

Public Document Pack

Southend-on-Sea Borough Council

Legal & Democratic Services

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11 February 2022

CABINET - TUESDAY, 15TH FEBRUARY, 2022 SUPPLEMENTARY PACK 2: PRIORITISING RESOURCES TO DELIVER BETTER OUTCOMES 2022/23 TO 2026/27 REPORT

Please find enclosed, for consideration at the next meeting of the Cabinet taking place on Tuesday, 15th February, 2022, the following report that was unavailable when the agenda was printed.

**Agenda Item
No**

**5 Prioritising Resources to Deliver Better Outcomes - 2022/23 to 2026/27
(Pages 1 - 276)**

Report of Executive Director (Finance and Resources) attached

Robert Harris
Principal Democratic Services Officer

Southend-on-Sea Borough Council
Report of Executive Director (Finance & Resources)
To
Cabinet
On
15th February 2022

Report prepared by:
Pete Bates, Interim Director of Financial Services
Caroline Fozzard, Senior Finance Lead (Strategy,
Sustainability & Governance)

**Agenda
Item No.**

5

Prioritising Resources to Deliver Better Outcomes – 2022/23 to 2026/27
All Scrutiny Committees
Cabinet Members: Councillor Ian Gilbert and Councillor Paul Collins
Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1. To illustrate over the medium term how the Council's limited revenue and capital resources are prioritised to respond to increasing demand for key local services, provide targeted support to cope with the impact of the pandemic, assist with the future economic recovery of Southend-on-Sea and deliver better outcomes for residents aligned to our Southend 2050 ambition.
- 1.2. To highlight the Council's approach and commitment to securing long term financial sustainability and more effective medium-term business and financial planning.
- 1.3. To propose a fully funded integrated set of revenue budget initiatives and capital investment priorities following consultation and for onward submission to Council for consideration and approval.

2. Recommendations

The proposed overall investment package contained in this integrated revenue and capital resources report was launched for consultation with relevant stakeholders on 6th January 2022. This report also records the feedback from the consultation so far.

The following series of recommendations will ensure that a compliant, balanced, and sustainable budget is agreed that invests in key priorities to deliver better outcomes for residents of Southend-on-Sea. This overall proposed budget package is recommended for approval.

That Cabinet recommend to Council that it:

- 2.1. Approve the Financial Sustainability Strategy 2022 - 2032 (Appendix 1).**
- 2.2. Approve the Medium Term Financial Strategy for 2022/23 – 2026/27 (Appendix 2) and the resulting Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2026/27 (Annexes 1 and 2 to Appendix 2). Delegate any final minor changes/updates of this strategy as required to the Executive Director (Finance & Resources).**
- 2.3. Consider and acknowledge the Section 151 Officer’s statement on the robustness of the proposed budget, the adequacy of the Council’s reserves and the Council’s Reserves Strategy (Appendix 3).**
- 2.4. Approve the appropriation of the sums to earmarked reserves totalling £2.675M (Appendix 4).**
- 2.5. Approve the appropriation of the sums from earmarked reserves totalling £4.988M, which includes £2.500M that was previously approved to support the budget in 2021/22 and is now requested to be used to support the estimated budget gap for 2022/23 instead (Paragraph 11.15) (Appendix 4).**
- 2.6. Approve a General Fund Budget Requirement for 2022/23 of £140.288M and Council Tax Requirement of £91.844M (Appendix 5).**
- 2.7. Note that the 2022/23 revenue budget has been prepared based on using £1.500 million from accumulated Collection Fund surpluses for the core budget to allow for a smoothing of the budget gap across the next four financial years (Paragraph 11.17).**
- 2.8. Approve a Council Tax increase of 3.99% for the Southend-on-Sea element of the Council Tax for 2022/23, being 1.99% for general use and 2.00% for Adult Social Care (Paragraph 11.18).**
- 2.9. Note the position of the Council’s preceptors has been determined:**
 - Essex Police – proposed Council Tax increase of 4.79%**
 - Essex Fire & Rescue Services – proposed Council Tax increase of 1.95%**
 - Leigh-on-Sea Town Council – proposed Council Tax increase of 0.71%**
- 2.10. Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2022/23.**
- 2.11. Consider and approve the proposed General Fund revenue budget investment of £13.422M (Appendix 6).**
- 2.12. Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2022/23 of £4.837M (Appendix 7).**

- 2.13. **Consider and approve the proposed future outline Budget Transformation Programme 2023/24 – 2026/27 (Appendix 8).**
- 2.14. **Consider and approve the proposed range of fees and charges for 2022/23 (Appendix 9).**
- 2.15. **Approve the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 10).**
- 2.16. **Consider and approve the Capital Investment Strategy for 2022/23 to 2026/27 (Appendix 11) and the Capital Investment Policy (Annex 1 to Appendix 11).**
- 2.17. **Consider and approve the proposed:**
- (i) **new schemes and additions to the Capital Investment Programme for the period 2022/23 to 2026/27 totalling £12.6M for the General Fund (Appendix 12)**
 - (ii) **new schemes subject to viable business cases totalling £33.9M (£15.5M for the General Fund and £18.4M for the Housing Revenue Account) (Appendix 12).**
- 2.18. **Consider and approve the proposed changes to the current Capital Investment Programme (Appendix 13).**
- 2.19. **Approve the proposed Capital Investment Programme for 2022/23 to 2026/27 of £124.4M to be delivered by the Council and £52.4M to be delivered by Subsidiary Companies, Partners and Joint Ventures (Appendix 14) of which £55.2M is supported by external funding.**
- 2.20. **Approve the Minimum Revenue Provision (MRP) Policy for 2022/23 (Appendix 15) and the prudential indicators (Appendix 16).**
- 2.21. **Approve the operational boundary and authorised limits for borrowing for 2022/23 which are set at £385M and £395M respectively (Appendix 16).**

3. COVID-19 Impact and Implications

- 3.1. This integrated revenue and capital budget report has been developed against the on-going huge fiscal challenges brought about by the pandemic. The overall health and economic impact of COVID-19 is still under assessment. The challenge is clearly worldwide, and national governments continue to wrestle with putting in place the right package of measures to save lives and to try to minimise the spread of the virus and its impact across the population. Countries have adopted different strategies and tactics to safely get their respective economies working again. These challenges were exacerbated with the world-wide concern over the potential impact of a new mutant variant – Omicron, which was discovered towards the end of 2021.
- 3.2. Alongside this worrying development, the national vaccination programme and more recent booster campaigns do appear to be having a positive impact on limiting the severity of this new strand of the virus on people’s health and well-being. The data available so far suggests that the virus does seem to be having generally milder effects on fully vaccinated and boosted people, but its speed of transmission is still much quicker than previous strands which is putting more pressure on the NHS and public services. Since the launch of the Council’s budget consultation in early January 2022, the Government have announced an easing of restrictions, whilst continuing to encourage take-up of the national vaccination and booster roll-out programme. It appears that the UK, like most of the rest of the world, are now moving into a phase of getting used to ‘living with COVID’, closely monitoring the impact and assessing any further mutant variant strains.
- 3.3. The pandemic continues to have a major direct operational and financial impact right across the Local Government Sector. All local authorities are struggling with the challenges of uncertainty, large financial pressures and concerns for their residents and local areas in such unprecedented times. Several local authorities are showing signs of significant additional financial stress. Effectively managing the short and medium-term financial challenges that COVID-19 has brought to the Borough will be an important factor in our future success.
- 3.4. One of our other major areas of concern is the potential impact on service demand ‘post COVID-19’ or ‘living with COVID-19’ in the future. This could manifest itself in many ways from increased demand and support because of long COVID-19 symptoms or increased demands on services due to family tensions and breakdown, residents experiencing additional stress and mental wellbeing needs or changing employment issues. The Council and its partners will continue to monitor the situation locally.

- 3.5. The Council's 'Getting to Know Your Business' programme continues to be embedded. This programme helped to establish a baseline for all services in terms of their costs, income generation potential, value for money and performance. This data highlighted key lines of enquiry where benchmarking suggested that either our costs or income levels are above or below average. This assessment, together with a comprehensive 'strategic-fit' review against our Southend 2050 ambition, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for our local residents has influenced the development of the investments, savings and income generation proposals contained within this budget report.
- 3.6. There have been huge challenges caused by the pandemic and additional uncertainty created by the delay and content of the provisional financial settlement on 16th December 2021. The final financial settlement was published on 7th February 2022. Part of the Council's response has been to produce a high-level future Budget Transformation Programme for 2023/24 – 2026/27, which will be developed further over the coming months. Suggested themes/areas for initial review are summarised in **Appendix 8**. The intention is to also create a prioritised programme of zero-based service delivery reviews to drive further efficiency and productivity improvements. This Transformation Programme will be designed to support the Council's future financial sustainability ambition and to prepare for the major Local Government 'funding reform' in 2022/23 which was highlighted within the Comprehensive Spending Review 2021 as part of the Government's 'Levelling Up' agenda.
- 3.7. It really has been an unprecedented couple of years and some tough national and local choices and decisions on priorities, particularly non-statutory service levels will be required over the medium-term. The Government have introduced a series of national tax increases and policy changes which will have a significant impact from April 2022 and general inflation is heading to its highest levels for over a decade, with some suggesting it could reach around 7% now in 2022. This combination of factors will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes.
- 3.8. In the background, although only occasionally receiving media attention, there is still some concern and uncertainty over what the overall potential medium-term impact of the country's negotiated exit from the European Union will be. The full details of Brexit are still being assessed and evaluated nationally. We will continue to monitor the situation and update Cabinet and Council on any specific local implications as appropriate.

4. Comprehensive Spending Review 2021

- 4.1. Given the current set of circumstances the financial landscape and operating environment for all public services and particularly for local government remains challenging and uncertain. The Local Government Sector was hoping for a 3 - year financial settlement from the Comprehensive Spending Review for 2022/23 - 2024/25 to at least try to provide some certainty for future financial planning parameters. The provisional finance settlement was published on 16th December 2021 and disappointingly it was effectively for 1 year only, with major reform planned which potentially could result in a significant re-distribution of resources across local authority areas for years 2 and 3.
- 4.2. The final Local Government Financial Settlement was received on 7th February 2022. As expected, there were no significant changes from the provisional settlement that had been issued. The overall increase in Core Spending Power for Local Authorities has changed from 6.9% to 7.4% since the provisional settlement, an increase of £265.4M nationally.
- 4.3. The Council remains in a relatively strong financial position in comparison to a number of other upper tier authorities but the size of the local financial challenge for the future is already estimated to be significant. The added uncertainty caused by the finance settlement and the potential impact for 'winners and losers' of the reform intentions adds even greater uncertainty to the local financial planning challenge. In headline terms circa £3.250M of the additional Government funding contained within the financial settlement for 2022/23 for Southend-on-Sea could potentially be at risk from 2023/24 onwards. The additional funding provided for 2022/23 has almost entirely being used to meet the financial implications of the recent changes that have been announced in national government policy particularly for social care.
- 4.4. The Government currently have been vague and unclear on what the actual planned 'major funding reform' for the local government sector will be. It is now confirmed that it will commence in 2022/23 and be implemented for the 2023/24 financial year. The only real reference has been ideological, suggesting 'Levelling up' funding redistribution to the 'Midlands and the North'. It is assumed that any changes to national formulas and distribution of funding methodology will be grounded in evidence and factors such as local need, deprivation, relative strength/weakness of local tax bases and the spending power of local authorities will all form part of the revised approach. At this stage of our local financial planning arrangements the finance settlement just adds further potential risk and uncertainty.
- 4.5. It remains vital to reassess, understand and take responsibility for our financial future. We must remain proactive in the delivery of our agreed Southend 2050 ambition, key priorities, evaluate the local economic recovery progress and to provide the best possible value for money services to our local residents, businesses and visitors. Our financial sustainability will be enhanced by embracing the Borough's economic potential, growing our local tax bases and by increasing our income generating and commercial capabilities.

4.6. Given the unprecedented circumstances experienced this year and the Government's delay in releasing the finance settlement, our Medium Term Financial Strategy 2022/23 – 2026/27 will require some minor further development. This report requests that any final minor changes/updates of this strategy as required be delegated to the Executive Director (Finance & Resources). This strategy (**Appendix 2**) provides an integrated view of the whole of the Council's finances and priority investment plans over the medium term. This report outlines how scarce revenue and capital resources are prioritised and deployed to respond to increasing demand for key local services and to deliver better outcomes for residents aligned to our Southend 2050 ambition, phased priorities, and commitments.

5. Southend 2050 Ambition and Economic Recovery Focus

5.1. Building on the extensive engagement and consultation exercise undertaken with residents and key local stakeholders during 2018, this report highlights how this shared and jointly owned ambition for Southend-on-Sea has heavily influenced the investment priorities for 2022/23 – 2026/27. This agreement also continues to help to provide clear direction for the Organisation and has enabled the Council to respond positively to the huge health, economic and operational impact caused locally by COVID-19. The borough's agreed long-term ambition continues to shape the Council's overall business and financial planning framework which is now clearly driven by the established strategic themes.

5.2. The original five outward looking themes have now been supplemented with a new Future Ways of Working commitment. This new theme will be used as a framework to modernise our working practices, learn from our COVID-19 experience and develop new skills and capabilities for our workforce into the future. This is represented and summarised in the following graphic (**Error! Reference source not found.**). It provided a framework for our initial response to the pandemic and is now also helping to influence our approach to enabling our local economy to recover and our service offer to be re-designed and more effectively targeted to better meet the needs of Southend's residents.

Figure 1 Southend 2050 Themes



- 5.3. To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for Southend's residents, the Council for 2022/23 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements. This has been hampered by the lack of clarity and certainty contained within the Comprehensive Spending Review 2021 for 2023/24 and 2024/25. Our commitment remains to focus on supporting the local economy and residents to recover from the pandemic.
- 5.4. Our approach enhances the profiling of investment and supports effective prioritisation of activities. It will also enable improved consideration of major regeneration plans that span more than one financial year from both a revenue and capital perspective. These new set of arrangements were introduced in 2020/21 and became the key driver behind integrating both revenue and capital investment plans into a single report with greater emphasis on the medium term.
- 5.5. Local Government still faces huge challenges in terms of uncertainty over future funding levels and continuing increases in demand and local expectations – Southend-on-Sea is no exception, but the Council is determined to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to Southend's residents, businesses, and visitors. The years 2020/21 and 2021/22 have been dominated by the impact of the pandemic so 2022/23 is now clearly an important transitional year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.
- 5.6. The overall proposed budget package contained in this report has been developed in what has been unprecedented times for the Local Government Sector and indeed the UK generally. The intention has been to target scarce resources to the agreed priorities under Southend 2050 and key revised delivery phases, support our local economy to survive and then recover, whilst also responding positively to the impact of the pandemic and major local demand pressures in core service provision.

6. National funding situation

- 6.1. Spending reviews are critically important to local authorities because they determine how much money will be given to Government departments, many of whom may then provide separate funding allocations to local councils.
- 6.2. Spending reviews are co-ordinated and managed by HM Treasury. The dates and length of spending reviews vary. Comprehensive spending reviews (CSRs) tend to be less frequent and aim to take a longer-term view and usually involve a series of zero-based reviews of public spending.
- 6.3. Due to the unprecedented health and economic challenges caused by the global pandemic, together with Brexit considerations, the CSR planned for 2021 was the first real major opportunity for the Government to provide a 3-year funding settlement for the Local Government Sector. Unfortunately, only 2022/23 funding has been guaranteed at an individual local authority level.

6.4. The key headlines relevant to Local Government are summarised below:

- The Council Tax referendum threshold is expected to remain at 2% per year throughout the Spending Review (SR) period.
- Social care authorities are expected to receive flexibility to increase the adult social care precept by 1% per annum over the SR period.
- No announcement was made about the government's plans for funding reform or a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20. Business rates retention pilots are assumed to continue until 2024/25.
- Business Rates Multiplier to be frozen for 2022/23.
- The Business Rates Multiplier compensation grant figures have been updated, with the calculation using RPI rather than CPI. This increases the Core Spending Power amount by £250M.
- The next revaluation will be in 2023, after which they will take place every three years.
- Transitional Relief and Supporting Small Business schemes have been extended for 2022/23.
- Retail, Hospitality and Leisure relief has been extended into 2022/23 at 50%, estimated to cost £1.7Bn nationally.
- There will also be a new relief introduced from 2023, which will allow businesses to benefit from 100% relief for 12 months from when they make improvements to a hereditament. There will be a consultation on this prior to implementation, and then it will be reviewed after five years. A relief will also be introduced for plant and machinery used in onsite renewable energy generation and storage.
- New Homes Bonus is continued for a further year with no new legacy payments. £556M has been allocated to English councils in 2022/23, with the Government stating it plans to publish its response to the consultation on the New Homes Bonus in the coming months.
- There will be £4.8Bn of new grant funding for Social Care and Other Services, although the proportion between these is not yet known.
- No announcements have yet been made in relation to the Better Care Fund.
- Public Health Grant has been increased by £3.417Bn for 2022/23, an increase of 2.8%, with all Local Authorities getting the same percentage increase in their allocation. This will increase to £3.490Bn in 2023/24 and £3.553Bn in 2024/25.
- The Core Schools Budget will increase by £4.7Bn over the SR period, with an additional £2.6Bn for new school places for children with special educational needs and disabilities (SEND) over the same period.
- The Holiday Activities and Food Programme, introduced during the pandemic, is being extended at a cost of £200m per year.
- Funding of £38M to support authorities with cyber security and £35M to "strengthen local delivery and transparency."
- A rise in the National Living Wage of 6.6% to £9.50 an hour.

- The first £1.7Bn of allocations through the Levelling Up Fund have been announced.
- The Rough Sleeping Initiative and Homelessness Prevention Grant will be continued.
- £111M Lower Tier Services Grant introduced in 2021/22 continued in 2022/23. The final financial settlement introduced changes to the allocations with no change to the overall total but with a £1.7M swing between individual authorities.
- £560M announced for youth services.
- £850M for “cultural and heritage infrastructure” over the SR period.

6.5. It is worth noting that the increase in national funding is generally front-loaded, so increases in 2022/23 will level off. Any increases in spending power for local authorities in subsequent years are likely to be expected to be met from increases in local Council Tax levels.

6.6. The new Department for Levelling Up, Housing and Communities (DLUHC) have announced that major reform for the local government sector will now take place in 2022/23 which could impact the distribution of funding at an individual local authority level from 2023/24.

6.7. Further recent announcements from the Government include a range of measures to try and respond to major concerns that have been highlighted around increasing energy costs and the general inflationary impact on the increasing ‘cost of living’ for everyday essentials. These include a £200 discount on energy bills in 2022/23 (which will effectively be paid for by increases in future years energy bills over the following five years), a one-off £150 non-repayable payment towards energy bills for all households in Council Tax Bands A-D in England and a £144M National Discretionary Fund for hardship cases. At the time of writing this report the details and mechanics of how these new initiatives will be administered and the individual size of our local allocation of the National Discretionary Fund had not been received.

7. Local funding impact

7.1. The key announcements set out in section 6.4 indicate the following allocations for Southend-on-Sea Borough Council:

- Social Care – additional £2.2M to be delivered through grant in addition to the funding received in 2021/22, so for 2022/23 the total grant will be £8.2M.
- The current funding stream of £7.568M iBCF (including the former Winter Pressures Grant) has increased by 3% to £7.797M in 2022/23.
- Public Health Grant has increased by circa 2.8% to £10.073M in 2022/23.
- The Revenue Support Grant has increased by 3.1% to £6.244M
- Market Sustainability and Fair Cost of Care Fund – new grant of £0.556m to be received in 2022/23. This comes with new burdens, the cost of which has not yet been calculated.

- Lower Tier Services Grant funding introduced in 2021/22 has increased slightly, so for 2022/23 the grant will be £0.256M
- Homelessness Prevention Grant 2022/23 of £0.663M
- Domestic Abuse Act new burdens 2022/23 grant of £0.021M
- An increase of £0.707M as compensation to the under indexing of the business rates multiplier, with the calculation using RPI rather than CPI.

Dedicated School Grant Budget and Schools Revenue funding

- 7.2. The Dedicated School Grant (DSG) budget consists of delegated funding to schools, early years providers and providers for pupils with special educational needs and alternative provision. It is the main source of revenue funding for these settings. There is also an element of this funding that is used to support Southend-on-Sea Borough Council's educational related services.
- 7.3. The current total DSG for 2022/23 is £178.1M (latest allocation for 2021/22 is £171.6M). In practice, although the Education Board and Local Authority remain responsible for allocating the entirety of DSG, the final actual DSG awarded to the local authority will exclude funding for Academies, High Needs place funding for both colleges and further education providers, free special schools and national non-domestic rates for all mainstream schools. These elements are paid directly to those settings from the Education and Skills Funding Agency. The final estimated allocation expected to be awarded to the local authority for 2022/23 is £55.958M, after considering these estimated deductions of £122.189M.
- 7.4. The Department for Education (DfE) announced on the 16th December 2021 the final funding details for 2022/23 which are summarised as below (Table 1). Note there are 4 blocks of funding allocations within the DSG.

Table 1 Dedicated Schools Grant Funding Allocations

Block	Amount £M's	Detail
Schools Block	137.816	Allowing for 14,847 primary and 11,771 secondary pupils plus growth and premises factors
Early Years Block	10.125	This funding allows for 15-hour universal entitlement and additional 15 hour extended entitlement for 3-4 year olds and 15 hour entitlement for 2 year olds
High Needs Block	28.764	Includes special school and further education place funding, for ages 2 up to 25. Alternative provision funding, hospital education funding, and support for wider SEND services.
Central Schools Services Block	1.441	Includes Education Support Grant and Council support functions
Total DSG 2022/23	178.147	

Key 2022/23 Dedicated Schools Grant DfE Headline Announcements

- 7.5. In September 2019, the Government and the DfE released a statement, “that the funding for schools and high needs compared to 2019-20, will nationally rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23”. This was a welcome announcement and 2022/23 is now the third year of that three-year commitment. Early notification has supported effective financial planning, but many national and local issues remain, including significant national pressures on high needs funding, some schools that have been struggling historically financially and further increases required for teacher salary increases and pension contributions.
- 7.6. The DfE announced in July 2021, the following key headlines in relation to Individual School Funding for 2022/23 (schools block). The minimum per pupil levels are set at £4,265 for primary schools (£4,180 in 2021/22) and £5,525 for secondary schools (£5,415 in 2021/22). The funding floor will be set at 2.00% at a per pupil led funding basis, and all schools attracting their core National Funding Formula (NFF) allocations will benefit by an increase up to 3% on those core factors.
- 7.7. In relation to Early Years funding announced by the DfE on the 25th November 2021 the DfE confirmed an increase of 17p per hour in 2022/23 to help fund childcare places for 3 & 4 year olds and 21p per hour to help fund childcare places for eligible 2 year olds.
- 7.8. In relation to high needs block funding allocations, the funding floor (within the NFF) is set at an 8% uplift with a maximum gains cap of 11%. For Southend, this has meant an additional uplift of 9.14% and an additional indicative allocation of £2.301M. On the 16th December 2021, the DfE also announced an additional supplementary DSG grant to support health and social care levy and wider cost pressures within High Needs, this additional High Need DSG grant for 2022/23 is £1.007M. For mainstream schools, early years and post 16 provision in schools, this additional supplementary grant will be paid outside of the DSG in 2022/23 and directly to those schools by the DfE.
- 7.9. In relation to central block funding included within the July 2021 announcements, the DfE stated in 2022/23 that there will be a further 20% reduction to the element of funding that some authorities receive for historic commitments. This is in line with the previous DfE intentions as part of the NFF to unwind this funding element. The implication for Southend’s allocation is a further annual loss of £116,000 from 2021/22 levels.

DSG Education Board Decisions

- 7.10. Although the total quantum of DSG is now calculated by a national formula that indicates the amount of funding that will be received, it currently remains a local decision as to how each block of funding is allocated. The Education Board (covering School Forum matters) met on both the 18th November 2021 and the 15th December 2021 to determine and agree the principle decisions for the allocation of the 2022/23 individual school block allocations. Although within Mainstream Schools the minimum amounts per pupil are now a mandatory requirement, the Board confirmed its approval for the remaining mainstream school allocations to continue with the implementation of the national funding formula locally.
- 7.11. The final 2022/23 Individual School Block allocations were noted and shared with the Education Board on the 18th January 2022 (**Appendix 10**). The 18th January 2022 Education Board meeting as displayed in (**Appendix 10**), also agreed the distribution of funding rates to Early Years providers for 2022/23 and an approach to ensuring our local special schools and alternative provision are compensated for increased costs in relation to the new Health and Social Care National Insurance levy from April 2022 through the additional High Needs DSG supplementary grant.

Pupil Premium

- 7.12. In addition to funding from the DSG, schools will receive a Pupil Premium grant, which will provide amounts of £1,385 / £985 of funding per primary / secondary pupil in 2022/23 who have been registered for free school meals in any of the past 6 years. Based on initial estimates the total Pupil Premium will provide an additional indicative £8.4M for schools in Southend-on-Sea (including both Maintained and Academy schools).

8. Financial Sustainability Strategy

- 8.1. This was first introduced and approved by Council in February 2020 to frame the financial future and intentions for Southend-on-Sea. It helped to set the context for the Medium Term Financial Strategy at that time, guide our approach to maximising resources, prioritising investment and the effective targeting of resources to deliver the ambitions and outcomes contained within the Southend 2050 programme and Roadmap phases.
- 8.2. Its primary purpose remains to outline our approach, desire, and commitment to achieving financial sustainability by embracing the area's economic potential, growing our local tax base and increase sustainable income capabilities. Given the health, economic and financial shocks that commenced in 2020/21 and continued into 2021/22 this strategy has been reviewed. A proposed final draft of the strategy is attached at **Appendix 1**.

9. Medium Term Financial Strategy (MTFS) 2022/23 – 2026/27

- 9.1. Given the unprecedented and constantly changing events in 2020/21 and 2021/22, together with the late publication by the Government of the final finance settlement on 7th February 2022, the updated MTFS (**Appendix 2**) will require some minor changes/updates. This updated strategy builds on what was approved in February 2021 and looks to provide an integrated view of the whole of the Council’s finances and outlook over the medium term, i.e., over the next five years. It continues to show how the Council intends to align its financial resources to the Southend 2050 ambition, five-year roadmap, key pandemic recovery priorities and desired outcomes.
- 9.2. This strategy is the Council’s key financial planning document which informs business and resource planning and shows how spending needs to be balanced with the amount of available funding. It identifies budget gaps in the medium term to enable the Council sufficient time to address them in a considered, measured, and planned way. Clearly this assessment is based on a range of assumptions – the most significant is that we are currently assuming that the level of Government funding support we are expecting to receive in 2022/23 remains at exactly that same level in future years through to 2026/27.
- 9.3. A Medium Term Financial Forecast for the years 2022/23 to 2026/27 is shown in **Annex 1 to Appendix 2**. Table 2 is a summary showing the forecast budget gap for the next five years.

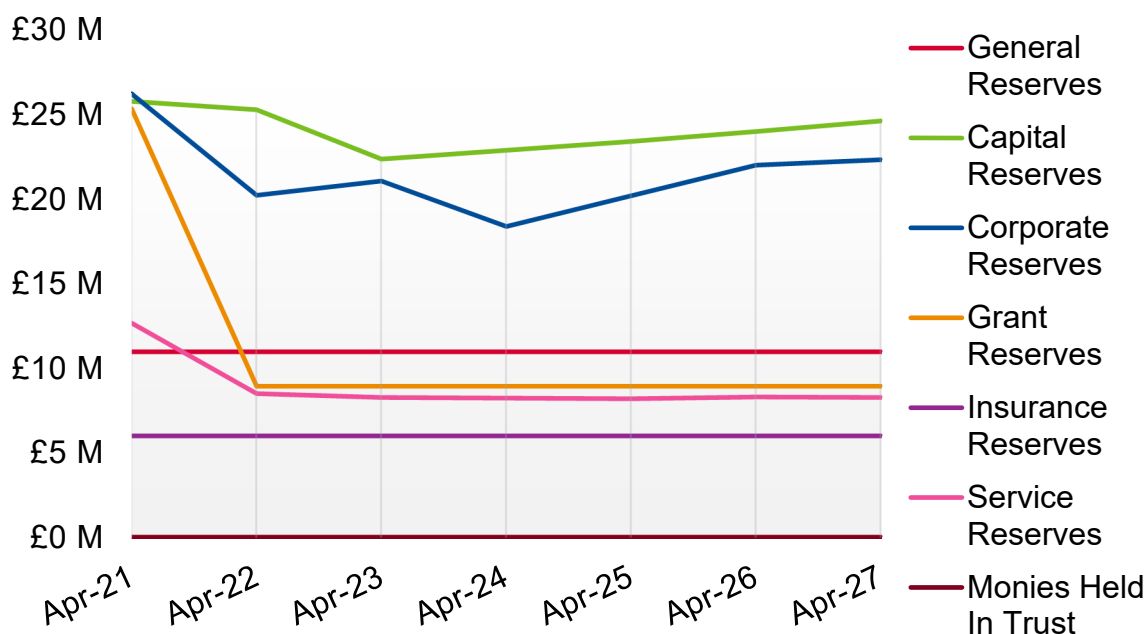
Table 2 Forecast Budget Gap 2022/23 to 2026/27

Year	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Budget gap	£0M	£8.6	£3.9	£6.3M	£5.2M	£24.0M

- 9.4. The Section 151 Officer’s Statement on the Adequacy of Balances and the Robustness of the Budget is attached as **Appendix 3**. This includes the recommended Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment.
- 9.5. The proposed Earmarked Reserves balances (2021/22 – 2026/27) is shown in **Annex 2 to Appendix 2** and it illustrates not only the appropriations to and from Earmarked Reserves but also the transfers between them. The significant fall in grant reserves in April 2022 is due to the prescriptive accounting treatment of Business Rates Section 31 Grant appropriated to reserves in the previous year. These arrangements were stipulated and were designed to primarily account for the support for businesses provided by the Government during the pandemic between the Council’s Collection Fund and General Fund. This is in accordance with national guidance given the exceptional circumstances.

A summary of the forecast reserve balances from 2021/22 to 2026/27 is illustrated in the following graph (Figure 2).

Figure 2 Forecast Reserve Levels 2021/22 to 2026/27



- 9.6. The level of resources available for revenue and capital investment were subject to extensive challenge and prioritisation to ensure that investment is designed to have a positive impact and is aligned to deliver the Southend 2050 outcomes, COVID-19 recovery priorities and first phases of the roadmap.
- 9.7. For revenue prioritisation of proposed investment, careful assessment was given to the current demands and pressures for existing local priority services, the future requirements needed to continue to respond positively to the pandemic and to a range of initiatives that are not only aligned to our 2050 priorities but would also have a value for money impact in providing better outcomes for Southend residents. Analysis of the feedback from the range of extensive consultation and engagement exercises undertaken throughout 2021/22 has also directly influenced the overall proposed budget package (see Section 20.6).
- 9.8. For capital, prioritisation of proposed investment is achieved through application of the Capital Investment Strategy. This is a key document which forms part of the authority’s integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment. The Capital Investment Strategy for 2022/23 to 2026/27 is attached as **Appendix 11**.

10. Prioritising Resources to Deliver Better Outcomes

- 10.1. Successful and timely delivery of the revenue budget and capital investment programme are a key part of responding positively to the impact of the pandemic and achieving the Southend 2050 ambition.

- 10.2. A summary of the revenue investment proposals that form part of this overall budget package is shown in Table 3. The detail of each proposal for 2022/23 is shown at **Appendix 6**. Most of the proposed initiatives are planned to be a permanent increase in the revenue base budget of the Council, except where indicated (*).

Table 3 Revenue Investment Proposals

Ref	Description	2022/23 £000s
PJ02-TR	Stop the use of Glyphosate in Parks and Open Spaces	* 120
Pride and Joy Total		120
SW01-UP	Adult Demographic Change #	830
SW02-UP	Adult Social Care Provider Uplifts – Residential, Supported Living, Day Services	2,161
SW03-UP	Adult Social Care Provider Uplifts – Direct Payments	806
SW04-UP	Essential Living Fund	117
SW05-UP	Safeguarding Board Investment	30
SW06-UP	Independent Health Complaints Advocacy	28
SW07-IA	Adult Social Care Provider Uplifts – Homecare	1,316
SW08-IA	Adult Social Care Provider Uplifts – Residential Care Legacy Rates	125
SW09-IA	Children’s Social Work	350
SW10-IA	Housing Staff	200
SW11-IA	Community Safety Investment	250
SW12-IA	Increase in Public Health Burials	20
SW13-IA	Parking Lines and Signs	100
SW14-IA	Street Lighting Column Replacements	100
SW21-TR	Liberty Protection Safeguards	* 60
SW22-TR	Care Home Support	* 100
SW23-TR	Housing Staff	* 150
SW24-TR	Assurance and Inspection	* 75
Safe and Well Total		6,818
OP01-IA	Planning Graduates	80
OP02-TR	Economic Recovery	* 200
OP03-TR	Events 2022 Programme	* 100
Opportunity and Prosperity Total		380
CS01-UP	ICT increase in annual support / maintenance costs	200
Connected and Smart Total		200
FW01-UP	Pay and Increments	3,650

Ref	Description	2022/23 £000s
FW02-UP	Inflation Provision	600
FW03-UP	Investment, Income and Financing Costs Review	1,204
FW04-IA	Loss of School's income across a range of services	250
FW05-IA	Rightsizing of General Fund Council Tax Budget	200
Future Ways of Working Total		5,904
Total Investments		13,422

Key:

* Investment is for one year only and is funded from reserves, see Appendix 4 for details.

#The proposed extra investment for Adult Social Care Demography has been reduced from £1.080M to £0.830M because of more up to date intelligence and the continued uncertainty about the overall demand position for adult social care in 2022/23. This is summarised in paragraph 17.1 as one of the changes to the revenue account budget since the 13th January Cabinet meeting.

- 10.3. In addition to these new investment proposals, the Council is also actively involved in several projects aimed at reducing the impact of climate change. The Council has been very successful in utilising investment to leverage external grant funding via competitive bidding processes to be able to undertake projects on a larger scale which in turn will have a greater benefit to the local environment.

These climate change initiatives support our aspirations to achieve net-zero emissions by 2030 in line with the Climate Emergency Declaration. Some of these projects are nearing competition and several others, are currently in delivery.

The projects are a mixture of fully funded programmes and schemes which require match funding. This match funding primarily is in the form of staff time or previously approved capital schemes which are contributing towards our Green City ambition.

The Head of Climate Change will be involved in a range of Council led programmes to ensure that appropriate consideration is given to the climate impact of our activities, especially considering the commitments made by the Government at the recent COP26 summit in Glasgow.

- 10.4. A summary of the proposed savings and income generation proposals for 2022/23 that form part of this overall budget package is shown in **Table 4**. The detail of each proposal for 2022/23 – 2026/27 is shown at **Appendix 7**.

Table 4 Savings and Income Generation Proposals

Ref	Description	2022/23 £000s
PJ02-SP	Expectation of saving from waste disposal procurement	(112)
PJ03-SP	Review of Cemeteries and Crematorium fees and charges	(90)
Pride and Joy Total		(202)
SW15-IS	ABLE2 Team	(90)
SW16-IS	Learning Disability Services Transformation	(225)
SW17-IS	Shared Lives Expansion	(15)
SW18-IS	Commercial Improvement	(60)
SW19-IS	Enhanced In-house Foster Care Offer	0*
SW25-SP	Electronic Time Monitoring for Homecare	(150)
SW26-SP	Disabled Facilities Grant and Equipment	(230)
SW27-SP	Increased Client Contributions	(300)
SW28-SP	Early Help staffing review	(27)
PY-SW01	Supported Accommodation & Supporting People Contracts	(300)
PY-SW02	Commercial negotiation and contract review with key providers	(620)
PY-SW04	Review of low-cost home care packages	17
PY-SW06	Review section 75 with Essex Partnership University Trust	(100)
PY-SW07	Review of the Adult Social Care contributions policy	(50)
PY-SW08	Introduce a new strengths-based refresh to adult social care	0*
PY-SW10	CCTV monitoring services for other networks	(10)
Safe and Well Total		(2,160)
PY-AI03	Targeted integration of the Public Health grant	(150)
PY-AI04	Negotiated planned increased in bowls season ticket fees	(20)
Active and Involved Total		(170)
OP04-SP	Advertising on Council waste assets	(5)
PY-OP01	Introduce charging at Pre-Application Advice meetings	(8)
PY-OP02	Fast Track and Premium Services for Planning Applications	(5)

Ref	Description	2022/23 £000s
PY-OP03	Potential sponsorship opportunities within parks	(5)
PY-OP04	Ensure all parks buildings either have a lease or charged separately for usage	(10)
PY-OP05	Review of Planning and Building Control Consultancy Service	(38)
PY-OP07	New rental income from the airport business park	(23)
Opportunity and Prosperity Total		(94)
CS02-IS	Public Interface Transformation	150*
CS03-IS	Highway improvements	150*
CS04-SP	Pay & display tariff standardisation	(350)
CS06-SP	Reduction of concessionary fares support to match usage	(200)
PY-CS03	Comprehensive review of car parking fees and charges	(150)
PY-CS04	Review of all Highways fees and charges	0*
Connected and Smart Total		(400)
FW06-SP	Fees and charges increased yield	(800)
FW07-SP	Housing Benefit and Council Tax verification software	(17)
FW08-SP	Financial Services staffing review	(68)
FW09-SP	Council Tax Base additional increase 0.3%	(271)
PY-ES02	Saving from not borrowing during 2021/22	(150)
PY-ES08	Various administrative efficiencies and savings	45*
PY-ES10	Service redesign of the Business Support function	(500)
PY-ES13	New income stream from a formal laptop disposal scheme	0*
PY-ES14	Housing Revenue Account charging review	(50)
Future Ways of Working Total		(1,811)
Savings Initiatives Total		(4,837)

Key: The prefix "PY" indicates a saving which was approved as part of the 2021/22 budget setting process with a multi-year impact.

The suffix "IS" indicates an invest to save proposal.

* Indicates savings/extra income is planned to be delivered in future years.

The £0.350M for Zone 1A Car Park charge extension 6pm to 9pm (CS05 – SP) has been removed following feedback from Members, businesses, and residents. This is summarised in paragraph 17.1 as one of the changes to the revenue account budget since the 13th January Cabinet meeting.

The £0.1M for Moving Traffic Enforcement (SW20-IS) has been removed as the plans for exploring this initiative have been delayed due to the late notification of the revised guidance from Government. This is summarised in paragraph 17.1 as one of the changes to the revenue account budget since the 13th January Cabinet meeting.

11. General Fund Revenue Budgets 2022/23 – 2026/27

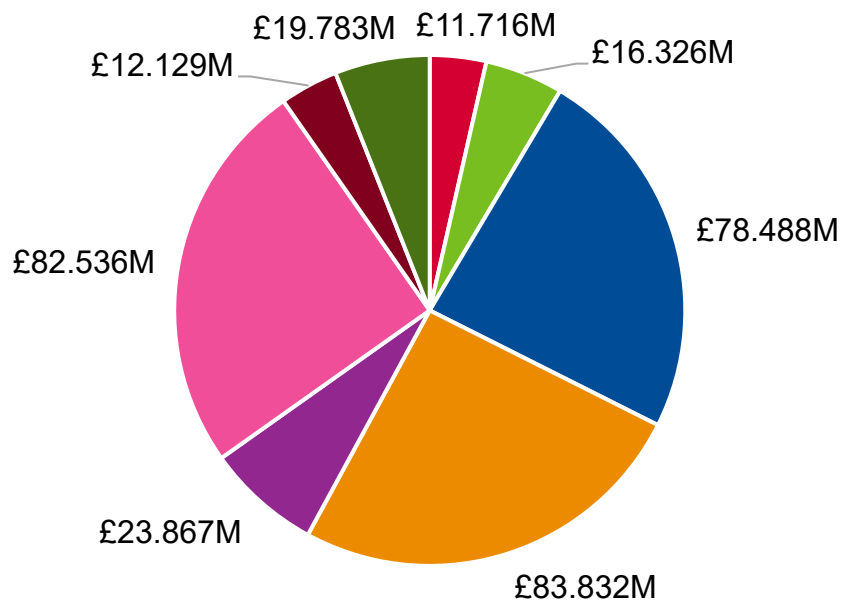
Forecast revenue outturn 2021/22

- 11.1. The original General Fund revenue budget requirement for 2021/22 totalled £135.847M and was to be met from government grants, available business rates, council tax and adult social care precept and £2.500m planned use of reserves.
- 11.2. Members have been supplied with regular financial monitoring information throughout the year. The latest forecast outturn and supporting narrative for 2021/22 was summarised in the Resourcing Better Outcomes - Financial Performance Report – Period 8, which was reported to the Cabinet meeting in January 2022. The year has clearly been dominated again by the impact of COVID-19 on both the finances and operations of the Council.
- 11.3. The latest financial forecast for 2021/22 indicates a projected £1.358M overspend for the Council.
- 11.4. A range of mitigation plans are also in place to try and improve the overall financial position further by the end of the financial year. The situation will continue to be closely monitored. It is anticipated that the current forecast overspend will be met by a combination of additional COVID-19 Government support (Control Outbreak Management Fund) or using corporate contingency if required. This should enable the previously approved £2.5M to support the Council's spending plans in 2021/22 to be deferred and is now proposed to be used to support the 2022/23 Budget package instead. The actual year-end final position for 2021/22 will be considered as part of the outturn report, which will be presented to Cabinet in June 2022.

General Fund Revenue Budget 2022/23

11.5. The proposed gross revenue expenditure for 2022/23 and including all the proposed initiatives summarised in section 10 is £328.677M, the distribution between Portfolios is shown in the following pie chart (Figure 3).

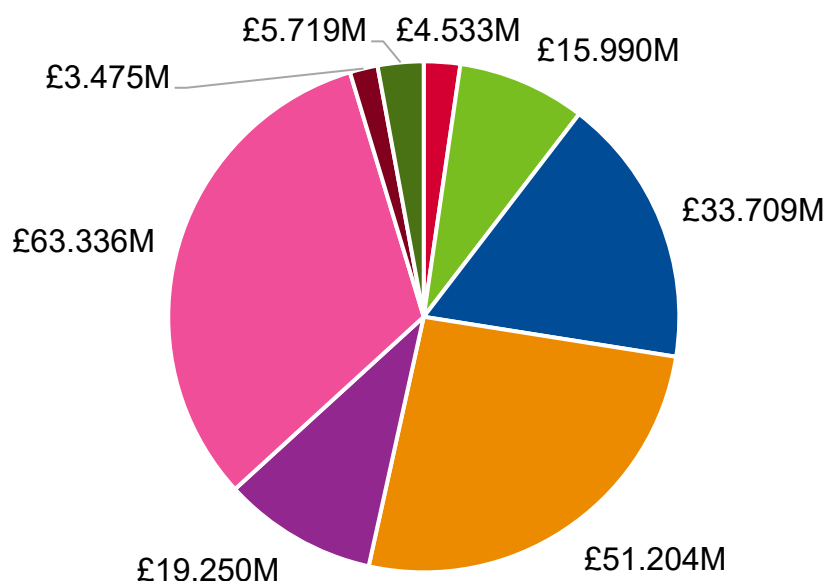
Figure 3 Revenue Gross Expenditure Budget by Portfolio



- Leader: Economic Recovery & Regeneration
- Deputy Leader: Transport, Asset Management & Inward Investment
- Adult Social Care & Health Integration
- Children and Learning
- Communities & Housing
- Corporate Services & Performance Delivery
- Environment, Culture, Tourism & Planning
- Public Protection

11.6. The proposed gross revenue income for 2022/23 and including all the proposed initiatives summarised in section 10 is £197.216M, the distribution between Portfolios is shown in the following pie chart (Figure 4).

Figure 4 Revenue Gross Income Budget by Portfolio



- Leader: Economic Recovery & Regeneration
- Deputy Leader: Transport, Asset Management & Inward Investment
- Adult Social Care & Health Integration
- Children and Learning
- Communities & Housing
- Corporate Services & Performance Delivery
- Environment, Culture, Tourism & Planning
- Public Protection

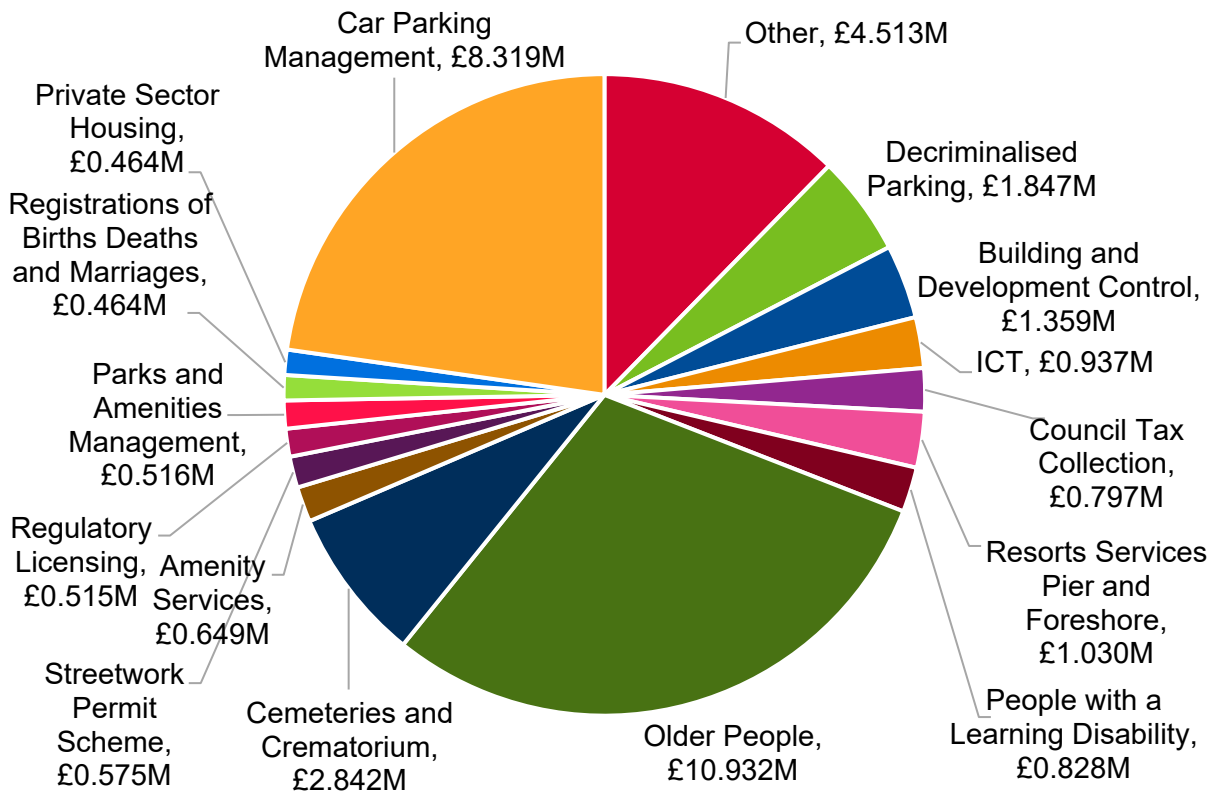
Fees and Charges Proposals

11.7. Cabinet at its meeting on 18th September 2018 approved the introduction of a fees and charges policy to cover all fees and charges reviews except car parking charges. This approved policy enabled Chief Officers to set fees and charges annually where the expected yield for a service or category is in line with the budget parameters as set out in the Medium Term Financial Strategy. Outside of these budget parameters any changes will need to be agreed by Cabinet like car parking charges. For 2022/23 the guideline yield has been set at CPI at October 2021 (4.2%) and therefore charges for 2022/23 will be set by Chief Officers within this guideline with a few exceptions.

- 11.8. The proposed overall balanced revenue budget package assumes several new fee charging options within parking and bereavement services. The detailed proposals are summarised at **Appendix 9**. New charging arrangements based on national policy/guidance (Care Act Considerations) and individual financial circumstances of clients are also planned for Adult Social Care services.
- 11.9. The Southend Pass will continue into 2022/23 with feedback from users resulting in the creation of a 1 and 3-month pass purchase option too. As a result of parking services being continually impacted in 2021/22 due to COVID-19, an evaluation of the pass will now be undertaken in 2022/23. Except for the changes to parking charges summarised for Zone 1a in **Appendix 9**, all other pay and display tariffs are proposed to remain at 2021/22 prices. This means that the impact of increasing inflationary factors is not being passed on to parking users in 2022/23.
- 11.10. After the significant piece of work undertaken to create parking zones across the Borough to standardise parking charges within similar areas in 2021/22, it is now proposed to simplify them even further by standardising the hourly rate in Zone 1a in line with all other zones across the Borough. This will provide an even simpler and uniform approach across the whole town. There are also some minor amendments to other parking arrangements, which are outlined in detail at **Appendix 9**.
- 11.11. It was originally proposed to help alleviate parking pressure for the night-time economy in Southend-on-Sea that applicable charging times in Zone 1a would be extended from 6pm to 9pm. **Following extensive feedback from various stakeholders this proposal has now been withdrawn from the budget package for 2022/23.**
- 11.12. The Care Act allows local authorities to charge people a fair contribution towards the cost of care. In any financial assessment, individual circumstances will continue to be considered. People are only charged when they can afford to pay all or part of the actual cost of their care. No one will pay more than the care costs the council to deliver. Each year the cost of care rises because of increased payments to providers, and the amount people have to pay for care also increases. These two factors, together with assumptions about the increase in the aging population mean we are assuming increased charging income in future years.
- 11.13. The charges for our cemetery and crematorium have been benchmarked for the last few years against nearest neighbours and similar facilities and the outcome of this shows that our charges are primarily in the lower quartile. Considering the current increases in utility costs to operate our cremators and the reduced availability of burial plots it seems prudent to review the charges associated with these services. The proposed charges at **Appendix 9** are the result of benchmarking data from competitors as well as the unique demographics of Southend whilst ensuring that the needs of service users are met during the difficult time of a bereavement. These revised proposed charges also ensure that the cost of a basic cremation remains one of the lowest in South Essex.

11.14. The following pie chart (Figure 5) summarises the estimated level of income that could be generated from fees and charges for 2022/23.

Figure 5 Fees and Charges income budget for 2022/23



Overall General Fund Budget

- 11.15. The overall proposed balanced General Fund Revenue Budget package for 2022/23 is summarised in the following table (Table 5).

Table 5 Summary of General Fund Revenue Budget

	2021/22 £M	2022/23 £M
Net Base Budget	131.342	135.960
Net Investment and Reprioritisation	2.005	4.328
Revenue Budget	133.347	140.288
<i>Less Available Funding</i>		
Revenue Support Grant	(6.082)	(6.244)
Business Rates Income	(38.129)	(38.200)
Collection Fund Surplus	(1.500)	(1.500)
To be funded from Council and ASC Precept	87.636	94.344
General Council Tax	78.576	80.945
ASC Precept Income	9.060	10.899
Remaining Budget Gap	0	2.500
Use of Reserves to Balance Budget*	0	(2.500)
Balanced Budget	0	0

* The use of £2.500M from Reserves in 2022/23 to support the balancing of the budget is assumed to be a one-off arrangement. The planned replenishment of the Reserves is included in the Medium Term Financial Strategy and reflected in the budget gap at a rate of £625,000 per year for each of the next 4 years to 2026/27.

- 11.16. Table 6 provides a summary of the ‘one-off’ use of reserves approved as part of a three-year programme of initiatives when the budget for 2020/21 was set in February 2020.

Table 6 Use of Reserves approved in 2020/21

	2022-23 £000
Service Design	185
Community Safety – Summer and Winter Planning	100
Business Transformation Reserve total	285
Outcome Delivery	250
Outcome Delivery Reserve total	250
School Improvement	200
School Improvement Reserve total	200
Total Use of Reserves approved in 2020/21	735

Council Tax 2022/23 and estimated collection fund balance 2021/22

- 11.17. The Council must formally determine the Council Tax Base (the number of Band D equivalent properties) for 2022/23 and any estimated Collection Fund balance at the end of 2021/22. The Council Tax base for 2022/23 was approved by Cabinet on 13th January 2022 and set at **59,086.74** (equivalent Band D properties) including Leigh-on-Sea Town Council.

The tax base for Leigh-on-Sea Town Council has been calculated for 2022/23 as **8,890.46** Band D equivalents.

It is currently assumed that £1.5M of the projected accumulated historical surplus will be used to support the budget for 2022/23.

Council Tax

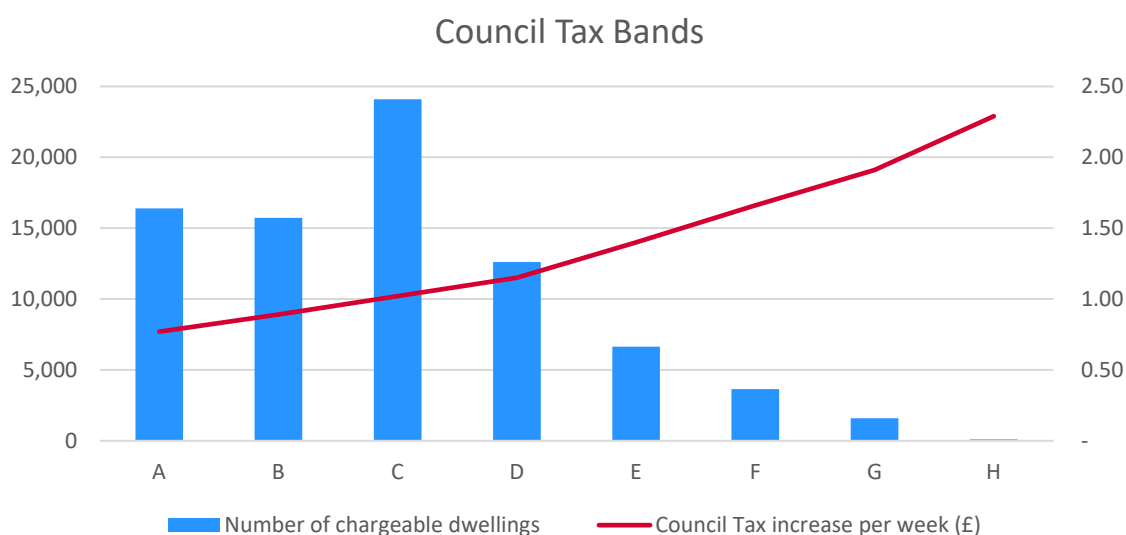
- 11.18. Overall, the proposed budget assumes a total increase in the Council Tax of 3.99% (that being 1.99% for general use and 2% for the Adult Social Care precept). This would result in a Band D value of £1,554.39 per annum (the Band D level for 2021/22 is £1,494.72). This equates to an annual increase of £59.67 and a weekly increase of £1.15.
- 11.19. Table 7 and Figure 6 provide an indicative illustration of the impact of the proposed council tax increase for 2022/23 across the range of properties in Southend-on-Sea. Approximately 70% of properties in the Borough are in council tax bands A to C.

Table 7 Council Tax Bands

Council Tax Band	A	B	C	D	E	F	G	H
Number of chargeable dwellings	16,394	15,726	24,088	12,604	6,636	3,643	1,584	101
21/22 Council Tax per week (£)	19.16	22.36	25.55	28.74	35.13	41.52	47.91	57.49
Increase per week (£)	0.77	0.89	1.02	1.15	1.40	1.66	1.91	2.29
22/23 Council Tax per week (£)	19.93	23.25	26.57	29.89	36.53	43.18	49.82	59.78

The Government have recently announced a one-off £150 non-repayable payment towards energy bills for all households in Council Tax Bands A-D in England, Council Tax bills will not be reduced. The Council Tax system is only being used to identify who is eligible for this £150 payment.

Figure 6 Number of Council Tax Dwellings and the associated proposed increase



This proposed budget for 2022/23 assumes a Council Tax increase of 1.99% for general use on the Southend-on-Sea element of the total Council Tax. It also assumes an Adult Social Care precept increase at a level of 2.0% of the main Council Tax. This has been determined based on trying to limit the local Council Tax increase to as low a level as realistically possible in the very financially challenging circumstances. The proposal includes 1.0% Adult Social Care Precept deferred from 2021/22 financial year.

For comparative purposes, nearly 70% of all unitary authorities in 2021/22 applied the maximum Council Tax increase possible without a local referendum (4.99%). Southend's approved level placed them within the next 20% of unitary authorities which increased their Council Tax between 3.00 – 3.99% in 2021/22.

The decision to defer the 1% available for the Adult Social Care precept in 2021/22 is now being proposed to be implemented for 2022/23. This strategy has provided a more stable consistent increase to residents of 3.99% each year, primarily to fund increasing demand and cost pressures for social care. Whereas 70% of residents in other unitary authority areas will have seen a bigger jump of 4.99% in 2021/22 followed by a smaller 2.99% increase in 2022/23.

The ability to apply this precept was introduced by the Government as part of the 2016/17 Local Government finance settlement. It was introduced to assist with the increasing demand and demographic expenditure pressures from Adult Social Care that Local Government has been experiencing and are continuing to face.

The total Council Tax payable by taxpayers consists of Southend-on-Sea Borough Council element, the Adult Social Care element and the precepts for Essex Fire & Rescue Services Authority and Essex Police Authority. Where applicable it also includes Leigh-on-Sea Town Council precept.

Precepts

- 11.20. Leigh-on-Sea Town Council has confirmed its precept for 2022/23 of £452,880 (2021/22 = £443,217). Based on their council tax base of 8,890.46, the Town Council element of the total Council Tax bill will increase from £50.58 to £50.94 at Band D, equivalent to an increase of 0.71% from 2021/22.
- 11.21. Essex Fire & Rescue Services and Essex Police through the Police, Fire and Crime Commissioner for Essex has by law to set both precepts no later than 1st March 2022 (after consideration by the Essex Police, Fire and Crime Panel on 3rd February 2022).
- 11.22. The Essex Police, Fire and Crime Panel has agreed the precept position as:
- Essex Police: Band D Council Tax £218.52 (2021/22 = £208.53), which is an increase of 4.79%.
 - Essex Fire and Rescue Services: Band D Council Tax £75.33 (2021/22 = £73.89), which is an increase of 1.95%.

Levies

- 11.23. The Council is required to pay relevant levying bodies, who have all now indicated their levy position for 2022/23. The final levies will be reported on in the Council Tax report for Council on 24th February 2022. The current position for 2022/23 is identified in Table 8.

Table 8 Levying bodies and their charges

	2021/22 Probable Actual £000	2022/23 Estimate £000	Percentage increase %
Kent and Essex Inshore Fisheries and Conservation Authority	21.9	23.1	5.5
Flood Defence – Environment Agency	209.4	213.2	1.8
Coroners Court (Provisional)	409.7	444.0	8.4
Total	641.0	680.3	

The Kent and Essex Inshore Fisheries and Conservation Authority levy has been confirmed at their quarterly meeting of 28th January 2022 to be an increase of £1,226 from 2021/22 to 2022/23. The Flood defence levy has been confirmed at the board meeting of the Anglian Eastern Regional Flood and Coastal Committee on 9th February. The Coroners Court levy is provisional and includes Southend’s contribution towards the costs of recruiting additional staff to address a backlog of pending inquest cases because of the pandemic.

Reserves Strategy and Section 151 Officer’s Statement

- 11.24. The Reserves Strategy is set out in the Section 151 Officer’s Statement on the Adequacy of Balances attached at **Appendix 3**. Within the boundaries of this strategy the presentation of the budget reflects proposed net appropriations from earmarked reserves totalling £2.313M for which separate approval is sought. Full details are shown in **Appendix 4**.

Staffing Implications

- 11.25. The investment proposals outlined in **Appendix 6** will result in a permanent increase to the staffing establishment of the Council of circa 16.4 full time equivalent (FTE) posts. In addition to this there will be an estimated 10.0 FTE fixed-term posts supported by one-off investment from reserves.
- 11.26. There are approximately 10 posts/roles proposed to be deleted as part of the budget savings package detailed at **Appendix 7** for 2022/23. The proposed changes will be designed to target vacant posts first, fixed term contracts where applicable, interim arrangements and agency cover. Every effort will be made to avoid any compulsory redundancies as part of implementing these budget proposals.
- 11.27. The Council’s workforce planning process will continue to provide oversight on all proposed staffing changes and ensure that the approach will manage vacant posts (permanent and temporary), agency and interim arrangements to ensure that any staff identified at risk from the proposed staffing restructures can be redeployed where appropriate.

11.28. The Council's policies on managing organisational change, redeployment and redundancy will be followed accordingly. Consultations with staff and Trade Unions will continue throughout the budget development and implementation process.

12. Capital Investment Programme

12.1. Each year the Council agrees a Capital Investment Strategy that sets out the framework for controlling and monitoring the Capital Investment Programme. The Capital Investment Strategy is a key document for the Council. It sets out the processes and policies relating to capital expenditure and investment.

12.2. The capital investment programme is prepared and developed in accordance with the Council's Capital Investment Strategy, which is attached as **Appendix 11** to this report. In turn, the Capital Investment Strategy has been written in the context of Southend 2050 and the five themes and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition and the desired outcomes.

Deliverability

12.3. There is inevitably a gap between the capital investment programme ambition and the finite available resources to afford and deliver the programme. This limits the number and value of schemes that are affordable and deliverable.

12.4. We need to ensure that investment is focussed on priorities and that priority projects have viable delivery plans. A MoSCoW review has been undertaken to re-assess and re-prioritise the capital investment programme. This enables prioritisation by categorising capital projects as 'must have', 'should have', 'could have' or 'will not have' (at this time). The results of this review were included in the Period 4 and Period 6 financial performance reports to September and November Cabinet respectively.

12.5. Capital challenge sessions have also been held with the Cabinet Member for Corporate Services and Performance Delivery. The first sessions were held in late September and early October and the results of these were included in the Period 6 financial performance report to November Cabinet. Follow up capital challenge sessions were held with the Cabinet Member for Corporate Services and Performance Delivery in early December and the resulting changes from those sessions were included in the Period 8 financial performance report to January Cabinet.

12.6. The reviews of the capital investment programme have considered the following:

- re-assess schemes considering the effects of the global pandemic on deliverability and affordability
- ascertain more realistic budget profiles based on expected delivery timescales and to ensure resources are in place to deliver them

- review the overall programme to achieve a more even investment profile across the years, to ensure it is realistic and affordable as a whole
- consider whether any schemes can be stopped or paused
- consider whether any schemes should be subject to a viable business case assessment.

12.7. This has led to some schemes being deleted from the capital investment programme whilst others have been moved to the 'subject to viable business cases' section below the main programme. These schemes can be brought up into the main programme at the appropriate time in line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.

13. Capital Investment Programme – results of the review

13.1. At November Cabinet a 2021/22 budget of £70.9M was approved for schemes to be delivered by the Council and £14.2M for schemes to be delivered by subsidiary companies, partners, and joint ventures. At November Cabinet a total budget for financial years 2022/23 to 2025/26 of £85.9M was approved for schemes to be delivered by the Council and £50.0M for schemes to be delivered by subsidiary companies, partners, and joint ventures.

13.2. Since November Cabinet the capital investment programme review has continued as set out in paragraph 12.5. The Council has also been successful in its Levelling Up Fund bid for visitor economy improvements, focussed on Leigh Port, the Cliffs Pavilion and wider seafront and town centre safety measures. The £19.9M external funding will be match funded by £4.2M from the Council's Capital Investment Programme, and works will be completed by March 2024.

13.3. As a result of this and the ongoing review, this report includes any requests for virements between schemes, re-profiles across years, new external funding, proposed new schemes, proposed scheme deletions and movements between the main programme and the 'subject to' section. These are set out in **Appendix 13**.

13.4. The resulting revised capital investment programme for 2021/22 to 2025/26 is shown in Table 9.

Table 9 Capital Investment Programme Summary

Programme to be delivered by the Council (GF and HRA):

	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	Total (£000)
At November Cabinet	70,852	50,322	18,508	10,108	6,919	156,709
Levelling Up Fund amendments*	279	16,148	6,755	25	0	23,207
Other amendments	(4,234)	1,994	830	102	39	(1,269)
Revised programme	66,897	68,464	26,093	10,235	6,958	178,647

* £880,000 of match funding from the Council's capital resources had already been included in the programme at an earlier Cabinet.
Total proposed budget for 2022/23 to 2026/27 = £111.8M

Programme to be delivered by Subsidiary Companies, Partners and Joint Ventures:

	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	Total (£000)
At November Cabinet	14,222	21,549	15,559	9,598	3,250	64,178
Amendments	(2,487)	1,659	828	0	0	0
Revised programme	11,735	23,208	16,387	9,598	3,250	64,178

Total proposed budget for 2022/23 to 2026/27 = £52.4M

- 13.5. Key areas of investment within this programme across the four-year period 2022/23 to 2025/26 are as follows:

Pride and Joy

Southend Pier

- 13.6. Capital investment in this area contributes to the desired outcome that the variety and quality of our outstanding cultural and leisure offer has increased for our residents and visitors, and we have become the region's first choice coastal tourism destination.

- 13.7. Major capital investment in the pier of £11.1M is included in the current programme. This includes monies to deliver a continuing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This will reduce the requirement for urgent and/or reactive condition works. To ensure the pier continues to be an outstanding visitor attraction other investment has been included for phase 1 of the development of the pier head, for phase 2 of the Prince George Extension and for refurbishment works to the timber outer pier head.

Safe and Well

Housing

- 13.8. Capital investment in this area contributes to the desired outcome everyone has a good quality, sustainable home that meets their needs.
- 13.9. Several sites within the housing development pipeline are currently underway and a major capital investment of £12.3M is included in this programme is to deliver the agreed phases of the affordable housing development programme to provide much needed housing for those on the Homeseeker's Register. Phase 3 is to deliver circa 29 units of Council housing across six underutilised garage sites and surrounding land in Shoeburyness. Phase 4 is to deliver circa 9-12 units of Council housing at the North site within the Council owned Lundy Close housing estate. There are also Modern Methods of Construction pilots for off-site delivery methods at Archer Avenue and Saxon Gardens.
- 13.10. Capital investment of £4.7M is included until 2023/24 to continue the affordable housing acquisitions programme. Capital investment of £19.3M has also been included over the four years to 2024/25 to continue the programme of works to maintain the housing stock to decency levels and to invest in environmental health and safety and common area improvement works. The 5,930 houses, flats and bungalows have all been deemed to be at decency levels but there continues to be newly arising need, so these levels need to be maintained to sustain an environment that keeps residents safe and well.
- 13.11. Capital investment of £4.4M is included for Disabled Facilities Grants to provide grants to disabled people make changes to their homes. Adaptations include widening doors, installing ramps, improving access to rooms and facilities and adapting heating and lighting controls to make them easier to use.

Climate change

- 13.12. Capital investment in this area contributes to the desired outcome that we act as a sustainable and green city embracing the challenges of the Climate Emergency Declaration made in 2019.

- 13.13. The Council wants to achieve net zero carbon by 2030 and the Green City Action Plan sets out the initial steps that the Council will undertake to become a Green City and fulfil its obligations after declaring a Climate Emergency in Autumn 2019. The report includes the five key focus areas which will help accelerate the work to create net zero emissions by 2030:
- Climate Leadership and Strategic Approach
 - Establishing a Pathway to Net Zero Carbon
 - Building Climate Resilience across Southend
 - Future Generations
 - Building Partnerships
- 13.14. There are solar PV schemes which are subject to viable business cases which are to install solar panels on various building roofs, including schools and council buildings. See paragraphs 15.24 and 15.25.
- 13.15. New capital investment for Phase 1 of the East Beach Car Park works includes future proofing the car parking area to ensure that Electric Vehicle Charging can be accommodated. See paragraph 14.6.
- 13.16. Southend pier's diesel trains are being replaced with new ultra-modern electric trains as part of a £3.25M capital investment which is due to conclude in early 2022. Electric trains mean significant cuts in carbon emissions compared to diesel and lower energy and maintenance costs.
- 13.17. The Council is monitoring air pollution and uses this information to help inform road transport improvements and major infrastructure projects such as the A127 Kent Elms scheme and the Bell Junction works which help reduce congestion and improve air quality.
- 13.18. A £13.5M project to replace all of Southend's 15,000 streetlights with LEDs was completed in August 2017 which continues to reduce carbon emissions.
- 13.19. As part of the tree planting policy an additional 1,000 trees are being planting between the 2019/20 and 2021/22 planting seasons. These will have the benefit of absorbing CO₂, filtering urban pollution and fine particulates, cooling the air, and increasing biodiversity by providing habitat, food and protection for plants and animals. The Council's Tree Policy aims to increase the Borough's tree canopy cover to 15%, which is equivalent to 150 football pitches.
- 13.20. The new Launchpad Innovation Centre will be completed in June 2022 as part of the Airport Business Park. Environmental sustainability is core to the design of this building. The design and construction will support the Council's Green City Action Plan and environmental commitments by achieving the highest standards of environmental performance, making it the first council-owned building to achieve Building Research Establishment Environmental Assessment Method (BREEAM) Outstanding Certification.

- 13.21. The other construction works at the Airport Business Park have been delivered by contractors appointed through an Official Journal of the European Union (OJEU) compliant procurement process. As part of this, the Council and Henry Boot Developments Limited have defined the standards they expect contractors to achieve. Building Research Establishment Environmental Assessment Method (BREEAM) Very Good has been adopted as the minimum standard for buildings and BREEAM Excellent will initially be targeted for all developments (albeit this will need to be considered in the context of overall development viability).
- 13.22. Across the Airport Business Park there has been considerable investment in walking and cycling infrastructure ensuring connectivity with the wider network and through to Rochford station. An S106 contribution will ensure that the park is served by public transport. The site also benefits from sustainable drainage solutions and there has been considerable investment in planting.
- 13.23. The Better Queensway project will transform the Queensway area into a vibrant new place which provides high quality housing for residents of all tenures, together with commercial units and high quality and attractive public realm. The project has an associated energy strategy and aspirations include:
- for the site to be a net energy generator
 - to ensure energy resilience and sustainability
 - contributing to the Council's wider energy ambitions
- 13.24. Seasonal optimisation will be used to maintain systems at their most efficient with renewable energy maximised. The aims will be to use less energy and to supply energy efficiently with a future target of zero carbon energy.
- 13.25. The Council was awarded £4.2M from the Government's Get Building Fund to power the Better Queensway project with a modern, efficient electric heating system and to roll out electric vehicle charging points across the town centre.
- 13.26. Where building refurbishments are undertaken, and particularly through projects delivered through the Property Refurbishment Programme, the Council is taking measures to upgrade the energy efficiency of its operational buildings with a specific focus on measures that reduce energy consumption and reduce energy loss.
- 13.27. Investment in the refurbishment of the borough's Council Housing, mainly via the Decent Homes programme includes the installation of replacement central heating systems, roofs, windows, and doors. These all conform to the latest standards for energy efficiency.
- 13.28. The Council incorporates an environmental and energy use assessment on all new build projects. Where appropriate this includes a BREEAM assessment although the Council is also considering the use of other standards such as the WELL Building Standard, which has a greater focus on human health and wellness.

- 13.29. The coastal defence works that are subject to a viable business case are to manage our coastline to protect people, residential and commercial properties, designated habitats, public open spaces and agricultural land from coastal flood and erosion risk. See paragraph 15.12.
- 13.30. The investment subject to viable business case to deliver new seafront illuminations would include LED lights, which are very efficient, and Photovoltaics (PV) would be built into the Pier Hill Lift Tower. See paragraph 15.19.

Opportunity and Prosperity

Enterprise and Regeneration

- 13.31. Capital investment in this area contributes to the desired outcome that major regeneration projects are underway and bringing prosperity and job opportunities to the borough.
- 13.32. A major investment of £5.3M included in this capital investment programme is for the completion of the Airport Business Park, a major strategic employment site near London Southend Airport. It is envisaged that the new Business Park will become renowned as a leading regional centre for the science, medical and technology sectors and deliver benefits for both local businesses and local communities. The development will create thousands of job opportunities for local people, attract inward investment and it is hoped it will bring lasting prosperity to the region. The construction of the Launchpad building is underway, and the project is expected to be completed during 2022/23.
- 13.33. £11.0M is included in this capital investment programme for the Council's remaining share of the initial funding of the Porter's Place Southend-on-Sea LLP to deliver the Better Queensway regeneration project.
- 13.34. Capital investment of £1.1M included in this programme is to resource the Council's ability to support, directly deliver, hold accountable and work in partnership with Porter's Place Southend-on-Sea LLP and Swan Housing Association to deliver the Better Queensway regeneration project.

Housing

- 13.35. Capital investment in this area contributes to the desired outcome everyone has a good quality, sustainable home that meets their needs.
- 13.36. Capital investment of £2.3M has been included in the main programme to buy residential and commercial properties as they become available to facilitate the delivery of the Better Queensway regeneration project. All purchases will be fully reimbursed by the LLP.

Schools

- 13.37. Capital investment in this area contributes to the desired outcome that our children are school-ready and young people are ready for further education, employment, or training.
- 13.38. The schools capital investment programme for 2022/23 onwards totals £2.8M. The programme will continue to be dominated by the schools condition works but also by the high needs and special provision funds. These funds are to enhance the facilities and number of places available for children with special educational needs and disabilities or requiring alternative provision.

Connected and Smart

Highways and Infrastructure

- 13.39. Capital investment in this area contributes to the desired outcome to facilitate a wide choice of transport that improves accessibility, connectivity and mobility to all residents.
- 13.40. Significant capital investment of £16M in the town's footways and carriageways is included in this programme. This includes £10M for footways improvements and £6M for carriageways improvements to reduce long term structural maintenance and improve public safety.
- 13.41. Nearly two thirds of this new investment will be in footways as, over the period to 2021/22, more has been spent on carriageways which has been funded from Government grants via the Local Transport Plan and the Local Growth Fund. These projects have included Kent Elms, the Bell Junction, London Road public realm improvements, highways protection at Belton Way, carriageway maintenance (including potholes) and bridge strengthening.
- 13.42. Capital investment of £2.5M is included in this programme for the completion of schemes funded from Local Transport Plan and the Local Growth Fund monies from Government. These include the Bell Junction, A127 essential maintenance works, transport management schemes and town centre interventions.
- 13.43. Capital investment of £3.0M included in this programme is for works to the cliff slip at Belton Way East, funded by a grant received from the Department for Transport.

Future Ways of Working

Works to Property

- 13.44. Capital investment of £4.4M included in this programme is to continue the property refurbishment and fire improvement works programmes. The property refurbishment programme enables a proactive approach to ensure investment is made in the fabric and services within buildings before they get to a stage that capital works become urgent or have a detrimental impact on service users' use of the building or leads to urgent repairs and maintenance works which are usually more costly long term. The fire improvement programme enables the Council to proactively manage and address active and passive fire protection measures across its operational property stock. This ensures buildings remain safe whilst also progressively delivering bringing buildings up to current standards. If the project is not delivered the Council may be forced to close operational buildings following fire risk assessments or other fire inspections.
- 13.45. Capital investment of £2.7M is included in this programme for refurbishment of the crematorium to ensure the Council can continue to provide high quality crematorium services. The works include replacement of the three existing cremators, replacement of plant associated with the cremators, reconfiguring the back of house to accommodate new equipment and to facilitate better working, and reconfiguring the front of house areas including the installation viewing area to accommodate different faiths and beliefs.

ICT

- 13.46. Capital investment of £2.2M included in this programme for ICT includes the ongoing projects for digital enablement and security and resilience and the Council's enterprise agreement licences.

14. New capital investment proposed

- 14.1. Although the capital investment programme for 2022/23 to 2025/26, updated because of the changes set out in **Appendix 13**, represents a significant investment of over £164M on the part of the Council in the Southend area, the Council's ambition to improve the lives of residents is undiminished.

ICT – Smart Council

- 14.2. New capital investment of £1,050,000 in the Council's ICT equipment and application and infrastructure licences for 2022/23 is proposed, to enable the Smart Council project to progress whilst the necessary business cases and governance processes are being worked through for the rest of the project. This is in addition to the budget request in **Appendix 13** of £146,000 for the approved capital investment programme in 2021/22. Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.

- 14.3. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). This project proposes a fast-track migration to the cloud which enables the Council's transformation, mitigates the disaster recovery risk, negates the need for a cyclical investment and realises the cost savings that can be achieved from such a strategy. By utilising the cloud for the Council's infrastructure there is no longer a need to replace ICT Infrastructure, resulting in significant cost savings. The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigates risk.
- 14.4. Part of the project is to provide regular device refreshes, to ensure the estate does not go beyond the end of its supported life and result in security risks and to enable officers and members to carry on working remotely. The COVID-19 pandemic meant that the Council was required to begin a move to the Cloud, to enable remote working. Reversing this or stopping this will add additional costs.
- 14.5. The ICT Smart Council project has a total estimated cost of £16,396,000 over the years from 2021/22 to 2025/26. The remaining £15,200,000 is estimated to be £5,505,000 of capital investment over the years 2023/24 to 2025/26 and £9,695,000 of revenue investment over the years from 2021/22 to 2025/26.

East Beach Car Park – Phase 1

- 14.6. New capital investment of £355,000 is proposed in 2022/23 for Phase 1 of the East Beach Car Park works. This investment is to widen the existing vehicular entrance/exit and install a height barrier and vehicle flow plates. The footway entrance would be improved to include street lighting and improved access for pedestrians and cyclists. The car parking area would be future proofed to ensure that Electric Vehicle Charging can be accommodated.
- 14.7. Phase 2 of this project would be the construction of the car park, and which would require planning permission. Detailed cost estimates for this phase are being sought but it is estimated that the full project cost (phases 1 and 2) would be up to £825,000. In addition to these capital costs, £40,000 has been allocated from the revenue budget for professional fees regarding all relevant surveys and flood risk assessments to enable a more detailed business case to be worked through.
- 14.8. Inclusion of phase 2 into the main programme would be subject to approval of a viable business case.

Footways Improvements

- 14.9. Improving local pavements is a priority for local people and for this council. This investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls.

- 14.10. Investment of £4M for 2022/23 is to be brought up into the main programme from the Subject to Viable Business Case section. £2.5M is to be added to the programme for 2026/27 to ensure the continuation of the rolling programme. This is in addition to the budget of £16million already in the approved capital investment programme for the years 2021/22 to 2025/26.
- 14.11. The programme of works includes some of the highest priority pavements that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority pavements to be brought up to standard across the borough.

Carriageways Improvements

- 14.12. Improving local roads is a priority for local people and for this council. This investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety.
- 14.13. Investment of £2M for 2022/23 is to be brought up into the main programme from the Subject to Viable Business Case section. £1.5M is to be added to the programme for 2026/27 to ensure the continuation of the rolling programme. This is in addition to the budget of £10million already in the approved capital investment programme for the years 2021/22 to 2025/26.
- 14.14. The programme of works includes some of the highest priority roads that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority roads to be brought up to standard across the borough.

Priority Works

- 14.15. New capital investment of £600,000 is proposed for each of the financial years 2025/26 and 2026/27. This investment is to ensure an annual budget is available to deal with any urgent or priority works to Council owned assets that may arise during the year.
- 14.16. This investment is in addition to the £1,895,000 budget already in the approved capital investment programme for the years 2021/22 to 2024/25.

15. Capital investment subject to viable business cases

- 15.1. To ensure that the programme is affordable, deliverable and focussed on the Council's key priorities several schemes have been included in the Subject to Viable Business Case section of the programme. These schemes can be brought up into the main programme at the appropriate time in line with the approach where schemes can enter the programme during the financial year and not just annually at budget setting.

- 15.2. The following schemes (Table 10) are listed as being subject to viable business cases:

Table 10 Capital schemes subject to a viable business case

Scheme	Existing as at November Cabinet or New
Footways Improvements	Existing
Carriageways Improvements	Existing
Tree Planting	Existing
Better Queensway - Additional Affordable Housing	Existing
Better Queensway Housing and Commercial Property acquisitions	Existing
Regeneration Pipeline Schemes	Existing
Strategic and Regeneration Acquisitions	Existing
Private Sector Housing Strategy	Existing
ICT – Smart Council	Existing
Coastal Defence	Existing
Cliffs Stabilisation	Existing
Shoebury Health Centre	Existing
East Beach Masterplan	Existing
Town Centre and Seafront Security Works	Existing
Civic Centre Campus Masterplan	Existing
Cliffs Pavilion Refurbishment and Remodelling	Existing
Seafront Illuminations	Existing
Re-imagination of the Town Centre	Existing
Museums and Galleries	Existing
School Improvement and Provision of School Places	Existing
Seaway Leisure	New
Schools and Council Buildings Solar PV	New
Solar PV Projects	New
Southend Pier - Condition Works	New
Coastal Defence Refurbishment Programme	New
Schools – Condition Works	New
Property Refurbishment Programme	New
Fire Improvement Works	New
HRA Affordable Housing Acquisitions Programme	New
HRA Future Investment Programme	New
HRA Right to Buy - Buybacks Refurbishment	New

- 15.3. Footways Improvements: this investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls. £4M p.a. has been included in this section of the programme for each of the years from 2023/24 to 2026/27.

- 15.4. Carriageways Improvements: this investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £2M p.a. has been included in this section of the programme for each of the years from 2023/24 to 2026/27.
- 15.5. Tree Planting: the current tree planting policy is for additional trees to be planted up to the 2021/22 planting season. It is recognised that consideration needs to be given to extending this policy beyond 2021/22.
- 15.6. Better Queensway - Additional Affordable Housing – an agreement has been negotiated by the Council, Swan Housing Association and Porters Place Southend-on-Sea LLP to secure an additional 100 affordable homes for social rent. £10M has been included in this section of the programme and is subject to approval of any offer made under the agreement to acquire or gap fund with nomination rights any of the 100 additional affordable homes.
- 15.7. Better Queensway Housing and Commercial Property acquisitions: £19.9M has been included in this section for the acquisition of properties to facilitate delivery of the Better Queensway regeneration project. The purchases will be subject to negotiations and sufficient budget can be brought up into the main programme at the appropriate time.
- 15.8. Regeneration Pipeline Schemes: it is recognised that consideration needs to be given to extending this pipeline beyond the current commitments in the capital investment programme.
- 15.9. Strategic and Regeneration Acquisitions: £10.4M is included to enable individual properties to be purchased as part of the wider strategic, regeneration, transformation or recovery aims of the Council. Decisions will need to be made commercially and often quickly and efficiently but will be subject to undertaking due diligence of the appropriate extent and depth.
- 15.10. Private Sector Housing Strategy: this capital budget is for grants for works to improve properties within the private sector in line with the strategy. £0.8M had been transferred from the main programme to this section and can be brought back up into the main programme subject to a policy being approved and the staffing resources being in place to deliver it.
- 15.11. ICT – Smart Council: the proposed investment is set out in paragraphs 14.2 to 14.5.
- 15.12. Coastal Defence: this is to support the delivery of the desired outcome that we will assess how to best manage our coastline to protect people, residential and commercial properties, designated habitats, public open spaces and agricultural land from coastal flood and erosion risk. The scope of this is wider than the Coastal Defence Refurbishment rolling programme being proposed in paragraph 15.27.

- 15.13. Cliffs Stabilisation: it is recognised that consideration needs to be given to schemes to remedy ground movement and reduce the risk of cliff slips. Schemes will be prioritised and slopes where there is evidence of ongoing, persistent ground movement, affecting a wide area with the potential to affect adjacent buildings or infrastructure would be considered first.
- 15.14. Shoebury Health Centre: further discussions are needed with the CCG and further work is to take place to consider viability assessments, to short list options and to agree a preferred option. Therefore, a business case needs to be submitted and assessed for viability.
- 15.15. East Beach Masterplan: a masterplan is to be developed capturing a range of essential and aspirational projects for East Beach which will then enable the individual projects to be progressed as funding is available while ensuring that they all support the overall masterplan and there is no conflict between projects.
- 15.16. Town Centre and Seafront Security Works: it is recognised that a business case for the design brief and for further security measures needs to be submitted and assessed for viability.
- 15.17. Civic Centre Campus Masterplan: a project looking at the long-term plans for the Council workplaces of the future, including the potential repurposing and/or redevelopment of the Civic Campus, potential relocation of services to the Victoria Centre and other satellite locations.
- 15.18. Cliffs Pavilion Refurbishment and Remodelling: The Council has been successful in its Levelling Up Fund bid for visitor economy improvements, with one of the projects being the Cliffs Pavilion. Since the bid was submitted there have been changes to the building regulations regarding ventilation and overheating that will be enacted from June 2022. The purpose is to increase the supply of fresh air to new buildings so the new build elements of this project will need to comply. An estimate of the increased costs is in the region of £2M although more exact figures will become available over the following months. It is recognised that an update report to Cabinet would be required when more details are known.
- 15.19. Seafront Illuminations: investment to deliver new seafront illuminations to support the local economy, tourism strategy and long-term recovery of the hospitality sector. The project would help extend the season by giving a greater footprint for visitors to see the destination lit up stretching from the Cliff Lift and gardens through to the Kursaal. Controlled lighting displays allow for seasonal programming of events to add value to festivals and create an attraction in their own right. Part of the project also fulfils expectations of digital display information to update visitors to the area of upcoming events and safety messages. There would be a revenue cost attributed to the ongoing maintenance needs, however the project is not expected to raise any additional utility costs. LED lights are very efficient, and Photovoltaics (PV) would be built into the Pier Hill Lift Tower and with the replacement of older technology.

- 15.20. Re-imagination of the Town Centre: this is to support the delivery of the desired outcome that we have a vibrant, thriving town centre, with an inviting mix of retail, homes, arts, culture, and leisure opportunities. It is recognised that a business case(s) will need to be submitted and assessed for viability.
- 15.21. Museums and Galleries: The Central Museum and Beecroft Gallery require a capital refurbishment programme following condition surveys and accessibility constraints. The service also has insufficient storage space for its growing collection. Items currently stored are blocking valuable display space in prime locations preventing key elements of Southend's history and art collection being shown. Items stored offsite are also over capacity and a flood at the venue in 2020 caused damage to part of the collection. Appropriate works and revised storage space need to be resolved. This could include a new collections centre feature in future years (subject to external project funding) where storage and presentation for groups could be developed. Phased works to undertake building refurbishment and storage improvements would be delivered over the coming few years to enable more of the collection to be presented to the public.
- 15.22. School Improvement and Provision of School Places: this multi-year programme has funded a large secondary school growth plan but is coming to an end as the growth patterns have now been met. There is £400,000 of unspent budget as some school projects have cost less than anticipated. The Local Plan may have an impact on future funding requirements so rather than delete this budget it had been moved to the Subject to Viable Business Case section of the programme.
- 15.23. Seaway Leisure: it was agreed at Council on 9th December 2021 that up to a maximum of £10M of the Council's capital reserves would be used as equity in the proposed development to enable the different and significantly improved commercial terms, thereby significantly reducing the Council's financial risk and providing an improved annual income stream.
- 15.24. Schools and Council Buildings Solar PV: these schemes are to install solar panels on various building roofs. £346,000 for this project was moved from the main Capital Investment Programme into the Subject to Viable Business Case section at the Cabinet meeting of 13th January 2022.
- 15.25. Solar PV Projects: these schemes are to install solar panels on various building roofs. £936,000 for this project was moved from the main Capital Investment Programme into the Subject to Viable Business Case section at the Cabinet meeting of 13th January 2022.
- 15.26. Southend Pier – Condition Works: a rolling programme of investment to deliver the ongoing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This proactive approach reduces the requirement for urgent and/or reactive condition works and ensures the integrity of this landmark structure that helps drive millions of visitors to Southend-on-Sea each year. £1,250,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.

- 15.27. Coastal Defence Refurbishment Programme: a rolling programme of investment is to deliver a planned approach for the essential refurbishment works to the borough's coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works. £500,000 p.a. has been included in this section of the programme for the years 2022/23 to 2026/27.
- 15.28. Schools – Condition Works: a rolling programme at Children Centres and emergency works at schools. These are mainly larger, urgent projects to be agreed between the Council's property team and head teachers. £500,000 p.a. has been included in this section of the programme for the years 2024/25 to 2026/27.
- 15.29. Property Refurbishment Programme: a rolling programme of investment to enable the Council's Property and Estate Management service to take a proactive approach to maintaining the buildings for which it is responsible. This will ensure investment is made in the fabric and services within building before they get to a stage that capital works become urgent or have a detrimental impact on service users' use of the building or leads to urgent repairs and maintenance works which are usually more costs long term. £750,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.
- 15.30. Fire Improvement Works: a rolling programme for the implementation of fire safety and associated compliance works across the Council's corporate property estate arising as a result of any changes to building regulations and/or other standards or updated fire risk assessments. £750,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.
- 15.31. HRA Affordable Housing Acquisitions Programme: through the rolling programme of purchasing suitable private homes for council use, the acquisitions programme helps to ensure that everyone has a home that meets their needs, including those with complex needs. £1,500,000 p.a. has been included in this section of the programme for the years 2024/25 to 2026/27.
- 15.32. HRA Future Investment Programme: a rolling programme of investment to continue the Decent Homes programme to keep the housing stock at decency levels. It includes common area improvements and environmental health and safety works. This investment is wholly funded through the HRA. £6,160,000 p.a. has been included in this section of the programme for the years 2025/26 to 2026/27.
- 15.33. HRA Right to Buy - Buybacks Refurbishment: a rolling programme of investment to support the continuation of the programme to buy back ex-council houses and other properties to increase the stock on the housing register. This investment would be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard. £325,000 p.a. has been included in this section of the programme for the years 2022/23 to 2026/27.

16. Proposed capital investment programme 2022/23 to 2026/27

- 16.1. Given all the above, including the new investment, the proposed main capital investment programme for 2022/23 to 2026/27 represents a significant investment of nearly £177M on the part of the Council in the Southend area with further schemes that could be added subject to viable business cases being approved. The projected investment in 2022/23 alone amounts to over £99M.
- 16.2. To ensure that schemes are given proper consideration before they are added to the Capital Investment Programme, very few schemes are included in this report as proposed additions for 2022/23 to 2026/27: £12.6M for the General Fund as set out in **Appendix 12**, with the details of each scheme and its funding explained. These proposals have been prepared in line with the prioritisation process set out in the capital investment strategy and consideration has been given to proportionality, prudence, affordability, and sustainability.
- 16.3. As a result of the strategy around delivery and prioritisation of schemes many new schemes and additions being proposed are subject to viable business cases being produced and approved under current governance processes before they can be brought into the capital investment programme. These schemes totalling £15.5M for the General Fund and £18.4M for the Housing Revenue Account are set out in **Appendix 12**. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.
- 16.4. **Appendix 13** sets out the proposed changes to the current Capital Investment Programme.
- 16.5. The proposed capital investment programme for 2022/23 by investment area is shown below (Figure 7-9).

Figure 7 Capital Investment Programme 2022/23: General Fund

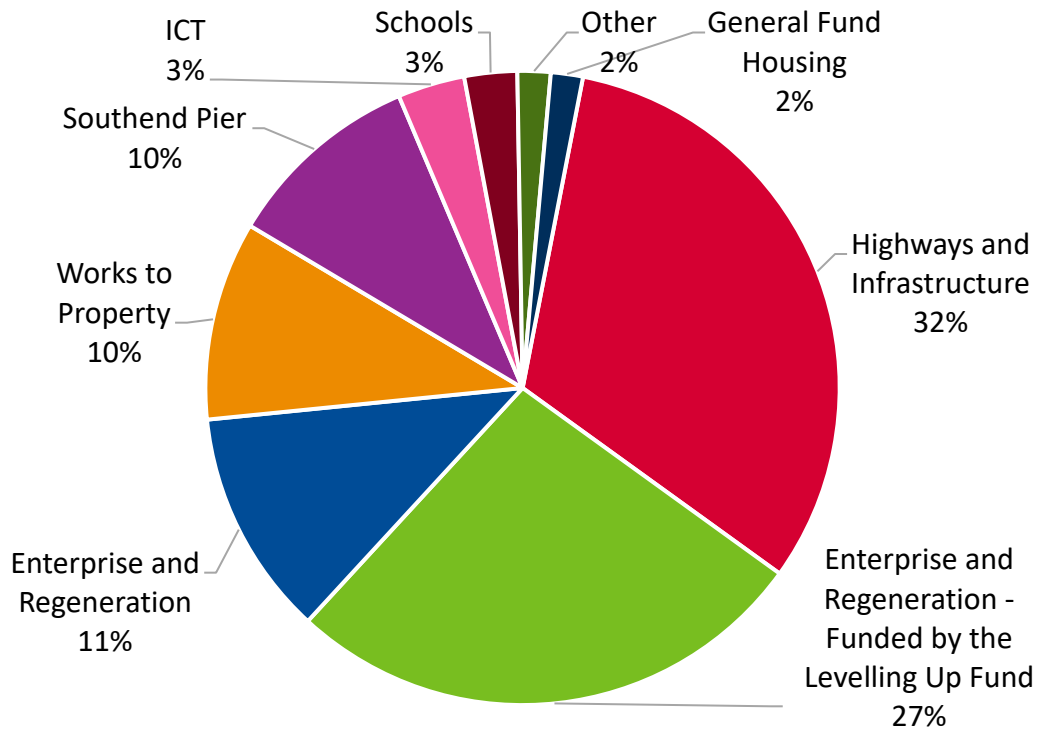


Figure 8 Capital Investment Programme 2022/23: Housing Revenue Account

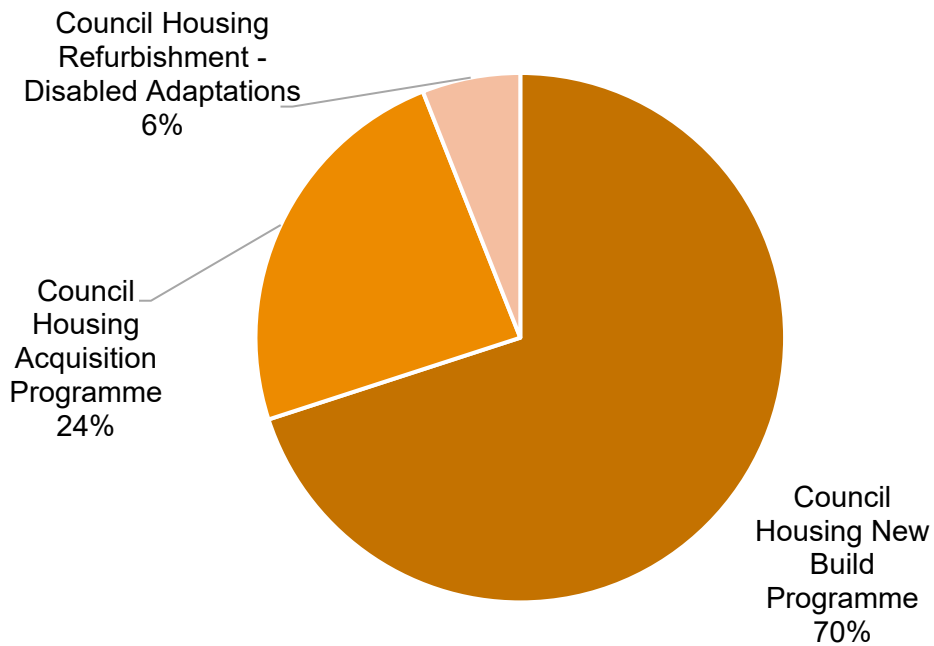
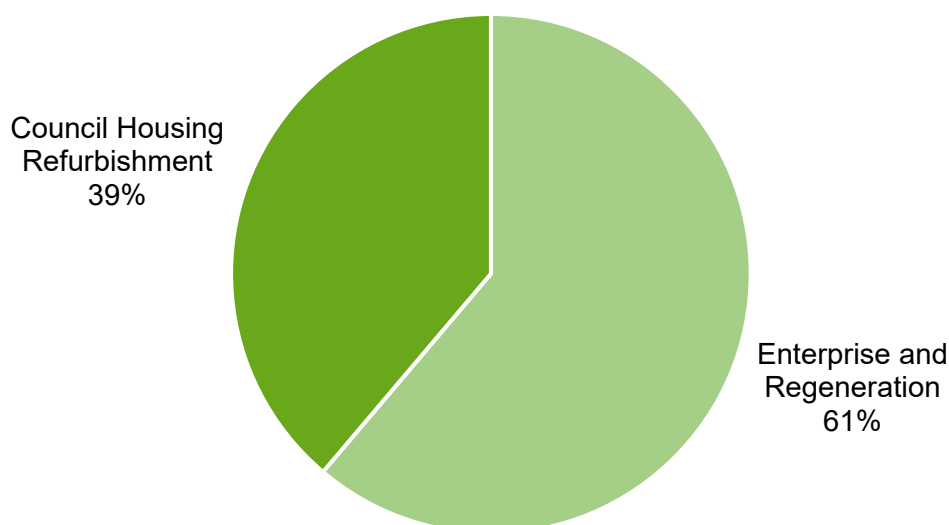


Figure 9 Capital Investment Programme 2022/23 - to be delivered by Subsidiary Companies, Partners or Joint Ventures



16.6. The 2022/23 capital budget is part of the wider capital investment programme spanning several years. Table 11 shows the revised programme if all the requests in **Appendices 12 and 13** are approved.

Table 11 Revised capital investment programme

Programme to be delivered by the Council (GF and HRA):

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 and future years £000	Total £000
At November Cabinet	70,852	50,322	18,508	10,108	6,919	0	156,709
Amendments in Appendix 13	(3,955)	18,142	7,585	127	39	0	21,938
Sub-total	66,897	68,464	26,093	10,235	6,958	0	178,647
New investment in Appendix 12	0	7,405	0	0	600	4,600	12,605
Revised programme	66,897	75,869	26,093	10,235	7,558	4,600	191,252
General Fund	59,312	62,502	19,496	8,326	7,558	4,600	161,794
HRA	7,585	13,367	6,597	1,909	0	0	29,458

Total proposed budget for 2022/23 to 2026/27 = £124.4M

2021/22 capital expenditure to 31/01/2022 for the programme to be delivered by the Council: £45.0M

Programme to be delivered by Subsidiary Companies, Partners and Joint Ventures:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 and future years £000	Total £000
At November Cabinet	14,222	21,549	15,559	9,598	3,250	0	64,178
Amendments in Appendix 13	(2,487)	1,659	828	0	0	0	0
Sub-total	11,735	23,208	16,387	9,598	3,250	0	64,178
New investment in Appendix 12	0	0	0	0	0	0	0
Revised programme	11,735	23,208	16,387	9,598	3,250	0	64,178

Total proposed budget for 2022/23 to 2026/27 = £52.4M

2021/22 capital expenditure to 31/01/2022 for the programme to be delivered by Subsidiary Companies, Partners and Joint Ventures: £6.1M

- 16.7. The proposed amended Capital Investment Programme for 2021/22 to 2026/27 is detailed in **Appendix 14**.

Funding of the capital investment programme

- 16.8. The proposed capital investment programme presented in this report is currently fully funded and has been prepared based on the level of borrowing the Council can support, notified capital grants, prudent assumptions over the level of other grants and the timing and valuation of capital receipts (from the sale of existing surplus Council assets) that will be realised.
- 16.9. The proposed estimated funding for the programme (excluding schemes Subject to Viable Business Case) is as shown in Table 12.

Table 12 Proposed funding for capital investment programme

Type of funding	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 & future years £M	Total £M
External funding – capital grant	35.6	13.5	0.8	2.9	0	52.8
External funding – third party contributions	2.2	0	0.2	0	0	2.4
Capital Receipts	4.8	2.0	0.1	0	0	6.9
Major Repairs Reserve (Housing Revenue Account)	7.6	6.8	7.1	0	0	21.5
Earmarked reserves / Revenue Contributions	8.9	3.9	0.2	0	0	13.0
Borrowing – Main Schemes ⁽¹⁾	36.7	12.8	7.3	4.6	4.6	66.0
Borrowing – Invest to Save ⁽¹⁾	3.3	3.5	4.1	3.3	0	14.2
Total	99.1	42.5	19.8	10.8	4.6	176.8

⁽¹⁾ this relates to both internal and external borrowing

The estimated amounts of internal and external borrowing are shown in Table 13.

Table 13 Borrowing to fund capital schemes

	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 & future years £M	Total £M
Internal borrowing	40.0	4.3	0	0	0	43.7
External borrowing	0	12.0	11.4	7.9	4.6	35.9
Total borrowing	40.0	16.3	11.4	7.9	4.6	79.6

Highways and Transportation Capital Grant

- 16.10. The expenditure will be delivered by fully un-ring-fenced capital grants.
- 16.11. The Department for Transport has yet to announce the allocations for the Highways Capital Maintenance and the Integrated Transport Block (ITB) for 2022/23. At this stage it is not known if the funding will be for more than one year.
- 16.12. Pothole Funding to Southend Borough Council has yet to be announced for the financial year 2022/23.
- 16.13. To allow the full delivery of the 2022/23 Local Transport Plan (LTP) programme, once the amounts are known the full spend is proposed to be met 100% by capital grant.
- 16.14. Typical schemes are presented in the context of four 'Actions' as set out in the revised Local Transport Plan (LTP3) Implementation Plan extended until March 2023.
- 16.15. The prioritisation process is set out in diagram 1 of the Implementation Plan. In addition, maintenance schemes will be progressed using the latest information from the Gaist Asset Management work.
- 16.16. As in previous years, there is flexibility to allocate funding between the two blocks and the LTP actions.
- 16.17. Where already announced in prior years capital grant allocations are included in the funding table (Table 12). The breakdown of Highways and Infrastructure schemes and their funding for 2022/23 are shown in Appendix 14.
- 16.18. If any capital grant allocations for highways and transportation are announced prior to the Council meeting of 24th February, a verbal update will be provided. Otherwise, the capital investment programme will be updated for these as part of the outturn reporting to June 2022 Cabinet.

Other financing considerations

- 16.19. The schools capital funding is still being finalised, allocations for capital grants are awaited and are unlikely to be confirmed until the Spring. The capital investment programme will be updated for these as part of the outturn reporting to June 2022 Cabinet.
- 16.20. The Corporate Asset Management Strategy records a clear preference for the retention of freeholds but does recognise that in some circumstances, a disposal is the most appropriate course of action. Capital receipts will reduce the need for borrowing to support the Capital Investment Programme if they can be generated.

- 16.21. Individual authorities are responsible for deciding the level of their affordable borrowing. The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority. Funding schemes by borrowing has a revenue consequence of approximately £70k for every £1M borrowed or if £10M is borrowed this would equate to an increase in Council Tax of approximately 0.86%. The full impact of borrowing costs associated with the funding of the proposed programme has been included in the Council's current financial planning for 2022/23 to 2026/27.
- 16.22. The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. Each Local Authority has a general duty to charge an amount of MRP to revenue which it considers to be prudent, with responsibility being placed upon the full Council to approve an annual MRP policy statement. The MRP policy statement for 2022/23 is attached as **Appendix 15**.
- 16.23. The Treasury Management Strategy covers the management of the council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks.
- 16.24. The budget includes provision for the financing costs of the Council's Capital Investment Programme, including interest on external borrowings. Offsetting this, the Council will earn interest by temporarily investing its surplus cash, which includes unapplied and set-aside capital receipts. These budgets depend on many factors, not least the Council's level of revenue and capital budgets, use of reserves, methods of funding the budget requirement, interest rates, cash flow and the Council's view of risk.
- 16.25. Audit Committee have responsibility for the scrutiny of the Treasury Management Strategy, and it is the subject of a separate report elsewhere on this agenda, proceeding to Council for approval in advance of the forthcoming year.
- 16.26. The CIPFA Prudential Code for Capital Finance in Local Authorities has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures proportionality, prudence, affordability, and sustainability.
- 16.27. CIPFA published their updated 2021 edition of the Prudential Code on 20th December 2021 with the guidance notes only released in January 2022. Although the updated Code applies with immediate effect, due to the late publication dates of the Code and the associated guidance notes, CIPFA has allowed Local Authorities to defer introducing the revised reporting requirements until the 2023/24 financial year. These include changes to the capital strategy, prudential indicators and investment reporting. Given the flexibility allowed by CIPFA, the Capital Investment Strategy (**Appendix 11**), Capital Investment Policy (**Annex 1 to Appendix 11**) and the Prudential Indicators (**Appendix 16**) have been updated as far as time constraints would allow. However, each of these documents will be subject to further update in order to fully comply with the 2021 Prudential Code by 31st March 2023.

16.28. To demonstrate compliance with the objectives of the Code each authority is required to produce a set of prudential indicators. These prudential indicators for capital and treasury management are attached as **Appendix 16**.

16.29. It is the Chief Finance Officer's view that this capital investment programme is proportionate, prudent, affordable, and sustainable and the risks associated with in it are manageable.

17. **Changes made to this Final Budget report since the Draft Prioritising Resources to Deliver Better Outcomes report to Cabinet on 13th January 2022**

17.1. Since the draft budget proposals were presented at the Cabinet meeting of 13th January various consultations and discussions have taken place. The Cabinet have listened to the feedback from Members, businesses and residents and have made the following changes to the revenue account budget which are now included in the final budget proposals and are recommended to Council:

Revenue Changes:

- Deletion of the proposed introduction of a 6pm to 9pm new parking charge for Zone 1A. **See paragraphs 10.4 and 11.11**
- Reduction in the level of proposed extra investment for adult social care demography as a result of more up to date intelligence and the continued uncertainty about the overall demand position for adult social care in 2022/23. **See paragraph 10.2.**
- Delay the plans to explore Moving Traffic Enforcement due to the late release of revised guidance from Government. **See paragraph 10.4.**

Since the draft budget proposals were presented at the Cabinet meeting of 13th January the capital investment programme review has continued as set out in paragraph 12.6. The following changes are now included in the final budget proposals set out in this report and are recommended to Council:

Capital – Main Investment Programme Changes:

- Further carry forwards, accelerated deliveries and virements identified since the January meeting.
- New external funding ascertained since the January meeting, £70,000 for Improving Resilience to flooding – Eastwood Brook Hydraulic Catchment and £1,000 from the Community Infrastructure Levy for Whip hedge planting in St Laurence Ward.
- A further deletion to the programme of £19,000 from the Gas Works Car Park project budget, to remove a small proportion of the budget that has been identified as not required.

17.2. All of the above changes to the final revenue and capital proposals will be cost neutral on the proposed revenue budget.

18. Other Options

- 18.1. The Local Government Act requires billing authorities to complete and approve their budgets and set a council tax before 11 March immediately prior to the start of the financial year on 1 April.

19. Reasons for Recommendations

- 19.1. The recommendations in this report are to comply with statutory requirements and relevant Local Authority codes of practice and to ensure the budgets align to and enable the delivery of the Councils ambition and desired outcomes or to enhance the Councils infrastructure.

20. Corporate Implications

20.1. Contribution to the Southend 2050 Road Map

The implementation of a revenue budget and capital investment programme in line with the recommendations in this report will contribute towards the achievement of the Southend 2050 ambition, improved outcomes for local people and key administration priorities.

20.2. Financial Implications

As set out in this report.

20.3. Legal Implications

As set out in this report.

20.4. People Implications

As set out in paragraphs 11.25 – 11.28 of this report.

20.5. Property Implications

The Capital Investment Strategy and Corporate Asset Management Strategy (CAMS) may affect the Council's property holdings, assets, and liabilities. The Strategy and CAMS will reflect the implications of the agreed Capital Investment Programme and any impact on the level of required borrowing.

20.6. Consultation and Engagement

There is an expectation that local authorities will engage communities in the difficult choices and decisions that determine the range and level of services that can be delivered by the Council in a financially sustainable way.

The Council has continued to build on last year's success and increase the reach of the online platform - Your Say Southend while ensuring inclusion and variety of ways to provide feedback in alternative ways i.e., printed questionnaires, phone support and direct outreach to seldom heard or affected groups. The range of consultations have primarily focused on understanding the local impacts of COVID-19, assessing options for recovery, service redesign considerations, renewal of contracts for commissioned services to implement previously agreed savings whilst improving the value for money of the service offer.

There have been over 50 consultations and engagements undertaken during the last 12 months with over 6,000 residents, service users and wider stakeholders. These included consultation on: the Local Plan, Adult Social Care strategies (Living Well, Caring Well, Ageing Well), Parking Strategy, Parks and Open Spaces, Public Space Protection Orders, Health & Wellbeing Strategy, Southend on Sea City Status, Licensing Private Properties, new conservation areas, PlastiCity, pollinators strategy, MySouthend, BBQ in public areas, Local Offer Engagement Space, Information Advice and Guidance Service Review, Southend Business Survey, Electrical Vehicle Charging Infrastructure, Active Travel Fund, Net Zero Remedy Project, School Street Scheme, Southend Business survey, Air Quality Action Plan, Soaring2Success South Essex and Drug and Alcohol Treatment Service.

Efforts have also been made to increase resident and stakeholder participation by increasing co-production opportunities as seen in the work in relation to the adult social care strategies, SEND Local Offer, the Health and Wellbeing panel and the establishment of the Learning Disabilities Provider Forum. The 2021 Resident's Perception Survey showed that the majority (69%) of residents agree that people from different backgrounds get on well together in their local areas. The survey identified several increased priorities for residents following the COVID-19 pandemic. They included parks and open spaces; addressing crime and antisocial behaviour; and clean, safe streets. Coming together with neighbours and getting involved with community events have also become more important to some residents. Concerns about personal safety, the state of roads and pavements and support for rough sleepers remain issues with high visibility (these concerns were also raised in the 2019 Residents' Perception Survey). New areas of concern identified in the 2021 survey include service accessibility and digital exclusion.

Local data and feedback from the community continued to highlight inequality in how COVID-19 has been affecting local communities. Additional focus was given to work with and get feedback from different faith and belief groups, engaging with diverse communities, particularly in areas of lower vaccine uptake through the Community Connectors project. Regular conversations around COVID-19 and its impact via direct outreach arrangements was encouraged.

Consultation has taken place with the Chief Executive, Executive Directors, and their Directors as part of the budget preparation process who are fully committed to working within the budget proposed. Members are being consulted through Cabinet, Scrutiny and Council.

Consultation with staff and unions will continue throughout the process. Briefings for local businesses and the voluntary sector have been undertaken to give them an opportunity to find out more about what is in the proposed budget from the Leader, Deputy Leader and Executive Director (Finance & Resources).

Staff have been kept abreast of progress and opportunities for contributions through communications by the Chief Executive and Executive Director (Finance & Resources) and through media briefings.

Several of the investment proposals included within this overall budget package have been included because of feedback from our partners and stakeholders, demonstrating collaborative working to deliver our Southend 2050 outcomes.

The overall results, comments and feedback from the range of consultations that have been undertaken in 2021/22 have helped to inform the preparation of the 2022/23 budget and Medium Term Financial Strategy to 2026/27.

The draft budget approved at Cabinet on 13th January 2022 has been presented to all three Council Scrutiny Committees and the Business and Voluntary Sector Consultation meeting. The feedback from each of these scrutiny bodies is as follows:

- Place Scrutiny Committee made several comments on the overall draft revenue budget proposals and Capital Investment Programme 2022/23 to 2026/27. These included:
 - A clarification on the proposed procurement route for the waste disposal contract was requested.
 - A variety of car parking issues were discussed which ranged from the consideration of the impact of the Southend Pass as a pilot to some concerns being expressed over the proposed introduction of charging along the seafront from 6pm - 9pm.
 - A general discussion over the overall level of car parking charges was also raised.
- People Scrutiny Committee made some comments on the overall draft revenue budget proposals. These included:
 - Consideration of various investments and charging proposals in Adult Social Care, their relevant funding sources and the impact on clients and residents.
- Policy and Resources Scrutiny Committee asked several questions on the draft revenue budget proposals. These included:
 - An update on the review of public conveniences.
 - Understanding the presentation of pay and increments.
 - Seeking clarification regarding contingency and use of reserves to balance the budget.

- The Business and Voluntary Sector consultation generated several questions and some general comments on the draft revenue budget proposals. These included:
 - Understanding how the budget will support City Status.
 - The proposed new parking charges from 6pm to 9pm for Zone 1A.
 - Benchmarking the proposed investment in children’s and adults social care with other Local Authorities.
 - The role of the Voluntary Sector in Adult Social Care in supporting early prevention.

Full responses were provided at the engagement session with no further follow-up requested.

20.7. Equalities and Diversity Implications

Assessments have been carried out for all proposed revenue investment and reprioritisation proposals in the 2022/23 budget and for all capital investment proposals where appropriate. This is summarised in **Appendix 17**.

20.8. Risk Assessment

The budget proposals will be subject to the Executive Directors and Directors review of risk and robustness. These have informed the Chief Finance Officer’s Section 25 of the 2003 Local Government Act statement on the robustness of estimates and adequacy of reserves as part of this report in **Appendix 3**.

All capital projects are delivered using best practice project management tools as appropriate. This requires a full risk assessment and management review to be carried out. The programme includes an appropriate sum within each project to cover build risk and claims.

20.9. Value for Money

The proposals set out in the report reflect the Council’s drive to improve value for money and to deliver significant efficiencies in the way it operates.

All projects are required to follow and adhere to procurement guidance issued by the Council. They must also comply with procedure rules for entering and managing contracts with suppliers.

20.10. Community Safety Implications

Assessments have been carried out for all revenue and capital investment proposals where appropriate and the revenue budget itself includes additional permanent investment into the Community Safety Service from 2022/23 onwards.

20.11. Environmental Impact

Assessments have been carried out for all revenue and capital investment proposals where appropriate.

21. Background Papers

Draft Prioritising Resources to Deliver Better Outcomes 2022/23 – 2026/27 – Cabinet Report 13th January 2022
The Final Local Government Finance Settlement 2022/23, DLUHC
Budget working papers held by the Finance and Resources section
Southend 2050 Ambition / Five Year Roadmap

22. Appendices

- Appendix 1 Financial Sustainability Strategy
- Appendix 2 Medium Term Financial Strategy 2022/23 – 2026/27
 - Annex 1 to Appendix 2 – Medium Term Financial Forecast to 2026/27
 - Annex 2 to Appendix 2 – Earmarked Reserves to 2026/27
- Appendix 3 Section 151 Officer's Statement on the Adequacy of Balances and the Robustness of the Budget
- Appendix 4 Appropriations to and from General Fund Earmarked Reserves
- Appendix 5 Summary of General Fund Revenue Estimates for 2022/23
- Appendix 6 Proposed Revenue Investment 2022/23
- Appendix 7 Proposed Savings and Income Generation Initiatives 2022/23
- Appendix 8 Budget and Transformation Programme 2023/24 to 2026/27
- Appendix 9 Proposed increases or new Fees and Charges
- Appendix 10 Dedicated Schools Grant Budget 2022/23
- Appendix 11 Capital Investment Strategy – 2022/23 to 2026/27
 - Annex 1 to Appendix 11 – Capital Investment Policy
- Appendix 12 Capital Investment Proposals – 2022/23 to 2026/27
- Appendix 13 Other Requested Changes to Approved Capital Investment Programme
- Appendix 14 Amended Capital Investment Programme 2022/23 to 2026/27 (2021/22 shown for information)
- Appendix 15 Minimum Revenue Provision Policy 2022/23
- Appendix 16 Prudential Indicators 2022/23 to 2026/27
- Appendix 17 Equality Analyses supporting budget proposals

Financial Sustainability Strategy

2022-2032

Southend-on-Sea Borough Council



Foreword

It is important to reassess, understand, and take responsibility for determining our financial future as a new City. We must continue to be proactive in the delivery of our agreed Southend 2050 ambition, key priorities, evaluation of the local economic recovery progress and to provide the best possible value for money services to our residents, businesses, and visitors.

Responsible, innovative and outcome based financial management in the medium- to long-term will provide the platform to help to secure the future financial viability of the council. This is essential so that we can continue to deliver critical services to our residents, businesses and visitors within the resources that will be available for our new City.

A clear and robust financial strategy is vital to identify the likely level of resources available each year to the council, as well as the anticipated level of demand for, and cost of, providing services. Given the recent and anticipated funding pressures facing all councils, as well as the continuing implications of the pandemic, it is also important to identify how we intend to respond to these pressures, and particularly how we will meet projected future funding gaps.

Outlining our intentions and key principles this Strategy focusses on securing the future sustainability of the soon to be Southend-on-Sea City Council and how we intend to remain financially resilient, in the face of ever-increasing service demands. The council needs to deliver value for money services, maximise the use of local assets, and deliver targeted levels of community-based services that meet local need over the long term.

Our Financial Strategy

- Frames our longer term financial, intentions, and principles for the council.
- Sets the overall context for the rolling Medium Term Financial Strategy (MTFS) and the effective targeting of resources to deliver the ambitions and outcomes contained within our overarching Southend 2050 ambition.
- Outlines our approach, desire, and commitment to achieving financial sustainability by embracing Southend's economic potential, growing our local tax base, improving efficiency in service delivery, and increasing our income generating capabilities.
- Is designed to enable all staff and councillors within the organisation, together with our stakeholders to realise our route to achieving long term financial sustainability. This will help to maximise understanding, ownership, and engagement within the local area.

We want to direct our investment, resources and business planning towards activity that will achieve better outcomes for local people, changing the conversation to “where to prioritise” rather than “what to cut”.

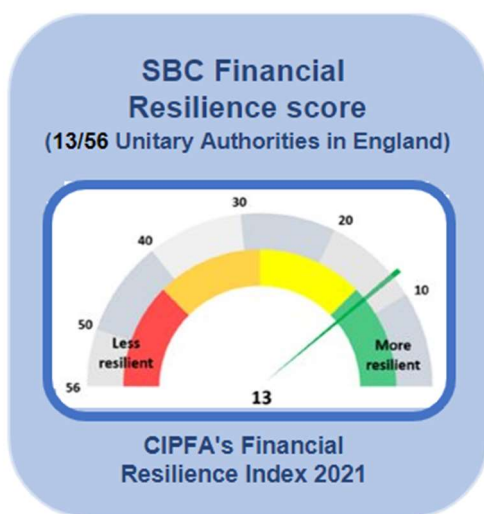
In response to future financial uncertainties within the Local Government Sector, the Council is committed to achieving long-term financial sustainability by embracing the area's economic potential, sustaining our local tax base and being commercial and business-like in the way we operate. This will enable us to become more self-sufficient and generate the resources necessary to maintain and invest in more effective and efficient public services that meet the needs of our residents.

This Strategy sits centrally and is aligned to internal and external future planning influencers and is informed by the drivers and priorities within them.

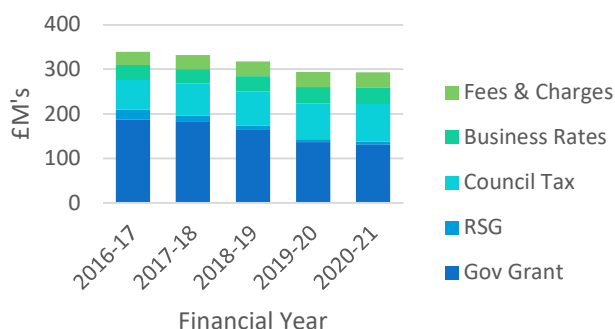
Where we are now

We have developed a shared vision for Southend which instils boldness, creativity, and strong, place-based leadership. The vision establishes a set of outcomes against which we can measure and communicate progress, bringing partners and budgets together. It helps shift the mind-set from managing decline to place shaping and developing a more prosperous future for our new City. Given the challenges ahead, the importance of a 'can do' culture and positive behaviours within our authority is going to be critical.

Despite the pressures presented by the reduced level of central government funding and therefore Core Spending Power, the council's resilience score is in the top quartile of all upper tier local authorities in the country and our aim is to maintain this level of resilience. This is based on many factors including evidence presented by CIPFA's Resilience Toolkit, which was launched in December 2019.



The following resources graph shows the changing nature of our funding sources. There has been a clear decline in the overall level of funds and a shift from central to more local funding streams. This is expected to continue throughout the life of this strategy.



The headline external challenges that will impact on our financial resilience for Southend:

- National funding reform and legislative changes
- Deprivation, aging population & rising birth rates leading to an increased demand for services
- The impact of pandemic on our local economy and community

National funding reform and legislative changes

Major national funding reform is planned in 2022/23 as part of the Government's Levelling Up agenda and major changes for Adult Social Care have been announced.

Like all Local Authorities, Southend-on-Sea Borough Council has seen a decline in the amount of funding it receives from central government grant. Compared to our statistical neighbours for 2018/19, our Spending Power per dwelling was ranked as 13th out of 16. This represents a significant challenge to our ambitions and service delivery intentions.

Climate Change - In the UK, the Committee on Climate Change (CCC) sets legally binding science-based carbon budgets and recommends policies and actions to drive change. The CCC estimates that UK emissions will need to be reduced by at least 3% per year from now on.

Financial sustainability and climate sustainability are interlinked, and meeting carbon reduction commitments will require investment from the Council. In both circumstances we must ensure we do not create irreversible impacts by consuming too many resources, so that others in the future suffer at our expense. Done well, we can ensure that our actions are cost effective, delivering economic and public health benefits, creating jobs, and cutting spending on energy.

As a council we have an important part to play in acting on climate change and becoming more sustainable through our role as community leader, service provider and estate manager.

Adult Social Care reform – From October 2023 the government will be significantly adjusting the thresholds for full or partial payments for adult social care. In addition, there will also be a cap introduced whereby a service user does not exceed a certain % of their income or assets. The Local Authority will be responsible for the care account and monitoring clients who are reaching the care cap for those that meet eligible needs.

The Council's Housing, Homelessness & Rough Sleeping Strategy runs from 2018-28 and sets out several strategic priorities such as prioritising the supply of safe, locally affordable homes, encouraging good quality housing design & management, and supporting people to live independently in their own homes and avoid homelessness.

These priorities are supported by Southend 2050 Safe & Well ambition that 'everyone has a good quality, sustainable home that meets their needs'. To meet these priorities, the Council will continue to bring forward plans for the development and acquisition of property for Council Housing via the Council's in house teams and via pipeline opportunities and major investment that has been approved from the Housing Revenue Account capital reserves.

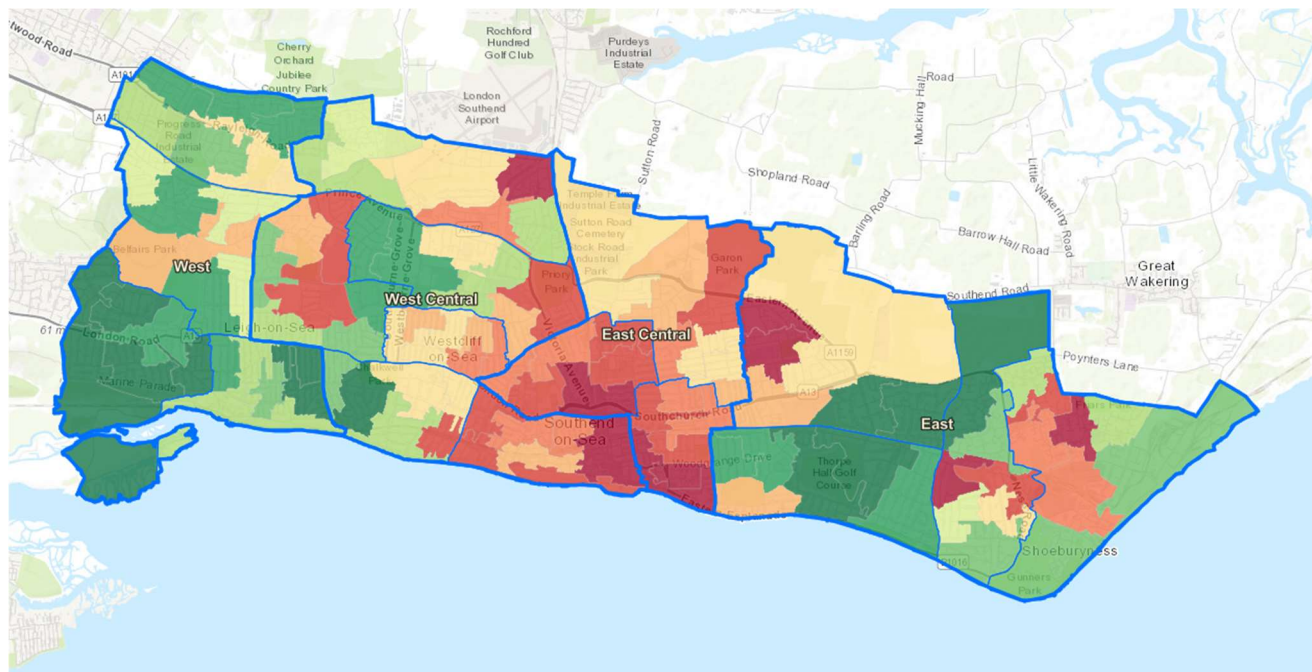
The Council in partnership with South Essex Homes, continues to support improvement in the quality of the existing housing stock to achieve decent, healthy, and environmentally sustainable homes. Emerging priorities include ensuring compliance with the Fire Safety Act and Building Safety Bill and planning for the decarbonisation of the Council's housing stock to meet the Climate Emergency timescales.

In terms of the Council's ongoing commitments to reducing homelessness and rough sleeping, the Council will continue to bid for available external grant funding with the next round available in 2025.

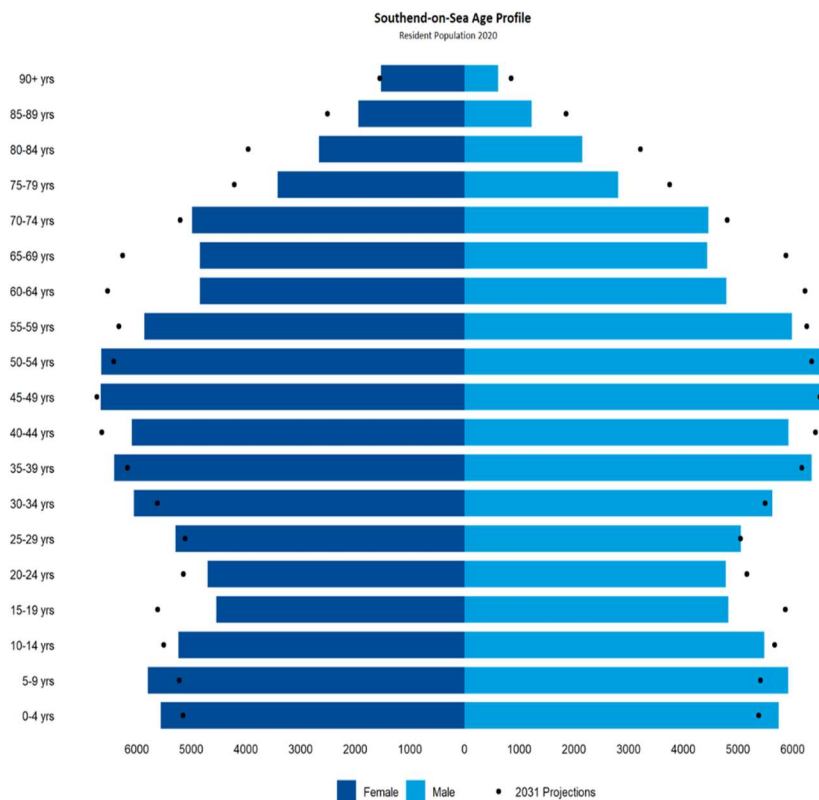
Future priorities will include the development of several strategies and policies to assist in this priority including improving the choice of temporary accommodation, older peoples housing, transitional supported housing, that will guide the Council to longer term thinking on provision and potential savings and increased sustainability over the next 10 years.

Deprivation, ageing population & rising birth rate leading to an increased demand for services

Southend has varying levels of deprivation across the borough as illustrated in the map below. We use this data to target resources and services based on need. There is a direct correlation between deprivation and life expectancy, whereby those living in more deprived areas have a significantly lower life expectancy. Southend is one of the most densely populated areas in the country and includes some of the most affluent and deprived wards near each other when compared nationally.



The adjacent graph illustrates projected population changes in Southend between 2020 and 2030. Whilst the proportion of some middle aged and young people as reduced, those aged 65+ will increase significantly. The change in demographics reinforces the need to prioritise and target resources effectively to deliver better outcomes and invest in activities that have the most positive community-based impact. It also provides an insight into the changing nature and likely demand patterns of residents in Southend, particularly demand from the older population and the importance of ensuring that the Council is and remains financially sustainable.



The impact of Covid on our economy and community

The medium and long-term impacts of Covid are unknown. Currently Southend is a vibrant town, employing approximately 66,200 people, who work in over 6,600 businesses. There is a recognised strong entrepreneurial culture in the area. Most businesses within Southend are small, with 85.5% of companies employing 10 people or fewer.

Pre Covid, Southend attracted around 7-million-day visitors each year and over 250,000 longer stay visitors. Southend has significant potential to secure further growth as a major tourism destination of choice. Tourism gives the town its identity centred on its iconic Pier and other seaside city attractions.

The projected economic downturn of the pandemic is likely to have a persistent effect upon investment income and innovation nationally. There are a set of deeper unknown projections on health, wellbeing, communities and cohesion, skills, employment, and the economy which could have profound effects upon the UK for years to come.

There are likely to be additional pressures on Government spending in the medium to long term, because of increasing levels of borrowing and possible falling tax revenues due to risks around unemployment, failing businesses, decreased consumption, and significant shifts in the structure of the economy. The direct impact of increasing inflation and higher interest rates will also compound this challenge.

It will be increasingly important to address the balance of revenue generation and weigh up expenditure against non-economic impacts, considering a diversity of mechanisms to meet societal goals.

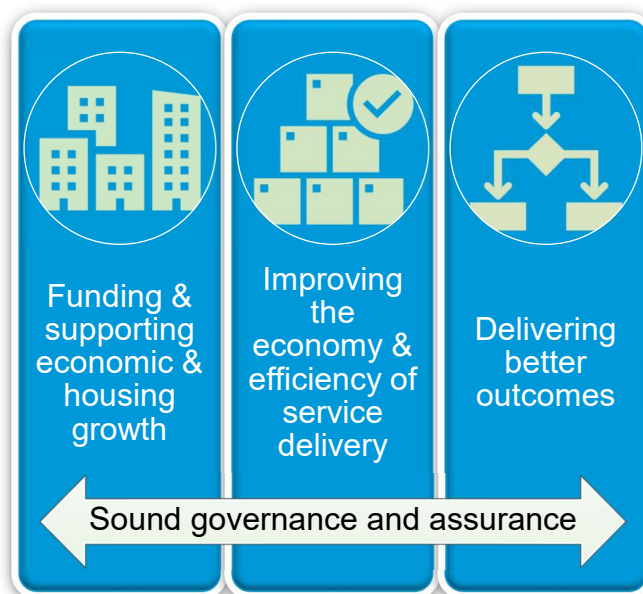
As an organisation we are investing in transformative and innovative service re-design so that we can deliver our 2050 outcome pledges effectively and efficiently.

We are also actively working towards obtaining the Real Living Wage accreditation which will benefit local people.

Southend does have a very strong Voluntary and Community Sector (VCS) that has played a huge important role during the pandemic. We are keen to continue to build and nurture this relationship post pandemic.

We recognise that it is essential to work in collaboration with our residents, businesses, and our partners to create the right conditions for future investment and expansion to ensure that our ambitions are achieved.

What Financial Sustainability Looks Like for Southend



Delivering Financial Sustainability

To achieve financial sustainability, it is important to recognise and overcome the challenges that face Local Government generally and Southend specifically.

Locally, the council has seen sustained reductions in its core Central Government funding and over the same period experienced increased and more complex demand across a range of services. This is likely to continue for the foreseeable future.

Achieving greater financial independence will enable us to shape services to meet local needs. The council will be required to move towards resident empowerment, rather than being a universal and direct provider of services.

The headline areas for delivering financial sustainability are:

- What resident empowerment and community resilience means.
- Commercial Opportunities and Income Generation.
- Planning Policy.
- Knowing our business.
- Future Ways of Working.
- Capital Investment.
- Smarter Commissioning & Maximise Social Value.



What resident empowerment and community resilience means

- Embracing Southend's economic potential and creating positive conditions for businesses.

- Enabling others to do more for themselves through asset-based community development – people taking personal responsibility and enabling them to live fulfilling lives.
- Proactively using reserves to invest in areas that will provide longer term improvements whilst maintaining adequate levels to deal with risks and exploit opportunities.
- Taking an outcome-based investment approach.
- Making the most of opportunities for improvement through capital projects and maximising external grant funding.
- Open channels of communication with key customer groups to monitor financial health against recent performance.
- Establishing an active flow of monitoring data as quickly as possible to be able to identify and monitor the critical third parties that are most likely to require support.
- Being clear and decisive about our appetite for risk.
- Taking a measured strategic and planned approach to resourcing.
- Applying customer-led 'Design Thinking' methodology to our services.
- Being an organisation that is well run, creative and financially aware and focused on delivering value for money.
- Creating the right conditions for the private sector to invest locally.
- Maximising the use and opportunity to drive efficiencies and improve productivity via technology.
- Maximising community capacity.

- Delivering sustainable and place-based housing.
- Delivering sustainable, inclusive place-based growth and housing.



Commercial Opportunities and Income Generation

Having a commercial mind-set is about outcome-based data-led decisions whilst ensuring that we retain a strong public service ethos:

- delivering the best fit to ensure both a financial and social return
- seeking to grow our income base and make efficiency savings and productivity improvement in a variety of ways
- commission goods and services efficiently to deliver better more cost-effective outcomes
- explore and create optional traded services for residents and businesses that are competitive and provide value for money.

The development of a more commercial outlook will identify and present opportunities for the Council, with due consideration of the risks.

We need to consider and understand all commercial drivers that have a direct revenue benefit, but also wider economic/social benefit felt locally. Examples could include additional business rate generation, quality jobs, spending power improvement, social value, holistic cost/investment appraisals etc.

We are looking beyond the traditional sources of income generation for opportunities to boost revenue income through fees and charges and selling services where appropriate. Considering 'make or buy' service models to get hybrid best-fit mechanisms for delivery is essential. We will always look to secure social as well as financial returns where appropriate.



Planning Policy

Effectively applying national planning policy locally has a key role to play in minimising vulnerability and providing resilience to the impacts of climate change, including coastal damage, flood risk, drought, water supply and changes to biodiversity across our local landscape. It will be essential that appropriate planning policies are put in place in the new local plan to meet these challenges.



Knowing our business

A key intention is that as an organisation we will become more effective and accountable in understanding key cost and income drivers across all our services. We need to invest in the right areas to make the most impact.

We want this insight and challenge not just to be driven by service and outcome leads but all staff being accountable for how and where we spend our money, how we drive delivery (or not) of our outcomes; and what investment/disinvestment options this might give the Council as we move to longer term outcome based financial planning.

We committed in 2021 that all staff with financial responsibility will include in their Annual Conversation an action relating to becoming more financially accountable. We will be carrying out a survey with these staff to measure the impact and what changes they have instigated to increase awareness across organisation.



Future Ways of Working

Our transformation programme underpins the whole approach to organisational design and the culture change needed to deliver the intentions and principles outlined in this strategy. The Council is putting in place the conditions that our staff have identified as being necessary to make us 'match fit' for the future. These conditions form an overarching change programme for the organisation:

- Clear vision and delivery strategy

- Digital enablement to support the vision
- Trusted, empowered, and engaged workforce
- Appetite to invest wisely in people, outcomes and to accept evaluated risk
- Closer collaboration with staff, members, citizens, and partners
- Simple and effective governance
- Open mind-set that will drive forward transformation and change

These conditions collectively describe the culture we need to develop and nurture to take our organisation to the next stage in its journey.

This will mean a very different approach to planning and designing our services in the future – one based around outcomes for people, not around the services themselves.

The past two years show that technology used properly can be a game changer. The Council started investing to move its arrangements to a 'cloud based' arrangement during lockdown. To enhance our transformation capability, a decision has been made to accelerate this process. Technology and data will allow us to work smarter to identify improved ways of working, streamline processes, provide resident self-help, and generate new revenue streams to bolster council resources. We strongly believe that this investment will return a transformation in the way in which resident services are offered, improving security and resilience, and enabling officers to focus their time on those who truly need our help, support, and advice.



Capital Investment

Successful and timely delivery of our capital investment

programme is a key part in achieving the Southend 2050 ambition and delivering our priority outcomes.

The Council has major investment ambitions designed to significantly benefit the people of Southend. There will inevitably be a gap between the scale of our ambition and the level of available resources. This will limit the number and value of viable schemes that are affordable and deliverable. Capital expenditure and investment decisions must take account of the implications for the future financial sustainability of the council.

Future sustainability will be achieved through:

- A long-term view of capital expenditure plans, where long term is defined by the financing strategy of, and risks faced to the life of the project/assets
- Provision for the repayment of debt over the life of the investment as set out in the Minimum Revenue Provision policy
- An overview of asset management planning including maintenance requirements and planned disposals
- The Capital Investment Strategy provides a high-level overview of how investment decisions take account of stewardship, value for money, proportionality, prudence, sustainability, and affordability
- Capital investment proposals follow a project approval process with the decision making and governance process proportionate to the scale and impact of the project.



Smarter Commissioning & Maximise Social Value

Commissioning is the process by which we understand the collective approach needed to deliver the Southend 2050 outcomes and what we need to do with others to make them happen. In practice, this is not in-sourcing or out-sourcing but clearly 'right-sourcing'.

Our goal is to drive a robust and balanced framework for commissioning into the fabric of the organisation. Designed alongside the 'creating the right conditions' work, our new commissioning framework will embed the values and behaviours required in everything we do as an authority through a set of agreed core principles.

The Council's social value policy will maximise the wider community benefits of the council's commissioning activity. It also sets the direction for engagement with businesses in Southend to increase the level of local spend, build in skills and employment opportunities, and support small / medium enterprises and voluntary / community organisations.

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Medium Term Financial Strategy 2022/23 to 2026/27



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1 Introduction

1.1 Background

Southend-on-Sea Borough Council (SBC), 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 is exacerbated by a combination of increasing and more complex local demand and uncertainty over the finance reform planned in 2022/23 as part of the Government's Levelling Up Agenda. The Council and its partners are focusing on responding to the local impact of the COVID-19 pandemic. The Council and local partners have also begun preparations for the awarding of City Status for our area. This recognition will be granted in 2022. It follows the tragic murder of Sir David Amess MP for Southend West, who had campaigned tirelessly for City Status to be granted to Southend-on-Sea.

The Council's strategic response to the more traditional, familiar local government challenges has been to develop a new high-level Financial Sustainability Strategy, updated for 2022-2032 to reflect the impact of the pandemic and comprehensively update its Medium-Term Financial Strategy (MTFS) for 2022/23-2026/27. These key strategies were approved in February 2021. They outlined the Council's ambition, approach, desire, and commitment to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to residents, businesses, and visitors. This was predicated on ensuring that the Council remains financially stable and resilient for the future.

1.2 COVID-19 Implications

From March 2020 everything changed. The overall health and economic impact of COVID-19 is still under assessment. The challenge is clearly worldwide, and national governments continue to wrestle with putting in place the right package of measures to save lives and to try to minimise the spread of the virus and its impact across the population. Countries have adopted different strategies and tactics to safely get their respective economies working again. These challenges were exacerbated from around December 2021 with the world-wide concern over the potential impact of the new mutant variant – Omicron.

Alongside this worrying development, the national vaccination programme and more recent booster campaigns do appear to be having a positive impact on limiting the severity of this new strand of the virus on people's health and well-being. The data available so far suggests that the virus does seem to be having generally milder effects on fully vaccinated and boosted people, but its speed of transmission was still much quicker than previous strands which has put more pressure on the NHS and public services. The Government in February 2022 announced an easing of restrictions, whilst continuing to encourage take-up of the national vaccination and booster roll-out programme. It appears that the UK, like most of the rest of the world, are now moving into a phase of getting used to 'living with COVID', closely monitoring the impact and assessing any further mutant variant strains.

The pandemic continues to have a major direct operational and financial impact right across the Local Government Sector. All local authorities are struggling with the challenges of uncertainty, large financial pressures and concerns for their residents and local areas in such unprecedented times. Several local authorities are showing signs of significant additional financial stress. Effectively managing the short and medium-term financial challenges that COVID-19 has brought to the Borough will be an important factor in our future success.

One of The Council's other major areas of concern is the potential impact on service demand 'post COVID-19' or 'living with COVID-19' in the future. This could manifest itself in many ways from increased demand and support because of long COVID-19 symptoms or increased demands on services due to family tensions and breakdown, residents experiencing additional stress and mental wellbeing needs or changing employment issues. The Council and its partners will continue to monitor the situation locally.

It really has been an unprecedented couple of years and some tough national and local choices and decisions on priorities, particularly non-statutory service levels will be required over the medium-term. The Government have introduced a series of national tax increases and policy changes which will have a significant impact from April 2022 and general inflation is heading to its highest levels for over a decade, with some suggesting it could reach around 7% in 2022. This combination of factors will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes.

In the background, although only occasionally receiving media attention, there is still some concern and uncertainty over what the overall potential medium-term impact of the country's negotiated exit from the European Union will be. The full details of Brexit are still being assessed and evaluated nationally. We will continue to monitor the situation and update Cabinet and Council on any specific local implications as appropriate.

1.3 Local Context

The Council continues to respond to the demands of the pandemic as required but focus and planning has now shifted towards recovery post COVID-19. The Council is committed to supporting improvements in the health and economic wellbeing of its residents via its ambitious Southend 2050 priority investment programme. The Council's financial strength will be enhanced by embracing and wherever possible facilitating the Borough's strong economic potential, enabling sustainable growth in local tax bases and by increasing its own income generating and commercial capabilities.

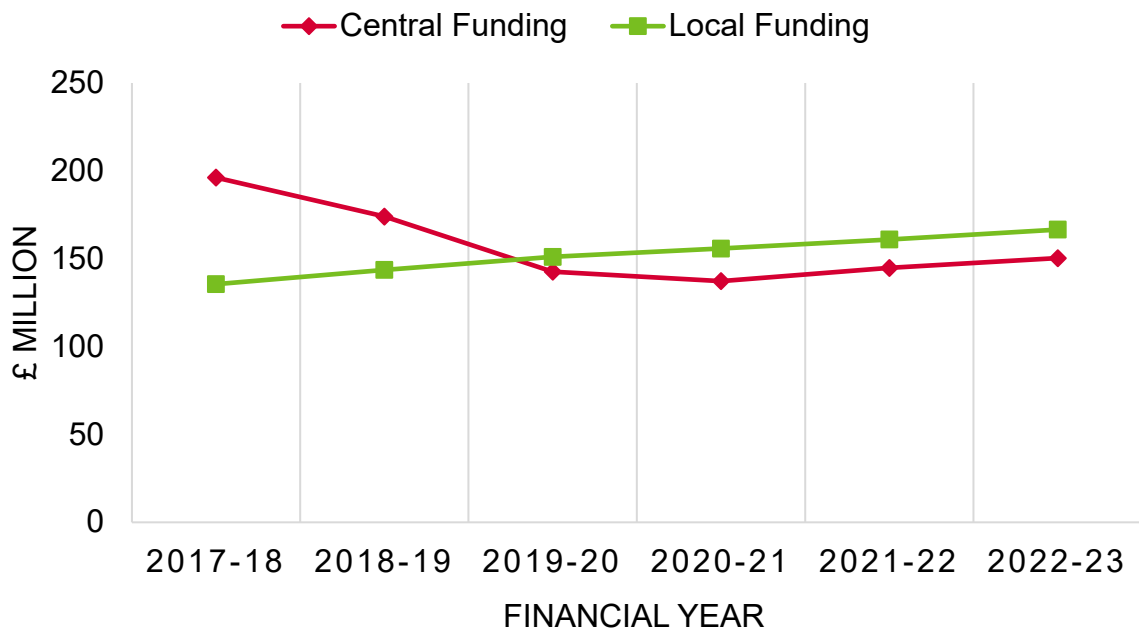
Despite the current challenges, the Council is determined to build on the solid financial foundation that it has worked so hard to create locally. This will enable the authority to navigate the challenges and impact of a decade of austerity, COVID-19 and effectively manage the unprecedented current level of local demand for priority services. By also continuing to demonstrate strong leadership, collaboration, and engagement the Council wants to remain proactive, and with the support of its communities, help shape the future destiny of Southend-on-Sea.

The announcement of effectively another single year financial settlement for local government is disappointing. From a local business and financial planning perspective, this short-term arrangement creates real uncertainty for the Council and fails to provide any clarity for the future.

There is major financial reform planned as part of the Comprehensive Spending Review, commencing in 2022/23 which could cause a significant re-distribution of resources across the Local Government Sector from 2023/24. It is within this context that the MTFs 2022/23 – 2026/27 has had to be developed.

Figure 1 illustrates that for SBC the level of funding available for local authority services is increasingly more reliant on locally generated sources rather than non-ring-fenced or general grants from central government. It is hard to imagine that this trajectory and direction of travel will change over the medium term if anything the gap will continue to widen.

Figure 1 Trend from central to local funding sources



SBC is one of six unitary authorities in the East of England, responsible for over 500 services and with a current population of over 183,000. The Council’s turnover is around £450m and our resources are well-managed through our budgetary and financial monitoring framework.

The MTFs has been developed on the understanding of where Southend-on-Sea Borough Council currently is and where it wants to get to. It has clear ambitions that have been set in conjunction with residents, businesses, and partners, and has a commitment to deliver efficient value for money services, a desire to increasingly target resources towards the delivery of priority outcomes and to remain a financially stable, well run, and resilient organisation. This clarity of focus helped to provide clear direction for the organisation and enabled the Council to respond positively to the huge health, economic and operational impact caused locally by COVID-19.

Since 2018 the Council has been on a path to review the culture, values, and behaviours of the organisation, under the banner of the Transforming Together Programme. Clear values have been established in our organisation:

- Inclusive – we put people at the heart of what we do.
- Collaborative – we work together.
- Honest – we are honest, fair, and accountable.
- Proud – we are proud to make lives better.

These are supported and complemented by the following set of agreed and championed behaviours:

- Driving Positive Change
- Demonstrating strong leadership
- Trust and respect
- Acting with integrity and behaving responsibly
- Building relationships to work well together.

Proposals within the MTFs build on the Council's ability to work with residents and partners to design services that meet local needs. The agreed set of core values and behaviours continue to shape our approach to decision making and service delivery.

The Council has been led by a joint political administration since May 2019 supported by a professional executive leadership team. Our overall financial strategy arrangements have been shaped and influenced by CIPFA's new Financial Management Code¹ which summarised a lot of the good work and appropriate standards that were already evident within the local authority.

The MTFs provides an integrated view of the whole of the Council's finances and business outlook over the next five years. It represents a more detailed plan to implement the first phase of the Council's updated Financial Sustainability Strategy approved in February 2022. It shows how the Council intends to align its financial resources to meet our Southend 2050 ambition, roadmap, delivery of our priority outcomes and delivery of our recovery priorities. The MTFs will be refreshed on an annual basis, in recognition that in the current environment the further any financial strategy looks to the future, the more uncertain it becomes.

¹ CIPFA - Financial Management Code, published October 2019. Full compliance with the Code is mandatory for the 2021/22 financial year

The MTFs is the Council’s key financial planning document which informs business and resource planning. It clearly shows how investment and spending is prioritised and balanced against available resources. It will identify any budget gaps in the medium term to allow the Council time to address them in a considered and planned way.

1.4 Southend 2050 Ambition and Economic Recovery Focus



Southend 2050 is the borough’s shared ambition for the future. It was developed in 2018 following extensive conversations with those that live, work, visit, do business and study in Southend. These conversations asked people what they thought Southend should be like in 2050 and what steps are needed now, and in the coming years, to help achieve this.

The ambition is grounded in the values of Southenders. It is bold and ambitious and will need all elements of our community to work together to achieve our goals. Southend 2050 includes 21 outcomes, which fit into six themes, each with associated outcomes.

These themes provided a framework for our response to the COVID-19 pandemic and now inform our approach to helping local economic recovery. The six themes are summarised in the following graphic.

Figure 2 Southend 2050 Themes



A five-year roadmap timeline identifies the key projects that will help make the ambition a reality.

The Southend 2050 outcomes and associated roadmap milestones were reviewed and refreshed in 2020 and 2021. As part of the refresh in 2021, Future Ways of Working was added as a sixth theme. Future Ways of Working is a framework for our workforce to guide the prioritisation and delivery of Southend 2050 outcomes.

The ambition is an overarching view of the Council’s future direction which aims to articulate the visible changes to the environment and the more fundamental effects on people’s lives, essentially capturing how it could feel to live, work, or visit Southend in the future. This has also helped with mobilising the Council’s efforts to focus on enabling the local economy to recover from the pandemic.

The Council's Cabinet captured and reinforced their key priorities in recognition of the impact and concerns caused by the pandemic in 2020/21 and beyond. They are not new priorities but highlighted the short term required focus that fits in with the strategic context of Southend 2050:

1. provide the best possible economic and social recovery programme for residents and businesses.
2. provide a greener future for Southend.
3. provide the best adults and children's' services possible.
4. promote fairness for all residents and reduce inequalities.
5. provide opportunities for economic growth, culture, and tourism.
6. create a vibrant, community-based society and a better Southend; and
7. provide a safer Southend with better highways, footways, and policing.

Our ambition complements the Essex 2050 vision, 'The Future of Essex' developed by Essex wide stakeholders and the emerging South Essex 'proposition', titled 'What sort of place are we making?' This is being developed by South Essex local authorities who are collectively looking to the future.

The Council agreed a roadmap as part of its delivery programme. The roadmap outlined the Council's role in achieving the ambition and provides a high-level guide for Councillors, staff, partners, and others to align their capacity, capabilities, and resources to help to achieve delivery of these priorities. It builds on our existing achievements and outlines what the Council wants to achieve in the coming years with a focus on the immediate to medium term.

Consideration was also given to making sure that the sequencing and timing of all activities are still appropriate in the context of the damage and potential scarring caused by COVID-19. Economic recovery and the focus provided by Cabinet will be integrated into our arrangements and will remain an overriding and guiding influence.

All revenue and capital resources will be allocated with the aim of contributing to the delivery of our overall Southend 2050 ambition and achieve the following desired outcomes and support the local economic recovery from COVID-19.



Pride and Joy

By 2050 - people are proud of where they live – the historic buildings and well-designed new developments, the seafront, and the open spaces. The city centre has generated jobs, homes, and leisure opportunities, whilst the borough's focal centres all offer something different and distinctive. With its reputation for creativity and culture, as well as the draw of the seaside, Southend-on-Sea is a place that residents and visitors can enjoy in all seasons. Above all we continue to cherish our coastline as a place to come together, be well and enjoy life.



Safe and Well

By 2050 - public services, voluntary groups, strong community networks and smart technology combine to help people live long and healthy lives. Carefully planned homes and new developments have been designed to support mixed communities and personal independence, whilst access to the great outdoors keeps Southenders physically and mentally well. Effective, joined up enforcement ensures that people feel safe when they are out, and high-quality care is there for people when they need it.



Active and Involved

By 2050 - Southend-on-Sea has grown, but our sense of togetherness has grown with it. That means there's a culture of serving the community, getting involved and making a difference, whether you're a native or a newcomer, young or old. This is a place where people know and support their neighbours, and where we all share responsibility for where we live. Southend in 2050 is a place that we are all building together – and that's what makes it work for everyone.



Opportunity and Prosperity

By 2050 - Southend-on-Sea and its residents benefit from being close to London, but with so many options to build a career or grow a business locally, we're much more than a commuting town. Affordability and accessibility have made Southend-on-Sea popular with start-ups, giving us the edge in developing our tech and creative sectors, whilst helping to keep large, established employers investing in the borough. People here feel valued, nurtured, and invested in. This means that they have a love of learning, a sense of curiosity and are ready for school, employment, and the bright and varied life opportunities ahead of them.



Connected and Smart

By 2050 - Southend-on-Sea is a leading digital city and an accessible place. It is easy to get to and get around, with easy parking for residents, visitors, and businesses. Everyone can get out to enjoy the borough's thriving city centre, its neighbourhoods, and its open spaces. Older people can be independent for longer. It is also easy to get further afield with quick journey times into the capital and elsewhere. Our airport has continued to thrive, opening new business and leisure opportunities overseas – but it has done so in balance with the local environment.



Future Ways of Working

Future Ways of Working is the framework for how we began to modernise our workforce and practices in 2021/22 and develop into the future. It will guide the prioritisation and delivery of Southend 2050 outcomes. This will help us to:

- recover from the pandemic and to embrace new approaches and opportunities for collaboration with our partners
- sustain and increase the pace of change
- develop a new way of operating that delivers improved outcomes for our residents and communities at the best value, including social value
- become a modern council and an organisation that is a great place to work.

The Future Ways of Working framework is made up of nine workstreams:

- 1) Smart working
- 2) Decision making
- 3) Skills and Leadership
- 4) The Here and Now
- 5) Democracy
- 6) Communication and Engagement
- 7) People and Well-Being
- 8) Workplaces and the Green Agenda
- 9) Financial Sustainability

1.5 Implementing the Ambition and organisational transformation

The Council is continuing to develop shared ownership of the Southend 2050 ambition and the first phase of the planned programme of outcomes. Given the need to prioritise the response to the pandemic some aspects of the original plans and the sequencing of activities have had to change. It is still the intention that, wherever possible, measures to achieve the outcomes are co-designed and co-delivered with residents and partners. This has resulted in the development of more innovative partnership arrangements with stakeholders and shifting our culture so that council staff have an engagement role in their day-to-day job. However, the momentum of this programme has slowed given the local challenges and practical obstacles that the pandemic has caused.

It is within this context that the Council remains committed to delivering the overall medium-term ambition but had to recognise that tactically in the short term the pandemic has presented challenges that required an immediate response to support our residents, businesses, communities, and our workforce. To support this prioritisation for the Council there is a move to introduce a corporate planning framework which will articulate the Council's key priorities, contributions to Southend 2050 and the transformation priorities to enable the priorities to be delivered.

The Council remains committed to using an Asset Based Community Development (ABCD) methodology to promoting the sustainable development of our communities in the medium term. This will continue to build on how the council works with residents and stakeholders, and revise the Council's approach to leadership, management of assets, funding streams, commissioning, and workforce development.

This approach will include more shared posts, shared commissioning and the co-location of services and staff, along with the development of our locality approach. It will promote a more fluid and creative way for citizens to share their ideas on priorities and solutions, while also valuing and strengthening the more formal consultation processes. The Council believes that this is even more important post COVID-19 to re-imagine the relationships and contacts with communities. The Council will use these principles and learning over the last 2 years to develop future ways of working and transformation for its workforce in 2022/23

To further enhance our approach to partnerships, community engagement and citizen empowerment, the Council continues to invest in a community builders' scheme on a test and learn basis. Community builders will be embedded into the heart of the local community and will have preventative conversations with neighbourhoods about what matters to them as well as helping people to build and connect using their personal strengths and with natural support through local assets and relationships. Community builders will be an enabler to support early, preventative action BY citizens to help to deliver on our Southend 2050 outcomes.

1.6 Aims and Purpose of the Medium Term Financial Strategy (MTFS)

In the context of the challenges and unprecedented circumstances, the purpose of the MTFS is to try and provide a clear strategic framework and encourage a forward-looking approach to support medium term financial stability and longer-term sustainability. It is integral to the Southend 2050 ambition, delivery of associated priority outcomes and economic recovery priorities in an affordable and sustainable way over the next five-year period. It aids robust and methodical planning as it forecasts the Council's financial position, considering known pressures, highlighting major issues affecting the Council's finances, including international, national, regional, and local factors.

It helps the Council to respond, in a considered manner, to pressures and changes caused by many internal and external influences. This is particularly important during a period when the Council still faces unprecedented challenges and uncertainty. The MTFS recognises the key role that financial resources play in the future delivery of services and in enabling the effective planning, management and delivery of priorities that contribute to the outcomes contained in Southend 2050 and roadmap phases.

The strategy concentrates on the key principles that will provide a strong and sustainable direction for the medium term. An overarching MTFs is not only good practice but is required to provide the strategic financial framework for the authority at a time of considerable pressure and change. It will be needed to help to navigate the route for the organisation and local area to come through COVID-19 stronger, deliver key priorities and ongoing efficiency gains, provide closer budget scrutiny, effective management of financial pressures, national policy changes or political change.

The MTFs takes a holistic view of all prevalent issues and requirements so that it is realistic and reduces the risk of a significant budget gap occurring late in the budget setting process. It includes revenue and capital expenditure and income for the General Fund and the Housing Revenue Account, reserves, financing of capital, treasury management and partnerships. This is to ensure that the Council sets a comprehensive, affordable, and sustainable budget. The new CIPFA Financial Management Code was compulsory from 2021/22 and having a viable and robust MTFs is a minimum requirement.

The key overriding aim of the MTFs is therefore: **To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's key strategic outcomes, priorities, and sustainable services.**

The parameters set by the five-year planning period of the MTFs are used to inform the development of the budgets for the General Fund, Housing Revenue Account, and the capital investment programme for the first year of that planning period. This is to make sure that, in setting the budget, decisions are not taken that could create problems in future years and that the financial consequences of those decisions are sustainable and fully understood.

The MTFs is crucial to the setting of a robust budget by considering the likely effect of identified budget pressures and the associated risks materialising. It facilitates the modelling of the impact of different planning assumptions and scenarios on the budget gap to inform decision-making and provides greater confidence that the budget is both affordable and realistic.

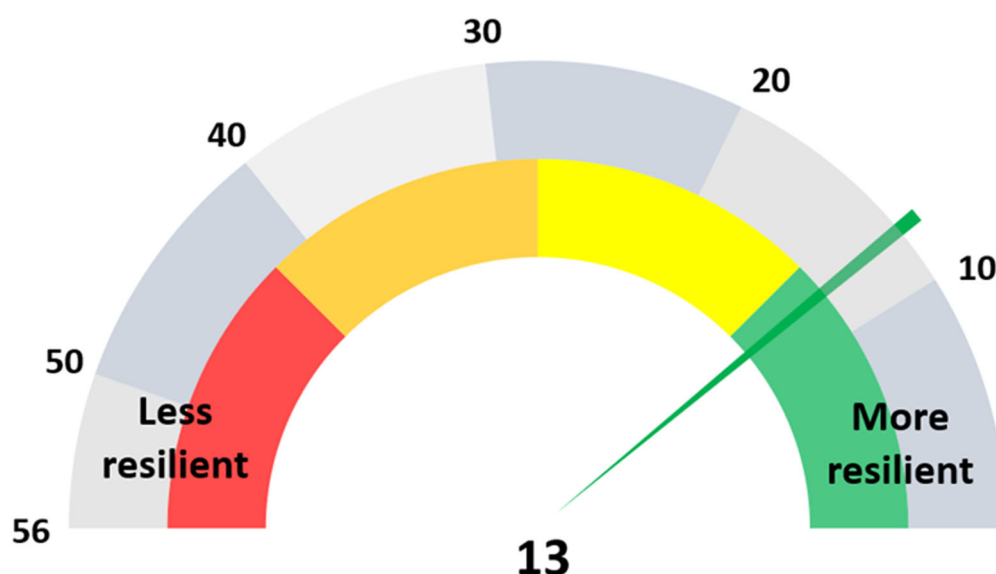
Given these unprecedented times the MTFs should be viewed as the Council's provisional assessment based on the best knowledge and intelligence currently available, rather than cast iron accurate medium-term forecasts.

1.7 Financial Resilience and CIPFA's Index

Financial resilience and future sustainability are important considerations. We are an ambitious Council and our local area is soon to gain City Status. We are committed to continually improving our performance and delivering better outcomes for residents through our Southend 2050 programme.

Our desire to improve, learn and provide value for money is also predicated on acting responsibly and ensuring our plans are affordable and sensible. Our approach and evidence of our relative financial strength was illustrated independently by CIPFA's Financial Resilience Index for 2021.

Figure 3 Southend's performance in CIPFA's Financial Resilience Index for 2021



Southend was ranked 13th out of 56 unitary authorities when ranked across the 16 indicators of financial stress within CIPFA's Financial Resilience Index for 2021.

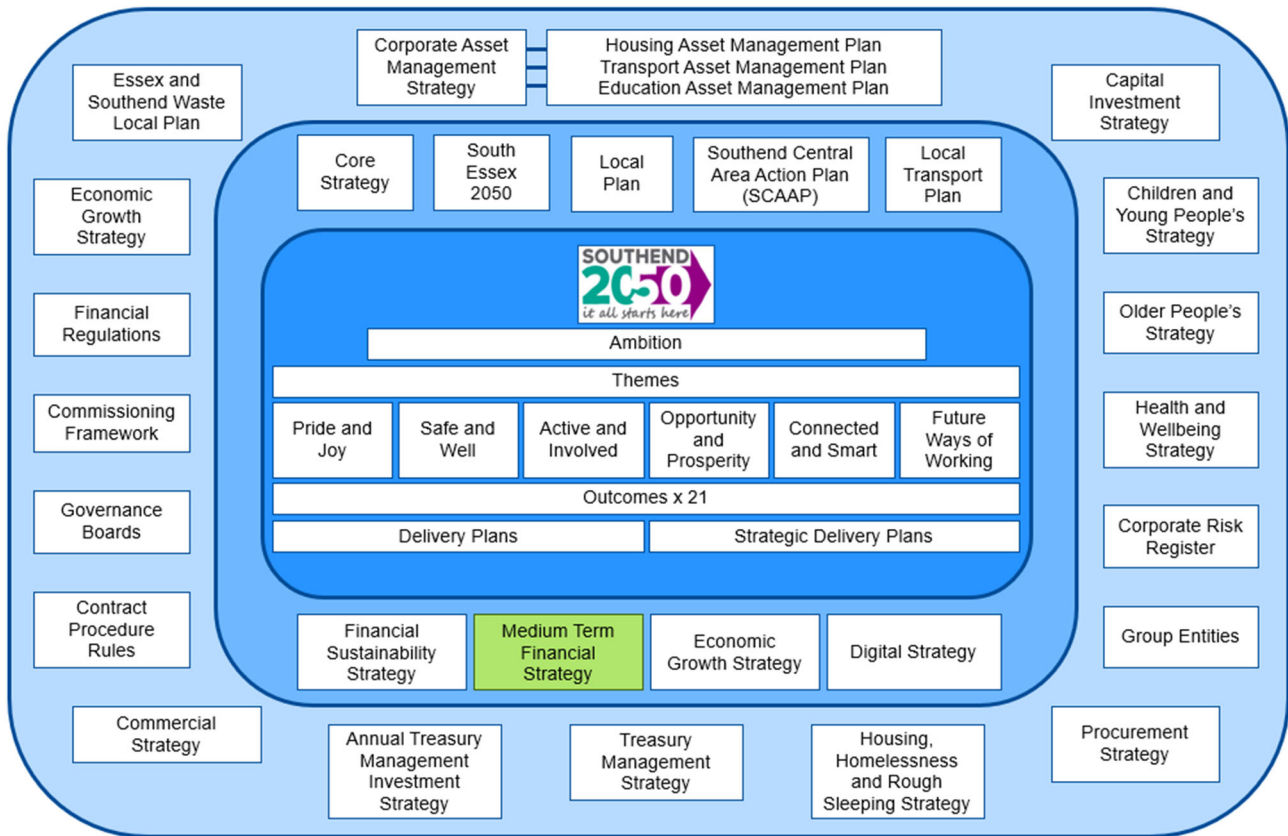
The only real factor that was highlighted of potential higher risk within CIPFA's Index is the ratio of interest payable to net revenue expenditure. We believe that our approach is sustainable and is appropriate and proportionate in the context of our ambitious capital programme. Our plans and commitments are managed at a prudent level by using our healthy level of reserves to allow cash balances to be used instead of external borrowing wherever suitable.

CIPFA have published an updated Financial Resilience Index for 2022 (February 2022) but have quite rightly also included a 'health warning' particularly for the changes in the levels of Reserves for most local authorities. The 2022 Index has effectively been classified as a transitional position given the exceptional circumstances caused by COVID-19. It is hoped that when the 2023 Index is published it will reflect a more normal set of circumstances and a better representation of a Local Authority's financial resilience and sustainability. We remain in a relatively strong financially resilient position.

1.8 Strategic context

The MTFS is closely aligned to several other strategies and plans which impact on the direction of the Council and must reflect and be informed by the drivers and priorities within them. The following diagram (Figure 4) shows the links to these other strategies and plans.

Figure 4 MTFS Links to Other Strategies



1.9 Key Assumptions

Local authority budgeting is by its very nature difficult to forecast with absolute certainty since there are so many variables that need to be considered and assessed. Table 1 summarises a range of assumptions that have been used to drive all applicable aspects of the financial planning process.

Table 1 Summary of Key Assumptions

Item	2022/23	2023/24	2024/25	2025/26	2026/27
Council Tax Increase	1.99%	1.99%	1.99%	1.99%	1.99%
Social Care Precept Increase	2.00%	0.00%	0.00%	0.00%	0.00%
Council Tax Base (No of 'Band D' Equivalents)	59,086.74	59,382.17	59,679.08	59,977.48	60,277.37
Revenue Support Grant	£6.244M	£6.369M	£6.369M	£6.369M	£6.369M
Business Rates Retention Scheme	£38.200M	£38.015M	£39.273M	£39.273M	£39.273M
Business Rates Multiplier	0.00%	3.70%	2.30%	2.00%	2.00%
Use of Collection Fund Surplus	£1.500M	£1.000M	£1.000M	-	-
Public Health Grant	£10.073M	£10.073M	£10.073M	£10.073M	£10.073M
Consumer Price Index (CPI)	4.20%	2.60%	2.10%	2.00%	2.00%
Retail Price Index (RPI)	5.00%	3.40%	2.80%	2.80%	2.90%
Pay Award Provision	3.00%	2.00%	2.00%	2.00%	2.00%
Incremental Progression	1.00%	1.00%	1.00%	1.00%	1.00%
National Insurance Rate - change	1.25%	-1.25%	0.00%	0.00%	0.00%
Superannuation Rate	23.00%	23.00%	23.00%	23.00%	23.00%
National Living Wage (Adult Social Care Providers - Cumulative)	£2.458M	£4.458M	£6.458M	£8.458M	£10.458M
Waste Disposal Contract	-	£0.800M	£0.600M	-	-
Social Care Grant	£8.155M	£8.155M	£8.155M	£8.155M	£8.155M
Better Care Fund (SBC allocation)	PENDING CONFIRMATION				
Improved Better Care Fund	£7.797M	£7.797M	£7.797M	£7.797M	£7.797M
Fees & Charges increase yield	4.20%	2.00%	2.00%	2.00%	2.00%
Investment Income (Ave)	1.06%	1.30%	1.48%	1.66%	1.67%
PWLB Borrowing Rates (Ave) (Long Term - GF)	3.29%	3.27%	3.24%	3.17%	3.11%
PWLB Borrowing Rates (Ave) (Long Term - HRA)	4.09%	4.09%	4.09%	4.06%	4.03%
PWLB Borrowing Rates (Ave) (Long Term Consolidated)	3.46%	3.44%	3.41%	3.35%	3.29%
HRA Rent Increases	4.10%	3.60%	3.10%	3.00%	3.00%
Dedicated Schools Grant	£55.958M	£55.958M	£55.958M	£55.958M	£55.958M

Council Tax, Social Care Precept and Council Tax Base

The increase in Council Tax is assumed to be 1.99% for each year from 2022/23. It is assumed that the adult social care precept will increase by 2% in 2022/23 and no further increases for the adult social care precept have been included for future years.

The Council Tax base for SBC has increased by 0.78%, this is 0.28% more than was estimated in the previous MTFS and is a positive indication of recovery as we begin to move out of the COVID-19 pandemic. The Council Tax base for 2022/23 was approved by Cabinet on 13th January 2022 and set at **58,630.49** (equivalent Band D properties) including Leigh-on-Sea Town Council. It has been assumed that from 2023/24 the Council Tax base will increase by 0.5% per year.

Revenue Support Grant, Business Rates Retention, Business Rates Multiplier and Collection Fund

The local government finance settlement for the Revenue Support Grant (RSG) is the 2021/22 figure with an increase of 3.1%. This local element is assumed to grow by 2% in 2023/24 with no further increase from 2024/25 onwards.

The Business Rates figure for 2022/23 has been calculated by using a combination of the fixed top-up payment the Council receives from Government and a local assessment of the net amount likely to be raised locally that the Council will be able to retain.

The planned use of collection fund surpluses has been programmed into the MTFS from 2022/23 – 2026/27. A prudent view has been taken based on Council Tax increases and forecasts of housing completions, changes in discounts awarded and exempt properties, whilst also considering the effect of the current economic climate on collection rates. Given the continued local impact on collection rates in 2021/22 and the predicted deficit due to COVID-19, the overall collection fund position will be reviewed as part of the final outturn and formal closure of the accounts for 2021/22.

From 2023/24 onwards there continues to be uncertainty over what the Government will do in terms of introducing a business rates reset, developing the business rates retention scheme and the potential to remove the ring fence on Public Health Grant and include it as part of the retention scheme, as well as the implications of the Health and Social Care White Paper and anticipated social care reform proposals. In the absence of any other information, it is assumed that the same level of funding will be embedded into whatever the new system will be. The MTFS will be updated as soon as any more detailed information becomes available.

Public Health Grant

The Public Health Grant was introduced in 2013, when the responsibility for commissioning public health services moved from the NHS to local authorities. The aim was to protect and improve the nation's health and wellbeing while reducing health inequalities, both at a national and local level. The grant is ring fenced to Public Health expenditure. In 2021/22 the grant was £9.798M and the Government announced as part of the Provisional Finance Settlement that Local Authorities would receive a real terms inflationary increase in this grant until 2024/25. In reality the final grant notification received in February 2022 has only been increased by circa 2.9% for 2022/23 - significantly below the prevailing rate of inflation.

Table 2 outlines the some of the key areas that Public Health Grant has been invested in, as well as the grant levels received over the last four years.

Table 2 Public Health Grant Investment

Area of Investment	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
Children 0-19	3,190	2,992	3,199	3,586	PENDING CONFIRMATION
Health Protection	472	424	459	467	
NHS Health Checks	192	139	165	206	
Obesity and Physical Activity	127	77	132	122	
Other Public Health Services	1,368	1,354	1,641	1,429	
Sexual Health Services	1,415	1,528	1,554	1,515	
Smoking Cessation	278	254	115	88	
Substance Misuse	2,420	2,444	2,434	2,376	
Total	9,462	9,212	9,699	9,789	
Grant Level Change (£000s)	-	(250)	487	90	284
% (Reduction)/Increase		(2.64%)	5.29%	0.93%	2.90%

Consumer Price Index (CPI) and Retail Price Index (RPI)

Estimates of future indices of inflation is shown in the key assumptions table. From an MTFS perspective, inflation increases have only been provided for major contractual commitments, utilities, and business rates. Services are expected to absorb any other price inflation within their existing cash limited resources.

Pay Award, Incremental Progression and Superannuation Rate

The pay award for 2021/22 has not yet been agreed. Initially a provision of £0.45m was made based on the offer of a minimum of £250 for anyone on a salary below £24,000 and 0% for everyone else. This was based on the Chancellor advocating pay restraint and no increases for most of the public sector. Following extensive negotiations, the Government eventually made a final offer of 1.75%. This was rejected by the unions who then balloted for industrial action. At the time of writing the result of the Unite union ballot is still not known but the other unions have confirmed that no action will be taken. The Council earmarked £1.3 million of reserves in the final outturn for 2020/21 to fund any additional increase in pay award for 2021/22 and this is reflected in the MTFF position.

Given the uncertainty surrounding the pay award for 2021/22 and current rates of inflation the MTFF includes a provision of £2.33m, which is estimated to be sufficient for a pay award of up to circa 3.0% in 2022/23.

From 2023/24 to 2026/27 provision has been made for a pay award increase of 2.0% for each year. Provision has also been included in each year for the estimated cost of staff progressing through spinal column points of their respective grade.

The financial impact of the previous 2019 triennial actuarial valuation of pensions has been built into the MTFS. This has been achieved by recalculating the Employers Superannuation rate to reflect the right level of contributions required to be paid into the Essex Pension Fund. The next review is scheduled in 2022. Potentially given some of the recent coverage in the professional press around mortality rates and the immediate impact of COVID-19, together with the more longer-term implications, the estimated liabilities within the Pension Fund could be reduced. The impact will be factored into the next triennial review which could result in a positive financial benefit for the Council.

National Living Wage

An appropriate uplift will be paid to all our Social Care and other providers to ensure that they have the right level of resources to pay the estimated National Living Wage increase to Care Workers and other employees each year. The cumulative cost is shown in each year in the key assumptions' summary table. The Council still retains the ambition of obtaining the Real Living Wage accreditation in the future.

Waste Collection Contract

This major contract is up for renewal in 2023. A new procurement exercise to test the market and potential range of new service delivery models is under consideration. It has already been recognised that the cost is expected to rise significantly from 2023. An initial £1.5M per year from October 2023 has already been included in the MTFS. The MTFS will be further updated to reflect our future waste collection and disposal liabilities when further information is available. The combination of changing behaviours during the pandemic, increased levels of waste tonnage and reduced levels of local recycling are resulting in increased disposal costs. A waste disposal procurement will be undertaken to review disposal options in an attempt to divert more waste away from landfill.

Social Care Grant

The level of Social Care Grant notified for 2022/23 (£8.155M) is an increase on the 2021/22 level (£5.953M), this is a significant change to the MTFF as funding levels had been forecast to fall back to 2020/21 levels (£4.861M). In the absence of any further information on future levels of funding the MTFF forecasts this to continue at the same higher level for 2023/24 – 2026/27.

Better Care Fund (BCF) and improved Better Care Fund (iBCF)

The Better Care Fund (BCF) commenced in 2015 and is a major national investment programme spanning NHS and local government which seeks to ensure closer integration between health and social care services. Our local arrangements are framed within a formal agreement with Southend Clinical Commissioning Group (CCG) for a pooled budget under Section 75 of the National Health Service Act 2006. A new improved Better Care Fund (iBCF) was introduced in 2017/18 and this is paid direct to the Council with a condition that it is pooled into the local BCF plan. In 2018/19, the government introduced Winter Pressures funding, which is also paid direct to the council on the condition of it being pooled into the local BCF plan. In 2020/21 the Winter Pressures funding was rolled into the iBCF.

The BCF element for both Southend Borough Council (SBC) and Southend CCG is yet to be confirmed, although it is hoped it will increase by circa 3%. There is no certainty of the level of funding available through the BCF arrangements beyond 2022/23. Southend-on-Sea iBCF allocation for 2022/23 has been confirmed at £7.797M. In the absence of any further information available for the future, it is assumed within the MTFs that both funding streams will continue at the same level until 2026/27.

The following table (Table 3) summarises the Council's core BCF and iBCF allocations, the CCG's BCF allocation and the total BCF/ iBCF in the pool for 2019/20 – 2022/23.

Table 3: BCF/iBCF Allocations

	19/20 £000s		20/21 £000s		21/22 £000s		22/23 £000s	
Allocation	BCF	iBCF	BCF	iBCF	BCF	iBCF	BCF	iBCF
SBC	5,950	6,744	6,273	7,568	6,614	7,568	PENDING CONFIRMATION	7,797
CCG	6,925	0	7,301	0	7,680	0		0
Totals	12,875	6,744	13,574	7,568	14,294	7,568		7,797

Fees & Charges increase yield

It is assumed that the overall level of income generated will increase by 4.2% in 2022/23 (October 2021 CPI rate), and 2% each year from 2023/24 to 2026/27.

Investment Income (Ave)

The Council earns income by investing its surplus cash in a mixture of short-, medium- and long-term investments, as set out in the Annual Treasury Management Investment Strategy. The amounts available for investment and the length of time they are available depend on many factors, not least the Council's level of revenue and capital budgets, use of reserves, methods of funding the budget requirement, interest rates, cash flow and the Council's view of risk.





PWLB Borrowing Rates (Long Term - GF) (Ave), (Long Term - HRA) (Ave) and (Long Term Consolidated) (Ave)

The ambitious capital investment programme, although partly funded by grants, other external contributions, capital receipts and revenue funding (such as Housing Revenue Account reserves), requires an increase in borrowing as set out in the Treasury Management and Capital Investment Strategies. The MTFS allows for the provision to repay this borrowing and the increased costs of interest payments required.

Sensitivity Analysis




The following table (Table 4) provides an illustration of the financial impact of changes in assumptions to some of the key income and cost drivers in the budget for 2022/23. The cumulative impact on the potential budget gap would be significant.

Table 4 Illustration of Sensitivity Analysis (Cost/Income)

Assumption in MTFF for 2022/23	Change in assumption	Effect on the budget gap for 2022/23
Council Tax increase of 3.99%	Council tax increase of 2.99%	 Increase of £0.883M
3% pay award	Pay award of 4%	 Increase of £0.880M
Inflation for contractual goods and services at 2%	Inflation for contractual goods and services at 3%	 Increase of £0.300M
Fees and charges yield increased by 4.2%	Fees and charges yield increased by 3.2%	 Increase of £0.190M

The following table (Table 5) provides an illustration of the financial impact of changes in demand forecasts for key services in 2022/23.

Table 5 Illustration of Sensitivity Analysis (Demand Changes)

Demand Factor	Change in Forecast	Effect on the budget gap for 2022/23	
Growth in Older People (65+) population	+1%		Increase of £0.269M
LAC Residential Placements	+ 1 place		Increase of £0.250M
LAC External Foster Care Placements	+ 1 place		Increase of £0.052M

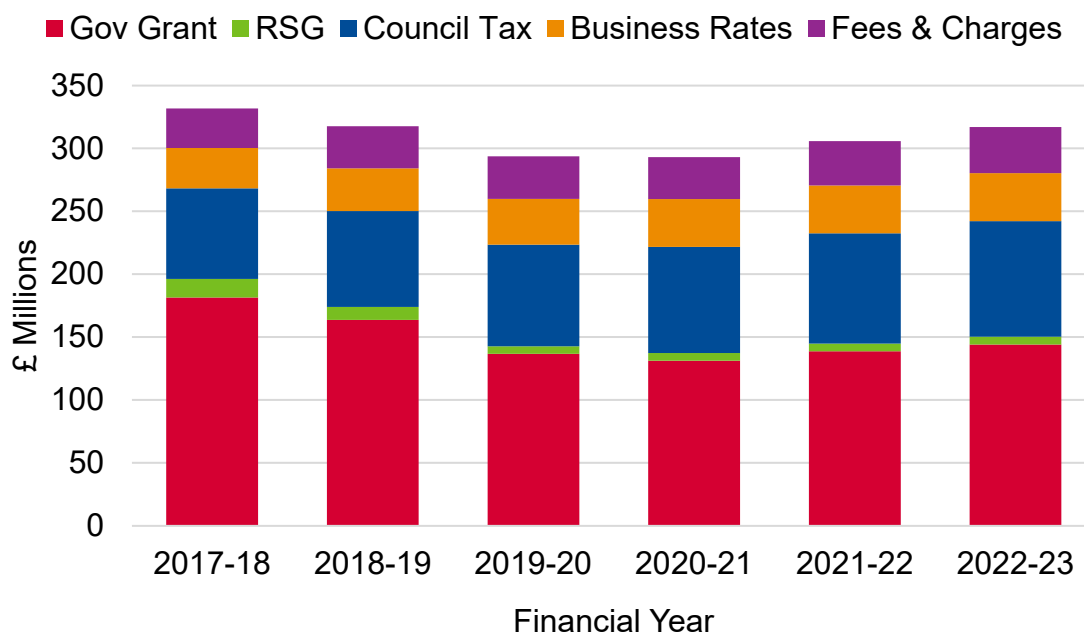
Planned mitigations to offset some, or all, of the impact of growth in demand above the forecast include:

- Older People 65+
 - Promotions of independence.
 - Minimise incidence of low-level home care.
 - Promotion of the Strength Based Approach.
- Transitions
 - Review level of care once transition cases have turned 18.
 - Promotion Learning Disability pathways to independence.

Historical Funding Analysis of the General Fund Revenue Budget

To highlight the current direction of travel, Figure 5 illustrates how the budget has been funded over the last six years (since 2017/18). This shows an overall funding reduction year on year (to 2020/21) and a significant real terms overall reduction in central government funding streams over this period.

Figure 5 Sources of Funding



Housing Revenue Account (HRA) Rent Increases

From 2012/13 the HRA became self-financing and is no longer subject to the HRA subsidy regime. Under self-financing, the HRA funds its expenditure, including its capital expenditure, from its income streams (primarily tenant’s rents). Some grant funding may be available to support capital expenditure within the HRA going forward, but there is no assumption of external financing built into forward projections.

In October 2017, the government announced its intention to set a new long-term rent deal for both local authority landlords and housing associations. This would allow annual rent increases on both social rent and affordable rent properties of up to CPI as measured in September each year plus 1 percentage point from the financial year 2020, for a period of at least five years. This equates to a 4.1% rent increase in 2022/23 and for financial planning purposes the MTFs assumes tracking of CPI +1% through to 2026/27.

Dedicated Schools Grant (DSG)

The Department for Education (DfE) announced in September 2019 “that the funding for schools and high needs compared to 2019/20, will nationally rise by £2.6 billion for 2020/21, £4.8 billion for 2021/22, and £7.1 billion for 2022/23”. Our local Education Board has agreed allocations for 2022/23 within the context of Southend’s share of this national increase funding, which is an equivalent local total increase of £6.5M to our Dedicated Schools Grant (DSG) from 2021/22.

£178.147M is the total funding awarded to Southend for 2022/23, the final actual DSG amount awarded to Southend Borough Council directly will exclude funding for mainstream academy schools, national non-domestic rates for all mainstream schools, High Need place funding for academy schools, colleges and further education providers, and free special schools. These excluded amounts are paid directly to those settings by the Education and Skills Funding Agency and known by the term 'recoupment' to DSG funds. Therefore, the final allocation expected to be awarded to Southend Borough Council directly is £55.958M, after considering these estimated recoupment deductions of £122.189M. The government have also confirmed until 2024/25 that they are expecting to honour a further 2% real terms funding uplift per pupil, where it is expected most of the funding increases will be to meet inflationary cost pressures within Schools.

Analysis of the local £6.5M funding increase for 2022/23, shows that £4.0M is awarded to the Individual Schools allocations (Schools block), covering both the increases in funding per pupil from 2021/22 and the continued growth of pupil numbers in the secondary sector. An additional £3.3M has been awarded to our high needs block through the national funding formula to contribute towards both national demands and cost pressures on high needs budget and the new health and social care National Insurance (NI) Levy from April 2022. An additional supplementary grant will also be paid to all mainstream schools outside of the DSG for 2022/23, expected to cover the cost of the new health and social care NI levy.

In addition, despite a 3.7% - 3.9% increase in the hourly rates for early years provision, Southend's provisional funding allocation for 2022/23 early years funding from 2021/22, has reduced by (£0.650M). This reduction is driven by the January 2021 early years census, which confirmed a lower take up of early years funding than previous years (also a national issue). This is due to the impact of Covid-19 so we would hope and expect to see early years take up increase once again. And lastly, in 2022/23 as expected there has been a 20% reduction in funding of (£0.115M) from 2021/22 on Southend's DSG central block funding covering historic commitments (which are combined budgets between the Local Authority and the DSG). Plans have been considered since 2020/21 when this DSG Central funding began to unwind, and it is anticipated the current plan will suffice until 2024/25.

The governments confirmed increase in funding for all schools, does also need to be recognised in the context of the current consultation on a potential increase in pay for experienced teachers, a pay award covering the next 2 years (2022/23 and 2023/24) and a minimum teacher salary (outside of London) of £30,000.

The DSG for 2022/23 is now also in its fifth year of total funding allocations set under a revised National Funding Formulae (NFF), which includes proposed funding levels for individual school allocations. It remains, a government ambition that all individual school allocations will be fixed as per the NFF and have started consultation again in July 2021 to move all individual schools' allocations to a Hard NFF. Although in 2022/23 it remains a local decision as to whether a local authority (in consultation with its School Forum/Education Board) choose to adopt the principles of the NFF. Given this context, the Council and our Education Board have continued the strategic decision to align and support individual school allocations aligned to the principles of the NFF, so should the government impose a hard NFF for individual school allocations in future years our local schools are already aligned to this funding trajectory. The government have reported most other local authorities have aligned individual school allocations to the funding principles of the NFF.

It also needs to remain minded, historically, our high needs block funding (also recognised as a national issue) had been under considerable financial pressure which impacted negatively on DSG reserve balances in 2017/18. As a result of recovery planning by the Council working with our local Education Board and further national funding awarded, our local high needs block funding and DSG reserve balances are now thankfully, in a healthy and financially sustainable funding position moving forward.

1.10 Corporate Assurance and Risk Management

The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's Corporate Southend 2050 Ambition and Outcomes and outlines the key management arrangements in place to mitigate and reduce risks or maximise opportunities.

The Council's governance framework supports the delivery of the ambition, to ensure that these are:

- Effective, but as simple as possible and easy to understand.
- Joined up and complementary, not conflicting with each other.
- Designed around customers.
- Making best use of technology and digitally enabled where this makes sense.
- Compliant with legislative requirements and ensuring that resources are used efficiently and effectively.
- Driving the desired outcomes.

The Council has identified core principles at the heart of its Risk Management Framework, these include that:

- Risk management is a positive value-added activity, focused on achievement and successes, not a negative bureaucracy – by changing the perception and raising awareness officers will have increased confidence when managing operational risks.

- All staff are responsible for risk management and resources that support the framework are there to 'support and challenge' not 'own and do'.
- Wider councillor involvement in identifying and monitoring the most strategic risks the organisation faces would add value, whilst the roles of the Audit Committee, Scrutiny and Cabinet are critical to the robustness of the overall framework.
- The Southend 2050 ambition and outcomes need to drive the Council's budget and financial management arrangements, performance management of the outcome delivery plans and risk management framework.
- By getting the conversations happening with the right people, at the right time and in the right place, the required thinking can be applied and the processes to capture, document and report risk will be simple and become business as usual.
- The framework ensures joined up Strategic, Operational, Programme and Project Risk Management whilst recognising the differences between them.

The Council's Corporate Risk Register identifies the key risks/opportunities, these are listed below under five broad headings.

Cross Cutting

- Risk that the COVID-19 pandemic causes an outbreak of ill-health in the Borough resulting in health and care services being unable to cope with the volume of cases, and significant disruption to the operational activities of the Council and other public service organisations in the Borough.
- Risk that failure to address the financial challenge by effectively managing the growing demand for services, managing the costs of the COVID-19 response, and enhancing local income streams as part of recovery will threaten the medium to long term financial sustainability of the Council, leading to a significant adverse impact on Council services and the ability to deliver the outcomes desired by the Council, to address the financial position.
- Risk that failure to address and engage with the different models and public service governance arrangements being discussed will result in the organisation and the borough being left behind and ultimately unable to deliver the Council's ambition and outcomes.
- Risk that the Council will not have the appropriate staffing resources, with the right skills, doing the right things, working in the right places through collaborative teams.

Cross-council specific pressures relating to attracting talent in a competitive market, or straining existing resources, due to significant staffing changes and operational pressures are impacted by the significant changes to ways of working implemented in response to COVID-19, leading to reduced workforce capacity causing a failure to effectively address the challenges posed by COVID-19 in the short term and achieve the Council's desired outcomes in the longer term.

Further risk caused by the number of changes to the Corporate Management Team, that may impact on the capacity to progress with delivery of desired outcomes.

- Risk of a cyber security event causing significant operational, financial, and reputational damage to the Council, caused by:
 - failure to ensure the Council has a coherent and comprehensive approach to cyber security and data protection, including strategy, tools, and processes.
 - a data breach.
 - remote working creating a wider footprint for attack.

Opportunity to build resilience by ensuring that staff have the necessary digital skills.

- Risk that a failure to comply with responsibilities as a Data Controller (under DPA 2018/ UK GDPR) leads to personal data being compromised, resulting in harm to individuals, loss of trust from residents, businesses and others, regulatory action, financial penalty, and reputational damage.
- Risk that a failure to deliver the agreed Capital Investment Programme leads to a lack of progress on the intended improvements to infrastructure and facilities for the borough anticipated to support Southend 2050 and the recovery priorities, resulting in reduced inward investment from businesses, missed employment opportunities for residents and reputational damage for the Council.

Safe and Well

- Risk that the Council will not be able to effectively deliver its statutory safeguarding responsibilities because of a lack of understanding, resources and the additional challenges posed by COVID-19 restrictions, and that this causes a failure to deliver the outcomes anticipated for the vulnerable people that need support.
- Risk of failure to ensure that there are consistently good or better outcomes for children and families accessing children services, particularly the vulnerable that face the greatest exposure to those threats, resulting in worsening outcomes for those in need of that support.

- Risk that failing to implement changes needed to reduce the Borough's carbon footprint will cause an inadequate contribution to the reduction in carbon emissions required. This will result in a significant adverse impact on the Borough, and if the climate adaptation measures being implemented are also inadequate, there will be further implications for the Council in needing to respond to climate events in the Borough.
- Risk that the health inequalities, particularly the physical and emotional health and wellbeing of residents, will increase due to the impact of COVID-19 and the response to the pandemic.

In the longer term the changes resulting from the Health and Care Bill may result in an Integrated Care system for Southend and Thurrock, impacting on the implementation of the Localities Model, that does not result in effective health and social care outcomes for residents, resulting in increased health inequalities, worsening health outcomes and significant cost increases.

- The LGA peer review of the Special Educational Needs and Disability (SEND) and Children with a Disability (CWD) services provides an opportunity for the Council to deliver further improvements in its SEND and CWD service offer with a focus on:
 - Clarifying and communicating better the 'graduated offer' available to children and young people and their families.
 - Better communication with parents / carers, including simplifying language.
 - Reviewing the pathway into the CWD service via the Multi-Agency Safeguarding Hub (MASH) and Early Help Front Door.
 - Reducing the number (%) of Education, Health and Care (EHC) assessment requests that are rejected.
 - Broaden the training offer to staff and Councillors on SEND.
- Risk that a failure to implement plans to address rising homelessness and failure to implement the Housing, Homelessness and Rough Sleeping strategy will lead to further street and other homelessness, increased use of temporary accommodation and an inability to meet rising housing demand over the next 20 years, leading to worse outcomes for residents and an inability to deliver better outcomes for the Borough as desired by the Council.

Risk is increased by the impact of COVID-19 on those previously just about managing no longer being able to manage, causing an increase in homelessness.

- Risk that difficulties being experienced in the adult social care market will cause provider failure and further difficulty in meeting increasing demand for support, resulting in worsening outcomes for those in need of that support. The impact of COVID-19 has heightened these risks in the short term, increasing the pressure on capacity in the market.

Opportunity has been identified to reduce the number of people in residential care, using reablement and the community to support people to stay at home for longer.

- Risk that the impact of COVID-19 restrictions on both young people and those living in challenging circumstances, cause them to be particularly worried about the future and experience mental health issues, isolation, and fears, resulting in a reduction in social cohesion and an increase in undesirable behaviour as restrictions are lifted.

Increased footfall to beach and public spaces with increased unmanaged drinking leading to anti-social behaviour and an increased need to manage the public spaces.

These impact on the ability of the Borough to deliver the outcomes desired by Southend 2050 and damage the reputation of the Borough.

Opportunity for the celebration of City status to re-set and re-focus direction galvanising the community.

Pride and Joy

- Risk of contractor failing to meet contractual requirements to effectively manage waste arrangements results in a loss of service quality and additional financial liability for the Council.

Additional risk that the Council will not have suitable arrangements in place for October 2023 when the current contract ends.

Further risk that the enhanced service being sought from the revised future arrangements will not provide a solution that will deliver the outcomes in respect of adaptation to climate change and recycling that is being sought by the Council.

Opportunity and Prosperity

- Risk that not achieving the development and delivery of the house building pipeline through effective engagement and arrangements with the market and developers that have been impacted by COVID-19, will result in an inability to deliver the anticipated housing supply, causing additional pressure on the housing market and an impact on the delivery of the desired outcomes of the Council, with an impact on Local Plan housing targets.
- Risk that failure of partners to progress major infrastructure developments (e.g., Queensway, Seaways, Fossett Farm and Airport Business Park) will result in not achieving delivery of the plans and necessary sequencing of developments, resulting in the dependencies for the chain of regeneration not being delivered and the opportunities for improvement of the borough and delivery of anticipated outcomes not being achieved, as well as significant financial and reputational damage to the Council.

- Risk that the competing demands and needs of residents and visitors will impact on the Borough's ability to meet the needs of its residents or provide a suitable destination for visitors, and that COVID-19 impacts on the ability of the borough to provide an attractive proposition for visitors, with the resultant impact on the economic strength of the borough and employment opportunities for school leavers.

Opportunities arising from City Status and people holidaying in the UK, but with potential increase in visitor numbers needing to be enabled to be done safely and ensure the offer made by businesses is sustainable.

- Risk that the impact of COVID-19 reducing economic activity will cause a reduction in employment opportunities for 18–25-year-olds and an increase in unemployment across the borough. The impact is likely to be experienced unevenly across sectors with the retail, hospitality, leisure, and tourism sector adversely affected causing further risk to traditional shopping centres and the town centre, as well as a further increase in income inequalities and disparity between different parts of the Borough.

However, the reduction in restrictions and the move to City status provides the opportunity to attract new businesses and employers into the borough, providing new and additional employment that can contribute to the delivery of the ambition and outcomes for the borough.

Connected and Smart:

- Risk that failure to meet Government requirements and deadlines and make sufficient progress in producing a Local Plan will lead to Secretary of State intervention, resulting in reputational damage to the Council and the potential imposition of unwanted development and the loss of plan making powers, causing an inability to deliver upon the Council's outcome priorities that are dependent on the Local Plan shaping and influencing the proposals for developments that are brought forward in the future.

2 Horizon Scanning (This Section to be updated)

2.21 Key Statistical Headlines

For Southend Borough residents/service users:

- 14.2% of Southend's men and 21.8% of women are economically inactive, with average weekly earnings for men £672 and £651 for women.
- 40% of Southend's residents live in areas considered to be in the most deprived 30% in the country, with 9 neighbourhoods (lower super output areas) falling into the 10% most deprived in the UK.
- 6 of Southend's 17 wards have a higher population of children living in poverty than the England average, two of these are in the worst 20% of wards in the country. These are Victoria and Kursaal.

- Kursaal, the most deprived ward, ranks 136th most deprived area in England (of 32,844 areas).
- Life expectancy is 10.1 years lower for men and 9.1 years lower for women in the most deprived areas of Southend compared to the least deprived areas.
- 2% of West Leigh residents indicated they were in bad health, compared to 8% in Kursaal and 6% for Southend as a whole.
- Kursaal ward had a borough election turnout of 25%, compared to 42.5% in West Leigh (average overall turnout 31.74%), highlighting lower civic participation in deprived areas.
- Residents living in the East Central locality are significantly less satisfied with their local area (55%), (90% in West and 74% for the borough), feel significantly less safe and cite crime and anti-social behaviour as something they dislike more, than residents elsewhere in the borough.
- A minority of residents (21%) agree that they can influence decisions that affect their local area. More than twice this number (57%) disagree.

2.22 World, National, Regional and Local Policy Drivers

Key drivers which are likely, or have the potential, to impact on the Council's financial position include:

World/National drivers

- The ongoing impact of COVID-19 on national and local government finances, as outlined previously in section 1.
- The levels of global economic growth and impact on the national economy. According to the IMF's World Economic Outlook Update, January 2022, the world economic growth of 5.9% in 2021 will reduce to 4.4% in 2022, and then slow to 3.8% in 2023. Global supply-chain shortages which have been much discussed in the media are having a significant impact on this forecast.

² <https://www.imf.org/en/Publications/WEO>

- Levels of UK economic growth. The OECD's UK Economic Forecast Summary for December 2021³ stated the following "The economy is recovering and expected to reach pre-crisis levels at the beginning of 2022. Output (GDP) is projected to rise by 6.9% in 2021, with growth moderating to 4.7% in 2022 and 2.1% in 2023. Consumption is the main driver of growth during the projection period. Business investment will improve but continues to be held back by uncertainty. Increased border costs following the exit from the EU Single Market are weighing on imports and exports. Unemployment will continue to decline."
- The Health and Social Care White Paper and related changes to the Better Care Fund and funding of public health services, along with a new assessment framework for adult services, changes to the configuration of governance and commissioning of services.
- Any impact of the long promised proposed reform of social care provision and funding.
- Changes to, and potential fundamental reform of, business rates.
- The anticipated Recovery & Devolution White Paper, favouring combined authorities, with directly elected mayors to support the levelling up agenda, and, where there is local support, reform of local government structures.
- The independent review of children's services, which promises radical change.
- On-going impact of climate change and need to meet the Council's declaration of a climate emergency and its commitment to Southend being net-zero on carbon emissions by 2030.
- Impact of the Planning White Paper and related measures, that would see an expectation of more homes built.
- Ongoing and increasing service pressures from increased demand for services, notably in relation to children's and adult services. In the context of COVID-19, this relates, to on-going management of the disease, mental health services, and related structural inequalities.
- General inflation assumptions. The OECD's UK Economic Forecast Summary for December 2021⁴ expects inflation to peak at 4.9% in the first half of 2022 and then fall back towards the 2% target by the end of 2023." Energy prices, supplier prices with increased demands on councils to deliver government priorities, wages and new trade arrangements may also impact.

³ <https://www.oecd.org/economy/united-kingdom-economic-snapshot/>

⁴ <https://www.oecd.org/economy/united-kingdom-economic-snapshot/>

Regional drivers

Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea, Thurrock, and Essex County Council – have developed a long-term growth ambition (SE2050), that underpins strategic spatial, infrastructure and economic priorities across the sub-region. The authorities formed the Association of South Essex Local Authorities (ASELA), in 2018, and have taken SE2050 forward through a Joint Strategic Plan (JSP), the South Essex Plan and a Growth and Recovery Prospectus, setting out their ambition for the area and ask of Government.

Focusing on jobs, blue green infrastructure, digital connectivity, and accelerating housing delivery, ASELA is taking forward 10 delivery programmes, based around:

- Creative industries
- Green Technology
- A New Generation University
- Digital Network
- Active Travel Network
- Integrated & Sustainable Transport System
- Accelerated Infrastructure Housing
- SE Estuary Park & Pathways
- Sustainable Energy
- Stimulating Economic Recovery

ASELA aims to put the sub-region in a strong position to shape and influence wider plans and strategies, such as, the Thames Estuary 2050 Commission and the London Plan, and Government and other investment priorities.

Local drivers

Other local drivers include:

- Increasing demand for services with a population projected to increase from 183,100 to 192,200 by 2025, an increasingly aging population due to grow from 19% to 23% by 2030 and a higher birth rate.
- The need for an anticipated 22,000 homes by 2030 and the increasing demand for new school places.
- New priorities of future Council administrations, with local elections due in 2022, 2023 and 2024.
- The impact of any failure to meet anticipated efficiencies from new ways of working, service re-organisations or poor budget management in places.

- The need to achieve more income from fees and charges is not always attainable, with anticipated levels of income subject to a range of factors that vary between services.
- The impact of becoming a National Living Wage employer and seeking to achieve real living wage accreditation.

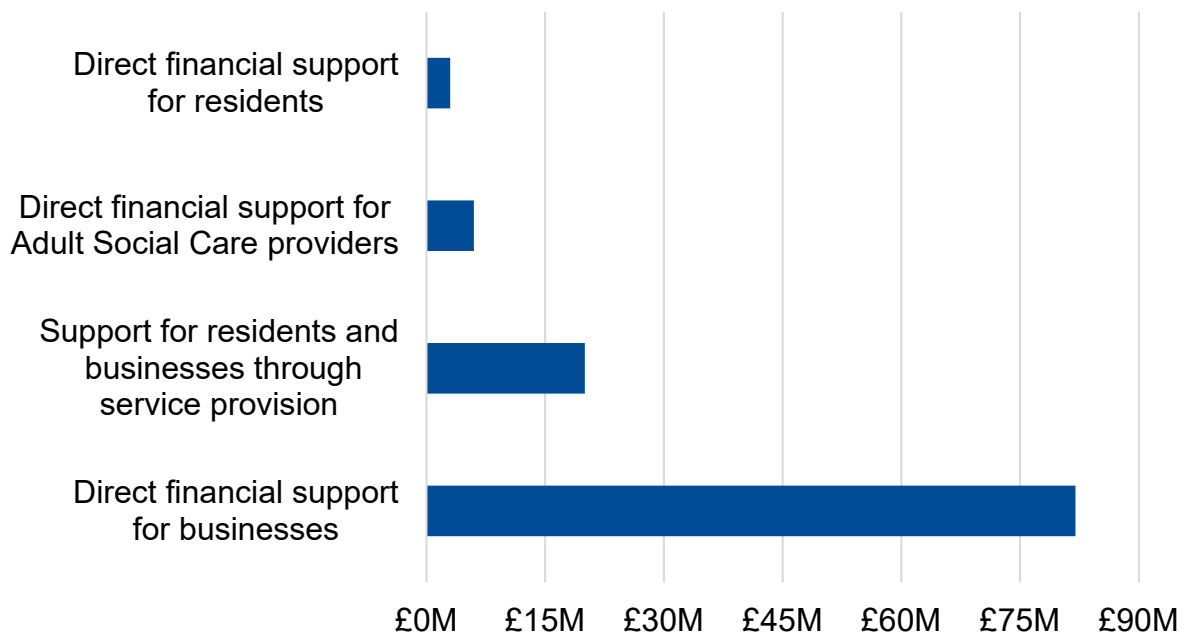
3 The Financial Challenge

3.21 COVID-19 Impact on Planning and Resources

Given the unprecedented and constantly changing events over the last 2 years the development of the Medium Term Financial Strategy has been challenging, particularly with the decision by the UK Government to effectively only announce a single year financial settlement for 2022/23, pending potentially significant financial reform as part of the Government’s Levelling Up Agenda.

To provide an indication of the sheer scale and impact of just the financial cost of the pandemic, Figure 6 illustrates the level of Government support, provided to Southend-on-Sea in 2020/21 prior to the end of January 2021, either directly to the Council or to be passported on to local eligible businesses and residents. Further financial support has continued to be provided into 2021/22, although at a lower level. A comprehensive assessment will be undertaken as part of finalising the 2021/22 Outturn report.

Figure 6 Distribution of £111M of Government Support for COVID-19



The financial landscape and operating environment for all public services and particularly for local government remains challenging and uncertain. Although our new 10-year Financial Sustainability Strategy was only originally developed in February 2020, we have now updated it for the period 2022 – 2032 and this was approved in February 2022. This enabled us to reassess, at a high level, our ambition, approach, desire, and commitment to ensure that Southend-on-Sea Borough Council remains financially stable and resilient for the future.

Further careful consideration of the direct impacts of COVID-19 on the Council's finances will be undertaken as part of the 2021/22 year-end closure programme. This will include a comprehensive review of the level of bad and doubtful debts across all income streams to ensure the right level of provision is in place.

Despite the scale of the challenges the Council remains committed to continue to develop a longer-term view of the use of its resources and financial planning arrangements. This approach and thinking helped with mobilising the Council's efforts to support the local economy, initially to survive and then to recover from the pandemic.

Local Government still faces huge challenges in terms of uncertainty over future funding levels and continuing increases in demand and local expectations – Southend-on-Sea is no exception, but the Council is determined to do everything it can to plan effectively for the future and to invest in priorities that make a real positive difference to residents, businesses, and visitors. The last 2 years have clearly been dominated by the impact of the pandemic so 2022/23 is now clearly an important transitional year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.

3.22 Forecast Financial Position 2022/23 to 2026/27

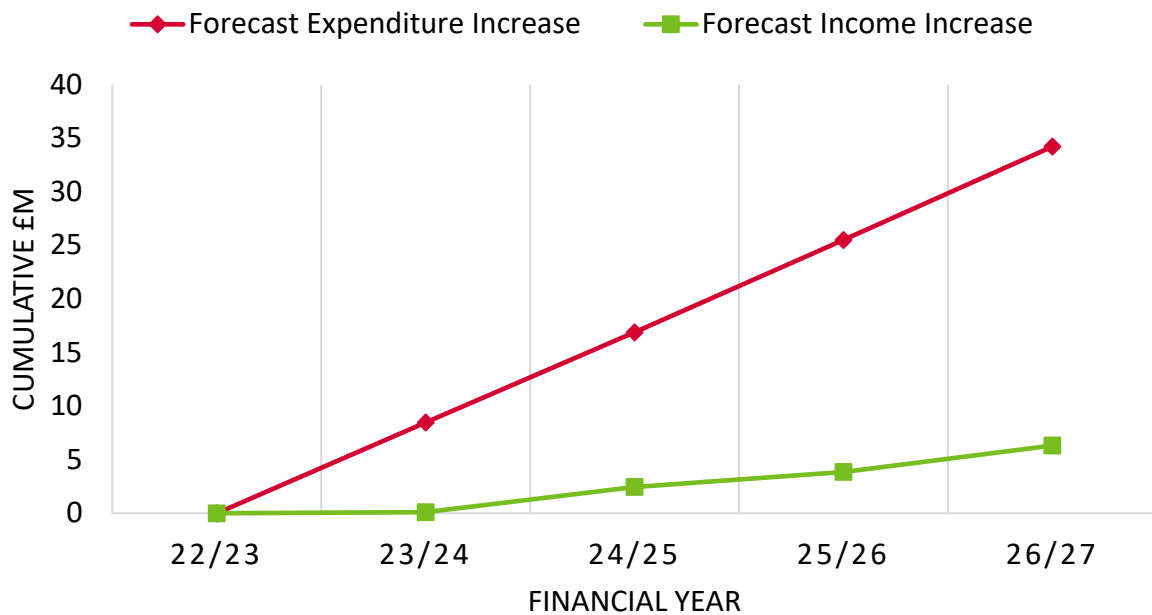
Southend-on-Sea Borough Council continues to deal with many of the same financial challenges as most other upper tier Authorities across the country. Most local authorities are experiencing increasing demand for key priority social care services which is placing a strain on available resources. A survey carried out prior to the COVID-19 outbreak identified that around 90% of Councils were highlighting increasing demand and were also overspending in meeting the needs of children and families.

The costs associated with maintaining quality in our services and environment for residents, businesses and visitors continues to be very challenging. Over 60% of the Council's net budget is spent on providing support for 'people-based services', such as social care, but the housing growth in the area also brings additional challenges for other key services such as increased waste collection, disposal and highway maintenance. We are proud to be a tourist destination of choice and were welcoming well over 7 million visitors each year, prior to the pandemic, but this clearly has an impact on our infrastructure and environment, which needs to be carefully managed and resourced. Preparation for these demands and economic opportunities returning as the area recovers from the impact of COVID-19 is important.

Taking a pragmatic and realistic assessment of the impact and implications of COVID-19, the Council's current forecast financial position is detailed in the following chart for each of the next five years. It has been calculated based on the best information currently available and the series of assumptions that were outlined in Section 1.9. An updated assessment will be made each year during annual budget setting to reflect any significant changes to our operating environment, identification of new pressures, updated forecasts, policy, or Council strategy changes. All known factors have been built into the financial modelling to ascertain the forecast financial position.

Figure 7 illustrates the funding gap to 2026/27 as reported to Council in February 2022.

Figure 7 Forecast Funding Gap



Overall, we are confident that the Council remains in a strong and resilient financial position, despite the potential economic scarring of COVID-19 and the impact of the more traditional range of local demand and spending pressures. This is evidenced and supported by CIPFA's Financial Resilience Index 2021 and a range of other factors. CIPFA have published an updated Financial Resilience Index for 2022 (February 2022) but have quite rightly also included a 'health warning' particularly for the changes in the levels of Reserves for most local authorities. This is due to the exceptional level of support arrangements and accounting requirements for the funding provided for COVID-19 by the Government. The 2022 Index has effectively been classified as a transitional position given the exceptional circumstances caused by COVID-19. It is hoped that when the 2023 Index is published it will reflect a more normal set of circumstances and a better representation of a Local Authority's financial resilience and sustainability.

We still believe that from a financial resilience perspective we would currently be placed in the top quartile of all upper tier local authorities in the country. We aim to stay there.

3.23 CIPFA's New Financial Management Code – Self Assessment

Good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable. In October 2019 CIPFA published its Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It essentially sets the standards of financial management for local authorities.

It is based on a series of principles which are supported by specific standards which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium, and long-term finances of a local authority.
- Manage financial resilience to meet unforeseen demands on services.
- Manage unexpected shocks in their financial circumstances.

Figure 8 shows a summary of the headline six core principles of the FM Code and the subsequent 17 minimum standards (A-N) that came into effect from 1st April 2020 with the first full year of compliance being the 2021/22 financial year.

Each financial year the Council plans to undertake a self-assessment against each of the 17 standards contained within the FM Code. An evidenced based officer self-assessment was undertaken by staff in finance and internal audit prior to the end of the 2020/21 financial year. Our RAG rated approach of the **17** standards resulted in **13** components (Rated Green) assessed as fully compliant, **4** components (Rated Amber) assessed as complying with minimum standards but requiring some improvement to demonstrate full compliance and **0** components (Rated Red) assessed as not compliant. A summary report on this self-assessment and accompanying action plan was taken for consideration and approval to our Audit Committee on 28th April 2021. The committee requested an update on progress after six months.

As a result of the actions taken throughout the year the progress update anticipated that, at the next self-assessment, **2** of the **4** components (Rated Amber) assessed as complying with minimum standards but requiring some improvement to demonstrate full compliance would be re-assessed as fully compliant (Rated Green). This anticipated updated RAG rating for the 2020/21 self-assessment is represented by the colour coding diagram illustrated at Figure 8 CIPFA Financial Management Code – Self Assessment.

The next self-assessment is planned to be undertaken before the end of the 2021/22 financial year, where all 17 standards will be re-assessed. The outcome of this will be taken for consideration and approval to our Audit Committee on 27th April 2022. It will also feature within the Council's Annual Governance Statement for 2021/22.

Figure 8 CIPFA Financial Management Code – Self Assessment

Leadership	Accountability	Transparency	Standards	Assurance	Sustainability
A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.	D. The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government Framework (2016)</i> .	L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial plan and annual budget.	H. The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .	C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	E. The financial management style of the authority supports financial sustainability.
B. The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .	P. The chief finance officer has personal and statutory responsibility for ensuring the statement of accounts produced by the local authority complies with the reporting requirements of the Code.	M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decision.	J. The authority complies with its statutory obligations in respect of the budget setting process.	F. The authority has carried out a credible and transparent financial resilience assessment.	G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Q. The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.		K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	N. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	I. The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans.

The capital letter references shown are as set out in the Code.

3.24 Financial Sustainability Strategy 2022 - 2032

The statutory local authority budget setting process continues to be on an annual basis, but a longer-term perspective is essential to demonstrate financial sustainability. Short termism runs counter to both sound financial management and sound governance. To highlight the importance of this issue and to provide a clear high level strategic framework, the Council has updated its Financial Sustainability Strategy for 2022 – 2032. This strategy was approved as part of the budget package and setting of the Council Tax for 2022/23 in February 2022.

The MTFS is fully aligned with this strategy and effectively provides a more detailed phased plan of activity and considerations to ensure we remain financially resilient and maintain long term financial sustainability.

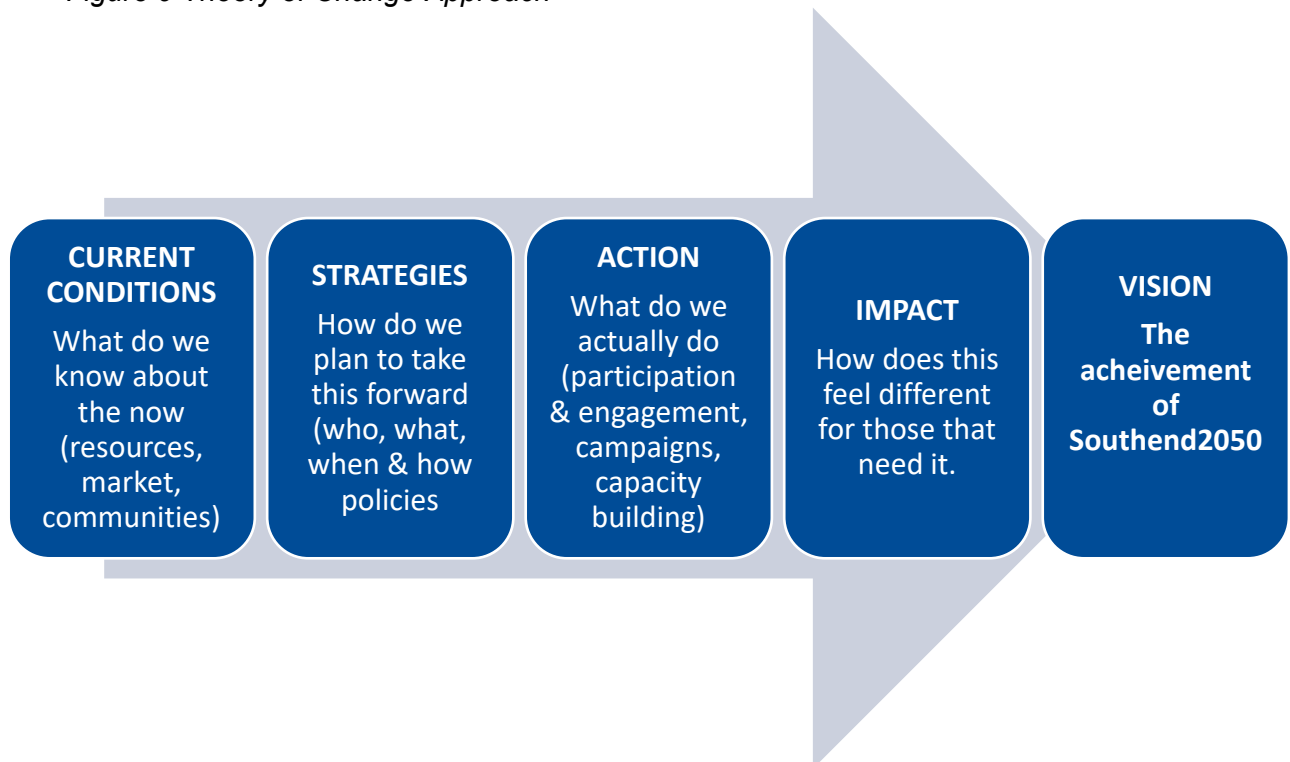
3.25 Commissioning Framework for Delivering Better Outcomes

Commissioning is the process by which we understand the collective approach needed to deliver the Southend 2050 outcomes and what we need to do with others to make them happen. In practice, this is not in-sourcing or out-sourcing but clearly **'right-sourcing'**.

Our goal is to drive a robust and balanced framework for commissioning into the fabric of the organisation. Designed alongside the 'creating the conditions' work, our commissioning framework will embed the values and behaviours required in everything we do as an authority through a set of core principles.

Supported by a **theory of change approach** (see **Error! Reference source not found.**), our commissioning practice will define long, medium, and short-term goals and then map backwards to identify the necessary preconditions for success.

Figure 9 Theory of Change Approach



Continuously driving the delivery of the Southend 2050 Ambition, our approach will be steeped in evidence of the current conditions whilst our strategies, engagement and action planning will remain focused on the achievement of a positive impact for the communities of Southend.

These principles and what they mean in practice are outlined in our Commissioning Framework, the purpose of which is to ensure that:

- We are consistently commissioning to high standards, making the best use of the tools and resources available.
- We utilise best practice, Statutory Guidance, and legislation (e.g., The Social Value Act) to best effect to achieve our ambition.

- We are accountable for ensuring that these principles are embedded in the organisation.
- We each recognise and respect the important roles we play in ensuring that these principles are reflected through our commissioning activities.
- Our assurance processes for commissioning are robust and agile to best support achievement of our ambitions and outcomes.

3.26 Getting to Know Your Business Programme

The Council introduced a new 'Getting to Know Your Business' programme in 2020/21. The first phase of this programme has helped to establish a baseline for all services. This data was then used to highlight key lines of enquiry where benchmarking suggested that either our costs or income levels are above or below average. The Council was supported in developing this analysis by Grant Thornton LLP, who also provided an independent review of our medium-term financial assessment by using their specifically designed Forecasting Model for local authorities.

The programme continues to be embedded and has helped to refresh a baseline for all services in terms of their costs, income generation potential, value for money and performance. This assessment, together with a comprehensive 'strategic-fit' review against our Southend 2050 ambition, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for our residents has influenced the development of the investments, savings and income generation proposals contained within the recommended budget package and council tax setting proposal for 2022/23.

3.27 Value for Money Commitment

The Council is continually striving to improve all aspects of the organisation in terms of its efficiency, economy, and effectiveness. Our goal is also to improve the wellbeing and productivity of all our staff by investing in technology, encouraging innovation, creativity, and future modern ways of working via our WorkLife (FWOW) initiative. The impact of COVID-19 has strengthened our determination to pursue this commitment with even greater vigour.

It is important to demonstrate to the local taxpayer that the Council provides value for money and to evidence that it is an important consideration in everything that we do. A key dimension of the new 'Getting to Know Your Business' programme is for our business leaders to acknowledge and understand that they are all custodians of public money, and they need to run their services and operations as effectively and efficiently as possible, always striving to improve.

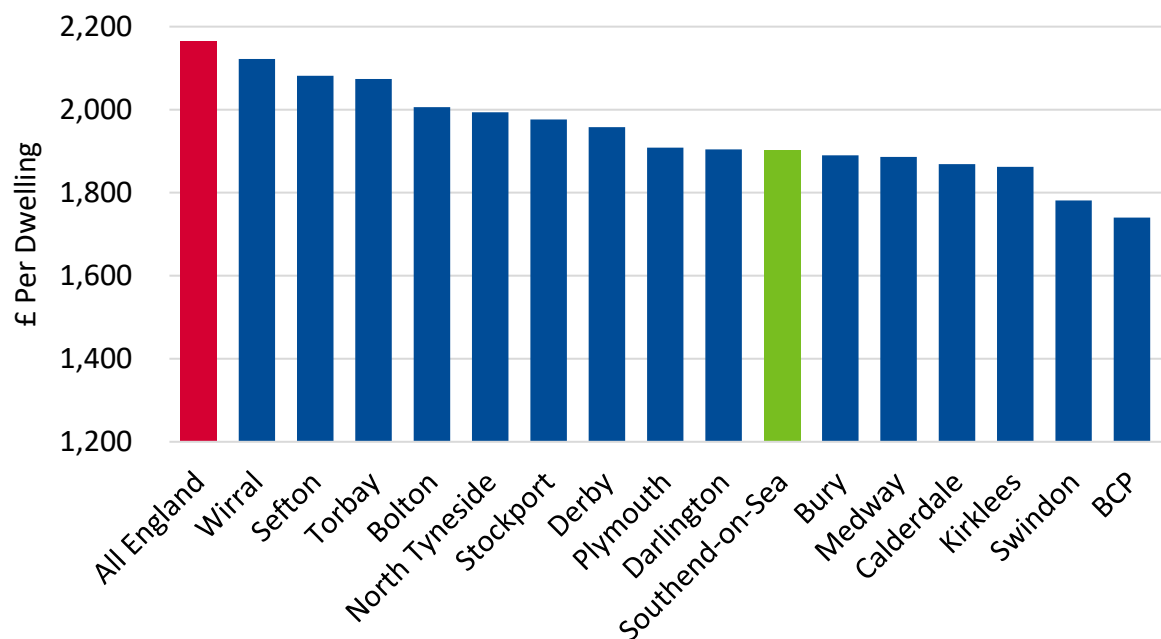
We consider and analyse all relevant available benchmarking information, including demand data, cost drivers, outputs, outcomes, and income generation perspectives. This will continue to inform our 'Getting to Know Your Business' programme and provides support for all Directors and Service Managers to help them understand where their service is relatively positioned from both a performance and finance perspective.

We will build and develop our major service redesign programme to help us meet the evolving needs of our residents, improve their customer experience, whilst also enabling them to be more independent and our communities more self-sufficient and sustainable. This helps to target resources where they are needed most. These overall arrangements will continue to be enhanced in 2022/23 to encourage a more commercial and business focussed approach. Our ambition is to strive for the best blended approach of commercial acumen with a strong public sector ethos.

To inform and highlight our relative success in delivering the full range of unitary authority services locally with less resources – Figure 10 shows the core spending power per dwelling for all England and illustrates our position based on the spending power per dwelling against our nearest statistical neighbour comparator group.

We have the 10th lowest spending power per dwelling – which means that we have less comparable resources available to meet the relative needs of our residents, when compared with similar local authorities. Taken in isolation this does not mean that Southend-on-Sea provides better value for money services, but it must be an important consideration.

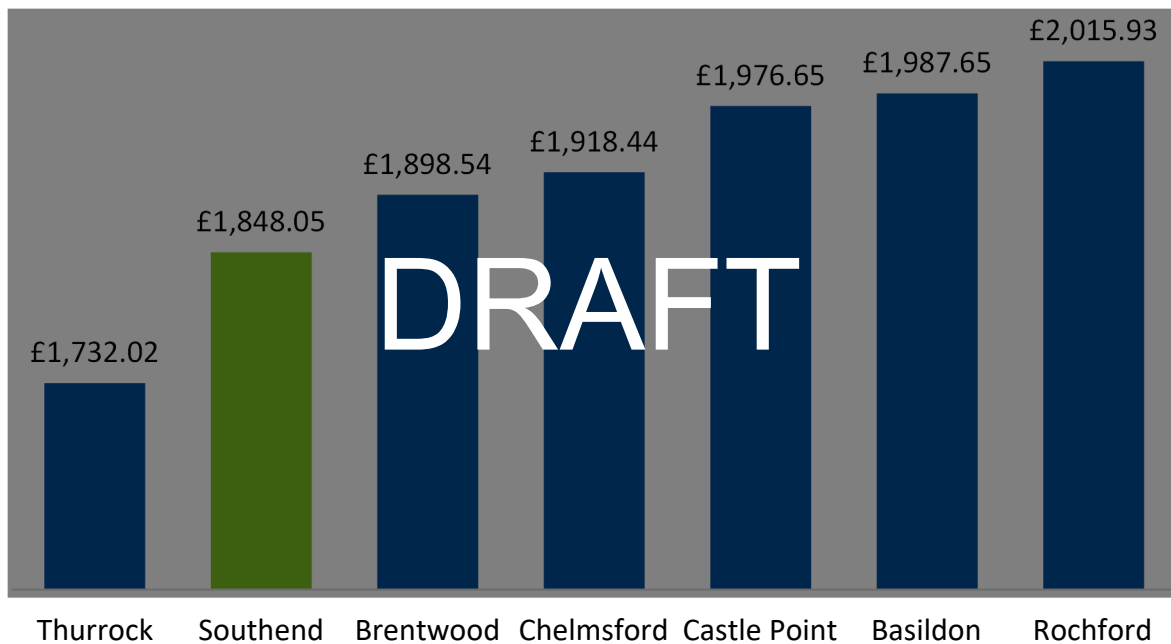
Figure 10 Core Spending Power per Dwelling 2022/23 ⁵



⁵ Data source: <https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2022-to-2023>

Equally from a local perspective we are also determined to minimise the financial burden on the local council taxpayer for Southend-on-Sea where we can. Figure 11 illustrates the level of council tax (Band D equivalent) charged by Local Authorities from our nearest geographical neighbours in Essex for 2022/23. This is an important factor when considering Southend-on-Sea’s commitment to providing value for money services that meet the needs of our residents. It is also worth noting that over 70% of properties in the Borough are in Council Tax bands A to C.

Figure 11 Council Tax Comparison - Band D 2022/23

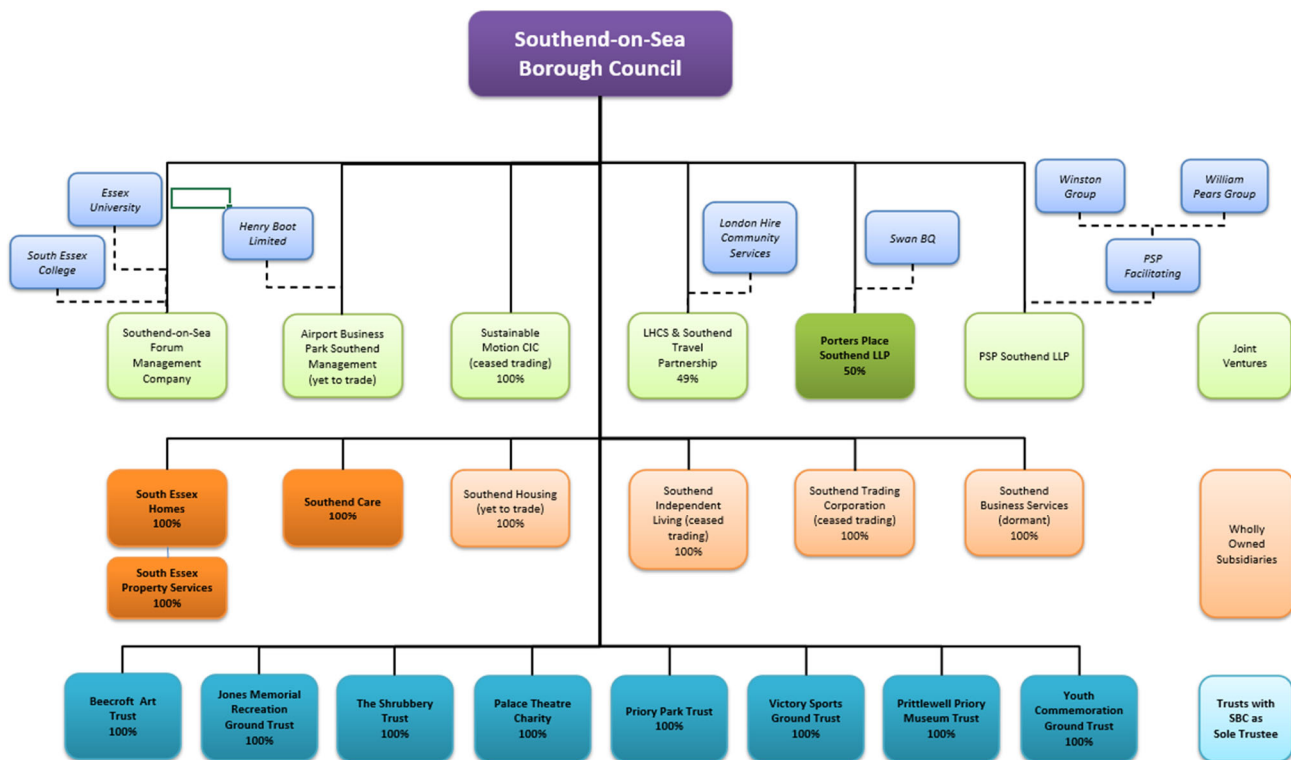


3.28 Alternative Delivery Vehicles and Governance Arrangements

By establishing ourselves as a commissioning council to deliver better outcomes it has also changed the way we work and invest. This new approach is evident by our adoption of a broader ‘best fit’ model of both service and delivery vehicles. We explore and then select the best set of arrangements to deliver our priorities in the most effective and efficient way. Getting the right outcome for the right people at the right price.

We have created several companies, joint ventures, and trusts that we believe are the right vehicles to deliver our priorities in their areas. This organic growth into a group structure (see Figure 12) has taken place over recent years. The Council currently directly owns six companies, participates in two joint ventures established as legal entities and is sole trustee to eight charitable trusts. We are also engaged in several partnerships and associations with other organisations.

Figure 12 Group Structure as at 31st March 2021



To provide a common unified formal governance structure between the Council and its group of companies and its joint ventures, and to ensure proper exercise of its role as trustee, the Council established a Shareholder Board in November 2017 and the arrangements have been kept under review. This has ensured that not only good proportionate governance is discharged but also that the objectives of Southend 2050 are embedded and aligned within these delivery vehicles.

Each entity has its own internal governance arrangements. The wholly owned companies have governance arrangements compliant with the Companies Act. The joint ventures essentially follow these same arrangements and the Trusts, although subject to the Charities Acts, are not managed as separate entities but managed as part of the Culture service area and work in compliance with the Council’s own good governance arrangements.

3.29 Financial Pressures and Key Service Demand Trajectories

As well as the obvious specific financial challenges and uncertainties that have been caused by COVID-19, there are several more traditional financial pressures faced by the Council. These are reported to the Corporate Management Team, Councillors, and other stakeholders as part of the budget monitoring and financial performance reports on a regular basis. A number of these are demand led pressures which are generally replicating the challenges faced by most upper tier local authorities right across the country. It is important that these pressures are identified, key drivers behind demand trends are understood and wherever possible mitigated to ensure that sound financial and service resilience is maintained during these difficult times.

Social Care – Children

One of the key pressures our Local Authority has been facing over the last five years (which is also a recognised national issue) is the increased demand on our Looked After Children (LAC) placement budget, combined with higher costs of external care placements. Figure 13 shows our LAC numbers since 2010. 2019/20 saw our highest peak over the last 5 years, numbers did decline during 2020/21 but in 2021/22 we are now seeing a rise once again.

Figure 13 Numbers of Looked After Children Historical Trend at month end

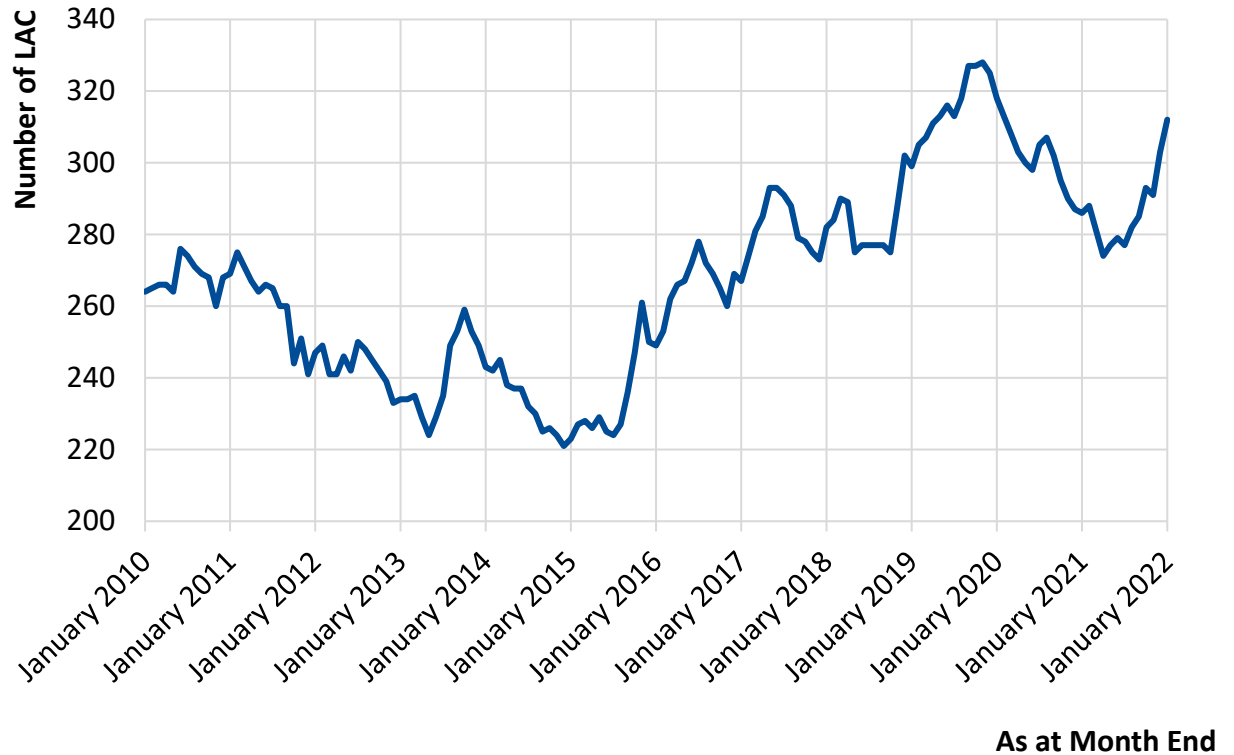
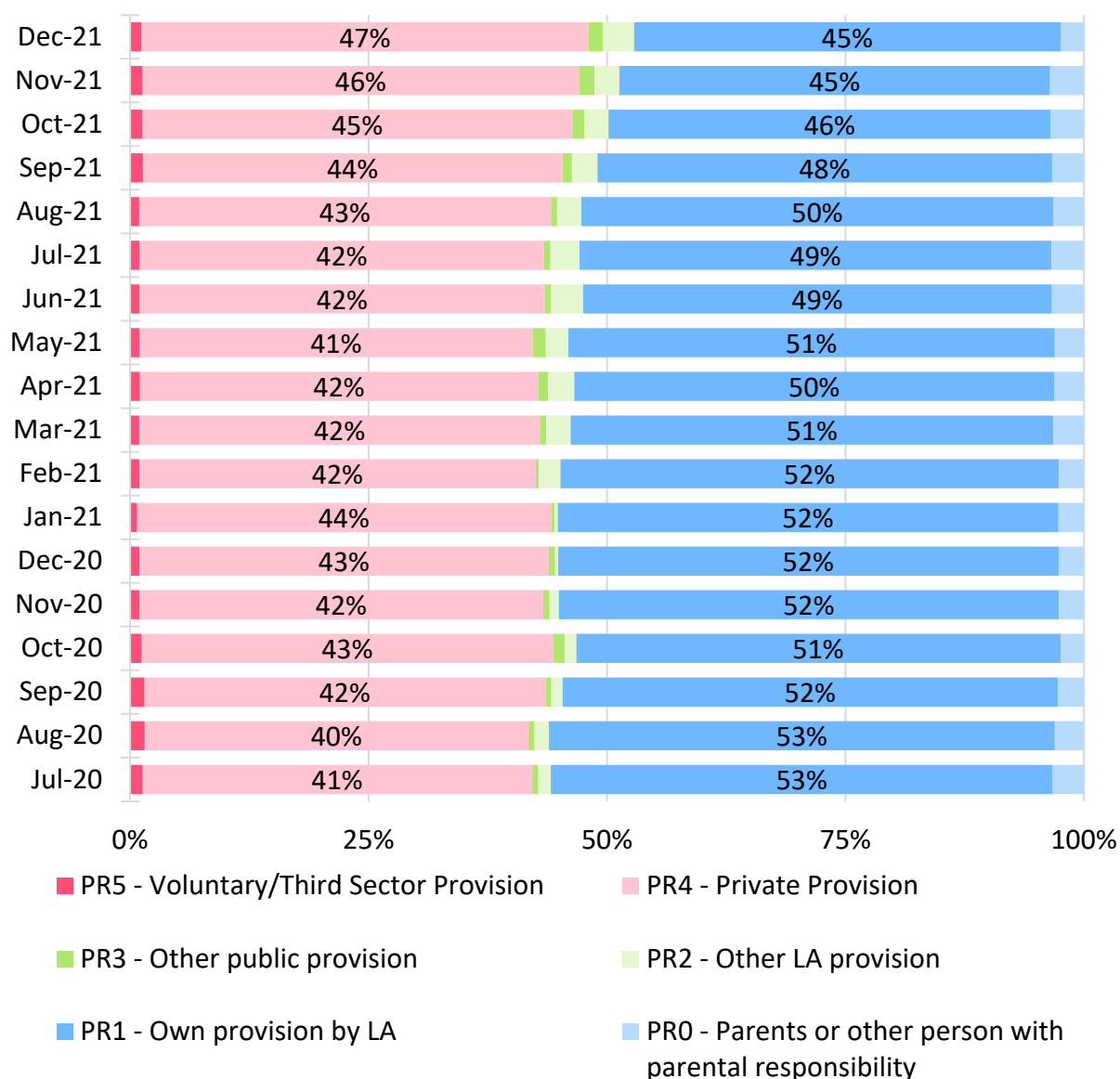


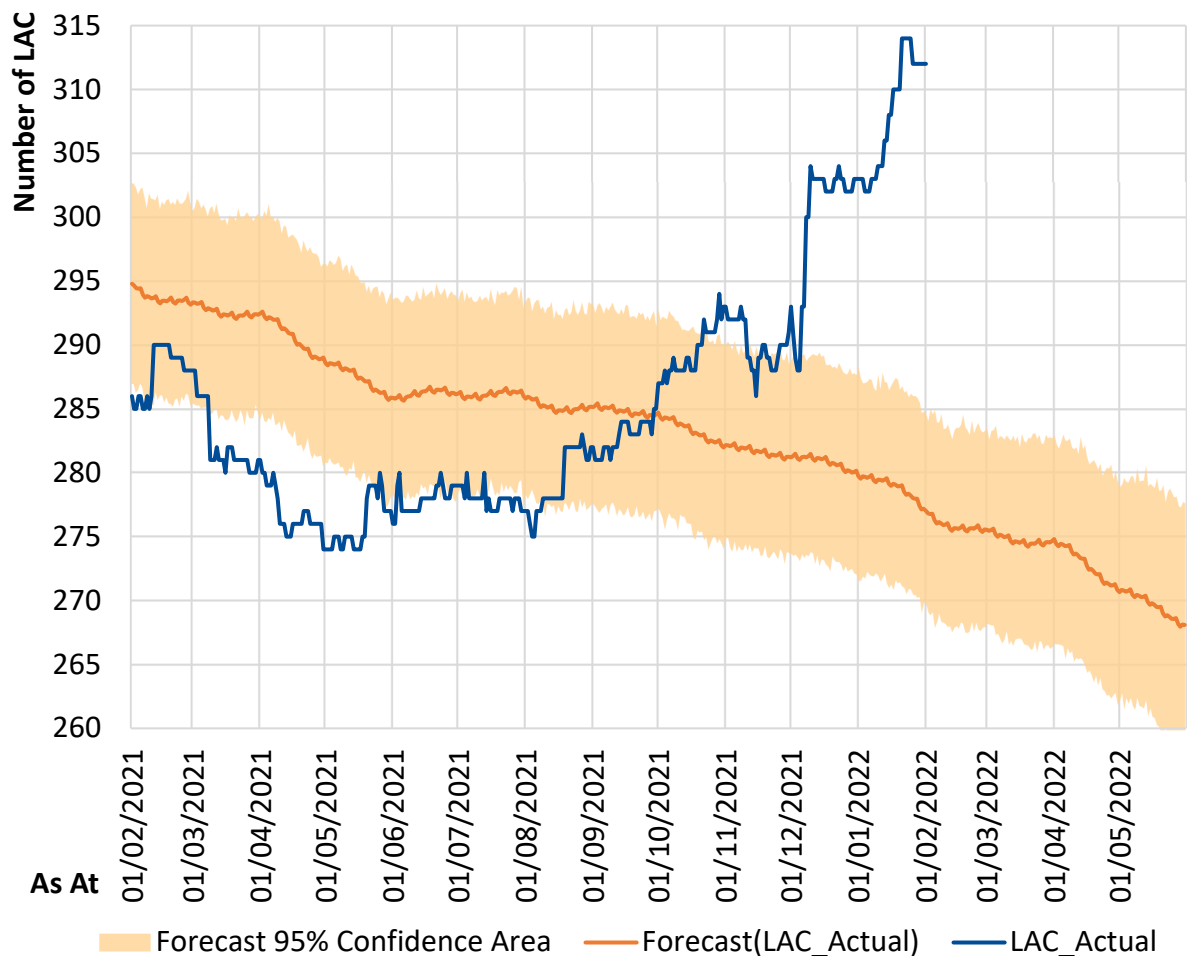
Figure 14 also highlights that we are experiencing a concerning trend of continued heavier reliance on external care placements (as highlighted in light red), compared to our own provision including local inhouse foster carers (as highlighted in blue). The strategy remains to reduce reliance on external care placements and increase and strengthen our inhouse foster care provision.

Figure 14 Percentage of placements within the month by provider type



Although not an exact science we have also attempted to use this historical data and appropriate trends to establish a potential future forecast to May 2022, which is based on the last 5-year trend, illustrated in Figure 15. It does suggest, that based on the trend over the last 5 years LAC numbers will decline but given the recent rise that we have experienced this is distorting that trend. The Council has maintained a £2.5M contingency in 2022/23, financed by earmarked reserves to provide additional resilience for a sustained level of current external care demand.

Figure 15 Number of LAC by Day with Forecast



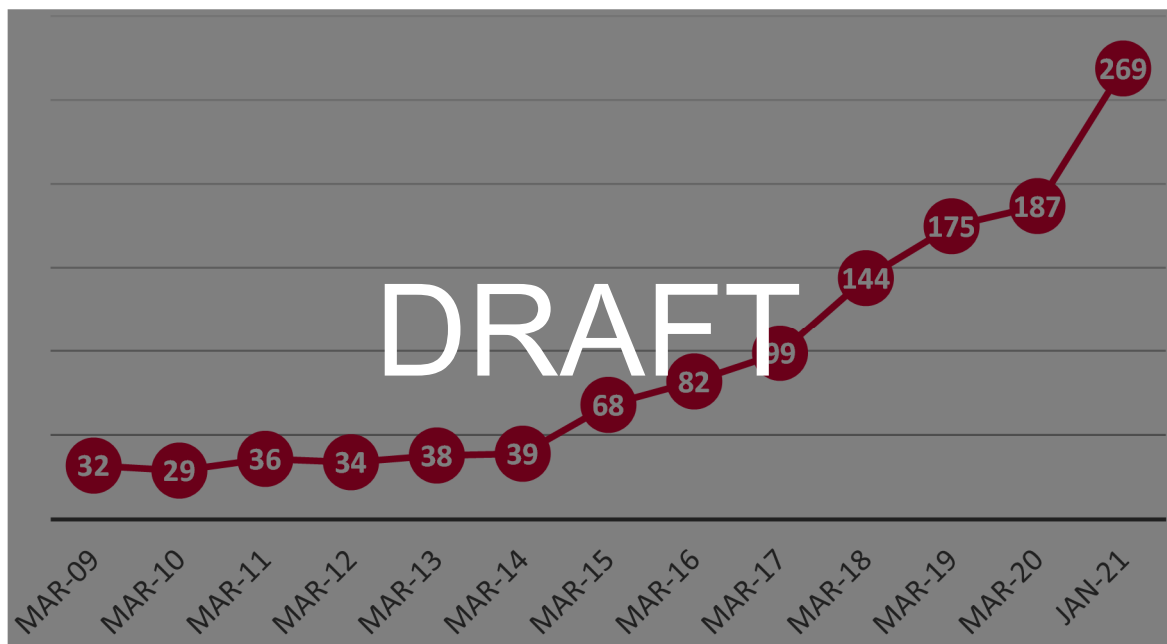
Housing and Homelessness (This Section to be Updated)

Southend-on-Sea Borough Council did not use any bed and breakfast accommodation until 2017/18 when the Homelessness Reduction Act was implemented. Historically, we used our hostels for temporary accommodation, but demand has continually increased to such an extent that we now must use bed and breakfast accommodation, as well as the council’s temporary accommodation, to discharge our duty. The lack of affordable housing in the private sector makes it harder to move households on from temporary accommodation.

The local response to COVID-19 has had a huge impact on the number of households in temporary accommodation. All shared space hostels such as the Church Winter Night Shelter, HARP sit up service, Off the streets were closed due to the risk of spreading the virus. Responding positively to this situation and new Government policy, we had to place those people plus all rough sleepers in some form of temporary accommodation.

Figure 16 highlights the scale of the challenge and shows the number of households placed in temporary accommodation from 2009 to 2020. As at end of January 2021, there were 269 households in temporary accommodation.

Figure 16 Number of Households in Temporary Accommodation



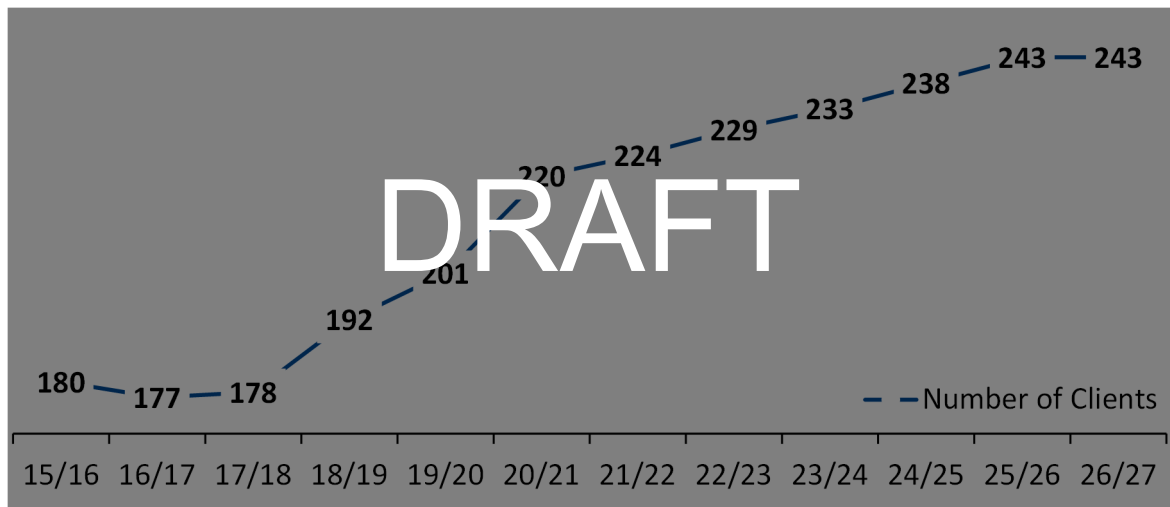
To help with this challenging issue we have been successful in bidding for extra resources from the enhanced homelessness/rough sleepers initiative that was launched by the government in January 2020. We secured £705,155 for 2020/21.

Social Care – Adults with Learning Disabilities

One of the main demand pressures in adult social care is the increasing number of adults with learning disabilities. The two main sources for the increases are through transitions from Children’s services or because of a breakdown in historical family arrangements where parents or relatives are seeking more help and support, in some cases they are no longer able to look after them. This has resulted in an increase in the number of permanent supported living and residential placements. It is anticipated that this is likely to continue, adding to the existing pressures across adult social care services.

Figure 17 illustrates the potential forecast increase in the number of clients with learning disabilities that may require permanent supported living and residential placements.

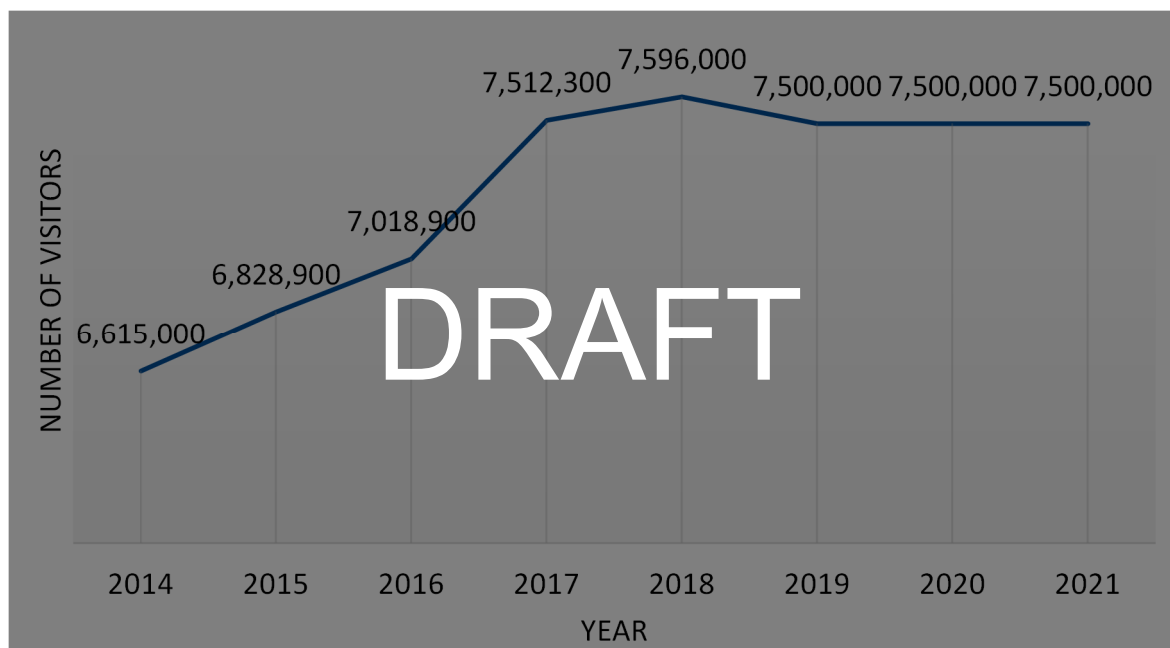
Figure 17 Learning Disability Supported Living and Residential Placements.



Infrastructure and Environment – Visitors

Southend-on-Sea continues to be an attractive tourist destination for both day-trippers and overnight stays, with an increase of 15% in visitor numbers over the five years prior to the COVID-19 pandemic (Figure 18). It is currently anticipated that ‘staycation’ breaks will continue to be significant in the summer of 2022. The tourism season has also been extended with an increased events programme, and 2022 will see more events as part of the Southend’s transition to becoming a city. Visitors bring with them a great economic benefit to the Borough, but this also has an impact on our infrastructure and environment, which needs to be carefully managed and resourced.

Figure 18 Number of Visitors to Southend per year



Technology – Transition to the Cloud

The Council currently operates a data centre housed in the Civic Centre which is set to reach its end-of-life in April 2023. The transition to a Cloud based model has begun which will facilitate the ability to develop our services innovatively, provide the ability to shift and flex capacity in line with the emerging demands of the organisation and reduce the risk of issues within replacing our own data centre. This process will result in dual running of both solutions for a period but will provide greater resilience and security. As we transition our expenditure from capital to revenue due to the reduction in our physical assets, the Cloud based solution will provide better value for money in the long term.

3.30 Budget Transformation Programme 2023/24 - 2026/27

Given the huge challenges caused by the pandemic and the uncertainty created by the delay and content of the provisional financial settlement published on 16th December 2021, a high-level future Budget Transformation Programme for 2023/24 – 2026/27 will be developed further over the coming months. It will form part of our commitment to embed a more long-term view of our financial planning arrangements.

The intention is to also create a prioritised programme of zero-based service delivery reviews to drive further efficiency and productivity improvements. These reviews will be designed to support the Council's future financial sustainability ambition and to prepare for the major Local Government 'funding reform' in 2022/23 which was highlighted within the Comprehensive Spending Review 2021 as part of the Government's 'Levelling Up' agenda.

The list of potential areas for review for the Transformation Programme was primarily generated by the baselining and benchmarking work undertaken as part of our 'Knowing Your Business' Programme. These ideas will be scoped and developed further during the first quarter of 2022/23.

Highlighting forward planning items like this and opening discussions earlier with local Councillors and interested stakeholders is not only more transparent but also enables better consideration and evaluation of options.

Clearly some difficult local choices and decisions will still have to be taken but engaging earlier should help with formulating better solutions, more informed options appraisal, and more effective evaluation of impacts.

3.31 New Investments

The level of resources available for revenue and capital investment are subject to extensive challenge and prioritisation to ensure that investment is designed to have a positive impact and is aligned to deliver Southend 2050 outcomes and key COVID-19 Recovery priorities

For revenue prioritisation of proposed investment, careful assessment was given to the current demands and pressures for existing local priority services, the future requirements needed to continue to respond positively to the pandemic and to a range of initiatives that are not only aligned to our 2050 priorities but would also have a value for money impact in providing better outcomes for Southend residents. Analysis of the feedback from the range of extensive consultation and engagement exercises undertaken throughout 2021/22 has also directly influenced the overall proposed budget package.

For capital prioritisation of proposed investment, this is achieved through application of the Capital Investment Strategy 2022/23 – 2026/27. This is a key document which forms part of the authority’s integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment.

Table 6 is a summary of the investments included within the 2022/23 budget grouped by investment theme.

Table 6 Investments by 2050 Theme

2050 Theme	Revenue (one year) £000s	Capital (5 year) £000s	One-off £000s	TOTAL £000s
Pride and Joy	-	-	120	120
Safe and Well	6,433	-	385	6,818
Active and Involved	-	-	-	-
Opportunity and Prosperity	80	-	300	380
Connected and Smart	200	11,405	-	11,605
Future Ways of Working	5,904	1,200	-	7,104
Total	12,617	12,605	805	26,027

3.32 Income Generation and Commercial Opportunities

Complementing the new ‘Getting to know Your Business’ programme is a requirement to undertake a comprehensive review of all potential income streams and commercial opportunities where appropriate. Development of a new Commercialisation Strategy remains under consideration and training and awareness sessions which share best practice and highlight commercial success from both within and outside the organisation is continuing.

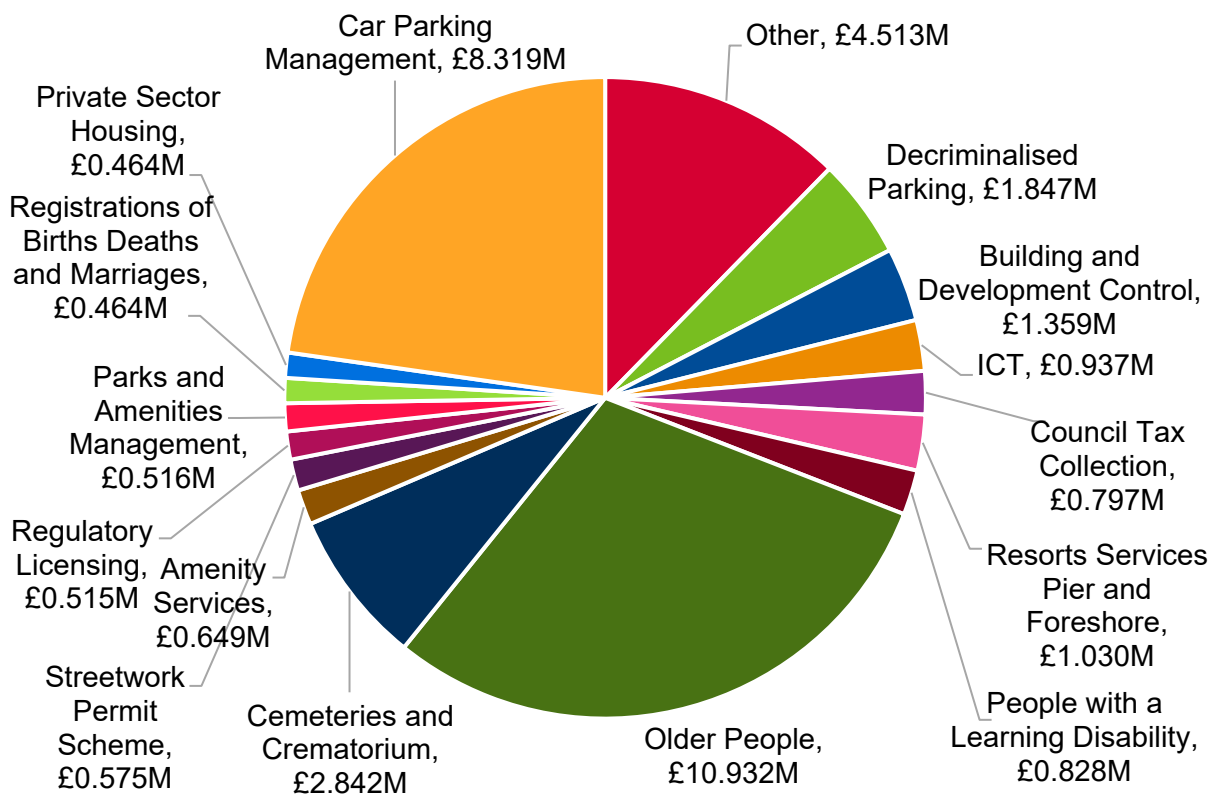
All service leads and managers will be supported to gain a better understanding of the financial performance of their business areas. This will include highlighting what scope there is for reducing subsidy, managing demand, exploring new income and commercial opportunities to ensure the best value for money is delivered for the residents of Southend-on-Sea. The wider Senior Leadership Network are striving to improve efficiency, productivity, and performance to get the most impact and better outcomes from each £1 that is invested locally.

All members of this leadership group have had a specific performance objective included within their annual conversations that requires them to evidence value for money outcomes and to embed the requirements and understanding of the 'Knowing Your Business Programme' within their individual teams/service areas.

Service leads will take full ownership and accountability for the fees and charges generated, support and benchmarking intelligence will be provided to give assurance that the charges are appropriate, proportionate and are applied correctly.

Fees and charges are received from a wide range of services and the following pie chart illustrates (Figure 19) the varied scale of where this income is generated from in relation to the 2022/23 budget.

Figure 19 Breakdown of Fees and Charges



3.33 Council Tax

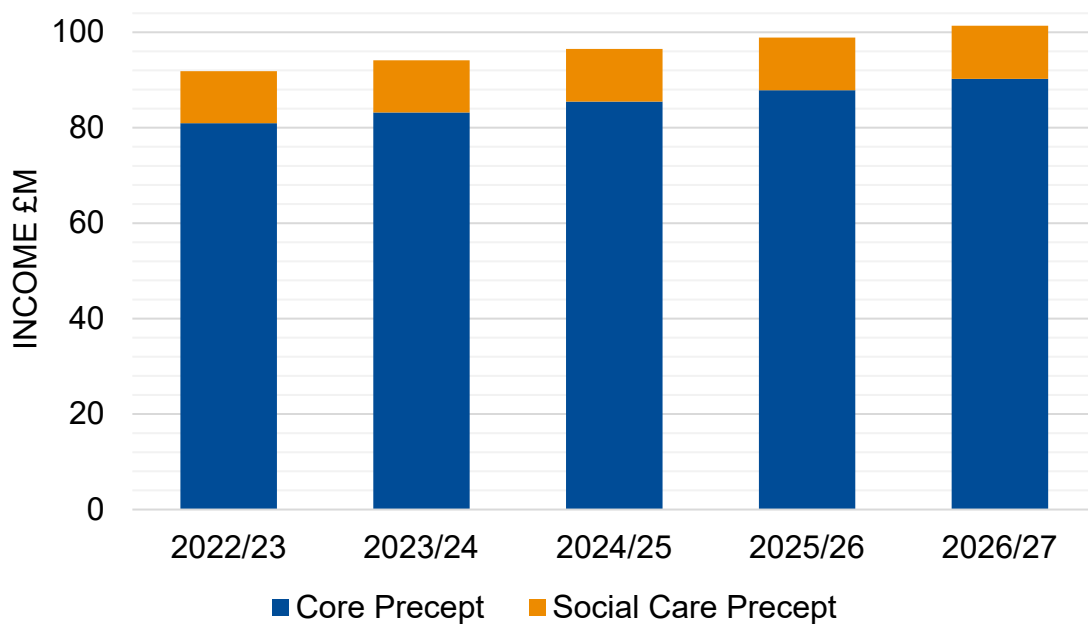
There is a proposed **3.99%** increase in Council Tax for 2022/23. This includes a 2% increase for adult social care; 1% deferred from 2021/22 and a further 1% allowance for 2022/23. For planning purposes an increase of **1.99%** has been assumed for all future years, with no increase for adult social care precept from 2023/24 onwards.

Changes in the number of households affect the tax base for Council Tax purposes, as does the number of Council Tax Support claimants. The Council Tax base for 2022/23 is **59,086.74** (equivalent Band D properties).

The MTFE assumes an increase in the Council Tax base of 0.5% per year from 2023/24 to 2026/27. The Council also plans to release phased accumulated collection fund surpluses over the five-year period. The scale of this plan will be reviewed following the finalisation of the outturn for 2021/22.

Figure 20 illustrates the current forecasted level of Council Tax and Social Care Precept until 2026/27.

Figure 20 Income from Council Tax and Social Care Precept



3.34 Housing Revenue Account

The Housing Revenue Account is a ring-fenced account which stands apart from the General Fund, although there are charges between the two funds to reflect Service Level Agreements and corporate support services.

The HRA is the statutory “landlord” account for the authority. The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the HRA balance. The HRA estimates have been prepared alongside South Essex Homes and incorporate their management fee bid.

There is major investment via the HRA Capital Programme of £76.915M planned over the next five years. This will ensure that we maintain decent homes and improve those that need it. The types of works will include electrical wiring, bathroom installations, new roofs, new kitchens, new windows and door replacements and installation of new more economical and energy efficient boilers.

The Council has concluded a procurement exercise to choose a partner organisation with which to regenerate the Queensway estate. Swan Housing Association have been approved as the partner organisation for this scheme. The regeneration ambition will see the existing 441 predominately council owned homes redeveloped into a vibrant, mixed tenure community with enhanced public realm and facilities. This will mean that over time the estate will no longer form part of the HRA.

The MTFS assumes that this development would be broadly neutral at this stage. On the basis that lost rental income will be largely offset by a reduced need for management and maintenance liabilities. Some basic allowance has been made for a net loss in future years. Further work will be undertaken to understand the exact implications when the redevelopment proposal is finalised and phased, including how any decant process will work. The MTFS will be updated as soon as a better understanding of the exact timing of any impact is known.

In October 2017, the government announced its intention to set a long-term rent deal for both local authorities and housing associations. This allows rent increases up to the level of CPI measured in September each year plus 1 percentage point from 2020/21. This has resulted in a 4.1% rent increase for 2022/23. The MTFS demonstrates that the HRA is currently financially robust.

3.35 Asset Management Plan

The Corporate Asset Management Strategy (CAMS) sets out the way in which the Council makes decisions on asset related matters and identifies procedures and governance arrangements to monitor and improve the use of its assets to increase efficiency and maximise returns. The plan is reviewed annually alongside the MTFS and updated as appropriate.

The CAMS divides all the Council's assets into five blocks. These are:

- Investment Assets – the Council's investment portfolio, its properties or land held specifically for the generation of rent or capital growth.
- Assets for Regeneration – those assets acquired, held awaiting or already under redevelopment in support of the Council's current and future objectives.
- Assets held for sale - Surplus Assets – which have no sound case for retention.
- Property Plant and Equipment – this block includes all the Council's Operational Buildings (those involved with service provision) and its Non-Operational Buildings (those not held for service delivery), as well as its equipment, vehicles, and infrastructure.
- Trust Assets - assets held under Trust.

Some assets sit within specific policy and legislative frameworks or are important by virtue of specific features of Southend. These are housing, highways and transport assets, schools and children centres, car parks, listed buildings and designated areas, and the sea defences and cliffs.

The CAMS brings asset-related decision making (on acquisition and disposal) together with the procedures guiding investment through the Capital Investment Programme.

The CAMS was comprehensively reviewed and updated for the period 2015 – 2025 and was approved at the Cabinet meeting in September 2015 to provide high-level strategic focus to enable flexibility over the plan period and to reinforce the current Vision and Strategic Aims of the CAMS that all the Council's assets are corporately held and managed strategically to:

- Support the Southend 2050 Ambition, political recovery priorities and efficient and effective service delivery.
- Support regeneration and development and enable the Council to achieve its agreed Outcomes.
- Rationalise, develop, and improve the portfolio to underpin the capital investment programme and revenue budget through development, commercialisation, property acquisition and disposals.
- To enable co-location and integration with partners.

The CAMS is updated to reflect the current guidance on commercial property acquisitions meaning any such acquisitions will need to be made for service delivery or as part of the Council's wider regeneration, transformation, economic recovery, development, and growth ambitions and to support the recovery aims of the Council. Income can be generated through these however it would not be the primary purpose of the investment.

The CAMS also supports the Council's high priority major projects such as, and including Better Queensway, Airport Business Park, Care and Learning Disability re-provision.

Some further updates will be made to the CAMS during 2022/23 as follows:

- Timescale for the plan 2022-2032.
- Updating property related COVID-secure and response measures.
- Updates to reflect the current demographics, Southend 2050 position, roadmap, and direction of travel.
- Updates to reflect structure and governance arrangements as required.
- To update the schedule of charges relating to property transactions.
- To keep up to date the Property Metrics section.

- To distribute responsibility clearly and more appropriately for particular assets (e.g., footpaths, non-adopted roads, watercourses) to ensure these are managed efficiently in the most appropriate section of the business.
- Update to the Disposal of Open Space guidance to include appropriation of open space.

3.36 Capital Investment Programme

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset which is needed to provide services such as housing, schools, and highways. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g., land, buildings, roads, vehicles. This contrasts with revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services. Capital grants, borrowing and capital receipts can only be spent on capital items and cannot be used to support the revenue budget. However, it should be noted that revenue funding can be used to support capital expenditure.

The Capital Investment Strategy covers all capital expenditure and capital investment decisions, not only as an individual local authority but also those entered under group arrangements. It sets out the long-term context in which decisions are made with reference to the life of the projects/assets.

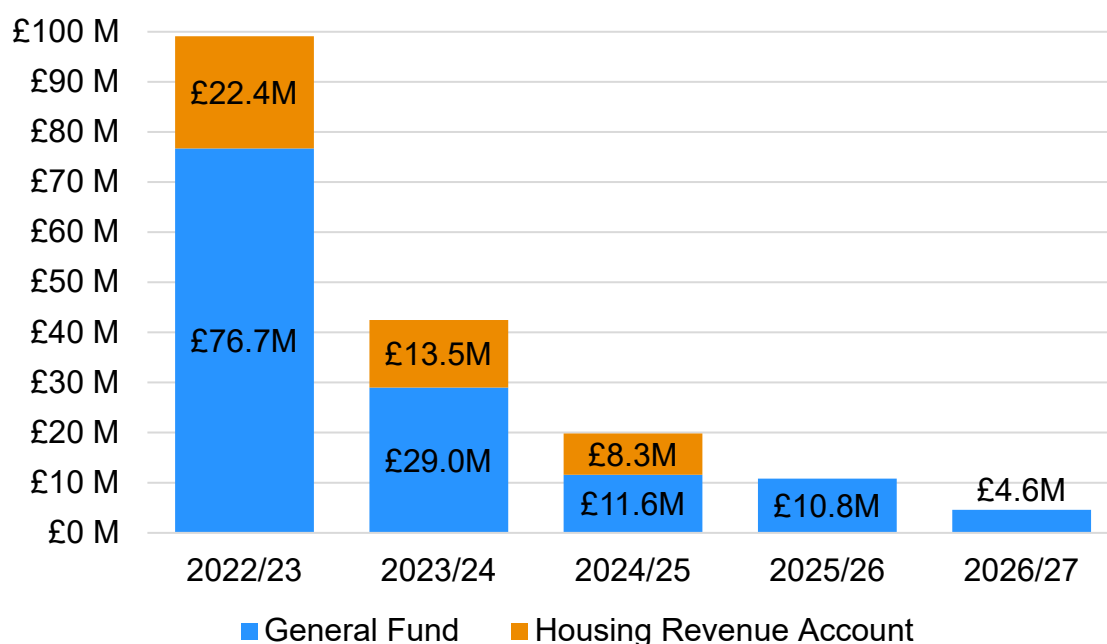
It is a key document and forms part of the authority's integrated revenue, capital, and balance sheet planning. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It includes an overview of the governance processes for approval and monitoring of capital expenditure and how investment decisions take account of stewardship, value for money, proportionality, prudence, sustainability, and affordability. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.

The capital investment programme is prepared and developed in accordance with the Capital Investment Strategy. In turn, the Capital Investment Strategy has been written in the context of Southend 2050 and the five themes and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition and the desired outcomes.

The resulting new investment into the capital investment programme of the next five years is shown at paragraph 3.31.

The proposed total capital investment programme over the next five years is illustrated in Figure 21.

Figure 21 Proposed Capital Investment Programme



3.37 Treasury Management Strategy

The Treasury Management Strategy is an area of activity which covers the management of the council’s cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks.

In compliance with the CIPFA Treasury Management Code of Practice the Council’s treasury management strategy comprises:

- the Treasury Management Policy Statement.
- the Treasury Management Strategy.
- the Annual Treasury Management Investment Strategy.

The purpose of the Treasury Management Policy Statement is to set out the scope of the Treasury Management function, the policy on borrowing, debt restructure, investments, delegation, and management of risk.

The budget includes provision for the financing costs of the Council’s Capital Investment Programme, including interest on external borrowings. Offsetting this, the Council will earn interest by temporarily investing its surplus cash, which includes unapplied and set-aside capital receipts. These budgets depend on many factors, not least the Council’s level of revenue and capital budgets, use of reserves, methods of funding the budget requirement, interest rates, cash flow and the Council’s view of risk.

The purpose of the Treasury Management Strategy is to set out how the budgeted financing costs can be achieved. It covers the prospects for interest rates and the strategy on borrowing and debt restructuring.

The purpose of the Annual Treasury Management Investment Strategy is to set out the investment objectives and the policies on the use of external fund managers, on the investment of in-house managed funds and on the use of approved counterparties.

The Audit Committee have responsibility for the scrutiny of the Treasury Management Strategy. The policy is approved by Council in advance of the year to which it relates. It is then monitored regularly and updated, as appropriate, to reflect changing circumstances and guidance with updates approved by Council as and when required.

It is projected that surplus cash balances will average £164m (of which £51m is the estimated sum of medium term and long-term funds managed by external fund managers) during 2022/23 based on information currently available and historical spending patterns.

3.38 Minimum Revenue Provision Policy

The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. Each Local Authority has a general duty to charge an amount of MRP to revenue which it considers to be prudent, with responsibility being placed upon the full Council to approve an annual MRP policy statement.

3.39 Prudential Indicators

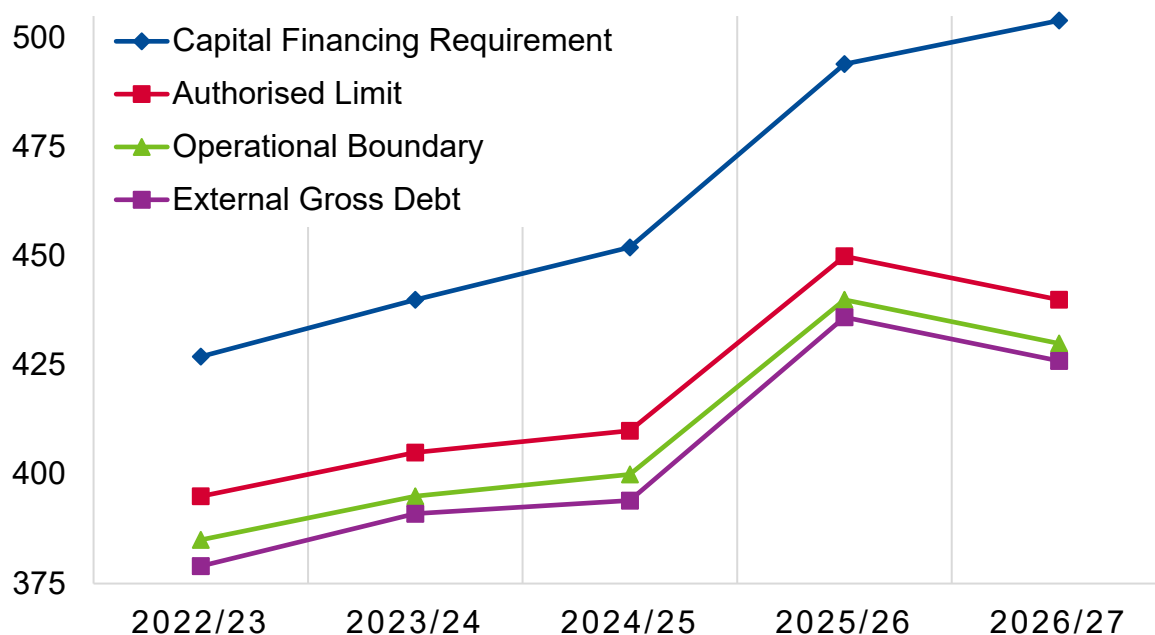
The Prudential Code is the key element in the system of capital finance that was introduced from 1st April 2004 as set out in the Local Government Act 2003.

Individual authorities are responsible for deciding the level of their affordable borrowing, having regard to the CIPFA code, (which has legislative backing). Prudential limits apply to all borrowing, qualifying credit arrangements (e.g. some forms of lease) and other long-term liabilities. The system is designed to encourage authorities that need, and can afford to borrow for capital investment, to do so.

Under the Local Government Act 2003 each authority can determine how much it can borrow within prudential limits (unsupported borrowing). The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority. Most of the capital expenditure will continue to be directly supported by Government through capital grant or by Council unsupported borrowing.

Figure 22 shows the Council's level of external gross debt compared to its agreed borrowing limits and the estimated Capital Financing Requirement (the Council's theoretical need to borrow).

Figure 22 Borrowing levels and limits.



The operational boundary is how much gross external debt the Council plans to take up and reflects the decision on the amount of debt needed for the Capital Investment Programme for the relevant year. The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements.

The CIPFA Prudential Code for Capital Finance in Local Authorities has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures proportionality, prudence, affordability, and sustainability.

Another objective of the Code is that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.

To demonstrate compliance with these objectives each authority is required to produce a set of prudential indicators. These indicators are designed to support and record local decision making and are not for comparison with other authorities. The setting and revising of these indicators must be approved by Cabinet and Council.

In setting or revising its prudential indicators, the local authority is required to have regard to the following matters:

- service objectives (e.g., strategic planning).
- stewardship of assets (e.g., asset management planning).
- value for money (e.g., options appraisal).

- prudence and sustainability (e.g., risks, whole life costing and implications for external debt).
- affordability (e.g., implications for long-term resources including the council tax).
- practicality (e.g., achievability of the forward plan).

3.40 General Fund Balance

In accordance with best practice guidance issued by CIPFA, the minimum level of General Fund balances is reviewed, and assessed on an annual basis. The Executive Director (Finance & Resources) recommends:

- An absolute minimum level of General Fund reserves of £8M to be maintained throughout the period between 2022/23 to 2026/27.
- An optimal level of reserves of £10M over the period to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.
- A maximum recommended level of reserves to £12M over the period to provide additional resilience to implement the MTFs.

This assessment has been derived at by taking a risk-based approach to the overall General Fund Revenue Account. Clearly given the unprecedented uncertainty and challenges caused by the pandemic, then it is even more important to give some confidence and assurance over the level of the General Fund Balance. This assessment includes as far as possible a review of income volatility and realism of income targets, interest rate exposure, third party provider risks, potential overspends in demand led areas such as social care and safeguarding for both adults and children and any other potential issues which may need to be taken into consideration.

3.41 Reserves Strategy

As well as maintaining a risk based General Fund Balance the Council also sets aside Earmarked Reserves (for these purposes earmarked reserves excludes school balances) for specific items.

Considering the increasing level of risk and uncertainty identified within the MTFs and the probability of resources being required to support service transformation and delivery, a full review of useable reserves and provisions has been undertaken.

Each year as part of closing the accounts a further view is taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk. This results in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside. This exercise will be particularly critical, due to the impact of COVID-19 over the last 2 years and the plans to support 2022/23's budget with £2.5M from reserves. This amount was originally proposed to be used to support 2021/22's budget but due to robust 'in-year' financial management has been deferred to be used in 2022/23.

In relation to the adequacy of reserves (excluding the General Fund Balance summarised in Section 3.19), the Council's Section 151 Officer (Deputy Chief Executive and Executive Director of Finance and Resources) recommends the following Reserves Strategy. The Strategy will be reviewed annually and adjusted in the light of the prevailing circumstances.

Housing Revenue Account Reserves

In relation to the Housing Revenue Account (HRA) in 2021/22 and the medium to long-term:

- Given the status of housing management provision the recommendation is that reserves be maintained at £3.0m.

This recommendation is based on and conditional upon:

- A 2021/22 budget agreed with South Essex Homes Ltd. to maintain a balanced HRA, together with the HRA's own MTFs for the period 2022/23 to 2026/27.
- Forward projections for the HRA beyond 2022/23 are remodelled to consider the impact of the Better Queensway regeneration and the updated stock condition survey.

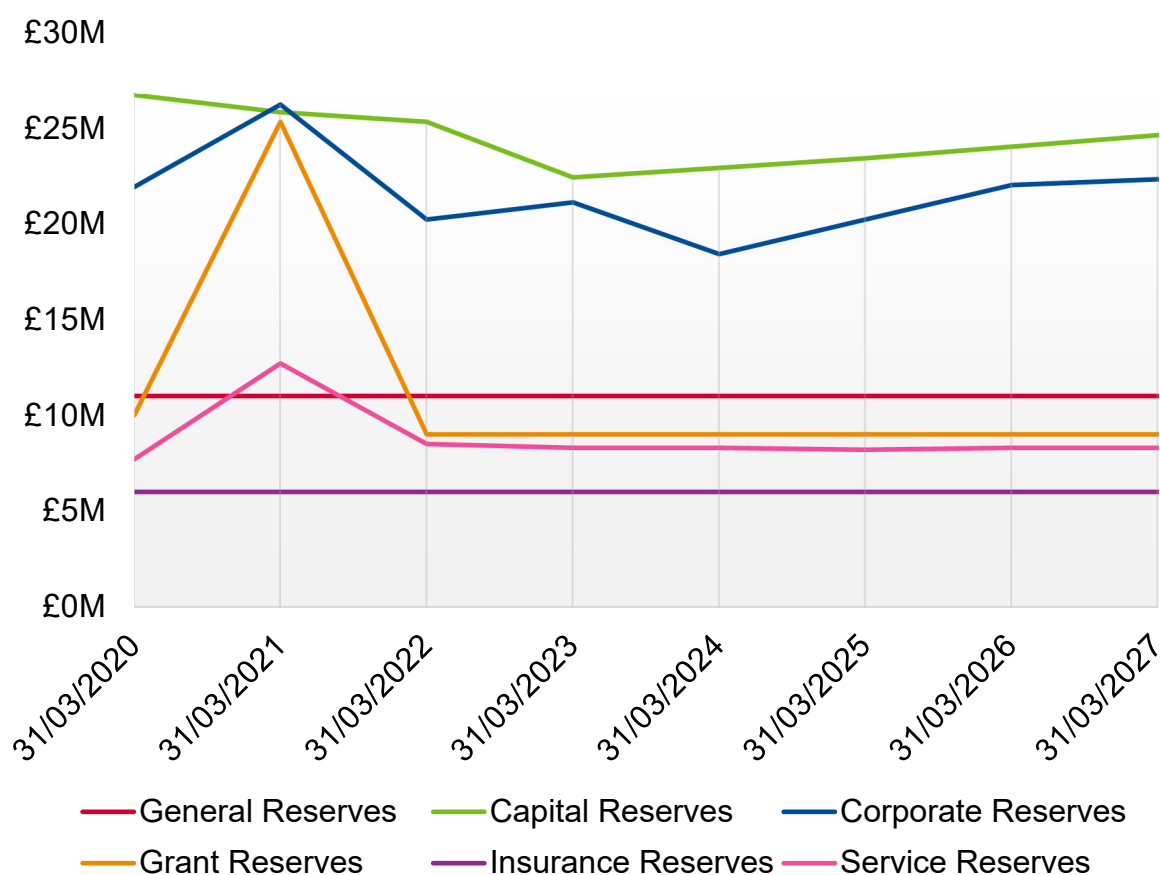
Earmarked Reserves

A table of the earmarked reserves and their balances at 31st March 2021 to 31st March 2027 is shown in Annex 2. The balances at 31st March 2022 to 2027 are indicative, based on the assumptions in this report, and do not represent the probable figures that will be disclosed in future years Statement of Accounts. A summary of the forecast reserve balances to 31st March 2027 is shown below (Table 7) and illustrated in the following graph (Figure 23). We are forecasting that our total reserves will stay within a range of £75M to £82M over this timeframe.

Table 7 Earmarked Reserves

	31st March 2021 £M	31st March 2022 £M	31st March 2023 £M	31st March 2024 £M	31st March 2025 £M	31st March 2026 £M	31st March 2027 £M
General Reserves	11.000	11.000	11.000	11.000	11.000	11.000	11.000
Capital Reserves	25.785	25.295	22.377	22.897	23.420	24.006	24.631
Corporate Reserves	26.224	20.242	21.083	18.396	20.209	22.022	22.335
Grant Reserves	25.344	8.962	8.962	8.962	8.962	8.962	8.962
Insurance Reserves	6.033	6.033	6.033	6.033	6.033	6.033	6.033
Service Reserves	12.690	8.532	8.296	8.260	8.224	8.332	8.296
Total	107.076	80.064	77.751	75.548	77.848	80.355	81.257

Figure 23 Forecast Earmarked Reserve Levels



3.42 Outcomes Based Planning and Budgeting

The Council began to introduce a new approach to Outcomes Based Planning and Budgeting in 2019/20 which looked at repurposing resources towards new agreed priorities and outcomes. The Council is determined to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to residents, businesses, and visitors. Following the impact of COVID-19 over the last two years, the year 2022/23 is clearly an important transitional year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.

The Council has targeted its resources to deliver the Southend 2050 programme and roadmap phases and economic recovery priorities. Being a more outcome focussed organisation will enable us to direct our investment, resource and business planning to activity that will achieve better outcomes and change the conversation in the future to what to keep rather than what to cut.

3.43 Addressing the Budget Gap

The Council is currently predicting a cumulative budget gap of **£24.0M up to the end of 2026/27**. To address and close the budget gap over this period we must continue our drive towards financial sustainability for the future. As we work collaboratively with our partners, we may need to increase our 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 our services.

The approach to addressing this gap can be seen within several initiatives already in operation within the organisation including:

- Business as usual monitoring and budget reviews throughout the year.
- The full implementation of outcome-based budgeting.
- Link business planning and budgeting to focus on service outcomes.
- Effective and creative management of service demand.
- A review of all major contracts.
- Full implementation of a new Commissioning Framework.
- Fully embed the new 'Getting to Know your Business' Programme.
- Exploring new commercial opportunities.
- Range of medium savings and income generation initiatives proposed.
- Prioritise a series of zero-based service reviews.
- Future Business Transformation Programme proposed.

The forecast profiled budget gap in the Medium Term Financial Forecast over the next five years is summarised in Table 8.

Table 8 Forecast Budget Gap

Year	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Budget gap	£0.0M	£8.6M	£3.9M	£6.3M	£5.2M	£24.0M

3.44 Budget Monitoring and Forecasting

The corporate budget performance report is a key tool in scrutinising the Council's overall financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the Authority actively monitors its budgets throughout the year to ensure that the overall financial position is robust and sustainable and that strategic objectives are being achieved.

In setting the annual budget and the MTFs the Council will ensure potential risks are assessed and managed so that their impact is minimised or accounted for either via Contingencies, Balances or Earmarked Reserves as is necessary. In year, the Council will monitor its revenue and capital budgets (including the HRA) monthly and report to Cabinet on a regular basis.

Whilst the responsibility lies with the Executive Director for Finance & Resources for reporting to Cabinet the financial position, the responsibility and accountability for the financial position and performance of the services lies with the budget holder.

These reports will be prepared for Cabinet at regular intervals throughout the financial year and will provide an opportunity to highlight major variations from the approved spending plans enabling corrective action to be taken where necessary.

All budget holders are responsible for ensuring external income is maximised for their service and for seeking out new opportunities to generate income. If the budget holder cannot resolve issues within their own service area budgets these should be dealt with by Service Directors and the Executive team.

Where pressures are identified appropriate recovery plans are required to be agreed and implemented in year which look to address these issues and identify ongoing pressures that may need to be addressed as part of setting the budgets over the medium term.

The Council has introduced a new integrated finance and accountancy structure in 2021/22 which will build on the strengths of the established and respected finance business partnering service to support and advise Directors and Service Managers with the financial management requirements of their services.

The focus of the Finance Business Partnering function is to support services to:

- Look at a specific business problem and propose solutions based on research and insight.
- Perform and analyse benchmarking against other areas and services to drive business decision making.
- Work with business intelligence to understand activity and cost drivers.

- Support services to look at the totality of investment against objectives.
- Support services to focus on being sustainable.
- Support services in developing business cases.
- Work to better understand, manipulate, and extract better outcomes from contracts – improving deliverables and forward planning procurement exercises.
- Perform sensitivity analysis across whole systems to understand links between variables and support to make optimal interventions.
- Support with project managing change through greater involvement in strategic decision making.

4 Conclusion

This MTFs provides a robust framework for setting the budget for 2022/23 and to help to ensure that the Council remains financially sustainable over the medium term. The current forecast position is based on the best information currently available and is challenging but should be achievable.

The Council has seen a sustained reduction in general grant funding over the past decade whilst also experiencing major increases in demand for a range of priority local services that it delivers. The increased uncertainty over the impact of future planned national financial reform, together with estimating how quickly and to what extent the local area recovers from COVID-19 makes business and financial planning very difficult. This strategy and the range of assumptions included will be updated as soon as new information becomes available.

Positively the Council has a clear 2050 ambition, strong collegiate leadership, residents, and communities are engaged, resources are prioritised towards achieving better local outcomes and the organisation in these unprecedented circumstances has set a robust, resilient, and sustainable budget.

Southend-on-Sea Borough Council is in a strong position to influence, shape and redesign services both locally and regionally to make a real positive difference to the lives of Southenders.

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Medium Term Financial Forecast
2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s	£000s
Base Budget					
From prior year	133,347	140,288	148,120	155,629	163,338
LESS					
Appropriations to / (from) reserves in prior year	4,103	(187)	2,203	(2,300)	(2,507)
Revenue Contributions to Capital	(1,409)	(418)	(105)	(102)	(39)
Less other one-off expenditure / (savings)	(81)	(34)	(3,000)	1,500	1,500
Adjusted Base Budget	135,960	139,649	147,218	154,727	162,292
Appropriations to / (from) reserves	187	(2,203)	2,300	2,507	902
Revenue Contributions to Capital (Funded from Earmarked Reserves)	418	105	102	39	0
Other one-off / time limited expenditure bids	34	3,000	(1,500)	(1,500)	0
Unavoidable Pressures	7,552	5,691	5,736	5,786	5,846
Capital Programme Costs	1,204	1,204	1,204	1,204	1,000
Corporate Cost Pressures	666	243	13	42	(33)
Directorate (Savings) / Pressures					
Ongoing Executive Directorate investment	3,411	1,665	1,550	950	1,000
Budget reductions proposed	(4,636)	(1,597)	(994)	(417)	0
Better Care Fund					
Funding to Support Social Care and benefit Health	(14,411)	(14,411)	(14,411)	(14,411)	(14,411)
Expenditure relating to the BCF and IBCF	14,411	14,411	14,411	14,411	14,411
Public Health					
Projected Grant Income *	(10,073)	(10,073)	(10,073)	(10,073)	(10,073)
Projected Expenditure	10,073	10,073	10,073	10,073	10,073
Housing Revenue Account					
Projected Expenditure	27,408	27,940	28,610	29,220	29,804
Projected Income	(30,446)	(31,127)	(31,824)	(32,552)	(33,182)
Contributions to / (from) HRA Earmarked Reserves	3,038	3,187	3,214	3,332	3,378
Dedicated Schools Grant					
Projected Grant Income	(55,475)	(55,475)	(55,475)	(55,475)	(55,475)
Projected Expenditure	55,475	55,475	55,475	55,475	55,475
Pupil Premium received from Government (indicative)	(1,892)	(1,892)	(1,892)	(1,892)	(1,892)
Pupil Premium Expenditure	1,892	1,892	1,892	1,892	1,892
Projected General Fund Net Expenditure	144,796	147,757	155,629	163,338	171,007
Changes in General Grants	(4,508)	363	0	0	0
Budget Requirement	140,288	148,120	155,629	163,338	171,007
Funded By					
Council tax increase (1.99% in 22/23, 1.99% onwards) (taxbase +0.8% 2022/23 and +0.5% p.a future years)	(80,947)	(83,185)	(85,481)	(87,835)	(90,249)
Social Care Precept (2.0% in 22/23, 0% onwards)	(10,897)	(10,951)	(11,006)	(11,061)	(11,116)
Business Rates	(38,200)	(38,015)	(39,273)	(39,273)	(39,273)
Revenue Support Grant **	(6,244)	(6,369)	(6,369)	(6,369)	(6,369)
Collection Fund Surplus	(1,500)	(1,000)	(1,000)	0	0
Capital Reserve	(2,500)	0	0	0	0
Total Funding	(140,288)	(139,520)	(143,129)	(144,538)	(147,007)
Funding Gap	0	8,600	12,500	18,800	24,000
Funding Gap (Cumulative)	0	8,600	21,100	39,900	63,900
Core Precept	80,947	83,185	85,481	87,835	90,249
Social Care Precept	10,897	10,951	11,006	11,061	11,116
Band D Council Tax					
Council Tax for a Band D Property	1,554.39	1,585.26	1,616.76	1,648.89	1,681.65
% Increase in Council Tax	3.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base					
Council Tax Base	59,087	59,382	59,679	59,977	60,277
Increase in Tax Base on prior year	0.78%	0.50%	0.50%	0.50%	0.50%

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Appendix 2 - Annex 2

Earmarked Reserves	Balance 1/4/21 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/22 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/23 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/24 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/25 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/26 £000s	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/27 £000s
Capital Reserves																									
Capital Reserve	6,648		(490)	172	6,330		(2,918)	10,000	13,412	625	(105)		13,932	625	(102)		14,455	625	(39)		15,041	625			15,666
Interest Equalisation Reserve	3,266			699	3,965				3,965				3,965				3,965				3,965				3,965
MRP Equalisation Reserve	15,871			(871)	15,000			(10,000)	5,000				5,000				5,000				5,000				5,000
Capital Reserves	25,785	-	(490)	-	25,295	-	(2,918)	-	22,377	625	(105)	-	22,897	625	(102)	-	23,420	625	(39)	-	24,006	625	-	-	24,631
Corporate Reserves																									
Business Rates Retention Reserve	3,000				3,000			(1,000)	2,000				2,000				2,000				2,000				2,000
Business Transformation Reserve	3,621	100	(3,263)		458		(1,014)	2,000	1,444				1,444				1,444				1,444				1,444
Business World ERP Reserve	2,517		(500)		2,017				2,017				2,017				2,017				2,017				2,017
Climate Change & Green Initiatives	500				500		(120)		380				380				380				380				380
COVID-19 Recovery & Response	500		(565)	1,000	935		(300)		635				635				635				635				635
Technology Transition & Systems Modernisation	2,900		(500)		2,400				2,400				2,400				2,400				2,400				2,400
New Homes Bonus	5,536	1,340	(280)	(4,296)	2,300	675	(150)	(1,000)	1,825	313			2,138	313			2,451	313			2,764	313			3,077
Outcome Delivery Reserve	500		(250)		250		(250)		-				-				-				-				-
Pension Reserve	2,000	2,000			4,000	2,000			6,000	1,500	(4,500)		3,000	1,500			4,500	1,500			6,000				6,000
Rental Equalisation	850				850				850				850				850				850				850
Service Redesign Reserve	3,000		(668)	1,200	3,532				3,532				3,532				3,532				3,532				3,532
Specific Corporate Projects	1,300		(1,300)		-				-				-				-				-				-
Corporate Reserves	26,224	3,440	(7,326)	(2,096)	20,242	2,675	(1,834)	-	21,083	1,813	(4,500)	-	18,396	1,813	-	-	20,209	1,813	-	-	22,022	313	-	-	22,335
Grant Reserves																									
Area Child Protection	32				32				32				32				32				32				32
Business Rates Section 31 Grant	11,933		(11,933)		-				-				-				-				-				-
COVID-19 Reserve	3,300		(3,300)		-				-				-				-				-				-
Dedicated Schools Grant	4,481				4,481				4,481				4,481				4,481				4,481				4,481
General Grants Carried Forward	2,798		(461)		2,337				2,337				2,337				2,337				2,337				2,337
Holiday Activity and Healthy Food Grant	5				5				5				5				5				5				5
Public Health Grant - DAAT	770		(318)		452				452				452				452				452				452
Public Health Grant - Public Health	2,025		(370)		1,655				1,655				1,655				1,655				1,655				1,655
Grant Reserves	25,344	-	(16,382)	-	8,962	-	-	-	8,962	-	-	-	8,962	-	-	-	8,962	-	-	-	8,962	-	-	-	8,962
Insurance Reserves																									
Insurance Reserve	6,033				6,033				6,033				6,033				6,033				6,033				6,033
Insurance Reserves	6,033	-	-	-	6,033	-	-	-	6,033	-	-	-	6,033	-	-	-	6,033	-	-	-	6,033	-	-	-	6,033
Service Reserves																									
Adult Social Care Reserve	(693)			2,693	2,000				2,000				2,000				2,000				2,000				2,000
Children's Social Care Reserve	-			2,500	2,500				2,500				2,500				2,500				2,500				2,500
Elections Reserve	241		(36)		205		(36)		169		(36)		133		(36)		97		108		205		(36)		169
Internal Audit Reserve	355				355				355				355				355				355				355
Local Land Charges Reserve	64				64				64				64				64				64				64
Passenger Transport Joint Venture	1,085		(516)		569				569				569				569				569				569
Health & Social Care Transformation Projects	5,500		(5,500)		-				-				-				-				-				-
Schools Improvement	400		(200)		200		(200)		-				-				-				-				-
Shared Lives - Delayed Respite	117				117				117				117				117				117				117
Social Fund	117		(117)		-				-				-				-				-				-
Southend Adult & Community College	340		(340)		-				-				-				-				-				-
Street Lighting Reserve	105				105				105				105				105				105				105
Supporting People Reserve	341				341				341				341				341				341				341
Waste Management Reserve	4,297		(42)	(2,600)	1,655				1,655				1,655				1,655				1,655				1,655
Welfare Reform Reserve	421				421				421				421				421				421				421
Service Reserves	12,690	-	(6,751)	2,593	8,532	-	(236)	-	8,296	-	(36)	-	8,260	-	(36)	-	8,224	-	108	-	8,332	-	(36)	-	8,296
Monies Held In Trust																									
Comp-3 When Children Reach 18	3				3				3				3				3				3				3
Emily Brigs Trust	17				17				17				17				17				17				17
Thorpe Smith Bequest	33				33				33				33				33				33				33
Monies Held In Trust	53	-	-	-	53	-	-	-	53	-	-	-	53	-	-	-	53	-	-	-	53	-	-	-	53
Total General Fund Earmarked Reserves	96,129	3,440	(30,949)	497	69,117	2,675	(4,988)	-	66,804	2,438	(4,641)	-	64,601	2,438	(138)	-	66,901	2,438	69	-	69,408	938	(36)	-	70,310

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COUNCIL BUDGET 2022/23 TO 2026/27SECTION 151 OFFICER'S STATEMENT ON ADEQUACY OF BALANCES
AND THE ROBUSTNESS OF THE BUDGET**1. Introduction**

1.1. The Chief Financial Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under Section 25 of the 2003 Local Government Act which states the following:

- a) Where an authority to which Section 32 or 43 of the Local Government Finance Act 1992 (billing or major precepting authority) or Section 85 of the Greater London Authority Act 1999 (c.29) (Great London Authority) applies is making calculations in accordance with that section, the Chief Finance Officer of the authority must report to it on the following matters:
- The robustness of the estimates made for the purposes of the calculations, and
 - The adequacy of the proposed financial reserves.
- b) An authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.

This includes reporting and considering:

- The key assumptions in the proposed budget and to give a view on the robustness of those assumptions.
- The key risk areas in the budget and to assess the adequacy of the Council's reserves when reviewing the potential financial impact of these risk areas on the finances of the Council. This should be accompanied by a Reserves Strategy.

1.2. CIPFA published a new Financial Management (FM) Code in October 2019. One of the 17 standards included in the new Code is ***'the budget report includes a statement by the chief financial officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.'*** The first full year of compliance with the new FM Code was 2021/22. This is a good practice approach that Southend-on-Sea have always followed, and the statement is updated in light of the prevailing circumstances and assessment of relevant risks each financial year.

- 1.3. This statement must be considered and approved by full Council as part of the budget approval and Council Tax setting process.
- 1.4. This document concentrates on the General Fund budget, the Housing Revenue Account and Capital Investment Programme, but in addition it also considers key medium-term issues faced by the Council.
- 1.5. The importance of this overall approach and need for prudent and realistic levels of reserves and provisions has been brought sharply into focus by the impact of COVID-19 on both the finances and operations of the Local Government Sector throughout 2020/21 and 2021/22.

2. Assurance Statement of the Council's Section 151 Officer

- 2.1. The following are the summary assurances and recommendations of the Council's Section 151 Officer (currently the Executive Director of Finance and Resources). They must be read in conjunction with the supporting statement in this Appendix, which together make up the Section 151 Officer's statutory duty to report under Section 25 of the Local Government Act 2003.
 - 2.1.1. In relation to the 2022/23 General Fund Revenue budget, I have examined the budget proposals and I believe that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given the political and management desire to implement the changes. Good management and the sound monitoring of performance and budgets will be essential. I am satisfied that sufficient management processes exist within the Council to deliver this budget and to identify and deal with any problems which may arise unexpectedly during the year.
 - 2.1.2. The key process risks in making the above statement are the level of resources within the Council dedicated to providing financial support services and advice to managers, which will need the finance teams to be focused on key risk budgets.
 - 2.1.3. My recommendations are also conditional upon:
 - a) The Council continuing to assess, learn, report, and respond appropriately to the impact of COVID-19 across all aspects of its operations.
 - b) The Council approving the updated Medium Term Financial Strategy for 2022/23 to 2026/27

- c) A recognition in the medium-term planning approach that the level of reserves and corporate risk assessment need to be regularly reviewed in the light of changing circumstances and that it may not be possible to match the two at any single point in time. The Council needs to show a commitment to maintain reserves at a level which provides adequate cover for most identified risks during the planning period. This approach is pragmatic and shows a clear commitment to prudent contingency planning.
- d) It must be noted, however, that the recommended levels of reserves could still leave the Council exposed to the very exceptional risks identified in this review and, if all those risks crystallised at the same time, then the total level of reserves could be inadequate.
- e) Cabinet Members, Chief Executive, Executive Directors and managers not exceeding their cash limits for 2022/23 (and future years covered by the Medium Term Financial Strategy).
- f) Taking every opportunity to meet the Reserves Strategy as a first call on windfall underspends.
- g) Not considering further calls on reserves other than for those risks that have been identified, those that could not have been reasonably foreseen and that cannot be dealt with through management or policy actions. The exception to this is where the Reserves Strategy (reviewed annually) is met. Even in those circumstances, it is not prudent to finance ongoing spending from one-off reserves. Any excess reserves should be targeted towards business transformation (including redundancies and invest to save initiatives), key services particularly Childrens and Adults, contributions to support capital outlay, Local Government funding changes and the impacts of significant changes in national policy.
- h) Where there is a draw-down on reserves, which causes the approved Reserves Strategy to be off target, that this is replenished as part of a revised Medium Term Financial Strategy. This approach has been adopted in the current Strategy - £2.5M has been used to support the budget in 2022/23 and the medium term proposed plan is to replenish this amount over 2023/24 – 2026/27.
- i) That the Council has arrangements and resources in place to consider and assess value for money across the delivery of all its services and operations in preparation for future years' budgets.

2.1.4. In relation to the adequacy of reserves, I recommend the following Reserves Strategy based on an approach to evidence the requisite level of reserves by internal financial risk assessment. The Reserves Strategy will need to be reviewed annually and adjusted in the light of the prevailing circumstances.

- a) An absolute minimum level of unallocated General Fund reserves of £8 million is maintained throughout the period between 2022/23 to 2026/27.
- b) An optimal level of unallocated General Fund reserves of £10 million over the period 2022/23 to 2026/27 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.
- c) A maximum recommended level of unallocated General Fund reserves of £12 million for the period 2022/23 to 2026/27 to provide additional resilience to implement the Medium Term Financial Strategy.
- d) A Reserves Strategy to remain within the recommended level of reserves over the relevant period of 2022/23 to 2026/27.

2.1.5. The estimated level of unallocated General Fund reserves at 31 March 2022, based on current projections is £11 million depending on the final outturn position. Therefore:

- a) The absolute minimum level of reserves of £8 million is currently being achieved.
- b) The optimal level of reserves of £10 million criteria is being achieved for 2021/22, if departments spend against budget as currently projected.
- c) The maximum level of reserves of £12 million is not being exceeded.
- d) Reserves should remain within the recommended range of reserves during 2022/23. This is subject to the cash limited budget for 2022/23 being met.

2.1.6. These recommendations are made based on:

- a) The risks identified by the Chief Executive and Executive Directors reviews of their budgets.
- b) My own enquiries during the development of the current budget proposals.
- c) The resilience and sustainability required to deliver the Medium Term Financial Strategy.
- d) One-off unallocated reserves not being used to fund new on-going commitments.
- e) That the reserves in 2022/23 and the foreseeable future are used only if risks materialise and cannot be contained by management or policy actions.
- f) That where reserves are drawn down, the level of reserves is maintained in line with the latest Medium Term Financial Strategy.

2.1.7. There are also serious exceptional risks which, if they crystallise, could significantly impact the Council's reserves, and leave its financial standing seriously in question. These include:

- a) A national failure to mobilise and roll out an effective on-going vaccination and booster programme to reduce the spread and impact of COVID-19 as new variants emerge and reduced financial support for the continuing local implications of the pandemic.
- b) The potential for cliff slips, pier remediation works and any other unforeseen Council owned infrastructure issues.
- c) Waste Management (Disposal) – this is to be kept under review pending a new contract in 2022/23.
- d) The Waste Collection and Street Cleansing contract is the largest single contract for the Council, a break clause has been activated for October 2023 and there is a lot of volatility, new legislative and environmental requirements, which will potentially add extra risks and costs nationally in the market, options for reviewing the way forward for the Council will be considered by Cabinet in January 2022.
- e) The financial implications from the Care Act, adult social care and other welfare reform changes or other associated Housing legislation.
- f) The increasing cost and demand pressures for adult and children social care.
- g) The risk surrounding the non-delivery of savings and exceeding investment proposals within the budget package for 2022/23.
- h) The risk of not comprehensively developing and robustly implementing the Budget and Transformation Programme for 2023/24 – 2026/27.
- i) The financial uncertainty for the public sector arising from the prevailing and continuing national and local conditions.
- j) The risk of further significant reductions in income and Government grant funding, particularly in relation to:
 - Growth and decline in the Council's Tax base and Business Rates base.
 - Business Rates appeals from the 2017 revaluation.
 - Academies funding.
 - The Local Council Tax Support Scheme with reduction in subsidy funding and no protection for caseload increases.

- Further changes to the way in which Local Government is financed given the Government's intended Local Government reform in 2022/23 as part of its 'Levelling Up' agenda and potential redistribution of existing funding levels to other local authority areas from 2023/24.
 - Future Government changes in policy and funding for Local Government, particularly the unknown impact of the next Spending Round in 2024..
 - The need to address the Country's ongoing Public Sector Borrowing Requirement (PSBR) and the structural financial deficit.
 - The economic impact of the withdrawal of the UK from the European Union.
- k) Insurance Claims.
- l) Any impact on Council services and Budget in 2022/23 and later years arising from the withdrawal from the European Union on 01/01/2021.

2.1.8. In relation to the Housing Revenue Account (HRA) in 2022/23 and the medium to long term:

- a) Given the current status of housing management provision the recommendation is that general reserves be maintained at the target figure of £3m.
- b) A 2022/23 budget has been agreed with South Essex Homes Ltd. to maintain a balanced HRA.
- c) Forward projections for the HRA beyond 2022/23 are being remodelled. In addition, this is linked to the HRA's own Medium Term Financial Strategy for the period 2022/23 to 2026/27.

The current position demonstrates that it is possible to:

- Maintain a balanced HRA throughout that period.
- Meet current level of capital investment, and
- Repayment of required debt.

2.1.9. In relation to the General Fund and HRA Capital Investment Programme 2021/22 to 2026/27 (including commitments from previous years and new starts):

- a) The HRA Capital Programme will need to be contained within the total programme cost.
- b) The General Fund Capital Budget is substantial but is based on the best information available in terms of project costs. What is less certain is the actual phasing of expenditure.

- c) The key strategic schemes identified in the Capital Investment Programme will be closely monitored in-year.
- d) That the funding identified for the approved Capital Investment Programme is delivered and is proportionate, prudent, affordable, and sustainable.

2.1.10. In relation to the medium to long term Capital Investment Programme:

- a) The delivery of the agreed Capital Strategy and Asset Management Plan is a critical priority to enable the matching of resources to needs and priorities.

2.2. Assurance

Given all these factors, I, as the Council's Section 151 Officer, consider the estimates for 2022/23 to be sufficiently robust and recommend for approval by the Council. I am also able to advise the Council that the level of General Fund Reserves is adequate and to recommend a Reserves Strategy which is achievable for 2022/23 – 2026/27.

3. Supporting Statement

3.1. Processes

- 3.1.1. Budget estimates are exactly that – estimates of spending and income made at a point in time and which will change as circumstances change. This statement about the robustness of estimates cannot give a 100% guarantee about the budget but gives Members reasonable assurance that the budget has been based on the best information and assumptions available at the time.
- 3.1.2. To meet the requirement on the robustness of estimates several key processes have been put in place, including:
- a) The issuing of clear guidance to Services on preparing budgets.
 - b) The development of a Council wide risk assessment.
 - c) The use of extensive budget monitoring and its escalation process to identify risks.
 - d) The Council's S151 Officer providing advice throughout the process of budget preparation and budget monitoring.
 - e) The Chief Executive and Executive Directors review of their budgets and appropriate sensitivity analysis.
 - f) A review of all budget proposals and implications by CMT from April 2021 to January 2022.
 - g) A review of budget proposals and implications by Cabinet Members from July 2021 to January 2022.
 - h) Enquiries made directly by the Section 151 Officer and Finance Officers.
- 3.1.3. Notwithstanding these arrangements, which are designed to rigorously test the budget throughout its various stages of development, considerable reliance is placed on the Chief Executive, Executive Directors and Directors having proper arrangements in place to identify issues, project costs, service demands, income levels, to consider value for money and efficiency, and to implement changes in their service plans. These arrangements are supported by appropriately qualified financial staff.
- 3.1.4. A summary of the key budget assumptions considered by Services and financial staff in terms of assessing the robustness of their budgets are shown below:
- a) The treatment of inflation and interest rates.
 - b) The treatment of demand led pressures.
 - c) The treatment of efficiency savings/productivity gains.

- d) The financial risks inherent in any significant new funding partnerships, major outsourcing deals, or major capital developments.
- e) The availability of other funds to deal with major contingencies.
- f) The Service's track record in budget and financial management.
- g) The Service's capacity to manage in-year budget pressures.

3.1.5. The full key budget assumptions and comments by the Chief Executive and Executive Directors have been used in constructing all budget proposals.

3.1.6. Corporate and service processes are under continuous review and improvement. Over the last few years there has been a sustained emphasis on a robust scheme of budget monitoring with an improved reporting format to Cabinet and Members in 2020/21, which was further improved in 2021/22. Additionally, the regular review and monitoring of the annual budget savings that was introduced by the current Executive Director of Finance & Resources will continue in 2022/23.

3.1.7. There are also clear plans in place for the continuous improvement and development of the ERP system (Business World) covering both Financial and HR systems. This will strengthen the authority's capacity and ability to monitor more effectively the overall budget. Continual improvement in these processes will also assist in the prevention or at least the earlier identification of issues to be dealt with in the budget and Medium Term Financial Strategy and allow for any in-year rebalancing to be undertaken as soon as possible if required. Nevertheless, in preparing a comprehensive budget for such a complex Organisation, unforeseen issues will undoubtedly still arise throughout the year and in the future.

3.2. Robustness of Estimates - General Fund Revenue Budget

3.2.1. The 2022/23 budget and Southend 2050 ambition, themes, COVID-19 recovery plans and five-year roadmap continues the need and our commitment to target our financial resources to delivering better outcomes and effectively manage risks. In addition to improving efficiency, there are clearly choices for the Council in this respect:

- a) To increase financial resources to meet demand and reduce risk, and/or
- b) To reduce (where possible) service levels and standards, frequency of service delivery, and eligibility for services.

3.2.2. As part of developing the budget, Members of the administration have considered these options and the outcome of these deliberations are reflected in the proposed overall budget package.

3.2.3. Most notably the Council has had to address major cost increases and pressures as well as corporate priorities including:

- a) Employee costs.
- b) Demographic and cost pressures for Adult and Children Social Care.
- c) The cost of prudential borrowing within the capital programme.
- d) Shortfalls in income and grant income.
- e) Inflation.

3.2.4. The factors and risks considered in developing the proposed budget and recommendations on reserves are contained in each of the Executive Directors proposals surrounding their Service budget.

3.2.5. These assumptions will require the forecasts for future years to be reviewed early in each financial year leading to more detailed budgets during the autumn of each financial year.

3.3. Financial Sustainability Strategy

3.3.1. The Council has previously developed a high-level long-term strategy that is designed to frame its financial future and intentions. This strategy helps set the context for the Medium Term Financial Strategy, guide the Council's approach to maximising resources, prioritising investment and the effective targeting of resources to deliver the ambitions and outcomes contained within the Southend 2050 programme and roadmap phases.

3.3.2. Its primary purpose is to outline the Council's approach, desire, and commitment to achieving financial sustainability by embracing the area's economic potential, growing our local tax base and increase sustainable income capabilities.

3.3.3. Given the unprecedented circumstances and challenges caused by COVID-19 in 2020/21 and 2021/22, the Council has committed to reviewing this strategy again as part of the budget process for 2022/23. An updated Financial Sustainability Strategy (2022 -2032) will be developed and considered for approval in February 2022.

3.4. Medium Term Financial Strategy

3.4.1. The Council needs to deliver its Medium Term Financial Strategy reflecting the continuing impact of the proposed budget and only planned growth in relation to issues that are unavoidable. Within the current uncertain financial climate, it is very likely that service improvement and reasonable Council Tax increases, without key service reductions, will only be achieved through improving efficiency, clear prioritisation and adopting a new more commercial approach to income generation.

3.4.2. An updated Medium Term Financial Strategy (2022/23 – 2026/27) will be developed and considered for approval in February 2022.

3.5. Adequacy of Reserves – General Fund Revenue Budget

3.5.1. Under the Local Government 2003 Act the Secretary of State has powers to set a minimum level of reserves. The most likely use of this power is where an authority is running down its reserves against the advice of their S151 Officer.

3.5.2. Determining the appropriate levels of reserves is not a precise science or a formula e.g. a simple percentage of the Council's budget. It is the Council's safety net for risks, unforeseen or other circumstances. The reserves must last the lifetime of the Council unless contributions are made from future years' revenue budgets. The minimum level of balances cannot be judged merely against the current risks facing the council as these can and will change over time.

3.5.3. Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budget preparation, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions, and the Council's track record in budget management. It is also a professional judgement on the external factors that influence the Council's current and future funding position.

3.5.4. The consequences of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run the serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

3.5.5. The recommendation on the prudent level of reserves has been based on the robustness of estimate information and the Corporate Risk Register. In addition, the other strategic operational and financial risks considered when recommending the minimum level of unallocated General Fund reserves include:

- a) There is always some degree of uncertainty over whether the full effects of any economising measures and/or service reductions will be achieved. The Executive Directors have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.
- b) The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority can claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government.
- c) The risk of major litigation, both current and in the future.

- d) Risks in the inter-relationship between the NHS and Social Service authorities coupled with the responsibilities of Public Health.
- e) The Local Council Tax Support Scheme with less Government funding and increases in caseload at the Council's own risk
- f) Issues arising from the final Housing Benefit Subsidy Claim.
- g) The localisation of Business Rates including the impact of businesses declining in the borough boundaries.
- h) New and impending legislation.
- i) Unplanned volume increases in major demand led budgets, particularly in adult and children's services, learning disabilities, physical and sensory impairment, and housing benefits.
- j) The need to retain a general contingency to provide for some measure of unforeseen circumstances which may arise. This part of the reserves is not provided for directly but indirectly on the assumption that the financial risks identified will not all crystallise.
- k) The need to retain reserves for general day-to-day cash flow needs. This is minimal given the level of cash the Council holds at any given time.
- l) The potential impact nationally, regionally, and locally of new climate change initiatives and commitment to our green agenda.
- m) The longer-term impact of the pandemic on the finances and operational arrangements of the Council.
- n) There remains some ongoing uncertainty over the impact of Brexit.

3.5.6. Further exceptional risks identified may have a potential and serious call on reserves. The Council is advised to be cautious about these risks and commit to restoring any drawn down reserves in line with the Medium Term Financial Strategy.

3.5.7. In these circumstances, I will require the Council, Cabinet, Chief Executive, Executive Directors and Directors:

- a) To remain within their service budget for 2022/23 and within agreed medium term financial strategy parameters for future years (2023/24 to 2026/27) with a strict adherence to recovering overspends within future years' financial plan targets.
- b) Repayment to reserves in line with the Medium Term Financial Strategy should these risks materialise.
- c) Direct any windfall revenue savings/underspends to reserves should the General Fund Revenue Reserves Strategy require it.

3.6. Estimated Earmarked General Fund Revenue Reserves

3.6.1. I have reviewed the Council's General Fund earmarked revenue reserves which are estimated to amount to circa. £69.1 million as at 1st April 2022. This will be compiled of key reserves for Capital at £25.3 million, Corporate at £20.3 million, Grants at £9.0 million, Insurance at £6.0 million and Service Reserves at £8.5 million. Further consideration and potential reassessment of all earmarked reserves will be undertaken considering budget decisions taken in February 2022.

3.7. Estimated Earmarked Housing Revenue Account Revenue Reserves

3.7.1. I have reviewed the Council's Housing Revenue Account earmarked revenue reserves which are estimated to amount to £29.6 million as at 1st April 2022. This is compiled mainly of a Capital Investment reserve of £22.8 million and Major Repairs reserve of £6.1 million.

3.8. Schools' Balances

3.8.1. Schools' balances, while consolidated into the Council's overall accounts, are a matter for Governing Bodies. Nevertheless, under the Council's Scheme for Financing Schools the Council has a duty to scrutinise whether any school holds surplus balances. In Section 4.1 of the Council's Scheme is "The right to carry forward surplus balances" identifies that Schools may carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

3.8.2. Any revisions to the Council's Scheme for Financing Schools in respect of balances will be amended in line with the requirements of the Secretary of State for Education with minor amendments agreed by the Schools' Forum.

3.8.3. I am satisfied that the arrangements in place are adequate.

3.9. Capital Investment Programme – 2022/23 to 2026/27

The Capital Budget

3.9.1. Projects, included in the capital investment programme, were prepared by Directors and managers in line with financial regulations and guidance. All projects were agreed by the relevant member of CMT and Cabinet Member and are fully funded for their estimated cost.

- 3.9.2. Projects have been costed at outturn prices with many subject to tender after inclusion in the programme. This may lead to variance in the final costs.
- 3.9.3. Services are required to work within the given cash envelope so any under or over provision must be found within these limits.

Capital Investment Programme Risks

- 3.9.4. The risk of the Council being unable to fund variations in the programme is minimal mainly due to phasing of projects. The Council can freeze parts of the programme throughout the year to ensure spend is within the agreed financial envelope, although this may have service implications.
- 3.9.5. A further key risk to the capital investment programme is the ability of the Council to fully deliver it within the agreed timescales.
- 3.9.6. In relation to the General Fund and HRA Capital Investment Programme specifically for 2022/23 (including commitments from previous years and new starts):
 - a) The HRA Capital Investment Programme will need to be contained within total programme cost by delaying or stopping specified schemes.
 - b) The General Fund Capital Budget is substantial but is based on the best information available in terms of project costs. What is less certain is the phasing of expenditure.
 - c) The strategic schemes identified in the Capital Investment Programme will be closely monitored in-year.
 - d) That the funding identified for the approved Capital Investment Programme is delivered and is proportionate, prudent, affordable, and sustainable.

Appropriations to and from General Fund Earmarked Reserves

Appropriations for 2022/23

The proposed appropriations to and from earmarked reserves included within the 2022/23 budget are:

Appropriations to Reserves

1. £675,000 to the New Homes Bonus Reserve

The Council currently continues to receive New Homes Bonus Grant. Given the uncertainty over the level of this grant in the future, it is proposed that any monies continue to be used to support one-off projects.

2. £2,000,000 to the Pensions Reserve

This appropriation provides some flexibility by beginning to rebuild the Pensions Reserve to ensure that the Council has sufficient provision to cope with future pension fund evaluations.

Total Appropriations to Reserves

£2,675,000

Appropriations to and from General Fund Earmarked Reserves

Appropriations from Reserves

1. £2,918,000 from the Capital Reserve

£418,000 to fund several capital projects proposed as part of the 2022/23 budget package plus £2,500,000 to support the overall budget. This £2,500,000 will be repaid into the reserve over the following four years at a rate of £625,000 per annum.

2. £150,000 from the New Homes Bonus Reserve

To fund proposed one-off investments during 2022/23.

3. £1,014,000 from the Business Transformation Reserve

To continue to fund £285,000 of one-off investments agreed in prior years (2020/21), £494,000 to fund projects agreed during 2021/22, and £235,000 of transitional one-off of pilot investments proposed for 2022/23.

4. £300,000 COVID-19 Recovery and Response Reserve

To fund proposed one-off investments during 2022/23.

5. £120,000 Climate Change and Green Initiatives

To fund proposed one-off investments during 2022/23.

6. £250,000 from the Outcome Delivery Reserve

This is to fund proposed interventions in 2022/23 which will provide better improved outcomes in line with our 2050 ambitions, agreed in prior years (2020/21).

7. £36,000 from the Elections Reserve

In line with the purpose that this reserve was set up, £36,000 will be released in 2022/23 in support of the costs of staging the Borough elections in May 2022.

8. £200,000 from the Schools Improvement Reserve

To fund proposed investment into Schools Improvement for 2022/23, agreed in prior years (2020/21).

Total Appropriations from Reserves

£4,988,000

Summary of General Fund Revenue Estimates

	Original Budget 2021/22	Probable Outturn 2021/22	Draft Budget 2022/23
	£000s	£000s	£000s
Portfolios			
Leader: Economic Recovery & Regeneration	6,593	7,005	7,183
Deputy Leader: Transport, Asset Management & Inward Investment	373	2,080	336
Adult Social Care & Health Integration	40,768	41,201	44,779
Children and Learning	30,871	34,120	32,628
Communities & Housing	4,127	4,356	4,617
Corporate Services & Performance Delivery	18,167	18,928	19,200
Environment, Culture, Tourism & Planning	8,044	9,122	8,654
Public Protection	13,859	15,547	14,064
Portfolio Net Expenditure	122,802	132,359	131,461
Levies	645	645	680
Contingency	3,688	2,064	3,323
Pensions Triennial Review	(2,000)	(2,000)	(2,000)
Financing Costs	17,530	17,905	18,651
Total Net Expenditure	142,665	150,973	152,115
Contribution to / (from) earmarked reserves	(303)	(3,223)	187
Revenue Contribution to Capital	1,409	1,409	418
Non Service Specific Grants	(7,924)	(14,011)	(12,432)
Total Budget Requirement	135,847	135,148	140,288
Met from:			
Revenue Support Grant	(6,082)	(6,082)	(6,244)
Business Rates	(38,129)	(38,572)	(38,200)
Collection Fund Surplus	(1,500)	(1,500)	(1,500)
Capital Reserve	(2,500)	0	(2,500)
Council Tax Requirement	87,636	88,994	91,844
Council Tax	(78,576)	(78,576)	(80,945)
Adult Social Care Precept	(9,060)	(9,060)	(10,899)
	(87,636)	(87,636)	(91,844)

The probable outturn is as reported to Cabinet on 13th January 2022.

It is anticipated that the current forecast overspend will be met by a combination of additional COVID-19 Government support (Control Outbreak Management Fund) or using corporate contingency if required.

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Reference	Reason for Investment	Estimated Staffing Implications	Total £
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Unavoidable Pressures

Safe and Well			
SW01-UP	<p>Adult Demographic Change</p> <p>Every year the number of people eligible for adult social care increases. This increase is made up of people receiving services as children who turn 18 and are eligible for adult social care, adults of working age and older people who become newly eligible for support through a change in personal circumstances, and people whose needs increase as a result of increased frailty or complexity. This amount is calculated from known costs for children turning 18, and a set of assumptions about population change for older people and adults of working age.</p>	n/a	830,000
SW02-UP	<p>Adult Social Care Provider Uplifts - Residential, Supported Living, Day Services</p> <p>This additional investment is to cover the increases in costs for providers of adult social care. It is intended to cover costs relating to increases in National Living Wage, National Insurance, and other costs increases. This will help to improve the pay and conditions of the social care workforce and support the stability of the provider market. The additional monies set aside for this area will support an increase in prices paid for care and enable care providers to increase minimum wages so that they are able to meet statutory requirements. Detailed modelling has been carried out and the intention is to award increases as set out below. This is subject to final review and confirmation and individual providers may receive different amounts depending on individual circumstances.</p> <ul style="list-style-type: none"> • Residential Care 7.1% (<i>correction of rate published in Jan 2022</i>) • Supported Living 7.4% • Interim Residential/Respite 7.1% • Day Services 7.8% 	n/a	2,161,000
SW03-UP	<p>Adult Social Care Provider Uplifts - Direct Payments</p> <p>Direct payments are funds provided to individuals to purchase their own care and support. Then majority of these funds are spent on services provided by individuals or companies and an estimate of the impact of wage and cost increases has been allowed for to enable direct payment recipients to increase their payments to providers at the same rate as the council, including taking homecare and PA support, to the equivalent hourly increase.</p>	n/a	806,000
SW04-UP	<p>Essential Living Fund</p> <p>This investment is required to realign the base budget of this programme and to continue to fund the ongoing support delivered by the Essential Living Fund Team to local eligible residents. This proposal ensures that there is a permanent budget to continue to fund this main programme of activity for vulnerable residents.</p>	n/a	117,000

Reference	Reason for Investment	Estimated Staffing Implications	Total £
SW05-UP	Safeguarding Board Investment This represents an additional contribution to the cost of the safeguarding boards covering adult safeguarding and children's safeguarding. The safeguarding boards are funded by a partnership of agencies across Southend.	n/a	30,000
SW06-UP	Independent Health Complaints Advocacy The independent health complaints advocacy service is funded by a grant from central government. This investment will cover an increase in cost caused by the move of the service to South Essex Advocacy Services. This change will provide a clear and more consistent route to advocacy for people who need it.	n/a	28,000
Safe and Well Total		-	3,972,000
Connected and Smart			
CS01-UP	ICT increase in annual support / maintenance costs This investment supports the significant investment in the ICT network infrastructure and the connections to a wide variety of sites across the Borough which is more critical than ever with the significant increase in mobile working.	n/a	200,000
Connected and Smart Total		-	200,000
Future Ways of Working			
FW01-UP	Pay and Increments Provision has been included for a pay award for all staff and spinal point increments for all eligible staff. If the cost of the pay award settlement is more than this provision then it will have to be funded from reserves for 2022/23 and then built into the Council's base budget the following year. The investment also provides for the 1.25% increase in Employer National Insurance contributions during 2022/23.	n/a	3,650,000
FW02-UP	Inflation Provision Provision for the impact of inflation on existing contracts, e.g. energy.	n/a	600,000
FW03-UP	Investment, Income and Financing Costs Review The budget includes provision for financing costs of the Council's Capital Investment Programme, offset by investment income and other interest receivable.	n/a	1,204,000
Future Ways of Working Total		-	5,454,000
Unavoidable Pressures Total		-	9,626,000

Reference	Reason for Investment	Estimated Staffing Implications	Total £
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Investment Asks

Safe and Well

SW07-IA	<p>Adult Social Care Provider Uplifts - Homecare</p> <p>Homecare is a key element of the support that the council offers to vulnerable people and has faced considerable issues over the last year. The impact of both increases demand (approximately 15% more care over the last year) and workforce challenges have resulted in a significant shortage of home care staff.</p> <p>This has had a substantial impact on people needing care – some of whom have had to wait longer than they should for permanent care packages and may have had to remain in a hospital or care home for longer than they need, on the health and social care system – where the reduction in capacity has led to flow issues, and on providers – who are having to work harder than ever to recruit staff and ensure visits are covered.</p> <p>Because of the current concerns about the homecare market, and the broad shortage of staff we are recommending an increase in our home care rate from £16.57 an hour to £19 an hour. This increase takes into account increases in National Living Wage, National Insurance, and other cost increases, as well as the particular circumstances of the homecare market in Southend.</p>	n/a	1,316,000
SW08-IA	<p>Adult Social Care Provider Uplifts - Residential Care Legacy Rate</p> <p>This corrects a historical position where some care home placements are funded at a lower rate than the standard agreed basic rate, and uplifts these payments to the new agreed minimum level for care home placements in Southend. This will ensure a good quality of care for people receiving these services.</p>	n/a	125,000

Reference	Reason for Investment	Estimated Staffing Implications	Total £
SW09-IA	<p>Children's Social Work Creation of five additional Children's Social Worker (SW) posts and the introduction of a qualified SW Advanced Practitioner scheme. The additional posts are planned in the following areas; Children with Disabilities, Adolescence Intervention and Children in Need/Looked After Children (three posts). The Advanced Practitioner (AP) scheme will introduce flexibility in the number of AP posts in frontline Children's Social Worker teams. This will reduce expenditure on agency social workers by making it easier to recruit and retain experienced qualified social workers. Up to ten SW posts will convert to AP posts in the frontline Children's Social Worker teams that are hard to recruit to. When an AP post is vacated there will be opportunity for current SW post holders to be promoted, provided the criteria and competitive interviewing process is successfully completed. The SW post will then be recruited to through the normal routes. The teams to be included will be those that are hard to recruit to, that are large enough to support more than one AP post and that deliver frontline statutory social work services to Children subject to Child Protection Plans and Looked After Children.</p>	5.00	350,000
SW10-IA	<p>Housing staffing Due to legislative changes, the Housing team are facing unprecedented demand. This investment will fund a number of staff in both the Housing Register and Housing Solutions teams. This increased capacity will provide a more responsive and transparent service which users understand and are engaged with.</p>	4.00	200,000
SW11-IA	<p>Community Safety Investment Increased capacity is required within the Community Safety team to respond to a wide variety of issues across the Borough. This investment will provide additional Community Safety Officers, as well as an Operations Coordinator to deliver office based functions allowing the team to remain visible across the Borough.</p>	5.00	250,000
SW12-IA	<p>Increase in Public Health Burials In 2019/20 the team were asked to assist with 41 public health burials. Arrangements were made for 21 with the remainder being arranged once next of kin had been found or someone else had agreed to undertake the burials. In 2020/21 there was an increase in referrals to 78, with arrangements being made for 34 and the remainder again being arranged by other persons. Midway through 2021/22, there had been 42 referrals, which extrapolates to 84 for the year, again an increase. This investment will allow us to increase the officer resource from 0.2 FTE to 0.6 FTE, the level required to meet current need.</p>	0.40	20,000

Reference	Reason for Investment	Estimated Staffing Implications	Total £
SW13-IA	Parking lines and signs The maintenance of lining and signage across the Borough is currently reactive. This investment will facilitate a proactive maintenance programme of road markings and signs. This will improve safety and also ensure that valid Penalty Charge Notices remain enforceable.	n/a	100,000
SW14-IA	Street Lighting column replacements A number of street lighting columns are damaged each year by vehicles. Where possible these costs are recovered from insurance companies but where suitable evidence is not available or the driver is uninsured we remain responsible for incurring the cost of replacing the damaged street furniture. This will bring the budget into line with the average expenditure incurred over the last 4 years.	n/a	100,000
Safe and Well Total		14.40	2,461,000
Opportunity and Prosperity			
OP01-IA	Planning Graduates There has been a significant increase in planning applications over the last few years and this investment seeks to alleviate some of the pressure faced by our Planners. Recruitment in this sector is notoriously difficult and this proposal intends to 'grow our own' by offering roles to graduates with a training package in place to support their planning qualifications.	2.00	80,000
Opportunity and Prosperity Total		2.00	80,000
Future Ways of Working			
FW04-IA	Loss of school's income across a range of services As more school's in the Borough have converted to Academy status, and become part of multi-academy trusts, there has been a corresponding reduction in the purchase of services from the Council. This investment will remove what are now unachievable income targets.	n/a	250,000
FW05-IA	Rightsizing of General Fund Council Tax Budget An expected increase in income during 2021/22 was reflected in the Collection Fund, where Council Tax and Business Rates are accounted for. This additional income was originally accounted for in the General Fund and is now being transferred to Collection Fund.	n/a	200,000
Future Ways of Working Total		-	450,000
Investment Asks Total		16.40	2,991,000

Reference	Reason for Investment	Estimated Staffing Implications	Total £
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Transitional (Pilots & One-Offs)

Pride and Joy

PJ01-TR	<p>Stop the use of Glyphosate in parks and open spaces</p> <p>The majority of weed control is currently undertaken by the use of systemic herbicide with the active ingredient of glyphosate.</p> <p>The Council has received comments from interest groups and individuals relating to the use of glyphosate-based herbicides calling for a reduction or a complete end to their use on Council managed land in the Borough due to their concerns over potential impact on bees and other insects and people's health. As a result of this representation alternative methods of control will be investigated.</p> <p>To eliminate the use of glyphosate in the Borough's parks and green spaces, with a minimum impact on the appearance of the sites, a mixed approach is seen as the best option. This will include manual removal of weeds, the application of mulch on shrub beds, hot water/foam used on hard surfaces in Children's play areas and where necessary the application of non-glyphosate based weed killer using knapsack sprayers on other hard surfaces.</p>	n/a	120,000
Pride and Joy Total		-	120,000

Safe and Well

SW21-TR	<p>Liberty Protection Safeguards</p> <p>In April 2022 the Deprivation of Liberty Safeguards (DoLS) will be replaced by the Liberty Protection Safeguards (LPS). The Liberty Protection Safeguards (LPS) will provide protection for people aged 16 and above who are, or who need to be, deprived of their liberty in order to enable their care or treatment and lack the mental capacity to consent to their arrangements. People who might have a LPS authorisation include those with dementia, autism and learning disabilities who lack the relevant capacity. DOLS and LPS are the bedrock of the protection of Human Rights and safe practice. This transitional investment is for co-ordinating the implementation of LPS through the management and oversight alongside organisational governance and reporting.</p>	1.00	60,000
SW22-TR	<p>Care Home Support</p> <p>Investment in additional resource (1 FTE post) for 12 months to provide support to residents of care homes where the provider chooses to close the home. This support will enable people to find alternative placements quickly and efficiently and will be offered to both Council funded and self-funding residents.</p>	1.00	100,000
SW23-TR	<p>Housing staffing</p> <p>Investment is required to support the key strategic developments and direction of the Housing department in light of a number of legislative changes in the Social Housing White Paper. The arrangements will be re-evaluated prior to the end of 2022/23.</p>	3.00	150,000

Reference	Reason for Investment	Estimated Staffing Implications	Total £
SW24-TR	<p>Assurance and Inspection</p> <p>The government has announced a new process for inspection of local authority adult social care. This will be led by the Care Quality Commission and will involve a national assurance and reporting process. This funding puts in place some preparation resource for the first year of the new inspection regime.</p>	1.00	75,000
Safe and Well Total		6.00	385,000

Opportunity and Prosperity

OP02-TR	<p>Economic Recovery</p> <p>This one-off investment will add capacity to ensure that the Council effectively manages relationships with key strategic and delivery partners. It will add additional capability to engage in direct delivery of business, skills and employment activity, which is a key element of the Government's 'Levelling Up' agenda.</p>	4.00	200,000
OP03-TR	<p>Events 2022 Programme</p> <p>This one off funding will deliver a programme of events throughout 2022 as part of Southend's new City Status, bringing additional visitors to the town and an enhanced level of civic pride.</p>	n/a	100,000
Opportunity and Prosperity Total		4.00	300,000
Transitional (Pilots & One-Offs) Total		10.00	805,000

Unavoidable Pressures Total	-	9,626,000
Investment Asks Total	16.40	2,991,000
Transitional (Pilots & One-Offs) Total	10.00	805,000
Revenue Investment Total	26.40	13,422,000

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Introduction

Reference	Detail of Proposal	Staffing Implications	Financial Impact				
			2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Saving Proposals							
Pride and Joy							
PJ02-SP	Expectation of saving from waste disposal procurement We intend to reduce the Council's waste disposal burden by running a procurement for the disposal of non-recyclable waste, currently sent to landfill. Soft market testing already performed has indicated a good level of interest in the market, offering Value for Money, capacity and environmentally sustainable solutions, e.g. energy from waste (EFW) and solutions that deliver carbon benefit.	n/a	(112,000)	(250,000)	(250,000)	(250,000)	(250,000)
PJ03-SP	Review of Cemeteries and Crematorium fees and charges It is important to ensure that our fees and charges are regularly reviewed and are kept in line with other providers. Indications are that we are currently below similar authorities and an increase is therefore advisable. For a schedule of proposed changes see Appendix 9.	n/a	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
Pride and Joy Total		-	(202,000)	(340,000)	(340,000)	(340,000)	(340,000)
Safe and Well							
SW25-SP	Electronic Time Monitoring for Homecare Expansion of the existing electronic time monitoring system for homecare providers, including shifting new providers into using the service, moving to mobile entry, and expanding outcomes recording will generate efficiencies in homecare delivery. <i>This saving is dependent on SW07-IA.</i>	n/a	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
SW26-SP	Disabled Facilities Grant and Equipment The equipment service provides an essential function - providing people small pieces of equipment that are essential to independent living. This saving is generated by increased NHS contributions to the cost of the service, with a 50% funding from each partner in place, and the use of the Disabled Facilities Grant to fund elements of the service. <i>Linked to 2021/22 Budget Transformation Programme, reference BTP-SW03.</i>	n/a	(230,000)	(230,000)	(230,000)	(230,000)	(230,000)
SW27-SP	Increased Client Contributions The Care Act allows local authorities to charge people a fair contribution towards the cost of care. In any financial assessment individual circumstances will continue to be taken into account. People are only charged when they can afford to pay all or part of the actual cost of their care. No one will pay more the care actually costs the council to deliver. Each year the cost of care rises as a result of increased payments to providers, and the amount people have to pay for care also increases. These two factors, together with assumptions about the increase in the aging population mean we are assuming increased charging income in future years.	n/a	(300,000)	(609,000)	(927,000)	(1,255,000)	(1,255,000)
SW28-SP	Early Help staffing review Our commitment at the Early Help Single Front Door (EH SFD) is to provide children and families with help as soon as needs present themselves, regardless of age, to prevent those needs from escalating and requiring more intensive help and support later. Co-location of teams has proved very successful over the last three years and during this time the EH SFD has become more of an administrative role than a decision making one. The saving is achieved through a small restructure re-aligning management resource to a front-line worker.	-	(27,000)	(27,000)	(27,000)	(27,000)	(27,000)
Safe and Well Total		-	(707,000)	(1,016,000)	(1,334,000)	(1,662,000)	(1,662,000)

Reference	Detail of Proposal	Staffing Implications	Financial Impact				
			2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Opportunity and Prosperity							
OP04-SP	Advertising on council waste assets Sale of advertising space on litterbins, waste vehicles, public toilet cubicles and other assets.	n/a	(5,000)	(7,000)	(10,000)	(10,000)	(10,000)
Opportunity and Prosperity Total		-	(5,000)	(7,000)	(10,000)	(10,000)	(10,000)
Connected and Smart							
CS04-SP	Pay & display tariff standardisation After the significant piece of work undertaken to create parking zones across the Borough to standardise parking charges within similar areas in 2021/22, it is now proposed to simplify them even further by standardising the hourly rate in zone 1a which reflects the same approach as all other zones across the Borough. This will provide a standard approach across the Borough where the relevant hourly charge applies for each hour within the appropriate zone. For a schedule of charges for zone 1a see Appendix 9.	n/a	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
CS06-SP	Reduction of concessionary fares support to match usage We are currently paying at pre-covid levels of usage. Over the next few years, in line with DfT guidance we can adjust the payments to meet current actual usage levels. This is in line with the payment calculator method. However, if ridership returns to at, or near pre-covid levels, then the concessionary fare payments will increase.	n/a	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Connected and Smart Total		-	(550,000)	(550,000)	(550,000)	(550,000)	(550,000)
Future Ways of Working							
FW06-SP	Increased fees & charges yield To increase fees & charges by October 2021's Consumer Price Index of 4.2% unless they are already being changed significantly, as detailed elsewhere in the budget papers.	n/a	(800,000)	(1,400,000)	(2,000,000)	(2,600,000)	(3,200,000)
FW07-SP	Housing Benefit & Council Tax verification software Removal of Risk Based Verification software for the processing of Housing Benefit (HB) and Council Tax Reduction (CTR) claims. This will provide a faster turnaround on processing HB and CTR applications ensuring vulnerable residents receive the support they need in a timely manner. This change will remove unnecessary contact and processes for the resident and reduce bureaucracy. The minimal risk that a fraudulent claim could be submitted is considered to be mitigated by our involvement in the national fraud initiative (NFI) and HB award accuracy scheme (HBAA). <i>Linked to 2021/22 Budget Transformation Programme, reference BTP-ES01.</i>	n/a	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)
FW08-SP	Financial Services staffing review An update to the Financial Services staffing structure has released establishment budget. The new structure has been designed to support the new Senior Management structure of the Council more effectively and build on the inherent strengths of the previous arrangements, ensuring greater integration and synergy, increasing resilience whilst also building new capabilities and expertise. Modernising the historical structural arrangements also provides greater clarity of purpose and clear accountability which will enable the finance team to respond more positively and effectively to new demands and requirements. <i>Linked to 2021/22 Budget Transformation Programme, reference BTP-ES03.</i>	-	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)

Reference	Detail of Proposal	Staffing Implications	Financial Impact				
			2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
FW09-SP	Council Tax Base additional increase 0.28% The number of Band D equivalent properties in the Council Tax Base has increased by 0.78% in 2021/22, against the original estimate of 0.5%. This saving represents the increased amount of Council Tax which we expect to collect as a result.	n/a	(271,000)	(542,000)	(813,000)	(1,084,000)	(1,355,000)
Future Ways of Working Total		-	(1,156,000)	(2,027,000)	(2,898,000)	(3,769,000)	(4,640,000)
Savings Proposals Total		-	(2,620,000)	(3,940,000)	(5,132,000)	(6,331,000)	(7,202,000)

Invest to Save

Safe and Well							
SW15-IS	ABLE2 Team Able 2 is an innovation site that has adopted an Occupational Therapist led approach whereby care is observed, and conversations are focussed on the person's aims for excellence in care and living their life as independently as possible. Focussing on what is important to the person, what strengths and goals they have and what may need to be changed has resulted in care being replaced with new equipment or advice and new methods or change in care calls (generally reductions). The reduction in care packages has freed up care capacity which can then be offered to other individuals as well as resulting in a saving to the care purchasing budget. One year investment of £60,000 to continue an OT post will generate savings of £150,000 each year.	1.00	(90,000)	(150,000)	(150,000)	(150,000)	(150,000)
SW16-IS	Learning Disability Services Transformation We will work with people with learning disabilities to transform services so that they are local, strengths based, and independence n focused, bringing people back to the borough and enabling them to live in their local community. This will be combined with a focus on effective service pathways and tighter control of contracts and frameworks. It is expected this will generate £300,000 of savings each year, with an initial investment of £75,000 in the first year. <i>This figure includes the agreed saving from 2020/21 with reference SW05.</i>	1.00	(225,000)	(300,000)	(300,000)	(300,000)	(300,000)
SW17-IS	Shared Lives Expansion Shared Lives Schemes offer people with learning disabilities the chance to live in ordinary family homes. This investment will expand the Southend Care Limited Shared Lives Scheme, enabling the service to grow by four long term placements per year (plus two placements over the term). This will deliver a better life for people in the placements, and a saving to the council as shared lives placements are at a lower cost than equivalent other placements.	n/a	(15,000)	(25,000)	(11,000)	(20,000)	(20,000)
SW18-IS	Commercial Improvement Commercial negotiation and contract reviews with key providers to deliver efficiencies and an increased commercial focus.	1.00	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)

Reference	Detail of Proposal	Staffing Implications	Financial Impact				
			2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
SW19-IS	<p>Enhanced In-house Foster Care Offer</p> <p>There has been a decline in the availability and quality of local in-house fostering households over the past couple of years this investment will support the reverse of this trend and allow local children/young people to be placed with high quality local foster carers.</p> <p>Due to the decline within the Council's own fostering provision the number of external placements have increased, we are using more independent fostering agencies and more residential placements.</p> <p>Often where external provision is used children/young people are placed at a distance from the Borough – this is not in keeping with legislation nor our own values and principles.</p> <p>The invest to save proposal will enable us to provide a better financial/support offer to current foster carers but will also attract new carers to the service thus reducing the dependency of private high cost providers.</p> <p>Investment of £250,000 will generate a saving of £250,000 in the same year, increasing by £150,000 in each of the following three years.</p>	n/a	-	(150,000)	(300,000)	(450,000)	(450,000)
Safe and Well Total		3.00	(390,000)	(685,000)	(821,000)	(980,000)	(980,000)
Connected and Smart							
CS02-IS	<p>Public Interface Transformation</p> <p>The proposal is to review the operation of some of the most labour intensive and frequent enquiries/transactions with Southend residents related to traffic and highways. Once the processes are fully mapped out, a lean approach will be used to develop investment cases for:</p> <p>1) Improvements to the MySouthend portal – allowing public to find answers to most traffic and highways service-based questions</p> <p>2) Artificial intelligence (AI) – allowing automation of frequent transactions/interaction</p> <p>3) Customer engagement officer – key contact where technical input is required outside the scope of 1) & 2) above.</p> <p>4) Customer relationship officer – this role would be used to support 1,2 and 3 above, including AI automation, self-service and using methods such as social media to identify 'education' opportunities to promote greater self-service and reduce calls on the service. The investment to review the process and develop the AI automation will take place in the first 12 months, as will our support of the SBC project to redevelop the MySouthend portal. The customer relationship role will also start in year one, with the engagement officer in year two. The following year will start to see the improvements and savings as detailed above.</p>	2.00	150,000	100,000	(70,000)	(200,000)	(200,000)
CS03-IS	<p>Highway Improvements</p> <p>The key to effective asset management is data; the more we have, the better the results that can be delivered. With improved data we can become much more proactive in our approach and spot defects early or even predict where they might occur in the future. The Highways Improvement process hopes to utilise this approach by not only reducing the poor condition of our network but working proactively in producing integrated schemes that address multiple issues, target areas of decline before they reach a poor state and develop a better street scene. All these schemes are intended to deliver greater value for money, reduce disruption to residents and reduce our carbon footprint.</p> <p>This investment will allow the expansion and improvement of condition surveys to cover all network assets, as well as the integration of other data, e.g. footfall data.</p>	n/a	150,000	(150,000)	(150,000)	(150,000)	(150,000)
Connected and Smart Total		2.00	300,000	(50,000)	(220,000)	(350,000)	(350,000)
Invest to Save Total		5.00	(90,000)	(735,000)	(1,041,000)	(1,330,000)	(1,330,000)

Reference	Detail of Proposal	Staffing Implications	Financial Impact				
			2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £

Agreed Savings from Prior Year (2021/22)

Safe and Well							
PY-SW01	Review of Supported Accommodation & Supporting People contracts, to ensure they are targeted, effective and best meet the needs of adults. Developing a better and more agile housing offer to provide clear targeted pathways of support for people living with mental health and learning disabilities.	n/a	(300,000)	(300,000)	(500,000)	(500,000)	(500,000)
PY-SW02	Commercial negotiation and contract reviews with key providers to deliver efficiencies and an increased commercial focus.	n/a	(620,000)	(620,000)	(620,000)	(620,000)	(620,000)
PY-SW04	Targeted reviews of low cost home care packages. Ensuring that packages are commensurate with meeting need and, where appropriate, enabling people to become more independent. A saving of £267,000 was made in the 2021/22 budget which is reduced by £17,000 in year two to £250,000 and then by £142,000 in year three to £108,000.	n/a	17,000	142,000	142,000	142,000	142,000
PY-SW06	Mental health social work support for people in Southend is delivered by EPUT under a section 75 agreement. This is a standard partnership agreement. The current agreement has not been reviewed for some time and needs updating. We will work with EPUT to identify a shared way of delivering more effective and targeted support for people with statutory adult social care needs in relation to their mental health. We will also work to increase the focus on the delivery of prevention and support for the general population. We will develop these plans through coproduction and in light of changes patterns of both demand and support. This will take into account increased availability of community and voluntary sector delivered services.	n/a	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
PY-SW07	The Care Act allows local authorities to charge people a fair contribution towards the cost of care. We will carry out a review of rates used to assess contributions to care, alongside the current policy in relation to partial disregards on disability benefits and our approach to personal allowances. We will use both local evidence and national guidance in relation to a fair and consistent way of ensuring parity in contributions towards the cost of care. In any financial assessment individual circumstances will continue to be taken into account. People are only charged when they can afford to pay all or part of the actual cost of their care. No one will pay more the care actually costs the council to deliver. Any policy changes will be subject to an equality assessment prior to implementation.	n/a	(50,000)	(220,000)	(220,000)	(220,000)	(220,000)
PY-SW08	The aim is a refresh of our Strength based approach to Social Care that focusses on what really matters to people, their families and their communities. The commitment to co-design through conversation, innovation and engagement recognising that people and families just want to get on with their lives and a strength based approach to conversations can significantly reduce their reliance on formal care. Our current model of social care support brings in people to service before they actually need them. This reduce both independence, self reliance, and ignores the capacity of our local community to support each other. We will move to a right time right care right person approach. This will reduce the overall delivery of funded care support for individuals by delaying the start of care until a person actually needs it, and by sustaining independence as long as possible.	n/a	-	(200,000)	(200,000)	(200,000)	(200,000)
PY-SW10	Explore the provision of CCTV monitoring services for other networks.	n/a	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Safe and Well Total			-	(1,063,000)	(1,308,000)	(1,508,000)	(1,508,000)

Reference	Detail of Proposal	Staffing Implications	Financial Impact				
			2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Active and Involved							
PY-AI03	Further targeted integration of eligible expenditure and use of the Public Health grant to support Southend 2050 Ambitions and Outcomes.	n/a	(150,000)	(200,000)	(200,000)	(200,000)	(200,000)
PY-AI04	Negotiated planned increase in season ticket fees, following consultation with Bowls Clubs, to reduce the level of subsidy for this discretionary service.	n/a	(20,000)	(30,000)	(39,000)	(39,000)	(39,000)
Active and Involved Total		-	(170,000)	(230,000)	(239,000)	(239,000)	(239,000)
Opportunity and Prosperity							
PY-OP01	Introduce charging for Senior or Specialist Officer Attendance at Planning Pre-Application Advice Meetings.	n/a	(8,000)	(14,000)	(14,000)	(14,000)	(14,000)
PY-OP02	Introduce a new fee for offering a Fast Track or Premium Services for certain Planning Applications	n/a	(5,000)	(16,000)	(16,000)	(16,000)	(16,000)
PY-OP03	Explore the potential sponsorship opportunities of a number of parks.	n/a	(5,000)	(10,000)	(10,000)	(10,000)	(10,000)
PY-OP04	Ensure all parks buildings either have a lease or charged separately for usage.	n/a	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
PY-OP05	Review of Planning and Building Control Consultancy Service charges	n/a	(38,000)	(56,000)	(56,000)	(56,000)	(56,000)
PY-OP07	New rental income from the Costa Coffee development at the airport business park	n/a	(23,000)	(23,000)	(23,000)	(23,000)	(23,000)
Opportunity and Prosperity Total		-	(89,000)	(129,000)	(129,000)	(129,000)	(129,000)
Connected and Smart							
PY-CS02	ICT: Smart programme - a range of technology enabled initiatives to improve efficiency, productivity and the de-commissioning of obsolete products.	n/a	(150,000)	(440,000)	(440,000)	(440,000)	(440,000)
PY-CS04	Review of all Highways fees and charges	n/a	-	(50,000)	(100,000)	(100,000)	(100,000)
Connected and Smart Total		-	(150,000)	(490,000)	(540,000)	(540,000)	(540,000)
Future Ways of Working							
PY-ES02	Saving based on the interest costs on £10m of capital expenditure by not borrowing during 2021/22 (assumed borrowing would have taken place at the half year point) <i>The Council has intentionally externally borrowed less than it theoretical needs based on expert treasury management advice. Given the exceptional low borrowing rates that were available late in 2021 the Council did take the opportunity to borrow from the PWLB. The net position for financing costs fully incorporates this.</i>	n/a	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
PY-ES08	Better use of Email for communication. Improved efficiency and productivity by reducing reliance on hybrid mail. Corresponding reduction in postage costs. Rationalisation and reduction in the number of mobile phones and SIMs across the Council. Cease the use of Stor-a-file to hold all out archived documentation off site. Lyreco expenditure reduction as well as the resource requirements for invoice processing. Consumables and paper reduction due to less photocopying and printing requirements and improved use of more electronic methods. Move to electronic payslips for all Schools. In 2021/22 £91,000 was removed from the budget, the planned reintroduction of 50% is reflective of the fact that some costs are expected to increase again with the easing of COVID-19 restrictions. This will remain under review.	n/a	45,000	42,000	34,000	34,000	34,000
PY-ES10	Service redesign of the Business Support function right across the council to improve efficiency, productivity and value for money. Targeting the range of vacant posts, interim arrangements, fixed term contracts and use of agency staff. This is the second half of a saving totalling £1m. The first £0.5m was removed from the budget in 2021/22.	- 15.00	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)

Reference	Detail of Proposal	Staffing Implications	Financial Impact				
			2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £
PY-ES13	New income stream by securing a formal Laptop Disposal contract. An income target of £50,000 was introduced in the 2021/22 budget. The level of income is expected to fluctuate over the following years, driven by the need to upgrade the equipment staff have been issued with.	n/a	-	50,000	(100,000)	50,000	50,000
PY-ES14	Extra income received for eligible services delivered to the Housing Revenue Account.	n/a	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Future Ways of Working Total		- 15.00	(655,000)	(608,000)	(766,000)	(616,000)	(616,000)
Agreed Savings from Prior Year (2021/22) Total		- 15.00	(2,127,000)	(2,765,000)	(3,182,000)	(3,032,000)	(3,032,000)
Savings Proposals Total		-	(2,620,000)	(3,940,000)	(5,132,000)	(6,331,000)	(7,202,000)
Invest to Save Total		5.00	(90,000)	(735,000)	(1,041,000)	(1,330,000)	(1,330,000)
Agreed Savings from Prior Year (2021/22) Total		- 15.00	(2,127,000)	(2,765,000)	(3,182,000)	(3,032,000)	(3,032,000)
Revenue Savings Total		- 10.00	(4,837,000)	(7,440,000)	(9,355,000)	(10,693,000)	(11,564,000)

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Reference	Proposed Themes/Areas for Review
Pride and Joy	
BTP-PJ01	Review of the Grounds Maintenance service
BTP-PJ02	Review the hours of operation and attendance profile at all Household Waste Recycling
BTP-PJ03	Review of public toilet provision across the Borough, including new capital investment intentions, current condition surveys, usage levels, environment and social behaviour considerations and explore the potential for targeted charging for some services/facilities.
Safe and Well	
BTP-SW01	Review of all enforcement operations and arrangements.
BTP-SW02	Review professional and expert service support and capacity to reduce future insurance claims and liabilities.
BTP-SW04	Integrate a comprehensive demand management programme into the developing Childrens recovery plan.
BTP-SW05	Integrate a comprehensive demand management programme into the developing Adults Social Care recovery plan.
Active and Involved	
BTP-AI01	Review and where appropriate rationalisation of all administrative and operational buildings and assets to determine current and potential future use and to gain reassurance that all our property arrangements are 'fit for purpose' and providing value for money.
BTP-AI02	Review of Leisure Service provision
Opportunity and Prosperity	
BTP-OP01	Review potential general licensing opportunities in Parks
Connected and Smart	
BTP-CS01	Review of the current arrangements for using assistive technology, telecare and other mainstream computerised devices. Enhancing, tailoring and targeting this offer should deliver better outcomes for residents, improved efficiencies, productivity and value for money.
Enabling Services/Corporate Initiatives	
BTP-ES02	Review of all corporate memberships and service specific subscriptions
BTP-ES03	Develop a phased programme of comprehensive reviews of all staffing structures and delivery arrangements across all Council operations. Ensuring compliance with best practice organisational design principles
BTP-ES04	Review of the Council's learning & development investment programme
BTP-ES05	Review the level of subsidy provided for all discretionary services and compare the levels of local fees and charges compared to national benchmarks.

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Parking Charges 2022/23

All amendments to the 2021/22 parking charges are highlighted

Location/Description	Unit	Zone 1a 8am - 6pm	Zone 1b 8am - 6pm	Zone 2 8am - 6pm	Zone 3 8am - 6pm	Description of change
On-Street Pay and Display *applies to Electric vehicles & bays	Up to 1 hr	£2.50	£1.10	£1.00	£1.00	Standardised to £2.50 per hour
	Up to 2 hrs	£5.00	£2.20	£2.00	£2.00	
	Up to 3 hrs	£7.50	£3.30	£3.00	£3.00	
	Up to 4 hrs	£10.00	£4.40	£4.00	£3.50	
	Up to 5 hrs	£12.50	£5.50	£5.00	£4.50	
	Up to 6 hrs	£15.00	£6.60	£6.00	£5.50	
	Up to 10 hrs	£17.50	£12.00	£12.00	£10.00	
Off-Street (Car Parks) *applies to Electric vehicles & bays (VAT applicable) 177	Up to 1 hr	£2.50	£1.10	£1.00	£1.00	Standardised to £2.50 per hour
	Up to 2 hrs	£5.00	£2.20	£2.00	£2.00	
	Up to 3 hrs	£7.50	£3.30	£3.00	£3.00	
	Up to 4 hrs	£10.00	£4.40	£4.00	£3.50	Standardised to £2.50 per hour / Zone 3 hours extended
	Up to 5 hrs	£12.50	£5.50	£5.00	£4.50	
	Up to 6 hrs	£15.00	£6.60	£6.00	£5.50	
	Up to 10 hrs	£17.50	£12.00	£12.00	£10.00	
Parks & Open Spaces - where applicable. Refer to signage in car park (VAT applicable)	Up to 1 hr	£2.50	£1.10	£1.00	£1.00	Updating charging framework. No plans to introduce further charging in parks at current time
	Up to 2 hrs	£5.00	£2.20	£2.00	£2.00	
	Up to 3 hrs	£7.50	£3.30	£3.00	£3.00	
	Up to 4 hrs	£10.00	£4.40	£4.00	£3.50	
	Up to 5 hrs	£12.50	£5.50	£5.00	£4.50	
	Up to 6 hrs	£15.00	£6.60	£6.00	£5.50	
	Up to 10 hrs	£17.50	£12.00	£12.00	£10.00	
Pre-booked coach parking (VAT applicable)	Daily (until closing time)	£20.00	£10.00	£10.00		Increased in zone 1a
Coach parking (pay on the day) (VAT applicable)	Daily (until closing time)	£40.00	£30.00	£30.00		Increased in zone 1a
Seafront Permit	Annual	£400.00	£400.00	£200.00		

Location/Description	Unit	Zone 1a 8am - 6pm	Zone 1b 8am - 6pm	Zone 2 8am - 6pm	Zone 3 8am - 6pm	Description of change
Season Ticket for a Named Car Park** (VAT applicable)	Annual	£600.00	£600.00	£500.00		
	6 month	£310.00	£310.00	£260.00		
	Quarterly	£160.00	£160.00	£135.00		
	Monthly	£55.00	£55.00	£45.00		
Season Ticket for Car Parks within a specified Zone ** (VAT applicable)	Annual	£1,100.00	£1,100.00	£900.00		
	Quarterly	£330.00	£330.00	£270.00		
	Monthly	£110.00	£110.00	£90.00		
Season Ticket - Baxter Avenue Car Park **	Annual	£1,200 per bay				

Location/Description	Unit	1 month	6 months	12 months	Description of change
Business Permit	Scheme specific	-	£135.00	£250.00	
Operational Permit (On-street) - 4 Hours max stay	All Zones	-	-	£65.00	
Operational Permit (On-street) - 6 Hours max stay	All Zones	-	-	£130.00	New charge
Operational Permit (On-street) - Generic/Transferable - 4 hours max stay	All Zones	-	-	£200.00	New charge
Operational Permit (On & Off Street) - 6 Hours max stay	All Zones	-	-	£500.00	New charge
South Essex Homes Permit (Operational Permit) - 4 hours max stay	SEH locations only	-	-	£65.00	
Resident Carer Permit (1 permit per household only)	Scheme specific	-	-	£15.00	
Resident Permit - Electric Vehicle				£8.00	New charge
Resident Permit - 1st car	Scheme specific	-	-	£15.00	
Resident Permit - 2nd car	Scheme specific	-	-	£25.00	
Resident Permit - 3rd car	Scheme specific	-	-	£50.00	
Resident Permit - 4th car	Scheme specific	-	-	£75.00	
Resident Concessionary Permit (in RPS*)	Scheme specific	-	-	£50.00	
Tradesperson Permit	All Zones	£30.00	£150.00	£300.00	Reduced charge

Location/Description	Unit	1 month	3 months	12 months	Description of change
Southend Pass (VAT applicable)		£8.50	£25.50	£102.00	New 3 month charge

** Terms & Conditions Apply to all charges noted

Location/Description	Unit	Charge	Description of change
Visitors Vouchers (Book of 20)	Daily	£10.00 for Books 1-5	Increased charge
		£20.00 books 6 - 8 (at Councils discretion)	
Parking Dispensation	Daily	£12.00	
Parking Dispensation	Weekly (7 days)	£50.00	
Car Park unlock tariff	Each occasion	£75.00	
Suspension (Admin Fee)		£30.00	
Suspension (on-street)	Per day, per bay, per metre	£30.00	Increased charge
	Per week	£200.00	New charge
Suspension (off-street) (VAT applicable)	Per day, per bay, per metre	£20.00	
	Per week	£120.00	New charge
Amendment to existing permit	Vehicle changes	£15.00	Increased charge
Replacement permit	Loss	£15.00	Reduced charge
Replacement or Duplicate season ticket (paper permit)	Loss or duplicate request	£25.00	New charge
Permit refund admin fee	Administrative cost	£15.00	
Voluntary Sector Permit	3 hours per day	£8.50 per month	New charge
Cliffs Pavillion Staff (excluding Shorefield Car park)	3 hours per day Cliffs Pavillion car park only	£8.50 per month	New charge
Hotels and guesthouses discount rate	Daily, up to end of charging period	50% of max daily parking tariff	
Authorised copy of car park key	Issuance	£50.00	Reduced charge
	Replacement key (for any purpose)	£200.00	
Free Parking	To provide free parking in Council car parks all day on Sundays in December and Christmas Day (except those with barriers)		
Small Business Day	Free Parking in Zones 2 and 3 car parks - 1 day per annum only		
Market Trader Season Ticket	20 weeks	£66.00	New charge
New Road Church Permit	Specifically for Wesleyan Methodist church (New Road) land agreement 1932.	Free	
Honorary Alderman or Persons Permit	Specifically for Honorary personnel only	Free	
PCN Charges as per legislative permissions			

Cremation fees

	Current 21/22	Proposed 22/23	% Change
Full memorial service & cremation	840	915	9%
Committal Family Attendance & Cremation	660	720	9%
Committal No Family Attendance & Cremation	460	500	9%
Extended Chapel Service or a Memorial Service	205	225	10%
Scatter in Garden of Remembrance (cremated elsewhere)	150	160	7%
Interment in Garden of Remembrance (cremated elsewhere)	150	160	7%
Saturday scatter in Garden of Remembrance	100	110	10%
Saturday interment in Garden of Remembrance	100	110	10%
Storage of cremated remains	35	37	6%

* the average charge in 2021/22 of this service in the local region is £955, with the nearest crematorium to Southend charging £1,015. Southend's proposed charge for 2022/23 for this service would still rank in the bottom quartile of all comparators, even if there was no increase in charges for 2022/23 by other providers.

Burial fees

	Current 21/22	Proposed 22/23	% Change	
Resident				
Private Adult Lawn Grave including exclusive right of burial for 50 years	920	1,200	30%	*
Private Adult Traditional Grave including exclusive right of burial for 50 years	2,550	2,650	4%	
Childrens graves including exclusive right of burial for 50 years	665	700	5%	
Adult interment fee	920	950	3%	
Child interment fee	635	650	2%	
Non Resident				
Private Adult Lawn Grave including exclusive right of burial for 50 years	1,840	2,400	30%	**
Private Adult Traditional Grave including exclusive right of burial for 50 years	5,100	5,300	4%	
Childrens graves including exclusive right of burial for 50 years	965	1,000	4%	
Adult interment fee	920	950	3%	
Child interment fee	635	650	2%	
Resident				
Cremated remains graves (inc. interment fee)	910	950	4%	
Right to erect a momument or memorial	200	210	5%	
Non Resident				
Cremated remains graves (inc. interment fee)	1,320	1,400	6%	
Right to erect a momument or memorial	200	210	5%	
Other fees				
4 ft Memorial benches	1,850	2,000	8%	
6 ft Memorial benches	2,100	2,400	14%	
Extension of burial rights	460	600	30%	
Surcharge bookings after 2:15pm (Oct - Mar)	60	100	67%	

* the average charge of this service in the local region is £1,230 based on 2021/22 prices. Southend's proposed charge for 2022/23 would still rank in the lower half of the comparators even if there was no increase in charges for 2022/23 by other providers.

** the average charge of this service in the local region is £2,505 based on 2021/22 prices. Southend's proposed charge for 2022/23 would still rank in the middle of the comparators even if there was no increase in charges for 2022/23 by other providers.

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Southend-on-Sea Borough Council

Agenda
Item No.

Executive Director of Finance and Resources
Executive Director of Children and Public Health
to

Education Board

on

18th January 2022

(also following the 2022/23 funding principles agreed at the Education Board on the 18th November 2021 and 15th December 2021)

Report prepared by:
Paul Grout
Senior Finance Business Partner

Dedicated Schools Grant budget 2022/23

1 Purpose of Report

To present the 2022/23 Dedicated Schools Grant (DSG) budget including the DSG Individual School budgets for 2022/23, and set the recommended Early Years funding rates for 2022/23.

2 Recommendation

2.1 The Early Years funding rates for 2022/23 are agreed as referenced within Para. 8.3 to 8.5.

2.2 To agree the approach, as referenced in Para. 9.2 and 9.3, for consideration to uplifted banded top up rates for Special Schools and Alternative Provision from April 2022, in view of the recent 16th December 2021 additionally DfE announced high need DSG supplementary grant funding to support the health and social care national insurance levy and wider cost pressures.

2.3 That the remainder of this 2022/23 Dedicated Schools Grant Budget paper, be noted, including the DSG individual school budget allocations for 2022/23, and these have been set as agreed in accordance with the approved funding principles of both the last 15th December 2021 and 18th November 2021 DSG Education Board finance papers.

3 Background

3.1 This paper sets out the proposed Dedicated Schools Grant Budget for the financial year 2022/23 which is also to be set by the Council as part of the annual budget cycle finalized in February 2022.

- 3.2 This paper also follows both previous and detailed DSG Education Board (EB) funding papers considering the 2022/23 budget, as presented, and approved for EB recommendation in both the November 2021 and December 2021 board meetings. The principle funding decisions approved at both of those previous boards are made clear for reference within each section of this paper.
- 3.3 This paper now also follows the Department for Education (DfE) DSG 2022/23 funding block announcements made on the 16th December 2021, and release of the 2022/23 DfE Authority Proforma Tool (APT) on the 20th December 2021.
- 3.4 The DfE release of the 2022/23 APT, therefore enables the EB to also formally set the final distribution of the 2022/23 school block funds to Individual Schools, using the updated numbers on roll for each School as per the latest DfE October 2021 school census data, and in line with the previous funding agreements of the November 21 meeting which set the 2022/23 per pupil DSG rates for each school. The APT will be submitted back to the DfE by the Local Authority (LA).
- 3.5 This paper also displays the final 2022/23 DSG funding allocations for de-delegated funds, growth fund, central schools block, early years block (remains DfE provisional) and high needs block (High needs in totality only and remains DfE provisional).
- 3.6 And as agreed, at the March 2019 EB Board Meeting, and the December 2019 Board meeting, this paper present's the provisional growth fund rates for 2022/23, as well as an updated and now final growth funding rates for 2021/22.
- 3.7 On the 25th November 2021, the DfE announced the DSG 2022/23 Early Years (EY) funded rates, that announcement now enables the consideration for both EY provider rates and EY centrally retained rates to be set for 2022/23 recommended within this paper (section 8).
- 3.8 On the 16th December 2021, alongside the DSG allocations for 2022/23 the DfE have also officially announced and confirmed an additional supplementary grant. For mainstream schools this grant will be paid outside of the DSG, and is being provided in respect of both the health and social care national insurance (NI) Levy and other wider cost pressures, from 2023/24 it is the DfE's intention to incorporate this grant into the DSG allocations. An additional separate grant for health and social Care NI levy will also be paid for early years provisions in schools, maintained nursery schools and post 16 provision within Schools. The funding methodology has been published on the DfE website, and school level allocations will be published in spring 2022. Supplementary grant funding to support the health and social Care NI Levy and wider cost pressures in special schools and alternative provision, has also now been built into the 2023/23 DSG high need budget allocation awarding an additional amount of 4% to the DSG high needs funds. The DfE have stated they expect those schools, to discuss with their LA any increase as part of the top-up funding paid from local authorities' high needs budgets. The additional high need funding also takes into account that colleges and other providers offering extra hours of study to students with high needs may require additional high needs top-up funding to support.

4 Dedicated Schools Grant Allocations 2022/23 (Set by the DfE)

4.1 The Department for Education (DfE) has set out the following funding blocks for Southend's Dedicated Schools Grant for 2022/23 (col.A);

	A	B	A – B
	2022/23 £M	2021/22* £M	Inc / (dec) £M
Schools Block	137.026	133.046	3.979
Growth Fund	0.790	0.771	0.019
Schools Block Subtotal	137.816	133.817	3.999
Early Years Block (Provisional)	10.125	10.773	(0.648)
High Need (HN) Block (Provisional)	27.758	25.456	2.302
HN Additional Supplementary grant	1.007	0	1.007
Central Block	1.441	1.556	(0.115)
Grand Total	178.147	171.603	6.544

2021/22* High Need Block is Final, Early Years remains Provisional until July 22

Appendix 2 – “DSG budget 2022/23”, provides the detailed allocation including movement from the latest 2021/22 budget.

4.2 Although the EB and LA remain responsible for allocating the entirety of DSG, the final actual DSG amount awarded to the LA will exclude funding for mainstream academy schools, national non-domestic rates for all mainstream schools, High Need place funding for academy schools, colleges and further education providers, and free special schools. These excluded amounts are paid directly to those settings by the Education and Skills Funding Agency and known by the term ‘recoupment’ to DSG funds. Therefore the final estimated allocation expected to be awarded to the LA is £55.958M, after considering these estimated recoupment deductions of £122.189M which are also listed separately for each funding block in Appendix 2.

4.3 Within the Schools Block funding allocation:

4.3.1 The primary pupil led funding element has been set at £66.513M based on a total unit of funding of £4,480.02 per primary pupil (£4,383.76 in 21/22) for 14,847 number of pupils (14,995 in 21/22). The total uplift % per pupil is 2.2%.

4.3.2 The secondary pupil led funding has been set at £69.443M based on a total unit of funding of £5,899.78 per secondary pupil (£5,782.65 in 21/22) for 11,771 number of pupils (11,455 in 21/22). The total uplift % per pupil is 2.0%.

4.3.3 The premises factor funding is allocated at £1.070M (£1.075M in 21/22) and the funding for growth is allocated at £0.790M (£0.771M in 21/22).

4.4 The DfE Early Years funding rates applied to the DSG allocation for 2022/23 have been set at £4.71 per hour for 3 & 4 year olds (uplift of 3.7% from £4.54 in 21/22) and £5.61 per hour for 2 year olds (uplift of 3.9% from £5.40 in 21/22). The total early years block allocation remains provisional for 2022/23 as the allocations will be adjusted for take up of provision by the DfE in July 2022 and

a further final adjustment in July 2023 (based on the January 2022 and January 2021 early years census data).

- 4.5 The high needs block is still provisional until the final funding allocation is expected to be announced in July 2022, where by the DfE will be updating the final funding allocation in recognition that the authority meets all the high need place funding costs in their home area regardless of the pupil's own home authority residence (excluding free special schools). And this is known in the DfE high need funding terminology context as the "high need import and export funding adjustment". The home authority will be compensated in relation to high need place funding where that authority supports more pupils (than the previous year) who live outside of the home resident authority area than pupils they have been required to place in another LA area, or on the contrary, a reduction in the local funding adjustment will be applied if the opposite event occurs.
- 4.6 The high needs block provisional allocation has been increased by a further £2.302M in 2022/23 on its core funding, and also, as the DfE announced on the 16th December 2021, an additional DSG supplementary grant amount of £1.007M to support the health and social care levy and wider cost pressures.
- 4.7 The Central Block allocation has been set with an amount of £0.978M for ongoing responsibilities (£0.977M for 21/22) funded at a rate of £36.75 per pupil for 26,617 pupils (£36.94 rate per pupil and 26,450 pupils in 21/22) funding for historic commitments is now set at £0.463M (£0.579M in 21/22).

5 Schools Block – Individual School Block (ISB) allocations - £137.017M

- 5.1 As illustrated for each School in "Appendix 1 - 2022/23 final Individual school budget allocations". The DfE release of the December APT enables the LA to formally set the distribution of the 2022/23 school block funds to individual schools, using the updated numbers on roll (NOR) for each School as per the latest DfE October 2021 school census data, and in line with the previous funding agreements approved at the EB on the 18th November 2021 distributing agreed funding amounts per pupil for each school.
- 5.2 Therefore the funding per pupil (as illustrated in Appendix 1) for individual school allocations have been set on the following agreed principles which mirrors the National Funding Formulae:
- 5.2.1 The minimum per pupil levels have been set at £4,265 for primary schools (£4,180 in 2021/22) and for secondary schools £5,525 (£5,415 in 2021/22), both with an equivalent circa 2% increase from 2021/22. And to simply remind, from 2020/21 the minimum amounts per pupil are also now a mandatory funding factor.
- 5.2.2 Where schools are attracting their underlying core NFF allocations, the NFF has built in an increase of circa 3.0% from the 2021/22 Pupil led funding factors: basic entitlement, free school meals at any time in the last 6 years, income deprivation affecting children index (IDACI). Lower prior attainment (LPA), English as an additional language (EAL), a circa 2% increase on Free Schools Meals (FSM) from 2021/22, and separately a 3.0% increase on the lump sum from 2021/22.

5.2.3 And for those Schools whose per pupil led funding rate is already above both 5.2.1 and 5.2.2, the NFF funding floor per pupil led rate has been set at a 2.0% increase from their 2021/22 per pupil led base line.

5.3 Premises factor funding – Again, as shown and required in Appendix 1 all funding allocations have separately included NFF estimated 2022/23 business rate charges that will be paid centrally from the 1st April 2022 through the ESFA to billing authorities. And as referenced in the December 2021 EB paper, Schools retain business rates liability and will need to record notional accounting entries – income and expenditure in their 2022/23 accounts.

Other key points for noting in the NFF funding formulae and APT:

5.4 Basic entitlement rates per pupil have been set as per the NFF rates, at;

Primary	£3,228.39
Key Stage 3	£4,552.06
Key Stage 4	£5,130.10

5.5 The Primary to Secondary funding ratio is set at 1:1.31.

5.6 The numbers of pupil on roll (NOR) in and registered in the APT as per the October 2021 census compared to the October 2020 census, has increased by a net of 170 pupils, which is a growth of 318 pupils in secondary partially offset by a reduction of (148) pupils in primary. The total NOR in October 2021 is therefore now 26,624 pupils (split Primary 14,850 and Secondary 11,774), compared to the previous year of 26,454 pupils (split Primary 14,998 and Secondary 11,456).

5.7 The total Individual School block allocation for the 2022/23 funding formula is an increase in the totality of Individual School block allocations of £4.116M from the 2021/22 allocation, which is due to both an overall increase in the NOR and funding factors referred to in 5.2.

6 Schools Block – Centrally retained de-delegated lines – £2,775 (applicable to maintained schools only)

6.1 The de-delegated per pupil funded amounts have been set as agreed in the EB December 2021 paper, at £0.50 per pupil for staff costs covering public duties returning an annual de-delegated sum of £2,775.

7 Schools Block – Centrally retained growth fund - £0.796M

7.1 The DSG 2022/23 growth fund amount has been set in accordance with the principles agreed in the EB March 2019 and December 2019 papers, where by the 2022/23 DSG amount awarded for growth will be held centrally and distributed to schools who have been required by the LA to increase their number of intake classes. And it continues to remain minded, that as agreed in the March 2019 EB paper growth to ensure funding allocations are sensibly managed and distributed, that growth funding is managed on a long term basis allowing any one year to either over or under spend but provided the total

application of the growth fund remains affordable within the life cycle of the planned growth.

7.2 The EB December 2019 paper, also included a further agreement that if affordable to the long term growth model, that as well as formally setting the growth funding rates for the following September (in this case from September 2022), a back dated increase from the previous September (in this case September 2021) rate can now also be applied.

7.3 Therefore Appendix 3 displays an updated growth fund model (the original model itself was first shared at the March 2019 EB). And as previously advised and shown in the model, the DSG growth funding allocations are determined by the DfE, using an annual funded rate per pupil for primary and secondary schools, multiplied by their respective positive middle super output area pupil growth (MSOA) between the two most recent October census's. MSOA has always been highlighted as a difficult measure to predict, so hence why it is important, and continues to be that model is refreshed on an annual basis.

MSOA* - is defined by the office for national statistic, as a small enough geographical area to detect pockets of growth, based on school post codes grouped within a particular area.

7.4 The updated growth model (as shown in Appendix 3) has therefore now been updated considering the following two factors:

7.4.1 The first factor, is the DfE have updated the 2022/23 growth funded per pupil rates (funding coming into the DSG) by 2.1% from 2021/22 on primary rates, and 1.2% from 2021/22 on secondary rates.

7.4.2 The second factor, is to remind, MSOA growth is not only driven by the requirement of new intake classes but also any further throughput pupil growth within a school, for example, if the number of current year 11 pupils are less than the current number of year 7 pupils in a school (which can occur regardless of any new approved intake class). Our secondary sector continues to positively perform well on this factor in some schools and has been further increased moving forward.

7.5 Therefore, based on these factors above the growth rates applied from September 21 can now be increased by a further 3% to £3,411 per primary pupil and £4,045 per secondary pupil (both now an increase of 8% from the September 20 rates), and the opening rates from September 2022 can be further uplifted by 5% to £3,582 per primary pupil and £4,257 per secondary pupil. The rates still remain below the NFF minimum rates per pupil distributed in the ISB, but it also remains minded, these rates are not intended to be at the NFF minimum rates as growth is only temporary support funding for new intake classes until that year's pupil growth is formally captured in the annual October census and therefore core funding of a school. But none the less welcome that these funding increases can still be applied.

7.6 And as previously agreed, whilst we await under a Hard NFF any further DfE announcements in terms of awarding national growth allocations, the growth Fund model will continue to be updated on an annual basis, shared in this annual January paper declaring rates for the following academic year (within the minimum tolerances rate levels as set in the March 2019 EB paper, used only, if required to remain affordable to the allocation), and with the additional step of a

backed dated funding increase only, if affordable, to the rates declared at the start of the current academic funded year.

8 Early Years Block (Provisional) - £10.125M in total

8.1 As referenced in para 3.7 and 4.4. The DfE announced on the 25th November 2021, the DSG funded rates for 2022/23 which also includes a provisional update to the 2022/23 totality of funds based on the traditional January 2021 EY census. The DfE have also announced for 2022/23 that they will return to the traditional annual January EY census' of funding, and the final 2022/23 allocation will therefore be based on 5/12s of the January 2022 PTE census numbers (to cover the period April 2022 to Aug 2022) and 7/12s of the January 2023 PTE census numbers (to cover the period Sept 2022 to March 2023) which will be announced in July 2023. In July 2022, there will be update to the 2022/23 provisional allocation based on January 2022 PTE census numbers only.

PTE* as DfE defined, assumes all children access the full 15hrs per week support over 38 weeks in the year.

To simply remind, in 2021/22 in response to Covid the DfE are funding allocations on EY termly census allocations, rather than the traditional January census's.

8.2 Appendix 4, displays the recommended 2022/23 EY funding rates and provisional allocation alongside the current 2021/22 budget allocation which is still currently based on the January 2020 EY census (pre-full covid impact). And as referenced in the December 2021 EB paper based, there is a reduction in the 2022/23 provisional PTE take up from provisional 2021/22 of approximately 10% across 3 and 4 year old core and extended entitlement and 2 year old eligibility core take up, and an increase of 40% on Early Years Pupil Premium take up.

8.3 With consideration to the DfE uplifted EY rates, and with recognition of further financial strain on EY providers to help contribute to National Minimum and Living Wage increases, as well as inflationary cost pressures it remains recommended for 2022/23 that Southend continues to passport through 3 and 4 year old funding at a rate of 98% of total funding to providers, which still remains 3% above the statutory minimum requirement of 95%. For 2022/23, this will set a 3&4 year old core universal and extended entitlement provider rate of £4.53 per hour. This is a 15 pence increase per hour (of the 17 pence per hour increase awarded through national DfE allocations) from 2021/22. The remaining 2 pence increase of the uplifted 17 pence per hour is proposed to further support EY central funds. Current provision, as traditionally honoured has allowed for a small centrally retained fund to continue to support EY training, support and advise and SEND inclusion. An additional 2 pence per hour will allow for a small increase to this fund of £21,000 (based on the revised 2022/23 PTE allocation). This additional funding will be used by the Head of Early Years to employ an additional member of staff to further support providers, managed within the wider provisional centrally retained fund of £169,000 in totality for 3&4 year olds. This post will be used to increase the efficiency and capacity of supporting front line queries and guidance for the monthly payment process, and wider EY support to encourage further EY take

up where eligible. It is also proposed that the mandatory deprivation rate which is passported to providers (based on EYPP eligibility), is also maintained at 0.44 per hour.

- 8.4 It is also proposed that the 2022/23 2 year old provider eligibility entitlement rate for disadvantaged 2 years old is set at £5.57 per hour. This awards the maximum increase of 21 pence per hour from the DfE allocation. And continues to retain the small centrally retained fund of now provisional £9,000 per annum. The DfE do not set a regulatory passport requirement amount on this fund, but report this is because most local authorities do already passport this funding through to providers.
- 8.5 As displayed in Appendix 4, The DfE have also set the 2022/23 allocations for both the Disability Access Fund (DAF) and Early years pupil premium (EYPP). Which are 100% passported through based on eligibility. The EYPP rate for 2022/23 is £0.60 per hour (increase of 7 pence per hour from 2021/22), and the DAF rate for 2022/23 is £800 per child, (an increase of £185 per child from 2021/22).
- 8.6 It is noted, within this paper that there is a separate paper (at this EB) from the Head of Early Years requesting access to the available DSG Early Years balances over the next 2 years. Whilst it is pleasing to confirm that these requests can be funded (subject to EB approval) from the EY DSG reserve, consideration to funding these further EY centrally retained provisions of services on an ongoing basis should they prove successful, will therefore need to be considered as part of the 2023/24 and 2024/25 EY budget allocations.

9 High Needs Block (Provisional) - £28.765M

- 9.1 As first shared in the October 2021 EB DSG report, including an explanation of. The 2022/23 High Needs block under NFF has seen further confirmed growth in funding from the DfE of £2.301M compared to the latest 2021/22 budget allocation, and plus now as highlighted in 3.8, an additional DSG supplementary DfE grant announced on the 16th December 2021 of £1.007M to support wider cost pressures in high needs funding, as well as health and social care NI levy costs within Special Schools and Alternative provision.
- 9.2 As previously agreed with EB (and annual cycle of DSG funding papers), the detailed funding allocation of the 2022/23 high need funding to service lines will be presented at the June 2022 EB, as this then allows both sufficient time for the most accurate planning of expected top up funding amounts in the following academic year and also therefore considering any standard affordable uplifts alongside. However, given that this now welcome additional grant of £1.007M to support health and social care NI levy cost for special schools and alternative provision, alongside wider cost pressures, has been announced to take effect from April 2022. And it is the DfE's intention that they expect those schools to discuss with the LA, any increases to top up funding to support increase cost pressures. And given, the now thankfully financial healthy position of our High Needs DSG position, it is proposed that this action is now commenced leading up to and for implementation from April 2022. This work will therefore need to commence on the current top up special school banded model rates from April 2022, and including but separately alternative provision. The work will need to

be lead by the LA officers Head of SEND, Head of Access and Inclusion and Senior Finance Business Partner in communications with the respective schools.

- 9.3 Although it is not a DfE statutory requirement that the EB approve the final top up amounts as this is ultimately set by the LA, it is expected to form part of the consultation, and in view of our good local governance practise, whereby, the LA seeks EB approval for any changes to top up rates (including consultation through the Resources Sub Group), it is advised for transparency and good governance, the result of this work is shared at the June 2022 EB. This work will then also form part of setting the wider detail of the high need budget 2022/23. Should this pose any unlikely challenges, any backdated top up rate increases could be applied from April 2022 following the June 2022 EB.

10 Central Block - £1.441M

- 10.1 The central block budgets have been set in accordance with agreement of the December 2021 DSG EB paper.
- 10.2 The final 2022/23 amounts are therefore confirmed as;

From Central Schools Services Block	Amount
Combined budgets / historic commitments	£463,304
Copyright Licences*	£142,987
Schools Admissions	£275,617
Servicing of Schools Forum	£18,700
Protected centrally employed teacher employer pension contribution	£95,332
Retained Duties*	£445,539
	£1,441,479

Copyright Licences* - annual copyright licence charge set by DfE.

Retained Duties* - Former Education Services Grant - ongoing funding to support LA Statutory duties – for Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

11 DSG current anticipated reserve levels as at 31st March 2022

11.1 The table below updates the current expected DSG reserve balance by year end, reflecting the balances as presented in the December 2021 EB DSG paper with exception of a revised growth fund forecast and updated future draw down of balances agreed at the December 2021 EB Board. It remains minded, the reserve balance table now also includes as formally agreed through the EB DSG October 2021 paper, the presentation of recommended minimum reserve balances for each block, and where reserve forecast balances are now above those minimum recommended balances the following DSG expenditure conditions apply for the one off use of those reserve balances:

11.1.1 That any one off cumulative use of reserve balances below £50,000 in any one financial year has the required LA lead officer approval to proceed, but on the conditional basis this is reported through to EB.

11.1.2 That any single expenditure item or where the cumulative use of reserve balance was to fall above £50,000 in any one financial year then EB approval is firstly required. If the item or the matter is urgent, then approval can be given by an urgent virtual EB agreement but with a subsequent note to the actual and following scheduled EB meeting for formal minuting.

Block	Schools – ISB	Schools - growth	Schools – de- delegate	Early Years	High Needs	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reserves surplus / (deficit)							
1 April 2021 B'fwd	0	182	14	1,105	3,003	177	4,481
Agreed Issue to 2021/22 budget	0	0	0	(112)	(60)	0	(112)
Early years funding adjustment 2020/21	0	0	0	(45)	0	0	(45)
2021/22 current forecast variance	0	(61)	0	0	2,903	149	3,008
31 March 2022	0	121	14	948	5,846	326	7,255
Agreed Issue to future yr budgets				0	(150)		(150)
Recommended Minimum Reserve balance	0	121	14	500	2,301	326	3,263
One off Funding Available for DSG Conditional Use				448	3,395		3,842

12 Conclusion

- 12.1 The overall position set out for 2022/23 is a balanced DSG budget, with a current expected, positive and adequate level of DSG funding reserves carried forward into 2022/23.
- 12.2 Overall, it has to continue to be recognised that the 2022/23 funding announcements for both the Schools and High Needs block are a welcome message for Dedicated School Grants funds and therefore the children and educational services provision those funds support.
- 12.3 Combined with both the positive DSG reserve balance position does also continue to highlight current and effective management of DSG funds over recent years through both the Local Authority and Education Board. This continues to therefore further support long term and sustainable funding for Southend pupils and our educational community.

Appendices

Appendix 1 – DSG Final Individual Schools Budget allocations 2022/23

Appendix 2 – DSG Budget 2022/23 and comparison to 2021/22

Appendix 3 – DSG Growth fund rates from Sept-22 and updated from Sept-21

Appendix 4 – Early Years funded rates 2022/23

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Capital Investment Strategy

2022/23 – 2026/27

February 2022



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Annexes:

Annex 1 – Capital Investment Policy

SOUTHEND-ON-SEA BOROUGH COUNCIL

CAPITAL INVESTMENT STRATEGY

1 Purpose

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital investment strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Investment Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

2 Scope

This Capital Investment Strategy includes all capital expenditure and capital investment decisions, not only as an individual local authority but also those entered into under group arrangements. It sets out the long-term context in which capital expenditure, borrowing and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

3 Capital Expenditure

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, roads, vehicles. This is in contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services.

The capital investment programme is the authority's plan of capital works for future years. Included are the projects such as the purchase of land and buildings, the construction of new buildings, design fees and the acquisition of vehicles and major items of equipment. Also included could be service, housing, regeneration or transformation investments.

4 Capital vs. Treasury Management Investments

Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Policy and the Annual Treasury Management Investment Strategy.

The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside of normal treasury management activity. These may include investments for service purposes (e.g. housing, regeneration and local infrastructure) or investments for commercial purposes (e.g. commercial property). The management of associated risk for these investments is set out in the Capital Investment Policy attached as Annex 1 to this strategy.

5 Links to other corporate strategies and plans

To support the Council's desired outcomes a number of key strategies have been agreed, for example the Core Strategy, Digital Strategy and the Housing, Homelessness and Rough Sleeping Strategy. To support the delivery of these key strategies a number of other interrelated strategies and plans are in place, such as the Sustainability Strategy, Medium Term Financial Strategy, Capital Investment Strategy, Corporate Asset Management Strategy (and related asset management plans), Treasury Management Strategy and Annual Treasury Management Investment Strategy.

The operation of all these strategies and plans is underpinned by the Council's constitution, in particular the Contract Procedure Rules and the Financial Regulations.

A diagram in the Medium Term Financial Strategy shows how this Capital Investment Strategy links to the other corporate strategies and plans. This is all in the context of the activities of the Council's group portfolio, the South Essex 2050 plan and the wider national context.

Capital resources should be directed to those programmes and projects that optimise the achievement of these outcomes. The following processes are designed to ensure this happens.

6 Resources available to finance capital

The first step is to ascertain the total resources available to finance the capital investment programme. This is based on the level of borrowing the Council can support, notified capital grants, prudent assumptions over the level of other grants and the timing and valuation of capital receipts that will be realised. More information by each source of capital funding is set out below:

6.1 External Funding

This can be in the form of grants and contributions from outside bodies including central government. Services must seek to maximise external funding wherever possible to support capital schemes. However, if services bid for external funding for schemes and say at tender or during construction or procurement, costs exceed the available funding, then services must fund any shortfall from their existing resources (either revenue or capital).

In respect of match funding bids then the relevant service must fully identify the necessary match funding resources from within existing budgets. If this is not possible then the appropriate service must raise this for consideration with the members of the Corporate Management Team and the relevant Cabinet Member prior to submitting any bid for funding.

6.2 Capital Receipts

A capital receipt is an amount of money exceeding £10,000 which is received from the sale of an asset. They cannot be spent on revenue items. The Director of Property and Commercial will review all the Council's property annually against the aims and objectives of the Corporate Asset Management Strategy. The general policy is that any capital receipts are then pooled and used to finance future capital expenditure and investment according to priorities, although they may be used to repay outstanding debt on assets financed from loans, as permitted by the regulations.

6.3 Revenue Funding

Revenue resources may be used to fund capital expenditure. This may be via earmarked reserves such as the capital reserve which is an internal fund set up to finance capital expenditure as an alternative to external borrowing.

The Chief Finance Officer will take an overview and decide the most appropriate way of using such revenue resources, taking into account the strategy regarding the levels of general and earmarked reserves.

6.4 Prudential/Unsupported Borrowing

Capital projects that cannot be funded from any other source can be funded from borrowing. Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. This borrowing may also be referred to as Prudential Borrowing.

The Council's Minimum Revenue Provision Policy sets out a prudent approach to the amount set aside for the repayment of debt. The borrowing costs are not supported by the Government so the Council needs to ensure it can afford the interest and repayment costs from existing revenue budgets or must see this as a key priority for the budget process and be factored into the medium term financial strategy accordingly.

The Chief Finance Officer will make an assessment of the overall proportionality, prudence, affordability and sustainability of the total borrowing requested. The impact of this borrowing will be reported in the Treasury Management Strategy and in the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.

Should the requested borrowing levels be unaffordable or not prudent, then the schemes will be prioritised against the available funding from borrowing as determined by the assumptions factored into the Medium Term Financial Forecast.

Members approve the overall borrowing levels at the budget Council meeting in February each year as part of the Treasury Management Report. The taking of loans then becomes an operational decision for the Chief Finance Officer who will decide on the basis of the level of reserves and money market position whether borrowing should be met internally (from the running down cash balances) or whether to enter into external borrowing.

Whether capital projects are funded from grant, contributions, capital allocations or borrowing, the revenue costs must be able to be met from existing revenue budgets or identified (and underwritten) savings or income streams.

7 Prioritisation of capital investment

Capital investment is key to the delivery of the Council's ambition and desired outcomes and can be a means to contribute to the achievement of revenue sustainability and local or regional growth ambition. However, there will inevitably be a gap between the capital investment programme ambition and the finite available resources and there is a limit on the number and value of schemes that are affordable and deliverable.

Not all the capital investment programme is deliverable directly by the Council and so the programme is split so that the schemes to be delivered by subsidiaries, partners and joint ventures are separately identified.

Capital investment must be focussed on priorities and priority projects must have viable delivery plans. An on-going MoSCoW review will be undertaken to re-assess and re-

prioritise the capital investment programme. This enables prioritisation by categorising capital projects as 'must have', 'should have', 'could have' or 'will not have' (at this time).

In order to aim for a deliverable level of programme each financial year there will need to be prioritisation and re-sequencing of projects to ensure that resources are being directed into projects that will best achieve our ambition and improve outcomes for local people. These priorities may include the following:

Achievement of the Council's strategic outcomes for Southend 2050:

- Homes which meet local needs;
- Key regeneration projects;
- Supporting growth in key sectors;
- Town centre vitality;
- Leisure and cultural projects;
- Streets and public spaces;
- Transport and accessibility;
- Sustainable and green city projects;
- Addressing coastal flood and erosion risk;
- Schools and skills;
- Health and active lifestyles;
- Social care;
- Smart use of technology;
- Financial Sustainability.

Enabling works:

- Maintenance of the essential infrastructure of the organisation;
- Essential Health and Safety works;
- Rolling programmes essential to the day to day operation of the Council;
- Service redesign and transformation – investment in technology;

Political priorities:

- 2050 roadmap;
- Economic Recovery and Regeneration;
- Environment, Planning, Tourism and Culture;
- Communities and Housing;
- Public Protection;
- Transport, Asset Management and Inward Investment;
- Adult Social Care and Health Integration;
- Children and Learning
- Corporate Services and Performance Delivery.

8 Building a pipeline of projects

8.1 Identifying the need for Capital Expenditure/Investment

The need for capital investment may be identified through one or more of the following processes.

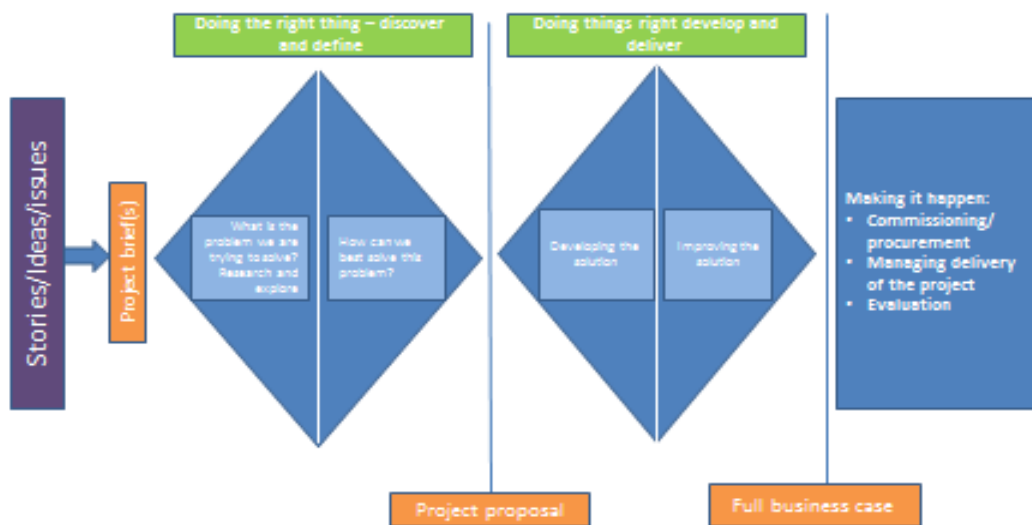
- Service areas prepare plans for the delivery and improvement of their services which align with or enable the 2050 outcomes;
- The Corporate Asset Management Strategy and the Education and Schools Asset Management Plans highlight deficiencies in the condition, suitability and sufficiency of the Council's existing building stock and identify future areas of need;
- The Housing Asset Management Plan highlights deficiencies in the condition, suitability and sufficiency of the Council's existing housing stock and identifies future areas of need;
- The Transport Asset Management Plan is the Council's primary transport asset planning tool to ensure the highway infrastructure and public realm is managed sustainably and in a way that underpins the wider corporate outcomes;
- Reviews and external Inspections may also identify areas that need capital investment;
- The need to respond to Government initiatives and new laws and regulations;

8.2 The Project Approval Process

Within the Council we promote an agile approach to project management. As such we are happy that we apply different methodologies to make our projects work. Whatever approach we take all projects should follow a standard project development and approval process which embeds the principles of the Commissioning Framework.

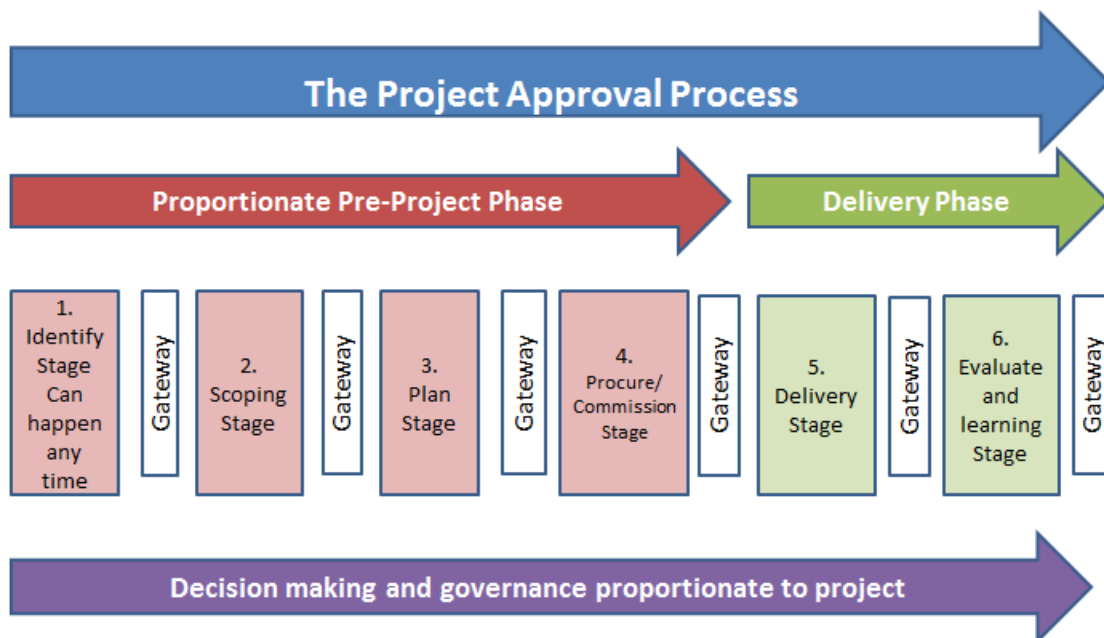
Our design and approval process is based on the Double Diamond design model developed by the British Design Council. The process is divided into four phases: Discover, Define, Develop and Deliver. The main feature of the Double Diamond is the emphasis on "divergent" and "convergent thinking", where first many ideas are created, before refining and narrowing down to the best idea. This is happening twice in this model—once to confirm the problem definition and once to create the solution.

Project development and approval process



The agreed process should include gateway review stages when the proposal can be reviewed and a decision made whether to proceed to the next stage. The decision making and governance process should be proportionate to the scale and impact of the project being put forward for approval.

The following diagram shows the project approval process used for capital investment proposals:



The project approval process divides the project's lifecycle into six stages. The first four involve gathering the business case information that gives the Council confidence that the project should be implemented. The final stages cover project implementation and post-project evaluation. A potential 'Decision Gateway' separates each stage.

This incremental approach provides regular opportunities for the Council to review progress and check that projects are still on track. It also avoids unnecessary resource being spent developing potential projects beyond the point at which a decision could be made that they are unlikely to be viable (potentially because needs or priorities have changed or available solutions are unlikely to offer value for money). Feasibility studies will be used where appropriate.

The capital investment programme is split into the main approved programme and the Subject to Viable Business Case section, for schemes that are subject to the completion of a process or event. This could be the agreement of a viable business case, the outcome of an application to a committee or board, agreement of external funding or property purchase due diligence and negotiations. This allows schemes to be brought into the programme at the appropriate time.

Whilst all projects consider the same basic questions as they pass through each stage, the level of information that must be gathered, and the number of formal approvals required for a project to progress, will vary significantly depending on the scale of the project.

8.3 Proportionality

Projects will be categorised as major, mid or minor, depending on the assessment of the following criteria to determine the scale and impact of the proposal:

- Level of contribution to the 2050 outcomes;
- Impact on the organisation to deliver the project;
- Potential impact of project failure on the Council's reputation;
- Statutory or regulatory context;
- The scope of stakeholders or partnerships involved;
- Contract complexity;
- Project costs;
- The timescales involved;

This categorisation will determine the level of detail needed to progress through the gateway stages.

8.4 Developing the business case

The business case would be developed incrementally with the amount of detail dependent on the scale and impact of the project and with more detail added as the business case matures through the gateway stages. Each business case covers five areas:

- Strategic case – demonstrating the fit with investment priorities;
- Economic case – demonstrating that the project provides value for money;
- Financial case – demonstrating that the project is prudent, affordable and sustainable (including the revenue implications);
- Commercial case – demonstrating that the project is commercially viable;
- Management case – demonstrating that the project will be delivered effectively;

For the financial case due consideration should be given to:

Prudence:

- Recognition of the ability to prioritise and refocus following transformation work;
- Recognition of the capacity in the organisation to deliver such a programme;
- Recognition of the knowledge and skills available and whether these are commensurate with the appetite for risk;
- The approach to commercial activities including ensuring effective due diligence, expert advice and scrutiny, defining the risk appetite and considerations of proportionality in respect of overall resources;
- The approach to treasury management and the management of risk as set out in the Treasury Management Strategy.

Affordability:

- Revenue impact of the proposals on the Medium Term Financial Strategy;
- The borrowing position of the Council, projections of external debt and the use of internal borrowing to support capital expenditure;
- The authorised limit and operational boundary for the following year;
- Whether schemes are profiled to the appropriate financial year.

Sustainability:

- Recognition of the objectives of the Sustainability Strategy;
- A long-term view of capital expenditure plans, where long term is defined by the financing strategy of and risks faced with reference to the life of the project/assets;
- Provision for the repayment of debt over the life of the underlying debt as set out in the Minimum Revenue Provision policy;

- An overview of asset management planning including maintenance requirements and planned disposals.

Proportionality:

- The risks associated with investments for service and commercial purposes are proportionate to the Council's financial capacity.

All project proposals are submitted using an agreed template that captures the information necessary to have a structured approach that provides:

- Proper definition to projects, making sure it is clear what will be delivered, by when, and with what resource and that appropriate approvals have been given;
- Clear roles and responsibilities, and clear delegation of responsibility;
- Controls to provide early warnings of deviation from the plan, as well as risks and issues, and a way of managing them;
- Good communication channels, making sure management and stakeholders are involved at the right time in the right way;
- Regular reviews of the project to make sure it is still viable, worthwhile and deliverable;
- A common language across the Council and a process that is repeatable;

Whilst this approach will not guarantee that every project will be successfully delivered, having a consistent approach to managing projects will mean that:

- All projects are prioritised using a consistent and coherent set of standards and based on a sound business case;
- Projects are more likely to provide an optimum contribution to Southend 2050 priorities and service improvement;
- Projects are more likely to be delivered on time and within budget;

8.5 Risk Management

Risk is the threat that an event or action will adversely affect the Council's ability to achieve its desired outcomes and to execute its strategies successfully.

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.

The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties. The corporate risk register sets out the key risks to the successful delivery of the Council's corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.

To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

It is important to identify the appetite for risk by each scheme and for the capital investment programme as a whole, especially when investing in capital assets that have an element of financial return. Under the CIPFA Prudential Code these are defined as investments and so the key principle applies of control of risk and optimising returns consistent with the level of risk.

Risk appetite:

The Council accepts there will be a certain amount of risk inherent in delivering the desired outcomes of the 2050 Ambition and the recovery priorities. The Council seeks to keep the risk of capital projects to a low level whilst making the most of opportunities for improvement. Where greater risks are identified as necessary to achieve desired outcomes, the Council seeks to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register.

The Chief Finance Officer will report explicitly on the deliverability, affordability and risk associated with the Capital Investment Strategy. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.

9 Governance processes

The governance structure of the Council has the Corporate Management Team that takes a high level strategic and group view on the capital investment programme.

Before any project can enter the procurement or delivery phase approval must be obtained from full Council to include it in the capital investment programme. This can be achieved by taking proposals through the Cabinet and Scrutiny process, either as part of the annual budget round or throughout the year so that schemes enter the programme at the required time.

9.1 Approval via the annual budget round

Corporate Management Team will consider any proposals from a corporate priority perspective. As part of the budget process Executive Briefing (EB) meetings enable Cabinet Members to be briefed and understand the expected outcomes and the budget consequences, both revenue and capital, of completing the scheme. Where appropriate

schemes will be reported to Members based on the schemes being subject to external funding or viable business case approval.

The Chief Finance Officer will consider the proportionality of the proposals as a whole in respect of overall resources and longer term sustainability and risk. The Chief Finance Officer will also take an overall view on the prudence, affordability and sustainability of the overall borrowing level if all proposals are accepted.

The Cabinet receive the capital investment programme in draft in January each year which is then subject to scrutiny via all the relevant scrutiny committees. Then the Cabinet receive the updated capital investment programme in February each year and in turn make their recommendations to full Council.

9.2 Approval throughout the year

New schemes can be added throughout the year as appropriate, for urgent or service critical schemes or when gateway stages are successfully completed. Project proposals are submitted to the Investment Board, one of the three Governance Boards established as part of the organisations condition of simple and effective governance. Investment Board takes a strategic view of capital investment in line with the Southend 2050 ambition and acts as the advisory body to CMT and Cabinet for all capital investment projects.

Using the proportionate approach outlined earlier, the Investment Board will consider all business cases for project proposals. The Board will either:

- reject the proposal and give the reasons for this;
- recommend that the proposal is delayed to ensure business alignment;
- refer the proposal to another Governance Board for further consideration;
- ask for further clarification and assurances;
- agree that a feasibility study would be the most appropriate way forward;
- agree that the project can proceed to the next Gateway stage;
- agree whether bids for new capital grants/funding can be submitted;
- make recommendations to Cabinet for approval of the project or feasibility study in line with financial regulations.

Once the Council has approved the capital investment programme, then expenditure can be committed against the approved schemes subject to the normal contract procedure rules and the terms and conditions of funding.

10 Monitoring the progress of delivery

It is important that the progress of the delivery of the capital investment programme can be properly monitored. This is approached in several ways:

10.1 Investment Board

The Board will challenge the existing capital investment programme as part of the redirection and re-prioritisation of resources and will consider possibilities for disinvestment where appropriate. This will be particularly important where capital projects are not delivering to time and/or budget and where appropriate the Board will seek project evaluation updates or commission post completion reviews.

10.2 Capital Challenge meetings

At appropriate times throughout the year capital challenge meetings will be undertaken, led by the Cabinet member with responsibility for the capital investment programme. The aim of these challenge meetings is to ascertain whether:

- Any projects are not aligned to the delivery of the Southend 2050 outcomes and can be removed from the programme;
- There are any opportunities for disinvestment;
- Any project budgets need to be re-profiled to better align them to the predicted spend across the years of the programme;
- Any projects currently funded by borrowing that can be alternatively financed;
- Any projects in the main programme need to be moved to the Subject to Viable Business Case section;
- The actual physical progress of each scheme (e.g. out to tender, site assembly, on site, etc.) and whether the current year's budget will be spent.

10.3 Capital budget performance reports

Capital expenditure and its financing are monitored monthly, with the expenditure to date identified and projected to year end to forecast the outturn position based on project managers' realistic expectation.

The capital budget performance is reported to Cabinet four times a year (via CMT and EB) with a commentary on scheme progress. One of these reports is to inform members of the capital investment programme outturn. These reports include recommendations to approve the requested changes to the programme such as proposed re-profiles of scheme budgets across financial years, new schemes, deletions, virements of budget between schemes, additions where new external funding has been received or transfers between the main programme and the 'subject to' section. These changes are either as a

result of recommendations from Investment Board, the outcome of capital challenge meetings, the year end closure procedures or identified in the normal course of the monthly budget performance monitoring.

A summary of the capital budget performance is also reported to CMT for the months when it does not go to Cabinet.

11 Multi-Year Schemes

Payments for capital schemes often occur over many years, depending on the size and complexity of the project. Therefore, estimated payment patterns are calculated for each project so that the expected capital expenditure per year is known. This is called a cash flow projection or budget profiling.

The length of the planning period should be defined by the financing strategy and the risks faced with reference to the life of the project/assets. For example some schemes may span two or three years (e.g. building an extension to a school) whereas others may be over much longer timeframes (e.g. the 30 year business plan for the HRA decent homes programme).

The approval of a rolling multi-year capital investment programme assists the Council in a number of ways. It assists service managers, allowing them to develop longer term capital plans for service delivery.

It allows greater flexibility in planning workloads and more certainty for preparation work for future schemes. It will also allow greater integration of the revenue budget and capital investment programme. It also matches the time requirement for scheme planning and implementation since capital schemes can have a considerable initial development phase.

12 Other Considerations

The Council has a Procurement team that ensures that value for money is provided and to see where efficiency savings can be achieved. This also covers capital procurement. It is essential that all capital procurement activities comply with prevailing regulations and best practice and with the Councils policies and regulations such as Contract Procedural Rules and Financial Regulations.

The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

Capital Schemes must also comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.

February 2022

SOUTHEND-ON-SEA BOROUGH COUNCIL

CAPITAL INVESTMENT POLICY

1 Scope of this policy

- 1.1 This investment policy covers capital investments, including:
- investment for service purposes which are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services;
 - investments for commercial purposes which are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services;
- 1.2 Investments for Treasury Management purposes are covered by the Annual Treasury Management Investment Strategy, which forms part of the Treasury Management Strategy.

2 Investment Objectives

- 2.1 The underlying objectives for these investments will be:
- Security – protecting the capital sum invested from loss;
 - Liquidity – ensuring the funds invested are available for expenditure when needed;
 - Yield – consideration of the yield obtainable consistent with proper levels of security and liquidity.
- 2.2 Due to the nature of the assets or for valid service reasons, such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact on financial sustainability identified and reported.

3 Capital investments

- 3.1 Capital investment will only be undertaken if it contributes to the delivery of Southend 2050 and the Council's ambition, strategic delivery plans, desired outcomes or the Council's recovery priorities.
- 3.2 Before capital investments can be entered into, they must be included as part of the approved capital investment programme, by either having a specific budget or via a pooled budget (e.g. strategic and regeneration acquisitions).

- 3.3 The Council's risk appetite and approach to risk management for capital projects is set out in the risk management section of the Capital Investment Strategy.
- 3.4 The Chief Finance Officer will ensure that the Council has the appropriate legal powers to undertake such investments. Annex A sets out each type of investment, the primary purpose and the legal powers to be used.
- 3.5 The Chief Finance Officer will ensure the proportionality of all investments so that the Council does not undertake a level of investing which exposes it to an excessive level of risk compared to its financial resources.

4 Service investments

- 4.1 These will be investments taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.
- 4.2 Service investments may or may not involve financial returns. However, obtaining those returns will not be the primary purpose of the investment.
- 4.3 It may be appropriate to borrow to finance service investments.

5 Regeneration and transformation projects

- 5.1 These will be investments entered into as part the Council's wider strategy, for example regeneration, transformation, economic recovery, development and growth. These may include investments arising as part of a business structure, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers.
- 5.2 These may be investments that include an aim of making a financial surplus for the Council, but this will not be the primary purpose of the investment.
- 5.3 Investment may include property purchases for strategic and regeneration purposes. These would not be primarily for yield but would be part of the wider strategic, regeneration, transformation or recovery aims of the Council.

6 Commercial investments

- 6.1 These are investments taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services. This includes non-financial assets such as commercial property. These are any property which is bought and held primarily for financial return.

- 6.2 No new commercial investments will be entered into, where the primary purpose is to make a financial return.
- 6.3 Borrowing will not be undertaken to invest primarily for financial return.
- 6.4 The Council holds an existing portfolio of commercial land and property that were bought before these new rules came into force. The Council is permitted to invest in maximising its value, including repair, renewal and updating of the properties. These assets are held as Investment Properties on the Council's balance sheet.
- 6.5 The Council's Commercial Property Investment Strategy (including the purpose of the Investment Portfolio) is set out in the Corporate Asset Management Strategy.
- 6.6 The Chief Finance Officer will assess the extent to which the Council's balanced budget and Council Tax setting is dependent on returns from commercial investments.

7 Loans

- 7.1 These may be loans to local enterprises, local charities or third sector bodies, wholly owned companies and joint ventures. They may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity but would be entered into as part the Council's wider strategy, for example economic development and growth.
- 7.2 Such loans will only be entered into if the Chief Finance Officer is satisfied that the financial exposure to these types of loans is proportionate and that the expected credit losses have been appropriately assessed in accordance with International Financial Reporting Standard (IFRS) 9 Financial Instruments.
- 7.3 Any overdue payments would be recovered using the credit control arrangements set out in the Council's Debt Management Strategy.
- 7.4 The total level of loans will be formally agreed as part of the process for inclusion in the capital investment programme.

8 Financing of Capital Investments

- 8.1 As capital investments that exclude Commercial Investment, the above will be financed by any of the sources in the funding strategy section of the Capital Investment Strategy.
- 8.2 Although not the primary purpose, where capital investment, property purchases and loans do generate an income stream the Chief Finance Officer may choose to finance these capital investments by borrowing. Where this is the case the Chief Finance Officer will set out the rationale for doing so and how the risks of the investment are to be managed (e.g.

risk of not achieving the desired returns or the risk of the borrowing costs increasing) and that all the appropriate due diligence has been undertaken.

9 Due Diligence

9.1 For all capital investments, the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.

9.2 Due diligence process and procedures may include:

- effective scrutiny of proposed investments by the relevant committee;
- identification of the risk to both the capital sums invested and the returns;
- understanding the extent and nature of any external underwriting of those risks;
- the potential impact on the financial sustainability of the Council if those risks come to fruition;
- identification of the assets being held for security against debt and any prior charges on those assets;
- where necessary independent and expert advice will be sought.

9.3 The Chief Finance Officer will ensure that Members are adequately informed and understand the risk exposures being taken on.

10 Governance and Scrutiny of Capital Investments

10.1 The approach to capital investment is set out in the Corporate Asset Management Strategy and includes Members and Chief Officers at key stages.

10.2 Significant or strategic capital investments will be overseen by the Chief Finance Officer, relevant officers of the Corporate Management Team (CMT) and the appropriate Governance boards and managed by project boards and teams appropriate to the scale of the investment.

10.3 The Investment Board and/or the Chief Finance Officer (and CMT where appropriate) will agree which projects should proceed to Cabinet for decisions and scrutiny and on to full Council for approval as part of the capital investment programme.

10.4 For strategic and regeneration property purchases an overall unspecified budget will be put forward for approval as part of the capital investment programme and individual acquisitions can then be acquired within that budget envelope. Decisions will need to be made, which will be

commercially confidential and often made quickly and efficiently but only after undertaking the necessary due diligence of the appropriate extent and depth. Therefore, these decisions will need to be directed by the Chief Finance Officer who will follow the most appropriate governance route to expedite any acquisition and in line with the constitution and/or any necessary delegation. These decisions will be included as part of the next scheduled capital reporting to Cabinet and also part of any necessary reporting requirement to Cabinet (e.g. SO46, etc).

Type of investment	Primary purpose	Secondary purposes	Legal power to undertake investment
Service investments	Contribute to the delivery of Southend 2050 and the Council's ambition, strategic delivery plans, recovery plans and desired outcomes.	Provision of operational services, including housing	Notes 1 and 2
Regeneration and transformation		To support the Council's wider strategy, for example regeneration, transformation, economic recovery, development and growth.	Notes 1, 2 and 3
Strategic and Regeneration Acquisitions		As part of the Council's wider strategic, regeneration, transformation or recovery aims. To make a financial surplus.	Notes 1, 2 and 5
Loans		To support wider strategy whilst also generating an income stream.	Notes 1, 2 and 4

Note 1 – Capital expenditure defined in S16 of Local Government Act 2003.

Note 2 – Power to borrow – S1 of Local Government Act 2003.

Note 3 - The Local Authorities (Capital Finance and Accounting (England) Regulations 2003 – section 25(1)(d) – the acquisition of share capital or loan capital in any body corporate

Note 4 – The Local Authorities (Capital Finance and Accounting (England) Regulations 2003 – section 25(1)(b) – the giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the authority, be capital expenditure.

Note 5 – The Council can build and manage an investment portfolio under the general power of competence set out in Section 1 of the Localism Act 2011. In accordance with this Act, the Council has the legal powers to purchase assets inside or outside the borough (or the UK) and manage them for investment and commercial gain.

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

1. Summary




Theme	Proposed additional investment (£000)	Proposed additional investment subject to viable business cases – Rolling Programmes (£000)
Pride and Joy	-	5,000
Safe and Well	-	18,445
Connected and Smart	11,405	6,000
Opportunity and Prosperity	-	1,500
Future Ways of Working	1,200	3,000
Total	12,605	33,945
<i>General Fund:</i>	12,605	15,500
<i>Housing Revenue Account (HRA)</i>	-	18,445

Proposed additional investment – main programme	<u>2022/23 (£'000)</u>	<u>2023/24 (£'000)</u>	<u>2024/25 (£'000)</u>	<u>2025/26 (£'000)</u>	<u>2026/27 (£'000)</u>	<u>5 Year Total (£'000)</u>
Proposed investment each year	7,405			600	4,600	12,605
Financed by:						
Borrowing	7,405			600	4,600	12,605


Proposed additional investment subject to viable business cases – Rolling programmes	<u>2022/23 (£'000)</u>	<u>2023/24 (£'000)</u>	<u>2024/25 (£'000)</u>	<u>2025/26 (£'000)</u>	<u>2026/27 (£'000)</u>	<u>5 Year Total (£'000)</u>
Proposed investment each year	825	825	2,825	11,735	17,735	33,945
Financed by:						
Borrowing	500	500	500	3,250	9,250	14,000
External Funding			500	500	500	1,500
Right to Buy Capital Receipts			600	600	600	1,800
HRA Reserves	325	325	1,225	7,385	7,385	16,645

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**





2. Proposed Additional Investment into the main Capital Investment Programme

Theme		Total (£)	Proposed Initiatives
	<p align="center">C1</p> <p align="center"><i>Additional</i></p>	<p align="center">355,000</p> <p align="center"><i>Funded by: Corporate borrowing</i></p> <p>Roadmap 2025:</p> 	<p>East Beach Car Park – Phase 1 (22/23 - £355,000)</p> <p>This investment is to widen the existing vehicular entrance/exit and install a height barrier and vehicle flow plates. The footway entrance would be improved to include street lighting and improved access for pedestrians and cyclists. The car parking area would be future proofed to ensure that Electric Vehicle Charging can be accommodated.</p> <p>Phase 2 of this project would be the construction of the car park and which would require planning permission. Detailed cost estimates for this phase are being sought but it is estimated that the full project cost (phases 1 and 2) would be up to £825,000. In addition to these capital costs, £40,000 has been allocated from the revenue budget for professional fees regarding all relevant surveys and flood risk assessments to enable a more detailed business case to be worked through.</p> <p>Inclusion of phase 2 into the main programme would be subject to approval of a viable business case.</p>
	<p align="center">C2</p> <p align="center"><i>Additional</i></p>	<p align="center">1,050,000</p> <p align="center"><i>Funded by: Corporate borrowing</i></p>	<p>ICT – Smart Council (22/23 - £1,050,000)</p> <p>This investment is for the equipment and application and infrastructure licences for the 22/23 financial year to enable the project to progress whilst the necessary business cases and governance processes are being worked through for the rest of the project.</p> <p>This investment is in addition to the budget request of £146,000 for the approved capital investment programme in 21/22.</p> <p>Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.</p> <p>This capital investment is to continue to provide the ICT core services to the Council (software and hardware). This project proposes a fast-track migration to the cloud which</p>
<p>Southend is a leading digital city with world class infrastructure that reflects equity of digital provision.</p>			

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

			<p>enables the Council's transformation, mitigates the disaster recovery risk, negates the need for a cyclical investment and realises the cost savings that can be achieved from such a strategy. By utilising the cloud for the Council's infrastructure there is no longer a need to replace ICT Infrastructure, resulting in significant cost savings. The additional work has been broken down into projects, which, when delivered together, will achieve quantitative and qualitative benefits and mitigates risk.</p> <p>Part of the project is to provide regular device refreshes, to ensure the estate does not go beyond the end of its supported life and result in security risks and to enable officers and members to carry on working remotely.</p> <p>The COVID-19 pandemic meant that the Council was required to begin a move to the Cloud, to enable remote working. Reversing this or stopping this will add additional costs.</p> <p>The ICT Smart Council project has a total estimated cost of £16,396,000 over the years from 21/22 to 25/26. The remaining £15,200,000 is estimated to be £5,505,000 of capital investment over the years 23/24 to 25/26 and £9,695,000 of revenue investment over the years from 21/22 to 25/26.</p> <p>This proposed solution offers stable costs after initial investment, reduces risk and offers the ability to transform the Council.</p>
	<p align="center">C3</p> <p><i>Additional</i></p>	<p align="center">1,200,000</p> <p><i>Funded by: Corporate borrowing</i></p>	<p>Priority Works (25/26 to 26/27 - £600,000 p.a.)</p> <p>This investment is to ensure a £600,000 annual budget is available to deal with any urgent or priority works to Council owned assets that may arise during the year.</p> <p>This investment is in addition to the £2,274,000 budget already in the approved capital investment programme for the years 21/22 to 24/25.</p>




**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

	<p align="center">C4</p> <p align="center"><i>Additional</i></p>	<p align="center">6,500,000</p> <p align="center"><i>Funded by: Corporate borrowing</i></p>	<p>Footways Improvements (22/23 - £4,000,000, 26/27 - £2,500,000)</p> <p>Improving local pavements is a priority for local people and for this council. This investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls.</p> <p>The 22/23 amount is to be brought up into the main programme from the Subject to Viable Business Case section. The 26/27 amount is to ensure the continuation of the rolling programme. This is in addition to the budget of £16million already in the approved capital investment programme for the years 21/22 to 25/26.</p> <p>The programme of works includes some of the highest priority pavements that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority pavements to be brought up to standard across the borough.</p>
<p align="center">Deliver on the ambitious programme of investment in improving our pavements and highways.</p>		<p>Roadmap 2020:</p> 	
	<p align="center">C5</p> <p align="center"><i>Additional</i></p>	<p align="center">3,500,000</p> <p align="center"><i>Funded by: Corporate borrowing</i></p>	<p>Carriageways Improvements (22/23 - £2,000,000, 26/27 - £1,500,000)</p> <p>Improving local roads is a priority for local people and for this council. This investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety.</p> <p>The 22/23 amount is to be brought up into the main programme from the Subject to Viable Business Case section. The 26/27 amount is to ensure the continuation of the rolling programme. This is in addition to the budget of £10million already in the approved capital investment programme for the years 21/22 to 25/26.</p> <p>The programme of works includes some of the highest priority roads that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority roads to be brought up to standard across the borough.</p>
<p align="center">Deliver on the ambitious programme of investment in improving our pavements and highways.</p>		<p>Roadmap 2020:</p> 	
<p align="center">Total</p>		<p align="center">12,605,000</p>	<p align="center">General Fund</p>





**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

**3. Proposed Additional Investment Subject to Viable Business Cases
– Rolling Programmes**





Viable business cases will need to be produced and approved before these schemes can progress and be brought into the capital investment programme.

Theme		Total (£)	Proposed Initiatives
	C6	2,500,000	<p>Southend Pier – Condition Works (25/26 to 26/27 - £1,250,000 p.a.)</p> <p>This investment is to deliver the ongoing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This proactive approach reduces the requirement for urgent and/or reactive condition works and ensures the integrity of this landmark structure that helps drive millions of visitors to Southend-on-Sea each year.</p> <p>This investment is in addition to the £4,976,000 budget already in the approved capital investment programme for the years 21/22 to 24/25.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
	Additional	Funded by: Corporate borrowing	
<div style="border: 1px solid black; padding: 5px;"> Promote the cultural and tourism life of the Borough creating a true Destination Southend. </div>			
	C7	2,500,000	<p>Coastal Defence Refurbishment Programme (22/23 to 26/27 - £500,000 p.a.)</p> <p>This investment is to deliver a planned approach for the essential refurbishment works to the borough's coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works.</p> <p>This investment is in addition to the £150,000 budget already in the approved capital investment programme for 21/22.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
	Additional	Funded by: Corporate borrowing Roadmap 2022: 	



**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

 <p>Deliver on the ambitious programme of investment in improving our pavements and highways.</p>	<p align="center">C8</p> <p align="center"><i>Additional</i></p>	<p align="center">4,000,000</p> <p><i>Funded by: Corporate borrowing</i></p> <p>Roadmap 2020:</p> 	<p>Footways Improvements <i>(26/27 - £4,000,000)</i></p> <p>Improving local pavements is a priority for local people and for this council. This investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls. This is in addition to the budget of £16million already in the Subject to Viable Business Case section of the capital investment programme for the years 21/22 to 25/26.</p> <p>The programme of works includes some of the highest priority pavements that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority pavements to be brought up to standard across the borough.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
 <p>Deliver on the ambitious programme of investment in improving our pavements and highways.</p>	<p align="center">C9</p> <p align="center"><i>Additional</i></p>	<p align="center">2,000,000</p> <p><i>Funded by: Corporate borrowing</i></p> <p>Roadmap 2020:</p> 	<p>Carriageways Improvements <i>(26/27 - £2,000,000)</i></p> <p>Improving local roads is a priority for local people and for this council. This investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. This is in addition to the budget of £8million already in the Subject to Viable Business Case section of the capital investment programme for the years 21/22 to 25/26.</p> <p>The programme of works includes some of the highest priority roads that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority roads to be brought up to standard across the borough.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>


**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

 <p>Maintain our commitment to school improvement</p>	<p>C10 <i>Additional</i></p>	<p>1,500,000 <i>Funded by: External funding</i></p> <p>Roadmap 2020:</p> 	<p>Schools – Condition Works <i>(24/25 to 26/27 - £500,000 p.a.)</i></p> <p>This investment is for condition works at Children Centres and emergency works at schools. These are mainly larger, urgent projects to be agreed between the Council’s property team and head teachers.</p> <p>This is funded from Government Grant (subject to final Government capital funding announcements).</p> <p>This investment is in addition to the budget of £1,710,000 already in the approved capital investment programme.</p>
	<p>C11 <i>Additional</i></p>	<p>1,500,000 <i>Funded by: Corporate borrowing</i></p>	<p>Property Refurbishment Programme <i>(25/26 to 26/27 - £750,000 p.a.)</i></p> <p>This investment is to enable the Council’s Property and Estate Management service to take a proactive approach to maintaining the buildings for which it is responsible. This will ensure investment is made in the fabric and services within building before they get to a stage that capital works become urgent or have a detrimental impact on service users’ use of the building or leads to urgent repairs and maintenance works which are usually more costs long term.</p> <p>This investment is in addition to the budget of £2,639,000 already in the approved capital investment programme for the years 21/22 to 24/25.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
	<p>C12 <i>Additional</i></p>	<p>1,500,000 <i>Funded by: Corporate borrowing</i></p>	<p>Fire Improvement Works <i>(25/26 to 26/27 - £750,000 p.a.)</i></p> <p>This scheme is for the implementation of fire safety and associated compliance works across the Council’s corporate property estate arising as a result of any changes to building regulations and/or other standards or updated fire risk assessments.</p> <p>This investment is in addition to the budget of £3,211,000 already in the approved capital investment programme for the years 21/22 to 24/25.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
<p align="center">Total</p>		<p align="center">15,500,000</p>	<p align="center">General Fund</p>

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

	<p align="center">C13</p> <p align="center"><i>Additional</i></p>	<p align="center">4,500,000</p> <p><i>Funded by: 40% Right to Buy Receipts and 60% Capital Investment Reserve</i></p>	<p>HRA Affordable Housing Acquisitions Programme <i>(24/25 to 26/27 - £1,500,000 p.a.)</i></p> <p>Housing is a clear priority of this council and through purchasing suitable private homes for council use, the acquisitions programme is already helping to ensure that everyone has a home that meets their needs, including those with complex needs.</p> <p>It is 40% financed by retained Right to Buy capital receipts. To ensure all these receipts can be used within the timeframes set by central Government the above amount needs to be spent during the next five financial years with targets in each quarter. The balance of 60% is financed from the HRA capital investment reserve.</p> <p>If the Council exceeds any of the quarterly targets the excess will count towards the next quarter. As conveyancing time frames cannot be guaranteed the timing of these budgets plan to exceed the targets rather than to just meet them, in case any of the planned property purchases do not proceed.</p> <p>This investment is in addition to the budget of £6,706,000 already in the approved capital investment programme for the years 21/22 to 23/24.</p> <p>The profile of these budgets across 2022/23 and future years is subject to change as the Government will be introducing a cap on the use of Right to Buy receipts on acquisitions, to encourage new builds to help drive new supply of Council Housing. The cap will come in from April 2022 and will be phased in over 2022/23 to 2024/25.</p>
<p>We are well on our way to ensuring that everyone has a home that meets their needs.</p>			
	<p align="center">C14</p> <p align="center"><i>Additional</i></p>	<p align="center">12,320,000</p> <p><i>Funded by: Reserves</i></p> <p><i>Delivered by South Essex Homes</i></p>	<p>HRA Future Investment Programme <i>(25/26 to 26/27 - £6,160,000 p.a.)</i></p> <p>The investment relates to</p> <ul style="list-style-type: none"> • continuing of the Decent Homes programme to keep the housing stock at decency levels; • common area improvements; • environmental health and safety works; <p>These works are wholly funded through the HRA, from the Major Repairs Reserve. This investment is in addition to the budget of £25,755,000 already in the approved capital investment programme for 21/22 to 24/25.</p>
<p>We are well on our way to ensuring that everyone has a home that meets their needs.</p>			

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2022/23 to 2026/27**

	<p align="center">C15</p> <p align="center"><i>Additional</i></p>	<p align="center">1,625,000</p> <p align="center"><i>Funded by: Reserves</i></p> <p align="center"><i>Delivered by South Essex Homes</i></p>	<p>HRA Right to Buy – Buybacks Refurbishment <i>(22/23 to 26/27 - £325,000 p.a.)</i></p> <p>This investment is support the continuation of the programme to buy back ex-council houses and other properties to increase the stock on the housing register. These funds would be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard.</p> <p>These works are wholly funded through the HRA, from the Capital Investment Reserve. This investment is in addition to the budget of £324,000 already in the approved capital investment programme for 21/22.</p>
<p align="center">We are well on our way to ensuring that everyone has a home that meets their needs.</p>			
	Total	18,445,000	Housing Revenue Account
		33,945,000	TOTAL CAPITAL INVESTMENT PROPOSALS – SUBJECT TO VIABLE BUSINESS CASES – ROLLING PROGRAMMES

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SUMMARY OF CHANGES TO THE CAPITAL INVESTMENT PROGRAMME

Appendix 13

Summary - programme to be delivered by the Council:

	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Approved Capital Investment Programme - November 2021 Cabinet	70,852	50,322	18,508	10,108	6,919		156,709
Carry Forwards	(10,948)	5,538	5,269	102	39	0	0
Accelerated Deliveries	2,566	(2,566)	0	0	0	0	0
Additions to the Programme	146	1,398	775	25	0	0	2,344
Schemes Removed from Programme	(161)	0	0	0	0	0	(161)
Virements	0	0	0	0	0	0	0
New External Funding	4,615	14,372	2,050	0	0	0	21,037
Transfer to 'Subject to Viable Business Case'	(173)	(600)	(509)	0	0	0	(1,282)
Proposed Investment Programme - following amendments	66,897	68,464	26,093	10,235	6,958	0	178,647

Total budget for 2022/23 to 2026/27:

111,750

Summary - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures:

	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Approved Capital Investment Programme - November 2021 Cabinet	14,222	21,549	15,559	9,598	3,250		64,178
Carry Forwards	(2,987)	2,159	828	0	0	0	0
Accelerated Deliveries	500	(500)	0	0	0	0	0
Additions to the Programme	0	0	0	0	0	0	0
Schemes Removed from Programme	0	0	0	0	0	0	0
Virements	0	0	0	0	0	0	0
New External Funding	0	0	0	0	0	0	0
Transfer to 'Subject to Viable Business Case'	0	0	0	0	0	0	0
Proposed Investment Programme - following amendments	11,735	23,208	16,387	9,598	3,250	0	64,178

Total budget for 2022/23 to 2026/27:

52,443

Carry Forwards to Future Years - programme to be delivered by the Council

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Local Growth Fund - A127 Growth Corridor	(150)	150					0
ICT - Connected and Smart	(90)	90					0
N3 Connectivity in the Civic Building	(39)				39		0
Empty Homes strategy	(25)	25					0
Housing and Development Pipeline Feasibility - GF	(100)	100					0
Affordable Housing Acquisitions Programme	(1,000)	500	500				0
Housing Construction Scheme - Land Assembly Fund (S106)	(356)	356					0
Housing Construction Scheme - Phase 5/6 feasibility (S106)	(4)	4					0
Business World - Bank Reconciliation Module Improvements	(4)	4					0
Infrastructure Feasibility Studies	(48)	48					0
Cart and Wagon shed	(132)	132					0
Chalkwell Park and Priory Park Tennis Courts	(13)	13					0
Civic Campus - Efficient Use of Space	(90)	90					0
ICT - Cybersecurity	(130)	130					0
ICT - Childrens and Adults Social Care - Implementation of ContrOCC modules	(207)		105	102			0
Victoria Centre	(40)	40					0
Better Queensway - Programme Management	(150)	150					0
Housing and Development Pipeline Feasibility - HRA	(189)	189					0
Council Affordable Housing Development (Phase3) - Shoebury	(515)	(219)	734				0
Aviation Way Car Park	(384)	384					0
Special Provision Capital Fund	(169)	169					0
Zebra Crossing Surfacing Replacement	(19)	19					0
Challenge Fund - Bridge Strengthening	(150)	150					0
DfT Active Travel - Tranche 2	(192)	192					0
Traffic Signs Upgrade	(100)	100					0
Junction Protection	(170)	170					0
Car Park Resurfacing	(183)	183					0
Vehicle Restraint Replacement	(20)	20					0
Parking Signage Replacement	(100)	100					0
Local Growth Fund - Southend Town Centre Interventions	(896)	896					0
Car Park Improvements	(50)	50					0
Leigh Port - Levelling Up Fund	(4,070)	140	3,930				0
CCTV Equipment Renewal	(250)	250					0
Groyne Field Refurbishment Programme	(175)	175					0
Cliffs Pavillion - Levelling up Funding	(238)	238					0
Southend Pier - Pier Head development Phase 1	(500)	500					0
Total Carry Forwards - programme to be delivered by the Council	(10,948)	5,538	5,269	102	39	0	0

Carry Forwards to Future Years - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Balmoral Estate Improvement and Structural works	(1,185)	357	828				0
Better Queensway Energy Centre	(1,100)	1,100					0
Common Areas Improvement	(240)	240					0
Environmental Health and Safety works	(176)	176					0
Bathroom Refurbishment	(4)	4					0
Kitchen Refurbishments	(15)	15					0
Rewiring	(20)	20					0
Central Heating	(19)	19					0
Roofs	(17)	17					0
Windows and Doors	(9)	9					0
Sprinkler System Installation Pilot	(104)	104					0
HRA - SBC Buybacks Refurbishment	(8)	8					0
Energy Efficiency Measures	(90)	90					0
Total Carry Forwards - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures	(2,987)	2,159	828	0	0	0	0

Accelerated Deliveries - programme to be delivered by the Council

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Airport Business Park (including Local Growth Fund)	2,500	(2,500)					0
Crematorium Refurbishment	15	(15)					0
Eastwood Primary boiler	5	(5)					0
Acquisition of tower block leaseholds - Queensway	45	(45)					0
Car Park Infrastructure Improvements	1	(1)					0
Total Accelerated Deliveries - programme to be delivered by the Council	2,566	(2,566)	0	0	0	0	0

Accelerated Deliveries - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Housing Infrastructure Funding	500	(500)					0
Total Accelerated Deliveries - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures	500	(500)	0	0	0	0	0

Additions to the Programme - programme to be delivered by the Council

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
ICT - Technology Device Refresh	94						94
ICT - Stabilise the Estate	42						42
Software Licencing	10						10
Cliffs Pavilion - Levelling up Funding		1,015	775	25			1,815
City Beach - Levelling up Funding		383					383
Total Additions to the Programme - programme to be delivered by the Council	146	1,398	775	25	0	0	2,344

Deletions from the Programme - programme to be delivered by the Council

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
CIL Ward NA – Thorpe – Street furniture improvement	(8)						(8)
Housing Construction Scheme - Phase 2	(3)						(3)
Parks Feasibility and Options Appraisals	(24)						(24)
Sidmouth Park - Replacement of Play Equipment	(8)						(8)
Wheeled Sports Facility Central Southend Area	(12)						(12)
Children's Residential Care Provision	(87)						(87)
Gas Works Car Park	(19)						(19)
Total Deletions from the Programme - programme to be delivered by the Council	(161)	0	0	0	0	0	(161)

Virements between schemes - programme to be delivered by the Council

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Balmoral Estate Improvement and Structural works	270						270
Tower Blocks Boroughwide Annunciation System	(270)						(270)
Bathroom Refurbishment	(23)						(23)
Common Areas Improvement	426						426
Central Heating	(84)						(84)
Roofs	(233)						(233)
Windows and Doors	(318)						(318)
Sprinkler System Installation Pilot	64						64
Tower Blocks Boroughwide Annunciation System	18						18
Environmental HandS works	150						150
Essential Crematorium/Cemetery Equipment	(1)						(1)
Pergola Walk Memorial Scheme	1						1
Future condition projects Post 10 11	(15)						(15)
Eastwood Primary - kitchen works	15						15
Cliffs Pavilion Refurbishment and Remodelling – design and specification	(92)						(92)
Cliffs Pavilion - Levelling up Funding	92						92
Virements already actioned							
Priority Works	(379)						(379)
Southend Dive Pool Flooring - Emergency Works	86						86
Groynes Field Refurbishment Programme	275						275
125 F/F Valkyrie Road void works	18						18
Total Virements between schemes - programme to be delivered by the Council	0	0	0	0	0	0	0

New External Funding - programme to be delivered by the Council

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
CIL Ward NA – Chalkwell – Chalkwell Speedwatch	1						1
CIL Ward NA – Eastwood Park – Rochford Corner power connection	1						1
CIL Ward NA – Milton – Milton railway bridge artwork	4						4
CIL Ward NA – Prittlewell – Priory Park fountains restoration	25						25
CIL Ward NA – St Laurence – Street sign cleaning	1						1
CIL Ward NA – St Laurence – Eastwood Community Centre replacement water heaters	2						2
CIL Ward NA – Thorpe – Southchurch Bowls Club Irrigation System	9						9
CIL Ward NA – Belfairs – Belfairs Memorial Bench	2						2
CIL Ward NA – St Laurence – Eastwood Community Centre LED lighting project	4						4
Leigh Port - Levelling up Funding	4,000	8,140	2,050				14,190
Cliffs Pavilion - Levelling up Funding	420	5,925					6,345
City Beach - Levelling up Funding	75	307					382
Improving Resilience to flooding – Eastwood Brook Hydraulic Catchment	70						70
CIL Ward NA – St Laurence – Whip hedge planting	1						1
Total New External Funding - programme to be delivered by the Council	4,615	14,372	2,050	0	0	0	21,037

Transfers to 'Subject to Viable Business Case' section from main Capital Investment Programme - programme to be delivered by the Council

Scheme	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Schools and Council Buildings Solar PV	(73)	(200)	(73)				(346)
Solar PV Projects	(100)	(400)	(436)				(936)
Total Transfers from 'Subject to Viable Business Case' Section - programme to be delivered by the Council	(173)	(600)	(509)	0	0	0	(1,282)

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Proposed Capital Investment Programme 2021/22 to 2026/27 and future years - Summary by Area of Investment

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
General Fund Housing	834	1,017	843	500	2,919	-	6,113
Social Care	6,400	203	-	-	-	-	6,603
Schools	1,520	1,680	831	262	-	-	4,293
Enterprise and Regeneration	10,815	7,228	-	-	-	-	18,043
Southend Pier	4,735	6,300	3,550	1,250	-	-	15,835
Culture and Tourism	1,452	145	-	-	-	-	1,597
Community Safety	3,177	250	-	-	-	-	3,427
Highways and Infrastructure	22,565	19,936	4,295	4,000	4,000	4,000	58,796
Works to Property	1,958	6,337	2,020	2,021	600	600	13,536
Energy Saving	232	425	200	-	-	-	857
ICT	4,417	2,138	967	102	39	-	7,663
S106/S38/CIL	708	35	35	166	-	-	944
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND	58,813	45,694	12,741	8,301	7,558	4,600	137,707

Total budget for 2022/23 to 2026/27:

78,894

Scheme to be delivered by the Council and Funded by the Levelling Up Fund	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Enterprise and Regeneration - Funded by the Levelling Up Fund	499	16,808	6,755	25	-	-	24,087
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND - FUNDED BY LEVELLING UP FUND	499	16,808	6,755	25	0	0	24,087

Total budget for 2022/23 to 2026/27:

23,588

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Council Housing New Build Programme	1,346	9,394	2,721	233	-	-	13,694
Council Housing Acquisitions Programme	5,524	3,203	3,106	900	-	-	12,733
Council Housing Refurbishment	715	770	770	776	-	-	3,031
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - HRA	7,585	13,367	6,597	1,909	0	0	29,458

Total budget for 2022/23 to 2026/27:

21,873

	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY THE COUNCIL	66,897	75,869	26,093	10,235	7,558	4,600	191,252

Total budget for 2022/23 to 2026/27:

124,355

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years - Summary by Area of Investment

Appendix 14

Scheme to be delivered by the Subsidiary Companies, Partners or Joint Ventures	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 and future years Budget	Total Budget (all years)	
	£000	£000	£000	£000	£000	£000	£000	
Council Housing Refurbishment	7,785	9,008	6,887	6,348	-	-	30,028	
Enterprise and Regeneration	3,950	14,200	9,500	3,250	3,250	-	34,150	
PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES, PARTNERS OR JOINT VENTURES	11,735	23,208	16,387	9,598	3,250	-	64,178	
Total budget for 2022/23 to 2026/27:								52,443

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years - Summary by Strategic and Other Schemes

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Strategic schemes							
Airport Business Park (including Local Growth Fund)	8,147	5,300	-	-	-	-	13,447
Airport Business Park - Acquisition	1,036	-	-	-	-	-	1,036
Better Queensway - Programme Management	908	1,140	-	-	-	-	2,048
Victoria Centre	722	540	-	-	-	-	1,262
Brook Meadows House	6,250	-	-	-	-	-	6,250
School Improvement and Provision of School Places	160	-	-	-	-	-	160
Southern Pier schemes	4,735	6,300	3,550	1,250	-	-	15,835
ICT schemes	4,417	2,138	967	102	39	-	7,663
Footways and Carriageways Schemes	11,280	10,839	4,000	4,000	4,000	4,000	38,119
Parking Schemes	454	997	100	-	-	-	1,551
Highways and Infrastructure - Local Growth Fund and Local Transport Plan Schemes	7,678	2,549	-	-	-	-	10,227
Total Strategic - General Fund	45,787	29,803	8,617	5,352	4,039	4,000	97,598
Leigh Port Detailed Design	150	8,940	5,980	-	-	-	15,070
Cliffs Pavillion	274	7,178	775	25	-	-	8,252
City Beach	75	690	-	-	-	-	765
Total Strategic - General Fund - funded by the Levelling Up Fund	499	16,808	6,755	25	-	-	24,087
HRA Affordable Housing Acquisitions Programme	2,000	2,500	2,206	-	-	-	6,706
Next Steps Accommodation Programme	3,123	-	-	-	-	-	3,123
Council Housing New Build Programme	1,346	9,394	2,721	233	-	-	13,694
Acquisition of tower block leaseholds - Queensway	295	514	900	900	-	-	2,609
Total Strategic - HRA	6,764	12,408	5,827	1,133	-	-	26,132
Total Strategic - GF and HRA	53,050	59,019	21,199	6,510	4,039	4,000	147,817
Other Schemes	13,847	16,850	4,894	3,725	3,519	600	43,435
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY THE COUNCIL	66,897	75,869	26,093	10,235	7,558	4,600	191,252

Total budget for 2022/23 to 2026/27: 124,355

Scheme to be delivered by the Subsidiary Companies, Partners or Joint Ventures	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Council Housing Refurbishment	7,785	9,008	6,887	6,348	-	-	30,028
Better Queensway - Loan to Joint Venture	1,750	2,000	2,500	3,250	3,250	-	12,750
Housing Infrastructure Funding	1,000	7,000	7,000	-	-	-	15,000
Better Queensway Energy Centre	500	3,700	-	-	-	-	4,200
Total Strategic - Delivered by Subsidiary Companies or Joint Ventures	11,035	21,708	16,387	9,598	3,250	-	61,978
Other Schemes	700	1,500	-	-	-	-	2,200
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES, PARTNERS OR JOINT VENTURES	11,735	23,208	16,387	9,598	3,250	-	64,178

Total budget for 2022/23 to 2026/27: 52,443

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
General Fund Housing							
Disabled Facilities Grant	800	500	500	500	2,919		5,219
Private Sector Housing Strategy - Empty Homes	25	417	343				785
Housing and Development Pipeline Feasibility - GF	9	100					109
Total General Fund Housing	834	1,017	843	500	2,919	-	6,113
Social Care							
Community Capacity	77						77
Children's Residential Care Provision	36						36
Liquid Logic Portals	6						6
AHDC Short Breaks for Disabled Children	-	64					64
Mental Health Funding Stream	31						31
Transforming Care Housing	-	139					139
Brook Meadows House	6,250						6,250
Total Social Care	6,400	203	-	-	-	-	6,603
Schools							
Barons Court - BMS	6						6
Chalkwell Hall Infants - New Classroom Demountables	530						530
Chalkwell Junior - Lightning Protection	10						10
Earls Hall - Kitchen Boiler Room	100						100
Earls Hall Primary heating	20						20
Eastwood kitchen works	15						15
Eastwood Primary boiler	5	140					145
Eastwood Primary - Toilets/Paving/Timber Fascia	30						30
Edwards Hall - Roofing	20						20
Fairways Primary curtain walling/roofing/radiators	100						100
Future condition projects	119	340					459
Heycroft - Fencing	20						20
Heycroft - Lighting and Fuse Boards	70						70
Heycroft - Lightning Protection	10						10
Leigh Primary - Lightning Protection	15						15
Leigh Primary - Window Replacement (including radiators)	50	100					150
Milton Hall - Fire Barriers	10						10
Devolved Formula Capital	100	100					200
Expansion of 2 yr old Childcare Places	3						3
High Needs Provision	-	531	531				1,062
Prince Avenue Extended Nursery Provision	111						111
School Improvement and Provision of School Places	160						160
Special Provision Capital Fund	16	469	300	262			1,047
Total Schools	1,520	1,680	831	262	-	-	4,293
Enterprise and Regeneration							
Airport Business Park (including Local Growth Fund)	8,147	5,300					13,447
Airport Business Park - Acquisition	1,036						1,036
Better Queensway - Programme Management	908	1,140					2,048
Housing Infrastructure Feasibility	2	248					250
Victoria Centre	722	540					1,262
Total Enterprise and Regeneration	10,815	7,228	-	-	-	-	18,043
Southend Pier							
Southend Pier - Bearing Refurbishment (Phase One)	846						846
Southend Pier - Condition Works Engineers	1,226	1,250	1,250	1,250			4,976
Southend Pier - Condition Works Surveyors	158						158

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Southend Pier - Pier Entrance Enhancement	1						1
Southend Pier - Pier Head development Phase 1	100	1,100					1,200
Southend Pier - Prince George Extension (Phase Two)	568	1,608					2,176
Southend Pier - Replacement of Pier Trains	926						926
Southend Pier - Timber Outer Pier Head	553	2,342	2,300				5,195
Pier Pavilion Bar Conversion	357						357
Total Southend Pier	4,735	6,300	3,550	1,250	-	-	15,835
Culture and Tourism							
Allotments Water Supply Upgrade	58						58
Chalkwell Park and Priory Park Tennis Courts	10	13					23
Playground Gates	118						118
Relocation of Badger Sett	41						41
Replacement and Upgrade of Parks Furniture	20						20
Shoebury Common Regeneration	171						171
Southend Tree Policy Review - additional trees	115						115
Kiosks in Libraries	75						75
Branch Library Refurbishments	143						143
Cliffs Pavilion – Auditorium Air Handling Unit	94						94
Cliffs Pavilion – Chiller	3						3
Cliffs Pavilion - External Refurbishment works	50						50
Cliffs Pavilion Refurbishment and Remodelling – design and specification	241						241
Cliffs Pavilion - Power Supply Equipment	40						40
Central Museum Works	96						96
Cart and Wagon Shed	16	132					148
Energy Improvements in Culture Property Assets	23						23
"Make Southend Sparkle" Initiative	13						13
Southend Dive Pool Flooring - Emergency Works	124						124
Resorts Services Signage	1						1
Total Culture and Tourism	1,452	145	-	-	-	-	1,597
Community Safety							
CCTV Equipment Renewal	1,784	250					2,034
Security Measures	1,393						1,393
Total Community Safety	3,177	250	-	-	-	-	3,427
Highways and Infrastructure							
<u>Cliff Stabilisation schemes:</u>							
- Cliff Parade Cliff Slip	400						400
<u>Flood Prevention and Resilience schemes:</u>							
- Shoebury Common Coastal Defence Scheme	41	-					41
- Bastion Stonework Repairs at Westcliff	200						200
- Coastal Defence Refurbishment Programme	150						150
- Groyne Field Refurbishment Programme	300	175					475
- Improving Resilience to flooding – Eastwood Brook Hydraulic Catchment	222						222
- EA Innovation Resilience Programme	712						712
- Sea Wall - Remedial Repairs	40						40
<u>Footways and Carriageways schemes:</u>							
- Footways Improvements	6,003	6,500	2,500	2,500	2,500	2,500	22,503
- Carriageways Improvements	4,003	3,500	1,500	1,500	1,500	1,500	13,503
- Highways Maintenance - Potholes	773						773
- Junction Protection	170	458					628
- Zebra Crossing Surfacing Replacement	181	231	-				412
- Improve Footway Condition Around Highway Trees	150	150					300

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
<u>Highways Infrastructure schemes:</u>							
- Street Lighting Infills	125	125					250
- DFT - Belton Way East Cliff Slip	250	2,950					3,200
- Bridge Strengthening - Challenge Fund	50	899					949
- DfT - Emergency Active Travel Fund	141						141
- DfT Active Travel - Tranche 2	50	692					742
- Traffic Signs Upgrade	44	350	100				494
- Vehicle Restraint Replacement	155	20					175
- Victoria Circus - void remediation works	25						25
<u>Parking schemes:</u>							
- Car Park Improvements	1	259	100				360
- Car Park Resurfacing	217	283					500
- Improved Car Park Signage and Guidance Systems	155						155
- Gas Works Car Park	31						31
- Parking Signage Replacement	50	100					150
- East Beach Car Park - Phase 1		355					355
<u>Local Transport Plan schemes:</u>							
- LTP (Integrated Transport block) - Bridge Strengthening	215	150					365
- LTP (Integrated Transport block) - Better Sustainable Transport	61	350					411
- LTP (Integrated Transport block) - Better Networks	526						526
- LTP (Integrated Transport block) - Traffic Management Schemes	100	424					524
- LTP (Integrated Transport block) - Traffic Control Systems	215	50					265
- LTP - Maintenance	797						797
- LTP - Maintenance - Street Lighting	150						150
<u>Local Growth Fund schemes:</u>							
- A127 Growth Corridor (Bell Junction and A127 Essential Maintenance Works)	3,240	679					3,919
- SCAAP – Town Centre Public Realm Improvements	1,844						1,844
- Local Growth Fund - Southend Town Centre Interventions	530	896					1,426
<u>Other Transport schemes:</u>							
- HCA Progress Road	15						15
- Southend Transport Model	233	340	95				668
Total Highways and Infrastructure	22,565	19,936	4,295	4,000	4,000	4,000	58,796
Works to Property							
62 Avenue Road - demolition	5	39					44
Aviation Way Car Park	4	384					388
Belfairs Park Restaurant/Golf Club Preventative Works	4						4
Civic Campus - Efficient Use of Space	62	190					252
Clearance and Fencing - Land off Sutton Road	-	2					2
Futures Demolition	216						216
Kursaal surveys (LUF)	10						10
SACC Access Control System	2						2
Seaways - HCA Condition Funding	-	170					170
SMAC Eastern Esplanade Slipway	-	27					27
Cemetery - Ride on Mower	30						30
Crematorium - Urgent Structural Repairs to Chimney	5						5
Crematorium Refurbishment	15	2,685					2,700
Pergola Walk Memorial Scheme	8						8
Civic Centre Boilers	12	-	-				12
Public Toilet Provision	-	699					699
Fire Improvement Works	750	820	820	821			3,211
Property Refurbishment Programme	718	721	600	600			2,639
8 Smallholdings boiler replacement	3						3
Shoebury Garrison - Lockable Gate	1						1

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
125 F/F Valkyrie Road void works	18						18
Priority Works	95	600	600	600	600	600	3,095
Total Works to Property	1,958	6,337	2,020	2,021	600	600	13,536
Energy Saving							
Energy Efficiency Projects	155	369	200				724
Real Time Air Quality Measurement - Feasibility	-	56					56
Electronic Vehicle Projects	77						77
Total Energy Saving	232	425	200	-	-	-	857
ICT							
Data Centre	15						15
Intranet development	20						20
HR Recruitment Contract Implementation	44						44
N3 Connectivity in Civic Building	-				39		39
ICT - Technology Device Refresh	786	220					1,006
ICT - Application Transformation	964	-	-				964
ICT - Digital Enablement	358	90					448
ICT - Security & Resiliency	127	130					257
ICT - Stabilise the Estate	562	42					604
ICT - Core Application and Database Migration	6	150					156
ICT - Childrens and Adults Social Care - Implementation of ContrOCC modules	34		105	102			241
ICT - Operational requirements	864	1,492	862				3,218
Business World Bank Reconciliation Module Improvements	1	4					5
Software Licencing	636	10					646
Total ICT	4,417	2,138	967	102	39	-	7,663
S106/S38/CIL							
S106 23/04/2015 Hinguar and Saxon - public art contribution	9						9
S106 Ajax Works 0300130ful - landscaping maintenance	2	1	1	2			6
S106 Avenue Works 1401968AMDT - Public Art	13						13
S106 Bellway Homes contribution from Hall Road Development	63						63
S106 Former Balmoral 1400914FULM – public art contribution	1						1
S106 Former College 1000225FUL - Tree Replacement	11						11
S106 Garrison 0000777 Deposit - CCTV	1						1
S106 Garrison 0000777 Deposit - information boards	2						2
S106 Garrison 0000777 Deposit - Junior Play Area maintenance	10						10
S106 Garrison 0000777 Deposit - Sea Wall and Assoc Structure Maintenance	120						120
S106 Garrison 0000777 Deposit - Toddler Play Area maintenance	6						6
S106 Garrison Park Store	1						1
S106 Lifstan Way 0000273 Out - Open Space Maintenance	7	4	4	62			77
S106 North Shoebury Road 0301504out - Shoebury Park Enhancement	25						25
S106 North Shoebury Road 0301504out - Shoebury Park Maintenance	33	30	30	102			195
S106 22-23 The Leas 0700820FULM - bus service contribution	43						43
S106 Essex House 1500521FULM - bus stop improvement	3						3
S106 Former College 1500803BC4M - parking survey contribution	10						10
S106 Avenue Works 1401968AMDT - cycleway improvement	1						1
S106 Bellway Prittlebrook 1400943FULM - TRO Contribution	2						2
S106 Hinguar 1401672BC4M - highway contribution	5						5
S106 North Road and Salisbury Ave 1200056 - Highway Works Contribution	2						2
S106 Sunlight Ldry 1400411FULM - Highway Works	2						2
S106 Seec 0200500ful - Highway Works	104						104
S106 Univ H-Way0401561ful	2						2
S38 Lidl Highway – Bond	15						15

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
S278 Star Lane - Great Wakering	70						70
S38/S278 Airport 0901960 Fulm	26						26
S38 Bellway Homes 14/00943/fulm	49						49
S78 Bellway Homes 14/00943/fulm	8						8
S38 Fossetts Farm Bridleway	1						1
CIL Ward NA – Belfairs – Belfairs Memorial Bench	2						2
CIL Ward NA – Blenheim Park – Blenheim Park 'Makeover'	5						5
CIL Ward NA – Chalkwell – Chalkwell Speedwatch	1						1
CIL Ward NA – Eastwood Park – Rochford Corner power connection	1						1
CIL Ward NA – Eastwood Park – Tree planting	1						1
CIL Ward NA – Milton – Milton Park improvements	2						2
CIL Ward NA – Milton – Milton railway bridge artwork	4						4
CIL Ward NA – Milton – Park Street replacement bollards	1						1
CIL Ward NA – Prittlewell – Priory Park fountains restoration	25						25
CIL Ward NA – Southchurch – Southchurch Speedwatch	1						1
CIL Ward NA – St Laurence – Eastwood Community Centre LED lighting project	4						4
CIL Ward NA – St Laurence – Eastwood Community Centre replacement water heater	2						2
CIL Ward NA – St Laurence – Street sign cleaning	1						1
CIL Ward NA – St Laurence – Whip hedge planting	1						1
CIL Ward NA – Thorpe – Southchurch Bowls Club Irrigation System	9						9
CIL Ward NA – Westborough – Signposting	1						1
Total S106/S38/CIL	708	35	35	166	-	-	944
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND	58,813	45,694	12,741	8,301	7,558	4,600	137,707

Total budget for 2022/23 to 2026/27: 78,894

Scheme to be delivered by the Council and Funded by the Levelling Up Fund	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Enterprise and Regeneration - Funded by the Levelling Up Fund							
Leigh Port Detailed Design	150	8,940	5,980				15,070
Cliffs Pavilion	274	7,178	775	25			8,252
City Beach	75	690					765
Total Enterprise and Regeneration - Funded by the Levelling Up Fund	499	16,808	6,755	25	-	-	24,087
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND FUNDED BY LEVELLING UP FUND	499	16,808	6,755	25	0	0	24,087

Total budget for 2022/23 to 2026/27: 23,588

	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
COUNCIL'S PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND	59,312	62,502	19,496	8,326	7,558	4,600	161,794

Total General Fund budget for 2022/23 to 2026/27: 102,482

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years

Appendix 14

Scheme to be delivered by the Council	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Council Housing New Build Programme							
Council Affordable Housing Development (Phase3) - Shoebury	50	6,049	1,375	150			7,624
Council Affordable Housing Development (Phase4) - St Laurence	30	1,421	1,346	83			2,880
Council Affordable Housing Development (MMC) - West Shoebury	920	832					1,752
Housing Construction Scheme - Phase 5/6 feasibility (S106)	34	4					38
Housing Construction Scheme - Land Assembly Fund (S106)	312	1,088	-				1,400
Total Council Housing New Build Programme	1,346	9,394	2,721	233	-	-	13,694
Council Housing Acquisitions Programme							
HRA Affordable Housing Acquisitions Programme	2,000	2,500	2,206				6,706
Next Steps Accommodation Programme	3,123						3,123
Housing and Development Pipeline Feasibility - HRA	106	189					295
Acquisition of tower block leaseholds - Queensway	295	514	900	900			2,609
Total Council Housing Acquisitions Programme	5,524	3,203	3,106	900	-	-	12,733
Council Housing Refurbishment							
HRA Disabled Adaptations - Major Adaptations	715	770	770	776			3,031
Total Council Housing Refurbishment - HRA	715	770	770	776	-	-	3,031
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - HRA	7,585	13,367	6,597	1,909	0	0	29,458

Total HRA budget for 2022/23 to 2026/27: **21,873**

	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
COUNCIL'S PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND AND HRA	66,897	75,869	26,093	10,235	7,558	4,600	191,252

Total budget for 2022/23 to 2026/27: **124,355**

Proposed Capital Investment Programme 2021/22 to 2026/27 and future years

Appendix 14

Scheme to be delivered by the Subsidiary Companies, Partners or Joint Ventures	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 and future years Budget £000	Total Budget (all years) £000
Council Housing Refurbishment - delivered by South Essex Homes Limited							
Bathroom Refurbishment	142	106	96	105			449
Central Heating	726	220	109	93			1,148
Environmental - H&S works	548	1,308	1,133	1,134			4,123
Kitchen Refurbishments	654	986	616	972			3,228
Rewiring	789	293	380	404			1,866
Roofs	603	978	1,074	1,040			3,695
Windows and Doors	737	1,161	1,064	1,013			3,975
Common Areas Improvement	2,188	1,827	1,587	1,587			7,189
HRA - SBC Buybacks Refurbishment	316	8					324
Sprinkler System Installation Pilot	456	104					560
Tower Blocks Boroughwide Annunciation System	18						18
Sheltered Housing DDA works		345					345
Balmoral Estate Improvement and Structural Works	571	1,582	828				2,981
Energy Efficiency Measures	37	90					127
Total Council Housing Refurbishment	7,785	9,008	6,887	6,348	-	-	30,028
Enterprise and Regeneration - delivered by Porters Place Southend-on-Sea LLP							
Better Queensway - Loan to Joint Venture	1,750	2,000	2,500	3,250	3,250		12,750
Housing Infrastructure Funding	1,000	7,000	7,000				15,000
Better Queensway Energy Centre	500	3,700					4,200
Enterprise and Regeneration - delivered by Kent County Council							
No Use Empty – Growing Places Fund		1,000					1,000
No Use Empty – Getting Building Fund	700	500					1,200
Total Enterprise and Regeneration	3,950	14,200	9,500	3,250	3,250	-	34,150
PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES OR JOINT VENTURES	11,735	23,208	16,387	9,598	3,250	0	64,178

Total budget for 2022/23 to 2026/27:

52,443

**Proposed Capital Investment Programme 2021/22 to 2026/27 and future years - Schemes
subject to viable business cases**

Appendix 14

General Fund Schemes Subject to Viable Business Cases	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	Total Budget (all years) £000
Footways Improvements	-	-	4,000	4,000	4,000	4,000	16,000
Carriageways Improvements	-	-	2,000	2,000	2,000	2,000	8,000
Southend Pier - Condition Works					1,250	1,250	2,500
Coastal Defence Refurbishment Programme		500	500	500	500	500	2,500
Schools - Condition Works				500	500	500	1,500
Property Refurbishment Programme					750	750	1,500
Fire Improvement Works					750	750	1,500
HRA Affordable Housing Acquisitions Programme				1,500	1,500	1,500	4,500
HRA Future Investment Programme					6,160	6,160	12,320
HRA Right to Buy - Buybacks Refurbishment		325	325	325	325	325	1,625
Tree Planting							-
Better Queensway - Additional Affordable Housing							10,000
Better Queensway Housing and Commercial Property acquisitions							19,925
Regeneration Pipeline Schemes							-
Strategic and Regeneration Acquisitions							10,380
Private Sector Housing Strategy							785
ICT - Smart Council							-
Coastal Defence							-
Cliffs Stabilisation							-
Shoebury Health Centre							-
East Beach Masterplan							-
Town Centre and Seafront Security Works							-
Civic Centre Campus Masterplan							-
Cliffs Pavilion Refurbishment and Remodelling							2,000
Seafront Illuminations							-
Re-imagination of the Town Centre							-
Museums and Galleries							-
Seaway Leisure							10,000
Schools and Council Buildings Solar PV							346
Solar PV Projects							936
School Improvement and Provision of School Places							400
TOTAL SCHEMES SUBJECT TO VIABLE BUSINESS CASES (plus investment yet to be costed):							106,717

Will be profiled across the years as and when viable business cases are agreed

Highways and Infrastructure schemes 2022/23

Appendix 14

Scheme	Scheme Details	LTP / Maintenance Grant Subject to DfT confirmation £000	Local Growth Fund £000	Challenge Fund £000	Capital -SBC £000	Combined Totals £000
LTP3 - Better Sustainable Transport and Mobility Management (C10384) £350k (c/fwd from 21/22) [ACTION A]						
Electric charging points	To install additional points at locations to be agreed.	150				150
Bus stop infrastructure upgrades	Bus Stop infrastructure improvements.	100				100
Cycleway Upgrades	Upgrade the Cycleway network at various locations to be agreed	70				70
Fairfax Drive/Prittlewell Chase junction	Continued design works for their improvement to the jcn and bus stop infrasturcture at this location	30				30
Total LTP3 Better Sustainable Transport and Mobility Management		350				350
LTP3 - Traffic Management Schemes (C10513) £424k (c/fwd from 21/22) [ACTION B]						
Minor Schemes and TROs, Accident Remedial Schemes and Road Safety	Part of the Capital programme of traffic, road safety and parking schemes to be agreed for 2022/23	424				424
Total LTP3 Traffic Management Schemes		424				424
LTP3 - Better Networks (C10671) £ TBC [ACTION B]						
Traffic signals operational efficiency improvements	Marine Parade SPECS3 VECTOR Camera Upgrade (funding TBC)	0				0
Lamp Column Replacement	Continued replactment programme of concrete lamp columns (funding TBC)	0				0
Total LTP3 Better Networks		-				-
LTP3 Better Operation of Traffic control, Information and communication Systems (C10470) £50k (c/fwd from 21/22) [ACTION D]						
AVL/RTPI systems	New & Upgrades to bus real time information signage.	40				40
Bus Stop Flag / Information boards	Review and supply new bus stop flags/information boards	7				7
Traveline	Contribution to bus data system, providing data to support public transport information system.	3				3
Total LTP3 Better Operation of Traffic Control, Information and Communication Systems		50				50
LTP CARRIAGEWAY MAINTENANCE £TBC						
Highways Maintenance	Carriageway maintenance at locations to be agreed	TBC				0
Total LTP Carriageway Maintenance		-				-
DfT LOCAL MAINTENANCE - POTHOLE FUND - TBA						
Pothole Repairs	Various locations	0				0
Total DfT Local Maintenance Pothole Fund		-				-
STREET LIGHTS MAINTENANCE PROGRAMME						
Street Lights Infills	Continuation of infill programme				125	125
Total Street Lighting Maintenance Programme					125	125
LTP BRIDGES (C10512) £150k (c/fwd from 21/22)						
Bridges Maintenance	Various locations	150				150
Total LTP Bridges		150				150

Highways and Infrastructure schemes 2022/23

Appendix 14

Scheme	Scheme Details	LTP / Maintenance Grant Subject to DfT confirmation £000	Local Growth Fund £000	Challenge Fund £000	Capital -SBC £000	Combined Totals £000
COUNCIL CAPITAL Highway & Footway Improvements						
Carriageway improvements	Various sites to be agreed				3,500	3,500
Footway Improvements	Various sites to be agreed				6,500	6,500
Traffic Signs Upgrade	Upgrade of signs at various locations				350	350
Zebra Crossings	Surfacing Replacement				231	231
Vehicle restraint Replacement	Barrier renewal				20	20
Junction Protection	Protection of Junctions for improved sight lines				458	458
Improve Footway Condition	Improve Pedestrian Safety around Highway Trees				150	150
Total Highways and Footways Improvements					11,209	11,209
Flood Prevention						
Groyne Field Refurbishment	Groyne Field Reurbishment Programme				175	175
Total Flood Prevention					175	175
Cliff Stabilisation						
Belton Way East	Cliff highways protection			2,950		2,950
Total Cliff Stabilisation				2,950		2,950
COUNCIL CAPITAL Car Park Infrastructure improvements						
Car Parks	Car Park infrastructure improvements to be agreed				259	259
Car Park Signage	Parking signage replacemnet at locations to be agreed				100	100
Car Park refurbishment	East Beach Car Park - Phase 1				355	355
Car Park resurfacing	Resurfacing programme				283	283
Total Car Park Infrastructure Improvements					997	997
OTHER TRANSPORT SCHEMES						
Southend Transport Model	Continuing the Southend Multi Model Work (C10058)				340	340
A127 Growth Corridor	A127 Major Schemes Bell/Kent Elms/Maintenance		679			679
Bridge Strengthening	Bridge Strengthening works			899		899
Active Travel	DfT Active Travel - Tranche 2 various schemes			692		692
LGF	Continuation of Town Centre Interventions		896			896
Total Other Transport Schemes			1,575	1,591	340	3,506
Total Highways and Infrastructure Capital Investment Programme		974	1,575	4,541	12,846	19,936

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SOUTHEND-ON-SEA BOROUGH COUNCIL
MINIUMUM REVENUE PROVISION POLICY 2022/23

1 Background

- 1.1 The Minimum Revenue Provision (MRP) is an amount to be set aside for the repayment of debt. The Council has a general duty to make an MRP charge to revenue which it considers to be prudent. Full Council has the responsibility to approve an annual MRP policy statement.
- 1.2 The MRP Guidance sets out that such policies may be amended at any time, as long as the Council maintains a prudent approach whilst ensuring any changes are sustainable with regard to the revenue budget. The MRP policy adopted should ensure that revenue provision is made over a period broadly similar to which the asset provides a service.
- 1.3 A policy statement regarding a financial year should be approved before the start that financial year. However, the policy can be revised during the year by the full Council.
- 1.4 Under the regulations capital receipts may be used to repay the principal of any amount borrowed.
- 1.5 The Department for Levelling Up, Housing and Communities guidance on MRP specifies that MRP would not have to be charged until the asset came into service and would begin in the financial year following the one in which the asset became operational.

2 Duration of the Policy Statement

- 2.1 This Minimum Revenue Provision Statement covers the 2022/23 financial year.

3 Minimum Revenue Provision Policy

- 3.1 For capital expenditure financed by historic supported borrowing:

The amount of MRP chargeable will be calculated on a straight line basis at 2%.

- 3.2 For capital expenditure financed by prudential (unsupported) borrowing from the Public Works Loan Board or from internal borrowing:

The amount of MRP chargeable will be calculated using the annuity method.

The period over which it will be charged will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

The annuity rate which will be applied will be the PWLB rate that most reasonably relates to that financial year.

- 3.3 For capital expenditure financed by prudential (unsupported) borrowing from other financial institutions:

The amount of MRP chargeable will be the amount specified in the repayment schedule of each loan.

- 3.4 No MRP will be applied to:

- 3.4.1 Capital expenditure financed by unsupported borrowing that has been taken out in the short term to bridge the timing difference between anticipated and actual capital receipts.

It is anticipated that capital receipts will be received to repay this borrowing. Therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.4.2 Capital expenditure financed by borrowing due to a transfer of assets between the GF and HRA where due to the nature of the transfer it is anticipated that capital receipts will be received to repay this borrowing. Therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.4.3 Capital expenditure financed by unsupported borrowing that has been taken out in the short term to bridge the timing difference between the expenditure being incurred and the budgeted revenue contribution to capital outlay being applied.

It is anticipated that revenue contributions will be received to repay this borrowing. Therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.4.4 Capital expenditure financed by unsupported borrowing that has been taken out in the short term to bridge the timing gap while grant conditions are being met and therefore the grant being applied to capital expenditure under International Financial Reporting Standards (IFRS).

It is anticipated that the grant conditions will be met therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.5 The amount of MRP chargeable relating to finance leases will be such that the combined impact of the finance charge and MRP is equal to the estimated rentals payable for the year.
- 3.6 If capital receipts are utilised to repay debt in year, the value of the Capital Financing Requirement (CFR) will be reduced by the value of the receipts utilised.
- 3.7 MRP will only be charged in the year following the asset becoming operational.

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SOUTHEND-ON-SEA BOROUGH COUNCIL PRUDENTIAL INDICATORS 2022/2023

1 Introduction

- 1.1 The Prudential Code is the key element in the system of capital finance that was introduced from 1 April 2004 as set out in the Local Government Act 2003. CIPFA published their updated 2021 edition of the Prudential Code on 20th December 2021. Although the updated Code applies with immediate effect, due to the late publication date, CIPFA has allowed Local Authorities to defer introducing the revised reporting requirements until the 2023/24 financial year. These include changes to the prudential indicators. Given the flexibility allowed by CIPFA, the following Prudential Indicators have been updated as far as time constraints would allow. However, they will be subject to further update in order to fully comply with the 2021 Prudential Code by 31st March 2023.
- 1.2 Individual authorities are responsible for deciding the level of their affordable borrowing, having regard to the CIPFA code, (which has legislative backing). Prudential limits apply to all borrowing, qualifying credit arrangements (e.g. some forms of lease) and other long term liabilities. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so.

2 CIPFA Prudential Code for Capital Finance in Local Authorities

- 2.1 The Code has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures proportionality, prudence, affordability and sustainability. The Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources.
- 2.2 Another objective of the Code is that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. The rationale behind these concepts is set out in the code.
- 2.3 To demonstrate compliance with these objectives of proportionality, prudence, affordability and sustainability each local authority is required to produce a set of prudential indicators. These indicators are designed to support and record local decision making and are not for comparison with other authorities. The setting and revising of these indicators must be approved by Cabinet and Council.
- 2.4 In setting or revising its prudential indicators, the local authority is required to have regard to the following matters:
- service objectives (e.g. strategic planning);
 - stewardship of assets (e.g. asset management planning);
 - value for money (e.g. options appraisal);

- prudence and sustainability (e.g. risks, whole life costing and implications for external debt);
- affordability (e.g. implications for long-term resources including the council tax);
- practicality (e.g. achievability of the forward plan).

3 Prudential Indicators for Prudence

3.1 Estimates of Capital Expenditure to be Incurred

3.1.1 This is an estimate of the total amount of investment planned over the period. Not all investment necessarily has an effect on the Council Tax. Schemes funded by grant, third party contributions or by capital receipts mean that the effect on the Council Tax is greatly reduced.

	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000
To be delivered by the Council:					
General Fund	62,502	19,496	8,326	7,558	4,600
Housing Revenue Account	13,367	6,597	1,909	0	0
To be delivered by Subsidiary Companies, Partners and Joint Ventures:					
General Fund	14,200	9,500	3,250	3,250	0
Housing Revenue Account	9,008	6,887	6,348	0	0
Total	99,077	42,480	19,833	10,808	4,600

3.2 Estimate of the Capital Financing Requirement

3.2.1 Each year, the Council finances the capital programme by a number of means, one of which is borrowing. The capital financing requirement represents the cumulative amount of borrowing that has been incurred to pay for the Council's capital assets, less amounts that have been set aside for the repayment of debt over the years (i.e. Minimum Revenue Provision and Reserved Capital Receipts).

The estimates for the capital financing requirement are:

	Estimate 31st March 2023 £000	Estimate 31st March 2024 £000	Estimate 31st March 2025 £000	Estimate 31st March 2026 £000	Estimate 31st March 2027 £000
General Fund	327,745	341,007	353,355	364,820	375,317
Housing Revenue Account	99,091	99,091	99,091	99,091	99,091
Better Queensway senior lender (indicative)	0	0	0	30,000	30,000
Total	426,836	440,098	452,446	493,911	504,408

The Council is only allowed to borrow long term to support its capital investment programme. It is not allowed to borrow long term to support its revenue budget.

3.3 *Operational Boundary and Authorised Limit 2022/23 to 2026/27*

3.3.1 The Council must set an operational boundary and authorised limit for its total gross external debt, separately identifying borrowing from other long-term liabilities. The operational boundary is how much gross external debt the Council plans to take up, and reflects the decision on the amount of debt needed for the Capital Investment Programme for the relevant year. The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements. If at any time during the year, it is likely that this limit will be breached it will be reported to members as soon as possible and the Leader advised immediately.

Operational boundary	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000
Borrowing	381,400	391,600	396,700	406,900	397,200
Liabilities outstanding under credit arrangements	3,600	3,400	3,300	3,100	2,800
Better Queensway – senior lender (indicative)	0	0	0	30,000	30,000
Total	385,000	395,000	400,000	440,000	430,000

Authorised Limit	Estimate 2022/23 £000	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000
Borrowing	391,400	401,600	406,700	416,900	407,200
Liabilities outstanding under credit arrangements	3,600	3,400	3,300	3,100	2,800
Better Queensway – senior lender (indicative)	0	0	0	30,000	30,000
Total	395,000	405,000	410,000	450,000	440,000

3.4 *Gross Debt and the Capital Financing Requirement*

3.4.1 Gross external debt is long term external debt (e.g. PWLB loans taken out), short term borrowing from other Local Authorities and credit arrangements relating to finance leases. The estimates for the external debt are:

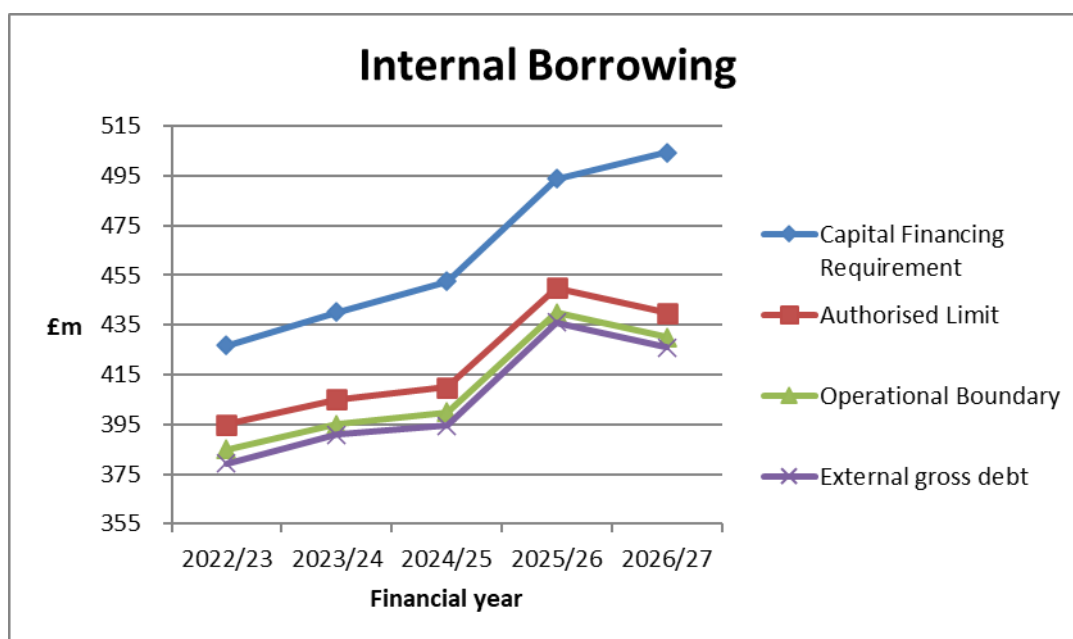
	<i>Estimate 31st March 2023 £000</i>	<i>Estimate 31st March 2024 £000</i>	<i>Estimate 31st March 2025 £000</i>	<i>Estimate 31st March 2026 £000</i>	<i>Estimate 31st March 2027 £000</i>
External gross debt	379,154	390,765	394,458	436,020	426,000

3.4.2 Under the Prudential Code, gross external borrowing must not, except in the short term, exceed the total of the capital financing requirement for the previous year, plus any additional amounts for the current year and the next two financial years. This means that gross external borrowing cannot exceed £452.446m at 31 March 2023, £493.911m at 31 March 2024 and £504.408m at 31 March 2025.

4 Prudential Indicators for Affordability

4.1 Internal Borrowing/Interest Rate Risk

4.1.1 The graph below shows the estimated Capital Financing Requirement, Authorised Limit, Operational Boundary and levels of external borrowing over the next five years.



4.1.2 The gap between the Capital Financing Requirement and the levels of external debt illustrates the level of internal borrowing. This reflects the Council's exposure to interest rate movements equivalent to the interest lost on investment income. Also, when the borrowing is taken out the rate will be dependent on the prevailing economic and market conditions at the time. This is a risk if PWLB rates rise significantly. For every 1 basis point (0.01%) increase in rates the interest paid on borrowing £10m for 50 years rises by £50,000 over the life of the loan. A 1% increase in rates on a £10m loan would increase the cost to £5m over the life of the loan.

4.1.3 The gap between the Capital Financing Requirement and the Operational Boundary/Authorised Limit highlights the potential scope and flexibility to borrow further, if the cash flow and treasury management position allows.

4.2 *Estimates of the Proportion of Financing Costs to Net Revenue Stream*

4.2.1 This indicator records estimated capital financing costs as a percentage of the net revenue stream.

4.2.2 Capital financing costs are the revenue cost of financing the debt which includes the interest payments and the amount set aside annually to repay debt. This is an important indicator because it shows how much of the Council's revenue resources are 'tied up' in fixed capital financing costs. Setting and reviewing this, means that the Council can ensure that its capital financing costs do not become too large a part of the revenue budget, compared to the cost of running services.

	Estimate 2022/23 %	Estimate 2023/24 %	Estimate 2024/25 %	Estimate 2025/26 %	Estimate 2026/27 %
General Fund	15.05	15.58	15.90	16.30	16.69
Housing Revenue Account	38.20	38.68	39.02	39.09	40.57

5 **Prudential Indicators for Treasury Management**

5.1 *Maturity Structure of Borrowing during 2022/23*

5.1.1 The table below shows the limits within which the Council delegates its length of borrowing decisions to the Executive Director (Finance and Resources)/Section 151 Officer in 2022/23.

	Upper limit %	Lower limit %	Estimated outstanding debt maturity at 31st March 2023 %
Under 12 months	20	0	0
12 months and within 24 months	30	0	0
24 months and within 5 years	40	0	9
5 years and within 10 years	60	5	19
10 years and within 20 years	100	15	22
20 years and within 30 years	100	0	3
30 years and above	80	20	47

5.1.2 The percentages in each category for the upper and lower limits do not add up to 100% as they do not represent an actual allocation.

5.1.3 The actual maturities of new borrowing will be decided taking account of the maturities of existing loans and the interest rates for the various maturity periods available at the time.

5.2 *Total Principal Sums Invested for Periods over 365 Days*

5.2.1 A large part of the Council's investments are managed by external fund managers. However, a working cash balance is also managed internally within the Council. Part of this cash balance is utilised to smooth out the day to day movements on the cash flow. It is not therefore the intention that this part of the balance would be invested for more than 365 days. The rest of the cash balance is invested to achieve the optimum returns consistent with the effective control of risk.

5.2.2 This indicator sets a prudential limit for principal sums invested for periods over 365 days. The following limits are for principal sums invested in-house:

	Estimate 2022/23 %	Estimate 2023/24 %	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m
Limits on the total principal sum invested to final maturities beyond the period end	25	25	25	25	25

Appendix 17: Summary Equality Analysis supporting budget proposals – 2022/23 to 2026/27

Outlined below is a summary equality analysis which supports budget proposals for 2022/23 and beyond which may have an equality impact for groups with “protected characteristics”. Findings highlight where a more detailed equality analysis (EA) will be undertaken to accompany development, consideration, and implementation, of proposals. Any service restructures that impact on staff are required to be the subject of an EA. Proposals should be cross referenced for more information, including levels of saving/investment and indicative timescales.

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
Pride and Joy		
Saving Proposals and Income Generation		
PJ02-SP	<p>Expectation of saving from waste disposal procurement Reduce the Council's waste disposal burden by running a procurement for the disposal of non-recyclable waste, currently sent to landfill. Soft market testing already performed has indicated a good level of interest in the market, offering Value for Money, capacity and environmentally sustainable solutions, e.g. energy from waste (EFW) and solutions that deliver carbon benefit.</p>	<p>Full EAs required on any changes to service provision that result from the review to assess impact on service users and potential service users - who are vulnerable and span multiple protected characteristics, particularly the elderly, those with physical and learning disabilities, those with mental health issues and the economically deprived or destitute.</p> <p>Particular consideration should be given to older people and those that are disabled and potentially have conditions that result in hazardous waste and disposal of sharp materials. Or if any potential new site is within the borough and could impact on local residents an EA would be required to identify the impact on any of the protected groups.</p> <p>If waste collections remain the same, and the change is only what happens to the waste once collected, providing the proposed site is out of borough, there will be no</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
		change to local citizens service delivery, therefore an EA will not be required.
PJ03-SP	<p>Review of Cemeteries and Crematorium fees and charges It is important to ensure that our fees and charges are regularly reviewed and are kept in line with other providers. Indications are that we are currently below similar authorities and an increase is therefore advisable. For a schedule of proposed changes see Appendix 9.</p>	A full EA will be required, and consideration given to the impact on various protected groups, particularly older people, disabled people, carers and the economically deprived.
Safe and Well		
Investments		
SW01-UP	Adult Demographic Change, £0.830m	Full EAs will be needed for these proposed investments to ensure that the needs and impact on protected groups are taken into account, with a particular focus on older people, people with disabilities, young people, carers, gender (sex) and BAME groups.
SW02-UP	Adult Social Care Provider Uplifts - Residential, Supported Living, Day Services, £2.161m	
SW03-UP	Adult Social Care Provider Uplifts - Direct Payments, £0.806m	
SW04-UP	Essential Living Fund, £0.117m	
SW05-UP	Safeguarding Board Investment, £0.03m	
SW06-UP	Independent Health Complaints Advocacy, £0.03m	
SW07-IA	Adult Social Care Provider Uplifts – Homecare, £1.316m	
SW08-IA	Adult Social Care Provider Uplifts - Residential Care Legacy Rate, £0.125m	

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
Saving Proposals and Income Generation		
SW15-IS	<p>ABLE2 Team</p> <p>Able 2 is an innovation site that has adopted an Occupational Therapist led approach whereby care is observed, and conversations are focussed on the person’s aims for excellence in care and living their life as independently as possible. Focussing on what is important to the person, what strengths and goals they have and what may need to be changed has resulted in care being replaced with new equipment or advice and new methods or change in care calls (generally reductions).</p> <p>The reduction in care packages has freed up care capacity which can then be offered to other individuals as well as resulting in a saving to the care purchasing budget.</p> <p>One year investment of £60,000 to continue an OT post will generate savings of £150,000 each year.</p>	<p>An EA will be required to consider whether the reduction in care packages has the potential to impact on existing and new service users from multiple protected groups disproportionately, particularly older people, people with disabilities and carers.</p> <p>Consideration to also be given to whether a greater reliance on new technology may have a detrimental impact on those with limited digital skills and the economically deprived who may not have access to the necessary technology and the people supporting them which will need to be explored through the EA.</p> <p>There is also a staffing implication that may result in the requirement of an EA.</p>
SW16-IS	<p>Learning Disability Services Transformation</p> <p>We will work with people with learning disabilities to transform services so that they are local, strengths based, and independence n focused, bringing people back to the borough and enabling them to live in their local community. This will be combined with a focus on effective service pathways and tighter control of contracts and frameworks.</p> <p>It is expected this will generate £300,000 of savings each year, with an initial investment of £75,000 in the first year.</p> <p><i>This figure includes the agreed saving from 2020/21 with reference SW05.</i></p>	<p>A full EA will be required for this change as it will potentially greatly impact on the protected group of disability, particularly those with learning disabilities, those with dual diagnosis with mental health/dementia, older people, young people and their carers.</p> <p>EA considerations will be required at each stage of the project as it develops.</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
SW17-IS	<p>Shared Lives Expansion Shared Lives Schemes offer people with learning disabilities the chance to live in ordinary family homes. This investment will expand the Southend Care Limited Shared Lives Scheme, enabling the service to grow by four long term placements per year (plus two placements over the term). This will deliver a better life for people in the placements, and a saving to the council as shared lives placements are at a lower cost than equivalent other placements.</p>	<p>An EA will need to consider whether a potential change in service for people using the Shared Lives service, will impact on current and potential service users and their support networks spanning numerous protected groups including older people, people with disabilities, LGBTQ+, gender reassignment, carers and young adults (under 25).</p> <p>If there are staffing implications, an EA will also be required.</p>
SW18-IS	<p>Commercial Improvement Commercial negotiation and contract reviews with key providers to deliver efficiencies and an increased commercial focus.</p>	<p>There is likely to be no EA requirement for this proposed change as the saving is not likely to be generated from a service change and is instead generated from alteration in contract prices and arrangements, if this does progress and change scope to become a service change an EA would be required.</p> <p>If posts created are anticipated to be filled via the talent pool, there may be EA considerations to ensure equal opportunity and access.</p>
SW19-IS	<p>Enhanced In-house Foster Care Offer There has been a decline in the availability and quality of local in-house fostering households over the past couple of years this investment will support the reverse of this trend and allow local children/young people to be placed with high quality local foster carers. Due to the decline within the Council's own fostering provision the number of external placements have increased, we are using more independent fostering agencies and more residential placements.</p>	<p>An EA will need to consider whether a change in the service has any implications for existing and new foster placements, impacting on many of the protected groups including pregnancy/maternity, LGBTQ+, gender reassignment, gender (sex), early years and young people, people with disabilities, their support networks, carers and those that are economically deprived.</p> <p>Some consideration will need to be given to reduce the impact of a two-tier system where some children/young people placed before this change is potentially introduced being placed out of borough, and possibly experiencing</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
	<p>Often where external provision is used children/young people are placed at a distance from the Borough – this is not in keeping with legislation nor our own values and principles. The invest to save proposal will enable us to provide a better financial/support offer to current foster carers but will also attract new carers to the service thus reducing the dependency of private high-cost providers.</p> <p>Investment of £250,000 will generate a saving of £250,000 in the same year, increasing by £150,000 in each of the following three years.</p>	<p>worse outcomes than those placed following the change being implemented.</p>
SW25-SP	<p>Electronic Time Monitoring for Homecare Expansion of the existing electronic time monitoring system for homecare providers, including shifting new providers into using the service, moving to mobile entry, and expanding outcomes recording will generate efficiencies in homecare delivery. <i>This saving is dependent on SW07-IA.</i></p>	<p>An EA will need to consider whether a potential change of service, may have a greater impact on older people, those with disabilities and people newly discharged from hospital, others dependant on home care and their carers and wider support unit.</p>
SW26-SP	<p>Disabled Facilities Grant and Equipment The equipment service provides an essential function - providing people small pieces of equipment that are essential to independent living. This saving is generated by increased NHS contributions to the cost of the service, with a 50% funding from each partner in place, and the use of the Disabled Facilities Grant to fund elements of the service. Linked to 2021/22 Budget Transformation Programme, reference BTP-SW03.</p>	<p>There is no EA requirement for this change, as the saving outlined is not generated from a service change, that would impact on any of the protected groups, it is instead generated from alteration in funding sources and arrangements. The service delivered to citizens remains unchanged.</p>
SW27-SP	<p>Increased Client Contributions The Care Act allows local authorities to charge people a fair contribution towards the cost of care. In any financial assessment individual circumstances will continue to be considered. People are only charged when they can afford to</p>	<p>An EA will need to consider whether a change in contributions may have a greater impact on any of the protected characteristics, and how the consideration of individual circumstances mitigates any potential EA impact. This would particularly be the case for those in</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
	<p>pay all or part of the actual cost of their care. No one will pay more the care costs the council to deliver. Each year the cost of care rises because of increased payments to providers, and the amount people must pay for care also increases.</p> <p>These two factors, together with assumptions about the increase in the aging population mean we are assuming increased charging income in future years.</p>	<p>economic deprivation, older people, young people, and disabled people on low incomes, or those with savings above the legally specified eligibility limits. As we have an aging population with the majority of 85+ year olds being female, gender would be a consideration also.</p> <p>Consultation will need to be undertaken with service users, families, providers, advocacy services and voluntary sector.</p>
SW28-SP	<p>Early Help staffing review</p> <p>Our commitment at the Early Help Single Front Door (EH SFD) is to provide children and families with help as soon as needs present themselves, regardless of age, to prevent those needs from escalating and requiring more intensive help and support later.</p> <p>Co-location of teams has proved very successful over the last three years and during this time the EH SFD has become more of an administrative role than a decision making one. The saving is achieved through a small restructure re-aligning management resource to a front-line worker.</p>	<p>A full EA would be required as there is a proposed staffing 'restructure'. The EA needs to consider whether the changes results in a disproportionate impact on any of the protected groups, and how those impacts are mitigated as far as reasonably possible.</p>
Opportunity and Prosperity		
Investments		
OP01-IA	Planning Graduates, £0.08m	<p>A full EA is required for changes that will potentially have an impact on citizens or staff, additionally consideration needs to be given throughout the EA process on</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
OP02-TR	Economic Recovery, £0.2m	accessibility so that all protected groups can attend and enjoy the programme of events, along with other citizens.
OP03-TR	Events 2022 Programme, £0.1m	Economic Recovery plans will likely need a full EA at each stage, to ensure that the needs of all protected groups, particularly those that are economically deprived or in low-income households, are fully considered and the impact is mitigated as far as is reasonable.
Saving Proposals and Income Generation		
OP04-SP	Advertising on council waste assets Sale of advertising space on litterbins, waste vehicles, public toilet cubicles and other assets.	Full EA needed to ensure that the messaging is accessible to all and is available in different formats to meet the differing needs of all protected groups.
Connected and Smart		
Investments		
CS01-UP	ICT increase in annual support / maintenance costs, £0.2m	No EA will be required if this is an internal improvement project, with upgrades to software etc. However, if the changes impact on specialist equipment/technology to support for example disabled people, an EA will be required. Training in multiple formats should be considered if new software is to be implemented widely to staff, to ensure all protected groups have access which best meets their needs.

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
Saving Proposals and Income Generation		
CS02-IS	<p>Public Interface Transformation</p> <p>The proposal is to review the operation of some of the most labour intensive and frequent enquiries/transactions with Southend residents related to traffic and highways. Once the processes are fully mapped out, a lean approach will be used to develop investment cases for:</p> <ol style="list-style-type: none"> 1) Improvements to the MySouthend portal – allowing public to find answers to most traffic and highways service-based questions 2) Artificial intelligence (AI) – allowing automation of frequent transactions/interaction 3) Customer engagement officer – key contact where technical input is required outside the scope of 1) & 2) above. 4) Customer relationship officer – this role would be used to support 1,2 and 3 above, including AI automation, self-service and using methods such as social media to identify ‘education’ opportunities to promote greater self-service and reduce calls on the service. The investment to review the process and develop the AI automation will take place in the first 12 months, as will our support of the SBC project to redevelop the MySouthend portal. The customer relationship role will also start in year one, with the engagement officer in year two. The following year will start to see the improvements and savings as detailed above. 	<p>Full EA would be required as there may be a greater impact on many of the protected groups such as older people, people with disabilities, people with limited digital skills, those in economic deprivation and limited/no access to technology, people from BAME backgrounds with English as a second language.</p> <p>EA will need to identify the different formats this process will need to be available in, to meet the needs of the various protected groups, to reduce the disproportionate impact as far as possible.</p> <p>A full EA will also be required for the staffing impact.</p>
CS03-IS	<p>Highway Improvements</p> <p>The key to effective asset management is data; the more we have, the better the results that can be delivered. With improved data we can become much more proactive in our approach and spot defects early or even predict where they might occur in the future. The Highways Improvement process</p>	<p>No EA is required if this change doesn’t impact on citizens and solely involves the use of data, and how it is proposed to be used to identify areas of work.</p> <p>However, this automated process will need to evidence that it would be assessing the needs of all protected</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
	<p>hopes to utilise this approach by not only reducing the poor condition of our network but working proactively in producing integrated schemes that address multiple issues, target areas of decline before they reach a poor state and develop a better street scene. All these schemes are intended to deliver greater value for money, reduce disruption to residents and reduce our carbon footprint.</p> <p>This investment will allow the expansion and improvement of condition surveys to cover all network assets, as well as the integration of other data, e.g. footfall data.</p>	<p>groups, such as assessing a defect for a person with disabilities or with accessibility issues, or as a carer of a young child, rather than the needs of a regular able-bodied pedestrian.</p>
CS04-SP	<p>Pay & display tariff standardisation After the significant piece of work undertaken to create parking zones across the Borough to standardise parking charges within similar areas in 2021/22, it is now proposed to simplify them even further by standardising the hourly rate in zone 1a which reflects the same approach as all other zones across the Borough. This will provide a standard approach across the Borough where the relevant hourly charge applies for each hour within the appropriate zone.</p> <p>For a schedule of charges for zone 1a see Appendix 9.</p>	<p>A full EA would be required to explore any potential impact on any of the protected groups for this proposed change, particularly people with disabilities, the economically deprived and people from BAME backgrounds that have English as a second language.</p>
CS06-SP	<p>Reduction of concessionary fares support to match usage Currently paying at pre-covid levels of usage. Over the next few years, we can adjust the payments to meet current actual usage levels. This is in line with the payment calculator method. However, if ridership returns to at or near pre-covid levels then the concessionary fare payments will increase.</p>	<p>A full EA would be required for this proposed change, as concessionary fees are likely to greatly affect older people, people with disabilities and the economically deprived.</p> <p>Similarly, a full EA would also be needed if this project develops into a generic concessionary fare increase.</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
Future Ways of Working		
Investments		
FW01-UP	Pay and Increments, £3.650m	<p>If pay and increments and the inflation provision are applied equally throughout the organisation an EA will not be required as there would be no disproportionate impact to any protected group.</p> <p>Similarly, the Investment, Income and Financing Costs as well as the rightsizing of GF Council Tax Budget Review will only need a full EA at the stage where there is a potential or probable impact to staff or citizens.</p> <p>A full EA will be needed if the income to schools affects pupils directly, to identify any impact to people from the protected groups such as young people, disabled people, carers and the economically deprived.</p>
FW02-UP	Inflation Provision, £0.6m	
FW03-UP	Investment, Income and Financing Costs Review, £1.204m	
FW04-IA	Loss of school's income across a range of services, £0.25m	
FW05-IA	Rightsizing of GF Council Tax Budget, £0.2m	
Saving Proposals and Income Generation		
FW06-SP	<p>Increased fees & charges yield</p> <p>To increase fees & charges by October 2021's Consumer Price Index of 4.2% unless they are already being changed significantly, as detailed elsewhere in the budget papers.</p>	<p>A full EA is required as this increase could impact on people from protected groups disproportionately, particularly those on low household incomes, the economically deprived, older people, people with disabilities, young people, the unemployed, pregnant women/new mother, asylum seekers and those that are Just About Managing (JAMs).</p> <p>Those on low incomes would have had welfare benefit/pay increases that are likely not in line with inflation/cost of living so they will be impacted greater than those on higher income households, with more disposable income.</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
FW07-SP	<p>Housing Benefit & Council Tax verification software Removal of Risk Based Verification software for the processing of Housing Benefit (HB) and Council Tax Reduction (CTR) claims.</p> <p>This will provide a faster turnaround on processing HB and CTR applications ensuring vulnerable residents receive the support they need in a timely manner.</p> <p>This change will remove unnecessary contact and processes for the resident and reduce bureaucracy. The minimal risk that a fraudulent claim could be submitted is considered to be mitigated by our involvement in the national fraud initiative (NFI) and HB award accuracy scheme (HBAA).</p> <p><i>Linked to 2021/22 Budget Transformation Programme, reference BTP-ES01.</i></p>	<p>Full EA required as the change to the new software would potentially impact on a number of protected groups such as those that are economically deprived, people with disabilities, older people, women that are pregnant/new mothers, asylum seekers and others entitled to Housing Benefits and Council Tax Benefits.</p>
FW08-SP	<p>Financial Services staffing review An update to the Financial Services staffing structure has released establishment budget.</p> <p>The new structure has been designed to support the new Senior Management structure of the Council more effectively and build on the inherent strengths of the previous arrangements, ensuring greater integration and synergy, increasing resilience whilst also building new capabilities and expertise. Modernising the historical structural arrangements also provides greater clarity of purpose and clear accountability which will enable the finance team to respond more positively and effectively to new demands and requirements.</p> <p><i>Linked to 2021/22 Budget Transformation Programme, reference BTP-ES03.</i></p>	<p>A full EA is required as this ‘restructure’ could potentially impact on staff from various protected groups, this needs to be identified and mitigated as far as is reasonably possible.</p>

Theme ref.	1. Revenue proposals – 2022/23	Equality analysis
FW09-SP	<p>Council Tax Base additional increase 0.28% The number of Band D equivalent properties in the Council Tax Base has increased by 0.78% in 2021/22, against the original estimate of 0.5%. This saving represents the increased amount of Council Tax which we expect to collect as a result.</p>	<p>A full EA is required as this increase could impact on people from protected groups disproportionately, particularly those on low household incomes, the economically deprived, older people, people with disabilities, young people, the unemployed, pregnant women/new mother, asylum seekers and those that are Just About Managing (JAMs).</p> <p>Those on low incomes would have had welfare benefit/pay increases that are likely not in line with inflation/cost of living so they will be impacted greater than those on higher income households, with more disposable income.</p>

Theme ref.	2. Capital proposals	Equality analysis
Proposed Additional Investment into the main Capital Investment Programme		
CS-C1	<p>East Beach Car Park – Phase 1 This investment is to widen the existing vehicular entrance/exit and install a height barrier and vehicle flow plates. The footway entrance would be improved to include street lighting and improved access for pedestrians and cyclists. The car parking area would be future proofed to ensure that Electric Vehicle Charging can be accommodated.</p>	Full EA is required to ensure that all the needs of all protected groups are considered, as part of these changes, such as multiple accessibility needs, wider parking bays/footpaths for carers of young children and people with disabilities.
CS-C2	<p>ICT – Smart Council This investment is for the equipment and application and infrastructure licences for the 22/23 financial year to enable the project to progress whilst the necessary business cases and governance processes are being worked through for the rest of the project. This investment is in addition to the budget request of £146,000 for the approved capital investment programme in 21/22.</p>	<p>Full EA is required as the implementation of Smart Council whilst delivering most efficient, tailored services may impact disproportionately on some of the protected groups, such as people with disabilities, those using specialist equipment for wellbeing or health conditions, staff with limited digital skills and those staff in frontline roles with limited access to technology.</p> <p>Alternative access and support to services for those unable to use on-line systems will need to be assessed and provided.</p>
<u>FW-C3</u>	<p>Priority Works This investment is to ensure a further £600,000 annual budget is available to deal with any urgent or priority works to Council owned assets that may arise during the year.</p>	A full EA would likely be required for any project affecting citizens or staff. This could be identified at project scoping/initiation stages.
<u>CS- C4</u>	<p>Footways Improvements Improving local pavements is a priority for local people and for this council. This investment is to create better conditions for walking and improve public safety by reducing instances of trips and falls. The programme of works includes some of the highest priority pavements that need repair, across a range of</p>	Full EA would be required to ensure that protected groups are not impacted disproportionately, specifically those with mobility issues, increased access requirements, people with disabilities, carers of young children, carers, pregnant women/maternity and people with English as a second language, who may have differing mobility/access needs, and potentially places to stop regularly, as well as signage in different formats.

Theme ref.	2. Capital proposals	Equality analysis
	wards and is part of more major investment across future years that will be needed to enable all the highest priority pavements to be brought up to standard across the borough.	Access would need to be considered as a key feature in the works period also.
CS-C5	<p>Carriageways Improvements Improving local roads is a priority for local people and for this council. This investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety.</p> <p>The programme of works includes some of the highest priority roads that need repair, across a range of wards and is part of more major investment across future years that will be needed to enable all the highest priority roads to be brought up to standard across the borough.</p>	A full EA would be required as the specific needs of protected groups needs to be considered as part of this work, including the needs of keyworkers, people with disabilities, older people, newly qualified drivers, young people, pregnant women/maternity, residents of roads where planned work is planned in terms of access needs throughout the works.
Proposed Additional Investment Subject to Viable Business Cases – Rolling Programmes		
PJ-C6	<p>Southend Pier – Condition Works This investment is to deliver the ongoing planned approach to addressing the condition works and bearing refurbishment identified within the condition survey. This proactive approach reduces the requirement for urgent and/or reactive condition works and ensures the integrity of this landmark structure that helps drive millions of visitors to Southend-on-Sea each year.</p>	Full EA required to ensure that the needs of all protected groups are considered when agreeing any works to the Pier, particularly in terms of access for people with disabilities, carers of young children, older people, those with English as a second language and people that are in economic deprivation.
PJ-C7	<p>Coastal Defence Refurbishment Programme This investment is to deliver a planned approach for the essential refurbishment works to the borough’s coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works.</p>	<p>Full EA required to ensure that the needs of all protected groups are considered when agreeing coastal defence works, particularly in terms of access for people with disabilities, carers of young children, older people, those with English as a second language and people that are in economic deprivation.</p> <p>A full EA should be considered for each project at the scoping/initiation stage.</p>

Theme ref.	2. Capital proposals	Equality analysis
CS-C8	Footways Improvements Additional funding to support C4 above	See C4
CS-C9	Carriageways Improvements Additional funding to support C5 above	See C5
OP-C10	Schools – Condition Works This investment is for condition works at Children Centres and emergency works at schools. These are mainly larger, urgent projects to be agreed between the Council’s property team and head teachers.	A full EA would be required as this potentially impacts greater on young people, people with disabilities, carers, early years, pregnant women/maternity, keyworkers, BAME groups and those living in economic deprivation. There is potential for impact to local residents also, in terms of access and noise levels.
FW-C11	Property Refurbishment Programme This investment is to enable the Council’s Property and Estate Management service to take a proactive approach to maintaining the buildings for which it is responsible. This will ensure investment is made in the fabric and services within building before they get to a stage that capital works become urgent or have a detrimental impact on service users’ use of the building or leads to urgent repairs and maintenance works which are usually more costs long term.	Depending on the project planned a full EA is likely to be required to ensure the need of all protected groups are considered in the planning of works, particularly for older people, people with mobility issues, people with disabilities, young people, BAME groups, pregnant women/maternity and carers. Access throughout the period of works would be a key consideration also. EAs should be considered at the Project Scoping/Initiation Stage.
FW-C12	Fire Improvement Works This scheme is for the implementation of fire safety and associated compliance works across the Council’s corporate property estate arising as a result of any changes to building regulations and/or other standards or updated fire risk assessments.	A full EA is required, as this will likely affect many residents, spanning many protected groups, including those with disabilities, mobility issues, older people, young people, BAME Groups, those with English as a second language, pregnant women/maternity, carers, those that are economically deprived and keyworkers. Access and clear messaging in multiple formats are key considerations also.

Theme ref.	2. Capital proposals	Equality analysis
SW-C13	<p>HRA Affordable Housing Acquisitions Programme Housing is a clear priority of this council and through purchasing suitable private homes for council use, the acquisitions programme is already helping to ensure that everyone has a home that meets their needs, including those with complex needs.</p>	<p>Good quality homes are an important social determinant of health. A full EA is required, as this programme will affect many residents spanning the protected groups, including the economically deprived, those with disabilities, mobility issues, older people, carers, families and those who require physical adaptations to their homes to meet their needs.</p>
SW-C14	<p>HRA Future Investment Programme The investment relates to</p> <ul style="list-style-type: none"> • continuing of the Decent Homes programme to keep the housing stock at decency levels; • common area improvements; • environmental health and safety works; 	<p>Good quality homes are an important social determinant of health. A full EA is required to ensure that elements such as the common area improvements works consider the needs of each of the protected characteristic groups. Consideration should be given to the particular needs of those with disabilities, mobility issues, older people, young people, BAME Groups, those with English as a second language, pregnant women/maternity, carers, and those that are economically deprived.</p>
SW-C15	<p>HRA Right to Buy – Buybacks Refurbishment This investment is to support the continuation of the programme to buy back ex-council houses and other properties to increase the stock on the housing register. These funds would be used to refurbish the properties that are purchased in order to bring them up to Decent Homes standard.</p>	<p>Good quality homes are an important social determinant of health. A full EA is required to ensure that refurbishments work meet the needs of residents spanning the protected groups. Consideration should be given to the particular needs of those with disabilities, mobility issues, older people, young people, and carers.</p>

Ref no.	3. Agreed Savings from Prior Year (2021/22)	Equality Analysis
PY-SW01	<p>Review of Supported Accommodation & Supporting People contracts, to ensure they are targeted, effective and best meet the needs of adults.</p> <p>Developing a better and more agile housing offer to provide clear targeted pathways of support for people living with mental health and learning disabilities.</p>	<p>Full EAs required on any changes to service provision that result from the review to assess impact on service users and potential service users - who are vulnerable and span multiple protected characteristics, particularly the elderly, those with physical and learning disabilities, those with mental health issues and the economically deprived or destitute.</p>
PY-SW02	<p>Commercial negotiation and contract reviews with key providers to deliver efficiencies and an increased commercial focus.</p>	<p>Full EAs will be required for each contract change that impacts on the community or staff, to establish any impact on any of the protected groups, so this can be mitigated as far as is possible.</p>
PY-SW04	<p>Targeted reviews of low cost home care packages. Ensuring that packages are commensurate with meeting need and, where appropriate, enabling people to become more independent.</p>	<p>Review of low cost home care packages will require a full EIA given potential changes to service provision to provide more appropriate support to vulnerable client group of older people, many with disabilities and a majority who are female.</p>
PY-SW06	<p>Mental health social work support for people in Southend is delivered by EPUT under a section 75 agreement. This is a standard partnership agreement. The current agreement has not been reviewed for some time and needs updating.</p> <p>We will work with EPUT to identify a shared way of delivering more effective and targeted support for people with statutory adult social care needs in relation to their mental health. We will also work to increase the focus on the delivery of prevention and support for the general population. We will develop these plans through coproduction and in light of changes patterns of both demand and support. This will take into account increased availability of community and voluntary sector delivered services.</p>	<p>Staffing and potential service impact EIA required for a service providing for a vulnerable client group – where for example men, the economically disadvantaged, mothers, those who are BAME, LGBT and those with learning and other disabilities are at higher risk of having mental health issues and may require support.</p>

PY-SW07	<p>The Care Act allows local authorities to charge people a fair contribution towards the cost of care. We will carry out a review of rates used to assess contributions to care, alongside the current policy in relation to partial disregards on disability benefits and our approach to personal allowances. We will use both local evidence and national guidance in relation to a fair and consistent way of ensuring parity in contributions towards the cost of care.</p> <p>In any financial assessment individual circumstances will continue to be taken into account. People are only charged when they can afford to pay all or part of the actual cost of their care. No one will pay more the care actually costs the council to deliver. Any policy changes will be subject to an equality assessment prior to implementation.</p>	<p>EA required to assess potential impact on client groups with multiple needs, where impact may be felt by those with income/savings above Government specified thresholds. Consultation will need to be undertaken with service users, families, providers, advocacy services and voluntary sector.</p>
PY-SW08	<p>The aim is a refresh of our Strength based approach to Social Care that focusses on what really matters to people, their families and their communities. The commitment to co-design through conversation, innovation and engagement recognising that people and families just want to get on with their lives and a strength based approach to conversations can significantly reduce their reliance on formal care.</p> <p>Our current model of social care support brings in people to service before they actually need them. This reduce both independence, self reliance, and ignores the capacity of our local community to support each other. We will move to a right time right care right person approach. This will reduce the overall delivery of funded care support for individuals by delaying the start of care until a person actually needs it, and by sustaining independence as long as possible.</p>	<p>Refresh of promoting a more enabling approach, with the emphasis on prevention and maximising independence, for those in need of social care, including older people, those with long term conditions and those with a learning or sensory disability.</p>

PY-SW10	Explore the provision of CCTV monitoring services for other networks.	No specific EA requirement, as the monitoring of CCTV change is an internal change that wouldn't impact on citizens or staff, any more than at present.
PY-AI03	Further targeted integration of eligible expenditure and use of the Public Health grant to support Southend 2050 Ambitions and Outcomes.	EA will be required to support this change as it is likely to involve engagement and consultation with citizens and staff, which will span many of the protected groups.
PY-AI04	Negotiated planned increase in season ticket fees, following consultation with Bowls Clubs, to reduce the level of subsidy for this discretionary service.	Will impact on service users, who are predominantly older and male.
PY-OP01	Introduce charging for Senior or Specialist Officer Attendance at Planning Pre-Application Advice Meetings.	Impact expected to be minimal, with all service users expected to continue to receive a very good service. However, equality implications should be assessed to determine the potential impact of a differential service.
PY-OP02	Introduce a new fee for offering a Fast Track or Premium Services for certain Planning Applications	Impact expected to be minimal, with all service users expected to continue to receive a very good service. However, equality implications should be assessed to determine the potential impact of a differential service.
PY-OP03	Explore the potential sponsorship opportunities of a number of parks.	EA would be required if the use of parks, in terms of accessibility and value are in scope of the sponsorship, alongside any social value element.
PY-OP04	Ensure all parks buildings either have a lease or charged separately for usage.	No EA required at this stage as this is an internal administrative change, not impacting on the community or staff. However, as part of the investigation specific groups are newly charged this may require an EA if the relevant parties form part of a protected group.
PY-OP05	Review of Planning and Building Control Consultancy Service charges	No EA required as this is an internal facing administrative change, relating to consultancy charges.
PY-OP07	New rental income from the Costa Coffee development at the airport business park	No EA required as this relates to rental income received. However, the accessibility and social value elements would need consideration.
PY-CS02	ICT: Smart programme - a range of technology enabled initiatives to improve efficiency, productivity and the de-commissioning of obsolete products.	More use of technology will enable greater self-service and tailored services. However, impact will need to be assessed on those who find use of on-line access more difficult, notably the elderly and

		those with physical and learning disabilities. Alternative access and support to services for those unable to use on-line systems will need to be assessed and provided.
PY-CS04	Review of all Highways fees and charges	A full EA would be required as this proposed change will impact on citizens, including those in all the protected groups, so the impact would need to be assessed, particularly older people, BAME individuals with English as a second language, disabled people and those that are economic deprived.
PY-ES02	Saving based on the interest costs on £10m of capital expenditure by not borrowing during 2021/22 (assumed borrowing would have taken place at the half year point) <i>The Council has intentionally externally borrowed less than it theoretical needs based on expert treasury management advice. Given the exceptional low borrowing rates that were available late in 2021 the Council did take the opportunity to borrow from the PWLB. The net position for financing costs fully incorporates this.</i>	No EA required as this is a saving for an internal event that didn't occur.
PY-ES08	Better use of Email for communication. Improved efficiency and productivity by reducing reliance on hybrid mail. Corresponding reduction in postage costs. Rationalisation and reduction in the number of mobile phones and SIMs across the Council. Cease the use of Stor-a-file to hold all out archived documentation off site. Lyreco expenditure reduction as well as the resource requirements for invoice processing. Consumables and paper reduction due to less photocopying and printing requirements and improved use of more electronic methods. Move to electronic payslips for all Schools.	The elderly and those with learning disabilities are disproportionately at risk of digital exclusion when compared to other age groups, which should be considered.

	In 2021/22 £91,000 was removed from the budget, the planned reintroduction of 50% is reflective of the fact that some costs are expected to increase again with the easing of COVID-19 restrictions. This will remain under review.	
PY-ES10	Service redesign of the Business Support function right across the council to improve efficiency, productivity and value for money. Targeting the range of vacant posts, interim arrangements, fixed term contracts and use of agency staff. This is the second half of a saving totalling £1m. The first £0.5m was removed from the budget in 2021/22.	Full EAs will be required at every stage of this project to assess the impact on staff from all protected groups, as well as the potential impact any proposed change may have on citizens spanning any of the protected groups. Many of the administrative staff involved in this review are female, in the older age ranges, and of the White British ethnicity group. Therefore, the impact is greater for this group, which also means there are opportunities to recruit people from other protected groups, to reduce the gaps.
PY-ES13	New income stream by securing a formal Laptop Disposal contract. An income target of £50,000 was introduced in the 2021/22 budget. The level of income is expected to fluctuate over the following years, driven by the need to upgrade the equipment staff have been issued with.	No EA required as this is an internal change, however any laptop/software rollout to staff would need to be considered for accessibility, support equipment for staff in protected groups such as translation and transcription software, as well as provision for specialised training that is accessible across all protected groups. These additional tasks are likely to require an EA.
PY-ES14	Extra income received for eligible services delivered to the Housing Revenue Account.	Impact to be assessed of any potential appropriate charging of certain services (eg ICT) as part of development of proposals.

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