7.1</b>	<b>TOTAL</b>	<b>152.5</b>	<b>155.4</b>	<b>2.9</b>	
(0.8)	Funding	(149.5)	(150.5)	(1.0)	▲
0.0	Planned contributions from reserves	(3.0)	(3.0)	0.0	▶
<b>6.3</b>	<b>NET</b>	<b>0.0</b>	<b>1.9</b>	<b>1.9</b>	

\* A new political joint administration was formed in May 2024 which has seen a reduction in the number of Portfolio Holders and realignment of their responsibilities. The arrangements for future financial performance reporting for 2024/25 will reflect these changes.

4.6 This table shows that the variance for the overall General Fund budget improved from a net forecast overspend of £6.3M at period 8 (end of November 2023) to a net overspend of **£1.9M** by the end of the year. This reflects an improvement in the financial position of the Service Portfolios from a forecast overspend of £13.5M to a final overspend of **£10.0M**. The remaining improvement is spread across corporate and other non-portfolio budget lines. The Council did take decisive action to combat the cocktail of financial

challenges and service demand pressures that it was faced with from the start of the financial year.

- 4.7 Comprehensive reports summarising the circumstances and suggested mitigations were also presented to Cabinet for period 4 (end of July 2023 – forecast overspend at that time £14.0M) and period 6 (end of September 2023 – forecast overspend updated to £10.8M). The continued reducing level of overspend from the forecast position reported as at the end of July 2023 demonstrates the decisive action that was taken, and this positive direction of travel was supported by strong financial management which will need to continue into 2024/25.
- 4.8 Cabinet have received regular and detailed budget monitoring information throughout 2023/24, so most key variances and trends have previously been well documented and reported.
- 4.9 This report summarises the major variances between the period 8 (November 2023) forecast and the final outturn for 2023/24. Comprehensive year-end reviews are also undertaken across all revenue projects that are supported by specific grant streams. If a project, for justifiable reasons, has not been completed in year, the value of any unspent grant is carried forward into the next year through the mechanism of earmarked reserves.
- 4.10 The headline variances that have occurred between what was reported at period 8 (November 2023) and the provisional final outturn are summarised and rounded to the nearest £0.1M in the following table:

	<b>£Ms</b>
Leader: Special Educational Needs and Disability and Constitutional Affairs	0.0
Deputy Leader: Environment	(0.3)
Arts, Culture, Heritage and Leisure	0.0
Children’s Services, Education and Learning	(0.4)
Community Safety and Public Protection	(0.1)
Economic Growth and Investment	(0.1)
Highways, Transport and Parking	0.6
Housing and Planning	(0.8)
Public Health and Adult Social Care	(2.9)
Regulatory Services	0.3
Corporate and other non-portfolio budgets	(0.7)
<b>Total Variance from Period 8</b>	<b>(4.4)</b>



## Summary of Movements from the Period 8 (end of November 2023) Financial Performance Monitoring Report

### 4.11 **Leader: Special Educational Needs and Disability and Constitutional Affairs [£0.0M]**

- 4.11.1 Although the outturn position for this portfolio remains in line with the forecast reported at period 8 (November 2023), there have been some compensating variances within individual service areas, these are summarised below.
- 4.11.2 The Passenger Transport/Vehicle Fleet outturn was **£0.9M** worse than forecast due to significant increases in demand for passenger transport - SEND Home to School and Children Social Care.
- 4.11.3 Within the Digital and Technology actual total income generated increased by circa (**£0.208M**) and specific targeted interventions led to a reduction in the forecast staffing overspend of (**£0.205M**).
- 4.11.4 Targeted action was taken to reduce the forecast overspend on a range of ICT contracts and corporate IT applications and a reduction of (**£0.130M**) was achieved. This improvement combined with extra income and staffing costs reduction has resulted in a net overall improvement in the service's outturn of around (**£0.400M**).
- 4.11.5 The continued temporary suspension of all non-essential staff training and development since half-way through the year generated an additional saving within Learning and Workforce Development of around (**£0.170M**).
- 4.11.6 Decisive action was taken to reduce the overspend on Legal Services staffing budgets by around (**£0.045M**). The forecast overspend on Court Costs and Legal fees did not materialise and by the end of the year, this improved by (**£0.110M**).

### 4.12 **Deputy Leader: Environment [-£0.3M]**

- 4.12.1 The Council received confirmation in April 2024 that there are no further costs relating to the waste Joint Working Agreement with Essex from January 2023 onwards improving the position by (**£0.200M**).
- 4.12.2 Performance deductions have been agreed with the waste collection contractor which has reduced the forecast overspend by around (**£0.300M**).
- 4.12.3 The forecast tree maintenance saving of **£0.150M** has not been delivered due to increased activity and incident responses during the final third of the year.

### 4.13 **Arts, Culture, Heritage and Leisure [£0.0M]**

- 4.13.1 Although the outturn position for this portfolio remains in line with the forecast reported at period 8 (November 2023), there have been some compensating variances within individual service areas, these are summarised below.

4.13.2 The Pier and Foreshore outturn improved by circa (**£0.300M**) due to additional admission income to the Pier (£0.190M), expenditure on seasonal staffing was (£0.050M) less than forecast as the service intentionally operated with reduced numbers and a further (£0.060M) came from other reduced costs and improved sales income.

4.13.3 A comprehensive review of debt outstanding has been undertaken, which resulted in an increase in the bad debt provision in relation to delivery of sports development services. This is partially offset by reduced operating costs for staffing and utilities associated with the same services, resulting in a net worsening in the outturn of around **£0.400M** when compared to the period 8 (November 2023) forecast.

#### 4.14 **Children's Services, Education and Learning [-£0.4M]**

4.14.1 Following the financial review of the Pooled Adult and Children Safeguarding review budgets, a positive one-off funding adjustment of around (**£0.200M**) has been applied to the Children Safeguarding budget allocation to match the equal 3rd contributions for each party.

4.14.2 Further improvements of around (**£0.600M**), are attributable through a combination of active recruitment of permanent positions previously covered by interim contracts and vacancies held in the last quarter. Service leads also engaged efficient, justifiable and integrated use of one-off Educational Grants to further stem Council general fund pressures.

4.14.3 Pressures on the cost of external placements increased by around **£0.400M** from the level forecast at period 8 (November 2023). The cost of complex Residential Care placements continues to be the main challenge locally and nationally. This area is highlighted as targeted overspend reductions in the 2024/25 budget and will be monitored through the corporate wide tracker.

#### 4.15 **Community Safety and Public Protection [-£0.1M]**

4.15.1 Town Centre Management improved by (**£0.1M**) primarily due to changes in the service level agreement with Southend Business Improvement District which no longer includes a budgeted grant payment – this has been removed from the 2024/25 budget as a saving.

#### 4.16 **Economic Growth and Investment [-£0.1M]**

4.16.1 The forecast underspend at period 8 (November 2023) has increased due to a business rates refund received and the use of additional external funding to support overhead costs.

#### 4.17 **Highways, Transport and Parking [+£0.6M]**

4.17.1 There has been a **£0.370M** reduction in the underspend on concessionary fares due to an appeal by the operator and the £2 fare cap.

- 4.17.2 The period 8 (November 2023) included a forecast surplus on the Highways Permits & Licenses income which has not materialised, negatively impacting on the outturn by around **£0.100M**.
- 4.17.3 Ongoing spend pressures in this area include a shortfall in the amount of staff time which is charged to delivering the capital programme which has been reported throughout the year. In addition to this only half the forecast underspend on staffing has materialised. The combined impact of these is that the outturn is around **£0.100M** worse than forecast at period 8 (November 2023).
- 4.18 **Housing and Planning [-£0.8M]**
- 4.18.1 Homelessness and Rough Sleeping outturn worsened by **£0.2M** because of increased bed and breakfast spend through the winter period due to people presenting as homeless or at risk of becoming homeless and an increase in the bad debt provision for the tenant loan scheme, which are undoubtedly linked to wider cost of living pressures in some locations across the City.
- 4.18.2 Staff have legitimately leveraged the Household Support Fund grant of £2.8M to maximise its use and minimise the cost of eligible support funded from the General Fund. Alongside the Council's scheme the team deliver the Essential Living Fund schemes for Essex County Council and Thurrock District Council, the inclusion of those Council's own Household Support Fund grant has increased the income Southend-on-Sea City Council receives for administration and further improving the outturn. The combined impact is an increase in the services underspend from (£0.2M) forecast in period 8 (November 2023) to (£0.9M), a **(£0.7M)** improvement.
- 4.18.3 A significant underspend of **(£0.3M)** on the flood defences revenue budget has occurred due to focus on capital delivery, this was not forecast by the service at period 8 (November 2023).
- 4.19 **Public Health and Adult Social Care [-£2.9M]**
- 4.19.1 The final outturn for Adult Social Care is an overspend of **£2.2M**, this is an improvement of **(£2.7M)** compared to the period 8 (November 2023) forecast of £4.9M overspent.
- 4.19.2 The complexity of delivering the wide range of services for Adult Social Care mean the changes in the final outturn is due to multiple movements, the most significant of these are summarised below.
- 4.19.3 There has been an increase of **(£0.750M)** in client contributions which is a mix of backdated invoices and additional clients being financially assessed since period 8 (November 2023). Work is continuing to try to improve the forecasting for income and reduce significant variances in the future.
- 4.19.4 There is an additional **(£0.500M)** being utilised from the Market Sustainability and Improvement Fund Workforce Grant, it offsets pressures driven by prices above the contract rate. At period 8 (November 2023) there were some additional workforce initiatives planned which did not occur.

- 4.19.5 There has been a **(£0.579M)** reduction in spend compared to the forecast, the primary driver is interim placements, where the forecast is based on estimations rather than existing placements as they do not all run to the end of the financial year.
- 4.19.6 There has been a **(£0.463M)** reduction in care package spend, primarily relating to Direct Payments, where accounts have been underutilised and clawed back, this does not impact the service user's ability to draw upon necessary services in the future.
- 4.19.7 There has been **(£0.134M)** lower spend on Transitions than anticipated at period 8 (November 2023), this primarily relates to one client who has not moved onto a new package as predicted, there were also a number of lower value packages which were forecast which did not materialise.
- 4.19.8 A claw back from Southend Care Limited for Day Services including transport arrangements was **(£0.260M)** higher than anticipated at period 8 (November 2023).

#### 4.20 **Regulatory Services [£0.3M]**

- 4.20.1 A shortfall on crematorium income due to the refurbishment has been forecast throughout the year. The outturn is around **£0.160M** worse than estimated at period 8 (November 2023), however the facility is now fully operational and early indications are that income in April has outperformed previous years.
- 4.20.2 Regulatory Services have been forecasting an underspend throughout the year, the final position is around **£0.100M** less than expected but this is due to appropriations to the reserve (see paragraph 4.24) for use in future years.

#### 4.21 **Financing costs and interest [-£0.5M]**

- 4.21.1 The strong performance of investment income returns continued in the last four months of the year, driven by prudently invested use of higher cash balances and interest rates remaining high to the end of the financial year. This careful and effective investment strategy, together with an innovative, eligible and compliant review of debt and treasury management arrangements provided the key elements of this significant financial benefit for the Council in 2023/24.

## Recommended Appropriations to and (from) Earmarked Reserves

4.22 The following table and supporting commentary outline the rationale and recommended appropriations to and (from) the Council's earmarked reserves for 2023/24. These proposed appropriations are subject to the approval of Cabinet annotated as appropriate where the appropriation is materially different from what was originally planned.

Reserve Type	Opening Balance	Period 1 to Period 8	Period 9 to 13	Proposed Final Appropriation	Closing Balance
	£000's	£000's	£000's	£000's	£000's
Capital	19,506	(775)	2,183	0	20,914
Corporate	19,849	(1,890)	738	0	18,695
Insurance	5,421	0	0	0	5,421
Services	9,800	(595)	1,063	(1,898)	8,370
Grants	22,925	(4,507)	2,870	0	21,008
<b>Total</b>	<b>77,221</b>	<b>(7,767)</b>	<b>6,854</b>	<b>(1,898)</b>	<b>74,408</b>

4.23 The appropriations in Period 1 to Period 8 have previously been reported and approved as part of budget monitoring information presented to Cabinet throughout 2023/24.

4.24 Appropriations in Period 9 to Period 13 are summarised by reserve type below and are requesting Cabinet's approval.

- Capital Reserves:
  - addition of £2.5M to the Interest Equalisation Reserve.
  - use of circa (£0.3M) to fund revenue contributions to capital (RCCO).
- Corporate Reserves:
  - addition of £1.4M to the Business Transformation Reserve.
  - addition of £1.1M to Business Rates Retention Reserve.
  - use of (£0.6M) from the Service Redesign Reserve to fund the associated costs of employee exit benefits.
  - use of (£0.5M) from the Transformation Implementation Reserve to facilitate our Transformation Programme.
  - use of (£0.4M) from the Business World ERP reserve to fund the programme of upgrades and development.
  - use of (£0.2M) from the Technology Transition and Systems Modernisation Reserve to fund a range of digital projects and system upgrades e.g., Care Platform, MySouthend and Capita.
- Service Reserves:
  - transfer of £1.1M from Grant Reserves for balances relating to Selective Licensing which had been recategorised.
  - transfer of £0.2M from Grant Reserves for balances relating to Regulatory Licensing which had been recategorised.
  - use of (£0.4M) from the Development Control Reserve.

- use of (£0.2M) from the Waste Reserve to fund costs associated with the procurement process for Waste Collection and Waste Disposal contracts.
  - addition of £0.2M to Regulatory Licensing Reserve.
  - addition of £0.2M to the Selective Licensing Reserve.
- Grant Reserves:
    - addition of £2.6M to the Dedicated Schools Grant Reserve.
    - net increase of £0.2M made up of multiple other smaller value specific grants for a range of initiatives e.g. Flexible Homelessness Support Grant, Improved Better Care Fund, Bus Service Improvement Plan Plus and various Resettlement Grants.
    - net increase of £0.1M in the Public Health (including DAAT) grant reserves.

4.25 The proposed final appropriation for Service Reserves of **£1.9M** is the application of the Children’s Social Care Risk Reserve to balance the Council’s outturn for 2023/24. This reserve is proposed to be replenished back to £2.5M (see paragraph 4.26).

***Transfers between reserves***

4.26 It is recognised and expected that significant pressures particularly in Children’s but also in Adult Social Care will continue and as such these risk reserves need to be replenished/maintained. To do this the following transfers between reserves are proposed.

	<b>Starting Balance* £000s</b>	<b>Transfer to / (from) £000s</b>	<b>Updated Balance £000s</b>
<b>Corporate Reserves</b>			
Business Transformation Reserve	3,919	(1,548)	2,371
<b>Service Reserves</b>			
Children’s Social Care	952	1,548	2,500

\* this is the balance after appropriations detailed in paragraphs 4.22 to 4.25.

**Implications for the 2024/25 budget and Overall Medium Term Financial Strategy**

4.27 Prior to the inflation pressures and cost of living challenges experienced in 2023/24, Southend-on-Sea was already having to respond to some high value social care demand trends. This scenario was replicated in many upper tier authorities right across the country. These pressures had been recognised locally and attempts were made to address some of these issues by increasing the revenue base of these services for 2022/23, 2023/24 and 2024/25 as part of the Medium Term Financial Strategy.

- 4.28 It is too early to assess or form clear conclusions around the exact level of financial pressure that the Council will be faced with in 2024/25. We are aware of the continuation of the risks of inflationary pressures, albeit at lower levels, including ongoing employee pay negotiations and increases in both the cost and complexity of demand for critical social care statutory services. We have modelled scenarios and earmarked specific service risk reserves for the most volatile statutory service areas of Children's and Adults Social Care to provide a safety net. The challenge of continuing to design and implement potential financial mitigating strategies for 2024/25 will be difficult but it is now hoped that the severity of this challenge is beginning to ease. The Council will still have to find ways to reduce its cost base in a targeted way and the successful implementation and delivery of the new transformation programme will be fundamental to achieving this ambition.
- 4.29 A comprehensive **period 4 (end of July 2024)** financial monitoring and performance report will be presented to **Cabinet in September 2024**. This will highlight the extent of the financial pressure in 2024/25 and provide a revised illustration of the potential impact on the Council's budget over the medium term until 2028/29.
- 4.30 To help address and close the revised estimated budget gap over the next five years the Council will continue to aim to achieve financial sustainability from local income sources in the future and improve its efficiency and productivity. The Council will continue to work collaboratively with its partners, increase its focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of services. It is vital that we continue to learn from our experience, reduce our cost base wherever possible and tailor our services and working practices accordingly. We will need to maintain our focus on the decisive action that was taken in 2023/24 and continue with our strong financial management arrangements.
- 4.31 Directors and all services are aware that it is vital to adhere to the approved level of all budgets for 2024/25. The operating climate, particularly in social care remains challenging though and that is why it is so important to have a clear understanding of all the cost drivers within the Council's budget. Financial management and monitoring are also key to highlighting any issues as early as possible and the embedding of the 'Getting to Know your Business' programme will provide enhanced support and advice to service managers. Our approach encourages consideration over the medium term, so not only trying to achieve a balanced outturn in the current year but also to avoid putting further pressure on budget plans for future years.
- 4.32 Critical to achieving financial planning success is to understand pressures inherited from the previous year. These could manifest themselves by way of continued increases in demand and inflationary pressures, reduced income activity, undelivered planned savings, or new service and demand issues emerging post the pandemic and cost of living challenges. Detailed analysis has therefore been undertaken to provide more insight into the key messages contained in the 2023/24 outturn and to estimate the potential ongoing impact into 2024/25 and our Medium Term Financial Strategy.

4.33 In keeping with many councils across the country there are several areas of immediate spending pressure that will require proactive management. The areas that require extra scrutiny and focus in 2024/25 for Southend-on-Sea are Adult's Social Care and Waste, Highways & Transport but the most significant challenge will be Children's Social Care. All Services though will be subject to close examination and monitoring due to the organisation wide impact on all costs due to the continuing challenges of inflationary and demand pressures across all areas.

#### 4.34 **Children's Social Care**

4.34.1 The Council's most immediate and financially challenging area of concern, evidenced by the continued level of overspending in 2023/24 is the cost of externally purchased Children in Care placements, an issue that worsened significantly in 2022/23 and has continued into 2023/24. This will continue into 2024/25 too. The national shortage of Residential Care placements continues to significantly increase prices for all local authorities. This is of most concern where a child has complex needs and/or very challenging behaviour.

4.34.2 Over the past five years, the Council has also experienced an increasing trend of more externally purchased foster care placements and less in-house foster care arrangements (although positively this is now showing early signs of stabilisation in 2023/24, as referenced in 4.33.3). The Council continues to try to respond positively to these challenges, which are not only financial but also more importantly in trying to deliver better outcomes and life chances for every child. This ambition seeks to provide care, safety and support for them within a local family environment including providing additional advice and access to local networks.

4.34.3 The Council has successfully developed and fully implemented a revised remuneration offer for in-house foster carers based on a framework of a child's needs. This new offer has attracted more in-house foster carers in 2023/24, which has helped to place less reliance on external foster care placements. Additional marketing and further work are continuing to try to attract more in-house foster carers. We are also striving to provide better appropriate support to build our local capacity and local foster care networks. This is a critical part of our local strategy, and it is hoped that where appropriate and safe to do so this could also begin to reduce the requirements for expensive external Residential Care. The primary focus though is to deliver better outcomes and life chances for our local children.



## 5 Core Future Mitigation Strategies and Transformational Intentions

- 5.1 All services will need to consider the impact on their service costs and where appropriate their commercial pricing strategies to reflect service demand and impacts of inflation. The range of potential financial pressures and operational issues facing some services at the start of the new financial year remains a challenge. It is too early to evaluate all these potential considerations with a lot of confidence at this stage. Directors are aware that they have a duty to work within the budget envelope provided, and therefore must make every effort to contain any pressures through in-year management action, and to try to continue to deliver better outcomes and better value for money from within their approved budget allocations.
- 5.2 To support the overall setting of the 2024/25 budget, around **£3.6M** of extra provision was approved for the employee pay award. A further **£1.0M** for contractual inflation was set aside within the corporate contingency budget.
- 5.3 The Council also holds a range of earmarked reserves specifically against some of the risks associated with the identified spending pressures. Careful consideration will be given to reviewing our complete portfolio of earmarked reserves to see if a further review and re-allocation is required to better reflect the potential risks highlighted by the 2023/24 outturn. Use of any reserves are by their very nature only a one-off mitigation and approval will be requested if required from Cabinet.
- 5.4 The challenge of designing and implementing potential mitigating strategies for 2024/25 and the future has been made more complex due to the impact and uncertainty caused by the current operating environment, inflation and service demand challenges. Looking further ahead is even more difficult, given the upcoming general election and potential future national policy and financial reform changes that could be introduced in the next parliament. An update on the financial performance against the approved budget for 2024/25 will be available as a comprehensive period 4 (end of July 2024) monitoring report at Cabinet in September 2024. We may then also have some indication from Central Government about future funding arrangements and intentions.
- 5.5 The Council, like many local authorities, is faced with some very difficult challenges and choices. There is no doubt that financial resilience has been tested since the COVID pandemic and it is weaker now than it was in 2019. This has been caused by an unprecedented sequence of events that have occurred over the last few years which has contributed to a continuing increase in the level of demand and cost pressures being experienced. This has had a major impact particularly for our core statutory service provision and it is essential that appropriate mitigating actions and decisions continue to be taken in 2024/25 and the future to reduce costs and/or generate more income to invest in local service provision. The delivery of our service redesign and transformation programme will be critical to achieve our local ambitions and future success for our city.

## Building a City Council Fit for the Future

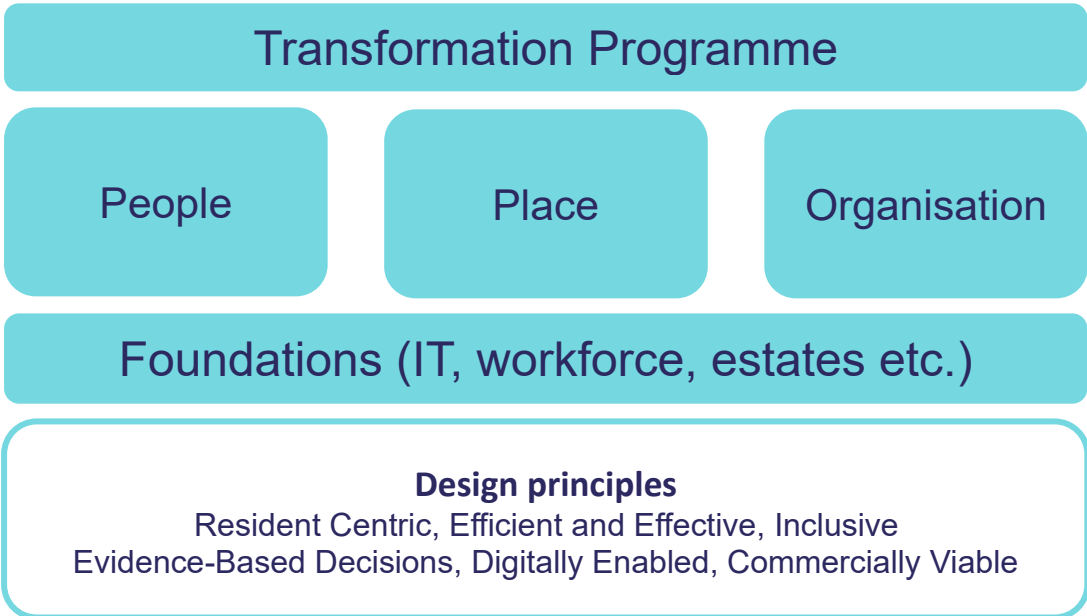
5.6 The overall level of net cost reduction required by Southend-on-Sea Council to bridge a medium to long term deficit by 2028/29 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.

### A Transformational Programme for the Council

5.7 During the past year the Council has strived to provide more consistency, focus and assurance for its Transformational activity. In 2023/24, we have:

- refreshed the focus of the Council’s Transformation Board to support delivery of circa £17m of savings and income generation initiatives.
- re-energised the Service Design function to enhance service delivery and resident engagement.
- scoped and designed our corporate Project Management Office function to enhance delivery, efficiency and quality assurance.
- built a Council change champion community to facilitate delivery of transformation across the organisation.

5.8 Our transformation guiding principles are the compass by which we will measure if an initiative helps the Council move towards the desired future state. They reflect the two sides of the organisation which are both important: Supporting vulnerable residents and protecting the Council. This is represented in the following diagram.



## 6 2023/24 Housing Revenue Account Outturn

6.1 The following table summarises the outturn for the Housing Revenue Account and the consequential use of balances for 2023/24.

	Original Budget £000	Revised Budget £000	Forecast Period 8 £000	Actual £000
Employees	206	206	206	0
Premises (excluding repairs)	787	787	787	895
Repairs	6,710	6,710	6,890	6,880
Supplies and Services	141	141	141	142
Management Fee	7,192	7,192	7,191	7,191
Internal Recharges and Overheads	1,735	1,735	1,735	1,648
Provision for Bad Debts	455	455	455	566
Depreciation, Impairment etc	7,373	8,741	8,741	8,452
Interest and Debt Management Charges	3,851	3,851	4,370	4,386
<b>Total Expenditure</b>	<b>28,450</b>	<b>29,818</b>	<b>30,516</b>	<b>30,161</b>
Fees and Charges	(379)	(379)	(379)	(867)
Dwelling Rents	(29,580)	(29,580)	(28,960)	(29,759)
Other Rents	(1,787)	(1,787)	(1,787)	(1,447)
Contribution from Leaseholders	0	0	0	(455)
Interest	(249)	(249)	(2,234)	(2,249)
Recharged to Capital	(562)	(562)	(562)	(432)
<b>Total Income</b>	<b>(32,557)</b>	<b>(32,557)</b>	<b>(33,922)</b>	<b>(35,209)</b>
<b>Net Operating Income</b>	<b>(4,107)</b>	<b>(2,739)</b>	<b>(3,406)</b>	<b>(5,048)</b>
Revenue Contribution to Capital	7,384	7,384	7,384	5,331
Appropriation to Earmarked Reserves	(3,277)	(4,645)	(3,978)	(5,331)
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,048)</b>

6.2 The HRA has performed well in 2023/24 even against a backdrop of high inflation and cost of living pressures. Repairs and maintenance costs have continued to remain high with the cost of materials being a significant pressure as well as interest costs due to increased interest rates which is being experienced nationally. These pressures have been offset by improved returns on balances again due to the increased interest rates, strong rental income performance and the utilisation of external Government grants to fund expenditure. An in-year **surplus of £5.048M** is being declared, principally generated through a major reduction in the planned level of revenue contribution to the Capital Investment Programme.

- 6.3 The budget report to Cabinet in February 2023 included an ambitious capital programme, with a planned revenue contribution of £7.384M to fund the intentions. This required £4.107M of the planned surplus, as well as £3.277M to be drawn down from the capital investment reserve to fund this level of activity. It has not been possible to deliver the full capital investment programme which included housing acquisitions, maintaining decent homes standards and delivering new housing construction projects. The final funding requirement for 2023/24 was £5.331M. These ambitious plans will look to be accelerated again in 2024/25 as per section 7.17 of this report.
- 6.4 The general reserve for the HRA is considered to be at an appropriate level so an appropriation of the surplus to HRA earmarked reserves is proposed to enable further investment to be made in the Council's housing stock, creating better conditions and environments for local tenants.
- 6.5 The following table summarises all the appropriations for the HRA in 2023/24 and Cabinet is requested to approve the final reduction in the planned appropriation from the Capital Investment Reserve of **£2.994M**.

HRA Reserve	Original Plan £000	Approved Period 8 £000	Proposed Final Appropriation £000	Total £000
Repairs Contract Pensions Reserve	60	0	0	60
Capital Investment Reserve	(3,337)	666	2,994	(343)
<b>Sub-Total</b>	<b>(3,277)</b>	<b>666</b>	<b>2,994</b>	<b>(283)</b>
Revenue contributions to capital	7,384	0	(2,053)	5,331
<b>Grand Total</b>	<b>4,107</b>	<b>666</b>	<b>941</b>	<b>5,048</b>

## 7 2023/24 Capital Outturn

### Overview

- 7.1 Throughout the 2023/24 financial year the capital investment programme has been subject to robust monitoring and challenge to ensure delivery and alignment with the Corporate Plan priorities and desired outcomes. As a result of this monitoring, revisions were made during the year to the capital investment programme budgets with the agreement of Cabinet. The last revision was approved by Council on 22 February 2024.
- 7.2 The changes are summarised in the table below.

	£000
<b>Original Budget 23 February 2023 Council</b>	<b>95,436</b>
Re-profiles, New External funding and other adjustments agreed at 18 July 2023 Cabinet	6,282
Re-profiles, New External funding and other adjustments agreed at 18 September 2023 Cabinet	(4,737)
Re-profiles, New External funding and other adjustments agreed at 20 November 2023 Cabinet	(37,696)
Re-profiles, New External funding and amendments agreed at 13 February 2024 Cabinet	(3,159)
<b>Revised Capital Investment Programme 22 February 2024 Council</b>	<b>56,126</b>

Brackets indicate a reduction in budget.

- 7.3 The summary on the next page shows the 2023/24 actual spend against budget for the different types of investment.

<b>Scheme by area of investment</b>	<b>Revised Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>	<b>% Spent</b>	<b>Notes on delivery (see paragraphs 7.8 to 7.17 for the outcomes achieved)</b>
General Fund Housing	830	674	(156)	81.2	Less disabled facility grants delivered than anticipated – requesting carry forward of £0.1M.
Social Care	64	631	567	985.9	Overspend on Brook Meadows House – see paragraph 7.8.
Schools	1,497	1,542	45	103.0	A combination of multi-year projects for condition works and special provision capital fund – see paragraph 7.9.
Enterprise & Regeneration	7,847	6,899	(948)	87.9	Multi-year projects including Airport Business Park, Better Queensway, Levelling Up Fund projects and No Use Empty– see paragraph 7.10.
Southend Pier	1,499	1,618	119	107.9	Works progressed well with accelerated delivery – see paragraph 7.11.
Culture & Tourism	922	753	(169)	81.7	Multi-year schemes including parks, libraries and museums – see paragraph 7.12
Community Safety	142	105	(37)	73.9	CCTV equipment renewal - project will complete in 2024/25 – see paragraph 7.13
Highways and Infrastructure	14,323	11,606	(2,717)	81.0	Multi-year schemes at various stages of completion – see paragraph 7.14. £2.7M included as a net of carry forward, accelerated delivery requests and other budget adjustments.
Works to Property	6,080	5,450	(630)	89.6	Includes Crematorium refurbishment, Property Refurbishment and Fire Improvement Programme works – see paragraph 7.15.
Energy Saving Projects	231	79	(152)	34.2	Schemes being reviewed and will continue in 2024/25 and future years.
ICT Schemes	3,614	3,630	16	100.4	Multi-year schemes at various stages of completion - see paragraph 7.16
Section 106 / Section 38 / CIL	725	279	(446)	38.5	Multi-year planning and highways agreements at various stages of completion – £0.4M included as carry forward requests.
Council House Refurbishment	9,228	8,424	(804)	91.3	The Decent Homes programme and disabled adaptations are multi-year schemes. See paragraph 7.17.
Council Housing New Build Programme	1,513	1,248	(265)	82.5	Delivery stages of several build phases – see paragraph 7.17.
Council Housing Acquisitions Programme	7,611	7,128	(483)	93.7	Mainly acquisitions relating to the housing acquisitions programme and the Afghan & Ukraine resettlement scheme - see paragraph 7.17.
<b>Total</b>	<b>56,126</b>	<b>50,066</b>	<b>(6,060)</b>	<b>89.2</b>	

Brackets indicate an underspend against budget.

7.4 The outturn across strategic and other schemes is as follows:

	<b>Revised Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>	<b>% Spent</b>
<b>Strategic schemes</b>				
Airport Business Park	908	683	(225)	75.2
Better Queensway	3,825	3,825	0	100.0
Victoria Centre	876	859	(17)	98.1
Brook Meadows House	0	631	631	N/A
Schools – High Needs Provision	232	452	220	194.8
Southend Pier schemes	1,499	1,618	119	107.9
ICT Schemes	3,614	3,630	16	100.4
Footways and Carriageways	5,592	5,329	(263)	95.3
Highways Infrastructure Schemes	2,278	1,476	(802)	64.8
Highways and Infrastructure – Local Growth Fund and Local Transport Plan Schemes	3,308	2,352	(956)	71.1
Levelling Up Fund Schemes	1,600	994	(606)	62.1
HRA – Decent Homes Programme	8,578	7,813	(765)	91.1
HRA – Construction of New Housing	1,513	1,248	(265)	82.5
HRA – Housing Acquisitions Programme	6,569	6,063	(506)	92.3
HRA – Social Housing Decarbonisation Funding	788	890	102	112.9
<b>Total Strategic Schemes</b>	<b>41,180</b>	<b>37,863</b>	<b>(3,317)</b>	<b>91.9</b>
<b>Other schemes</b>	<b>14,946</b>	<b>12,203</b>	<b>(2,743)</b>	<b>81.6</b>
<b>Total</b>	<b>56,126</b>	<b>50,066</b>	<b>(6,060)</b>	<b>89.2</b>

7.5 Best practice and normal accounting convention require that the approved Capital Investment Programme includes budgets for all potential capital expenditure. Therefore, the programme contains budgets for schemes such as Section 106 funding where expenditure is contingent on a condition being met, grants that are paid to the Council in full are drawn down over time and schemes managed in partnership or by other bodies, e.g. schools.

7.6 The outturn for 2023/24 shows a final spend position of £50.066M against a revised budget of £56.126M, which is an 89.2% outturn position.

7.7 The capital investment in the year contributed to the delivery of the desired outcomes identified as part of the Corporate Plan. The key themes and outcomes are shown in the following sections:

## Investment Areas

### 7.8 Social Care

Under the corporate priority of a safe city with a good quality of life for all, investment in this area contributes to the outcome that people live well, age well and care well.

A major investment over the last few years has been the construction of Brook Meadows House with the new care home becoming operational towards the end of 2021/22. The existing Priory Care Home was then demolished prior to final landscaping works being completed.

For the 2021/22 financial year the project had overspent by £3.4M, with further costs of £1.5M incurred in 2022/23 and £0.6M incurred in 2023/24, with no budget provision. The overspends have been incurred due to a number of issues including the performance of the design team. The Council is currently taking forward actions with a view to recovering significant costs incurred where these have been caused by the performance of third parties. The timing of any cost recovery is uncertain.

### 7.9 Schools

Under the corporate priority of a safe city with a good quality of life for all, investment in this area contributes to the outcome that children and young people feel and are safe at school.

Expenditure on the education capital programme for 2023/24 was £1.5M. £0.6M of this investment was in schools condition works within the maintained primary schools. These covered larger high-cost repairs and replacements projects on roofs, windows, doors, electrics, new classrooms and heating that are beyond the budget of the individual settings. In addition, £0.1M was devolved as formula capital to the maintained schools to manage their own smaller capital works.

£0.8M of the investment was using the special provision grant monies to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision. These are multi-year schemes which have progressed ahead of schedule. A request has been included for accelerated delivery of budget from 2024/25 of £0.2M.

### 7.10 Enterprise and Regeneration

Under the corporate priority of a growing city with a strong and prosperous community, investment in this area contributes to the outcome of economic regeneration and business development.

Investment during 2023/24 of £0.7M is for the Airport Business Park, which is a major strategic employment site in close proximity to London Southend Airport. Although most of the infrastructure is complete there is a continuing need to install substations and other infrastructure as new tenants move in. A budget carry forward request has been included for £0.2M.



£3.8M of South Essex Local Enterprise Partnership (SELEP) monies were passed to Porter's Place Southend-on-Sea LLP to finance eligible expenditure on enabling works for the Better Queensway project that had already been incurred. £0.4M of those SELEP monies had already been passported to the LLP during 2022/23.

Investment of £1.0M was also made in the three Levelling Up Fund projects: Leigh Port, Cliffs Pavilion and City Beach. These projects will continue into 2024/25 and budget re-profile requests between 2023/24 and 2024/25 are included as part of this report.

In line with the conditions of the No Use Empty grant conditions, loans of £0.8M were granted to businesses in respect of empty commercial property conversion. Expenditure is dependent on the numbers of businesses that apply for the loans and a small carry forward request has been included as part of this report.

#### 7.11 Southend Pier

Under the corporate priority of a growing city with a strong and prosperous community, investment in this area contributes to the outcome of enhanced tourism, culture and leisure.

Every year major investment is made in Southend's historic pleasure pier, the longest in the world. In 2023/24 capital investment of £1.6M had been made in the pier, including £1.4m on condition works. The pier welcomed 375,000 visitors in 2023/24.

Much of the pier investment programme involves multi-year projects and the condition projects progressed well during 2023/24 whilst projects on the Prince George Extension and Timber Outer Pier Head progressed more slowly. Carry forward requests of £0.5M and accelerated delivery requests of £0.6M have been included in this report.

#### 7.12 Culture and Tourism

Under the corporate priority of a growing city with a strong and prosperous community, investment in this area contributes to the outcome of enhanced tourism, culture and leisure.

The city has many parks, gardens and nature reserves offering a range of facilities including sports pitches/courts, children's playgrounds, skateboarding, cafés, boating lakes, fishing lakes and wildlife areas. In recognition of this, capital investment of £0.5M has been made in the town's parks and open spaces during 2023/24.

A further £0.3M was invested in the city's libraries, museums, theatres and leisure centres.

Much of the culture and tourism investment programme involves multi-year projects. Net carry forward and accelerated delivery requests of £0.2M have been included in this report.

### 7.13 Community Safety

Under the corporate priority of a safe city with a good quality of life for all, investment in this area contributes to the outcome of safe, inclusive communities and neighbourhoods.

Capital investment of £0.1M has been made during 2023/24 for community safety, for the installation of CCTV equipment. Carry forward requests of £0.3M have been included in this report.

### 7.14 Highways and Infrastructure

Under the corporate priority of a clean city with a resilient environment, investment in this area contributes to the outcome of an improved transport system.

Capital investment of £5.3M in improvements to the town's highway and footpath network has been made during 2023/24, including repairing potholes, junction protection works and resurfacing of Zebra Crossings. During the financial year 49,109m<sup>2</sup> of carriageways were resurfaced and 22,551m<sup>2</sup> of footways were resurfaced with 5,654m of new kerbing installed.

Investment of £1.5M was made into the highways infrastructure, including £0.5M on the cliff slip at Belton Way funded by Department for Transport (DfT) grant monies. This also included £0.5M to deliver infrastructure changes to support adjustments to the transport network and improve active travel funded by the grant monies from the DfT Active Travel Fund. This also included £0.4M for bridge strengthening works funded by DfT's Challenge Fund.

Investment of £2.1M was made via Local Transport Plan grant funded schemes including road maintenance, street lighting, bridge strengthening, installation of traffic signal equipment and signage and works to bus stops and shelters.

Capital investment of £2.0m has been made during 2023/24 for flood prevention and resilience schemes. These included sea wall access refurbishment works and works to improve resilience to flooding.

Net carry forward, accelerated delivery and other budget requests of £2.7M have been included in this report so that schemes can continue into 2024/25.

### 7.15 Works to Property

Major investment of £2.1M was made in the refurbishment of the crematorium and £1.3M of regeneration works to the café at East Beach. The Council also invested £0.9M in redevelopment of units to enable lettings at the Victoria shopping centre.

Investment of £0.4m on property refurbishment and £0.6m on fire improvement works were also made to ensure the Councils operational buildings remain safe, in good condition and meet current standards.

Net carry forward, accelerated delivery and other budget requests of £0.6M have been included in this report so that schemes can continue into 2024/25.

#### 7.16 ICT

Investment of £3.6M has been made in the Council's ICT infrastructure to continue to provide the core services and to progress the Smart Council project.

This investment includes:

- Technology Device Refresh – to provide the ability for staff to work remotely with new laptops and the ability to support them remotely.
- Application Transformation – migration of applications to a stable environment to permit access for the new laptops and to mitigate technical risks.
- Digital Enablement – setting up the foundations for transformation into a Smart City.
- Security and Resiliency – implementing the fundamental security capabilities to protect remote working.
- My Southend Replacement – replacement of the Council's online customer portal
- Operational Requirements – the Council's infrastructure licences
- Software Licencing

This investment will continue into 2024/25 with future years requirements to be assessed and considered.

#### 7.17 Council Housing and New Build Programme

Under the corporate priority of a safe city with a good quality of life for all, investment in this area contributes to the outcome of quality, affordable safe homes.

Investment of £8.4M was made during 2023/24 in the refurbishment of the city's Council Housing, mainly via the Decent Homes programme. These are multi-year schemes, and the budget continues into future years. Net carry forward and accelerated delivery requests of £0.8M have been included as part of this report.

Investment of £5.8M was made during 2023/24 for the acquisition of 23 council dwellings across the Council housing acquisitions programme and the Afghan & Ukraine resettlement scheme. Valuations were also completed on 18 properties for the Council housing acquisitions programme and these are expected to complete during 2024/25. The housing acquisitions programme will continue in 2024/25 to 2026/27 with more suitable properties being purchased as they become available. Carry forward requests of £0.5M have been included in this report.

Investment of £0.9M was made during 2023/24 to bring a number of council dwellings up to minimum energy rating standards, part funded by the Social Housing Decarbonisation Fund with match funding from HRA reserves.

Investment of £1.2M in the construction of new Council Housing was made during 2023/24, with the different phases progressing through design, survey, planning or construction. More significant investment is planned for 2024/25 and 2025/26 as more of the projects move into the construction phase. Phase 3A of the project is to deliver circa 13 homes across three sites in Shoeburyness and is estimated to complete in October 2024. Phase 3B which consists of 16 flats in Shoeburyness is currently at the main procurement stage. Construction is expected to commence in November 2024 and complete by November 2025. Phase 4 of the project is to deliver circa 9 units of Council housing at the North site within the Council owned Lundy Close housing estate. Planning permission has been secured. Carry forward requests of £0.3M have been included in this report.

### **Revised capital investment programme**

- 7.18 A range of schemes have been identified that are funded from external contributions and grants. These have been included in the capital investment programme but there is flexibility in when these schemes are delivered either by the funder determining when it is appropriate or the Council matching delivery to available resources.
- 7.19 In total there are a number of schemes with unspent budgets in 2023/24 where the budget is needed in 2024/25 and future years in order to complete the schemes. These schemes have started and/or are fully committed to but due to various factors have not completed or reached the anticipated stage by the 31 March 2024. These budget commitments total £8.648M and are summarised in Appendix 1.
- 7.20 In addition, some schemes have exceeded their 2023/24 budget allocation. The two causes of this are unforeseen costs being incurred or schemes spending ahead of profile in order to accelerate delivery, i.e. multi-year schemes being delivered earlier or preliminary works starting on 2024/25 schemes to ensure their prompt completion. The sum of this accelerated delivery totals £1.529M and is analysed in Appendix 1.
- 7.21 Where possible schemes that have exceeded their 2023/24 budget allocation will be financed by compensatory under spending on other schemes. The exception to this is the overspend for Brook Meadows House, where the approach is set out in paragraph 7.8. The amended budget for 2023/24 after carry forward, accelerated delivery requests and budget adjustments have been taken into account is £49.454M.
- 7.22 An amended Capital Investment Programme reflecting all the changes above is attached at Appendix 2 and is summarised on the next page:

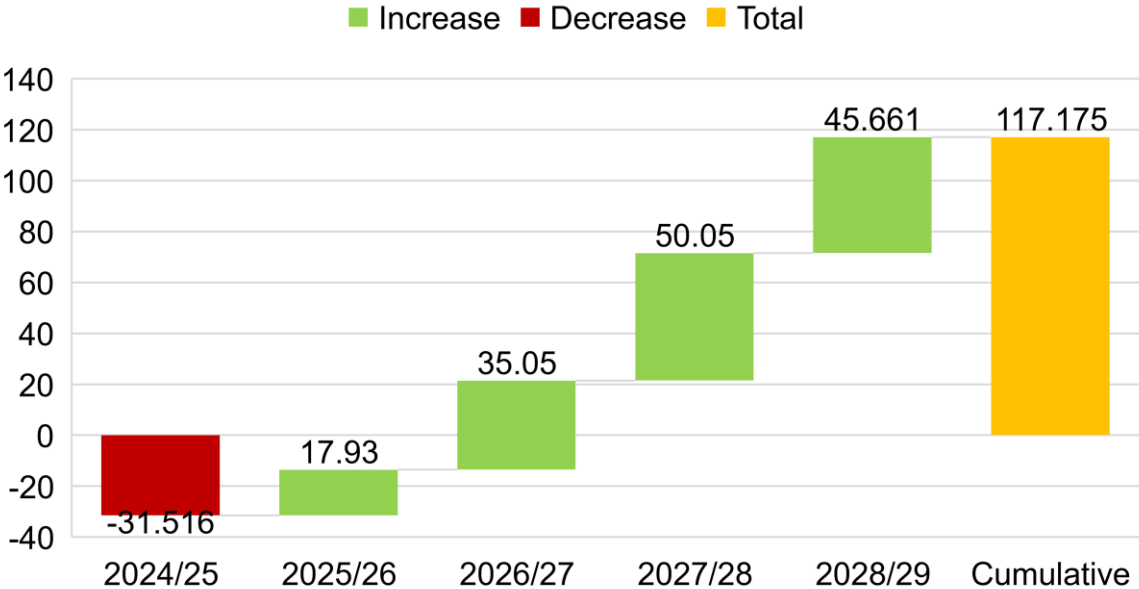
**Amended Capital Investment Programme to be delivered by the Council:**

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	Total £000
Strategic Schemes	60.2	22.4	8.7	1.2	1.1	93.6
Other Schemes	14.8	5.1	1.4	0.8	5.2	27.3
<b>Total</b>	<b>75.0</b>	<b>27.5</b>	<b>10.1</b>	<b>2.0</b>	<b>6.3</b>	<b>120.9</b>

**Amended Capital Investment Programme to be delivered by Subsidiary Companies or partners:**

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	Total £000
South Essex Homes Limited	7.4	6.6	6.8	0	0	20.8
Kent County Council	1.1	0	0	0	0	1.1
<b>Total</b>	<b>8.5</b>	<b>6.6</b>	<b>6.8</b>	<b>0</b>	<b>0</b>	<b>21.9</b>

7.23 The chart below shows the headroom (negative in 2024/25) for each year compared to the average spend over the last 11 years. Over the five-year period there is cumulative headroom of £117M (£23M each year if profiled equally).



7.24 This chart should be considered in the context that there is a further list of schemes that are not in the approved programme but are subject to viable business cases. This includes schemes where the costs have been estimated, totalling £70M and schemes that are yet to be costed. There may also be urgent health and safety works that might occur that are as yet unforeseen.

- 7.25 Given the above and the Council's finite capacity to deliver capital schemes, the capital investment programme should continue to be subject to continuous review and re-prioritisation, to consider its deliverability and affordability.
- 7.26 A generic approach to the programme as a whole would not be appropriate, as each project is different in its nature, extent and impact. The way that projects are funded also needs to be considered as grant and third-party funding would have to be returned if not spent or if delayed beyond the agreed expenditure timeframe. As in previous years capital challenge sessions are planned, to review and challenge the programme delivery throughout 2024/25 and to re-prioritise schemes across the five-year programme. These sessions will be led by the Cabinet Member for Finance, Assets and Investments and are anticipated to be held in the summer, autumn and the following spring. The outcome from these sessions will be fed into the new Members Resources Panel.
- 7.27 This will inevitably lead to some difficult decisions having to be made regarding the programme with the delivery of some schemes being scaled back, delivered over a longer timescale, paused or removed.
- 7.28 Progress of schemes will be re-assessed and some schemes may be removed from the main programme entirely and others held as 'subject to viable delivery plans' until it can be demonstrated that there is the capacity and resources to deliver them in the timescales indicated. Schemes can then be brought back into the main programme as and when it is appropriate to do so.
- 7.29 As this review progresses via challenge meetings, re-profiles and other adjustments to the programme for 2024/25 and future years will be put forward for approval.

### **Financing of the Capital Investment Programme**

- 7.30 The capital investment programme is fully financed. When the budget is set, estimates are made on the likely levels of capital receipt, grant that will be received during the year, the likely level of borrowing required as well as the proposed level of expenditure. As the actual expenditure differs from the proposed budget, the associated financing needs to be amended also to reflect this.

7.31 The capital expenditure in 2023/24 is financed as follows:

	<b>2023/24 Actual (£m)</b>
<b>Total Capital Expenditure</b>	<b>50.066</b>
<b>Financed by:</b>	
<b>Borrowing</b>	<b>13.701</b>
<b>Invest to Save Financing</b>	<b>2.225</b>
<b>Capital Receipts</b>	<b>2.896</b>
<b>Capital Grants Utilised</b>	<b>17.211</b>
<b>Major Repairs Reserve</b>	<b>7.377</b>
<b>Other Revenue/ Capital Reserve Contributions</b>	<b>5.673</b>
<b>Third Party Contributions</b>	<b>0.983</b>
<b>Total Financing</b>	<b>50.066</b>

### **Other changes to the budget for 2023/24 onwards**

- 7.32 Since the approved capital investment programme was set at Council on 22 February 2024, there have been some changes to the capital budget. They are not significant in number but are required to provide a continually updated programme to enhance the delivery of schemes and are therefore detailed in Appendix 1. These changes are reflected in the amended Capital Investment Programme attached at Appendix 2. Consideration and outcomes from the Capital Challenge sessions will provide further updates and status of project delivery which will be reported to Cabinet and the Members Resources Panel as required.
- 7.33 Removal of budgets no longer required is requested for schemes which have been completed within budget. The overall effect for all schemes identified as needing to be deleted is a decrease of £0.011M in the level of capital budget required. As part of the ongoing review of the capital investment programme, budgets totalling £0.756M have been moved to the subject to viable business case section below the main programme.
- 7.34 As part of the analysis of the 2023/24 outturn, where possible schemes that have exceeded their 2023/24 budget allocation are to be financed by compensatory under spending on other schemes. This has led to a number of requested virements between similar schemes. Other virements relate to items agreed under delegation to taken from the Priority Works budget for works at Civic One and for sea defences at Shoebury Garrison.
- 7.35 There have been £8.6M of new external funding confirmed in the form of grants and third-party contributions. The largest of these were £1.9M for Disabled Facilities from the Department for Levelling Up, Housing and Communities, £1.9M for High Needs Provision from the Department for Education, £1.6M from the Environment Agency regarding their Innovation Resilience Programme and £0.8M from Department for Environment, Food and Rural Affairs for Food Waste Collection.

- 7.36 All of these changes have been reflected in the revised capital investment programme at Appendix 2.

### **Capital Scheme Additions**

- 7.37 There are a few schemes which have been considered and agreed by Investment Board to come forward to Cabinet for approval into the capital investment programme:

#### Sea Wall Access Refurbishment

- 7.38 A request is included in this report for £0.112M of budget (£0.080M for 2023/24 and £0.032M for 2024/25) for works relating to the creation of a climate resilient garden and boardwalk. This budget is to be brought up from the subject to viable business case section into the main programme.

#### Affordable Housing Acquisitions Programme

- 7.39 The Council has a significant need to provide affordable housing as demonstrated by the substantial demand on the Council's Housing Register, and the number of households in Temporary Housing and Bed and Breakfast Accommodation at significant cost to the Council. The Council also continues to lose Council Housing each year through Right to Buy sales which reduces the amount of available stock. In order to continue the affordable housing acquisitions programme, this report includes budget requests of £1.5M p.a. for each of the years from 2024/25 to 2026/27. It is anticipated that this budget will secure the acquisition of a minimum of six properties per annum. This budget is to be brought up from the subject to viable business case section into the main programme. This is to be financed by 40% Right to Buy Receipts and 60% HRA capital investment reserve.

#### HRA Right to Buy – Buybacks Refurbishment

- 7.40 Associated with the Affordable Housing Acquisitions Programme is a request for budget of £0.325M p.a. for each of the years from 2024/25 to 2026/27, to refurbish the properties that are purchased in order to bring them up to Decent Homes standards and provide energy efficiency improvements where appropriate. This will help to reduce ongoing costs of retrofitting the Council's housing stock and assisting in meeting retrofit ambitions in line with Council and Government targets. The nature of these retrofit works can be disruptive so is better undertaken at the void stage. This budget is to be brought up from the subject to viable business case section into the main programme. This is to be financed by 40% Right to Buy Receipts and 60% HRA capital investment reserve.

#### Social Housing Decarbonisation funding

- 7.41 This is grant funding to retrofit Council dwellings to bring them up to Energy Performance Certificate (EPC) rating C, to reduce fuel poverty and to improve tenant comfort. The bid was for works to 110 dwellings currently rated as EPC D and E with measures such as external wall insulation, loft insulation, ventilation improvements and new double glazing. Once complete, the project



should save 179 tons of carbon per year across those properties and should reduce energy bills by 30%. The project is funded by £1.150M of grant funding and so far with £2.020M in match funding to be financed from the HRA capital investment reserve. Despite four rounds of detailed value engineering to reduce the cost per property, due to inflationary pressures only 75 homes can be completed for this amount. To complete the remaining 35 homes an extra £1.165M in match funding is needed, to be financed from the HRA capital investment reserve. A request for additional budget of £0.830M for 2024/25 and £0.335M for 2025/26 has been included as part of this report. If the extra match funding is not approved, there is the risk of significant clawback of the grant, tenant dissatisfaction, reputational damage and the risk of not securing future grant funding.

#### ICT – Technology Device Refresh

- 7.42 ICT devices should be renewed on a regular basis to ensure maximum security and performance and it was agreed to carry out the device refresh on a three yearly rolling basis, with a third of the devices being replaced every year. Volume procurement enables a more cost-effective way of buying devices, reducing the unit cost. Specifications for all device types will be reviewed to balance cost and requirements for individual roles as part of the programme. There is already sufficient budget in 2024/25 so the additional budget requested is £0.782M for 2025/26 and £0.803M for 2026/27. The resulting procurement will be greater than £0.250M so will be the subject of a future report to Cabinet.

## 8 Infrastructure Funding Statement 2023/24

8.1 Attached as Appendix 3 is the Infrastructure Funding Statement (IFS) for the reported year 1 April 2023 to 31 March 2024. The Summary Tables from the IFS are set out below:

**Summary Table 1: Community Infrastructure Levy (CIL) Funds 2023 to 2024**

Reported Year 2023 to 2024	Total value of CIL set out in all Demand Notices issued in the reported year	£639,123.69
	Total amount of CIL receipts carried over from previously reported years	£4,052,970.46
	Total amount of CIL receipts in reported year	£559,639.96
	Total amount of CIL expenditure (including admin expenses) in reported year	£214,577.50
	Total overpayments returned <sup>2</sup> in reported year	£369.45
	Total amount transferred to other organisations in reported year	£13,687.14
	Total amount of CIL allocated but unspent in reported year	£2,068,059.46
	<b>Total amount of CIL collected in any year yet to be allocated and remaining to be spent at the end of the reported year</b>	<b>£2,315,916.86</b>

**Summary Table 2: Section 106 (S.106) Planning Obligation Funds 2023 to 2024<sup>3</sup>**

Reported Year 2023 to 2024	Total amount of money to be provided under any planning obligations which were entered into during reported year <sup>4</sup>	£848,742.55
	Total amount of money under any planning obligations carried over from previously reported years which had not been allocated and was available to spend at the start of reported year	£1,564,443.52
	Total amount of money under any planning obligations carried over from previously reported years which was allocated but not spent at the start of the reported year	£509,470.51
	Total amount of money under any planning obligations which was received in reported year	£718,359.90
	Total amount of money under any planning obligations which was spent in reported year	£261,377.89
	Total amount of money under any planning obligations which was returned in reported year	£0.00
	Total amount of money under any planning obligations transferred to other organisations in reported year	£34,219.08
	Total amount of money under any planning obligations which was allocated but not spent at the end of the reported year	£333,000.00
	<b>Total amount of money under any planning obligations yet to be allocated and remaining to be spent at the end of reported year</b>	<b>£2,163,676.96</b>

<sup>1</sup> Payments are returned under CIL Regulation 75 (Overpayments) if the amount paid proves to be greater than the amount due.

<sup>2</sup> Figures correct at time of preparation of this report but may be subject to adjustments.

<sup>3</sup> This figure relates to either development that has yet to commence or implemented schemes for which the due date for contributions has not yet been reached i.e. the contributions have not been received and cannot be guaranteed to be received. The figure cannot be confirmed as the developments concerned included an outline planning permission, details of which have yet to be agreed.

8.2 The Council commenced CIL charging in July 2015 and at financial year ending 31<sup>st</sup> March 2024 there was £4,383,976.32 total CIL receipts unspent.

8.3 £2,068,059.46 of the total unspent CIL receipts has been allocated to infrastructure projects to support growth and new development in Southend. This comprises £226,742.51 of CIL Ward Neighbourhood Allocations and £1,841,316.95 to be spent on the following CIL Main fund programmes:

- £893,928.56 towards Enhancing Children's Play Provision in Public Parks
- £947,388.39 towards Cycle Infrastructure Improvement Programme

8.4 £2,315,916.86 of total unspent CIL receipts is yet to be allocated and is therefore available to spend, and includes:

- £2,099,133.56 in the CIL Main Fund. Cabinet have requested future plans to be developed to consider a range of potential options for utilising these funds and to lever extra external grant funding where possible to maximise investment, impact and benefits for our City; and
- £216,783.30 (15% of total receipts less surcharges) as Ward Neighbourhood Allocations.

8.5 Remaining CIL funds will continue to be carried forward until suitable projects are identified, either by members in accordance with the [CIL Governance Framework](#) or as part of the new Local Plan review.

8.6 The total amount of money to be provided under S106 planning obligations, which were entered into in the reported year, is £848,742.55 which includes £333,627.72 for the provision of education facilities, £63,000.00 Landscaping contributions, and £312,519.00 for the provision of affordable housing.

## **9 New Development of a Local Productivity Plan**

9.1 On 24 January 2024 the Secretary of State for Levelling Up, Housing and Communities also announced in a written statement that all local authorities will have to produce productivity plans, setting out how they will 'improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers' money'. The Government requires local authorities to produce these plans and submit them by 19 July 2024, prior to the Parliamentary summer recess on 23 July 2024.

9.2 The current Government has advised that plans should be short and draw on work councils have already done, identifying ways to unlock productivity improvements and setting out the key implementation milestones. The plan must be agreed by Council Leaders and members and published on local authority websites, together with updates on progress. DLUHC expect them to cover four main areas:

- transformation of services to make better use of resources.
- opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design.

- ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include activities designed to promote integration and civic pride, and counter extremism
- any barriers preventing activity that the Government can help to reduce or remove.

9.3 The government will monitor these plans, and funding settlements in the future could be influenced by performance against these plans. Alongside this intention, DLUHC will establish a new productivity review panel, made up of sector experts including the Office for Local Government and the Local Government Association. The panel will review local authority productivity plans and advise the Government on best practice in this area. Our proposed City Council's Productivity Plan submission to the Department for Levelling Up, Housing and Communities (DLUHC) is attached at Appendix 4.

## **10 Local Government Independent External Audit Update**

10.1 In March 2021 the National Audit Office published a report on the timeliness of local auditor reporting on Local Government in England. The report set out that for the 2018/19 financial year only 57% of external auditors delivered opinions by the 31 July 2019 deadline and for the 2019/20 financial year only 45% delivered opinions by the extended deadline of 30 November 2020. Our auditors concluded their audit of the 2018/19 accounts by 30 July 2019 and their audit of the 2019/20 accounts by 20 October 2020, thereby meeting the respective statutory deadlines in those two years. The Council's 2020/21 audited accounts were signed on 27 April 2023 and the 2021/22 audited accounts were signed on 19 December 2023.

10.2 In May 2024 Public Sector Audit Appointments published its latest update on the number of audits outstanding. It showed that, as at 31 March 2024, for the 2022/23 financial year only 25% of Local Government bodies had received audit opinions. The audit of the Council's 2022/23 Statement of Accounts is substantially complete, and they have been adopted by the Audit Committee. Once they have been signed by our external auditors and published, we will have caught up with the backlog of unaudited accounts in time for the audit of 2023/24 Statement of Accounts by our newly appointed external auditors KPMG LLP. The Council published its draft 2023/24 Statement of Accounts by the statutory deadline of 31 May 2024.

## **11 Financial Resilience and Future Sustainability**

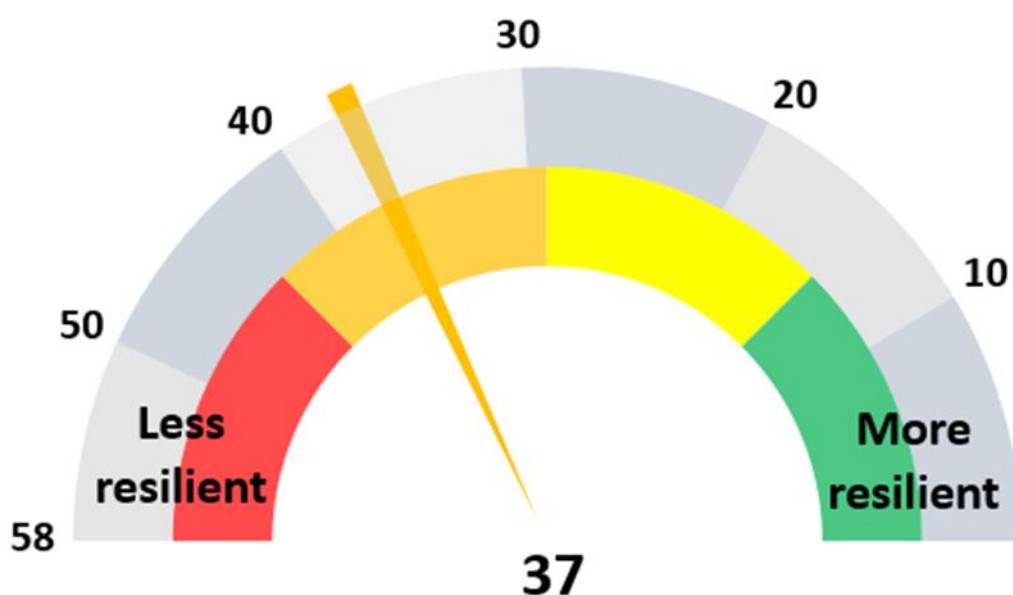
11.1 Financial resilience and future sustainability are clearly important considerations. We are an ambitious Council and our local area secured City status in 2022. We are committed to continually improving our performance and delivering better outcomes for residents through our Corporate Plan and contributions to the refresh of the overall City's vision. Our desire to improve, learn and provide value for money is also predicated on acting responsibly and ensuring our plans are affordable and sensible.

11.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Resilience Index uses nine primary indicators of financial stress. This assessment was first introduced prior to the COVID pandemic in 2019. It is

clear and well reported that the financial resilience of the overall local government sector has been severely tested since that time.

11.3 When this was first introduced Southend-on-Sea was positioned just within the upper quartile of all unitary authorities with strong performance against most of the indicators contained within the Resilience Index. It is obvious that our local financial resilience is weaker now than it was in 2019, but we remain in a relatively reasonable position compared to many local authorities across the entire local government sector.

11.4 To establish our current position, we have taken all the indicator values for the 58 unitary authorities in England and assessed Southend-on-Sea's comparable resilience based on equal weighting of each indicator. The result for 2023 now places Southend-on-Sea 37th out of 58 as shown in the graphic below, although ranking on the individual indicators ranges from 14th to 42nd.



11.5 The variation in size and scale of unitary authorities both spatially and financially across the country is significant. Our relatively small size does present a disadvantage in financial resilience terms when compared with larger organisations. The Council's financial resilience and sustainability status will remain under constant review. We are confident that our overall performance against this index will improve in 2024, as many of the indicators used are planned to strengthen locally in 2024/25 and we have not used any of our general fund reserves to support the setting of our 2024/25 Budget.

## 12 Concluding Comments

12.1 The provisional **£1.9M** overspend outturn position for 2023/24 represents a significant improvement from the previously reported 2022/23 outturn position and a clear positive direction of travel from the forecast outturn position reported during 2023/24. This demonstrates that the Council has continued to take strong, decisive action to improve its financial performance and generally strengthened its ability to manage increases in service demand for core

statutory services. The financing of the overall cost base of the Council is now closer to a more reasonable, effective and sustainable level. Clearly many challenges remain for the Council to overcome, particularly with regards to the still increasing costs of statutory social care arrangements for children and adult services.

- 12.2 A combination of some additional Government grant support, strong local income collection levels, additional compensation for the continued under-indexing of the small business rates multiplier, more proactive management of service demand, together with an innovative, eligible and compliant review of debt and treasury management arrangements provided the key elements of this improvement in 2023/24. The Council is looking to build on this improved position by implementing its commitment to a new transformation and service design programme through 2024/25.
- 12.3 Our overall intention for the future is to target scarce resources to the agreed priorities within the Council's corporate plan, implement our new joint administration's political priorities, support our most vulnerable residents, respond positively to the ongoing impact of the cost-of-living crisis and try to address the inequalities that exist across the city. Delivering these ambitions needs to be integrated with effectively managing increasing and more complex local demand pressures in social care.
- 12.4 Navigating and responding to these challenges while maintaining and improving our financial resilience and sustainability status remains a challenging task for the Council, as it will do for most upper tier local authorities across the country.

### **13 Reasons for Decisions**

- 13.1 To provide Cabinet with the provisional revenue and capital outturn position for 2023/24.
- 13.2 As part of the year end processes, Cabinet is required to approve any appropriations to or from earmarked reserves. This report fulfils that purpose.
- 13.3 Cabinet is required to approve capital budget carry forwards, accelerated delivery requests and in year amendments to the current approved programme.

### **14 Other Options**

- 14.1 This is a factual report setting out the 2023/24 outturn and is a reporting requirement of good financial governance. As such there are no other options. Cabinet are of course able to suggest changes to the amounts appropriated to and from earmarked reserves, which would result in a compensating adjustment to the amount taken to or from general reserves. The report also follows and complies with the good practice identified with CIPFA's Financial Management Code which became mandatory from 2021/22.

### **15 Financial Implications**

- 15.1 As set out in the body of the report and accompanying appendices.

## **16 Legal Implications**

- 16.1 The Council is required by section 151 of the Local Government Act 1972 to plan for the proper administration of its financial affairs. The Council is also required by section 28 of the Local Government Act 2003 to monitor its budget, and take corrective action, as necessary. The Council's chief finance officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for effective budgetary control and for reporting variances to interested stakeholders. To comply with these best practice arrangements, it is important that Cabinet receive information and comment accordingly on the final outturn performance of the revenue and capital budgets as set out in the report.
- 16.2 The approval to submit the Council's Productivity Plan does not need to go directly to Council as it is a request from Government and not Statutory Guidance. The Constitution (4.02.1(c)) states that plans and strategy required by Law should be subject to Council approval. As this requirement does not qualify as "law" it can be approved by Cabinet.

## **17 Carbon Impact**

- 17.1 None arising from this report.

## **18 Equalities**

- 18.1 Consideration is given to Equalities and Diversity Implications when the Medium Term Financial Strategy and Capital Investment Programme is determined.

## **19 Consultation**

Consideration is given to consultation when the Medium Term Financial Strategy and Capital Investment Programme is determined.

## **20 Background Papers**

Financial Sustainability Strategy 2022 – 2032  
Medium Term Financial Strategy 2024/25 – 2028/29  
Resourcing Better Outcomes - Financial Performance Report 2023/24 – Period 8

## **21 Appendices**

Appendix 1 Requested Changes to the Capital Investment Programme

Appendix 2 Amended Capital Investment Programme

Appendix 3 Infrastructure Funding Statement for 1 April 2023 to 31 March 2024

Appendix 4 Productivity Plan submission to DLUHC

## Report Authorisation

This report has been approved for publication by:

<b>This report has been approved for publication by:</b>		
	<b>Name:</b>	<b>Date:</b>
S151 Officer	Joe Chesterton	11/06/2024
Monitoring Officer	Susan Zeiss	12/06/2024
Executive Director(s)	Joe Chesterton	11/06/2024
Relevant Cabinet Members	Councillor Cowan	14/06/2024
	Councillor Collins	14/06/2024