

Public Document Pack

Southend-on-Sea City Council

Strategy, Change & Governance

Executive Director: Stephen Meah Sims (Interim)

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05 January 2023

Dear Councillor

CABINET - THURSDAY, 12TH JANUARY, 2023

SUPPLEMENTARY REPORTS PACK: AGENDA ITEMS 5, 6 AND 7

Please find enclosed, for consideration at the next meeting of the Cabinet taking place on Thursday, 12th January, 2023, the following reports that were unavailable when the agenda was printed.

Agenda No Item

5. Council Tax Base and Non Domestic Rating Base 2023/24 (Pages 1 - 10)

Report of Executive Director (Finance and Resources)

6. Draft Prioritising Resources to Deliver Better Outcomes - 2023/24 to 2027/28 (Pages 11 - 214)

Report of Executive Director (Finance and Resources)

7. Draft Housing Revenue Account Budget 2023/24 and Rent Setting (Pages 215 - 236)

Report of Executive Director (Finance and Resources)

Robert Harris
Principal Democratic Services Officer

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Southend-on-Sea City Council

**Report of the Deputy Chief Executive and Executive
Director (Finance & Resources)**

To

Cabinet

On

12 January 2023

Agenda
Item No.

5

Report prepared by: Joe Chesterton
Deputy Chief Executive and Executive Director (Finance &
Resources)

**Council Tax Base and
National Non-Domestic Rating Base 2023/24
Policy & Resources Scrutiny Committee
Cabinet Member: Councilor Stephen George
*Part 1 Public Agenda Item***

1. Purpose of Report

- 1.1. To enable a valid Council Tax level to be determined, the calculation of the Tax Base prior to the commencement of the forthcoming financial year needs to be considered and approved. This report shows how the proposed Council Tax Base for 2023/24 has been calculated.
- 1.2. To consider and approve the National Non-Domestic Rates (NNDR1) form that must be submitted to the Department for Levelling Up, Housing and Communities (DLUHC) by 31 January 2023.

2. Recommendations

That Cabinet approve the following:

In respect of the Council Tax Base:

- 2.1. **The amount calculated by Southend-on-Sea City Council as its Council Tax Base for the financial year 2023/24 shall be set at 59,746.14. (Appendix A)**
- 2.2. **The amount calculated by Southend-on-Sea City Council as the Council Tax Base in respect of Leigh-on-Sea Town Council for the financial year 2023/24 shall be set at 9,135.15. (Appendix B)**

In respect of a change in the qualifying period of Council Tax discount entitlement for vacant properties

- 2.3. From 1 April 2023, Southend-on-Sea City Council reduces the 100% discount available for properties that are unoccupied and unfurnished from one calendar month to 14 days.

In respect that if new legislation receives royal ascent which makes changes to Council Tax for long term empty properties and introduces new second home premiums that:

- 2.4. From 1 April 2024, Southend-on-Sea City Council applies a premium of up to a 100% charge on properties that have been classified as vacant for more than 1 year.
- 2.5. From 1 April 2024, Southend-on-Sea City Council applies a 100% premium charge to properties that are classified as second homes (a furnished property that is not the main residence of any individual).

In respect of the National Non-Domestic Rates Base (NNDR1 Form):

- 2.6. The NNDR1 form for 2023/24 at Appendix C (to follow) be submitted to DLUHC by 31 January 2023.

3. Background Information

- 3.1. The Council Tax Base is calculated as the number of band D equivalent properties/dwellings for each local authority or looked at another way it is the amount of money the individual billing authority estimates it can raise for each £1 of Council Tax set at the band D level.
- 3.2. The Council is required under the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003) and Local Government Finance Act 2012 (Calculation of billing Authority's council tax base Section 15) to determine the Council Tax Base and notify major precepting authorities within the period 1 December to 31 January.
- 3.3. The Council is also required to calculate a tax base for the part of its area falling within the Leigh-on-Sea Town Council's area. The Town Council has been notified of their indicative Council Tax base to allow them to prepare their potential precept and Council Tax and following Cabinet's approval will be formally notified of the Council's decision in respect of their final Tax Base for 2023/24.
- 3.4. As part of Central Government's extensive financial reform since April 2013, the Council is also required to formally agree the submission of its National Non-Domestic Rates baseline for the forthcoming financial year. Given the importance of how the submitted baseline now impacts on the funding that will flow to the Authority from Government, this baseline requires approval in the same way as setting the Council Tax base.

- 3.5. Setting the Council Tax base is a Council function which usually requires full Council approval during the specified period. However, Section 67 to the Local Government Finance Act 1992 (as amended by section 84 to the Local Government Act 2003) excluded setting the tax base from having to be determined by Full Council. It can therefore be delegated under section 101 of the Local Government Act 1972 to a specific Committee, the Cabinet, or even an individual officer.
- 3.6. It was agreed on 13th December 2012 that Council delegate both the setting of the Council Tax base and the approval of the NNDR1 form to Cabinet. This agreement was confirmed to enable consideration by Cabinet to be achieved in a timely fashion and to meet the statutory 31 January deadline each year. In addition, the Council has delegated the authority to approve the NNDR1 form and the Council Tax Base to the Deputy Chief Executive and Executive Director (Finance and Resources), in conjunction with the Leader, subject to the delegation only being used where Cabinet is not able to approve the NNDR1 form or the Council Tax Base by the 31 January each year. If this additional delegation is used, the Deputy Chief Executive and Executive Director (Finance and Resources) will include an explanation in a subsequent report to Council as to why it was not possible for Cabinet to consider and approve the Council Tax base and/or NNDR1 form for submission within the deadline.
- 3.7. The overall details and impact of the Council Tax base calculation and the retained business rates level will be reported to Cabinet and Council as part of the budget setting approval process.

4. Council Tax Base Considerations

- 4.1. The Regulations require the tax base to be based upon the District Valuer's List as of 30 November each year. This figure is then amended for the estimated activity and any changes on the Council Tax base from 1st December to 31st March. An early determination assists the Council and precepting authorities in their financial planning for the following year.
- 4.2. Since 1 April 2013, in addition to the forecasting of banding of properties and voids, the Council Tax base must also reflect the discretionary technical reforms of Council Tax (discounts and exemptions) together with the impact of the Local Council Tax Support Scheme. Council Tax Support is classified as a discount and as such will have the direct effect of reducing the overall Council Tax base.
- 4.3. Exemption classes A & C were abolished with effect from 1 April 2013. Class A exemptions covered "vacant dwellings where major repair works or structural alterations are required, under way or recently completed (up to twelve months)" whilst Class C exempt dwellings were "a vacant dwelling (i.e. Empty and substantially unfurnished) (up to six months)".
- 4.4. In addition, since 1 April 2013, Local authorities in England have had the choice to apply council tax discounts of between 0% and 50% for second homes, to apply council tax discounts for empty dwellings at any level between 0% and 100% and to apply a premium of up to 50% to properties which had been vacant for more than 2 years.

- 4.5. On 5 January 2016, Cabinet approved to implement further changes to uninhabitable, empty and unfurnished properties to come into effect on 1 April 2016, regardless of when any previous discount has been awarded.
- 4.6. In accordance with existing legislation, this report also assumes the continuation of the following previously approved by Southend-on-Sea City Council discounts and premiums for the 2023/24 financial year.
- Properties used as Second Homes (furnished but not an individual's main residence) will continue to receive a 0% discount for the billing year commencing 1 April 2023.
 - Properties that are undergoing major repair works or structural alteration will continue to receive a 0% discount for the billing year commencing 1 April 2023.
 - All properties that have been empty (unfurnished and not the main residence of an individual) for a continuous period of 2 years (period of less than six-weeks are disregarded for this purpose) will continue to be subject to a 100% premium charge for the billing year commencing 1 April 2023.
 - All properties that have been vacant (unfurnished and not the main residence of an individual) for a continuous period of 5 years, but less than 10 years (period of less than six-weeks are disregarded for this purpose) to be subject to a 200% premium charge for the billing year commencing 1 April 2023.
 - All properties that have been vacant (unfurnished and not the main residence of an individual) for a continuous period of 10 years (period of less than six-weeks are disregarded for this purpose) to be subject to a 300% premium charge for the billing year commencing 1 April 2023.
- 4.7. The Local Council Tax Support Scheme for 2023/24 was approved by Council on 15 December 2022 with no changes proposed from the 2022/23 scheme.
- 4.8. Southend-on-Sea City Council introduced additional financial support for care leavers between the ages of 18 and 21 from 1 April 2020. In adopting this scheme, the Council recognised that young people's transition out of care and into adulthood can be extremely difficult. Managing money for the first time, without the support from family, potentially puts care leavers at real risk of falling into debt. The council supports those leaving its care by reducing their net liability for council tax after application of any other national reliefs to zero until the charge payers 21st birthday. In exceptional cases the support will be extended to the charge payers 25th birthday. The cost of continuing this scheme (in terms of a reduction of band 'D' equivalent in the tax base) is around £15,000. It is proposed that these arrangements remain unchanged for 2023/24.

New In-House Foster Care Offer

- 4.9. On the 8 November 2022, Cabinet approved a new initiative to offer a Council tax exemption up to the value of a Band D property for any Southend-on-Sea City Council in-house foster carer from the 1 April 2023. By adopting this scheme, the Council continues to recognise the vital value and support of our in-house foster carers in looking after our children in care. This new Council tax exemption scheme is part of a wider revised and more attractive remuneration package for our in-house foster carers.

- 4.10. This new Council tax exemption scheme is estimated to cost around £88,000 per annum based on the current number of in-house foster carers. This is reflected by the associated reduction in the Council Tax base calculation for 2023/24. For any in-house foster carer who also lives outside of the borders of Southend-on-Sea, they will also be offered an additional foster care allowance up to the equivalent value of a Band D property in Southend-on-Sea.

Council Tax discount entitlement reduced from 1 calendar month to 14 days

- 4.11. It is proposed that properties that are unoccupied and unfurnished will now receive a reduced 100% discount from the current one calendar month to 14 days. This must also be implemented immediately when the property first meets the criteria, and any subsequent awards to the property can only be considered after the property has been occupied for a minimum continuous six-week period.

New legislation currently going through Parliament

- 4.12. On first reading of this new legislation (Levelling-up and Regeneration Bill), which was last updated on 16 December 2022, it suggests that a premium charge for Council Tax could be applied to second homes and the long-term empty premium charge will be allowed to apply after a property has been empty for 1 year rather than 2 years. This legislation is currently at its third reading stage within the House of Commons, and therefore still requires Royal Assent and will require formal adoption of and changes locally. This report seeks approval from Cabinet to implement from 1 April 2024 a premium charge of up to 100% on properties that have been empty for more than 1 year and a 100% premium charge to properties that are classified as second homes (a furnished property that is not the main residence of any individual).

Calculation of the Council Tax Base

- 4.13. The calculation of the Council Tax Base commences with reference to the number of properties in each band of the valuation list, as it stands, on 30 November each year (the relevant day).
- 4.14. Adjustments are then made for: -
- (a) Known alterations not shown on the valuation list on the relevant day.
 - (b) Properties exempt from council tax on the relevant day.
 - (c) Any reductions in banding awarded in respect of disabled persons as of the relevant day.
 - (d) Any status discounts granted as they stand on the relevant day.
 - (e) Any estimated changes likely to occur to the base information during the period from the relevant day to 31 March each year.
 - (f) Impacts of the Local Council Tax Support Scheme (LCTS).

- 4.15. Once these adjustments are made to each band, a calculation is then undertaken to express all bands as a Band D equivalent. The sum of Band D equivalent properties is then reduced by the Authority's anticipated allowance for changes in voids, discounts and exemptions and an allowance for changes in the provision for bad and doubtful debts (which is linked to the anticipated in year collection rate and collection of arrears). The result is the Council Tax Base that is then for tax setting purposes.
- 4.16. The same exercise is carried out in respect of the area covered by Leigh-on-Sea Town Council. The Government previously consulted on the possibility of providing a separate Council Tax Base for Town and Parish Councils due to changes in Council Tax support. The Government decided not to follow this option and therefore the same approach must be applied to both calculations.
- 4.17. The Council Tax base for 2023/24 is therefore: -

	Southend-on-Sea	Leigh-on-Sea
Council Tax Base 2022/23	59,086.74	8,890.46
Council Tax Base 2023/24	59,746.14	9,135.15
Increase in Tax Base - 2022/23 to 2023/24	659.40	244.69
% Increase in Tax Base - 2022/23 to 2023/24	1.12%	2.75%

- 4.18. The calculation of the Council Tax Base for 2023/24 is set out in **Appendices A and B** and is based on the locally defined discount data referred to within this report.

5. National Non-Domestic Rating Base (NNDR1 Form)

- 5.1. Under the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 2012) from 1 April 2013 a proportion of non-domestic rates will be retained locally rather than paid into the central pool.
- 5.2. The NNDR1 form **(Appendix C – To Follow)** calculates the anticipated amount of non-domestic rates that will be collected in the coming year and will therefore determine the respective shares between Central Government and Southend-on-Sea City Council. There will then be a retrospective cash adjustment by Government in the following financial year based on the actual final position for the financial year in question.

- 5.3. The NNDR1 form is in a defined format set by Government and is updated each year. At the time of writing this report, whilst the initial form has been received, it has coincided with a national NNDR revaluation year. The team are currently working through implementing the new rateable values to try to accurately predict the anticipated non-domestic rate income collectable for Southend-on-Sea City Council. Every effort will be made to complete the form in sufficient time to allow it to be completed and submitted to the Cabinet meeting scheduled for 12 January 2023. If this is not possible then the report seeks approval for the Deputy Chief Executive and Executive Director (Finance and Resources) to use his delegated authority to ensure that it is returned by the statutory deadline, and then provide an appropriate report back to Cabinet/Council.

6. Corporate Implications

- 6.1. Contribution to the Southend-on-Sea City Council Corporate Plan (2022-2026) and the Southend 2050 Road Map

The approval of the Council Tax Base and NNDR1 will enable a budget to be set for the forthcoming financial year and a Council Tax level approved in line with statutory requirements. It is therefore a key enabler and an essential part of the financial planning process that directly supports all our Southend 2050 ambitions, corporate plan outcomes and priorities.

- 6.2. Financial Implications

The financial implications of the approved Council Tax Base and NNDR1 will be included in the budget and council tax report for 2023/24 which is scheduled to be considered by Council on 23 February 2023. These calculations will be reflected in the budget proposals for 2023/24 and included in the Council's Medium Term Financial Strategy to 2027/28.

- 6.3. Legal Implications

There is a statutory duty to approve the Council Tax Base and NNDR1 for 2023/24 and notify precepting authorities and the Government by 31 January 2023.

- 6.4. People Implications

None.

- 6.5. Property Implications

None.

- 6.6. Consultation

None.

6.7. Equalities Impact Assessment

None.

6.8. Risk Assessment

Assuming this report is approved, there is no risk that the Council will not meet its statutory duty to approve the Council Tax Base for 2023/24 and notify precepting authorities by 31 January 2023. In addition, it will also enable the statutory deadline of 31 January 2023 to be achieved for the submission of the NNDR1.

6.9. Value for Money

Under the Government's financial reforms for funding Local Government, the Council Tax Base and Non-Domestic baseline are critical elements in determining the level of Council Tax and funding considerations for the Authority.

6.10. Community Safety Implications

None.

6.11. Environmental Impact

None.

7. Background Papers

- Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003)
- Local Government Finance Act 2012 (Calculation of billing authority's council tax base Section 15)
- Valuation List for the Billing Authority area
- CTB1 Return for 2022/23
- Local Council Tax Support Scheme approval for 2023/24

8. Appendices

Appendix A - Council Tax base calculation – Southend-On-Sea City Council

Appendix B - Council Tax base calculation – Leigh-on-Sea Town Council

Appendix C - NNDR1 Form (To Follow)

Council Tax Base 2023/24 - All Areas

	A*	A	B	C	D	E	F	G	H	TOTAL
Dwellings on Valuation Office list at 30/11/22		17,046.00	16,094.00	24,650.00	12,873.00	6,743.00	3,688.00	1,611.00	129.00	82,834.00
Less exemptions as at 30/11/22		(564.00)	(273.00)	(365.00)	(231.00)	(66.00)	(41.00)	(18.00)	(1.00)	(1,559.00)
Add band changes - Disabled	13.00	30.00	54.00	49.00	42.00	22.00	27.00	24.00		261.00
Less band changes - Disabled		(13.00)	(30.00)	(54.00)	(49.00)	(42.00)	(22.00)	(27.00)	(24.00)	(261.00)
Total chargeable dwellings	13.00	16,499.00	15,845.00	24,280.00	12,635.00	6,657.00	3,652.00	1,590.00	104.00	81,275.00
Properties due on list	0.00	17.00	59.00	30.00	4.00	4.00	0.00	0.00	0.00	114.00
Less % discounts	(2.00)	(2,186.50)	(1,518.75)	(1,919.00)	(865.00)	(373.25)	(177.00)	(70.00)	(4.25)	(7,115.75)
Less Local Council Tax Support Scheme discounts	(7.04)	(3,449.35)	(1,975.97)	(1,802.84)	(546.39)	(134.32)	(31.52)	(7.42)	0.00	(7,954.85)
Less Care Leavers discount	0.00	(9.25)	(2.50)	(1.00)	0.00	0.00	0.00	0.00	0.00	(12.75)
Less Foster discount	0.00	0.00	0.00	(20.00)	(30.00)	0.00	0.00	0.00	0.00	(50.00)
Equivalent number of chargeable dwellings	3.96	10,870.90	12,406.78	20,567.16	11,197.61	6,153.43	3,443.48	1,512.58	99.75	66,255.65

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Ratio to BAND D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	2
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BAND D equivalents	2.20	7,247.27	9,649.72	18,281.92	11,197.61	7,520.85	4,973.92	2,520.97	199.50	61,593.96
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Allowance for non-collection 3.00% (1,847.82)

Council Tax Base 2023/24	59,746.14
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Council Tax Base 2022/23 59,086.74

Year on year increase in tax base (BAND D equivalents) 659.40

Year on year increase in tax base % 1.12%

Council Tax Base 2023/24 - Leigh Town Council only

	A*	A	B	C	D	E	F	G	H	TOTAL
Dwellings on Valuation Office list at 30/11/22		1,298.00	1,552.00	2,183.00	2,551.00	1,854.00	694.00	440.00	8.00	10,580.00
Less exemptions as at 30/11/22		(35.00)	22.00	27.00	24.00	13.00	3.00	5.00	0.00	59.00
Add band changes - Disabled	0.00	1.00	2.00	6.00	5.00	1.00	3.00	1.00	0.00	19.00
Less band changes - Disabled		0.00	(1.00)	(2.00)	(6.00)	(5.00)	(1.00)	(3.00)	(1.00)	(19.00)
Total chargeable dwellings	0.00	1,264.00	1,575.00	2,214.00	2,574.00	1,863.00	699.00	443.00	7.00	10,639.00
Properties due on list	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less % discounts	0.00	(158.50)	(201.75)	(203.00)	(164.25)	(95.00)	(34.75)	(18.00)	(1.25)	(876.50)
Less Local Council Tax Support Scheme discounts	0.00	(192.53)	(120.92)	(108.59)	(72.34)	(22.27)	(4.41)	(0.03)	0.00	(521.09)
Equivalent number of chargeable dwellings	0.00	912.97	1,252.33	1,902.41	2,337.41	1,745.73	659.84	424.97	5.75	9,241.41

Ratio to BAND D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	2
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BAND D equivalents	0.00	608.65	974.04	1,691.03	2,337.41	2,133.67	953.10	708.28	11.50	9,417.68
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Allowance for non-collection 3.00% (282.53)

Council Tax Base 2023/24 9,135.15

Council Tax Base 2022/23 8,890.46

Year on year increase in tax base (BAND D equivalents) 244.69

Year on year increase in tax base % 2.75%

Southend-on-Sea City Council

Report of the Deputy Chief Executive and Executive Director (Finance & Resources)

To

Cabinet

On

12 January 2023

Agenda
Item No.

6

Report prepared by:

Pete Bates, Interim Director of Financial Services

Caroline Fozzard, Senior Finance Lead (Strategy,
Sustainability & Governance)

Draft Prioritising Resources to Deliver Better Outcomes – 2023/24 to 2027/28

Policy & Resources Scrutiny Committee

Cabinet Members: Councillor Stephen George 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 local impact of the cost-of-living crisis and deliver better value for money outcomes for residents aligned to our new corporate plan priorities and 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 for consultation, agreement and then submission to Council for approval.

2. Recommendations

The proposed overall net investment package contained in this integrated revenue and capital resources report was launched for consultation with relevant stakeholders on 5 January 2023.

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 budget package is subject to confirmation of the Local Government financial settlement, certain assumptions and any consultation and scrutiny responses received by Cabinet prior to its next meeting scheduled for 14 February 2023 when it considers its final budget proposals.

That Cabinet recommend to Council that it:

- 2.1. Notes that a detailed Medium Term Financial Strategy for 2023/24 – 2027/28 will be available for consideration in February 2023 and approve the draft Medium Term Financial Forecast and estimated Earmarked Reserves Balances up to 2027/28 (Annexes 1 and 2 to Appendix 1).**
- 2.2. Consider and acknowledge the draft 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 2).**
- 2.3. Approve the appropriation of the sums to earmarked reserves totalling £0.706M (Appendix 3).**
- 2.4. Approve the appropriation of the sums from earmarked reserves totalling £1.953M (Appendix 3).**
- 2.5. Approve the use of £1M from the General Fund balances to support the core 2023/24 revenue budget which will be replenished over the life of the Medium Term Financial Plan (Annex 1 to Appendix 1) (Paragraph 13.15, Table 5).**
- 2.6. Approve a General Fund Budget Requirement for 2023/24 of £143.875M and Council Tax Requirement of £97.499M (Appendix 4) (Paragraph 13.15, Table 5) and any required commencement of consultation, statutory or otherwise.**
- 2.7. Note that the 2023/24 revenue budget has been prepared on the basis of using £2M from accumulated Collection Fund surpluses to support the core budget and to allow for a smoothing of the budget gap (Paragraph 13.16).**
- 2.8. Approve a Council Tax increase of 4.99% for the Southend-on-Sea element of the Council Tax for 2023/24, being 2.99% for general use and 2.00% for Adult Social Care (Paragraph 13.17).**
- 2.9. Note the position of the Council's preceptors is to be determined:**
 - Essex Police – no indication of Council Tax position**
 - Essex Fire & Rescue Services – no indication of Council Tax position**
 - Leigh-on-Sea Town Council – proposed Band D precept decrease of 0.71%**
- 2.10. Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2023/24.**
- 2.11. Consider and approve the proposed General Fund revenue budget investment of £23.448M (Paragraph 10.2, Table 3 and Appendix 5).**

- 2.12. **Consider and approve the proposed General Fund revenue budget savings and income generation initiatives for 2023/24 of £9.140M (Paragraph 10.4, Table 4 and Appendix 6a).**
- 2.13. **Consider and approve the proposed General Fund revenue cost avoidance and overspend reduction initiatives for 2023/24 of £1.628M (Paragraph 10.5 and Appendix 6b).**
- 2.14. **Note and endorse the approach proposed for the development and implementation of a new transformation blueprint for the Council (Section 12) and to confirm the use of £1.5m from existing earmarked reserves over the next three years to support this programme of activity (Paragraph 12.15)**
- 2.15. **Approve the implementation of the new Adult Social Care Charging Policy from 1 April 2023 (Paragraph 13.7 and Appendix 7).**
- 2.16. **Consider and approve the proposed range of fees and charges for 2023/24 (Appendix 8).**
- 2.17. **Approve the Dedicated Schools Grant budget and its relevant distribution as recommended by the Education Board (Appendix 9).**
- 2.18. **Consider and approve the Capital Investment Strategy for 2023/24 to 2027/28 (Appendix 10) and the Capital Investment Policy (Annex 1 to Appendix 10).**
- 2.19. **Consider and approve the proposed:**
- (i) **new schemes and additions to the Capital Investment Programme for the period 2023/24 to 2027/28 totalling £16.1M (£3.6M for the General Fund and £12.5M for the Housing Revenue Account) (Appendix 11)**
 - (ii) **new schemes subject to viable business cases totalling £5.6M for the General Fund (Appendix 11).**
- 2.20. **Note the proposed changes to the current Capital Investment Programme that were considered for approval as part of the Resourcing Better Outcomes – Financial Performance Report – Period 8 earlier on this agenda (Appendix 12).**
- 2.21. **Approve the proposed Capital Investment Programme for 2023/24 to 2027/28 of £116.0M to be delivered by the Council and £53.1M to be delivered by Subsidiary Companies, Partners and Joint Ventures (Appendix 13) of which £57.8M is supported by external funding.**
- 2.22. **Approve the Minimum Revenue Provision (MRP) Policy for 2023/24 (Appendix 14) and the prudential indicators (Appendix 15).**
- 2.23. **Approve the operational boundary and authorised limits for borrowing for 2023/24 which are set at £390M and £400M respectively (Appendix 15).**

3. A Sector Under Pressure

- 3.1. The current cost of living crisis is the latest in a decade-long series of events, including austerity, Brexit, a global pandemic and war in Ukraine that continue to erode the financial sustainability of local public services. In the Autumn Statement, the Chancellor looked at mechanisms for dealing with the level of funding for Local Government and confirmed that the previously announced increases in the current Spending Round will be maintained for the next two years.
- 3.2. This Statement did provide some reassurance and avoided/delayed some of the huge concerns that have been highlighted across the sector throughout 2022. These warnings contributed to an independent national analysis undertaken by Grant Thornton that suggested that as many as 1 in 6 local authorities could run out of money as early as 2023/24, without substantial additional funding and/or significant budget reductions. The operating environment, unavoidable cost pressures and complexity of local service demand for local government has never been more challenging.
- 3.3. National agendas including 'Levelling Up' and a range of major policy reforms will need to be delivered within this context. In the background, local authorities will have to make some very tough choices and embrace and implement significant further changes to their local service offer including digitalisation to capitalise on the efficiencies this affords. Looked at collectively, there is an extreme amount of pressure to deliver against all these priorities whilst also managing major affordability and sustainability concerns. The sector has never witnessed so many s114 notices (effectively a declaration that a local authority is no longer a going concern) being issued or being considered. There is no longer any 'low hanging fruit' to reduce costs in local government, therefore across the country, local authorities are having to think seriously about a comprehensive programme of change to get to a financially sustainable base whilst at the same time managing increasing and ever-changing complexity of local demand for Council services.

4. Provisional Finance Settlement 2023/24

- 4.1. The provisional finance settlement was published on 19 December 2022 and confirmed that there would NOT be a Comprehensive Spending Review but did confirm short term funding levels and provide extra investment for social care. The Council began the financial year 2022/23 in a relatively strong financial position in comparison to several other upper tier authorities. The speed of widespread inflationary pressures, energy prices and local service demand post the pandemic has had a huge financial impact for Southend-on-Sea. This situation has been replicated right across the country. Regular monitoring reports have been presented to Cabinet throughout the year, illustrating the scale of the impact and summarising what actions the Council have had to take to try and mitigate the threat to the Council's financial sustainability. An updated report, containing the latest position as at 30 November 2022 (Period 8) is considered elsewhere on this agenda.

- 4.2. In simple headline terms the Government's announcement of the levels of resource increase contained within the provisional financial settlement for the local government sector for 2023/24 seems reasonable, given the economic and financial challenges facing the country. On closer analysis though and when getting access to the details behind the % increase headlines, the funding package is not as positive. For many years now all Governments have favoured the use of highlighting 'Spending Power' calculations for local authorities. This combines 'national funding with local income generating potential via council tax' so the true level of additional resource is considerably less than what is required just to keep up with current levels of inflation, ignoring any local demand service increases.
- 4.3. This will cause major financial and sustainability challenges, particularly for upper tier authorities with responsibility for social care. In simple headline terms Southend-on-Sea City Council could receive around £15 million extra income in 2023/24 but around £5 million of this is assumed to be raised by increasing local Council Tax by 4.99%. The details also highlight numerous examples where 'previous grants have been rolled in' as part of the settlement and expected funding from Government commitments around initiatives like the New Homes bonus have been reduced. Extra burdens and 'new strings, expectations and reporting requirements' have also been introduced for 'new funding' particularly for social care and for grants like the Hospital Discharges Fund.
- 4.4. Within this context it remains vital to reassess, understand and take responsibility for our financial future. We must remain proactive in the delivery of our agreed corporate plan priorities and Southend 2050 ambition, 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 can only be enhanced by embracing the City's economic potential, growing our local tax bases and by increasing our income generating and commercial capabilities.
- 4.5. Given the unprecedented circumstances experienced this year and the late release of the provisional finance settlement, our Medium Term Financial Strategy 2023/24 – 2027/28 is still under development and will be presented to Cabinet and Council in February 2023. This strategy will provide 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 local residents aligned to our Southend 2050 ambition, phased priorities and commitments.

- 4.6. 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, new corporate plan, 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 draft budget report.
- 4.7. It really has been an unprecedented period in recent history which will require some tough national and local choices and difficult decisions to be made on priorities, particularly around non-statutory service levels over the medium-term. The combination of current economic factors will directly impact all public services, local businesses, and residents, putting more pressure on local authority budgets and household incomes.

5. Southend-on-Sea City Council's Corporate Plan and 2050 Ambition

- 5.1. Building on the engagement and consultation exercise undertaken with residents and key local stakeholders during 2022, this report highlights how the Council's new corporate plan has heavily influenced the investment priorities for 2023/24 – 2027/28. Our corporate plan provides the context and narrative for our City and the role that the Council will play in that. It reflects the period of organisational change and our operating models for the future – including officer and member development. The corporate plan's four overarching themes provide a framework to support prioritisation:

- **a city that is strong and prosperous**
- **a city with a good quality of life**
- **a city rising to the climate change challenge**
- **a city delivering genuinely affordable housing**

- 5.2. These corporate priorities will be enabled by us changing as an organisation. Areas in the council where we will focus change are:

Delivering the right quality services

- increasing understanding of the overall goals of customers
- alignment of a common customer-centric vision
- designing services from the point where a customer begins to try to achieve a goal, right through to the point when the goal has been completed and the best possible outcome achieved

How we work

- developing working practices that maintain employee engagement and enable people to maximise their performance. This includes:
 - developing our hybrid working approach
 - making sure people working from home don't suffer from increased levels of loneliness and mental distress

Digital as an enabler

- making the council a more accessible and inclusive place to work
- working flexibly when needed to meet challenges and opportunities
- collaborating and co-designing with residents, communities and partners to identify behavioural drivers, and barriers, and make the best use of resources
- ensuring services are joined up and always accessible

- 5.3. The council's change programme will be driven forward through a new transformational blueprint.
- 5.4. Southend 2050 remains the overriding ambition and provides the opportunity for the Council to continue strengthening partnership working across the City and wider region. Dedicated work and engagement will continue with a focus on achieving this ambition as a new City.
- 5.5. 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 2023/24 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements. Our commitment remains to focus on supporting the local economy and our most vulnerable local residents to recover from the pandemic and to help them to cope where we reasonably can with the current cost of living crisis.
- 5.6. 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.
- 5.7. 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 were dominated by the impact of the pandemic, 2022/23 has been dominated by inflationary pressures and a cost-of-living crisis so 2023/24 is now clearly an important year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.

- 5.8. 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 within the Council's new corporate plan within the context of the overall Southend 2050 ambition, provide support for our most vulnerable residents, respond positively to the impact of the pandemic on our local economy, manage the impact of inflation as carefully as possible whilst coping with unprecedented levels of local demand pressures across social care. It is a very difficult combination of challenges to navigate and respond too, whilst also ensuring that the Council lives within its means and remains a financially sustainable organisation.

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. On 19 December 2022, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released a written statement to Parliament on the provisional Local Government finance settlement for 2023/24. It is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2022 Autumn Statement announcements.
- 6.4. The key headlines relevant to Local Government are summarised below:
- The Council Tax referendum limit will be 2.99%, with social care authorities allowed an additional 2% social care precept.
 - The government's plans for funding reform and a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20 will not be implemented in the next two years. Business rates retention pilots are assumed to continue until 2024/25.
 - The Government has changed the inflation measure used to increase the business rates multiplier from RPI to CPI. The under-indexing multiplier grant has increased by £930M so that local authorities do not lose what would have been the increase in the multiplier.
 - The Revenue Support Grant (RSG) has been increased by 10.1%, in line with what would have been the increase to the multiplier. There have also been existing grants worth £78M rolled into the RSG amounts.
 - The Social Care Grant has increased by £1.506Bn to £3.852Bn, with £161M of that increase being due to the Independent Living Fund being rolled into this grant.
 - The funding for the Improved Better Care Fund remains at £2.14Bn.

- Of the £562M for the Adult Social Care Market Sustainability and Improvement Fund, £162M is due to the Market Sustainability and Fair Cost of Care Fund being rolled into this grant. The additional £400M is intended for local authorities to make tangible improvements to adult social care.
- The Adult Social Care Discharge Fund is a new £300M grant for 2023/24, intended to form part of local Better Care Fund plans, aimed at reducing delayed transfers of care from hospitals.
- The Services Grant has been reduced from £822M to £464M, due to cancellation of the increase in National Insurance Contributions and to move funding to the Supporting Families programme.
- New Homes Bonus 2023/24 allocations have been announced at £291M, a reduction of £265M on 2022/23. The large reduction in funding from the scheme is due to all prior years' legacy payments having now been paid.
- The Lower Tier Services Grant (worth £111M in 2022/23) has been removed and replaced by the Minimum Funding Guarantee of 3% for 2023/24.

7. Local funding impact

7.1. The key headline national announcements set out in paragraph 6.4 indicate the following provisional allocations for Southend-on-Sea City Council:

- Compensation for under-indexing the business rates multiplier will be £6.237M for 2023/24, an increase of £2.63M on 2022/23.
- Social Care – additional £5.0M to be delivered through grant in addition to the funding received in 2022/23, so for 2023/24 the total grant will be £13.2M.
- The current funding stream of £7.797M iBCF (including the former Winter Pressures Grant) remains unchanged in 2023/24.
- The Revenue Support Grant has increased to £7.118M for 2023/24.
- Market Sustainability and Fair Cost of Care Fund will be £1.930M, an increase of £1.373M on 2022/23.
- The Adult Social Care Discharge Fund is new grant funding of £1.093M in 2023/24, intended to form part of our local Better Care Fund plans.
- The removal of the Lower Tier Services Grant and other grants rolled in, removes funding of £0.877M in 2023/24.
- New Homes Bonus to be £0.081M in 2023/24, a decrease by £0.594M from 2022/23.
- The Services Grant will be £1.371M in 2023/24, a decrease of £1.062M from 2022/23.

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 City Council's educational related services.

- 7.3. The current total DSG for 2023/24 is £189.915M (latest allocation for 2022/23 is £178.909M). 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 2023/24 is therefore £57.899M, after considering these estimated deductions of £132.016M.
- 7.4. The Department for Education (DfE) announced on the 16 December 2022 the final funding details for 2023/24 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	144.948	Allowing for 14,761 primary and 12,027 secondary pupils plus growth and premises factors
Early Years Block	10.985	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, early years pupil premium (EYPP) and disability access fund (DAF)
High Needs Block	32.606	Includes special schools, Education and Health Care Plan (EHCP) top up funding, further education EHCP place funding up to the aged of 25. Alternative provision funding, hospital education funding, and support for wider SEND services.
Central Schools Services Block	1.376	Includes Education Support Grant and Council related education support functions
Total DSG 2023/24	189.915	

Key 2023/24 Dedicated Schools Grant DfE Headline Announcements

- 7.5. The DfE announced in July 2022, the following key headlines in relation to DSG Individual School Funding for 2023/24 (schools block). The minimum per pupil levels is set at £4,405 for primary schools (£4,265 in 2022/23) and £5,715 for secondary schools (£5,525 in 2022/23). The funding floor minimum uplift will be set at 0.5% at a per pupil led funding basis from 2022/23, and all schools attracting their core National Funding Formula (NFF) allocations will receive an increase of circa 2.4% from the 2023/23 Pupil led funding factors: basic entitlement and lump sum, with funding for two deprivation factors within the funding formulae increasing by 4.3% compared to their 2022/23 values.
- 7.6. In relation to Early Years funding announced by the DfE on the 16 December 2022 the DfE confirmed an increase of 30p per hour in 2023/24 to help fund childcare places for 3 & 4 year olds (an equivalent 6.4% uplift from 2022/23 and noting 1.5% of that uplift does relate to a previous school nursery supplementary grant paid outside of the DSG now including within that rate), and an increase of 11p per hour to help fund childcare places for eligible 2 year olds (equivalent 2.0% uplift from 2022/23). EYPP rates have also been uplifted by 3.3% from 2022/23 and DAF rates have uplifted by 3.5% from 2022/23.
- 7.7. In relation to high needs block funding allocations, the DfE announced in July 2022, the funding floor (within the NFF) is set at a 5.0% uplift with a maximum gains cap of 7%. For Southend-on-Sea, this has meant an additional uplift of 6.7% from 2022/23 and an additional allocation of £2.083M. On the 16 December 2022, the DfE also announced an additional further allocation to all national High Needs blocks in view of the Government's Autumn term 2022 budget statement for additional national funding to core schools' budgets. For Southend-on-Sea locally this added a further £1.254M from 2022/23 bringing the now total overall funding uplift to 11.6% from 2022/23 (and a total £3.337M uplift from 2022/23).
- 7.8. In relation to central block funding included within the July 2022 announcements, the DfE stated in 2023/24 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-on-Sea's allocation is a further annual loss of circa £93,000 from 2022/23.
- 7.9. Following the annual July 2022 DfE DSG announcements, it is important to note that given the significant inflationary pressures in 2022/23 and teaching staff salary uplifts, that the Government, as part of the Autumn term 2022 statement did announce further additional national funding of £2.3Bn in 2023/24 to core school budgets and in 2024/25. Whilst the local DSG high needs allocation has been updated for this announcement (as referenced in paragraph 7.7), for mainstream schools in 2023/24 there will also now be an additional supplementary grant paid outside of the DSG at a total local amount of £4.947M which will mainly be distributed through to schools based on the number of pupils in a school. This therefore means a mainstream school that is on the NFF minimum amounts per pupil can now expect an estimated total uplift per pupil in 2023/24 from 2022/23 including this additional supplementary grant of 3.7% for primary and 3.9% for secondary schools.

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 18 October 2022 and the 13 December 2022 to determine and agree the principal decisions for the allocation of the 2023/24 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 recommendations of the DSG budget to the Education Board was presented on the 13 December 2022 and **Appendix 9** shows the detailed principal breakdown of the proposed 2023/24 Dedicated Schools budgets. This assessment also includes the considerations to the further reduced Central Block funding announcements. There will be a final 17 January 2023 Education Board report which will set the final funding allocations for 2023/24, based on the funding principal decisions made by the Education Board at its meetings on the 18 October 2022 and the 13 December 2022.

Pupil Premium

- 7.12. In addition to funding from the DSG, schools will receive a Pupil Premium grant, which will provide amounts of £1,455 / £1,035 of funding per primary / secondary pupil in 2023/24 who have been registered for free school meals in any of the past 6 years, both a 1.8% rate uplift from 2022/23. Based on initial estimates the total Pupil Premium will provide an additional indicative £9.3M 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.
- 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. The updated Financial Sustainability Strategy for 2022-2032 was published in 2022.
- 8.3. Given the exceptional operating environment caused by the significant inflationary increases and service demand pressures in 2022/23 and that these issues will continue into 2023/24, the Council will not review this strategy as part of the budget process for 2023/24. A refresh of the Financial Sustainability Strategy will be considered as part of the implementation of the Council's new Transformation Blueprint and budget considerations for 2024/25.

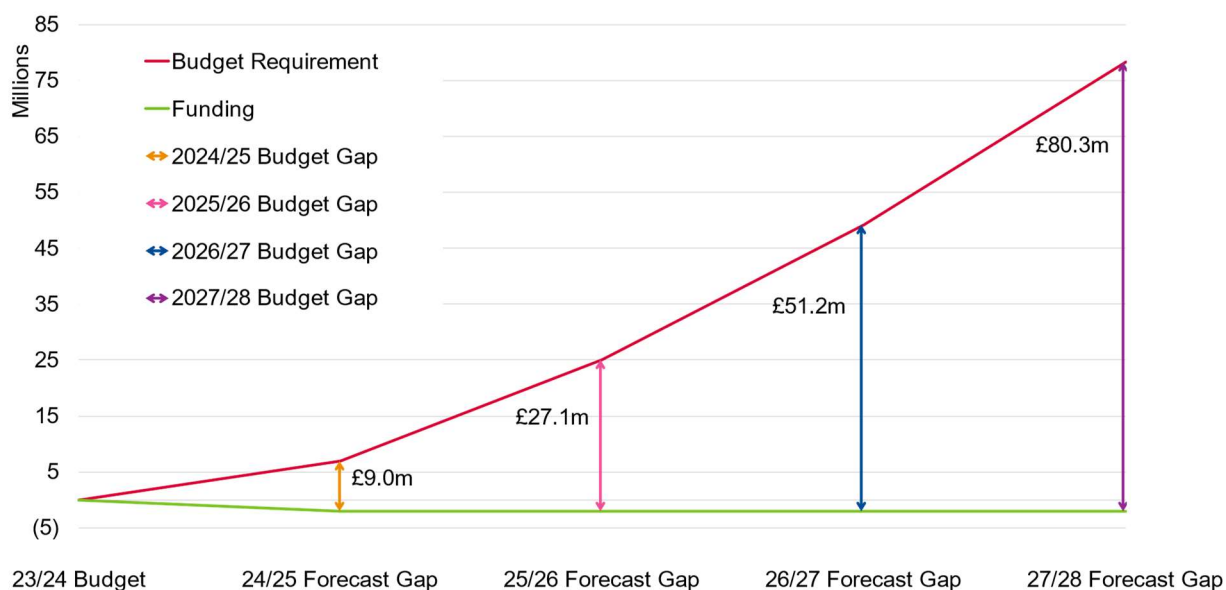
9. Medium Term Financial Strategy (MTFS) 2023/24 – 2027/28

- 9.1. Given the constantly changing events in 2022/23, together with the late publication by the Government of the provisional finance settlement on 19 December 2022, this revised MTFS is still under review and will be presented to Cabinet and Council in February 2023. The updated strategy will build on what was approved in February 2022 and will look 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 will continue to show how the Council intends to align its financial resources to deliver the priorities contained in the new corporate plan and within the context of our Southend 2050 ambition 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 will identify 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 will be based on a range of assumptions – the most significant of these include an estimate that inflation will fall to around 7% in 2024 and then return to more 'normal' levels of 4% and 2% in 2025 and 2026. Another major assumption is that the level of Government funding support we are expecting to receive in 2023/24 remains at exactly that same level in future years through to 2027/28. It is also assumed that any fundamental changes to national policies delivered locally will also be fully funded by Government.
- 9.3. Although the full MTFS is still being updated, considerable work has been undertaken to establish a Medium Term Financial Forecast for the years 2023/24 to 2027/28 and this is shown in **Annex 1 to Appendix 1. Table 2** is a summary showing the forecast budget gap for the next five years and **Figure 1** shows the cumulative impact over the next five years.

Table 2 Forecast Budget Gap 2023/24 to 2027/28

Year	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Budget gap	£0M	£9.0M	£9.1M	£6.0M	£5.0M	£29.1M

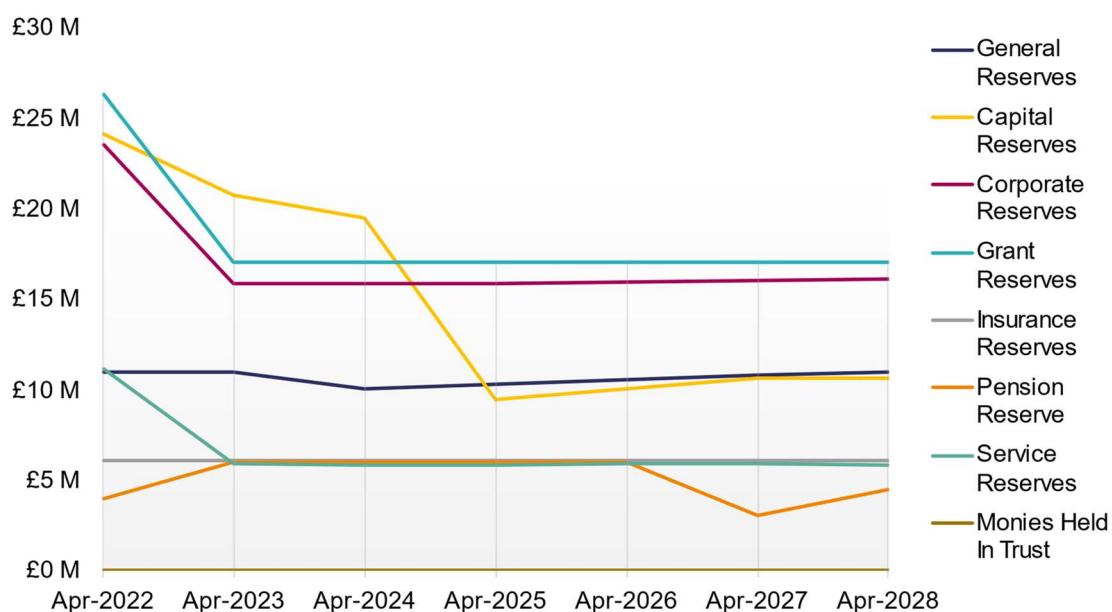
Figure 1 Forecast Cumulative Budget Gap 2023/24 to 2027/28



- 9.4. The Section 151 Officer's Statement on the Adequacy of Balances and the Robustness of the Budget is attached as **Appendix 2**. 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 (2022/23 – 2027/28) is shown in **Annex 2 to Appendix 1** and it illustrates not only the appropriations to and from Earmarked Reserves but also the transfers between them. The significant reduction in grant reserves in April 2023 is due to the prescriptive accounting treatment of Business Rates Section 31 Grants 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. The reduction in service reserves reflects the forecast use of these reserves to balance the outturn position for 2022/23, as set out in paragraph 13.4. Action is and will continually be taken to further mitigate the potential overspend throughout the rest of this financial year.

A summary of the forecast reserve balances from 2022/23 to 2027/28 is illustrated in the following graph (**Figure 2**).

Figure 2 Forecast Reserve Levels 2022/23 to 2027/28



- 9.6. The level of resources available for revenue and capital investment considerations were subject to extensive challenge and prioritisation to ensure that any investment proposed is designed to have a positive impact and is aligned to deliver the priorities within our new corporate plan. Balancing the demands and desire for increased investment with the financial pressures and inflationary impact experienced in 2022/23 has been incredibly challenging.
- 9.7. For revenue prioritisation of proposed investment, careful assessment was given to increasing service demands and cost pressures associated with delivering existing statutory requirements. Reviewing potential future demands to continue to respond positively to the needs of our most vulnerable residents whilst ensuring that the Council remains financially sustainable in the most challenging of operating environments has been of paramount importance. Analysis of the feedback from the range of extensive consultation and engagement exercises undertaken throughout 2022/23 has also directly influenced the overall proposed budget package (see paragraph 21.6).
- 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 the Council's priorities. It includes an overview of the governance processes for consideration, prioritisation, and approval of capital investment. The Capital Investment Strategy for 2023/24 to 2027/28 is attached as **Appendix 10**.

10. Prioritising Resources to Deliver Better Outcomes

- 10.1. Successful and timely implementation of the proposed revenue budget package and capital investment programme are essential requirements in ensuring the future financial sustainability of the Council and to respond positively and pragmatically to achieving the priorities set within the new corporate plan.

- 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 2023/24 is shown at **Appendix 5**. All proposed investments are planned to be a permanent increase in the revenue base budget of the Council.

Table 3 Revenue Investment Proposals

Ref	Description	2023/24 £000s
01-COP	Staffing Establishment Costs 2022/23	1,150
02-COP	Staffing Establishment Costs 2023/24	4,425
03-COP	Contractual Inflation (Not Energy Related)	600
04-COP	Energy Inflation Costs 2022/23	2,100
05-COP	Energy Inflation Costs 2023/24	2,350
06-COP	Levies	35
07-COP	Investment, income & financing alignment	802
Cross-Organisational Pressures Total		11,462
01-L	Technology Transition and Systems Modernisation	1,000
01-DLPP	Waste Collection Contract	800
01-ASCHI	Provider Inflationary Uplift: National Living Wage	4,950
02-ASCHI	ASC Demographic Demand: Transitions, Older People & Working Age Adults	1,336
01-AMII	LHCS and Southend Travel Partnership Ltd (T/A Vecteo)	1,400
01-CLI	Children's Social Care: Independent Placements	2,500
Investments Specific to Portfolio Services Total		11,986
Total Investments		23,448*

** A further £1.093 million of investment will be available which is aimed at reducing delayed transfers of care from hospitals. This will be funded by the new Adult Social Care Discharge Fund which will form part of our local Better Care Fund plans.*

- 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. More information is summarised as part of the Council's Capital Investment Programme considerations in paragraphs 15.17 – 15.29

- 10.4. A summary of the proposed savings and income generation proposals for 2023/24 that form part of this overall budget package is shown in **Table 4**. The detail of each proposal for 2023/24 – 2025/26 is shown at **Appendix 6a**.

Table 4 Savings and Income Generation Proposals

Ref	Description	2023/24 £000s
COI-01	Employer Pension contribution levels – actuarial review	(1,500)
COI-02	Reduction in Corporate Contingency	(1,500)
Corporate Initiatives Total		(3,000)
EAP-01	Disabled Facilities Grant (DFG)	(250)
EAP-02	Bid Town Centre Grant underspend into base budget	(10)
EAP-03	Integration of Public Health Grant into Planning	(25)
EAP-04	End lease of office space at The Lighthouse Child Development Centre	(20)
EAP-05	Integration of Public Health Grant into Regulatory Services	(30)
EAP-06	System for management of sickness absence	(25)
Efficiency and Productivity Total		(360)
ORE-01	Staffing Reduction – Procurement	(40)
ORE-02	Staffing Reduction – Strategic Housing Project Officer	(50)
ORE-03	Staffing Reduction – Corporate Strategy	(210)
ORE-04	Staffing Reduction – Revenues Service	(145)
ORE-05	Customer Services/ Revenues and Benefits Structure Review	(125)
ORE-06	Staffing Reduction – Asset Management	(70)
ORE-07	Staffing Review – Senior Leadership Group	(165)
ORE-08	Staffing Reduction – Education, Inclusion and Early Years' Team	(46)
ORE-09	Staffing Reduction – Digital & ICT	(85)
Organisation Redesign Total		(936)
SOC-01	Review of the operation of fountains in the City's public spaces	(15)
SOC-02	Review of operation of City Beach Fountains	(5)
SOC-03	Review Travel Centre Operation / Closure	(40)
SOC-04	Review of public toilet offer with focus on securing external operator	(150)
SOC-05	Reduce Corporate Training (L&D) Budget	(100)
SOC-06	Printed materials and courier dispatch for Councillors	(20)
SOC-07	Culture service savings	(12)
SOC-08	Library service savings	(35)
Service Offer Changes Total		(377)
TPP-01	Essex County Council transferred debt - reduction in repayment	(100)
TPP-02	Use of free minor repair gang for ad-hoc highways maintenance	(95)
TPP-03	Recruitment Contract (Hays Commercial)	(104)
TPP-04	Employee Assistance contract for service	(10)
TPP-05	Occupational Health contract for service	(75)
TPP-06	Reduction of concessionary fares support to match usage	(100)
Third Party Payments / Contractual Arrangements Total		(484)

Ref	Description	2023/24 £000s
IGC-01	Pier Charges	(250)
IGC-02	Planning Performance Agreement Income	(5)
IGC-03	Cremation and burial costs for non-residents	(100)
IGC-04	Parking charges (pay & display)	(600)
IGC-05	Parking permit charges	(50)
IGC-06	Parking charging times and associated enforcement	(250)
IGC-07	Vehicle crossover applications – application fee & implementation costs	(20)
IGC-08	Remove free parking for elected members	(15)
IGC-09	Sales, Fees & Charges	(840)
IGC-10	CCTV Control Room commercial activity	(25)
IGC-11	Street Lighting Advertising Banners	(40)
IGC-12	Charging for car parks that are currently free	(25)
IGC-13	Council Tax: Empty Property Relief	(330)
IGC-14	Registration Service	(33)
IGC-15	Increased investment income	(1,400)
Income Generation Capability Total		(3,983)
2023/24 Budget Saving / Income Generation Total		(9,140)

- 10.5. In addition to the proposed budget savings and income generation initiatives summarised in **Table 4** for 2023/24, there are also a range of cost avoidance and overspend reductions totalling £1.628M proposed. These are detailed in **Appendix 6b** and are listed separately as they do not directly impact on the revenue budget allocations for 2023/24. This is because there is no (or insufficient) approved budget provision for these pressures in 2022/23. Most of these issues have been caused by the unprecedented inflationary cost pressures that continue to be experienced and which are outside the direct control of the City Council.

11. Ongoing Support and Commitment to our Most Vulnerable Residents

- 11.1. The Council has committed for 2023/24 to keep all Libraries and Children Centre's operational and will be re-sizing the business footprint of the local authority to make it closer to the City Centre utilising the Victoria Centre. Opening the new Launchpad and Airport Business Park to support new and micro businesses is also a major development to help the local economy and encourage entrepreneurial activity.
- 11.2. As highlighted in **Table 3** significant additional investment is proposed for a range of critical social care services in 2023/24. Southend-on-Sea City Council will also continue to support thousands of families and vulnerable people during the cost-of-living crisis with new initiatives planned for 2023.
- 11.3. The amount of information on available support is sometimes overwhelming and to make life easier for residents and to help accessing trusted and safe information, the council have collated key information and guidance at www.southend.gov.uk/costofliving and onesouthend.com/cost-of-living/

- 11.4. These websites include videos, articles, links to local and national schemes to help people deal with rising costs, an interactive map displaying locations where you can find support with food, clothes, toiletries, health items, and spaces where you can retreat to or work from to keep warm.
- 11.5. For anyone who can't get online, the council has also produced a printed booklet – 14,000 booklets were printed with 4,000 copies going out directly to vulnerable residents. Copies will also be available from the Civic Centre and public libraries and charities will be handing out the booklets to their beneficiaries. In addition to the cost-of-living resources, the council has also been taking advantage of the various government funding and grant schemes available to ensure as many Southend residents as possible can receive support during the cost-of-living crisis.
- 11.6. The **Household Support Fund** will continue into 2023/24, as announced in the Government's Autumn Statement but the Council's allocation of monies has not yet been confirmed. Given the overall national funding of £2.5Bn, the Council's allocation is expected to be circa £2.8M. Guidance on how this can be spent is also yet to be announced but it will be used to assist people with the cost of household essentials. In previous years the Council has used the Household Support Fund to support over 40,000 homes. This included free school meals for all school holidays which helped to support approximately 4,900 families during each school holiday period.
- 11.7. The **Essential Living Fund** will continue to support vulnerable residents into 2023/24. The funding level is yet to be confirmed but is likely to be in the region of £600,000 to help vulnerable people live as independent a life as possible in the community.
- 11.8. The **Discretionary Housing Payment (DHP)** scheme is available for people who are unable to cover the top up in their rent after applying for Housing Benefit or Universal Credit Housing Costs. The fund is circa £409,000 a year. As a limited and discretionary scheme consideration will be given to the applicant's circumstances in making an award, and they will be on a short-term basis. Other than assistance with rent top up, a DHP can also be claimed for a rent deposit if they can demonstrate that a property that is being considered to move in to will be financially cheaper for them.
- 11.9. Through 2022/23, the **Southend Emergency Fund** has provided grants to local charities and support groups thanks to funding of £97,500 which has so far directly helped over 6,000 residents. Citizens Advice have been providing food and fuel vouchers with an extra £100,000 allocated for the period up to March 2023.
- 11.10. The council has also allocated £1.5m over three years to the Community Investment Fund, hosted by SAVS, to support the board's key themes which include reducing poverty and boosting the voluntary sector. Despite the huge financial challenges, the Council has remained committed to this investment in 2023/24.

- 11.11. The South East Essex Alliance is a broad partnership of organisations who are working together to tackle health inequalities and improve health and wellbeing outcomes for local people in Southend, Castle Point, and Rochford. Plans are also in development for a mobile food market van offering low-price food items to residents in Southend's most deprived areas. This scheme is also funded by the health inequalities fund to the value of £10,000 and is expected to run until Spring 2023.
- 11.12. Other examples of support include the use of £25,000 from the health inequalities fund provided by the South East Essex Alliance, with 50 slow cookers and 77 electric blankets purchased and delivered to charitable organisations and voluntary services across the City in December 2022. Slow cookers and electric blankets can help reduce costs associated with rising energy prices. More will be purchased and distributed in 2023 with the remainder of the fund.
- 11.13. The council has been awarded £331,000 for the government's **Council Tax Support Fund** to deliver additional support to the 12,500 households already receiving council tax support. This was announced alongside the provisional Local Government finance settlement and the monies will be used to reduce bills for current working age and pension age Local Council Tax Support claimants by up to £25. In real terms this means that around 3,200 of these households that are of pensionable age will continue to receive a 100% council tax reduction for 2023/24 and have no liability to pay.
- 11.14. In very extreme cases the Council also has a limited **Exceptional Hardship Fund**. A payment made via this route is allocated direct to the Council Tax account and provides residents additional financial help if they have a shortfall between the amount of Local Council Tax Support paid and the amount of Council Tax they are liable to pay. To qualify for this support residents would need to demonstrate that their financial circumstances are exceptional and would suffer severe financial hardship if the extra support was not received.

12. Medium Term Financial Sustainability Challenge

Building a City Council Fit for the Future

- 12.1. The overall level of net cost reduction required by Southend-on-Sea Council to bridge a medium to long term deficit by 2027/28 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.
- 12.2. Grant Thornton have been working with Southend-on-Sea City Council to rapidly review the Council's operating model and identify tactical and strategic opportunities for savings and change. Through their work with us they have made key observations about the operating model of the Council:

- As a twenty-first-century Council with an ever-tightening fiscal environment, Southend has no option but to modernise its operating model and find new, more cost-effective ways of meeting the needs of its communities in the context of a changing public sector landscape.
 - Overall, the Council is relatively 'traditional' in its mode of service delivery, and there is significant opportunity to innovate, considering not just 'how' services are delivered but also 'what' services are delivered.
 - The Council has a history of being all things to all people - a key objective of the Corporate Plan and Service Plans should be to define more clearly what the Council prioritises and delivers and therefore give officers the authority to stop/reduce non-essential activities.
- 12.3. Working with Grant Thornton the Council has been through a period of 'idea generation' which produced a long list of opportunities across the themes of:
- Target operating model (modern, simplified and streamlined)
 - Efficiency and productivity
 - Service offer changes
 - Commercial (income generation and third party / contractual arrangements)
 - Resident & customer engagement
- 12.4. Due to the large number and scale of the value of opportunities identified, a comprehensive programme is required to focus activity, provide consistency and oversight as well as invest time and scarce resources in the right places. The transformation blueprint sets out this programme and organises these opportunities into workstreams to create order and sequence to activities.

A New Transformational Blueprint for the City Council

- 12.5. Southend on Sea City Council's transformation blueprint looks to provide a roadmap and framework for building a council that is fit for the future and is constructed of the following key elements.
- 12.6. **The principles we are guided by**
- Our transformation principles set the ambition for the Council and are the compass by which we will measure if an initiative will help the Council move towards the desired future state. They reflect the two sides of the organisation which are both important: Supporting vulnerable residents and protecting the Council. These principles are summarised in **figure 3**.

Figure 3 Summary of Guiding Principles

Digitally enabled	<ul style="list-style-type: none">• Digital by default• Self-service through effective online tools and support• Reduction of manual tasks and processes
Prevention & Resilience	<ul style="list-style-type: none">• Early intervention is prioritised• Failure demand is minimised through taking a customer-centric approach
Resource optimisation	<ul style="list-style-type: none">• Services are what we deliver, not where, by who or how• Assets locations align with local need and we co-locate where appropriate• Our workforce is productive, scaled and structured appropriately to deliver
Prioritisation	<ul style="list-style-type: none">• Opportunities to 'stop' and 'resize' non-essential activities are taken• Resources are focused on those that need it most
Collaboration	<ul style="list-style-type: none">• Work together to drive efficiency and outcomes• The Council values and works closely with health and the third sector
Commercialism	<ul style="list-style-type: none">• The Council ensures best value for customers• Fees and charges are aligned to the market and support wider Council delivery

12.7. The workstreams we focus on

Although each of these workstreams will be intrinsically linked, separating out the core components will allow different tranches of efficiencies and service improvements to be brought forward. Inter-dependencies between the workstreams would need to be balanced centrally.

- **Tactical savings delivery** – which are tactical as they are not transformational in nature but primarily relate to stopping or resizing activity. These opportunities will be primarily service led and delivered.
- **Strategic opportunities** – opportunities which are transformational in nature for service areas and service delivery specifically.
- **Simplified and more efficient operating model** – a workstream to build an organisation that can provide all of the products and services that its customers require, in a more efficient and effective way.

12.8. The enablers of transformation

The key levers at the hands of the Council which will result in fundamental change both for the cost base and experience of residents are:

- **Digital** – Digital is key to reducing the cost of public services, increasing productivity, rethinking service delivery, emphasising user experience and increasing commerciality of the Council.

- **Customer contact & user experience** – The Council wants its technical expert resource to focus on customer service delivery that is within their specialist area. Self-service becomes the primary channel for interaction with and across the Council.
- **Demand management** - With increased demand and reduced public spending, the need for local authorities to transition to a preventative approach has never been greater. The different types of demand that can be managed more effectively are as follows: **Avoidable Demand** (a need that can be better met by other means or channels), **Preventable Demand** (things that could have been done earlier to prevent a need from arising in the first place), **Failure Demand** (caused by the very system designed to respond to demand in the first place).

The building blocks for success

12.9. The building blocks are the foundations which are fundamental to a successful programme of change, without which a programme will struggle to get off the ground. These include:

- Governance
- Strategic Programme Management Office.
- Service redesign.
- Skills & capabilities.

Timelines and phasing

12.10. The Council needs to undergo a significant level of change to meet its ambitions and does not have the necessary building blocks in place currently to deliver it. Therefore, the change programme needs to be undertaken across several phases to build foundations before getting into high complexity change to ensure its success.

12.11. Phase 1 – Foundational

This phase will include all the necessary set up of the programme including:

- Defining roles and expectations across the organisation by grade
- Establishing key governance frameworks
- Establishing a performance management framework
- Setting up leadership development programmes
- Setting up a skills programme for project and change management
- A functional maturity assessment across all service areas, the first step in a fundamental redesign of Council services
- Course correcting and strategic interventions in areas of high risk or importance
- Tactical savings delivery

12.12. Phase 2 – Strategic and Transformational

The second phase of the programme looks to begin the strategic and transformational change for the organisation.

- Based on the functional maturity assessment undertaken in phase 1, a rolling programme of service redesign will begin starting with the high change cohort, through to medium
- Strategic opportunities will also be kicked off and go through scoping, design, plan and implement stages. The order in which these opportunities will be determined based on complexity and scale of savings potential.
- Continuation of leadership development programmes
- Continuation of skills programme for project and change management

12.13. Phase 3 – Business as Usual

By Phase 3, service redesign and transformation will be 'business as usual' for the Council and embedded in officer behaviours and skills. Therefore, although there will still be changes required, the Council will be able to deliver this with minimal support. The main focus of this phase will be:

- The rolling programme of service redesign will move onto the low change cohort (as high and medium will be complete)
- Evaluation of activities undertaken in Phases 1 and 2, and embedding the continuous improvement approach

Governance, Reporting and Delivery Arrangements

- 12.14. The level and intensity of the transformation programme required will require strong governance and support and it is proposed that a new Transformation Board is created to oversee the programme and delivery of activity. This will be chaired by the Executive Director (Strategy, Change and Governance) and supported by relevant senior officers. The Board will report the progress and performance via the regular financial monitoring reports that go to Cabinet to ensure transparency and Member oversight on the work being undertaken and to evaluate the impact of the programme.
- 12.15. There will be a requirement for additional one-off 'change' resources to deliver the programme with both internal and specialist external expertise to provide the capacity to implement the programme and cultural change required at pace. Without this major redesign the Council will be exposed to the increasing pressure and risk of financial unsustainability. A threat that many local authorities are already declaring. The operating landscape and financial pressures are getting even more challenging each year and the Council needs to be proactive and plan for major change now. The alternative could lead to an even greater reactive impact on our service range, quality and operational viability. It is therefore proposed that a sum of £1.5m is set aside over a three-year period from existing Council earmarked reserves to establish a new Transformation Implementation Reserve to support this key 'invest to save/change' programme.

13. General Fund Revenue Budgets 2023/24 – 2027/28

Forecast revenue outturn 2022/23

- 13.1. The original General Fund revenue budget requirement for 2022/23 totalled £140.741M and was to be met from government grants, available business rates, council tax, adult social care precept and £2.500m planned use of reserves.
- 13.2. Members have been supplied with regular financial monitoring information throughout the year. The latest forecast outturn and supporting narrative for 2022/23 is summarised in the Resourcing Better Outcomes - Financial Performance Report – Period 8, elsewhere on this Cabinet agenda. The year has clearly been dominated by the financial challenges caused by huge increases in service demand post the pandemic combined with unavoidable rapid inflationary increases in operating costs across almost every aspect of the organisation. Nearly all the financial pressures that the Council is now experiencing have been down to external factors where the Council has had no influence or control and they have happened at great pace, since the Council's 2022/23 budget was approved in February 2022.
- 13.3. The latest financial forecast for 2022/23 indicates a **projected £7.346M overspend** for the Council. This is a **significant improvement of around £4.7M** on what was reported at period 6.
- 13.4. 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. Given the significant financial situation and current forecast outturn position for 2022/23, the Council will have no choice but to use its earmarked reserves, which have been prudently developed over previous years, to cover any overspend that remains at the end of this financial year. The actual year-end final position for 2022/23 will be considered as part of the outturn report, which will be presented to Cabinet in June 2023.

Fees and Charges Proposals

- 13.5. Cabinet at its meeting on 18 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 (e.g. car parking charges). For 2023/24 the guideline yield has been set at CPI at September 2022 (10.1%) and therefore charges for 2023/24 will be set by Chief Officers within this guideline with a few exceptions.

- 13.6. The Care Act allows local authorities to charge people a fair contribution towards the cost of care. In all financial assessments, individual circumstances will continue to be fully considered and evaluated. 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 actual cost of care that the Council delivers. Each year the cost of care rises because of increased payments to providers, and the amount people contribute to pay for their care also increases. These two factors, together with assumptions about the increase in the aging population mean we are assuming increased levels of income generated in future years.
- 13.7. On 22 February 2022, Cabinet agreed to implement the Adult Social Care Charging Policy subject to formal public consultation. This consultation was undertaken from 16 May to 22 August 2022 and the findings of the consultation are summarised at **Appendix 7**. Taking into account the responses received, the increase in income generated and the positive impact that the new policy will have on the long term sustainability of Adult Social Care, it is recommended that the proposed Charging Policy is now implemented with effect from 1 April 2023.
- 13.8. The proposed overall balanced revenue budget package assumes several new fees and increased charging options for parking, pier and foreshore attractions, bereavement services, highways and registration services. The detailed proposals (per tariff change) are summarised at **Appendix 8**.
- 13.9. Since car parking zones were introduced in 2021/22 most hourly charges have remained the same. With CPI in November 2021 standing at 5.1% and then a further 10.7% in November 2022 it is clear that each year charges are frozen this represents a real terms reduction in the value of income received for the Council. The proposed average increases of around 10% to pay and display charges remain significantly below the accumulated rate of inflation over these last 2 years.
- 13.10. To alleviate parking pressure for the night-time economy in Southend-on-Sea the applicable charging times in Zone 1a will be extended from 6pm to 9pm. This extension will ensure that existing parking provision is not abused, and safe standards are maintained. Enforcement hours of operation will be increased for the same period to support these changes which are in line with the Highways Act 1980 and will aim to avoid danger to persons and damage that has been caused by poor driving and historical inappropriate parking behaviours during these times. Southend Pass Holders will be able to use their pass during these extended hours. It is proposed that the Cliffs Pavilion and Shorefield Road car park will remain chargeable to 6pm only.
- 13.11. The price of admission to walk the Pier has not been increased for several years, therefore it is proposed that the current £1 charge for a child/concession be uplifted to £1.50 and the adult charge be uplifted from £2 to £2.50 for summer season admissions. Entry to the Pier including train travel is proposed to be uplifted between 6.9% and 18.3% to help support the maintenance of the Pier attraction, whilst still remaining an affordable and value for money visitor attraction for the City.

- 13.12. The charges for our cemetery and crematorium services have been benchmarked for the last few years against nearest neighbours and similar facilities. The outcome of this comparison highlights that our charges are not in line and are considerably cheaper than many other authorities who particularly charge a premium price for non-residents. Considering the substantial current increases in utility costs to operate our cremators and the ongoing reduction in the availability of local burial plots it seems sensible and prudent to correct this anomaly and review the charges associated with these services. The proposed charges included at **Appendix 8** have been calculated based on available benchmarking data from competitors, other areas as well as the unique demographics of Southend-on-Sea 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 service remains one of the lowest in South Essex for local residents.
- 13.13. In order to achieve the full cost recovery for processing vehicle crossover applications and their implementation it is proposed to increase the charge to an appropriate level and ensure that appropriate inspections take place to fulfil our obligations in this service area.
- 13.14. In line with market forces on available supply it is proposed to increase the rates for wedding and partnership ceremonies to reflect the demand on various days of the week. It is proposed to expand the Saturday charge to a Friday and Saturday charge and apply a reduced charge on Monday to Thursday. This practice is replicated across the weddings sector and is standard practice across the region.

Overall General Fund Budget

- 13.15. The overall proposed balanced General Fund Revenue Budget package for 2023/24 is summarised in the following table (**Table 5**).

Table 5 Summary of General Fund Revenue Budget

	2022/23 £M	2023/24 £M
Net Base Budget	135.960	139.649
Net Investment and Reprioritisation	4.328	4.226
Revenue Budget	140.288	143.875
<i>Less Available Funding</i>		
Revenue Support Grant	(6.244)	(7.118)
Business Rates Income	(38.200)	(36.258)
Collection Fund Surplus	(1.500)	(2.000)
To be funded from Council and ASC Precept	94.344	98.499
General Council Tax	80.945	84.624
ASC Precept Income	10.899	12.875
Remaining Budget Gap	2.500	1.000
Use of General Reserves	0	(1.000)
Use of Earmarked Reserves	(2.500)	0
Use of Reserves to Balance Budget	(2.500)	(1.000)
Balanced Budget	0	0

Council Tax 2023/24 and estimated collection fund balance 2022/23

- 13.16. The Council must formally determine the Council Tax Base (the number of Band D equivalent properties) for 2023/24 and any estimated Collection Fund balance at the end of 2022/23. The Council Tax base for 2023/24 is as reported in a separate report on this agenda for approval by Cabinet as delegated by Council at 59,746.14 (equivalent Band D properties) including Leigh-on-Sea Town Council.

The tax base for Leigh-on-Sea Town Council has been calculated for 2023/24 as 9,135.15 Band D equivalents.

The estimated balance on the Collection Fund in respect of Council Tax as at the end of 2022/23 will be formally reported to Cabinet in February 2023. It is currently assumed that £2M of the projected accumulated historical surplus will be used to support the budget for 2023/24.

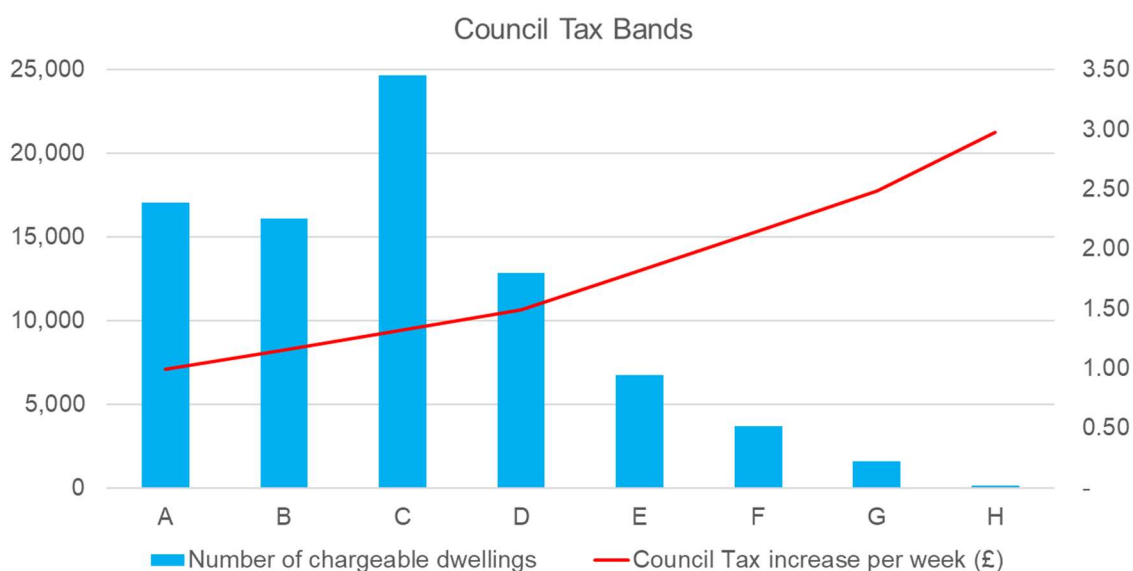
Council Tax

- 13.17. Overall, the draft budget assumes a total increase in the Council Tax of 4.99% (that being 2.99% for general use and 2% for the Adult Social Care precept). This would result in a Band D value of £1,631.88 per annum (the Band D level for 2022/23 is £1,554.39). This equates to an annual increase of £77.49 and a weekly increase of £1.49.
- 13.18. **Table 6** and **Figure 3** provide an indicative illustration of the impact of the proposed council tax increase for 2023/24 across the range of properties in Southend-on-Sea. 70% of properties in the City are in council tax bands A to C.

Table 6 Council Tax Bands

Council Tax Band	A	B	C	D	E	F	G	H
Number of chargeable dwellings	17,046	16,094	24,650	12,873	6,743	3,688	1,611	129
22/23 Council Tax per week (£)	19.93	23.25	26.57	29.89	36.53	43.18	49.82	59.78
Increase per week (£)	0.99	1.16	1.32	1.49	1.82	2.15	2.48	2.98
23/24 Council Tax per week (£)	20.92	24.41	27.90	31.38	38.36	45.33	52.30	62.76

Figure 3 Number of Council Tax Dwellings and the associated proposed increase



- 13.19. This draft proposed budget for 2023/24 assumes a Council Tax increase of 2.99% 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 these very financially challenging circumstances.
- 13.20. 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.
- 13.21. The total Council Tax payable by taxpayers consists of Southend-on-Sea City 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

- 13.22. Leigh-on-Sea Town Council has indicated its proposed level of precept for 2023/24 of £462,056 (2022/23 = £452,880) pending approval at their Town Council meeting of 24 January 2023. Based on their council tax base of 9,135.15 the Town Council element of the total Council Tax bill would decrease from £50.94 to £50.58 at Band D, equivalent to a decrease of 0.71% from 2022/23.
- 13.23. 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 1 March 2023 (after consideration by the Essex Police, Fire and Crime Panel on 7 February 2023). At this stage, no information is available on their proposed Council Tax increase levels for 2023/24.

Levies

- 13.24. The Council is required to pay relevant levying bodies, who have only indicated their draft levy position for 2023/24. Updated levies figures will be included in the final report to Cabinet on 14 February 2023. The final levies will be reported on in the Council Tax report for Council on 23 February 2023. The current position for 2023/24 is identified in **Table 7**.

Table 7 Levying bodies and their charges

	2022/23 Probable Actual £000	2023/24 Estimate £000	Percentage increase %
Kent and Essex Inshore Fisheries and Conservation Authority (Provisional)	23.1	23.8	3.0
Flood Defence – Environment Agency (Provisional)	213.2	215.3	1.0
Coroners Court (Provisional)	472.0	475.6	0.8
Total	708.3	714.7	

The Kent and Essex Inshore Fisheries and Conservation Authority levy is provisional and is a proposed increase of £694 from 2022/23 to 2023/24. The Flood defence levy is provisional and is based on the increase agreed at the Anglian Eastern Regional Flood and Coastal Committee. The Coroners Court levy is also provisional.

Reserves Strategy and Section 151 Officer's Statement

- 13.25. The Reserves Strategy is set out in the Section 151 Officer's Statement on the Adequacy of Balances attached at **Appendix 2**. Within the boundaries of this strategy the presentation of the budget reflects proposed net appropriations from earmarked reserves totalling £1.247M for which separate approval is sought. Full details are shown in **Appendix 3**.

Staffing Implications

- 13.26. There are 24.54 FTE posts proposed to be deleted as part of the budget savings package detailed at **Appendix 6a** across 2023/24 and 2024/25. 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.
- 13.27. There is an extra 1 FTE post proposed to be created as part of the cost avoidance and overspend reductions package detailed at **Appendix 6b** for 2023/24 with the post proposed to help to contribute significant savings by enhancing the inhouse foster care offer and reducing the reliance on more expensive independent placements for children in care.
- 13.28. 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.
- 13.29. 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. Comprehensive engagement and consultation will also be a key feature of each stage/phase of the implementation of the Council's future service transformation blueprint commencing later in 2023.

14. Capital Investment Programme

- 14.1. 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.

- 14.2. The capital investment programme is prepared and developed in accordance with the Council's Capital Investment Strategy, which is attached as **Appendix 10** to this report. In turn, the Capital Investment Strategy has been written in the context of Southend 2050 and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition and the desired outcomes.

Deliverability

- 14.3. 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.
- 14.4. We need to ensure that investment is focussed on priorities and that priority projects have viable delivery plans. An on-going review has been undertaken to re-assess and re-prioritise the capital investment programme. As the review has progressed the results have been included in the Period 4, Period 6 and Period 8 financial performance reports to September, November and January Cabinet respectively. The Period 8 financial performance report is included elsewhere on this agenda.
- 14.5. Three rounds of capital challenge sessions have also been held with the Cabinet Member for Asset Management and Inward Investment: In August sessions relating to the strategic schemes, in early October sessions relating to all schemes and in early December sessions targeted on the key areas where further progress needed to be made. The requested changes to the capital investment programme resulting from the August sessions were included in the Period 4 performance report to Cabinet in September. The requested changes resulting from the October sessions were included in the Period 6 performance report to Cabinet in November. The requested changes resulting from the December sessions are included in the Period 8 financial performance report elsewhere on this agenda.
- 14.6. The reviews of the capital investment programme have considered the following:
- re-assess schemes considering the effects of the prevailing inflationary pressures and supply chain issues
 - 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.

- 14.7. 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.
- 15. Capital Investment Programme – position as set out in the Resourcing Better Outcomes – Financial Performance Report – Period 8 (elsewhere on this agenda)**
- 15.1. At November Cabinet a 2022/23 budget of £57.0M was approved for schemes to be delivered by the Council and £18.7M for schemes to be delivered by subsidiary companies, partners and joint ventures. At November Cabinet a total budget for financial years 2023/24 to 2026/27 of £105.0M was approved for schemes to be delivered by the Council and £37.0M for schemes to be delivered by subsidiary companies, partners and joint ventures.
- 15.2. Since November Cabinet the capital investment programme review has continued as set out in paragraphs 14.4 to 14.6. As a result of this, the Resourcing Better Outcomes – Financial Performance Report – Period 8 includes any virements between schemes, re-profiles across years, new external funding, proposed scheme deletions and movements between the main programme and the 'subject to' section. These are set out in **Appendix 12**.
- 15.3. The resulting revised capital investment programme for 2022/23 to 2026/27 is shown in **Table 8** and **Table 9**.

Table 8 Programme to be delivered by the Council (GF and HRA)

	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	Total (£000)
At November Cabinet	56,999	61,593	31,631	5,818	5,960	162,001
Amendments	(10,399)	6,317	966	109	0	(3,007)
Revised programme	46,600	67,910	32,597	5,927	5,960	158,994

Total proposed budget for 2023/24 to 2026/27 = £112.4M

Table 9 Programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	Total (£000)
At November Cabinet	18,749	23,162	9,598	3,250	1,000	55,759
Amendments	(3,582)	1,481	(74)	0	2,175	0
Revised programme	15,167	24,643	9,524	3,250	3,175	55,759

Total proposed budget for 2023/24 to 2026/27 = £40.6M

- 15.4. Key areas of investment within this programme across the five-year period 2022/23 to 2026/27 are as follows:

A city that is strong and prosperous

Enterprise and Regeneration

- 15.5. Capital investment in this area contributes to the desired outcome that major regeneration projects are underway and bringing prosperity and job opportunities to the city.
- 15.6. A major investment of £7.3M 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. Practical completion has been achieved for the Launchpad building with the building is expected to open soon.
- 15.7. £11.7M 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.
- 15.8. Capital investment of £1.3M 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.

Schools

- 15.9. 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.

- 15.10. The schools capital investment programme for 2022/23 onwards totals £9.0M. The programme will continue to include the schools condition works but from 2023/24 it will mainly be dominated 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.

A city with a good quality of life

Southend Pier

- 15.11. 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.
- 15.12. Major capital investment in the pier of £10.4M 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 2 of the Prince George Extension and for refurbishment works to the timber outer pier head.

Highways and Infrastructure

- 15.13. 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.
- 15.14. Significant capital investment of £29.1M in the town's footways and carriageways is included in this programme. This includes £16.4M for footways improvements and £9.5M for carriageways improvements to reduce long term structural maintenance and improve public safety. It also includes £2.3M for the repair of potholes.
- 15.15. Capital investment of £3.2M included in this programme is for works to the cliff slip at Belton Way East, funded by grant received from the Department for Transport.
- 15.16. Capital investment of £10.0M 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 essential maintenance works, bridge strengthening, transport network and management schemes and city centre interventions.

A city rising to the climate change challenge

- 15.17. 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.
- 15.18. As part of the Corporate Plan 2022-2026 the Council set out that it wants to:
- Become a net Zero Carbon Southend by 2030.
 - Prevent waste, promote re-use and increase recycling.
 - Develop an active and sustainable travel network.
 - Enhance, promote and protect our natural environment.
 - Undertake flood and coastal erosion risk management.
- 15.19. The Green City Action Plan sets out the five focus areas for activity across the climate change programme:
- Climate Leadership and Strategic Approach
 - a focus on reducing emissions in council operations, prioritising and demonstrating transparency.
 - council assets, supply chain and business as usual across all services will be reviewed with a carbon lens.
 - Establishing a Pathway to Net Zero Carbon
 - the majority of emissions city wide are from heating and powering buildings.
 - significant funding is needed to support and facilitate emissions reduction in existing (through retrofit) and new buildings.
 - Building Climate Resilience across Southend
 - increasing resilience through coastal improvements and enhancing greening over and above statutory minimums is required.
 - maintenance and management of existing infrastructure is required to minimise heat and water stress and air pollution.
 - Future Generations
 - building on existing schools engagement programmes and supporting the delivery of low and zero carbon and green infrastructure.
 - Building Partnerships
 - continuing to establish and develop relationships across academia, third sector, resident groups and community stakeholders to support and facilitate climate actions across the city.
- 15.20. Across each focus area there are a range of projects and activities which require funding to support the net zero carbon and climate resilient ambition. Paragraph 17.24 sets out that investment of £1.5M has been included in the 'subject to viable business case' section of the capital investment programme, to deliver suitable projects aimed at reducing the impact of climate change and support the Council's aspirations to achieve net-zero emissions by 2030.
- 15.21. The following are examples of the types of revenue and capital projects that would be considered based on the appropriate level of prioritisation and viable business cases being agreed:

- Development of SCC Carbon Budget methodology
 - Climate Change Partnership and Commission
 - Climate Assembly
 - Further two Climate Hubs
 - Energy Performance Certificate Campaign
 - Retrofit support for residents
 - Electric Vehicle Charging Infrastructure roll out
 - Energy Audit for schools and community buildings
 - Grant funding top up (Low Carbon Across the South and East, Home Upgrade Grants, ECO4 Government funding etc)
- 15.22. Southend pier's diesel trains have been replaced with new ultra-modern electric trains as part of a £3.25M capital investment which concluded during early 2022. Electric trains mean significant cuts in carbon emissions compared to diesel and lower energy and maintenance costs.
- 15.23. 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.
- 15.24. 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.
- 15.25. As part of the tree planting policy an additional 1,000 trees were planted between the 2019/20 and 2021/22 planting seasons. As they grow they 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.
- 15.26. As part of the Airport Business Park, practical completion of the new Launchpad Innovation Centre has been achieved and the opening of the building is expected soon. Environmental sustainability is core to the design of this building. The design and construction has supported 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.
- 15.27. 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).

- 15.28. 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.
- 15.29. 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.

A city delivering genuinely affordable housing

Housing

- 15.30. Capital investment in this area contributes to the desired outcome everyone has a good quality, sustainable home that meets their needs.
- 15.31. Several sites within the housing development pipeline are currently underway and a major capital investment of £12.0M 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.
- 15.32. Capital investment of £5.0M is included until 2023/24 to continue the affordable housing acquisitions programme. Capital investment of £23.2M has also been included over the three years to 2024/25 to continue the programme of works to maintain the housing stock to decency levels, to invest in environmental health and safety and common area improvement works and for improvements and structural works at the Balmoral Estate. The decency levels of the 5,940 houses, flats and bungalows needs to be maintained to sustain an environment that keeps residents safe and well.
- 15.33. Capital investment of £5.2M 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.
- 15.34. Capital investment of £2.0M 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.

Change Programme

Transformation

- 15.35. Capital investment of £4.1M 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.
- 15.36. Capital investment of £2.6M 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

- 15.37. Capital investment of £4.2M included in this programme for ICT includes the ongoing projects for digital enablement and security and resilience, the Council's enterprise agreement licences and the technology modernisation programme of works for 2022/23.

16. New capital investment proposed

- 16.1. Although the capital investment programme for 2023/24 to 2026/27, updated as a result of the changes set out in **Appendix 12**, represents a significant investment of nearly £153M on the part of the Council in the Southend area, the Council's ambition to improve the lives of residents is undiminished.

Sea Wall Access Refurbishment

- 16.2. Investment of £0.5M for 2023/24 as part of the Coastal Defence Refurbishment Programme is to be brought up into the main programme from the Subject to Viable Business Case section, for sea wall access refurbishment works.
- 16.3. This investment is to replace four sea wall access steps in Thorpe Bay and Shoebury Common with heavy duty, non-corrosive glass reinforced polymer steps. These steps will have a greater level of durability, have a longer design life and require minimal maintenance. This investment is also to significantly refurbish four of the concrete steps and ramps at Chalkwell Esplanade.

East Beach Sea Wall Refurbishment

- 16.4. Investment of £0.5M for 2023/24 as part of the Coastal Defence Refurbishment Programme is to be brought up into the main programme from the Subject to Viable Business Case section, for sea wall refurbishment works at East Beach.
- 16.5. This investment is for the replacement of failing gabion baskets with new ones with an additional facing layer at the front, which that can be replaced easily in the future without needing to replace the rest of the structure.

My Southend Replacement

- 16.6. New capital investment of £1.7M is proposed, to replace the existing digital solution for residents to transact online, working with services to transform their processes and enable them with technology. The investment will deliver a range of initiatives to enable productivity gains, streamlining of processes and improving end to end customer experience.

Technology Modernisation Programme

- 16.7. New capital investment of £0.94M is proposed for the 2023/24 programme of works for the ICT – Smart Council project. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). This project also includes 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.
- 16.8. 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.
- 16.9. The ICT Technology Modernisation Programme has a total estimated cost of £14,873,000 over the years from 21/22 to 25/26. The forecast costs over the remaining years from 23/24 to 25/26 of £10,400,000 is estimated to be £3,990,000 of capital investment and £6,410,000 of revenue investment.
- 16.10. Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.

HRA Future Investment Programme

- 16.11. Investment of £12.5M as part of the HRA Future Investment Programme is to be brought up into the main programme from the Subject to Viable Business Case section, £6.3M for 2025/26 and £6.2M for £2026/27.
- 16.12. This investment relates to continuing of the Decent Homes programme to keep the housing stock at decency levels, common area improvements, environmental health and safety works and improvements and structural works to the Balmoral Estate.
- 16.13. These works are wholly funded through the HRA, from the Major Repairs Reserve. This investment is being moved up from the 'subject to viable business case' section and is in addition to the budget of £23.2M already in the approved capital investment programme for 2022/23 to 2024/25.

17. Capital investment subject to viable business cases

- 17.1. 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.
- 17.2. 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
Southend Pier - Condition Works	Existing
Coastal Defence Refurbishment Programme	Existing
Schools – Condition Works (externally funded)	Existing
Property Refurbishment Programme	Existing
Fire Improvement Works	Existing
HRA Affordable Housing Acquisitions Programme	Existing
HRA Right to Buy - Buybacks Refurbishment	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
Cliffs Stabilisation	Existing
Shoebury Health Centre	Existing
City Centre and Seafront Security Works	Existing
Civic Centre Campus Masterplan	Existing
Seafront Illuminations	Existing
Re-imagination of the City Centre	Existing
Museums and Galleries	Existing
Climate Change Provision	New
Playground Refurbishment	New
Cycle Paths	New
Greening of the High Street	New
Technology Modernisation Programme	New
Improved Car Park Signage and Guidance Systems	New
Traffic Signs Upgrade	New
Local Growth Plan – A127 Growth Corridor	New
Southend Pier – Pier Head development Phase 1	New

- 17.3. 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. is included in this section of the programme for the years 2023/24 to 2026/27.
- 17.4. Carriageways Improvements: this investment is to improve the highways infrastructure, reduce long term structural maintenance and improve public safety. £2M p.a. is included in this section of the programme for the years 2023/24 to 2026/27.
- 17.5. 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. £1.25M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 17.6. Coastal Defence Refurbishment Programme: a rolling programme of investment is to deliver a planned approach for the essential refurbishment works to the city's coastal defences. This proactive approach reduces the requirement for urgent and/or reactive condition works. £0.5M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.
- 17.7. 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. £0.5M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.
- 17.8. 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. £0.75M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 17.9. 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. £0.75M p.a. is included in this section of the programme for the years 2025/26 to 2026/27.
- 17.10. 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 good quality, sustainable home that meets their needs, including those with complex needs. £1.5M p.a. is included in this section of the programme for the years 2024/25 to 2026/27.

- 17.11. 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. £0.325M p.a. is included in this section of the programme for the years 2023/24 to 2026/27.
- 17.12. 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 is 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.
- 17.13. Better Queensway Housing and Commercial Property acquisitions: £19.9M is 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.
- 17.14. 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.
- 17.15. 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.
- 17.16. 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.
- 17.17. 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.
- 17.18. Shoebury Health Centre: further discussions are needed with the Mid and South Essex Integrated Care System 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.
- 17.19. City Centre and Seafront Security Works: it is recognised that a business case for further security measures needs to be submitted and assessed for viability.

- 17.20. 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.
- 17.21. 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.
- 17.22. Re-imagination of the City Centre: this is to support the delivery of the desired outcome that we have a vibrant, thriving city 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.
- 17.23. 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.
- 17.24. Climate Change Provision: investment of £1.5M has been included in this section of the programme, to deliver suitable projects aimed at reducing the impact of climate change and support the Council's aspirations to achieve net-zero emissions by 2030 in line with the Climate Emergency Declaration.
- 17.25. Playground Refurbishment: investment of £1M has been included in this section of the programme to deliver refurbishment works to the city's playground infrastructure. This is needed to support the development of the area to enable more access to safe open spaces for children.
- 17.26. Cycle Paths: investment to deliver refurbishment works to the city's cycle path infrastructure. This is needed to support the development of the area to provide more people with the opportunity to live an active lifestyle and support the Council's aspirations to achieve net-zero emissions by 2030.
- 17.27. Greening of the High Street: investment to deliver a range of options around aspirations for the greening of the High Street. These initiatives will help to absorb CO₂, filter urban pollution and fine particulates, cool the air, and increase biodiversity by providing habitat, food and protection for plants and animals.

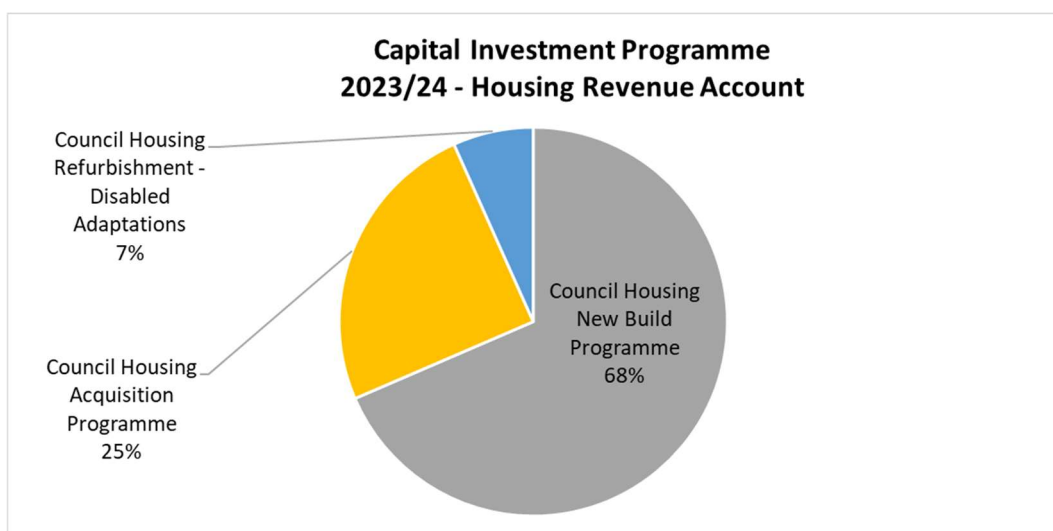
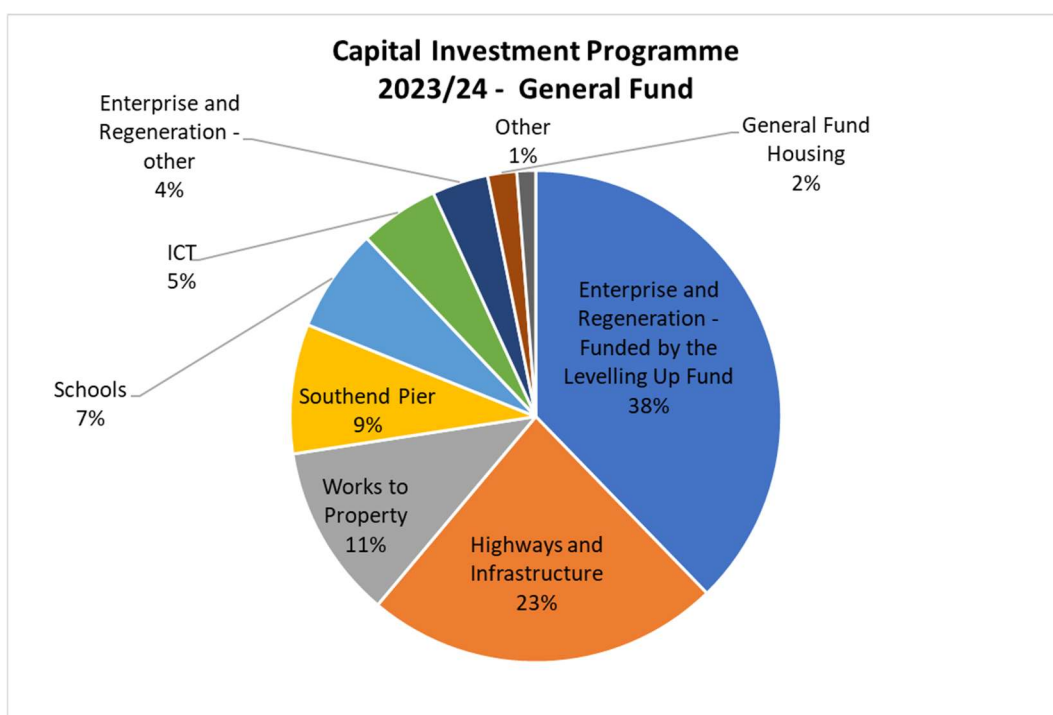
- 17.28. Technology Modernisation Programme: investment of £1.49M for 2024/25 and £1.56M for 2025/26 has been included in this section of the programme to enable the project to continue into future years so that the relevant risks can be mitigated and the quantitative and qualitative benefits can be realised. The proposed investment is set out in paragraphs 16.7 to 16.10.
- 17.29. Improved Car Park Signage and Guidance Systems: £0.044M of the budget is not yet assigned to schemes and has been moved from the main programme into this section of the programme until a viable business case is submitted to set out which improvements are the priority.
- 17.30. Traffic Signs Upgrade: This scheme is to upgrade the Council's traffic signs in accordance with regulation. £0.389M of the budget is not yet assigned to schemes and has been moved from the main programme into this section of the programme until a viable business case is submitted to set out which upgrades are the priority.
- 17.31. Local Growth Fund – A127 Growth Corridor: The grant funded works are essentially complete. £0.529M of the budget is the match funding agreed as part of the grant bid when the funds were awarded and therefore must be spent. This amount has been moved from the main programme into this section of the programme until a viable business case is submitted to set out how these funds will be spent.
- 17.32. Southend Pier – Pier Head development Phase 1: the details of this scheme are not currently in place. £1.130M of the budget has been moved from the main programme into this section of the programme until a viable business case is submitted.

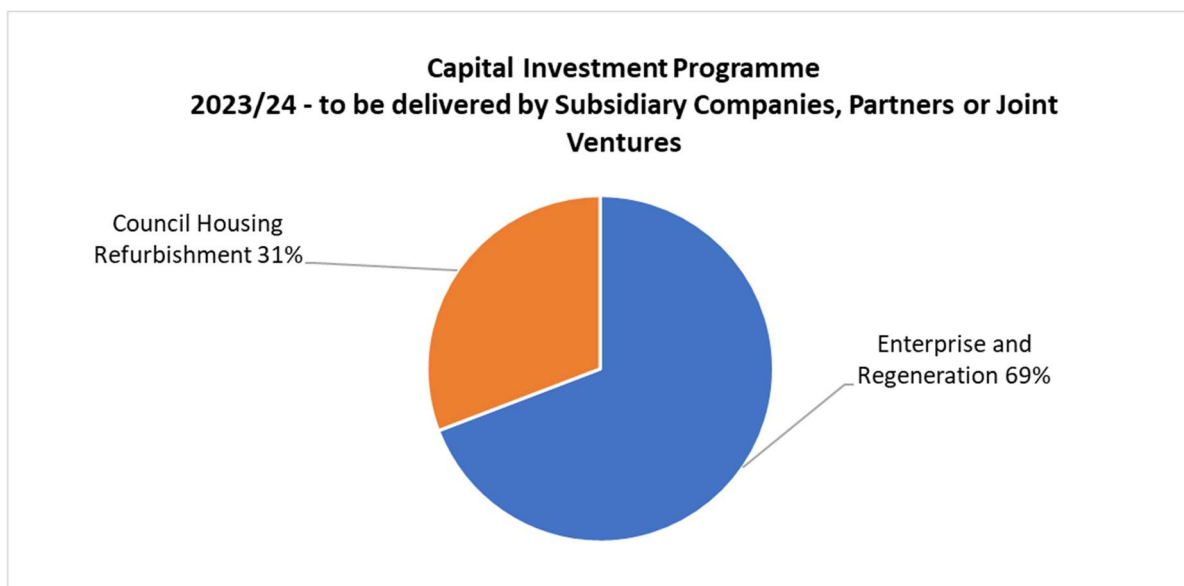
18. **Proposed capital investment programme 2023/24 to 2027/28**

- 18.1. Given all the above, including the new investment, the proposed main capital investment programme for 2023/24 to 2027/28 represents a significant investment of over £169M 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 2023/24 alone amounts to over £95M.
- 18.2. 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 2023/24 to 2027/28: £16.1M (£3.6M for the General Fund and £12.5M for the Housing Revenue Account) as set out in **Appendix 11**, 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.

- 18.3. As a result of the strategy around delivery and prioritisation of schemes some 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 £5.6M for the General Fund are set out in **Appendix 11**. This approach should ensure that the programme is affordable, deliverable and focussed on the Council's key priorities.
- 18.4. **Appendix 12** sets out the budget change requests included in the Resourcing Better Outcomes – Financial Performance Report - Period 8.
- 18.5. The proposed capital investment programme for 2023/24 by investment area is shown below (**Figure 5 45**).

Figure 5 4 Capital Investment Programme Budget 2023/24 by area





- 18.6. The 2023/24 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 11 and 12** are approved.

Table 11 Proposed revised capital investment programme

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

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 and future years £000	Total £000
At November Cabinet	56,999	61,593	31,631	5,818	5,960	0	162,001
Amendments in Appendix 12	(10,399)	6,317	966	109	(560)	560	(3,007)
Sub-total	46,600	67,910	32,597	5,927	5,400	560	158,994
New investment in Appendix 11	0	2,940	700	0	0	0	3,640
Revised programme	46,600	70,850	33,297	5,927	5,400	560	162,634
General Fund	41,686	59,359	28,467	5,439	5,400	560	140,911
HRA	4,914	11,491	4,830	488	0	0	21,723

Total proposed budget for 2023/24 to 2027/28 = £116.0M

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

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 and future years £000	Total £000
At November Cabinet	18,749	23,162	9,598	3,250	1,000	0	55,759
Amendments in Appendix 12	(3,582)	1,481	(74)	0	2,175	0	0
Sub-total	15,167	24,643	9,524	3,250	3,175	0	55,759
New investment in Appendix 11	0	0	0	6,329	6,146	0	12,475
Revised programme	15,167	24,643	9,524	9,579	9,321	0	68,234

Total proposed budget for 2023/24 to 2027/28 = £53.1M

- 18.7. The proposed amended Capital Investment Programme for 2022/23 to 2027/28 is detailed in **Appendix 13**. The revised budget for 2023/24 of £95.5M is higher than the level of programme normally delivered due to inclusion of priority projects which are subject to key grant funding conditions. £22.4M relates to the three Levelling Up Fund projects and £14.5M relates to the Housing Infrastructure Funding monies to be passported to Porters Place Southend-on-Sea LLP for key aspects of the Better Queensway project. Without these two schemes the revised budget for 2023/24 would be £58.6M.

Funding of the capital investment programme

- 18.8. 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.
- 18.9. 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	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 & future years £M	Total £M
External funding – capital grant	46.7	7.4	0.8	0.8	0.6	56.3
External funding – third party contributions	1.3	0.2	0	0	0	1.5
Capital Receipts	5.9	1.9	0.2	0	0	8.0
Major Repairs Reserve (Housing Revenue Account)	6.9	7.1	6.4	6.1	0	26.5
Earmarked reserves / Revenue Contributions	7.9	11.9	0.3	0	0	20.1
Borrowing – Main Schemes ⁽¹⁾	21.8	9.9	4.6	4.6	0	40.9
Borrowing – Invest to Save ⁽¹⁾	5.0	4.4	3.2	3.2	0	15.8
Total	95.5	42.8	15.5	14.7	0.6	169.1

⁽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

	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 & future years £M	Total £M
Internal borrowing	26.8	4.3	0	0	0	31.1
External borrowing	0	10.0	7.8	7.8	0	25.6
Total borrowing	26.8	14.3	7.8	7.8	0	56.7

- 18.10. 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.
- 18.11. 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 p.a. for every £1M borrowed or if £10M is borrowed this would equate to an increase in Council Tax of approximately 0.72%. 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 2023/24 to 2027/28.

- 18.12. 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 2023/24 is attached as **Appendix 14**.
- 18.13. 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.
- 18.14. 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.
- 18.15. Audit Committee have responsibility for the scrutiny of the Treasury Management Strategy, and it is the subject of a separate report to February Cabinet proceeding to Council for approval in advance of the forthcoming year.
- 18.16. 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.
- 18.17. CIPFA published their updated 2021 edition of the Prudential Code on 20th December 2021 with the guidance notes released in January 2022. Although the updated Code applied with immediate effect, due to the late publication dates of the Code and the associated guidance notes, CIPFA allowed Local Authorities to defer introducing the revised reporting requirements until the 2023/24 financial year. These included changes to the capital strategy, prudential indicators and investment reporting. Given the flexibility allowed by CIPFA, the Capital Investment Strategy (**Appendix 10**), Capital Investment Policy (**Annex 1 to Appendix 10**) and the Prudential Indicators (**Appendix 15**) were updated as far as time constraints would allow. Each of these documents has been subject to further update for 2023/24, in order to fully comply with the 2021 Prudential Code by 31st March 2023.
- 18.18. 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 15**. The Chief Finance Officer has established procedures to monitor and report performance against all forward-looking indicators at least quarterly.
- 18.19. It is the Chief Finance Officer's view that this capital investment programme is proportionate, prudent, affordable, and sustainable and the risks associated with it are manageable.

19. Other Options

- 19.1. 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.

20. Reasons for Recommendations

- 20.1. 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.

21. Corporate Implications

21.1. Contribution to the Southend City Council Corporate Plan (2022-2026) and the Southend 2050 Ambition

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.

21.2. Financial Implications

As set out in this report.

21.3. Legal Implications

As set out in this report.

21.4. People Implications

As set out in paragraphs 13.26 – 13.29 of this report.

21.5. 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.

21.6. 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 utilize and grow engagement on the main online platform - Your Say Southend. Inclusion was assured through a variety of ways to provide feedback in alternative formats such as printed questionnaires, phone support and direct outreach to seldom heard or affected groups via virtual or public meetings. The consultations have focused on service redesign and renewal of contracts for commissioned services to implement previously agreed savings, improve the service offer and help inform budget proposals for 2023/24.

There were over 50 consultations and engagements undertaken with over 5000 residents, service users and wider stakeholders. These included consultation on: the Local Plan, Adult Social Care strategies (Living Well, Caring Well, Ageing Well), Equality Objectives, Tackling Poverty Strategy, Public Space Protection Orders: High Street/Proposed Beach Area for Dogs/Old Leigh/Chalkwell/Barbeques, SEND Strategy, City Centre Strategy and Vision 2022, Hamlet Court Road on potential new conservation area, new City Council logo, Plasticity, Leigh and Thorpe - Traffic Calming Pilot Consultation, Licensing Private Rented Property in Southend, Southend Bus Service Improvement Plans, Net Zero REMeDY Project.

The consultation and engagement during the last year has fed into the development of the Corporate Plan 2022-26 and its priorities. The information has been collated into a concise Community Insight report organised under the Southend 2050 themes which was shared with members and the senior leadership network to inform strategic planning and decision making.

The Council has continued efforts to increase resident and stakeholder participation by increasing co-production opportunities. This can be seen in the investment in relation to the adult social care strategies with the appointment of the Head of Communities and a co-production lead, involving those with lived experience in developing the Tackling Poverty strategy, work with families and professionals in regards of SEND Local Offer, the ongoing work of the Health and Wellbeing panel and strengthening the Youth Voice team who support the Youth Council and other forum's where young people can be heard. Teams continued to have frequent and informal conversations with residents and stakeholders to complement formal consultation efforts as can be evidenced in the work of the Community Builders, Faith and Belief Network, Climate Hub and Southend Business Partnership.

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. Other priorities identified by residents include 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.

The overall results and comments from the consultation have continued to help inform the preparation of the 2023/24 revenue budget.

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 planned draft 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.

The overall results, comments and feedback from the range of consultations that have been undertaken in 2022/23 have helped to inform the preparation of the 2023/24 budget and Medium-Term Financial Strategy to 2027/28.

21.7. Equalities and Diversity Implications

Assessments have been carried out for all proposed revenue investment and reprioritisation proposals in the 2023/24 budget and for all capital investment proposals where appropriate. This is summarised in **Appendix 16**.

21.8. 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 2**.

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.

21.9. 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.

21.10. Community Safety Implications

Assessments have been carried out for all revenue and capital investment proposals where appropriate and the revenue budget itself has maintained the additional permanent investment into the Community Safety Service that was introduced in 2022/23.

21.11. Environmental Impact

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

22. Background Papers

- Provisional Local Government Finance Settlement 2023/24, DLUHC
- Budget working papers held by the Finance and Resources section
- Southend 2050 Ambition / Five Year Roadmap
- Corporate Plan 2022 – 2026

23. Appendices

Appendix 1 Medium Term Financial Strategy 2022/23 – 2026/27

Annex 1 to Appendix 1 – Medium Term Financial Forecast to 2027/28

Annex 2 to Appendix 1 – Earmarked Reserves to 2027/28

Appendix 2 Section 151 Officer's Statement on the Adequacy of Balances and the Robustness of the Budget

Appendix 3 Appropriations to and from General Fund Earmarked Reserves

Appendix 4 General Fund Revenue Budget for 2023/24 (one page summary)

Appendix 5 Proposed Revenue Investment 2023/24

Appendix 6a Proposed Budget Savings and Income Generation Initiatives

Appendix 6b Cost Avoidance and Overspend Reductions

Appendix 7 Adult Social Care Charging Policy Summary

Appendix 8 Proposed increases or new Fees and Charges

Appendix 9 Dedicated Schools Grant Budget 2023/24 Budget planning

Appendix 10 Capital Investment Strategy – 2023/24 to 2027/28

Annex 1 to Appendix 10 – Capital Investment Policy

Appendix 11 Capital Investment Proposals – 2023/24 to 2027/28

Appendix 12 Other Requested Changes to Approved Capital Investment Programme

Appendix 13 Amended Capital Investment Programme 2023/24 to 2027/28 (2022/23 shown for information)

Appendix 14 Minimum Revenue Provision Policy 2023/24

Appendix 15 Prudential Indicators 2023/24 to 2027/28

Appendix 16 Equality Analyses supporting budget proposals

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Medium Term Financial Forecast
2023/24 to 2027/28

	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Base Budget					
From prior year	140,288	143,875	157,406	168,072	176,707
LESS					
Appropriations to / (from) reserves in prior year	(187)	1,247	9,840	(995)	2,080
Revenue Contributions to Capital	(418)	(471)	(10,015)	(39)	0
Less other one-off expenditure / (savings)	(34)	(46)	(45)	(30)	(3,000)
Adjusted Base Budget	139,649	144,605	157,186	167,008	175,787
Appropriations to / (from) reserves	(1,247)	(9,840)	995	(2,080)	1,795
Revenue Contributions to Capital	471	10,015	39	0	0
(Funded from Earmarked Reserves)					
Other one-off / time limited expenditure bids	46	45	30	3,000	(1,500)
Unavoidable Pressures	20,366	11,449	8,005	7,015	6,781
Capital Programme Costs	802	1,479	1,452	1,319	1,112
Corporate Cost Pressures	(447)	72	32	(17)	(19)
Directorate (Savings) / Pressures					
Ongoing Executive Directorate investment	2,065	1,950	950	1,000	1,000
Budget reductions proposed	(10,697)	(2,369)	(617)	(538)	(548)
Better Care Fund					
Funding to Support Social Care and benefit Health	(15,504)	(15,504)	(15,504)	(15,504)	(15,504)
Expenditure relating to the BCF and IBCF	15,504	15,504	15,504	15,504	15,504
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	27,940	28,610	29,220	29,804	29,804
Projected Income	(31,127)	(31,824)	(32,552)	(33,182)	(33,182)
Contributions to / (from) HRA Earmarked Reserves	3,187	3,214	3,332	3,378	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	151,008	157,406	168,072	176,707	184,408
Changes in General Grants	(7,133)	0	0	0	0
Budget Requirement	143,875	157,406	168,072	176,707	184,408
Funded By					
Council tax increase					
(2.99% in 23/24 & 24/25, 1.99% onwards)	(84,624)	(87,977)	(90,469)	(93,029)	(95,655)
(taxbase +1.12% 23/24 and +0.5% p.a future years)					
Social Care Precept					
(2.0% in 23/24 & 24/25, 0% onwards)	(12,875)	(14,895)	(14,969)	(15,044)	(15,119)
Business Rates	(36,258)	(37,416)	(37,416)	(37,416)	(37,416)
Revenue Support Grant	(7,118)	(7,118)	(7,118)	(7,118)	(7,118)
Collection Fund Surplus	(2,000)	(1,000)	0	0	0
General Reserve	(1,000)	0	0	0	0
Total Funding	(143,875)	(148,406)	(149,972)	(152,607)	(155,308)
Funding Gap	0	9,000	18,100	24,100	29,100
Funding Gap (Cumulative)	0	9,000	27,100	51,200	80,300
Core Precept	84,624	87,977	90,469	93,029	95,655
Social Care Precept	12,875	14,895	14,969	15,044	15,119
Band D Council Tax					
Council Tax for a Band D Property	1,631.88	1,713.24	1,747.26	1,782.00	1,817.46
% Increase in Council Tax	2.99%	2.99%	1.99%	1.99%	1.99%
Council Tax Base					
Council Tax Base	59,746	60,045	60,345	60,647	60,950
Increase in Tax Base on prior year	1.12%	0.50%	0.50%	0.50%	0.50%

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Appendix 1 - Annex 2

Earmarked Reserves	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	To Reserves £000s	From Reserves £000s	Transfers £000s	Balance 1/4/28 £000s
Capital Reserves																									
Capital Reserve	5,153		(2,918)	10,000	12,235	625	(471)		12,389	625	(10,015)		2,999	625	(39)		3,585	625			4,210				4,210
Interest Equalisation Reserve	3,965				3,965				3,965				3,965				3,965				3,965				3,965
MRP Equalisation Reserve	15,000		(456)	(10,000)	4,544		(1,400)		3,144		(700)		2,444				2,444				2,444				2,444
Capital Reserves	24,118	-	(3,374)	-	20,744	625	(1,871)	-	19,498	625	(10,715)	-	9,408	625	(39)	-	9,994	625	-	-	10,619	-	-	-	10,619
Corporate Reserves																									
Business Rates Retention Reserve	2,801		(1,000)	(1,000)	801				801				801				801				801				801
Business Transformation Reserve	1,959		(2,178)	2,000	1,781		(46)		1,735		(45)		1,690		(30)		1,660				1,660				1,660
Business World ERP Reserve	2,203		(81)		2,122				2,122				2,122				2,122				2,122				2,122
Benefits Volatility/Transition	924		(924)		-				-				-				-				-				-
Climate Change & Green Initiatives	500		(120)		380				380				380				380				380				380
Cost of Living	1,000				1,000				1,000				1,000				1,000				1,000				1,000
COVID-19 Recovery & Response	1,250		(1,250)		-				-				-				-				-				-
Technology Transition & Systems Modernisation	4,248		(827)		3,421				3,421				3,421				3,421				3,421				3,421
New Homes Bonus	2,300	675	(150)	(1,000)	1,825	81			1,906	81			1,987	81			2,068	81			2,149	81			2,230
Outcome Delivery Reserve	459		(250)		209				209				209				209				209				209
Pension Reserve	4,000	2,000			6,000				6,000				6,000				6,000	1,500	(4,500)		3,000	1,500			4,500
Rental Equalisation	850				850				850				850				850				850				850
Service Redesign Reserve	3,596		(163)	(400)	3,033			(1,500)	1,533				1,533				1,533				1,533				1,533
Specific Corporate Projects	1,389		(1,000)		389				389				389				389				389				389
Transformation Implementation Reserve	-				-			1,500	1,500				1,500				1,500				1,500				1,500
Corporate Reserves	27,479	2,675	(7,943)	(400)	21,811	81	(46)	-	21,846	81	(45)	-	21,882	81	(30)	-	21,933	1,581	(4,500)	-	19,014	1,581	-	-	20,595
Grant Reserves																									
Area Child Protection	32				32				32				32				32				32				32
Business Rates Section 31 Grant	7,182		(7,182)		-				-				-				-				-				-
COVID-19 Reserve	4,131		(691)		3,440				3,440				3,440				3,440				3,440				3,440
Dedicated Schools Grant	8,401		(46)		8,355				8,355				8,355				8,355				8,355				8,355
General Grants Carried Forward	3,807		(720)		3,087				3,087				3,087				3,087				3,087				3,087
Holiday Activity and Healthy Food Grant	5				5				5				5				5				5				5
Public Health Grant - DAAT	452				452				452				452				452				452				452
Public Health Grant - Public Health	2,307		(566)	(49)	1,692				1,692				1,692				1,692				1,692				1,692
Grant Reserves	26,317	-	(9,205)	(49)	17,063	-	-	-	17,063	-	-	-	17,063	-	-	-	17,063	-	-	-	17,063	-	-	-	17,063
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	2,500		(1,922)		578				578				578				578				578				578
Children's Social Care Reserve	2,500		(2,500)		-				-				-				-				-				-
Domestic Abuse Reserve	316		(61)		255				255				255				255				255				255
Elections Reserve	205		(36)		169		(36)		133		(36)		97	108			205		(36)		169		(36)		133
Internal Audit Reserve	355				355				355				355				355				355				355
Local Land Charges Reserve	100				100				100				100				100				100				100
Passenger Transport Joint Venture	569		(363)	400	606				606				606				606				606				606
Health & Social Care Transformation Projects	400		(400)		-				-				-				-				-				-
Schools Improvement	200		(200)		-				-				-				-				-				-
SEND Neuro Hub Reserve	137		(75)	49	111				111				111				111				111				111
Shared Lives - Delayed Respite	117				117				117				117				117				117				117
Social Fund	-				-				-				-				-				-				-
Social Landlord Reserve	146				146				146				146				146				146				146
Southend Adult & Community College	162				162				162				162				162				162				162
Street Lighting Reserve	105				105				105				105				105				105				105
Supporting People Reserve	301		(4)		297				297				297				297				297				297
Waste Management Reserve	2,619		(147)		2,472				2,472				2,472				2,472				2,472				2,472
Welfare Reform Reserve	421				421				421				421				421				421				421
Service Reserves	11,153	-	(5,708)	449	5,894	-	(36)	-	5,858	-	(36)	-	5,822	108	-	-	5,930	-	(36)	-	5,894	-	(36)	-	5,858
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	95,153	2,675	(26,230)	-	71,598	706	(1,953)	-	70,351	706	(10,796)	-	60,261	814	(69)	-	61,006	2,206	(4,536)	-	58,676	1,581	(36)	-	60,221

NB: Due to rounding, numbers presented throughout these tables may not add up precisely to the totals indicated.

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COUNCIL BUDGET 2023/24 TO 2027/28

SECTION 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.'*** Compliance with the FM Code has been required since 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 was 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. The importance has continued into 2022/23 with the Council, like most local authorities, who are experiencing major increases in service demand post the pandemic combined with unavoidable rapid inflationary increases in operating costs across almost every aspect of its organisation. This has had a huge impact on the Council's financial plans for 2022/23.

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 Deputy Chief Executive and 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 2023/24 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, constructive challenge, insight and advice to service managers, to enable a clear focus to be placed on key high risk budget areas.
 - 2.1.3. My recommendations are also conditional upon:

- a) The Council continuing to assess, learn, report, and respond appropriately to the impact of the prevailing inflationary pressures and cost of living crisis across all aspects of its operations.
- b) The Council approving the updated Medium Term Financial Strategy for 2023/24 to 2027/28
- 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, the Chief Executive, Executive Directors and service managers should not exceed their cash limits for 2023/24 (and future years covered by the Medium Term Financial Strategy).
- f) Taking every opportunity to meet the Reserves Strategy as a first call on any 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 via the Council's developing blueprint for change (including any redundancies and invest to save initiatives), key services particularly Childrens and Adults, contributions to support capital investment, 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 temporarily off target, that this is replenished as part of a revised Medium Term Financial Strategy. This approach was continued in setting the 2022/23 Budget, where £2.5M was used and it was approved to replenish this amount over 2023/24 – 2026/27. The first repayment instalment of £625,000 will be made to reserves in 2023/24.
- 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 2023/24 to 2027/28.
- b) An **optimal level** of unallocated General Fund reserves of between **£10 million and £11 million** over the period 2023/24 to 2027/28 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances.
- c) A **maximum level** of unallocated General Fund reserves of **£12 million** for the period 2023/24 to 2027/28 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 2023/24 to 2027/28.

2.1.5. The estimated level of unallocated General Fund reserves as at 31 March 2023, 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 between £10 million and £11 million will be met including the proposed use of £1 million to support the 2023/24 budget which will be replenished over the life of the Medium Term Financial Plan reverting back to £11 million.
- c) The maximum level of reserves of £12 million is not being exceeded.
- d) Reserves should remain within the recommended range of reserves during 2023/24. This is subject to the cash limited budget for 2023/24 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 2023/24 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) For the first time in many years there are huge concerns over current inflationary pressures, particularly around energy. Sustained high levels of inflation will have a major impact across the Council's financial plans.
- b) The continuing major increasing cost and demand pressure trends for adult and children social care is of particular concern and it is important in both areas that the relevant management teams ensure these budgets are managed effectively to ensure the Council's future financial sustainability.
- c) The potential for cliff slips, pier remediation works and any other unforeseen Council owned infrastructure issues.
- 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 currently a market engagement exercise underway to assess potential options. There is a lot of volatility, new legislative and environmental requirements, which will potentially add extra risks and significant costs nationally across the market. Careful consideration and evaluation of both the costs and service offer will be undertaken on receiving the market's response to the new contract opportunity. The Council must choose the most relevant waste collection arrangements providing the best value for money. This decision is critical to maintain the Council's future financial viability.
- e) The financial implications from the Care Act, adult social care and other welfare reform changes or other associated Housing legislation have been delayed but there is no clarity on when or if further national policy changes in these areas will be introduced in the future. If they are implemented without appropriate levels of additional government funding, then this could have a major impact on the Council's future financial sustainability.
- f) The high risk surrounding the non-delivery of savings and exceeding investment proposals within the budget package for 2023/24.
- g) The risk of not comprehensively developing and robustly implementing and actioning the new Transformation Blueprint.

- h) The financial uncertainty for the public sector arising from the prevailing and continuing global, national and local conditions.
- i) 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.
 - Academies funding.
 - Future Government changes in policy and funding for Local Government, particularly the unknown impact of when the next Comprehensive Spending Round will happen.
 - The need to address the Country's ongoing Public Sector Borrowing Requirement (PSBR) and the structural financial deficit.
- j) Insurance Claims.
- k) Any impact on Council services and Budget in 2023/24 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 2023/24 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 2023/24 budget has been agreed with South Essex Homes Ltd. to maintain a balanced HRA.
- c) Forward projections for the HRA beyond 2023/24 are being remodelled. In addition, this is linked to the HRA's own Medium Term Financial Strategy for the period 2023/24 to 2027/28.

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 2022/23 to 2027/28 (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 and is based on the best information available in terms of project costs. What is less certain is the actual phasing of expenditure, which urgently needs consideration and also the prioritisation of any new projects particularly those still subject to a viable business case.
- 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 2023/24 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 2023/24 – 2027/28.

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 2022 to January 2023.
- g) A review of budget proposals and implications by Cabinet Members from July 2022 to January 2023.
- 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. Going forwards the "Knowing your Business" programme is vital to this process and all budget managers need to be fully engaged in this programme and be held accountable for both operational and financial performance.

3.1.4. A summary of the key budget assumptions considered by all service managers and professional finance 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 and performance monitoring with an improved reporting format to Cabinet and Members in 2020/21, which was further improved in 2021/22 and 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 2023/24 budget and Southend 2050 ambition, new Corporate Plan priorities and five-year roadmap continues the need and our commitment to target our financial resources to delivering better outcomes and effectively manage risks. These arrangements will be enhanced further by the development and introduction of detailed service plans for 2023/24. 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) Significant inflationary pressures.
 - c) Increasing demand and cost pressures for Adult and Children Social Care.
 - d) The cost of prudential borrowing within the capital investment programme.
 - e) Some shortfalls in income and grant income.
- 3.2.4. The factors and risks considered in developing the proposed budget and recommendations on reserves are contained in each of the Executive Director's 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 and updated 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, Corporate Plan 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 exceptional operating environment caused by the significant inflationary increases and service demand pressures in 2022/23 and that these issues will continue into 2023/24, the Council will not review this strategy as part of the budget process for 2023/24. A refresh of the Financial Sustainability Strategy will be considered as part of the implementation of the Council's new Transformation Blueprint and budget considerations for 2024/25.

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 statutory and unavoidable. Within the current uncertain financial climate, it is very likely that service standards for discretionary services will need to be reviewed and Council Tax increases will need to be implemented to the referendum limit. This is an expectation of Central Government as part of their local Spending Power calculations. The Council also requires a clear commitment to improving efficiency and productivity whilst adopting a new more commercial approach to income generation will be required.
- 3.4.2. An updated Medium Term Financial Strategy (2023/24 – 2027/28) will be developed and considered for approval in February 2023, as part of the budget setting process for 2023/24.

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 city 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 potential for income generated from fees and charges reducing
- k) 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.
- l) 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.
- m) The potential impact nationally, regionally, and locally of new climate change initiatives and commitment to our green agenda.
- n) The longer-term impact of the inflationary pressure and cost of living crisis on the finances and operational arrangements of the Council.
- o) 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 2023/24 and within agreed medium term financial strategy parameters for future years (2024/25 to 2027/28) 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.
- d) To make appropriate evidenced based value for money decisions.

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. £71.6 million as at 1st April 2023. This will be compiled of key reserves for Capital at £20.8 million, Corporate at £21.8 million, Grants at £17.1 million, Insurance at £6.0 million and Service Reserves at £5.9 million. Further consideration and potential reassessment of all earmarked reserves will be undertaken considering budget decisions taken in February 2023.

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 £30.6 million as at 1st April 2023. This is compiled mainly of a Capital Investment reserve of £19.7 million and Major Repairs reserve of £10.2million.

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 5.1 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 – 2023/24 to 2027/28

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 capital and revenue 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 2023/24 (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 actual phasing of expenditure, which urgently needs consideration and also the prioritisation of any new projects particularly those still subject to a viable business case.
 - 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 2023/24

The proposed appropriations to and from earmarked reserves included within the 2023/24 budget are:

Appropriations to Reserves

1. £81,000 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. £625,000 to the Capital Reserve

£2,500,000 which was used to support the overall budget in 2022/23 will be repaid into the reserve over the following four years at a rate of £625,000 per annum.

Total Appropriations to Reserves

£706,000

Appropriations to and from General Fund Earmarked Reserves

Appropriations from Reserves

1. £471,000 from the Capital Reserve

£471,000 to fund several capital projects proposed as part of the 2023/24 budget package.

2. £1,400,000 from the MRP Equalisation Reserve

To meet the expected increased financing costs as a result of financing 2022/23 capital projects with borrowing.

3. £46,000 from the Business Transformation Reserve

To fund projects agreed during 2022/23.

4. £36,000 from the Elections Reserve

In line with the purpose that this reserve was set up, £36,000 will be released in 2023/24 in support of the costs of staging the Borough elections in May 2023.

Total Appropriations from Reserves

£1,953,000

Summary of General Fund Revenue Estimates

	Original Budget 2022/23	Probable Outturn 2022/23	Draft Budget 2023/24
	£000s	£000s	£000s
Portfolios			
Leader: Corporate Matters and Performance Delivery	20,786	20,761	20,636
Deputy Leader (May-Oct): Environment, Culture and Tourism	11,920	12,164	12,274
Deputy Leader (Nov-May): Public Protection	14,225	15,895	14,884
Adult Social Care & Health Integration	46,128	48,163	52,179
Asset Management and Inward Investment	4,346	5,081	6,120
Children and Learning and Inclusion	33,940	40,829	36,672
Economic Recovery, Regeneration and Housing	(474)	2,819	(763)
Highways, Transport and Parking	862	1,716	1,089
Portfolio Net Expenditure	131,733	147,428	143,091
Levies	680	716	715
Contingency	3,051	2,564	1,317
Pensions Triennial Review	(2,000)	(2,000)	0
Financing Costs	18,651	18,132	19,353
Total Net Expenditure	152,115	166,840	164,476
Contribution to / (from) earmarked reserves	187	(5,282)	(1,247)
Revenue Contribution to Capital	418	418	471
Non Service Specific Grants	(12,432)	(13,592)	(19,825)
Total Budget Requirement	140,288	148,384	143,875
Met from:			
Revenue Support Grant	(6,244)	(6,244)	(7,118)
Business Rates	(38,200)	(38,950)	(36,258)
Collection Fund Surplus	(1,500)	(1,500)	(2,000)
General Reserves	0	0	(1,000)
Capital Reserve	(2,500)	(2,500)	0
Council Tax Requirement	91,844	99,190	97,499
Council Tax	(80,945)	(80,945)	(84,624)
Adult Social Care Precept	(10,899)	(10,899)	(12,875)
	(91,844)	(91,844)	(97,499)

The probable outturn is as reported to Cabinet on 12th January 2023. It is anticipated that the current forecast overspend will be met by a combination of management actions to reduce expenditure and/or Council reserves.

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Proposed Investments

Appendix 5

Reference	Reason for Investment	2023/24 Total £000
Cross-Organisational Pressures		
01-COP	Staffing Establishment Costs 2022/23 An extra £1.15 million is required to update the 2023/24 base budget for the final pay award that was agreed for 2022/23.	1,150
02-COP	Staffing Establishment Costs 2023/24 £4.43 million has been provided for a pay award of up to 5% and the impact of officers moving through their contractual scale point increments. The actual pay award is not yet known and could result in either a budget surplus or pressure, this estimate is based on the best information currently available.	4,425
03-COP ⌘	Contractual Inflation (Not Energy Related) This amount will be allocated to our Corporate Contingency budget and initially drawn upon by services throughout 2023/24 to fund increases in contractual costs as a result of inflation clauses. Services will be expected to try to manage their 3rd Party contracts as cash limited budgets at 2022/23 levels wherever possible.	600
04-COP	Energy Inflation Costs 2022/23 £2.10 million is required to correct the 2023/24 base budget permanently for the impact of inflation on energy prices during 2022/23.	2,100
05-COP	Energy Inflation Costs 2023/24 Based on forecast market prices and initial negotiations with providers £2.350 million is estimated to be required for further increases in energy costs for the Council in 2023/24.	2,350
06-COP	Levies An extra £35,000 has been provided to cover the inflationary increases in the levies that the Council is required to pay.	35
07-COP	Investment, income & financing alignment This £802,000 increase is required to cover the increase in General Fund financing costs as a result of the forecast capital financing activities in 2022/23.	802
Cross-Organisational Pressures Total		11,462

Reference	Reason for Investment	2023/24 Total £000
Investments Specific to Portfolio Services		
Leader: Corporate Matters and Performance Delivery		
01-L	Technology Transition and Systems Modernisation The Council is committed to reducing its significant and traditional ICT 'on-premise server and infrastructure' associated costs and moving the arrangements to a modern 'software as a service' offering based on a more secure and updated 'cloud based provider'. The programme will also deliver a circa £6.00 million capital cost avoidance benefit and provide improved agile performance and latest technology to drive our desire to improve our customers experience. This first phase will help to provide the technological platform to deliver our transformational blueprint. This initiative forms part of the Capital Investment Programme for 2023/24 and will be funded by a combination of revenue (£1.00 million), earmarked reserves and capital resources.	1,000
Leader: Corporate Matters and Performance Delivery Total		1,000

Reference	Reason for Investment	2023/24 Total £000
Deputy Leader (Nov-May): Public Protection		
01-DLPP	<p>Waste Collection Contract</p> <p>A contract break clause has been triggered from October 2023. The Council has taken the decision to 'test' the market and assess the costs, VFM and service delivery options through a comprehensive new procurement exercise. Due to the time required to complete this complex procurement the current contract will need to be extended until such time that the new contract can commence. Negotiations are ongoing with the current contractor to finalise this arrangement.</p> <p>This investment is the initial estimate of the cost of the new contract for 6 months (not the extension) based on an indicative estimate provided by the incumbent some time ago.</p> <p>Given the volatility caused by inflation and the specific requirements requested of potential providers for this major contract it is currently not possible to estimate what the outcome of the tendering process will be. Careful evaluation of the market response will be required and appropriate further budget considerations will need to be made when this</p>	800
Deputy Leader (Nov-May): Public Protection Total		800
Adult Social Care and Health Integration		
01-ASCHI	<p>Provider Inflationary Uplift: National Living Wage</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 commitments and other costs increases faced by providers. 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.</p>	4,950

Reference	Reason for Investment	2023/24 Total £000
02-ASCHI	ASC Demographic Demand: Transitions, Older People & Working Age Adults 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 (transitions), 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.	1,336
Portfolio for Adult Social Care and Health Integration Total		6,286

Asset Management and Inward Investment		
01-AMII	LHCS and Southend Travel Partnership Ltd (T/A Vecteo) Due to the impact and delays caused initially by COVID-19 to the original business plan (Approved by Cabinet March 2019) for this Joint Venture, together with the financial and operational performance issues that have been previously reported, this £1.40 million investment is required to 'reset' the financial parameters and reflect the new operating environment. Major improvements in service quality and financial grip have been delivered over the last 6 months and these need to continue in the face of significant inflationary cost pressures for this service.	1,400
8		
Asset Management and Inward Investment Total		1,400

Reference	Reason for Investment	2023/24 Total £000
Children and Learning and Inclusion		
01-CLI	<p>Children's Social Care: Independent Placements</p> <p>Throughout 2022/23 the Council has seen significant increases in the costs across the residential care market and unfortunately has been forced to increase its reliance on placements with independent providers. A key medium term priority is to reduce the number of children in care and for those that are our responsibility then increase the number that are supported by local inhouse foster carers to reduce reliance on independent placements. This strategy is demonstrated by the new inhouse foster care improved remuneration package approved by Cabinet from April 2023. This initiative should also help to deliver better outcomes for children at lower cost to the local taxpayer. The safety and welfare of each child will remain of paramount importance. The cost of independent placements is currently estimated to be overspending by around £5.90 million in 2022/23. This investment, will help to alleviate some of that financial pressure. The service will endeavour to reduce the cost and number of independent placements and facilitate the expansion of the Council's inhouse foster care offer. The Council is also working collaboratively across the region to influence a reduction in the level of costs charged by the independent sector where possible.</p>	2,500
Children and Learning and Inclusion Total		2,500
Total Investments Specific to Portfolio Services		11,986

Cross-Organisational Pressures	11,462
Leader: Corporate Matters and Performance Delivery	1,000
Deputy Leader (May-Oct): Environment, Culture and Tourism	-
Deputy Leader (Nov-May): Public Protection	800
Adult Social Care & Health Integration	6,286
Asset Management and Inward Investment	1,400
Children and Learning and Inclusion	2,500
Economic Recovery, Regeneration and Housing	-
Highways, Transport and Parking	-
Revenue Investment Total	23,448

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Budget Savings and Income Generation Initiatives

Appendix 6a

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
Corporate Initiatives						
COI-01	Employer Pension contribution levels - actuarial review The Council took proactive action in 2019 to increase contributions and together with strong investment performance from Essex Pension Fund, we are now in the position to reduce contributions for the next 3 years. Primary rate for 2023/24 to 2025/26 will be 21.3%, with a secondary rate for 2023/24 and 2024/25 of -1.3% and -0.7%, respectively.	11,777	n/a	(1,500)	(1,250)	(1,000)
COI-02	Reduction in Corporate Contingency Given the unprecedented financial and service demand pressure faced by the Council, this proposal is to reduce the Corporate Contingency Budget held in the revenue base by £1.50 million in 2023/24. This has been permanently released to help to fund the unavoidable statutory pressures experienced for indepedent placements in Children's Social Care.	3,500	n/a	(1,500)	(1,500)	(1,500)
Corporate Initiatives Total			-	(3,000)	(2,750)	(2,500)
Efficiency and Productivity						
EAP-01	Disabled Facilities Grant (DFG) There is potential to offset some of the costs of providing assisted technology services against the DFG. In many authorities the costs of Occupational Therapy and small items of equipment are considered eligible for capitalisation, and that the DFG capital budget is currently under committed. A review of the current eligibility criteria will offer opportunities to capitalise services that are currently funded through the Adult Social Care revenue budget.	1,721	n/a	(250)	(250)	(250)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
EAP-02	Bid Town Centre Grant underspend into base budget The Town Centre Grant of £33,000 is currently under committed by £10,000 and has been for a few years. There is no immediate pressure on its use so it is proposed to not commit the funding any further and this will be carried on in future financial years.	33	n/a	(10)	(10)	(10)
EAP-03	Integration of Public Health Grant into Planning Utilising Public Health funding for the Local Plan, including leadership in informing and enabling the removal of barriers to improve health and wellbeing and promoting healthy development. The impact of this integration with Public Health funding will be under assessment for 2023/24 prior to considering an ongoing commitment.	1,564	n/a	(25)	-	-
EAP-04	End lease of office space at The Lighthouse Child Development Centre To end the lease for the rent of office space at the Lighthouse Child Development Centre. The Children with Disabilities Team are currently located there. They can work in a hybrid way (either in office, home or out in the community) and can do this with a base in Civic One.	20	n/a	(20)	(20)	(20)
EAP-05	Integration of Public Health Grant into Regulatory Services Use of public health funding in Regulatory Services to support the development of the healthier Food Environment policy and the delivery of healthier eating through engagement with eateries and restaurants to support a reduction in obesity.	2,978	n/a	(30)	(30)	(30)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
EAP-06	System for management of sickness absence Change the sickness absence management system from Goodshape to Business World. The current contract for Service Expires on 30th November 2023. After conducting a market appraisal, it was felt we should record absence directly into Business World. This is dependent on establishment control being introduced and other Business World pathways being completed. Estimated transition date of 1st January 2024.	85	n/a	(25)	(85)	(85)
Efficiency and Productivity Total			-	(360)	(395)	(395)

Organisational Redesign

ORE-01	Staffing Reduction – Procurement Deletion of one full time post and some vacant hours. The team has been operating without these resources during 2022/23.	986	- 1.00	(40)	(40)	(40)
ORE-02	Staffing Reduction – Strategic Housing Project Officer The proposal is for the removal of the vacant Strategic Housing Officer post from the Strategic Housing structure. The post is currently vacant following a secondment being made permanent. The role and associated workload is subsumed into the residual team capacity (as has been the case for several months).	503	- 1.00	(50)	(50)	(50)
ORE-03	Staffing Reduction – Corporate Strategy Resize the Corporate Strategy Group, with around 15% reduction in total staff costs. Reductions will be targeted on currently vacant posts and the use of agency where possible.	1,399	- 4.00	(210)	(210)	(210)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
ORE-04	Staffing Reduction – Revenues Service Deletion of the vacant Group Manager and Manager post in the Revenues Service. The service has been operating without these posts for a period with no direct impact on performance. A revised leadership and team structure will be developed as part of the 'deep dive' review of Customer Services, Revenues and Benefits operations.	1,193	- 2.00	(145)	(145)	(145)
ORE-05	Customer Services/ Revenues and Benefits Structure Review Initial savings target for the 'deep dive' review of the Customer Services, Revenues and Benefits. The intention is for the review to be finalised mid-year and will result in a minimum deletion of around 6 FTE vacant posts and/or corresponding reduction in agency staff.	6,563	- 6.00	(125)	(250)	(250)
ORE-06	Staffing Reduction – Asset Management The post of Workplace and Commercial Lead has been vacant since June with the work being adequately covered by other members of the Asset Management team. The proposal is to delete the vacant post and subsume responsibilities into other roles.	627	- 1.00	(70)	(70)	(70)
ORE-07	Staffing Review – Senior Leadership Group A comprehensive review of senior leadership across the Organisation has commenced. A phased approach to organisational redesign throughout 2023 will be undertaken. This proposal currently represents a saving by the deletion of an Executive Director role and changing the current arrangements for the Deputy Chief Executive role.	1,217	- 1.00	(165)	(165)	(165)
ORE-08	Staffing Reduction – Education, Inclusion and Early Years' Team Review the Education, Inclusion and Early Years' Service leadership team and alignment of roles.	426	- 0.54	(46)	(46)	(46)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
ORE-09	Staffing Reduction – Digital & ICT Deletion of a management post given the change in requirements and targeted focus of ICT projects and programmes over the medium term.	3,631	- 1.00	(85)	(85)	(85)
Organisational Redesign Total			-17.54	(936)	(1,061)	(1,061)
Service Offer Changes						
SOC-01	Review of the operation of fountains in the City's public spaces There are several fountains in public spaces throughout the city, e.g. Prittlewell Square and Civic Campus. These fountains cost around £600 a week to operate (excluding City Beach). Proposal to deliver this saving is to either reduce the daily hours they are operational or turn them off entirely for the winter months.	322	n/a	(15)	(15)	(15)
SOC-02	Review of operation of City Beach Fountains The City Beach fountains are a high-profile element of the City's central seafront visitor offer. They currently operate all year round (except during periods of extreme cold due to risk of ice) on a 10-hour daily cycle at a cost of around £50,000 a year. The proposal is to reduce their hours of operation or turn off completely out of season.	50	n/a	(5)	(5)	(5)
SOC-03	Review Travel Centre Operation / Closure This saving will be achieved through either leasing the travel centre to a 3rd party operator or closing it and replacing the asset with a series of bus shelters and exploring options for alternative toilet provision (total cost saving of £200,000 from 24/25 split between £120,000 reduction of existing overspend and £80,000 budget). Shelters can be purchased with Local Transport Plan (LTP) funds.	80	n/a	(40)	(80)	(80)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
SOC-04	Review of public toilet offer with focus on securing external operator It is proposed to seek an external operator to manage and maintain our public toilet provision with the opportunity for charging to be included to support their operation. Prior to providing a pay to go service there will be a need to understand the level of investment needed in the existing infrastructure and location. A range of tactical changes may be required as a part of a phased programme of change to deliver a better offer for local residents and visitors.	532	n/a	(150)	(500)	(500)
SOC-05	Reduce Corporate Training (L&D) Budget Current commitments under 2022/23 will run but all other planned activity will be paused. Statutory continuing professional development will not be affected, and essential training and will continue.	501	n/a	(100)	(100)	(100)
SOC-06	Printed materials and courier dispatch for Councillors Move all Committee agendas to digital and move away from print materials and remove the print courier service.	20	n/a	(20)	(20)	(20)
SOC-07	Culture service savings Museum staff to take on cleaning responsibilities from contractors, reducing costs of our concert series, METAL contract and bandstand programme.	20	n/a	(12)	(12)	(12)
SOC-08	Library service savings The library service has held a vacancy for a full-time officer role and have managed to rota staff around the vacancy successfully. There is also a £5,000 reduction due to no longer supporting the Essex Book festival and reading events activity will be delivered without paying into this programme from 2023/24.	1,066	- 1.00	(35)	(35)	(35)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
SOC-09	Bowling Greens Review Proposal is to review and consolidate underused bowling greens and relocate clubs elsewhere. The remaining greens will transition to self-management within 3 years, so no subsidy is provided for this discretionary service.	60	-	-	(60)	(60)
SOC-10	Belfairs Golf Course Explore alternative options for the management of Belfairs Golf Course with an external operator. Currently the Council is subsidising the operation by around £40,000 net per year for this discretionary service.	40	- 4.00	-	(40)	(40)
Service Offer ChangesTotal			- 5.00	(377)	(867)	(867)

Third Party Payments / Contractual Arrangements						
TPP-01	Essex County Council transferred debt - reduction in repayment Each year we are required to reimburse ECC for the debt costs (interest and provision for repayment) on the remaining balance of the transferred debt (reducing since it was transferred when SCC became a Unitary Council). To maintain our right to repay the full balance (if we could afford to) and to reduce future years' costs, each year the Council pays the minimum statutory provision for repayment plus an amount of voluntary repayment. The amount of voluntary repayment varies each year but is typically just over £100,000. This proposed permanent budget saving is to reduce the voluntary repayment to just a small amount.	521	n/a	(100)	(100)	(100)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
TPP-02	Use of free minor repair gang for ad-hoc highways maintenance A further reduction of £95,000 in the patching budget can be achieved by the continued utilisation of the free minor repair gang for this financial year and the next two years. This is in addition to the £300,000 invest to save reduction approved in the 2022/23 budget. The £776,000 DfT allocation is unaffected pending confirmation of 2023/24 allocations.	792	n/a	(95)	(95)	(95)
TPP-03	Recruitment Contract (Hays Commercial) This cost avoidance initiative is based on a renegotiation of commission/placement rates for agency/interim/consultants via the Hays contract. This is the estimated cost reduction for this contract from 1st April 2023 across all future engagements.	104	n/a	(104)	(104)	(104)
TPP-04	Employee Assistance contract for service The current contract for the service expires on 31st March 2023. After conducting a market appraisal there is an option to add this Service to the VIVUP contract for the next two financial years on a 'pay as you go' basis.	10	n/a	(10)	(10)	(10)
TPP-05	Occupational Health contract for service The current contract for Service Expires on 31st March 2023. After conducting a market appraisal there is an option to call off Occupational Health services from several providers via a framework. This can be done on an 'as and when' basis.	75	n/a	(75)	(75)	(75)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
TPP-06	Reduction of concessionary fares support to match usage Our concessionary fares payments are currently transitioning from pre-covid levels to actual user numbers in line with DfT guidance. Data suggests that user numbers are not returning to pre-covid levels and so our payments will reduce. However, if ridership returns to at, or near previous numbers, then the concessionary fare payments will increase.	2,940	n/a	(100)	(100)	(100)
Third Party Payments / Contractual Arrangements Total			-	(484)	(484)	(484)
Income Generation Capability						
IGC-01	Pier charges The pier attracts a high number of tourists per annum. The proposal is to increase the fees across all types of admission, with the maximum being a 50% increase, where the cash increase would be 50p, and adjust the budget to reflect the increased visitor numbers. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	884	n/a	(250)	(250)	(250)
IGC-02	Planning Performance Agreement Income Entering into Planning Performance Agreements (PPAs) with parties looking to engage with the planning system at various stages involves them paying additional sums, beyond the usual planning fees and charges, for specified levels of service provision. This can result in additional costs being incurred through delivery, but the net position is anticipated to continue to be positive. This proposal extends current arrangements.	797	n/a	(5)	(5)	(5)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
IGC-03	Cremation and burial costs for non-residents Proposal to increase the burial and cremation costs for non-residents. Burial costs are currently twice as much for non-residents, and cremation costs are the same for residents and non-residents. It is proposed that burial costs are now charged at three times that of residents and cremations are charged 10% more for non-residents. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report. This proposed package of revised charges will bring the service more in-line with comparative fees across the region for non-residents of those local areas.	2,625	n/a	(100)	(100)	(100)
IGC-04 104	Parking charges (pay & display) Review of 'pay and display' parking tariffs. Calculations will vary per tariff, but the average increase will be circa 10%, in line with CPI at September 2022. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	(7,227)	n/a	(600)	(600)	(600)
IGC-05	Parking permit charges Review of parking permit charges. Calculations will vary per permit, but the average increase will be circa 10%, in line with CPI at September 2022. Proposal to increase the cost of the Southend Pass from £8.50 to £10.00 per month. These changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	(1,049)	n/a	(50)	(50)	(50)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
IGC-06	Parking charging times and associated enforcement Re-introduce extended charging hours for pay and display parking in Zone 1a and the associated enforcement to review compliance. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	(7,227)	n/a	(250)	(250)	(250)
IGC-07 105	Vehicle crossover applications – application fee & implementation costs Review and benchmark the charges for application fees and implementation costs for all vehicle crossovers to achieve full cost recovery. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	127	n/a	(20)	(20)	(20)
IGC-08	Remove free parking for elected members Members currently receive a parking permit free of charge. This proposal is to charge for those parking permits. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	-	n/a	(15)	(15)	(15)
IGC-09	Sales, Fees & Charges Annual increase of Sales, Fees & Charges in line with September Consumer Price Index (CPI) of 10.1%, within delegated authority.	(19,993)	n/a	(840)	(840)	(840)
IGC-10	CCTV Control Room commercial activity The proposal is to create a CCTV partnership that can bring income to the Council whilst also growing the already successful service. This could be delivered by utilising the improved CCTV control room to deliver CCTV monitoring services for other public and private organisations remotely.	489	n/a	(25)	(25)	(25)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact												
				2023/24 £000	2024/25 £000	2025/26 £000										
IGC-11	Street Lighting Advertising Banners The Highways Service could introduce lightweight advertising banners to lamp columns in shopping areas and locations of high footfall. These banners can advertise local businesses, educational establishments or serve as a messaging service by the council to the residents and visitors to the city.	-	n/a	(40)	(40)	(40)										
IGC-12	Charging for car parks that are currently free The proposal is to introduce charging at the following car parks to encourage appropriate use and turnover of spaces. The applicable tariffs will be consistent with the level of charging for each location and car park type. <table><tr><td>Car Parks</td><td>No. of spaces</td></tr><tr><td>Jones Memorial CP</td><td>48</td></tr><tr><td>Big Gunners</td><td>98</td></tr><tr><td>Little Gunners</td><td>21</td></tr><tr><td>Rayleigh Rd CP</td><td>59</td></tr></table> Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	Car Parks	No. of spaces	Jones Memorial CP	48	Big Gunners	98	Little Gunners	21	Rayleigh Rd CP	59	(7,227)	n/a	(25)	(25)	(25)
Car Parks	No. of spaces															
Jones Memorial CP	48															
Big Gunners	98															
Little Gunners	21															
Rayleigh Rd CP	59															
IGC-13	Council Tax: Empty Property Relief The Council currently provide a 100% discount for newly empty properties for 1 month to cover the period in between tenants. This currently comes at a cost to the Council of around £600,000 a year. The proposal is based on moving to a 100% award for 2 weeks. This will require a policy review and recommendation as part of the Council Tax base setting and approval at Full Council.	(600)	n/a	(330)	(350)	(360)										

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
IGC-14	Registration Service This proposal encompasses a combination of income generating opportunities and some cost saving measures which will put the service on a more commercial footing. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	9	n/a	(33)	(33)	(48)
IGC-15 107	Increased investment income In response to the rapidly increasing rate of inflation the Bank of England has increased the base interest rate from 0.75% to 3.5% since the start of the 2022/23 financial year. Forecasts suggest that due to the ongoing inflationary pressures the bank base rate is likely to increase further over the next few months, before gradually reducing over time. This increased bank base rate leads to higher returns on many of the Council's treasury management investments. The increased levels of investment income for later years are forecast to be less than in 2023/24 as it is assumed that the bank base rate will start to decrease again in the future. This will be kept under review.	-	n/a	(1,400)	(740)	(490)
IGC-16	Long Term Empty Premium/Second Home Premiums Proposed legislative changes are expected to have a commencement date of 1st April 2024. On first reading of the legislation, it suggests that a premium charge in Council Tax could be applied to second homes (currently around 600 locally on our system) and the long-term empty premium charge will be allowed to apply after 1 year vacancy rather than 2 years (450 affected properties as at 1st April 2023). Legislation still requires Royal Assent; and adoption of charges locally (as current premium charges are).	-	n/a	-	(1,000)	(1,000)

Reference	Detail of Proposal	Budget 2022/23 £000	FTE Staffing Implications	Financial Impact		
				2023/24 £000	2024/25 £000	2025/26 £000
IGC-17	Introduce new parking charge for stays beyond two hours at four main parks from 2024/25 Introduce car parking charges at Chalkwell Park, Priory Park, Belfairs Park and Southchurch from 2024/25 with first two hours free but chargeable after that. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	(7,227)	n/a	-	(50)	(50)
IGC-18	Review allotment rents from 2024/25 Proposal to increase fees bringing the Council in line with other authorities. There is a long waiting list now for allotments locally, this may reduce with an increase in fees, but demand is still expected to outstrip supply. This will require a 12-month consultation period and is outside delegated authority, a detailed schedule of Sales, Fees & Charges will be part of the budget report.	(27)	n/a	-	(25)	(25)
108						
Income Generation Capability Total			-	(3,983)	(4,418)	(4,193)
Total 2023/24 Budget Saving / Income Generation Proposals			-22.54	(9,140)	(9,975)	(9,500)
Agreed Savings from Prior Years Total <i>Figures are as per February 2022 Council</i>			- 2.00	(2,292)	(4,536)	(6,003)
Grand Total 2023/24 Budget Savings / Income Generation plus Agreed Savings from Prior Years			-24.54	(11,432)	(14,511)	(15,503)

Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
Efficiency and Productivity							
EAP-07	Reduce spend on Agency Social Workers in Children Services	Continual review and support for agency to become permanent staff, aim is to recruit and retain permanent staff and reduce reliance on agency arrangements. In terms of scale there is a £4.730M budget for permanent staff teams currently requiring agency cover.	6,864	0.00	(200)	(200)	(200)
EAP-08	Civic One Restack	Civic One is designed to accommodate around 1,000 people at full capacity. Peak occupancy is currently around 250 to 300 staff so they can be accommodated across fewer floors. The saving will be delivered through taking the top 5 floors of Civic One out of general use enabling reductions in use of electricity and gas (although this will be partly offset by utility cost rises) alongside reductions in cleaning and maintenance.	689	n/a	(100)	(100)	(100)
EAP-09	Civic One - Reduction in operating hours	Civic One currently operates on a full-service basis from Monday to Friday with out of hours access and provision running at weekends. The building could be used on a more limited footprint on Mondays and Fridays (less floors, no catering, reduced security) or closed completely on one or more days.	689	tbc	(50)	(50)	(50)

Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
EAP-10	Seafront Lighting Totems - Reduced Operating Hours	The seafront lighting totems cost approximately £12,000 a year to run (on current operational hours) with 50% of this figure electricity charges and 50% maintenance. Reducing hours of operation would reduce electricity usage pro rata alongside some reduction in maintenance.	59	n/a	(5)	(5)	(5)
EAP-11	Civic One Data Centres - Closure of Old Server Room	At current prices the Civic Centre is using about £800,000 of electricity a year. Of this sum approximately £175,000 relates to the Data Centre and £70,000 relates to the old Server Room. ICT are prioritising cloud-based service options and the prioritisation of closing the old 'Server Room' would reduce utility costs by around £70,000 a year.	689	n/a	(70)	(70)	(70)
EAP-12	Optimise use of technology and systems for communication and automation of processes within Revenues and Benefits	Promotion of online billing for Council Tax and Citizens Access for Housing Benefit/Council Tax Reduction customers. Automate workload through the existing Northgate system and utilisation of additional modules. Enable direct entry for service areas raising invoices using Business World. Shift all communications to email where possible, including paperless direct debits, reminders, renewals, etc. Where paper must be used for communication use double-sided printing and second-class post.	120	n/a	(110)	(110)	(110)
Efficiency and Productivity Total				0.00	(535)	(535)	(535)

Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
Organisation Redesign							
ORE-10	Review of agency and interim arrangements	Comprehensive organisational wide review of all agency, interim and consultancy contracts with the ambition to reduce reliance and cost of external staffing, advice and support. All arrangements are currently under review and total spending is currently circa £11 million per year.	6,639	0.00	(500)	(500)	(500)
Organisation Redesign Total				0.00	(500)	(500)	(500)
Service Offer Changes							
SOC-02	Review of operation of City Beach Fountains	The City Beach fountains are a high-profile element of the City's central seafront visitor offer. They currently operate all year round (except during periods of extreme cold due to risk of ice) on a 10-hour daily cycle at a cost of around £50,000 a year. The proposal is to reduce their hours of operation or turn off completely out of season.	59	n/a	(20)	(20)	(20)
SOC-03	Review Travel Centre Operation / Closure	This saving will be achieved through either leasing the travel centre to a 3rd party operator or closing it and replacing the asset with a series of bus shelters and exploring options for alternative toilet provision (total cost saving of £200,000 from 24/25 split between £120,000 reduction of existing overspend and £80,000 budget). Shelters can be purchased with Local Transport Plan (LTP) funds.	120	n/a	(60)	(120)	(120)

Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
SOC-07	Culture Service Savings	Museum staff to take on cleaning responsibilities from contractors, reducing costs of our concert series, METAL contract and bandstand programme.	549	n/a	(8)	(8)	(8)
SOC-11	SIMS Management Information System to Schools	The Council currently offers a data traded service for schools providing support for the SIMS Management Information System via the operational, performance and information team which is currently subsidised and resulting in a cost pressure. The proposal is to remove this service in consultation with the schools using this service and support them in sourcing an alternative provision. This service is currently run by an agency worker partly offset by contributions from schools, and this proposal will reduce an existing cost pressure.	40	n/a	(40)	(40)	(40)

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Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
113	SOC-12	New In-house Foster Care Offer (APPROVED)					
		Supports the implementation of a fair, competitive and transparent funding offer for our local foster carers, including a council tax exemption for inhouse foster carers up to band D from the 1 April 2023. In addition to supporting the outcome of our local children in care, by being able to place more of our children in care locally and closer to appropriate networks, it is also targeted to reduce spend provision in external care placements both Residential Care and Independent Fostering agencies which are significantly more expensive. The revised offer will also offer a support framework for any foster carers with training and supervision who can support some of our more complex children in care.	6,864	+1.00	0	(925)	(1,810)
	SOC-13	Use of standard litter bins for disposal of dog waste					
		Waste from dog bins must be disposed of as contaminated waste, whereas waste from a litter bin is treated as residual waste. Dog waste can be included in residual waste much like it is by households and the same applies to public litter bins. This proposed change would result in both a reduction in waste collection costs and waste disposal costs. All dog waste bins across the city will be replaced by a new litter bin if one is not already installed near that location.	887	n/a	(50)	(50)	(50)

Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
SOC-14	Councillor Support Office plans	It was originally intended to invest in administrative and clerical support for Councillors. Given the scale of the financial challenges, it is now proposed to pause this planned investment and review again in the future.	0	n/a	(120)	(120)	(120)
SOC-15	Review programme for cutting grass in non-residential areas	Increase naturalisation of grassed areas by reducing grass cutting to once a year on main roads, verges along busier highways and central boulevards with appropriate bee friendly signage. Traffic Safety Management will be prioritised. Residential areas will continue to be maintained at current levels. Proposed savings will be delivered by a combination of improved efficiency, equipment rationalisation, vacancy management and agency reduction. There would also be environmental benefits in allowing the grass to naturalise in certain areas.	311	n/a	(100)	(100)	(100)
SOC-16	Greater use of perennial bedding areas in parks	Proposal is to expand the use of perennials in some bedding areas as opposed to annual planting.	311	n/a	0	(10)	(10)

Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
SOC-17	Street Light Dimming	It is proposed to dim streetlights in non-essential areas (90% of the total lighting columns) on a phased basis from 10pm. 10pm - 75% 11pm - 50% 1am - 30% 5am - 50% 6am - 100%	673	n/a	(25)	(25)	(25)
Service Offer Changes Total				1.00	(343)	(1,338)	(2,223)

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Contractual Arrangements / Third Party Payments							
TPP-07	Councillor related behaviour - Legal costs for Complaints/Issues	In reviewing the constitution, we will seek to provide additional powers to Standards Committee to oversee the complaints handling process, decide on outcomes and oversee reconciliation action plans. The intention is that this will improve governance and reduce the legal costs associated with dealing with complaints.	346	n/a	(200)	(200)	(200)
Contractual Arrangements / Third Party Payments Total				0.00	(200)	(200)	(200)

Ref.	Proposal	Business Implications	2022/23 Forecast Overspend £000s *	FTE Staffing Implications	Value of Cost Avoidance / Overspend Reduction		
					2023/24 £000s	2024/25 £000s	2025/26 £000s
Income Generation Capability							
IGC-19	Include convenience fee for car park pay by phone transactions	Payments made via the ‘pay by phone’ application include a card transaction fee. To reduce unnecessary repeat bookings and additional costs to the Council it is proposed to pass the card transaction fee on to the client. This practice is commonplace in many other areas and will offset the increasing cost of the use of card payments to the Council. Proposed changes to fees are outside delegated authority, a detailed schedule of Sales, Fees & Charges are part of this budget report and shown at Appendix 8.	454	n/a	(50)	(50)	(50)
Income Generation Capability Total				0.00	(50)	(50)	(50)
Total Cost Avoidance / Overspend Reduction Initiatives				+1.00	(1,628)	(2,623)	(3,508)

* These are individual service area overspends or cross organisational overspends which have been reported in Resourcing Better Outcomes – Financial Performance Report – Period 8.

Adult Social Care Charging Policy Consultation

On 22nd February 2022, Cabinet agreed to implement the Adult Social Care Charging Policy subject to public consultation. In response this is to inform Cabinet of the Adult Social Care Charging Policy consultation; to request Cabinet to review and consider the findings and to agree to implement the suggested recommendation.

The consultation was widely promoted to all people receiving social care services in their own homes and more generally to the wider public. Out of approximately 4000 people receiving services in the community in a full year (4049 across year 2021) a total of 237 people contributed to the consultation:

We consulted on whether people agreed or disagreed with proposals relating to four key areas:

1. Full Cost Recovery

Implement a model of full cost recovery which means that the Council will seek to recharge at the same rates it pays care providers.

28 people agreed or strongly agreed to the proposal and 47 people disagreed or strongly disagreed.

2. Disability Related Expenditure

Strengthen the criteria around Disability Related Expenditure (DRE) allowances and ask for evidence to substantiate a claim for Disability Related Expenditure.

43 people agreed/strongly agreed to implementing DRE and 25 people disagreed or strongly disagreed.

3. Arrangement Fees

Introduce a policy of charging arrangement fees for new and existing people receiving non-residential care and who have savings over the full cost limit. This is permitted under the Care Act and is a cost incurred by the Council when arranging care.

27 people agreed or strongly agreed to implementing the Arrangement Fees and 45 people disagreed or strongly disagreed.

4. Minimum Income Guarantee

The Council should not increase the Minimum Income Guarantee (MIG) and should continue to follow the Care Act 2014 guidance until such time that this legislation is changed.

38 people agreed or strongly agreed to MIG and 37 people disagreed or strongly disagreed.

Adult Social Care Charging Policy Consultation

We have considered all the consultation feedback as described in the Adult Social Care Consultation Report. A level of objection was expected at the outset of the consultation as fundamentally we were asking people to pay more towards the cost of their services. We received 45 objections to Arrangement Fees and 47 objections to Full Cost Recovery.

People who responded to the consultation are mostly in agreement with the suggested changes with Disability Related Expenditure and broadly split on whether to follow the Care Act 2014 guidance with the Minimum Income Guarantee until such time that this legislation is changed.

As the consultation progressed, we received increasing concerns about the impact of cost-of-living increases on the person's ability to pay their assessed charge. We heard individual accounts of personal hardship, but we are of the view that cost of living pressures is not for adult social care to resolve as they are national concerns requiring a national response. We note that the Minimum Income Guarantee is a nationally set sum of money designed to ensure a level of income which covers living costs which has not been increased in line with the cost-of-living increases.

In summary, considering these factors, the increase in income, and the positive impact that the new policy will have on the long-term sustainability of Adult Social Care and the need for a solid foundation on which to embed the rescheduled to 2025 Care Reform changes, we are recommending proceeding with the implementation as initially proposed to Cabinet on 22nd February 2022.

Recommendation

The recommendation is to implement the new Adult Social Care Charging Policy which includes the following four key changes:

1. Full Cost Recovery

Implement a model of full cost recovery which means that the Council will seek to recharge at the same rates it pays care providers.

2. Disability Related Expenditure

Strengthen the criteria around Disability Related Expenditure allowances and ask for evidence to substantiate a claim for Disability Related Expenditure.

3. Arrangement Fees

Introduce a policy of charging arrangement fees for new and existing people receiving non-residential care and who have savings over the full cost limit. This is permitted under the Care Act and is a cost incurred by the Council when arranging care.

Adult Social Care Charging Policy Consultation

4. Minimum Income Guarantee

The Council should not increase the Minimum Income Guarantee and should continue to follow the Care Act 2014 guidance until such time that this legislation is changed.

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Description of Service	Basis of Charge	Net Charge 2022/23	VAT (20%)	Gross 2022/23 Charge	Indicative Net Charge 2023/24	VAT (20%)	Indicative Gross 2023/24 Charge	Indicative Increase Gross Charge	
		£	£	£	£	£	£	£	%

Pier Charges

Advantage Card discounts apply. Details are available at point of sale.

Pier Entry (Walking Only)

1	Winter (no concessions)	Discretionary	0.83	0.17	1.00	0.83	0.17	1.00	0.00	0.00%
2	Summer	Discretionary	1.67	0.33	2.00	2.08	0.42	2.50	0.50	25.00%
3	Summer Child / Concessions	Discretionary	0.83	0.17	1.00	1.25	0.25	1.50	0.50	50.00%

Pier Train Single (includes Pier Entry)

4	Adult	Discretionary	4.97	0.33	5.30	5.28	0.42	5.70	0.40	7.55%
5	Child / concession	Discretionary	2.53	0.17	2.70	2.65	0.25	2.90	0.20	7.41%
6	Family (5 people min two children)	Discretionary	12.28	0.82	13.10	14.45	1.05	15.50	2.40	18.30%

Pier train return

7	Adult	Discretionary	5.80	-	5.80	6.20	-	6.20	0.40	6.90%
8	Child / concession	Discretionary	2.90	-	2.90	3.10	-	3.10	0.20	6.90%
9	Family (5 people min two children)	Discretionary	14.70	-	14.70	16.00	-	16.00	1.30	8.84%

Description of Service	Basis of Charge	Net Charge 2022/23	VAT (20%)	Gross 2022/23 Charge	Indicative Net Charge 2023/24	VAT (20%)	Indicative Gross 2023/24 Charge	Indicative Increase Gross Charge	
		£	£	£	£	£	£	£	%

Cemeteries and Crematorium**Burial fees****Private Grave Space - Traditional Grave 50 years**

1	Exclusive Rights of Burial, Including Registration in traditional Grave - Resident	Discretionary	2,650.00		2,650.00	2,900.00		2,900.00	250.00	9.43%
2	Exclusive Rights of Burial including Registration in traditional Grave - Non Resident	Discretionary	5,300.00		5,300.00	8,700.00		8,700.00	3,400.00	64.15%

Private Grave Space- Lawn including 75 and 50 years grave spaces

3	Exclusive Right of Burial including Registration - Resident	Discretionary	1,200.00		1,200.00	1,300.00		1,300.00	100.00	8.33%
4	Exclusive Right of Burial including Registration - Non Resident	Discretionary	1,840.00		1,840.00	3,900.00		3,900.00	2,060.00	111.96%

Crematorium**Cremation fees**

5	Cremation Fee incl of environmental charge and medical referee fees - resident	Discretionary	915.00		915.00	1,000.00		1,000.00	85.00	9.29%
6	Cremation Fee incl of environmental charge and medical referee fees - non resident	Discretionary				1,100.00		1,100.00	1,100.00	NEW
7	Committal Gold - Cremation only (Any age). Family attending (No service, organist or music, incl of enviromental charge) - resident	Discretionary	720.00		720.00	800.00		800.00	80.00	11.11%
8	Committal Gold - Cremation only (Any age). Family attending (No service, organist or music, incl of enviromental charge) - non resident	Discretionary				900.00		900.00	900.00	NEW

Description of Service		Basis of Charge	Net Charge 2022/23	VAT (20%)	Gross 2022/23 Charge	Indicative Net Charge 2023/24	VAT (20%)	Indicative Gross 2023/24 Charge	Indicative Increase Gross Charge	
			£	£	£	£	£	£	£	%
9	Commital Silver - Cremation only (Any Age) No Family attending (No Service, organist or Music, incl environmental charge) - resident	Discretionary	500.00		500.00	550.00		550.00	50.00	10.00%
10	Commital Silver - Cremation only (Any Age) No Family attending (No Service, organist or Music, incl environmental charge) - non resident	Discretionary				600.00		600.00	600.00	NEW

Description of Service	Net Charge 2022/23	VAT (20%)	Gross 2022/23 Charge	Indicative Net Charge 2023/24	VAT (20%)	Indicative Gross 2023/24 Charge	Indicative Increase Gross Charge	
	£	£	£	£	£	£	£	%

Allotments

The rents for allotment plots within Southend-on-Sea last increased on 1st April 2018. As set out in the current fees and charges the rent for non-concessions is £4.50 per rod. The Allotments Act and our tenancy agreement, require a years notice to be served outside the growing season on all allotment tenants advising of the changes to rents. Therefore the earliest any proposed change in fees could take effect will be 1st April 2024, subject to proper consultation taking place.

1	Per 5.5m ² (rod) (plus water recharged at current rates)	4.50	-	4.50	4.50	-	4.50	0.00	0.00%
2	Per 5.5m ² (rod) (plus water recharged at current rates) – Senior (State Pensionable Age)	2.25	-	2.25	2.25	-	2.25	0.00	0.00%
3	Per 5.5m ² (rod) (plus water recharged at current rates) – Advantage Card C	2.25	-	2.25	2.25	-	2.25	0.00	0.00%
4	Per 5.5m ² (rod) (plus water recharged at current rates) – Under 18	2.25	-	2.25	2.25	-	2.25	0.00	0.00%
5	Edwards Hall Leisure Garden (plus water recharged at current rates)– Allotments	36.00	-	36.00	36.00	-	36.00	0.00	0.00%
6	Edwards Hall Leisure Garden – Allotments (plus water recharged at current rates) - Senior (State Pensionable Age)	18.00	-	18.00	18.00	-	18.00	0.00	0.00%
7	Edwards Hall Leisure Garden - Allotments (plus water recharged at current rates) - Advantage Card C	18.00	-	18.00	18.00	-	18.00	0.00	0.00%

Description of Service		Net Charge 2022/23	VAT (20%)	Gross 2022/23 Charge	Indicative Net Charge 2023/24	VAT (20%)	Indicative Gross 2023/24 Charge	Indicative Increase Gross Charge	
		£	£	£	£	£	£	£	%
8	Edwards Hall Leisure Garden - Allotments (plus water recharged at current rates) - under 18	18.00	-	18.00	18.00	-	18.00	0.00	0.00%

Parking Charges 2023/24

Location/Description	Unit	Zone 1a 8am - 9pm	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	£2.80	£1.20	£1.10	£1.10	Average increased charge 10%
	Up to 2 hrs	£5.50	£2.40	£2.20	£2.20	
	Up to 3 hrs	£8.30	£3.60	£3.30	£3.30	
	Up to 4 hrs	£11.00	£4.80	£4.40	£3.90	
	Up to 5 hrs	£13.80	£6.10	£5.50	£5.00	
	Up to 6 hrs	£16.50	£7.30	£6.60	£6.10	
	Up to 10 hrs	£19.30	£13.20	£13.20	£11.00	
	Up to 13 hours	£20.00				
Off-Street (Car Parks) *applies to Electric vehicles & bays (VAT applicable) 126	Up to 1 hr	£2.80	£1.20	£1.10	£1.10	Average increased charge 10%
	Up to 2 hrs	£5.50	£2.40	£2.20	£2.20	
	Up to 3 hrs	£8.30	£3.60	£3.30	£3.30	
	Up to 4 hrs	£11.00	£4.80	£4.40	£3.90	
	Up to 5 hrs	£13.80	£6.10	£5.50	£5.00	
	Up to 6 hrs	£16.50	£7.30	£6.60	£6.10	
	Up to 10 hrs	£19.30	£13.20	£13.20	£11.00	
	Up to 13 hours	£22.00				
Parks & Open Spaces - where applicable. Refer to signage in car park (VAT applicable)	Up to 1 hr	£2.80	£1.20	£1.10	£1.10	Average increased charge 10%
	Up to 2 hrs	£5.50	£2.40	£2.20	£2.20	
	Up to 3 hrs	£8.30	£3.60	£3.30	£3.30	
	Up to 4 hrs	£11.00	£4.80	£4.40	£3.90	
	Up to 5 hrs	£13.80	£6.10	£5.50	£5.00	
	Up to 6 hrs	£16.50	£7.30	£6.60	£6.10	
	Up to 10 hrs	£19.30	£13.20	£13.20	£11.00	

Location/Description	Unit	Zone 1a 8am - 9pm	Zone 1b 8am - 6pm	Zone 2 8am - 6pm	Zone 3 8am - 6pm	Description of change
Pre-booked coach parking (VAT applicable)	Daily (until closing time)	£22.00	£11.00	£11.00		Increased charge 10%
Coach parking (pay on the day) (VAT applicable)	Daily (until closing time)	£44.00	£33.00	£33.00		
Seafront Permit	Annual	£440.00	£440.00	£220.00		
Season Ticket for a Named Car Park** (VAT applicable)	Annual	£660.00	£660.00	£550.00	£275.00	Increased charge 10%
	6 month	£341.00	£341.00	£286.00	£143.00	
	Quarterly	£176.00	£176.00	£148.50	£77.00	
	Monthly	£60.50	£60.50	£49.50	£33.00	
Season Ticket for Car Parks within a specified Zone ** (VAT applicable)	Annual	£1,210.00	£1,210.00	£990.00		
	Quarterly	£363.00	£363.00	£297.00		
	Monthly	£121.00	£121.00	£99.00		
Season Ticket - Baxter Avenue Car Park **	Annual	£1,320 per bay				

Location/Description	Unit	1 month	6 months	12 months	Description of change
Business Permit	Scheme specific	-	£148.50	£275.00	Increased charge 10%
Operational Permit (On-street) - 4 Hours max stay	All Zones	-	-	£71.50	
Operational Permit (On-street) - 6 Hours max stay	All Zones	-	-	£143.00	
Operational Permit (On-street) - Generic/Transferable - 4 hours max stay	All Zones	-	-	£220.00	
Operational Permit (On & Off Street) - 6 Hours max stay	All Zones			£550.00	
South Essex Homes Permit (Operational Permit) - 4 hours max stay	SEH locations only	-	-	£71.50	
Resident Carer Permit (1 permit per household only)	Scheme specific	-	-	£16.50	
Resident Permit - Electric Vehicle				£8.80	
Resident Permit - 1st car	Scheme specific	-	-	£16.50	
Resident Permit - 2nd car	Scheme specific	-	-	£27.50	
Resident Permit - 3rd car	Scheme specific	-	-	£55.00	
Resident Permit - 4th car	Scheme specific	-	-	£82.50	
Resident Concessionary Permit (in RPS*)	Scheme specific	-	-	£55.00	
Tradesperson Permit (On-street only)	All Zones	£33.00	£165.00	£330.00	New charge
Tradesperson Permit (On- and Off-street)	All Zones	£110.00	£660.00	£1,100.00	
Location/Description	Unit	1 month	3 months	12 months	Description of change
Southend Pass (VAT applicable)		£10.00	£30.00	£120.00	Increased charge 18%

**** 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	
		£20.00 for Books 6-8 (at Councils discretion)	
Parking Dispensation	Daily	£13.20	Increased charge 10%
Parking Dispensation	Weekly (7 days)	£55.00	
Car Park unlock tariff	Each occasion	£82.50	
Suspension (Admin Fee)		£33.00	
Suspension (on-street)	Per day, per bay, per metre	£33.00	
	Per week	£220.00	
Suspension (off-street) (VAT applicable)	Per day, per bay, per metre	£22.00	
	Per week	£132.00	
Amendment to existing permit	Vehicle changes	£16.50	
Replacement permit	Loss	£16.50	
Replacement or Duplicate season ticket (paper permit)	Loss or duplicate request	£27.50	
Permit refund admin fee	Administrative cost	£15.00	
Voluntary Sector Permit	3 hours per day	£10.00 per month	Increased charge 18%
Cliffs Pavillion Staff (excluding Shorefield Car park)	3 hours per day Cliffs Pavillion car park only	£10.00 per month	
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	£55.00	Increased charge 10%
	Replacement key (for any purpose)	£220.00	
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	£72.60	Increased charge 10%
New Road Church Permit	Specifically for Wesleyan Methodist church (New Road) land agreement 1932.	£150.00 per annum	Previously free
Honorary Alderman or Persons Permit	Specifically for Honorary personnel only	£300.00 per annum	New charge
Members Parking Permit	Specifically for serving Council Members	£600.00 per annum	
PCN Charges as per legislative permissions			
Zone 1a	The following car parks will charge until 6pm; Shorefield Road & Cliffs Pavillion Underground		

Description of Service	Basis of Charge	Net Charge 2022/23	VAT (20%)	Gross 2022/23 Charge	Indicative Net Charge 2023/24	VAT (20%)	Indicative Gross 2023/24 Charge	Indicative Increase Gross Charge	
		£	£	£	£	£	£	£	%

Highways and Traffic Management Services**Permanent Vehicular Crossing**

52	PVX; application fee – includes inspection and administration (non refundable)	Full Cost Recovery	245.00	-	245.00	300.00	-	300.00	55.00	22.45%
53	PVX; application fee – includes inspection and administration (non refundable) – cross a watercourse or ditch	Full Cost Recovery	245.00	-	245.00	300.00	-	300.00	55.00	22.45%

Description of Service	Basis of Charge	Net Charge 2022/23	VAT (20%)	Gross 2022/23 Charge	Indicative Net Charge 2023/24	VAT (20%)	Indicative Gross 2023/24 Charge	Indicative Increase Gross Charge	
		£	£	£	£	£	£	£	%

Naming Ceremonies

Non statutory fees, set by Local Authority (price includes registrar attendance, room hire, decorative flowers & ceremony pack* VAT charge applies)

Excludes Marriage/Civil Partnership Certificate at Statutory £11 fee per certificate

Jubilee Room

1	Weekdays - Monday - Thursday	Discretionary	391.67	78.33	470.00	437.50	87.50	525.00	55.00	11.70%
2	Friday - Saturday	Discretionary	516.67	103.33	620.00	575.00	115.00	690.00	70.00	11.29%

Victoria Room

3	Weekdays - Monday - Thursday	Discretionary	191.67	38.33	230.00	212.50	42.50	255.00	25.00	10.87%
4	Friday - Saturday	Discretionary	266.67	53.33	320.00	300.00	60.00	360.00	40.00	12.50%

Approved Premises Marriage/Civil Partnership Ceremonies (price includes registrar attendance & commemorative box)

Excludes Marriage/Civil Partnership Certificate at Statutory £11 fee per certificate

5	Monday - Thursday	Discretionary	490.00	-	490.00	540.00	-	540.00	50.00	10.20%
6	Friday - Saturday	Discretionary	550.00	-	550.00	605.00	-	605.00	55.00	10.00%
7	Sundays & Bank Holidays	Discretionary	605.00	-	605.00	665.00	-	665.00	60.00	9.92%
8	6pm - 9pm Monday - Thursday	Discretionary	605.00	-	605.00	665.00	-	665.00	60.00	9.92%
9	6pm - 9pm Friday - Saturday	Discretionary	715.00	-	715.00	790.00	-	790.00	75.00	10.49%
10	6pm - 9pm Sundays and Bank Holidays	Discretionary	820.00	-	820.00	905.00	-	905.00	85.00	10.37%

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Southend-on-Sea Borough Council

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

Agenda
Item No.

To
Education Board

On
13th December 2022

Report prepared by:
Paul Grout, Senior Finance Business Partner
In consultation with the Resources Sub Group

Dedicated School Grant Budget Planning 2023/24 And Forecast Outturn 2022/23

1 Purpose of Report

To present the Education Board with the Dedicated Schools Grant (DSG):

- Making note of the additional government funding for School core budgets in 2023/24 and 2024/25, as announced on the 17th November 2022 as part of the Chancellors Autumn 2022 statement.
- Final indicative 2023/24 DSG budget allocations for any de-delegated maintained school block allocations and central block funded services.
- Agree decisions in principle, at this time, where possible for Early Years funding for 2023/24 and High Need top up funding for 2023/24.
- Updated DSG forecast outturn for 2022/23.

2 Recommendations

Education Board (EB) are asked to specifically agree for 2023/24:

2.1 Support the continuation of the exceptional circumstance funding request through to the DfE, as referenced in 4.4.

2.2 [Maintained School voting rights only] the de-delegation of funding to be centrally retained from the Schools block for the following services, as referenced in 5.3:

- Staff cover costs (public duties)

2.3 The Early Years funding rates for 2023 24 are planned to be set as referenced under the principles of 7.6.

- 2.4 That a 5% uplift will be applied to all Education Health and Care Plan (EHCP) banded top up rates and the Pupil Referral Unit top up rates from the 1st April 2023, but with note, this may be increased further once the full modelling and annual planning for 2023/24 High Needs budget is undertaken in the June 2023 EB, as referenced in 8.5 and 8.6.
- 2.5 The amounts and services that will continue to be funded centrally from the Central Block where the local authority holds a statutory responsibility for all schools, as referenced in 9.3.
- 2.6 That the DSG High Need recommended minimum level of reserves balances is now re-stated, as referenced in 11.2.
- 2.7 And therefore, on the basis of the decisions undertaken through both this and the previous October 2022 EB DSG paper, that this December 2022 DSG paper and the following January 2023 DSG EB paper (which is for EB noting only), will be recommended to Council for final approval in February 2023.

Asked to Note:

- 2.8 In line with the EB decision of the October 2022 EB DSG paper, that the per pupil rates of individual school block allocations for 2023/24 will continue to adopt the principles of the National Funding formulae (NFF) in full (As referenced in 4.1.1 to 4.1.3), but also now take note of the possibility that the EB may need to reconvene and decide on further funding decisions, should the DfE administer the additional government funding announcements of the 17th November 2022 through DSG allocations and determine this to be a local decision, as referenced in 4.3.
- 2.9 In line with the EB principal decisions of both the March 2019 EB DSG paper and the December 2020 EB DSG paper, that the growth fund to support schools will continue to be held centrally within the Schools block and distributed to provide the extra required planned places within the authority, as referenced in 6.1.

3 Background

- 3.1 This report follows on from the previous October 2022 “DSG 2022/23 budget planning and DSG budget update 2022/23” paper, presented and agreed at the EB on 18th October 2022. That paper ultimately set the continued and agreed NFF trajectory for Individual School block allocations in 2023/24 and highlighted the then known Department for Education (DfE) indicative DSG budget changes for 2023/24 covering the Schools Block, High Needs block, Central block except for the Early Years block which at the time of writing that and this paper, still remains outstanding subject to further detailed DfE announcements. It must also remain minded, it was made clear at that time, that the July 2022 funding announcements providing a 0.5% per pupil minimum funding guarantee uplift for mainstream schools was very disappointing and a very low uplift, considering the significant inflationary pressures now currently faced for all schools. Serious concerns were raised at national level on the financial sustainability of educational provision.
- 3.2 Now moving forward, since October 2022, the Government’s Autumn term 2022 budget statement released on the 17th November 2022, has provided a welcome and positive head line announcement “that nationally the core schools budget will increase by a further £2.3Bn in 2023-24 and a further £2.3Bn in 2024-25”. At the current time of writing this paper, further detail is awaited as to how that funding will be distributed, but this paper does advise on an appropriate local governance response for EB, should the DfE now in the unlikely event determine that the decision falls for local education board/school forums to decide on how this additional funding will be awarded for 2023/24.

4 Schools Block – Individual School Block (ISB) allocations

2022/23 Budget to Forecast Outturn – on line to budget

2023/24 Individual Schools Budgets

Indicative DSG funding allocation £142.974M (Final tbc in January 2023)

- 4.1 As per the recommendations approved in the last DSG EB October 2022 paper report and associated Appendix 2. The 2023/24 DSG per pupil funding amounts for each school are due to be set on the following basis continuing with the principles of the NFF (and in view of those now restrictions as shared in the October 2022 paper). Although note this is now subject to changes, if the DfE decide to passport any additional funding following the November’s 2022 announcements through DSG allocations:
- 4.1.1 The minimum per pupil levels will be set at £4,405 for primary schools (£4,265 in 2022/23) and for secondary schools £5,715 (£5,525 in 2022/23), both with an equivalent circa 0.5% increase from 2022/23, as the 2022/23 supplementary grant paid outside of the DSG has now been built directly into the DSG minimum amounts per pupil for 2023/24. And to simply remind from 2020/21 the minimum amounts per pupil are also now a mandatory funding factor, and these are set as a fixed amount.

- 4.1.2 Where schools are attracting their underlying core NFF allocations, the NFF has built in an increase of circa 2.4% from the 2022/23 Pupil led funding factors: basic entitlement, and lump sum. Funding for disadvantaged pupils will see greater increases, with funding for two deprivation factors in the NFF increasing by a greater amount than other factors. These two factors (the FSM6 factor and the IDACI factor) will increase by 4.3% compared with their 2022 to 2023 values.
- 4.1.3 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 maximum 0.5% increase from their 2022/23 per pupil led base line.
- 4.2 And as referenced, in the last DSG EB paper, except for those schools who will attract the 2023/24 minimum per pupil funding levels or a 0.5% per pupil led uplift, all other school per pupil funding rates (i.e. those illustratively attracting their core underlying NFF funded rate per pupil) are indicative and therefore subject to minor changes once the DfE have processed and released the October 2022 school census data. **And please note** - the then actual final 2023/24 individual school allocations will be subsequently shown in the January 2023 EB DSG paper which will include the updated numbers of pupils on roll at each school (based on the DfE's October 2022 census) multiplied by these now 2023/24 per pupil led funding rates to form the final 2023/24 funding allocations.
- 4.3 Now given, the annual funding cycle and timing of traditional funding announcements, it is unlikely that the additional government funding announcements made on the 17th November 2022, will now be able to fall in time to update specific indicative DSG grant allocations already shared for 2023/24 by the DfE. It is therefore expected that the additional funding announcements will flow through to school budgets by way of a direct and additional supplementary grant, administered and distributed directly by the DfE, and if this is the case, there will be no further or statutory requirement for the Education Board / School Forum to apply any decisions. However, and of which is now unlikely, that the DfE do apply the additional funding through to DSG allocations for 2023/24, it is possible that the Education Board / School Forum we will need to re-ratify their local approach to distributing the per pupil DSG funds, albeit with the likely restrictions in place. If that does happen, this will now therefore need to be presented to the EB in January 2023 for decision.
- 4.4 The DfE have also written to the Local Authority (LA), instructing that the LA, must re-submit a disapplication request for the exceptional circumstance funding that is currently applied to St Marys Primary school for the rental of their second school site for the financial year 2023/24 onwards. This funding is paid through to the DSG ISB funds that in turn is passed onto the school. The rental agreement for the second site is currently circa £65,000 per annum. This has been historically agreed and paid since 2014/15 and has no impact on funds being taken away from any other school to afford this rental agreement. The disapplication has been submitted along with the supporting required legal documentation and the outcome of that disapplication is now awaited. A further condition of that disapplication request was to also ensure that the local education board / school forum agree to support the continuation of this exceptional circumstance funding. Therefore, this why this matter is directly recommended in this paper, and that the Education Board are therefore asked

to support the continuation of this disapplication request and exceptional circumstance funding.

5 School block – Centrally retained de-delegated public duties (Voting rights Maintained Schools only)

2022/23 Budget to Forecast Outturn – a projected overspend of circa £4,100

- 5.1 The current overspend forecast balance reflects the expected run rate of claims to date projected forwarded and that currently 4 academy schools have bought in for their 2022/23 academic year, in addition to the de-delegated sum for maintained schools. And to remind a small in year overspend also occurred on this fund in 2021/22. It also remains minded, as previously agreed, that the Local Authority does not actively promote this fund but simply administers it on behalf of our local schools.

2023/24 Indicative DSG funding allocation £5,168 (Final tbc in January 2023)

- 5.2 Whilst the projected overspend for 2022/23 is no issue, as it will fall to the small DSG Public duties reserves to cover, it is not financially sustainable for this fund to carry on running in years deficit, which will occur if the claims are to continue at the current rate in future years, compared to the current in year funding.
- 5.3 Therefore, given the Local Authority, does not promote this fund but administers the fund and can continue to do so, provided it is financially sustainable. It is proposed that the fund from the 1st April 2023 (voting right maintained schools only) is now administered with the following conditions:
- 5.3.1 That the fund's annual income, is increased from the current 0.50p per pupil to £1.00 per pupil. £1.00 per pupil does remain a small de-delegated sum for maintained schools and for academy schools to buy in, but it is not proposed to raise this sum any further considering wider funding pressures and when only a low number of academy schools do currently buy in.
- 5.4 To simply remind, this is an historical fund that enables maintained schools or academy schools, that choose to buy in, to reclaim staff cover costs, paid at standard hourly rates of staff who undertake Public Duties (usually jury service or sitting as a magistrate), and / or who undertake trade union duties in work time in accordance with the facilities agreement for schools.
- 5.5 It must however be noted, that for this fund to continue being sustained (based on current claims), it will need the continued support at a minimum of the current 4 Academy Schools to buy in for 2023/24 as well. It is however, also advised and encouraged to secure longer term sustainability of this fund from a pure fund perspective, that more Academy schools do buy in to support it, and particularly given individual claims can be for the representation of all schools in Southend.
- 5.6 This position will remain subject to annual review. It is also fortunate, that the fund currently continues to project and hold a small level of one-off reserve balance (as shown in section 11), that can support a small level of in year overspends whilst those funds remain.

6 Schools Block – Centrally retained Growth Fund

2022/23 and 2023/24 Budget Planning

- 6.1 As referenced and agreed, in the March 2019 EB “DSG Growth Fund application 2019/20 and future years” paper and the December 2019 EB “DSG budget planning 2020/21” paper:
- 6.1.1 The application of applied Growth fund is now managed on a long-term basis, allowing any one year to either overspend or underspend against the DfE’s allocated amount for Growth provided that the total distribution of the growth fund is affordable over the life of the planned growth. The per pupil Growth rates to be paid out from September 2023 can also be no lower than the minimum agreed per pupil rate tolerances declared in the March 2019 EB DSG paper.
 - 6.1.2 The actual total growth fund amount for 2023/24 will be shown by the DfE in late December 2022, separated and shown within the Final 2023/24 School Block funding allocations.
 - 6.1.3 Therefore, in accordance with the previous agreement and conditions, the growth fund rates from September 2023 will be presented in the next January 2023 DSG paper, alongside any potential for growth funding rates to be increased from September 2022 if affordable over the planned life of the growth. The growth model will therefore be revised and displayed as an Appendix in that paper.
- 6.2 The current £89,000 overspend on 2022/23 growth remains as stated in the January 2022 DSG paper, so there has been no change overall to the number of new intakes classes from what was previously expected for 2022/23. And, to remind, as above, any considerations to over or underspend in year will simply be factored into the funding model on a longer-term basis. We would also expect the DfE DSG funding formulae for growth in 2023/24 to be increased as the projected numbers on roll between the October 2022 and October 2021 school censuses should therefore have also increased incorporating this additional growth.
- 6.3 And to remind, as shared in the October 2022 paper, in 2023/24 we can therefore continue our approved principles administering Growth funding locally, whilst we continue to await the outcome of the recent NFF consultation which include any potential changes to the administration of growth funding locally.

7 Early Years Block

2022/23 Budget to Forecast Outturn – forecast underspend of (£311,000), although note currently anticipated this will be clawed back by the DfE shown under section 10. DSG Funding.

- 7.1 It must continue to remain minded, the DSG Early Years Block 2022/23 (funding in) allocations remain provisional until the DfE have processed the January 2023 early years census (for the spring term 2023) and will therefore announce revised and final funding allocations for 2022/23 in July 2023. However, at this time, and to give a sense of current direction from head count payment data, in board terms currently based on the Summer 2022 final head counts and Autumn 2022 latest estimates, 2-year-old and 3- & 4-year extended entitlement funding is marginally less than the current DfE allocation at approx. circa (3%). 3- & 4-year-old universal entitlement is also running at a slightly higher decrease of an average (7.5%) reduction. This is not by any means a case of providers not being paid what is due, but an indication of early years head count data. Early years pupil premium remains very close to the latest revised 2022/23 funding allocations, which did see approximate 70% uptake gains from 2019/20, so that has sustained. It will also be known by the end of March 2023, as to whether these slight reductions have continued into the spring term of 2023.
- 7.2 All centrally retained services and previously agreed use of reserve balances remain forecast on line, at this time.

2023/24 Budget Planning

- 7.3 At the time of writing this paper, formal 2023/24 early years funding announcements from the DfE are still awaited, and unfortunately these announcements have again now fallen late into the Autumn term. There is also of course and hoped, of the welcome possibility that the DfE will target further funding towards Early Years given the governments announced increases to the schools' core budget on 17th November 2022, but again the detail is awaited and as to whether this will also apply to Early Years.
- 7.4 However, to aid and inform current planning as first shared in the October 2022 DSG paper it is known that the DfE have consulted (in July 2022) on potential funding rates for 2023/24 including the now built-in addition of a current supplementary grant paid directly to School Nurseries for teacher pay and pension uplifts. From that published consultation, it was clear, that the 2023/24 rates currently proposed locally for Southend included a 4.4% uplift on the hourly rate for 3- & 4-year-old funding and a 2.0% uplift funding for 2 years old. It is therefore anticipated these will now be the minimum uplifts to be applied to those rates, but again hoped for further.
- 7.5 Now, given these following present factors:
- 7.5.1 That the DSG Early Years reserve remains positive including the previously agreed draw down of further reserve balances in 2023/24.
- 7.5.2 That nationally, the country is now seeing record inflation over the last 41 years

- 7.5.3 That the National Living Wage (over 23's) will increase by 9.7% from the 1st April 2023.
- 7.5.4 That Southend has successfully administered for the last 4 years, a very transparent and effective monthly payment process to all Early Years providers.
- 7.5.5 And that the Local Authority and the Education Board, strongly support, the continued maintenance and principle of a core universal paid rate for all Early Years providers, which in turn, also means we do not support the option of a quality supplementary uplift for particular providers which would also mean a reduced rate for other providers.
- 7.6 It is therefore recommended, that any final agreed uplifts are simply straight applied to the core funding rates for **all** Early Years providers up to the provision of a maximum 7% uplift, and this is with note that the current minimum uplifts are expected at 4.4% for 3- & 4-year-old funding and 2.0% for the 2-year-old funding. Therefore, if by chance the DfE was to propose an uplift of greater than 7%, then it is advised that the recommendation is instead bought back to the Education Board at either the January 2023 or March 2023 scheduled meetings (depending on feasibility of timing beforehand), as it would, also simply be irresponsible not to consider any possible potential further EY centrally retained funding from a greater uplift, that could target particular additional provision or services.
- 7.7 It is also therefore by default of 7.6 being agreed, that the statutory supplement deprivation hourly rate of 44p per hour and the centrally retained funding rates are also maintained at their current levels in 2023/24, if up to a maximum 7% available uplift is applied.
- 7.8 Therefore, on the basis the principle of 7.6 is agreed, and that the DfE make an official announcement before the Christmas break on the actual funding rates for 2023/24, the Early Years hourly rates for 2023/24 will be set and displayed in the January 2023 DSG EB paper for noting only. This clearly enhances the ability for Early Years providers to plan for 2023/24 as soon as possible and re-affirms our local position that we seek to passport on as much funding as possible, which will in turn help to support the sustainability of our valuable Early Years provision and continues to maintain Southend above the DfE statutory 95% passport rate for 3- & 4-year-old funding, a sector facing its own significant funding pressures.

8 High Needs Block

2022/23 Budget to Forecast Outturn – a projected (£0.624M) under spend against current services lines expenditure.

- 8.1 Appendix 1 – displays the most up to date 2022/23 forecast outturn for High Needs on a line-by-line basis, which is also summarized in the table below including a comparison to the previous forecast as shared at the June 2022 EB DSG High need budget setting paper. It also must remain heavily caveated, that these forecasts do remain subject to material change, particularly as always on independent providers placements but also including final EHCP banded top up funding amounts paid for the Autumn 2022 term which await final adjustments and any applicable changes for the Spring 2023 term.

Summary Heading	2021/22 Final Spend	2022/23 Latest Budget	2022/23 Opening Forecast (June 22)	2022/23 Current forecast (Dec 22)
Place funding	£8.196m	£8.666m	£8.519m	£8.517m
Special and PRU/AP top up funding	£6.615m	£7.947m	£7.737m	£7.737m
Subtotal	£14.812m	£16.612m	£16.256m	£16.254m
Schools, early years, post-16 top up funding	£4.040m	£4.880m	£4.680m	£5.100m
Independent Providers	£1.533m	£1.950m	£1.950m	£2.050m
Other Provisions including SLA's	£1.578m	£2.595m	£2.453m	£2.009m
Total services line total	£21.963m	£26.037m	£25.338m	£25.413m
Funding allocations to support required future permanent growth in high need provision		£2.400M	£0.250m	£0.250m
Remaining balance held aside from service provision to support any in year high need funding pressures		£0.393m		
Total	£21.963m	£28.831m	£25.588m	£25.663m

- 8.2 Although forecasts remain heavily caveated, the table above does indicate that all service line current spend forecasts (with the exception of other provisions including SLA's) have either increased or are on line to the forecasts as presented in the June 2022 DSG High Needs paper. Whilst for the medium term the increased forecast spends will need consideration for financial planning of 2023/24, they fortunately have no impact on the current high need funding position given both our strength of reserve balances and in year financial planning. Why are these service lines forecasting overspends? Put simply, the number of current Education Health Care Plans awarded and administered from 2021/22 have continued to grow and this has always been highlighted as a risk with financial planning for High Need funding allocations in the DSG papers.

- 8.3 It remains minded, that the LA lead officers Head of SEND and Head of Access and Inclusion also continue to work on plans relating to funding allocations held

aside to support permanent future growth in High Need provision, and they will continue to be shared with EB, when they are in a position for final required EB consultation and factoring into considerations for 2023/24 budget planning.

2023/24 Budget Planning - Indicative allocation of £30.726M (explanation covered in the last October 2022 DSG report and resulting service expenditure allocations will be set as planned in the pre-agreed June 2023 High Need detailed allocation paper). It remains minded that June is the agreed date through Education Board to set the detail of the high need budget for the following academic year, as this then allows both sufficient time for the most accurate planning of expected banded top up funding amounts in 2023/24 and therefore considering any affordable uplifts alongside.

- 8.4 Whilst the full detail of the annual budget planning for High Needs must still fall to the June 2023 EB, and allowing appropriate time for the assessment of all top up banded levels that will lead into the 2023/24 Academic Year. It is very important at this time, considering the inflationary pressures on all schools, that assurance is given locally where we are able decide on rates that will seek to passport on funding, that is affordable within DSG allocations and provide early assurance as soon as possible.
- 8.5 Therefore, on overall assessment of the current and positive reserve balances of the DSG High Needs, future planning and with a consideration to the further uplift to the DSG funding for 2023/24. It is recommended that at a minimum, assurance is provided that a 5% uplift on all current EHCP and the PRU top up rates is applied from the 1st April 2023. This has an equivalent annual cost on the current number of EHCP's and those banded levels of circa. £0.5M per annum. It is advised, not to go further than this at this time as there can be high variation in banded levels between years, and if a higher cohort of children move into higher bands, this, then has an additional cost implication within the High Needs budget. The High Needs budget is also now seeing record number of EHCPs.
- 8.6 Therefore, on the basis that 5% is currently offered as a minimum uplift, should the financial modelling and planning of the June 2023 High Need budget paper be able to afford higher top up rates, on a longer-term basis, then this will be shared for agreement and backdated uplifts applied. It must also remain minded, the 5% increase that will now be confirmed and honoured from the 1st April 2023, is also on top of the 7.6% funding uplift that was already agreed for 2022/23. It also remains minded, that the 7.6% funding uplift itself also included within, the additional uplift of 2.6% to cover the estimated increase for the 1.25% National Insurance (NI) contributions applied from the 1st April 2022. Whilst the government have now agreed to reverse the 1.25% additional NI contributions from the 6th November 2022, it is therefore also not recommended that in turn the 2.6% uplift that was intended to meet that cost is reversed and instead allow setting to retain that funding to meet wider cost pressures. However, again, this highlights that a final decision should be made in June 2023 on EHCP top up rates for 2023/24, as it is not currently known at this time what the governments intentions are on relation to additional grants of funding that were administered to the meet that particular NI cost. It is also therefore hoped, it remains sustained in the DfE High needs allocations to meet wider cost pressures in high needs.

9 Central Block

2022/23 Budget to Forecast Outturn – held on line to budget

2023/24 Budget Planning

Indicative Total allocation of £1.369M (Final tbc in January 2023)

- 9.1 EB approval is required each year to approve the amounts and funded services listed within the Central Block DSG allocation.
- 9.2 In the last October 2022 EB DSG paper and previous papers, it was, again explained about the continuation of DfE funding losses in the combined budgets (historic commitments), but with the current expectation and plan as agreed in EB DSG December 2020 paper agreed, that the now funded commitments for individual service allocations moving forward at this time within the combined budgets can hopefully be sustained until 2025/26 by drawing on remaining reserve balances within the Central block. And it remains minded, those remaining service allocations were presented as a Part 2 Appendix (not for public view) in the December 2020 paper, given natural sensitivities around those proposals.
- 9.3 The Education board are therefore asked to approve the allocation of the Central Block 2022/23 funds as follows, which distributes the full amount available to these services lines, in accordance with previous years decisions and no new commitments are being entered into.

	2023/24 Indicative Amount
From Central Services Block	
Combined Budgets (historic commitments) *	£370,643
CLA/MPA Licences	£142,987
Schools Admissions	£275,617
Servicing of Schools Forum	£18,700
Centrally employed teacher contr.	£95,322
ESG Retained Duties**	£466,556
	£1,369,835

* Combined Budgets (historic commitments) and note this budget allocation will now be further increased by £59,000 for 2023/24 from the DSG Central block reserves. So the commitments can remain sustained at £430,000 for 2023/24.

** ESG Retained Duties - ongoing funding (former Education Service Grant) to support LA Statutory duties - Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

10 DSG Funding

2022/23 Budget to Forecast Outturn – forecast net £250,000 claw back adjustment due to the Early Years funding adjustments.

- 10.1 As first shared and explained in the October 2022 DSG Paper, the DfE have awarded an additional circa (£61,000) to DSG funds to early year balances in 2022/23 but of which relate to their final funding adjustment for 2021/22 and is also a small adjustment in consideration to early years funding being circa £10M per annum. The DSG funding adjustment for early years, also now in addition, currently forecasts as explained in section 7 an anticipated claw back of £311,000 that will be processed in 2023/24, but of which relates to DSG funding in 2022/23. Whilst these funding issues are technical accounting matters, it is with reassurance they have no detrimental impact on overall Early Years reserves balance, but none the less important they are displayed, as it also further recognises the overall management and planning of DSG funds and balances.

2023/24 Budget Planning

- 10.2 The current indicative Total DSG funding allocation for 2023/24 is shown as £186.254M. However, we continue to note that the total school block funding allocation will also be updated once the October 2022 census has been processed by the DfE, with the results released late in December 2022, and therefore will be displayed in the next January 2023 DSG EB paper. Alongside any further considerations as to how the DfE will be administering further funding considering the government announcements on the 17th November 2022.

11 Latest forecast DSG reserve balances

- 11.1 The table below updates the current expected DSG reserve balance by year end, reflecting any updated forecasts for 2022/23 presented within this paper. It also remains minded, the reserve balance table 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 for both the reserve balances of Early Years and High Needs:
- 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.
- 11.2 Whilst it of course remains encouraging that locally we have now successfully achieved balance and financial health within our DSG balances and this in turn has a wider and positive effect on all local education settings. It is advised, that given our High Needs cost base continues to increase, we re-assess the previously agreed recommended minimum level of reserves for High Need balances. Minimum Reserves balances are not held to support short term planning, they are held to support ongoing long-term planning and sustainability of future service provision and avoiding the need to make required reductions in service provision if funding pressures do materialize. It is therefore recommended, for long term planning that a small increase to the minimum recommended reserve balance is applied within high needs from the current 8% of expected latest annual funding and raised to 10% of annual funding which is in view of both the highly demand led nature of high needs funding and potential that some EHCP plans can involve significant costs.
- 11.3 It also has to remain minded, as previously presented and demonstrated in Appendix 2, that thankfully and gratefully, Southend's High Needs block under recent DfE national funding formulae has seen significant gains in funding (as will have many other local authorities). For example, after the years of the local DSG High Needs deficits of 2016/17 and 2017/18, the annual funding budget in 2019/20 was £19.536M and in 2022/23 (4 years later) the funding budget is now £28.831M which is also the equivalent of a recurring 50% growth in funding over that 4-year period. Whilst, of course the growth in DfE High Needs funding has been much needed and welcomed, enabling Southend to apply substantial increases in spend provision through increasing required place based provision, increasing all EHCP top up rates year on year, bringing on line new and expanded high service provision, whilst also supporting increased number of EHCP plans all as demonstrated by the spend growth in Appendix 2, the agreed funding strategy has also rightly remained to ensure long term/ongoing sustainable funding for new and further additional Alternative Provision places and new and wider SEND Inclusion services. Therefore, as those key and

strategic initiatives continue to progress through the respective working groups and local authority lead officers, it has meant, and as previously recognised and shared in the annual DSG June High Needs paper, that the High Needs one off reserve balances will increase until those key and new high need service provisions come on line.

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 2022 B'fwd	11	121	12	1,287	6,496	473	8,401
Agreed (Issue) to* 2022/23 budget	0	0	0	(167)	0	33	(134)
Early years funding adjustments	0	0	0	(250)	0	0	(250)
2022/23 current forecast variance	0	(89)	(4)	311	3,168	0	3,386
31 March 2023	11	32	8	1,182	9,664	506	11,403
Agreed Issue to* future yr budgets				(167)	(0)		(167)
Recommended* Minimum Reserve balance	0	32	8	500	3,073	506	4,119
One off Funding Available for DSG Conditional Use				515	6,591		7,106

Agreed (issue to budget for future years 22/23 and 23/24) - EY draw down agreed at the January 2022 Education Board

*Recommended Minimum Reserve balances, now currently set at 5% for Early Years and 10% for High needs of current total in year funding available for both of those blocks. Both these recommended minimum reserves %'s are subject to review and agreement should we see any funding pressures materialize in future years. All other block reserves balances are ring fenced to support those reserve block positions, particularly with note to the Central Block reserve that will be fully utilized to support the unwinding of DfE DSG commitments to Central Block Historic commitment services.

12 Conclusion

- 12.1 It is of course welcome that since the last DSG October 2022 paper the government have now indicated at a national level, additional funding will be awarded to core school budgets for 2023/24 and 2024/25, but it remains unfortunate at this time the detail of those allocations is not known.
- 12.2 Whilst it again, must be highlighted with praise for the collaborative working approach of the Local Authority with the Education Board and respective sub groups representing all sectors including high needs and early years. That the DSG funding itself, continues to be maintained and sustained on an affordable basis, which in turn also provides due consideration and further funding that can be directed to help and assist further funding pressures for all educational providers and settings as re-confirmed and shared in this paper.

13 Appendices

Appendix 1 - DSG Budget 2022/23 and Forecast Outturn 2022/23 and
Indicative budget allocation for 2023/24

Appendix 2 - Southend Long term DSG High Need Funding and Spend Chart

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Capital Investment Strategy

2023/24 – 2027/28

January 2023



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Annexes:

Annex 1 – Capital Investment Policy

SOUTHEND-ON-SEA CITY 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, proportionality 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 Corporate Plan (2022 to 2026), Local Transport Plan 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 impact of other cash flows, the strategy regarding the levels of general and earmarked reserves and the Council's financial resilience.

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 review will be undertaken to re-assess and re-prioritise the capital investment programme. The following will be considered when reviewing projects:

- For schemes financed by borrowing: whether the scheme generates an income stream which at least covers the borrowing costs and any running/maintenance costs, or whether future capital receipts are expected to enable the borrowing to be repaid.
- Whether there are the staff resources available to deliver the project or any supply chain issues.
- Whether the main contract has been awarded.
- Whether the project spend is committed.
- Whether deleting or postponing the project would give rise to a significant health and safety or maintenance issue.
- Any feasibility study costs that would be transferred to revenue if the scheme does not go ahead.
- Whether the project is still relevant in the context of the current economic climate.
- For schemes financed by grants and third-party contributions: the grant conditions and any match funding.

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 and its corporate priorities:

- Sustainable homes which meet local needs;
- Support economic regeneration and business development;
- Supporting growth in key sectors;
- City centre vitality;
- Leisure and cultural projects;
- Streets and public spaces;
- Transport and accessibility;
- Climate change 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, Regeneration and Housing.
- Environment, Culture and Tourism.
- Highways, Transport and Parking.
- Public Protection.
- Asset Management and Inward Investment.
- Adult Social Care and Health Integration.
- Children & Learning and Inclusion.
- Corporate Matters 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.

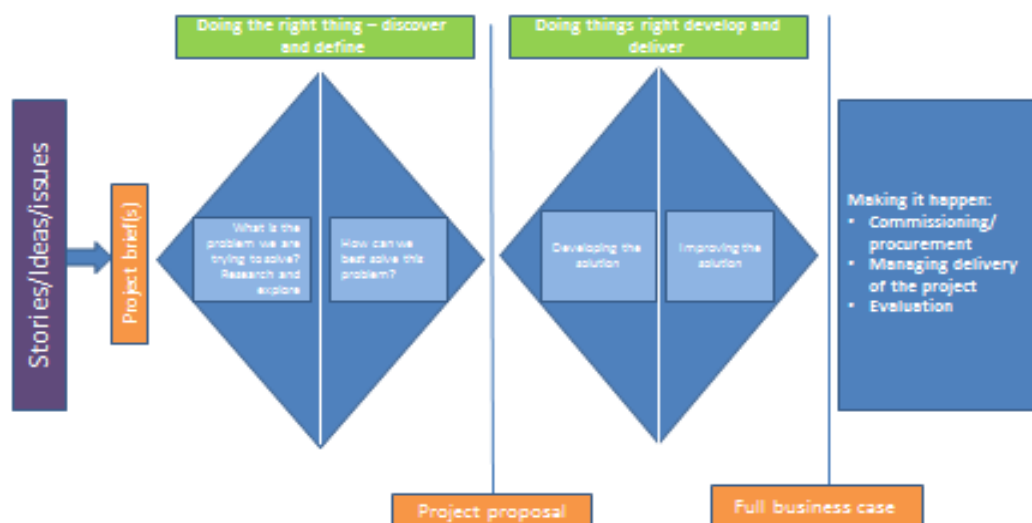
- Service areas prepare plans for the delivery and improvement of their services which align with or enable priorities in the Corporate Plan;
- The Corporate Asset Management Strategy and the Education and Schools Asset Management Plans highlight deficiencies in the condition, suitability and sufficiency 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 an agile approach to project management is promoted. As such we are happy that we apply different methodologies to make our projects work. Whatever approach is taken all projects should follow a standard project development and approval process which embeds the principles of the Commissioning Framework.

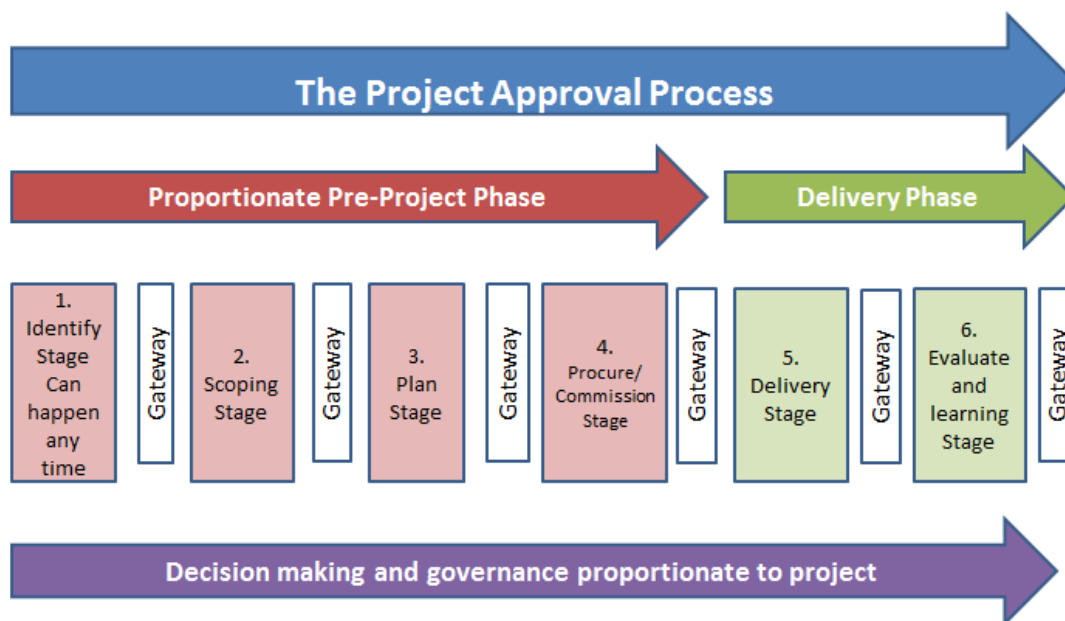
Our design and approval process is based on the Double Diamond design model developed by the British Design Council. The process is divided into four phases: Discover, Define, Develop and Deliver. The main feature of the Double Diamond is the emphasis on “divergent” and “convergent thinking”, where first 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 and the Corporate Plan.
- 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, the Corporate Plan 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 Corporate Plan 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 Corporate Plan priorities 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 Programme Delivery Board

The Board will oversee and guide the delivery of the capital investment programme to ensure it is being managed in line with corporate requirements (in terms of time, cost, quality, scope, risks/issues and benefits/outcomes), in compliance with corporate policies and procedures and within the terms of any relevant grant funding agreements. The Board will seek to:

- Agree a pipeline of investment propositions and co-ordinate the preparation of business cases and appropriate bid documents for consideration by Investment Board.
- Manage resources (operational) to deliver the capital investment programme in an efficient and effective manner.
- Manage key programme risks and scope changes.
- Ensure that the conditions exist for the desired benefits and outcomes to be realised.
- Promote a successful approach to capital project development and management across the Council.

The Board will meet on a monthly basis but will also meet on an ad hoc or extraordinary basis to respond to significant change requests or to resolve issues and risks that have

been escalated. Board members will receive monthly highlight reports to ensure they are aware of the status of projects throughout the lifecycle of the programme.

10.3 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 or Corporate Plan priorities 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.

10.4 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.

January 2023

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SOUTHEND-ON-SEA CITY 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, the Corporate Plan and strategic delivery plans, desired outcomes and 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 Corporate Plan, 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: 2023/24 to 2027/28**

1. Summary

Corporate Plan Theme	Proposed additional investment (£000)	Proposed additional investment subject to viable business cases (£000)
A city with a good quality of life	1,000	1,000
A city rising to the climate change challenge	-	1,500
A city delivering genuinely affordable housing	12,475	
Change programmes	2,640	3,050
Total	16,115	5,550
<i>General Fund:</i>	3,640	5,550
<i>Housing Revenue Account (HRA)</i>	12,475	-



Proposed additional investment – main programme	<u>2023/24 (£'000)</u>	<u>2024/25 (£'000)</u>	<u>2025/26 (£'000)</u>	<u>2026/27 (£'000)</u>	<u>2027/28 (£'000)</u>	<u>5 Year Total (£'000)</u>
Proposed investment each year	2,940	700	6,329	6,146	-	16,115
Financed by:						
Borrowing	1,000	-	-	-	-	1,000
GF Capital Receipts	1,940	700	-	-	-	2,640
HRA Reserves	-	-	6,329	6,146	-	12,475

Proposed additional investment subject to viable business cases – Rolling programmes	<u>2023/24 (£'000)</u>	<u>2024/25 (£'000)</u>	<u>2025/26 (£'000)</u>	<u>2026/27 (£'000)</u>	<u>2027/28 (£'000)</u>	<u>5 Year Total (£'000)</u>
Proposed investment each year	750	1,740	1,560	-	-	4,050
Proposed investment not assigned to a year*						1,500
Financed by:						
External Funding	750	250	-	-	-	1,000
GF Capital Receipts		1,490	1,560	-	-	3,050


* Financed by borrowing unless grant funding can be secured

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2023/24 to 2027/28**

2. Proposed Additional Investment into the main Capital Investment Programme

Theme		Total (£)	Proposed Initiatives
A city with a good quality of life.	C1	500,000	Sea Wall Access Refurbishment (23/24 - £500,000) This investment is to replace four sea wall access steps in Thorpe Bay and Shoebury Common with heavy duty, non-corrosive glass reinforced polymer steps. These steps will have a greater level of durability, have a longer design life and require minimal maintenance. This investment is also to significantly refurbish four of the concrete steps and ramps at Chalkwell Esplanade. This investment is being moved up from the 'subject to viable business case' section and will also utilise £50,000 of the budget of £75,000 already in the approved capital investment programme for 22/23. In addition to this the project will also include revenue expenditure of £200,000 which is already in the sea defences revenue maintenance budget.
		<i>Funded by:</i> Corporate borrowing <i>Roadmap:</i> 	
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.			
A city with a good quality of life.	C2	500,000	East Beach Sea Wall Refurbishment (23/24 - £500,000) This investment is for the replacement of failing gabion baskets with new ones with an additional facing layer at the front, which that can be replaced easily in the future without needing to replace the rest of the structure. This investment is being moved up from the 'subject to viable business case' section.
		<i>Funded by:</i> Corporate borrowing <i>Roadmap:</i> 	
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.			

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2023/24 to 2027/28**

Theme		Total (£)	Proposed Initiatives
Change programme.	C3	1,700,000 <i>Funded by: Capital Receipts</i> <i>Roadmap:</i> 	My Southend Replacement (23/24 - £1,000,000, 24/25 - £700,000) This investment is to replace the existing digital solution for residents to transact online, working with services to transform their processes and enable them with technology. The investment will deliver a range of initiatives to enable productivity gains, streamlining of processes and improving end to end customer experience.
			Our connectivity, data and principles approach to digital enable us to facilitate better decision making, automated services and digital experiences for those across the city.
Change programme.	C4	940,000 <i>Funded by: Capital Receipts</i>	Technology Modernisation Programme (23/24 - £940,000) This is the 23/24 programme of works for the ICT – Smart Council project. This capital investment is to continue to provide the ICT core services to the Council (software and hardware). This project also includes 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. 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 Technology Modernisation Programme is fundamental to enabling the transformational blueprint. It has a total estimated cost of £14,873,000 over the years from 21/22 to 25/26. The forecast costs over the remaining years from 23/24 to 25/26 of £10,400,000 is estimated to be £3,990,000 of capital investment and £6,410,000 of revenue investment. Inclusion of the rest of the Smart Council project in the main programme is subject to approval of appropriate viable business cases.
			Southend is a leading smart city, using technology in smart ways to enable improved resident services, and ensure digital inclusion.
	Total	3,640,000	General Fund


**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2023/24 to 2027/28**

Theme		Total (£)	Proposed Initiatives
A city delivering genuinely affordable housing.	C5	12,475,000 <i>Funded by: Reserves</i> <i>Delivered by South Essex Homes</i>	HRA Future Investment Programme (25/26 - £6,329,000, 26/27 - £6,146,000) The investment relates to <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. • Balmoral Estate improvement and structural works.
<div>Everyone has a good quality, sustainable home that meets their needs.</div>			These works are wholly funded through the HRA, from the Major Repairs Reserve. This investment is being moved up from the 'subject to viable business case' section and is in addition to the budget of £23,184,000 already in the approved capital investment programme for 22/23 to 24/25.
	Total	12,475,000	Housing Revenue Account
		16,115,000	TOTAL ADDITIONAL CAPITAL INVESTMENT PROPOSALS – MAIN CAPITAL INVESTMENT PROGRAMME

**ADDITIONAL CAPITAL INVESTMENT PROPOSALS, INCLUDING THOSE
SUBJECT TO VIABLE BUSINESS CASES: 2023/24 to 2027/28**

3. Proposed Additional Investment Subject to Viable Business Cases

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
<p>A city rising to the climate change challenge.</p> <div> <p>We act as a sustainable and green city embracing the challenges of the Climate Emergency Declaration made in 2019.</p> </div>	C6	<p>1,500,000</p> <p><i>Funded by: Corporate borrowing, unless grant funding can be secured</i></p>	<p>Climate Change Provision (£1,500,000)</p> <p>This capital budget provision is to deliver suitable projects aimed at reducing the impact of climate change and support the Council's aspirations to achieve net-zero emissions by 2030 in line with the Climate Emergency Declaration.</p> <p>Inclusion in the main programme for individual projects is subject to approval of a viable business case.</p>
<p>A city with a good quality of life.</p>	C7	<p>1,000,000</p> <p><i>Funded by: Third party contributions</i></p>	<p>Playground Refurbishment (23/24 - £750,000, 24/25 - £250,000)</p> <p>This investment is to deliver refurbishment works to the city's playground infrastructure. This is needed to support the development of the area to enable more access to safe open spaces for children.</p> <p>This investment is to be funded from Community Infrastructure Levy (CIL) monies.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
<p>A city with a good quality of life.</p>	C8	<p><i>Funded by: Third party contributions/ borrowing</i></p> <p>Roadmap:</p> 	<p>Cycle Paths</p> <p>This investment is to deliver refurbishment works to the city's cycle path infrastructure. This is needed to support the development of the area to provide more people with the opportunity to live an active lifestyle and support the Council's aspirations to achieve net-zero emissions by 2030.</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: 2023/24 to 2027/28**

Theme		Total (£)	Proposed Initiatives
<p>A city rising to the climate change challenge.</p> <div> <p>We act as a sustainable and green city embracing the challenges of the Climate Emergency Declaration made in 2019.</p> </div>	C9	<p><i>Funded by: Third party contributions/ borrowing</i></p>	<p>Greening of the High Street</p> <p>This investment is to deliver a range of options around aspirations for the greening of the High Street. These initiatives will help to absorb CO2, filter urban pollution and fine particulates, cool the air, and increase biodiversity by providing habitat, food and protection for plants and animals.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
<p>Change programme.</p> <div> <p>Southend is a leading smart city, using technology in smart ways to enable improved resident services, and ensure digital inclusion.</p> </div>	C10	<p>3,050,000</p> <p><i>Funded by: Capital Receipts</i></p>	<p>Technology Modernisation Programme (24/25 - £1,490,000, 25/26 - £1,560,000)</p> <p>This is the last two years of the programme of works for the ICT – Smart Council project. See C4.</p> <p>The Technology Modernisation Programme has a total estimated cost of £14,873,000 over the years from 21/22 to 25/26. The forecast costs over the remaining years from 23/24 to 25/26 of £10,400,000 is estimated to be £3,990,000 of capital investment and £6,410,000 of revenue investment.</p> <p>Inclusion in the main programme is subject to approval of a viable business case.</p>
	Total	5,550,000	General Fund
		5,550,000	TOTAL CAPITAL INVESTMENT PROPOSALS – SUBJECT TO VIABLE BUSINESS CASES

SUMMARY OF CHANGES TO THE CAPITAL INVESTMENT PROGRAMME

Appendix 12

Summary - programme to be delivered by the Council:

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Approved Capital Investment Programme - November 2022 Cabinet	56,999	61,593	31,631	5,818	5,960	0	162,001
Carry Forwards	(9,573)	8,473	991	109	(560)	560	0
Accelerated Deliveries	106	(81)	(25)	0	0	0	0
Additions to the Programme	0	2,940	700	0	0	0	3,640
Schemes Removed from Programme	(691)	(416)	0	0	0	0	(1,107)
Virements	0	0	0	0	0	0	0
New External Funding	192	0	0	0	0	0	192
Transfers to 'Subject to Viable Business Case' section of the programme	(433)	(1,659)	0	0	0	0	(2,092)
Proposed Investment Programme - following amendments	46,600	70,850	33,297	5,927	5,400	560	162,634
Total budget for 2023/24 to 2027/28:							116,034

Summary - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures:

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Approved Capital Investment Programme - November 2022 Cabinet	18,749	23,162	9,598	3,250	1,000	0	55,759
Carry Forwards	(3,582)	1,407	0	0	2,175	0	0
Accelerated Deliveries	0	74	(74)	0	0	0	0
Additions to the Programme	0	0	0	6,329	6,146	0	12,475
Proposed Investment Programme - following amendments	15,167	24,643	9,524	9,579	9,321	0	68,234
Total budget for 2022/23 to 2027/28:							53,067

Carry Forwards to Future Years - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Groyne Field Refurbishment Programme	(148)	148					0
High Needs Provision	(675)	675					0
Vehicle Restraint Replacement	(23)	23					0
Zebra Crossing Surfacing Replacement	(96)	96					0
Crematorium Refurbishment	(2,000)	2,000					0
Local Transport Plan Maintenance	(270)	270					0
Playground Gates	(69)	69					0
Cliff Parade Cliff Slip	(200)	200					0
Street Lighting Renewal	(75)	75					0
Southend Transport Model	(15)	15					0
Challenge Fund - Bridge Strengthening	(347)	347					0
DfT Active Travel - Tranche 2	(711)	711					0
LTP - Maintenance - Street Lighting	(131)	131					0
Local Growth Fund - A127 Growth Corridor	(200)	200					0
Victoria Centre	(725)	475	250				0
Better Queensway - Programme Management	(600)	600					0
Housing and Development Pipeline Feasibility - GF	(75)	75					0
Next Steps Accommodation Programme	(23)	23					0
Council Affordable Housing Development (Phase3) - Shoebury	(369)		369				0
Council Affordable Housing Development (Phase4) - St Laurence	(297)		297				0
Council Affordable Housing Development (MMC) - West Shoebury	(300)	300					0
Central Museum Works	(33)	33					0
Cliffs Pavilion - Levelling up Funding	(678)	678					0
Library Review	(50)	50					0
HRA Disabled Adaptations	(109)			109			0
Aviation Way Car Park		(75)	75				0
Seaways - Homes England Condition Funding	(170)	170					0
East Beach Café	(465)	465					0
LTP (IT block) - Better Sustainable Transport	(250)	250					0
LTP (Integrated Transport block) - Better Operation of Traffic Control Systems	(240)	240					0
LTP (Integrated Transport block) - Better Networks	(200)	200					0
Security Measures	(29)	29					0
Disabled Facilities Grant					(560)	560	0
Total Carry Forwards - programme to be delivered by the Council	(9,573)	8,473	991	109	(560)	560	0

Carry Forwards to Future Years - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Balmoral Estate Improvement and Structural Works	(632)	632					0
Better Queensway - Loan to LLP	(550)	(1,625)			2,175		0
Housing Infrastructure Funding	(2,400)	2,400					0
Total Carry Forwards - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures	(3,582)	1,407	0	0	2,175	0	0

Accelerated Deliveries - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Special Provision Capital Fund	106	(106)					0
Cliffs Pavilion - Levelling up Funding		25	(25)				0

Total Accelerated Deliveries - programme to be delivered by the Council

106	(81)	(25)	0	0	0	0
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Accelerated Deliveries - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Balmoral Estate Improvement and Structural Works		74	(74)				0

Total Accelerated Deliveries - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

0	74	(74)	0	0	0	0
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Additions to the Programme - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Sea Wall Access Refurbishment		500					500
East Beach Sea Wall Refurbishment		500					500
My Southend Replacement		1,000	700				1,700
Technology Modernisation Programme: Software Licencing		627					627
ICT - Stabilise the Estate		12					12
ICT - Core Application and Database Migration		81					81
ICT - Technology Device Refresh		220					220

Total Additions to the Programme - programme to be delivered by the Council

0	2,940	700	0	0	0	3,640
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Additions to the Programme - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
HRA Future Investment Programme:							0
Bathroom Refurbishment				264	183		447
Central Heating				296	210		506
Common Areas Improvement				2,106	2,700		4,806
Environmental - H&S works				2,160	2,484		4,644
Kitchen Refurbishments				114	114		228
Rewiring				208	275		483
Roofs				242	86		328
Windows and Doors				723	94		817
Remodelling of Tied Accommodation				216			216

Total Additions to the Programme - programme to be delivered by Subsidiary Companies, Partners and Joint Ventures

0	0	0	6,329	6,146	0	12,475
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Deletions from the Programme - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Cart and Wagon shed	(94)						(94)
Acquisition of lower block leaseholds - Queensway	(521)						(521)
Energy Improvements in Culture Property Assets	(5)						(5)
Kiosks in Libraries	(5)						(5)
62 Avenue Road		(38)					(38)
Aviation Way Car Park		(51)					(51)
Priority Works		(300)					(300)
SMAC Eastern Esplanade Slipway		(27)					(27)
East Beach Café	(66)						(66)

Total Deletions from the Programme - programme to be delivered by the Council

(691)	(416)	0	0	0	0	(1,107)
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Virements between schemes - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Car Park Infrastructure Improvements	(52)						(52)
East Beach Car Park	52						52
Virements already actioned							
Priority Works	(24)						(24)
Irrigation tanks	24						24
Priority Works	(8)						(8)
Porters house heating issues	8						8
Total Virements between schemes - programme to be delivered by the Council	0	0	0	0	0	0	0

Virements between schemes - programme to be delivered by subsidiary companies and joint ventures

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 and future years Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Common Areas Improvement	(687)						(687)
Balmoral Estate Improvement and Structural Works	687	249	138				1,074
Bathroom Refurbishment		97	105				202
Central Heating		101	153				254
Common Areas Improvement		(475)	(64)				(539)
Environmental - H&S works		149	1,836				1,985
Kitchen Refurbishments		(458)	(788)				(1,246)
Rewiring		1,010	39				1,049
Roofs		110	(867)				(757)
Windows and Doors		(999)	(854)				(1,853)
Remodelling of Tied Accommodation		216	302				518
Total Virements between schemes - programme to be delivered by subsidiary companies and joint ventures	0	0	0	0	0	0	0

New External Funding - programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Devolved Formula Capital	192						192
Total New External Funding - programme to be delivered by the Council	192	0	0	0	0	0	192

Transfers to 'Subject to Viable Business Case' section from main programme to be delivered by the Council

Scheme	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 and future years Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Improved Car Park Signage and Guidance Systems	(44)						(44)
Traffic Signs Upgrade	(389)						(389)
Local Growth Fund - A127 Growth Corridor		(529)					(529)
Southend Pier - Pier Head development Phase 1		(1,130)					(1,130)
Total Transfers to 'Subject to Viable Business Case' Section - programme to be delivered by the Council	(433)	(1,659)	0	0	0	0	(2,092)

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Proposed Capital Investment Programme 2022/23 to 2027/28 and future years - Summary by Area of Investment

Appendix 13

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
General Fund Housing	825	1,135	1,065	800	800	560	5,185
Social Care	-	263	-	-	-	-	263
Schools	1,451	4,053	3,474	-	-	-	8,978
Enterprise and Regeneration	9,201	2,195	10,250	-	-	-	21,646
Southend Pier	1,783	5,053	3,550	-	-	-	10,386
Culture and Tourism	428	152	-	-	-	-	580
Community Safety	755	29	-	-	-	-	784
Highways and Infrastructure	19,580	13,878	7,151	4,000	4,000	-	48,609
Works to Property	2,433	6,796	2,059	600	600	-	12,488
Energy Saving	516	256	-	-	-	-	772
ICT	2,942	3,109	752	39	-	-	6,842
S106/S38/CIL	532	35	166	-	-	-	733
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND	40,446	36,954	28,467	5,439	5,400	560	117,266

Total budget for 2022/23 to 2027/28:

76,820

Scheme to be delivered by the Council and Funded by the Levelling Up Fund	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Enterprise and Regeneration - Funded by the Levelling Up Fund	1,240	22,405	-	-	-	-	23,645
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND - FUNDED BY LEVELLING UP FUND	1,240	22,405	0	0	0	0	23,645

Total budget for 2022/23 to 2027/28:

22,405

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Council Housing New Build Programme	632	7,875	3,104	379	-	-	11,990
Council Housing Acquisitions Programme	3,512	2,846	950	-	-	-	7,308
Council Housing Refurbishment	770	770	776	109	-	-	2,425
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - HRA	4,914	11,491	4,830	488	0	0	21,723

Total budget for 2022/23 to 2027/28:

16,809

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY THE COUNCIL	46,600	70,850	33,297	5,927	5,400	560	162,634

Total budget for 2022/23 to 2027/28:

116,034

Scheme to be delivered by the Subsidiary Companies, Partners or Joint Ventures	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Council Housing Refurbishment	9,317	7,593	6,274	6,329	6,146	-	35,659
Enterprise and Regeneration	5,850	17,050	3,250	3,250	3,175	-	32,575
PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES, PARTNERS OR JOINT VENTURES	15,167	24,643	9,524	9,579	9,321	0	68,234
Total budget for 2022/23 to 2027/28:							53,067

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years - Summary by Strategic and Other Schemes

Appendix 13

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Strategic schemes							
Airport Business Park (including Local Growth Fund)	7,265	-	-	-	-	-	7,265
Better Queensway - Programme Management	681	600	-	-	-	-	1,281
Seaway Leisure	-	-	10,000	-	-	-	10,000
Victoria Centre	1,255	1,350	250	-	-	-	2,855
Schools - High Needs Provision	-	3,661	3,212	-	-	-	6,873
Southend Pier schemes	1,783	5,053	3,550	-	-	-	10,386
ICT schemes	2,942	3,109	752	39	-	-	6,842
Footways and Carriageways Schemes	11,430	4,869	4,773	4,000	4,000	-	29,072
Parking Schemes	1,467	100	-	-	-	-	1,567
Highways and Infrastructure - Local Growth Fund and Local Transport Plan Schemes	3,944	3,669	2,378	-	-	-	9,991
Total Strategic - General Fund	30,767	22,411	24,915	4,039	4,000	-	86,132
Leigh Port Detailed Design	720	14,182	-	-	-	-	14,902
Cliffs Pavillion	500	7,478	-	-	-	-	7,978
City Beach	20	745	-	-	-	-	765
Total Strategic - General Fund - funded by the Levelling Up Fund	1,240	22,405	-	-	-	-	23,645
HRA Affordable Housing Acquisitions Programme	3,009	2,000	-	-	-	-	5,009
Council Housing New Build Programme	632	7,875	3,104	379	-	-	11,990
Acquisition of tower block leaseholds - Queensway	417	673	900	-	-	-	1,990
Total Strategic - HRA	4,058	10,548	4,004	379	-	-	18,989
Total Strategic - GF and HRA	36,065	55,364	28,919	4,418	4,000	-	128,766
Other Schemes	10,535	15,486	4,378	1,509	1,400	560	33,868
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY THE COUNCIL	46,600	70,850	33,297	5,927	5,400	560	162,634

Total budget for 2022/23 to 2027/28:

116,034

Scheme to be delivered by the Subsidiary Companies, Partners or Joint Ventures	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Council Housing Refurbishment	9,317	7,593	6,274	6,329	6,146	-	35,659
Better Queensway - Loan to Joint Venture	450	1,550	3,250	3,250	3,175	-	11,675
Housing Infrastructure Funding	-	14,500	-	-	-	-	14,500
Better Queensway - SELEP	4,200	-	-	-	-	-	4,200
Total Strategic - Delivered by Subsidiary Companies or Joint Ventures	13,967	23,643	9,524	9,579	9,321	-	66,034
Other Schemes	1,200	1,000	-	-	-	-	2,200
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES, PARTNERS OR JOINT VENTURES	15,167	24,643	9,524	9,579	9,321	-	68,234

Total budget for 2022/23 to 2027/28:

53,067

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
General Fund Housing							
Disabled Facilities Grant	800	800	800	800	800	560	4,560
Private Sector Housing Strategy - Empty Homes	-	260	265				525
Housing and Development Pipeline Feasibility - GF	25	75					100
Total General Fund Housing	825	1,135	1,065	800	800	560	5,185
Social Care							
Community Capacity	-	29					29
AHDC Short Breaks for Disabled Children	-	64					64
Mental Health Funding Stream	-	31					31
Transforming Care Housing	-	139					139
Total Social Care	-	263	-	-	-	-	263
Schools							
Chalkwell Junior - Lightning Protection	10						10
Earls Hall Primary heating	20						20
Eastwood kitchen works	6						6
Eastwood Primary boiler	140						140
Fairways Primary curtain walling/roofing/radiators	-	100					100
Future condition projects	340						340
Leigh Primary - Window Replacement (including radiators)	2	98					100
Devolved Formula Capital	284						284
High Needs Provision	-	3,661	3,212				6,873
Prince Avenue Extended Nursery Provision	6						6
School Improvement and Provision of School Places	68						68
Special Provision Capital Fund	575	194	262				1,031
Total Schools	1,451	4,053	3,474	-	-	-	8,978
Enterprise and Regeneration							
Airport Business Park (including Local Growth Fund)	7,265						7,265
Better Queensway - Programme Management	681	600					1,281
Infrastructure Feasibility Studies	-	245					245
Seaway Leisure			10,000				10,000
Victoria Centre	1,255	1,350	250				2,855
Total Enterprise and Regeneration	9,201	2,195	10,250	-	-	-	21,646

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years

Appendix 13

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Southend Pier							
Southend Pier - Condition Works Engineers	1,254	1,250	1,250				3,754
Southend Pier - Pier Head development Phase 1	29	-					29
Southend Pier - Prince George Extension (Phase Two)	250	1,907					2,157
Southend Pier - Timber Outer Pier Head	250	1,896	2,300				4,446
Total Southend Pier	1,783	5,053	3,550	-	-	-	10,386
Culture and Tourism							
Allotments Water Supply Upgrade	46						46
Chalkwell Park and Priory Park Tennis Courts	14						14
Playground Gates	25	69					94
Shoebury Common Regeneration	33						33
Sidmouth Park - Replacement of Play Equipment	2						2
Southend Tree Policy Review - additional trees	29						29
Branch Library Refurbishments	3	50					53
Central Museum Works	59	33					92
Cart and Wagon Shed	50						50
Irrigation tanks	24						24
"Make Southend Sparkle" Initiative	13						13
Milton Gardens LUF project	67						67
Southend Dive Pool Flooring - Emergency Works	63						63
Total Culture and Tourism	428	152	-	-	-	-	580
Community Safety							
CCTV Equipment Renewal	498						498
Security Measures	257	29					286
Total Community Safety	755	29	-	-	-	-	784
Highways and Infrastructure							
<u>Cliff Stabilisation schemes:</u>							
- Cliff Parade Cliff Slip	145	200					345
<u>Flood Prevention and Resilience schemes:</u>							
- Shoebury Common Coastal Defence Scheme	13						13
- Coastal Defence Refurbishment Programme	75						75
- Groyne Field Refurbishment Programme	197	148					345
- Sea Wall Access Refurbishment		500					500
- East Beach Sea Wall Refurbishment		500					500
- Improving Resilience to flooding – Eastwood Brook Hydraulic Catchment	67						67
- EA Innovation Resilience Programme	496						496
<u>Footways and Carriageways schemes:</u>							
- Footways Improvements	6,434	2,500	2,500	2,500	2,500		16,434
- Carriageways Improvements	3,472	1,500	1,500	1,500	1,500		9,472
- Highways Maintenance - Potholes	773	773	773				2,319
- Junction Protection	467						467
- Zebra Crossing Surfacing Replacement	134	96					230
- Improve Footway Condition Around Highway Trees	150						150
<u>Highways Infrastructure schemes:</u>							
- Street Lighting Infills	50	75					125
- DFT - Belton Way East Cliff Slip	900	2,251					3,151

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years

Appendix 13

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
- Bridge Strengthening - Challenge Fund	600	347					947
- DfT Active Travel - Tranche 2	120	711					831
- Traffic Signs Upgrade	-	100					100
- Vehicle Restraint Replacement	-	23					23
<u>Parking schemes:</u>							
- Car Park Infrastructure Improvements	186	100					286
- Car Park Resurfacing	281						281
- Parking Signage Replacement	99						99
- East Beach Car Park	901						901
<u>Local Transport Plan schemes:</u>							
- LTP (Integrated Transport block) - Bridge Strengthening	250	250	250				750
- LTP (Integrated Transport block) - Better Sustainable Transport	501	720	470				1,691
- LTP (Integrated Transport block) - Better Networks	334	629	429				1,392
- LTP (Integrated Transport block) - Traffic Management Schemes	850	400	400				1,650
- LTP (Integrated Transport block) - Traffic Control Systems	127	353	113				593
- LTP - Maintenance	325	865	595				1,785
- LTP - Maintenance - Street Lighting	50	252	121				423
<u>Local Growth Fund schemes:</u>							
- A127 Growth Corridor (Bell Junction and A127 Essential Maintenance Works)	270	200					470
- Local Growth Fund - Southend Town Centre Interventions	1,237						1,237
<u>Other Transport schemes:</u>							
- HCA Progress Road	11						11
- Southend Transport Model	65	385					450
Total Highways and Infrastructure	19,580	13,878	7,151	4,000	4,000	-	48,609
Works to Property							
62 Avenue Road	2	-					2
Aviation Way Car Park	-	262	75				337
Civic Campus - Efficient Use of Space	52	180					232
Clearance and Fencing - Land off Sutton Road	2						2
East Beach Café	37	1,465					1,502
Futures Demolition	98						98
Seaways - HCA Condition Funding	-	170					170
Crematorium Refurbishment	643	2,000					2,643
Porters house heating issues	8						8
Public Toilet Provision	-	699					699
Fire Improvement Works	828	820	821				2,469
Property Refurbishment Programme	477	600	600				1,677
125 F/F Valkyrie Road void works	18						18
Priority Works	268	600	563	600	600		2,631
Total Works to Property	2,433	6,796	2,059	600	600	-	12,488

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years

Appendix 13

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Energy Saving							
Energy Efficiency Projects	439	200					639
Real Time Air Quality Measurement - Feasibility	-	56					56
Electronic Vehicle Projects	77						77
Total Energy Saving	516	256	-	-	-	-	772
ICT							
Intranet development	8						8
HR Recruitment Contract Implementation	42						42
N3 Connectivity in Civic Building				39			39
ICT - Technology Device Refresh	418	220					638
ICT - Application Transformation	195	-					195
ICT - Digital Enablement	100	40					140
ICT - Security & Resiliency	147						147
ICT - Stabilise the Estate	92	12					104
ICT - Core Application and Database Migration	150	81					231
ICT - Childrens and Adults Social Care - Implementation of ContrOCC modules	76	113	52				241
ICT - Operational requirements	1,011	862					1,873
My Southend Replacement		1,000	700				1,700
Business World Bank Reconciliation Module Improvements	-	4					4
Software Licencing	703	777					1,480
Total ICT	2,942	3,109	752	39	-	-	6,842
S106/S38/CIL							
S106 23/04/2015 Hinguar and Saxon - public art contribution	8						8
S106 Ajax Works 0300130ful - landscaping maintenance	2	1	2				5
S106 Avenue Works 1401968AMDT - Public Art	4						4
S106 Bellway Prittlebrook 1400943FULM - Cycling Infrastructure	9						9
S106 Former Balmoral 1400914FULM - public art contribution	1						1
S106 Former College 1000225FUL - Tree Replacement	11						11
S106 Garrison 0000777 Depost - 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	34						34
S106 Garrison 0000777 Deposit - Toddler Play Area maintenance	6						6
S106 Garrison Park Store	1						1
S106 Lifstan Way 0000273 Out - Open Space Maintenance	10	4	62				76
S106 North Shoebury Road 0301504out - Shoebury Park Enhancement	25						25
S106 North Shoebury Road 0301504out - Shoebury Park Maintenance	36	30	102				168
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 Univ H-Way0401561ful	2						2
S278 Aldi Stores Limited - Priory Crescent - bond	177						177
S278 Star Lane - Great Wakering	40						40

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years

Appendix 13

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
S38/S278 Airport 0901960 Fulm	26						26
S38 Bellway Homes 14/00943/fulm	2						2
S78 Bellway Homes 14/00943/fulm	8						8
S38 Fossetts Farm Bridleway	1						1
CIL Ward NA and S106 - Milton - Whitegate Play Space	22						22
CIL Ward NA – Belfairs – Belfairs Memorial Bench	2						2
CIL Ward NA – Blenheim Park – Blenheim Park ‘Makeover’	1						1
CIL Ward NA – Eastwood Park – Tree planting	1						1
CIL Ward NA – Milton – Milton Park improvements	2						2
CIL Ward NA – Milton – Park Street replacement bollards	1						1
CIL Ward NA – Pritttlewell – Priory Park fountains restoration	17						17
CIL Ward NA – Southchurch – Southchurch Speedwatch	1						1
CIL Ward NA – Westborough – Signposting	1						1
Total S106/S38/CIL	532	35	166	-	-	-	733
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND	40,446	36,954	28,467	5,439	5,400	560	117,266

Total budget for 2022/23 to 2027/28:

76,820

Scheme to be delivered by the Council and Funded by the Levelling Up Fund	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Enterprise and Regeneration - Funded by the Levelling Up Fund							
Leigh Port Detailed Design	720	14,182					14,902
Cliffs Pavillion	500	7,478	-				7,978
Marine Parade - Levelling up Funding	20	745					765
Total Enterprise and Regeneration - Funded by the Levelling Up Fund	1,240	22,405	-	-	-	-	23,645
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND							
FUNDED BY LEVELLING UP FUND	1,240	22,405	0	0	0	0	23,645

Total budget for 2022/23 to 2027/28:

22,405

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
COUNCIL'S PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND	41,686	59,359	28,467	5,439	5,400	560	140,911

Total General Fund budget for 2023/24 to 2027/28:

99,225

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years

Appendix 13

Scheme to be delivered by the Council	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
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Council Housing New Build Programme							
Council Affordable Housing Development (Phase3) - Shoebury	69	4,551	2,586	379			7,585
Council Affordable Housing Development (Phase4) - St Laurence	88	2,269	518				2,875
Council Affordable Housing Development (MMC) - West Shoebury	100	765					865
Housing Construction Scheme - Phase 5/6 feasibility (S106)	29						29
Housing Construction Scheme - Land Assembly Fund (S106)	346	290					636
Total Council Housing New Build Programme	632	7,875	3,104	379	-	-	11,990
Council Housing Acquisitions Programme							
HRA Affordable Housing Acquisitions Programme	3,009	2,000					5,009
Next Steps Accommodation Programme	27	73	50				150
Housing and Development Pipeline Feasibility - HRA	59	100					159
Acquisition of tower block leaseholds - Queensway	417	673	900				1,990
Total Council Housing Acquisitions Programme	3,512	2,846	950	-	-	-	7,308
Council Housing Refurbishment							
HRA Disabled Adaptations - Major Adaptations	770	770	776	109			2,425
Total Council Housing Refurbishment - HRA	770	770	776	109	-	-	2,425
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME - HRA	4,914	11,491	4,830	488	0	0	21,723

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Total HRA budget for 2023/24 to 2027/28:

16,809

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
COUNCIL'S PROPOSED CAPITAL INVESTMENT PROGRAMME - GENERAL FUND AND HRA	46,600	70,850	33,297	5,927	5,400	560	162,634

Total budget for 2023/24 to 2027/28:

116,034

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years

Appendix 13

Scheme to be delivered by the Subsidiary Companies, Partners or Joint Ventures	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Council Housing Refurbishment - delivered by South Essex Homes Limited							
Bathroom Refurbishment	191	193	210	264	183		1,041
Central Heating	652	210	246	296	210		1,614
Environmental - H&S works	1,283	1,282	2,970	2,160	2,484		10,179
Kitchen Refurbishments	401	158	184	114	114		971
Rewiring	995	1,390	443	208	275		3,311
Roofs	648	1,184	173	242	86		2,333
Windows and Doors	723	65	159	723	94		1,764
Common Areas Improvement	1,365	1,112	1,523	2,106	2,700		8,806
HRA - SCC Buybacks Refurbishment	324						324
Remodelling of Tied Accommodation	81	216	302	216			815
Sprinkler System Installation Pilot	533						533
Tower Blocks Boroughwide Annunciation System	12						12
Sheltered Housing DDA works	345						345
Balmoral Estate Improvement and Structural Works	1,659	1,783	64				3,506
Energy Efficiency Measures	105						105
Total Council Housing Refurbishment	9,317	7,593	6,274	6,329	6,146	-	35,659
Enterprise and Regeneration - delivered by Porters Place Southend-on-Sea LLP							
Better Queensway - Loan to Joint Venture	450	1,550	3,250	3,250	3,175		11,675
Housing Infrastructure Funding	-	14,500					14,500
Better Queensway - SELEP	4,200						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	1,200						1,200
Total Enterprise and Regeneration	5,850	17,050	3,250	3,250	3,175	-	32,575
PROPOSED CAPITAL INVESTMENT PROGRAMME - TO BE DELIVERED BY SUBSIDIARY COMPANIES OR JOINT VENTURES	15,167	24,643	9,524	9,579	9,321	0	68,234

Total budget for 2023/24 to 2027/28:

53,067

Proposed Capital Investment Programme 2022/23 to 2027/28 and future years - Schemes subject to viable business cases

Appendix 13

General Fund Schemes Subject to Viable Business Cases	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years 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		1,500
Schools - Condition Works (externally funded)			500	500	500		1,500
Playground Refurbishment		750	250				1,000
Technology Modernisation Programme			1,490	1,560			3,050
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 Right to Buy - Buybacks Refurbishment		325	325	325	325		1,300
Better Queensway - Additional Affordable Housing							10,000
Better Queensway Housing and Commerical Property acquisitions							19,925
Regeneration Pipeline Schemes							-
Strategic and Regeneration Acquisitions							10,380
Private Sector Housing Strategy							785
Cliffs Stabilisation							-
Shoebury Health Centre							-
City Centre and Seafront Security Works							-
Civic Centre Campus Masterplan							-
Seafront Illuminations							-
Re-imagination of the City Centre							-
Museums and Galleries							-
Improved Car Park Signage and Guidance Systems							44
Traffic Signs Upgrade							389
Local Growth Fund - A127 Growth Corridor							529
Southend Pier - Pier Head development Phase 1							1,130
Climate Change Provision							1,500
Greening of the High Street							-
Cycle Paths							-
TOTAL SCHEMES SUBJECT TO VIABLE BUSINESS CASES (plus investment yet to be costed):							87,032

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SOUTHEND-ON-SEA CITY COUNCIL

MINIUMUM REVENUE PROVISION POLICY 2023/24

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 2023/24 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.
- 3.5 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.

SOUTHEND-ON-SEA CITY COUNCIL PRUDENTIAL INDICATORS 2023/2024

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.
- 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, including the forecast financial position and borrowing and investment plans and any risks associated with these.
- 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 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000	Estimate 2027/28 £000
To be delivered by the Council:					
General Fund	59,359	28,467	5,439	5,400	560
Housing Revenue Account	11,491	4,830	488	0	0
To be delivered by Subsidiary Companies, Partners and Joint Ventures:					
General Fund	17,050	3,250	3,250	3,175	0
Housing Revenue Account	7,593	6,274	6,329	6,146	0
Total	95,493	42,821	15,506	14,721	560

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 2024 £000	Estimate 31st March 2025 £000	Estimate 31st March 2026 £000	Estimate 31st March 2027 £000	Estimate 31st March 2028 £000
General Fund	358,907	370,771	381,757	391,744	400,559
Housing Revenue Account	99,188	99,188	99,188	99,188	99,188
Total	458,095	469,959	480,945	490,932	499,747

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 2023/24 to 2027/28

- 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. 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.

The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements.

Operational boundary	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000	Estimate 2027/28 £000
Borrowing	386,600	386,800	397,000	387,200	387,400
Liabilities outstanding under credit arrangements	3,400	3,200	3,000	2,800	2,600
Total	390,000	390,000	400,000	390,000	390,000

Authorised Limit	Estimate 2023/24 £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000	Estimate 2027/28 £000
Borrowing	396,600	396,800	407,000	397,200	397,400
Liabilities outstanding under credit arrangements	3,400	3,200	3,000	2,800	2,600
Total	400,000	400,000	410,000	400,000	400,000

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:

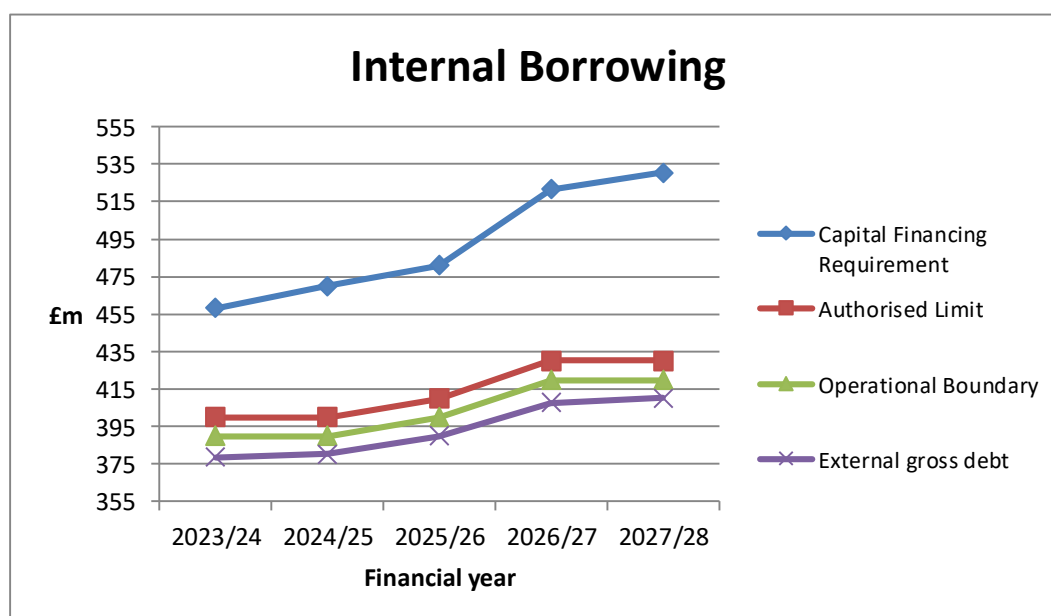
	Estimate 31st March 2024 £000	Estimate 31st March 2025 £000	Estimate 31st March 2026 £000	Estimate 31st March 2027 £000	Estimate 31st March 2028 £000
External gross debt	378,800	380,405	389,966	407,862	410,421

- 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 £480.945m at 31 March 2024, £521.432m at 31 March 2025 and £530.556m at 31 March 2026.

4 Prudential Indicators for Affordability and Proportionality

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 2023/24 %	Estimate 2024/25 %	Estimate 2025/26 %	Estimate 2026/27 %	Estimate 2027/28 %
General Fund	15.59	15.68	16.14	16.47	16.66
Housing Revenue Account	31.97	30.43	29.31	29.33	29.08

4.3 *Estimates of Net Income from Commercial and Services Investments to Net Revenue Stream*

Net income from commercial and service investments comprises net income from financial investments (other than treasury management investments), together with net income from other assets held primarily for financial return, such as investment properties. The costs, which may be netted off, comprise investment management costs and any other direct revenue costs of investment.

This indicator is intended to show the financial exposure of the authority to the loss of income, should that occur.

	Estimate 2023/24 %	Estimate 2024/25 %	Estimate 2025/26 %	Estimate 2026/27 %	Estimate 2027/28 %
Net income to net revenue stream	1.92	1.89	1.91	1.91	1.92

5 Prudential Indicators for Treasury Management

5.1 *Maturity Structure of Borrowing during 2023/24*

- 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 2023/24.

	Upper limit %	Lower limit %	Estimated outstanding debt maturity at 31st March 2024 %
Under 12 months	20	0	2
12 months and within 24 months	30	0	0
24 months and within 5 years	40	0	10
5 years and within 10 years	60	5	22
10 years and within 20 years	60	5	17
20 years and within 30 years	80	0	3
30 years and above	80	20	46

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 Long Term Treasury Management Investments

5.2.1 Some of the Council's investments are managed internally by 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. Some of this could be invested for periods over 365 days.

5.2.2 Some of the Council's investments are managed by external fund managers. These investments do not have a fixed maturity date and are invested for periods over 365 days.

5.2.3 This indicator sets a prudential limit for principal sums invested for periods over 365 days.

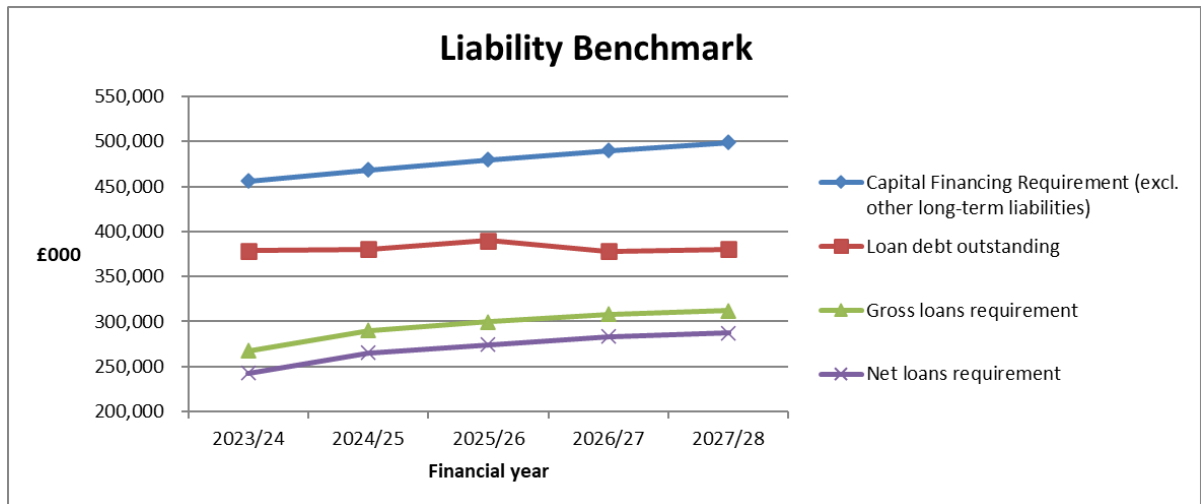
Limit	Estimate 2023/24 £m	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m
Fixed-rate investments with maturities over one year	25	25	25	25	25
Long term investments with no fixed maturity date					
Enhanced cash funds	7.5	7.5	7.5	7.5	7.5
Short-dated bond funds	25	25	25	25	25
Property funds	50	50	50	50	50

5.3 Liability Benchmark

The liability benchmark is not a single measure but consist of four balances:

- Existing loan debt outstanding: the authority's existing loans that are still outstanding in future years.
- Loans Capital Financing Requirement: calculated in accordance with the definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. This excludes any part of the Capital Financing Requirement related to other long-term liabilities rather than borrowing.

- Net loans requirement: the authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future.
- Liability benchmark (or gross loans requirement) equals net loans requirement plus a short-term liquidity allowance. A short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short term to provide access to liquidity if needed.



Any years where the loan debt outstanding is less than the gross loans requirement indicates a future borrowing requirement. Any years where the loan debt outstanding exceeds the gross loans requirement indicates there is excess cash available for investment. As such, local authorities should refer to their current liability benchmark when taking new borrowing decisions.

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Appendix 16: Summary Equality Analysis supporting budget proposals – 2023/24 to 2025/26

Outlined below is a summary of initial equality analysis (EA) which support the budget proposals for 2023/24, and beyond. EAs are assessments that public authorities often carry out prior to implementing policies, with a view to predicting their impact on equality. The Equality Act 2010 does not specifically require an equality analysis to be carried out, although they are a way of facilitating and evidencing compliance with the Public Sector Equality Duty. The Duty requires decision makers to have 'due-regard' to matters of equality at a time when a particular policy is being considered.

Each summary below highlights where a more detailed equality impact analysis (EA) will be undertaken to accompany development, consideration, and implementation, of proposals. Any service restructures that impact on staff is also required to be the subject of an EA. Proposals should be cross referenced for more information, including levels of saving/investment and indicative timescales.

Each summary considers the individual and isolated impact of each budget proposal on the 'protected characteristics' as defined by the Equalities Act, as well as the additional groups identified by Southend-on-Sea City Council. However, the Council should note the wider context and resulting compounding impacts of multiple proposals on specific protected groups. A hypothetical example being, one proposal impacting on a children's play area in isolation has a smaller impact than a combined suite of proposals impacting other services for families and children, thus compounding the impact on this group. Consideration should be given to the holistic context and whether issues then become disproportionate for any protected group or characteristic.

Ref.	Proposals	Equality analysis
COI-01	Employer Pension contribution levels - actuarial review	An EA is not required. Staff contributions and the value of pensions being drawn down will not change. The Council has renegotiated its contribution into the Pension Fund, which does not impact on the service provided to others.
COI-02	Reduction in Corporate Contingency	An EA is not required. This is the release of a corporate budget to help to fund some of the unavoidable cost pressures being experienced by the organisation.

Ref.	Proposals	Equality analysis
EAP-01	Disabled Facilities Grant (DFG)	This proposal will reassess the eligibility of offsetting costs currently charged to the Adult Social Care revenue budget. Rediverting existing spend to another funding source with no impact on service or staff does not require an EA.
EAP-02	Bid Town Centre Grant underspend into base budget	Under committed spend over several years has been identified, therefore there is no impact on service or staff. Therefore, no EA is required.
EAP-03	Integration of Public Health Grant into Planning	The proposal realigns funding to support a public health approach to planning. No EA required.
EAP-04	End lease of office space at The Lighthouse Child Development Centre	With no change in service, the staff team will deliver the service in a hybrid way reducing the need for a permanent office. An EA will be required to consider the impact on staff (such as those with a disability, or carers) who may need additional support and equipment to allow them to work in a hybrid way.
EAP-05	Integration of Public Health Grant into Regulatory Services	The proposal will see a public health approach taken to regulatory services to support the prevention of obesity and improve healthy eating. No EA required.
EAP-06	System for management of sickness absence	A change in the way information is recorded will require staff to be informed and offered training if required. No EA required.
EAP-07	Reduce spend on Agency Social Workers in Children Services	Positive impacts will be generated for various protected characteristics of staff and include the benefits of permanent staff status vs agency (job security, holiday and sick pay). Negative impacts may include less flexibility for carers and parent staff, as well as a reduced income. A full EA would be required to assess the impact.
EAP-08	Civic One Restack	Staff from protected groups may be impacted by this change, particularly those staff that are disabled as they may have equipment/adjustments that need additional consideration. A full EA will be required.

Ref.	Proposals	Equality analysis
EAP-09	Civic One - Reduction in operating hours	A change in servicing the building to consider the impact on staff and residents who use it during those times. This will likely impact on protected groups; therefore, a full EA will be required.
EAP-10	Seafront Lighting Totems - Reduced Operating Hours	This proposed change wouldn't impact disproportionately on any group; therefore no EA is required.
EAP-11	Civic One Data Centres - Closure of Old Server Room	Prioritising this already planned work does not impact on any protected characteristic. No EA is required.
EAP-12	Optimise use of technology and systems for communication and automation of processes within Revenues and Benefits	This change will potentially impact on groups with limited digital literacy, ICT skills and access to equipment. Groups impacted may be older people, the disabled and low income. A full EA is required.
ORE-01	Staffing Reduction – Procurement	The proposal relates to the permanent deletion of a natural wastage in post hours relating to un-progressed work with a neighbouring local authority, therefore no impact to staff or residents and an EA is not required.
ORE-02	Staffing Reduction – Strategic Housing Project Officer	The removal of a vacant post through natural wastage with no change to service delivery. No EA is required.
ORE-03	Staffing Reduction - Corporate Strategy	Many staff in this area are from various protected groups, with a significant number of part time workers who would be disproportionately impacted by this change, therefore a full EA will be required.
ORE-04	Staffing Reduction – Revenues Service	Deletion of vacant post due to natural wastage. No staff in the roles to be impacted, therefore no EA required.
ORE-05	Customer Services/ Revenues and Benefits Structure Review	This change would involve restructures and changes to employment contracts, which are likely held by people from protected groups. Therefore, a full EA is needed.
ORE-06	Staffing Reduction – Asset Management	The proposed change is to make a temporary arrangement (almost 6 months) permanent. As the change has already been implemented there is no further impact on staff or residents. No EA required.

Ref.	Proposals	Equality analysis
ORE-07	Staffing Review – Senior Leadership Group	Depends on the demographic of the people affected by the change but these are likely to encompass some protected groups. EA required.
ORE-08	Staffing Reduction – Education, Inclusion and Early Years' Team	This change would involve restructures and changes to employment contracts, which are likely held by people from protected groups. Therefore, a full EA is needed.
ORE-09	Staffing Reduction – Digital & ICT	This change would involve restructures and changes to employment contracts, which may be held by people from protected groups. Therefore, a full EA is needed.
ORE-10	Review of agency and interim arrangements	A number of protected groups may be impacted by this change. Nationally agency workers are disproportionately made up of non-white workers, younger age groups and those who work part-time hours. Additional consideration should therefore be given to the impact of those who require greater flexibility at work such as carers and parents. A full EA would be needed.
SOC-01	Review of the operation of fountains in the City's public spaces	The fountains are largely enjoyed by young children and families (including those with disabilities), this is free of charge public good, and its reduction could therefore impact on those economically challenged. A full EA to consider the impact is required. Consideration to be given to whether there are compounding impacts also.
SOC-02	Review of operation of City Beach Fountains	Young children including the disabled, low-income families and those with limited financial resource, particularly enjoy this free activity, and so would be disproportionately impacted. The impact will be reduced during out of season periods. An EA would be required. Compounded impact likely.
SOC-03	Review Travel Centre Operation / Closure	People from many protected groups may be impacted by the closure, for example those from older groups, young children, or with disabilities if they must travel further to use new bus shelters or toilet provision. A full EA is required.

Ref.	Proposals	Equality analysis
SOC-04	Review of public toilet offer with focus on securing external operator	The consideration of charging for toilet use within this proposal may negatively impact the disabled, carers, older people, children and families who may have more need to use public toilets, as well as those on low incomes. Therefore, a full EA will be required to assess the impact.
SOC-05	Reduce Corporate Training (L&D) Budget	Some protected groups may be disproportionately impacted by removing non-essential training this may include those that have specific learning styles, are disabled, older people, those with a lower skill set and those with limited income. A full EA will be required.
SOC-06	Printed materials and courier dispatch for Councillors	This change will disproportionately impact on Councillors with limited digital skills, and those who are disabled. A full EA will be needed.
SOC-07	Culture service savings	Staff duties will alter which may impact on some protected groups more than others. A full EA is required.
SOC-08	Library service savings	The change has already been introduced, and the Essex Book Festival support has already stopped, so there is no further impact on staff or residents. No EA is required.
SOC-09	Bowling Greens Review	This change may disproportionately impact on older people, the disabled and carers, who would need to travel further to play. Therefore, a full EA would be required. Also, an EA would likely be needed to encompass all affected staff.
SOC-10	Belfairs Golf Course	This suggested change would likely result in an increase of costs if managed by a private organisation, this would likely disproportionately impact on those with low income, and even the disabled where gentle exercise is recommended. A full EA is needed.
SOC-11	SIMS Management Information System to Schools	Changes to school ICT systems will likely impact on the offer to school aged children and their families/carers, this will include children with disabilities as well as those from BAME backgrounds, therefore a full EA will be required to assess the impact. In addition, consideration will also need to be given to the impact on change to staff.

Ref.	Proposals	Equality analysis
SOC-12	New In-house Foster Care Offer	The improved offer will impact on children and families with protected characteristics, such as disability, ethnicity, and religion. A positive impact will be gained for a more localised offer (so that families can access established networks), and families with complex needs (by enhancing the training and supervision offer). A full EA should further consider the specific situation and needs of the wider groups.
SOC-13	Use of standard litter bins for disposal of dog waste	This proposal encourages dog walkers to either dispose of their pet's waste by the use of existing litter bins or to take it home with them and dispose in their residual waste. No EA is required
SOC-14	Councillor Support Office plans	An EA is not required for the budget consideration as the service mentioned did not yet exist. However, an EA should be considered as a matter of course for designing the offer provided by the Business Support team.
SOC-15	Review programme for cutting grass in non-residential areas	Allowing for a longer time between grassed areas being cut, may reduce visibility, and may impact greater on those with mobility issues and young children. Consideration to be given on how the proposed safety maintenance will mitigate the impact on these group. Therefore, a full EA is needed.
SOC-16	Greater use of perennial bedding areas in parks	Many groups enjoy the annual plants in our parks, despite the minimal change in offer, the enjoyment maybe especially important for those with mental health issues/anxiety, therefore a full EA may be required on the impact of a shorter flower season for perennials. Complete high-level EA in place.
SOC-17	Street Light Dimming	Consideration to be given to the general population who use the non-essential areas between the hours of 11pm and 5am and whether any protected characteristic groups are disproportionately affected. Particular consideration should be given to low-income shift workers, religious night prayers, females, carers and people with mobility issues. full EA would be needed.

Ref.	Proposals	Equality analysis
TPP-01	Essex County Council transferred debt - reduction in repayment	There is no impact on services or staff, or any protected groups. No EA is required.
TPP-02	Use of free minor repair gang for ad-hoc highways maintenance	Better utilisation of existing budgets with no change in service or impact on staff. No EA required.
TPP-03	Recruitment Contract (Hays Commercial)	Renegotiation of contract. No EA required.
TPP-04	Employee Assistance contract for service	Following the current service expiring the offer will be added into the existing staff benefits service. No EA required.
TPP-05	Occupational Health contract for service	Moving the current service to an 'on-demand' basis. If this saving is based on current trends of usage no EA is required.
TPP-06	Reduction of concessionary fares support to match usage	This budget line relates to a charge for actual use and does not result in a change in service. No EA required.
TPP-07	Councillor related behaviour – Legal costs for Complaints/Issues	An EA should consider whether any Councillors of the protected characteristic groups are disproportionately affected by the proposed changes.
IGC-01	Pier charges	This is a generic change where all aspects of the community would experience the impact. However, this is likely to disproportionately impact on those with lower incomes including older people, carers, the disabled and those on benefits. A full EA to consider the impact is required.
IGC-02	Planning Performance Agreement Income	The proposal is to offer additional services for a fee. No EA required.
IGC-03	Cremation and burial costs for non-residents	This increase costs would see fees and charges increase to become comparative across the region. Support for paying these fees is available for those on low incomes, and those in receipt of disability benefit. No EA required.

Ref.	Proposals	Equality analysis
IGC-04	Parking charges (pay & display)	This is a challenging time for everyone but particularly for those on benefits and low incomes. This change would disproportionately impact these groups as well as those with mobility issues and rely on a car and parking. Positive impacts for those with health issues and children by the possible reduction in car use. Therefore, a full EA would be required.
IGC-05	Parking permit charges	This is a challenging time for everyone but particularly for those on benefits and low incomes. This change would disproportionately impact these groups as well as those with mobility issues who rely on a car and parking. Positive impacts for those with health issues and children by the possible reduction in car use. Therefore, a full EA would be required.
IGC-06	Parking charging times and associated enforcement	This is a challenging time for everyone but particularly for those on benefits and low incomes. This change would disproportionately impact these groups as well as those with mobility issues and rely on a car and parking. Positive impacts for those with health issues and children by the possible reduction in car use. Full EA would be required.
IGC-07	Vehicle crossover applications - application fee and implementation costs	This is a challenging time for everyone but particularly for those on benefits and low incomes. This change would disproportionately impact these groups as well as those with mobility issues and rely on a car and parking. Therefore, a full EA would be required.
IGC-08	Remove free parking for elected members	This is a challenging time for everyone but particularly for those on benefits and low incomes. This change would disproportionately impact these groups as well as those with mobility issues and rely on a car and parking. Positive impacts for those with health issues and children by the possible reduction in car use. Full EA would be required.

Ref.	Proposals	Equality analysis
IGC-09	Sales, Fees & Charges	The proposal would see all relevant sales, fees and charges increased at the rate of CPI. The change would impact on all existing and new users which will likely include those with protected characteristics (as a minimum we expect those with low incomes to be negatively impacted). A detailed analysis of whether the specific sales, fees and charges disproportionately service any particular group should be completed. A full EA will be needed.
IGC-10	CCTV Control Room commercial activity	Staff duties will alter and potentially increase, which may impact on some protected groups more than others. A full EA is required.
IGC-11	Street Lighting Advertising Banners	Better utilisation of existing street lighting for commercial use does not impact on any protected groups so no EA is required.
IGC-12	Charging for car parks that are currently free	Whilst this change brings positive impacts by improving the consistency of the offer across the city, there may be negative impacts on current users with low incomes, and groups with additional need to use cars such as those with mobility issues and carers. Positive impacts may also be generated for those with health issues and children by the possible reduction in car use. Therefore, a full EA would be required.
IGC-13	Council Tax: Empty Property Relief	Consideration should be given to the knock-on effect to the renter who has low income, disables, is older in age and families, where Landlords pass on the reduction on relief. A full EA is needed.
IGC-14	Registration Service	Currently the detail of which income generation and saving measures is not established. Consideration should be given to whether any protected characteristics are disproportionately affected. As a minimum we would expect that low-income individuals and families would be impacted. A full EA will be needed.
IGC-15	Increased investment income	This proposal relates to the Bank of England base interest rate and this proposal itself does not impact on services or staff. No EA required.

Ref.	Proposals	Equality analysis
IGC-16	Long Term Empty Premium/Second Home Premiums	Impact would depend on the demographic of the people affected by the change in policy. For example, those required to pay the increase in premium may be negatively impacted and those who may be accommodated by the incentive to increase the available housing stock may be positively impacted. An EA is therefore required.
IGC-17	Introduce new parking charge for stays beyond two hours at four main parks from 2024/25	Consideration to be given to park users who stay beyond two hours. Negative impact for those users who are from the protected characteristics but also positive impacts for enabling more users of all groups due to increased turnover of spaces. The increased parking cost would disproportionately impact those that have limited resources, the disabled, carers, older people, and those with mobility issues. A full EA would be needed.
IGC-18	Review allotment rents from 2024/25	There are many health benefits for having an allotment so the impact may be greater for the disabled, carers and those with low incomes that may want to grow their own fruit and vegetables. A full EA will be needed.
IGC-19	Include convenience fee for car park pay by phone transactions	The increased fee would disproportionately impact those users on low incomes. A full EA would be required.

Southend-on-Sea City Council

**Agenda
Item No. 7**

Joint Report of Executive Director (Finance and Resources) and Interim Executive Director (Housing & Growth)

**To
Cabinet**

**On
12 January 2023**

Report prepared by Pete Bates
Interim Director of Financial Services and Glyn Halksworth
Director of Housing

Housing Revenue Account (HRA) Budget and Rent Setting Report 2023/24 Policy and Resources Scrutiny Committee Cabinet Member: Councillor Ian Gilbert *Part 1 (Public Agenda Item)*

1 Purpose of Report

- 1.1 To highlight how investment from the Housing Revenue Account (HRA) will contribute towards meeting housing needs in Southend-on-Sea. The planned investment programme and effective management of the Council's housing stock will also contribute to our Southend 2050 ambition for everyone to feel safe and well and for everyone to have a home that meets their needs.
- 1.2 To present the outcome of Southend-on-Sea City Council's annual rent review and associated rent setting proposals for all council dwellings within the HRA for 2023/24. This report also sets out the HRA budget for 2023/24 – 2027/28, together with the information necessary to set a balanced budget as required by legislation.
- 1.3 To present proposals to amend service and facilities charges to recover actual costs incurred, together with a review of rental charges for garages.

2 Recommendations

That Cabinet recommends to Council that, as part of the budget setting process, it approves the following increases with effect from 3 April 2023:

- 2.1 **An average rent increase of 7% on all tenancies.**
- 2.2 **An average rent increase of 7% on shared ownership properties.**

- 2.3 **An increase of 10.1% for garage rents to £13.98 per week for tenants and £16.77 for non-tenants (being £13.98 plus VAT), a rise consistent with the standard approach taken across the council's fees and charges. All variants on a standard garage will receive a proportionate increase.**
That Cabinet recommends to Council that, as part of the budget setting process, it approves:
- 2.4 **South Essex Homes core management fee be agreed at £7,192,000 for 2023/24.**
- 2.5 **South Essex Homes proposals for average increases of 44.29% in service charges to reflect the estimated costs incurred be agreed for 2023/24.**
- 2.6 **South Essex Homes proposals for an average 104% increase in heating charges for sheltered housing tenants and for hostel tenants to reflect the estimated costs incurred be agreed for 2023/24.**
- 2.7 **The following appropriations be agreed:**
- **£60,000 to the Repairs Contract Pensions Reserve.**
 - **£4,047,000 to the Capital Investment Reserve.**
 - **£6,549,000 from the Capital Investment Reserve.**
- 2.8 **Subject to the approval of items 2.1 through to 2.7 above, the HRA budget for 2023/24 as set out in Appendix 1 be agreed and**
- 2.9 **The value of the Council's capital allowance from 2023/24 be declared as £49,512,000 as determined in accordance with regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations.**

3 Background

- 3.1 The Housing Revenue Account (HRA) is the statutory "landlord" account for the authority. For Southend-on Sea City Council, this expresses in financial terms the level of housing service provided within agreed policy guidelines.
- 3.2 The finance and corporate performance reports throughout 2022/23 have highlighted the significant challenges facing the country, local government generally and within this context Southend-on-Sea City Council. Given the volatility and what have been described as a once in a generation series of events including Brexit, the pandemic, the war in Ukraine, energy prices doubling and in some case tripling in cost, inflation at the highest level for decades.
- 3.3 Following the Grenfell tragedy in 2017, an independent review of Building Regulations and Fire Safety was undertaken. This body found that the current arrangements nationally were not fit for purpose, and this has led to some legislative changes, the Fire Safety Act 2021 and the Building Safety Bill published in July 2020. As a landlord, this legislation requires the Council to have in place a named Accountable Person and a Building Safety Manager for each High-Risk Residential Building (any building over 18 meters in height or 6 storeys). These officers will have direct accountability to residents for all aspects of safety management of the property. There are significant additional compliance requirements resulting from this new legislative and regulatory framework which will require additional resources, both as a direct investment into the Council's housing stock, as well as additional staffing resources.

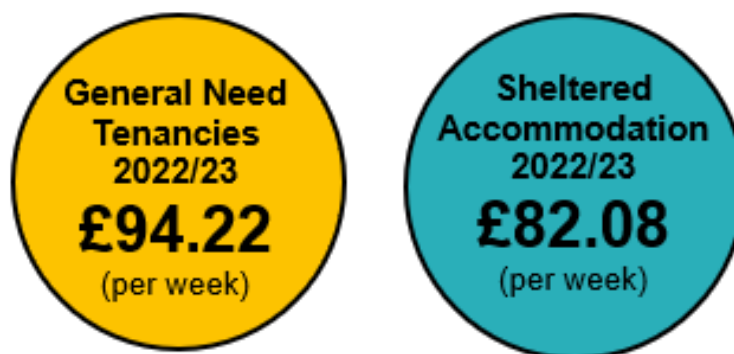
- 3.4 Under these unprecedented circumstances the Council is obliged by law to set rents and other charges at a level, to avoid a deficit on the HRA balance (i.e. the legal minimum balance at any time during the financial year must be greater than zero). **This report proposes an HRA budget that avoids a deficit balance and complies with this requirement.**
- 3.5 The estimates have been prepared alongside South Essex Homes and incorporate their proposed management fee for 2023/24.
- 3.6 The HRA Budget for 2023/24 is summarised at **Appendix 1**.

4 Southend 2050 Housing Ambition

- 4.1 South Essex Homes has a vital role to play in helping to deliver the Council's Housing, Homeless and Rough Sleeping strategy and our ambition, developed together with our local community, to ensure that 'everyone has a good quality, sustainable home that meets their needs'. The three key aims of South Essex Homes are: -
- 1) To support the delivery of quality housing, including affordable housing to meet local needs and promote a sustainable and balanced housing market.
 - 2) To support improvement in the quality of the existing housing stock to achieve decent, healthy, and environmentally sustainable homes across all tenures.
 - 3) To support greater accessibility to different types of housing and promote independent living for our (most) vulnerable residents and continue to work to prevent homelessness.
- 4.2 This aspiration is being achieved through several initiatives including major investment via the HRA Capital programme of an estimated £49,512,000 over the next five years. This will ensure that we maintain decent homes and improve those properties that need it. The types of works will include electrical rewiring, bathroom installations, new roofs, new kitchens, new windows and doors replacements and installation of new more economical and energy efficient boilers. Full compliance with the range of additional local requirements and responsibilities due to new building and fire safety legislation will be a top priority.
- 4.3 A range of temporary accommodation services provide help and support to some of Southend-on-Sea's most vulnerable residents. Our *Housing, Homelessness & Rough Sleeping Strategy* aims to encourage good quality housing design, management, and maintenance, and this directly relates and supports a lot of the day-to-day work that South Essex Homes undertake.

5 Rent Levels

- 5.1 The Council reviews and sets all council house rents in line with national policy, guidance, and legislation. The average weekly rent charged for 2022/23 on HRA secure general needs tenancies was £94.22 and for sheltered accommodation was £82.08.



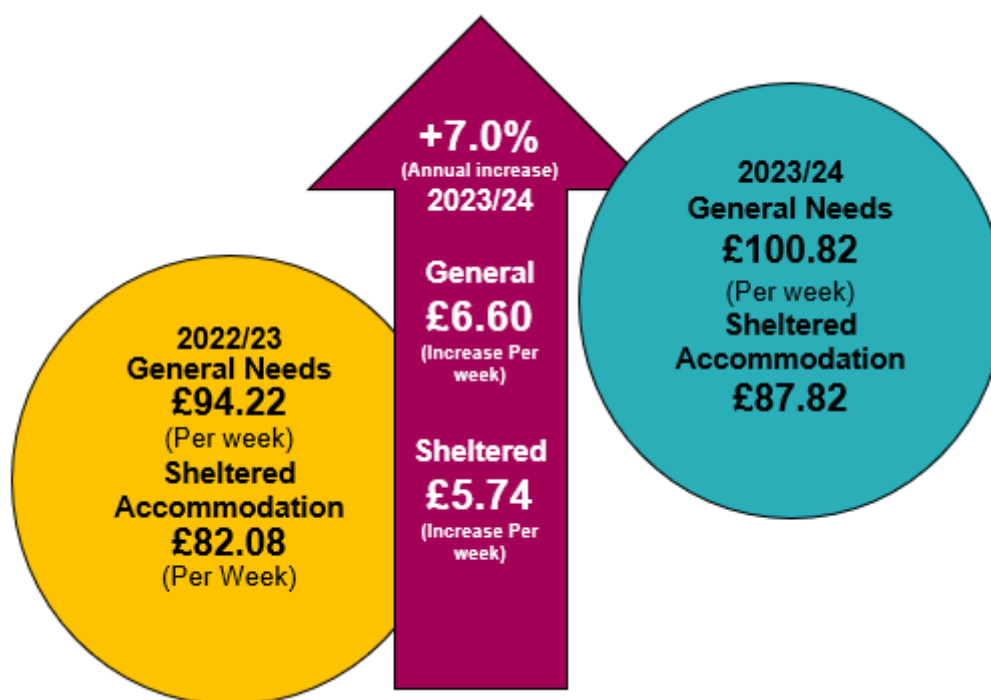
- 5.2 Since 2001, rents for social housing properties have been based on a formula set by Central Government, which was calculated based on the relative value of the property, relative local income levels and the size of the property. This created a 'formula rent'. The aim of this approach was to ensure that similar rents are charged for similar type of properties. In Southend, we have about 640 properties that are yet to convert to a formula rent basis. When tenants vacate a property the new rent agreement will be based on this 'formula rent' so the remaining properties will organically convert to this charging approach over time.
- 5.3 In 2011, Central Government introduced a new regime for defining affordable rents, which permitted rents (inclusive of service charges) to be set at up to 80% of market rent for a local area. Only new properties (or new social housing) can be let at this new 'affordable rent' level. In Southend, our affordable rent level equates to the Local Housing Allowance (LHA) rates which is lower than the 80% level of market rents. The council currently has 115 properties on the LHA rate, and all new HRA properties will be set at LHA levels and calculated on this basis.
- 5.4 In October 2017, the government announced its intention to set a 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 at September each year plus 1 percentage point from the financial year 2020, for a period of at least five years ('the new policy'). **This would have meant an 11.1% increase for 2023/24 (September 2022 CPI of 10.1% + 1%).** The new policy, which came into effect from April 2020, recognises the need for a stable financial environment to support the delivery of new homes and to enable registered providers to plan effectively and have a viable future financial investment programme.

- 5.5 Due to the unprecedented high levels of inflation experienced in the UK through 2022/23, the Department for Levelling Up, Housing and Communities (DLUHC) issued a consultation on 31 August 2022 seeking the views of registered social housing providers on the impacts of limiting rent increases in 2023/24 to either 3%, 5% or 7%. Included within the Autumn Statement issued on 17 November 2022 was confirmation that **social housing rents could increase by a maximum of 7% instead of 11.1% for 2023/24** and the Council's HRA budget has been constructed on this basis. Whilst this reduced level of proposed rent increase for 2023/24 is some positive news for tenants which are being squeezed due to other general cost-of-living increase, it does exacerbate the pressure on the future financial sustainability of the HRA.
- 5.6 The Council will be able to continue with its policy to move rents to formula level on change of tenancy. The rent increase for general needs and sheltered tenancies is summarised by the number of bedrooms per dwelling in the following table.

No. of bedrooms	No. of tenancies	Average Rent 2022/23 (£)	Average Rent 2023/24 (£)	Average weekly increase (£)	Average percentage increase
0	517	75.19	80.45	5.26	7.0%
1	2,512	82.38	88.15	5.77	7.0%
2	1,264	92.15	98.60	6.45	7.0%
3	1,561	110.43	118.16	7.73	7.0%
4	98	118.47	126.76	8.29	7.0%
5	3	126.18	135.01	8.83	7.0%
Total Tenancies	5,955				

- 5.7 The rents for the Council's 12 shared ownership properties have traditionally been set on the same basis as a full Council dwelling, on a pro-rata basis to the Council's ownership. It is recommended that these rents are also **uplifted by 7% in line with the social rent cap**, being consistent with the proposal for the main rent increase. Across the 12 properties, the Council's ownership ranges from 10% up to 75%.
- 5.8 Rent levied in the Council's hostels provision is currently charged at £178.91 per week. Although sheltered accommodation and hostel rents were not included within the rent cap consultation (**meaning rents could have increased by 11.1%**), it is proposed that the increase should remain consistent with the general rent increase. This is a fair and reasonable approach to take for the residents in our hostel accommodation, so it is recommended that hostel rents also **increase by 7% to £191.43**. This charge is inclusive of service charges but is subject to additional charges for heating and water.

- 5.9 Members are reminded that a proportion of tenants may be impacted by other welfare reforms. Where working age tenants are in under occupation of their home, any housing benefit payable will be reduced by 14% for one extra bedroom or 25% for two or more extra bedrooms. Some tenants may also be affected by the benefit cap, which limits the totality of all benefits to a maximum of £22,020 per year for a couple or a single person with children. Where total benefits, including housing benefit, exceed the cap, the housing benefit will have to be reduced to bring the total package back down to £22,020. Single people with no dependent children are capped at £14,753.
- 5.10 Around 73% of all tenancies will receive some form of housing support (Housing Benefit or Universal Credit) that will be funded by Central Government. Some of these tenants will receive 100% Government support to cover their rent in full, whilst some will receive partial support dependent upon individual circumstances.
- 5.11 The effective date of any change in rent will be 3 April 2023, being the first Monday of the new rent year. The illustration below shows the average rent increase for both general needs tenancies and for sheltered accommodation proposed for 2023/24.

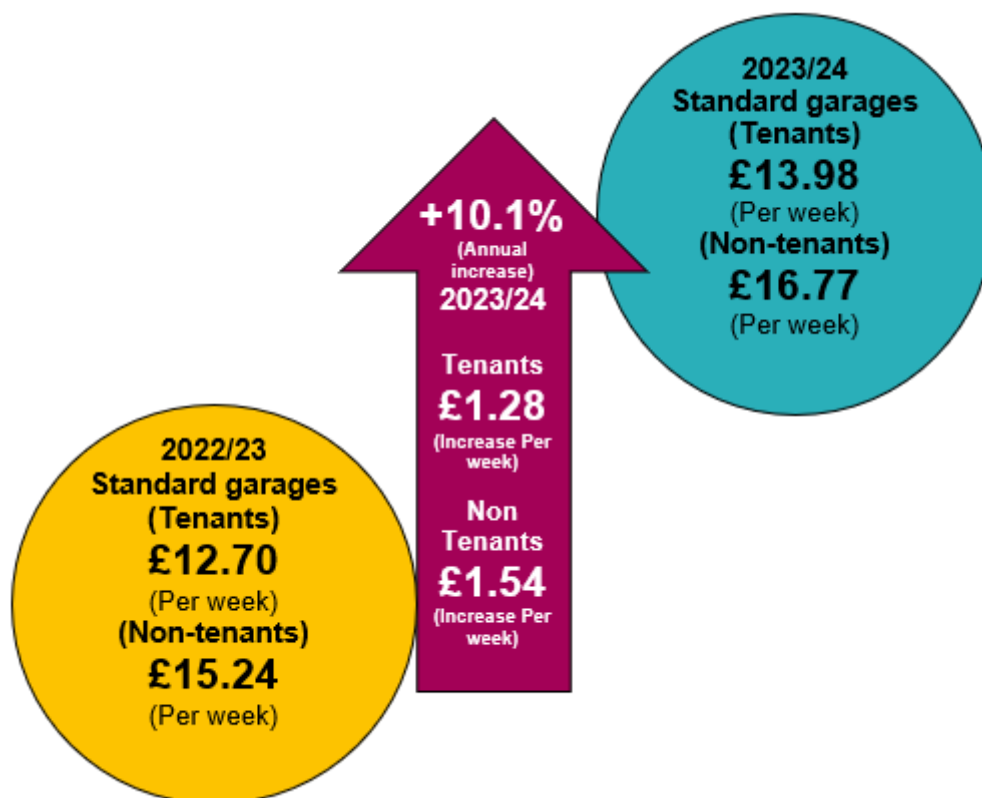


6 Other Fees and Charges

- 6.1 The HRA has several income streams other than dwelling rents, the majority of which are set by the Council and therefore need a formal resolution for any changes.

Garages

- 6.2 Standard garages are currently charged at £12.70 per week for tenants and £15.24 for non-tenants (being £12.70 plus VAT). **It is proposed that both these charges be increased by 10.1%**, to be consistent with the standard approach taken across the council's fees and charges – CPI as at September 2022. All variants on a standard garage will receive a proportionate increase. This is illustrated in the following graphic.



Water Charges

- 6.3 The Council (acting as an agent) collects the water rates on behalf of Northumbrian Water Company (trading locally as Essex & Suffolk Water); in respect of all unmetered Council houses and then remits this to the water company in full including void properties. The Council is compensated separately by the water company for collecting these water rates including an appropriate void loss allowance.

7 Management Fee to South Essex Homes

- 7.1 On an annual basis a management fee request for the following financial year is sent to the Executive Director (Finance and Resources) by the Board of South Essex Homes. Following negotiations, the proposed fee below has now been agreed and has been set mindful of the financial pressures and ambitions within the HRA. The recommended management fee for 2023/24 is summarised in the following table.

	2022/23 Forecast £000	2023/24 Budget £000
Management Fee	6,111	6,650
Remove annually agreed initiatives	0	(182)
Inflationary Pay Pressures	288	651
Partial pay increase absorbed through charging	0	(214)
Social Care Levy & Employers Pension	0	(17)
Service Level Agreement increases	0	100
Support for increased Hostel Provision	94	106
Professional Support for Residents	20	20
Difficult Access Co-ordinator	33	41
Complex Needs Support Officer	35	36
Building Safety Engineers/ Manager	117	0
Total Management Fee	6,698	7,191

- 7.2 The inflationary pressures for South Essex Homes are primarily in respect of employee related increased costs. The £651,000 includes £276,000 which represents the additional amount above the original 2022/23 assumption for the pay award and £375,000 estimate for 2023/24 based on an anticipated 5% increase.
- 7.3 There were four pilot schemes which were approved for 2022/23. These were increased Support for Hostel Provision, Professional Support for Residents, Difficult Access Co-ordinator and Complex Needs Support Officer. These initiatives have been extended for further assessment and evaluation into 2023/24.

- 7.4 Within this management fee proposal there are several mitigating actions which South Essex Homes plan to implement which are summarised below.

	2023/24 movements £000
Holding BQ voids & vehicle running costs	222
Pay pressures	702
Energy inflation	1,763
General Inflation	329
Efficiencies and productivity improvements	(1,012)
Service charge increases	(1,766)
Reduction in Careline service income	120
Increases in management fee (pay pressures and SLA's)	(542)
Dividend from SEPS	(150)
Increase in interest income	(20)
Other revenue changes	27
Movement summary	(327)

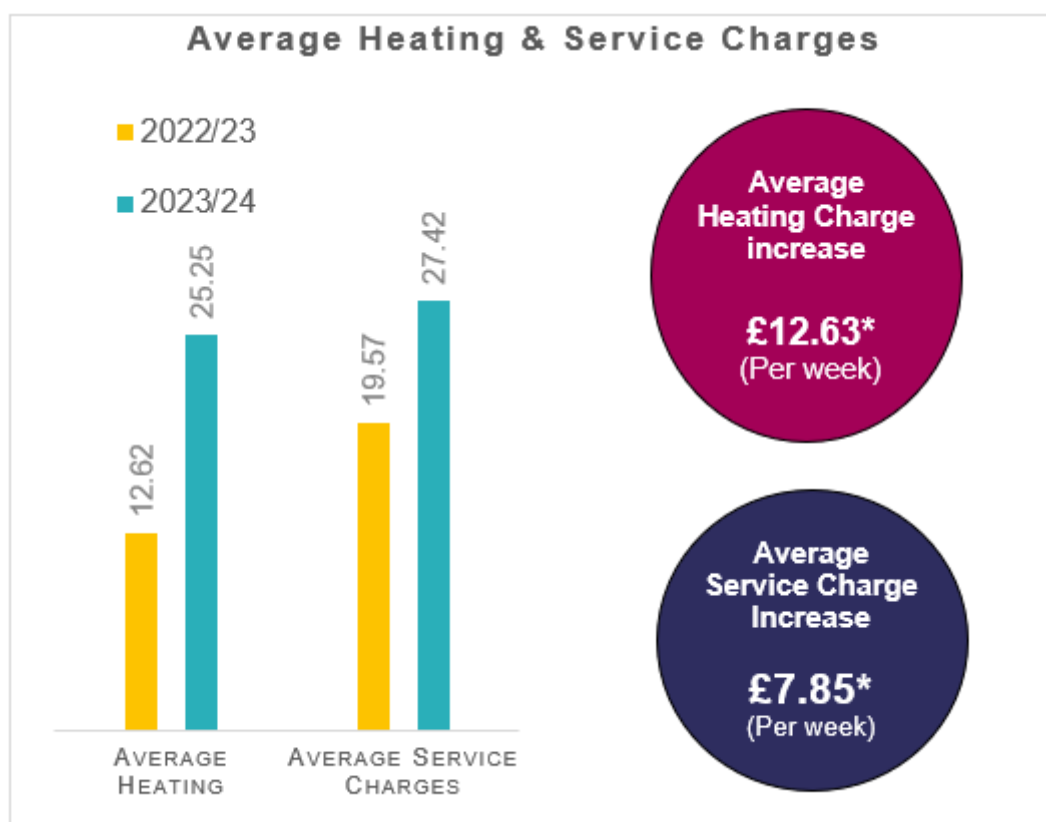
- 7.5 To deliver a balanced and sustainable budget within this management fee request South Essex Homes are intending to deliver several efficiencies and productivity improvements which will deliver a financial benefit of around £1M in 2023/24. These range of initiatives will help to mitigate the financial impacts of both inflationary and pay pressures across the organisation. These include reviews of contingency provisions and pension contributions, restructures within the company and several other efficiencies delivered by the learning secured from the pandemic. Permanent changes to service delivery arrangements have secured savings by the continuation of remote working for a number of non-operational staff.
- 7.6 South Essex Homes strives to deliver the best possible value to the Council and the residents of Southend-on-Sea. They are increasingly seeking to fund some activities from other income sources in addition to the management fee, as well as using all available resources prudently and effectively. Their subsidiary, South Essex Property Services, contributes around £150,000 per annum back to South Essex Homes. This has been achieved partly by the joint management arrangement, as well as re-designing the back office and front of house functions. This re-design has also enabled the two organisations to contribute positively towards the new regulatory, legislative, and local demographic challenges for Southend-on-Sea.

- 7.7 South Essex Homes takes part in an annual national benchmarking exercise to assess the value that is delivered when compared to a group of peers. Most of the measures that are designed to assess the cost to deliver vital services show that the organisation is consistently above the median position, usually in Upper Quartile 1 or Quartile 2, showing that South Essex Homes continues to deliver good value.
- 7.8 Following decisions made as part of previous budget setting rounds, South Essex Homes also receive a significant proportion of their income from service and heating charges levied directly on tenants and leaseholders. It is the responsibility of South Essex Homes and the Council to ensure that service charges to tenants are reasonable, and that they are set as near as possible on an actual cost recovery basis. A report was considered and approved at Cabinet on 8 November 2022 regarding these charges to support the cashflow of South Essex Homes and ensure that they are applied to tenants in a timely manner

Service Charges and Heating Charges (South Essex Homes Charge)

- 7.9 From April 2021 to April 2022, gas prices have risen by 107% and electricity prices have risen by 91% across the country. Due to a variety of factors significant increases in energy prices are also expected to continue into 2023.
- 7.10 The government have provided a variety of discount schemes and grants to support households under the Energy Price Guarantee which started on 1st October 2022 and will last until April 2024. Despite this support it is expected that energy costs will continue to increase and add to the cost of living experienced across the country.
- 7.11 OFGEM have applied a price cap to suppliers which was previously reviewed every 6 months but due to the level of volatility in the energy market this has been amended to a review every 3 months. Several energy suppliers have folded during this time as a result of the rapidly increasing wholesale costs of energy.
- 7.12 The price of energy paid by South Essex Homes on behalf of tenants is part of a wider bulk purchasing agreement of energy through the Council which is contracted through a framework via Kent Commercial Services. This effectively means that the cost of energy purchased on behalf of our tenants is at a more favourable rate than the prices obtained by most individual domestic customers across the country.
- 7.13 Over the past year, there has been a detailed review of the cost recovery of all service charges, to ensure that the overall income received covers the actual costs of service provision. Cabinet agreed a report in November 2022 to allow South Essex Homes to collect heating charges in line with estimated costs rather than collecting income to offset these costs which could be up to 17 months in arrears (heating charges were based on actual costs from November to October of the previous year).
- 7.14 Heating charges for sheltered housing and hostel tenants are monitored on a scheme-by-scheme basis, with the aim that each scheme broadly covers its costs.

- 7.15 Based on the forecast costs for gas in 2023/24 which are directly associated with heating, South Essex Homes are proposing that there is an average **104% increase in heating charges for sheltered housing tenants and for hostel tenants in 2023/24**. These proposals are based on the forecast actual costs that will be incurred over the year. We have seen significant increases in the cost of gas across our housing stock, with gas prices increasing by around 200% in April 2022 and a forecast increase of a further 104% in April 23. This means that the price we pay for gas will be around 6 times higher than what was paid in the financial year 2021/22.
- 7.16 A similar piece of work has been undertaken on service charges and based on this analysis South Essex Homes are proposing an average **44.29% increase in for 2023/24**. This increase is predominantly due to the rapid increase in electricity costs for the communal areas of our schemes. Since service charges were set in February 2022, the energy market has dictated increases in electricity costs which are estimated to be around 3 times higher per unit by April 2023.
- 7.17 As service charges are based on both the actual costs for each housing block and actual costs of services provided, individual charges could change by more or less than the average proposed increase. This will ensure that service charges are kept in line with the actual cost of providing the service. Service charges are generally covered by housing benefit where tenants are eligible.
- 7.18 The actual charges levied for 2023/24 will be based on the actual costs associated with each individual scheme. The graphic below illustrates the estimated average increase in heating & service charges for 2023/24.



**Indicates an estimate (this could increase or decrease)*

8 Options to Balance the HRA

- 8.1 The HRA budget has been constructed using realistic and reasonable estimates based on the best information currently available. The budget, based on the proposals outlined in this report, is shown at **Appendix 1**. The budget shows an operating surplus of £4,107,000 and on that basis the HRA is viable.
- 8.2 The surplus will be primarily used to fund a revenue contribution towards the completion of the current new build programme, and the commencement of the next phase. This means that £4,047,000 is proposed to be appropriated to the Capital Investment Reserve. The remaining £60,000 of the surplus is proposed to be appropriated to the Repairs Contract Pensions Reserve under the on-going arrangement put in place when the repairs contract was last let.
- 8.3 Finally, to finance these ambitious plans it will also be necessary to appropriate £6,549,000 from the HRA Capital Investment Reserve. The net overall impact is an appropriation from earmarked reserves of £2,442,000 (£6,549,000 - £4,107,000) in 2023/24.
- 8.4 General HRA balances will remain above the target of £3,000,000 at £3,502,000.

9 HRA Medium Term Financial Plan and Strategy

- 9.1 The HRA Medium Term Financial Plan is shown at **Appendix 2**. The HRA budget has been developed based on the assumptions in the Autumn Statement which predicts inflation to be at 7% in 2024/25 and 5% in 2025/26 with future years general assumption at 2% consistent with the Council's Medium Term Financial Forecast.
- 9.2 For expenditure, the forecast is generally based on the current year's run rate. The only variations from this assumption are depreciation and interest charges which are based on the Council's business plan and treasury management strategy. The plan allows for borrowings to rollover on maturity.
- 9.3 For income, it is assumed that rent will return back to the previous formula arrangement of CPI at September + 1% from 2024/25. Other income increases will be in line with the Council's Medium Term Financial Strategy assumptions for the General Fund. The value of the proposed Capital Investment Programme includes an agreed 8% recharge for facilitation of the capital works and will clearly vary in line with the size of the Programme.
- 9.4 Members will be aware of the proposed regeneration of the Queensway Estate. The HRA Medium Term Financial Strategy assumes that this development would be broadly revenue 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 Medium Term Financial Strategy will be updated as soon as a better understanding of the exact timing of any impact is known.

- 9.5 The Medium Term Financial Strategy demonstrates that the HRA is currently financially robust and sustainable. From 2023/24 to 2027/28 an operational surplus is forecast, which will be appropriated to HRA earmarked reserves and be available for future investment priorities to continue to deliver improved housing outcomes for Southend-on-Sea tenants. The HRA reserves position are shown at **Appendix 3**.
- 9.6 The Major Repairs Allowance is used to support improvements to existing stock and maintain decent homes standards. The Medium Term Financial Strategy currently assumes around £6,500,000 capital expenditure on the decent homes programme per annum from 2023/24. It is proposed that some of the future HRA surplus be diverted to the Major Repairs Allowance to support and enhance the level of capital investment to maintain and improve the quality of our existing housing stock.

10 HRA Capital Allowance and Housing Strategy

- 10.1 South Essex Homes supports our ambition that ‘everyone has a good quality, sustainable home that meets their needs’. This will be achieved through a combination of the revenue repairs investment and the HRA capital investment programme, which is included within the main ‘Prioritising Resources to Deliver Better Outcomes – 2023/24 to 2027/28’ budget report, elsewhere on the agenda. This proposes an indicative programme of works over the next 5 years totalling £49,512,000.

At the same time, capital receipts generated by the sale of HRA assets continue to be subject to pooling arrangements with up to 75% of proceeds being at risk of being paid over to Central Government. The Council is taking appropriate action to minimise the value that is paid over to Central Government, by declaring a capital allowance under regulation 16 of the Local Authorities (Capital Finance and Accounting) (England) Regulations. This equates to the value of investment going back into affordable housing, and as such is equal to the value of the HRA capital programme.

Scheme	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 and future years Budget £000	Total Budget (all years) £000
Council Housing New Build Programme						
Council Affordable Housing Development (Phase3) - Shoebury	4,551	2,586	379	tbc	tbc	7,516
Council Affordable Housing Development (Phase4) - St Laurence	2,269	518	-	tbc	tbc	2,787
Council Affordable Housing Development (MMC) - West Shoebury	765	-	-	tbc	tbc	765
Housing Construction Scheme - Phase 5/6 feasibility (S106)	-	-	-	tbc	tbc	-
Housing Construction Scheme - Land Assembly Fund (S106)	290	-	-	tbc	tbc	290
Total Council Housing new Build programme	7,875	3,104	379	-	-	11,358
Council Housing Acquisition Programme						
Affordable Housing Acquisitions Programme	2,000	tbc	tbc	tbc	tbc	2,000
Next Steps Accommodation Programme	73	50	tbc	tbc	tbc	123
Housing and Development Pipeline Feasibility - HRA	100	-	tbc	tbc	tbc	100
Acquisition of tower block leaseholds - Queensway	673	900	tbc	tbc	tbc	1,573
Total Council Housing Refurbishment	2,846	950	-	-	-	3,796
Council Housing Refurbishment						
HRA Disabled Adaptations- Major Adaptations	770	776	109	109	109	1,873
Total Council Housing Refurbishment - HRA	770	776	109	109	109	1,873
Council Housing Refurbishment - delivered by South Essex Homes						
Bathroom Refurbishment	193	210	264	183	183	1,033
Central Heating	210	246	296	210	210	1,172
Common Areas Improvement	1,112	1,523	2,106	2,700	2,700	10,141
Environmental - H&S works	1,282	2,970	2,160	2,484	2,484	11,380
Kitchen Refurbishments	158	184	114	114	114	684
Rewiring	1,390	443	208	275	275	2,591
Roofs	1,184	173	242	86	86	1,771
Windows and Doors	62	159	723	94	94	1,132
HRA - SBC Buybacks Refurbishment	-	-	-	tbc	tbc	-
Remodelling of Tied Accommodation	216	302	216	tbc	tbc	734
Sprinkler System Installation Pilot	-	-	-	tbc	tbc	-
Tower Blocks Boroughwide Annunciation System	-	-	-	tbc	tbc	-
Sheltered Housing DDA works	-	-	-	tbc	tbc	-
Balmoral Estate Improvement and Structural Works	1,783	64	-	tbc	tbc	1,847
Energy Efficiency Measures	-	-	-	tbc	tbc	-
Total Council Housing Refurbishment	7,590	6,274	6,329	6,146	6,146	32,485
TOTAL PROPOSED CAPITAL INVESTMENT PROGRAMME- HRA						
	19,081	11,104	6,817	6,255	6,255	49,512

The indicative investment for 2026/27 to 2027/28 and the associated financing via MRR is not currently included in the proposed capital investment programme report and is shown for illustration only.

- 10.2 The HRA will also continue to play its full part in the delivery of the *Housing, Homelessness and Rough Sleeping Strategy* through the appropriate use of its capital and revenue resources. Following the Government's decision to lift the HRA debt capital ceiling, it could be possible to use HRA borrowing to build new affordable homes. Any proposals to explore this possibility would be subject to a full commercial business case and reported through the due processes of the Council.
- 10.3 The council is continuing with its plans for the housing development pipeline. Several sites within the pipeline are currently underway and a major capital investment of circa £11M over the next 2 years is included in this programme to deliver the agreed phases of the affordable housing development programme to provide much needed housing for those on the Home Seeker's register.

- 10.4 A Regeneration Framework has been developed which will oversee this programme. This work is augmented by other approaches to housing supply being progressed, including the use of HRA Capital and Right-to-Buy receipts to purchase properties on the open market and bring these into use as Council housing in the city.
- 10.5 The Government conducted a review of the 'Use of Right to Buy' (RTB) capital receipts which has now been concluded and the reforms announced. Councils have been given 5 years to spend the RTB receipts, increased from 3 years. Councils will also be able to fund up to 40% of the cost of constructing any new HRA dwelling. This will reduce the additional contribution needed from other HRA sources. However, a limit on the use of these funds for acquiring existing properties from the open market is being phased in over the next 2 years. The aim is to increase overall housing supply by constructing new dwellings, exploring potential conversion opportunities and bringing long term empty properties back into use.
- 10.6 The HRA Affordable Housing Acquisitions Programme will therefore be 40% financed by retained 'Right to Buy' capital receipts from April 2023. The profile for acquisitions has been programmed as £2,000,000 in 2023/24. The Housing construction programme has been profiled as £7,875,000 in 2023/24 and £3,105,000 in 2024/25. The remaining 60% will be financed from the HRA capital investment reserve.

11 Other Options

- 11.1 There are other options available to Members in relation to the proposed rent and other services and facilities increases.
- 11.2 The rent standard policy statement published as part of the Autumn Statement in November 2022, allows the council to apply a rent increase up to the level of the agreed cap of 7%. The Council could increase rents at a lower rate or freeze rents, or even reduce the rents if they wish to do so. Setting a rent increase lower than what is proposed in this report would quite quickly have a detrimental impact on the viability and future financial sustainability of the HRA.
- 11.3 If the HRA does not recover the full costs of services and facilities provided to tenants and leaseholders, there will be a negative impact in terms of the Council's ability through South Essex Homes to continue to manage, maintain and invest in its housing stock and services. The level of income collected is all invested back into the housing stock and range of tenant services. Any reduction in income will clearly have a detrimental impact on the investment plans in 2023/24 and the future as well as lead to possible criticism from the Regulator of Social Housing.

12 Future Developments

- 12.1 The Social Housing White Paper published in November 2020 announced a review of the Decent Homes Standard, to understand if it is still appropriate for the social housing sector today. This review will seek to understand the case for any changes to the criteria within the Decent Homes Standard and consider how decency should be defined. Until this review is finalised, it is impossible to quantify the pressure on HRA resources to bring the existing stock up to any revised standard. The Government have not been specific on whether funding will be made available, or at what level. It is hoped that further clarity will be provided by the time the review is finalised.

- 12.2 Given the recent outcome of the coroner's report and media interest on the issues of dampness, mould and condensation which have led to the Secretary of State, the Regulator of Social Housing and the Housing Ombudsman to write formally to all local authorities and social housing Registered Providers, it is considered likely there will be specific additional requirements placed on all landlords to ensure their properties have measures in place to prevent such problems from occurring.
- 12.3 The Fire Safety Act and Building Safety Bill requires significant and continued capital investment into the existing stock to ensure compliance with the regulations. This is likely to result in an increase in the expenditure on revenue maintenance and any other planned programmes of work.
- 12.4 The building services industry is experiencing a significant increase in the level of inflation, which is outstripping other sectors. Most of the existing repairs and maintenance contracts have automatic annual increases in line with the Building Indices. This measure is currently expected to still be around 10% by April 2023 contract review.
- 12.5 The Council has a clear commitment via its Green City Action Plan and local ambition to achieve Net Zero carbon emissions by 2030 and our Housing stock managed by South Essex Homes is a critical part of this ambition. The proposed investment programme in this report will help to improve the energy performance of the overall estate and create better, more comfortable and energy efficient homes for our local tenants.
- 12.6 Development of a comprehensive 30-year HRA business plan is continuing, and we are engaging with other ALMO's and external advisors to provide support and challenge as the process evolves. Our Internal Audit team are also advising on appropriate governance arrangements and helping to provide an independent challenge to ensure the development of the plan is robust, sustainable and deliverable.

13 Reasons for Recommendations

Part of the process of maintaining a balanced budget for the HRA is to undertake an annual rent review and assessment of other service and facilities charges. Full Council will need to approve the HRA budget and any changes to rent and other services prior to the start of the financial year.

14 Corporate Implications

14.1 Contribution to the Southend 2050 Road Map

The recommendations that are contained in this report, provide the resources to maintain and enhance the quality of the Council owned social housing stock. This will contribute directly to the Southend 2050 ambition, and outcome that 'we are well on our way to ensuring that everyone has a home that meets their needs'.

14.2 Financial Implications

As set out in the report

14.3 Legal Implications

The Council is under a duty to maintain a Housing Revenue Account and prevent a debit balance, in accordance with Part VI of the Local Government and Housing Act 1989. Part VI requires the council to prepare proposals relating to the income generated through the collection of rents and other charges, expenditure in respect of repairs, maintenance, supervision and management of Housing Revenue Account property and other prescribed matters. The proposals should be based on the best assumptions and estimates available and should be designed to secure that the Housing Revenue Account for the coming year does not show a debit balance.

The Council has a power to make reasonable charges (rent) for the tenancy or occupation of its dwelling-houses pursuant to section 24 of the Housing Act 1985 and is required to keep under review, the rent it charges. The Council may increase the rent it charges, in accordance with the current tenancy agreement, by giving its tenants a minimum of 28 days prior written notice as permitted by section 102(1)(b) of the Housing Act 1985.

A service charge is an amount payable (directly or indirectly) by a tenant of a dwelling as part of or in addition to the rent. Costs for service charges must be reasonable and reflect the service being provided and must be identified separately to the rent charge. Rent setting is part of good financial planning and important for the forthcoming financial year. The proposals recommended demonstrate that the Council is complying with its statutory duty and government guidance and is in line with the self-financing regime.

14.4 People Implications

None at this stage.

14.5 Property Implications

The recommendations in this report are necessary to enable the proper management of the Council's housing stock.

14.6 Consultation

Appropriate notice of proposed increases in rents and charges has been factored into the timetable for implementing the recommendations of this report.

This report will then be directly referred to various scrutiny committees and any comments will be taken into consideration as part of the final report to cabinet on 14th February 2022.

14.7 Equalities and Diversity Implications

A full equality assessment has been carried out in respect of the proposed changes to rent, service and heating charge levels. Notwithstanding these are applied equally and consistently across all groups as appropriate to the accommodation they occupy, there is evidence that those not in receipt of housing benefit may be negatively affected by the change in rent and service charges, and that all groups may be negatively affected by the change in heating charges.

Mitigation across all groups will be through South Essex Homes Tenancy Services working with residents to sustain their tenancies and to provide advice and signposting on money management.

14.8 Risk Assessment

The financial risks associated with these proposals have been considered throughout this report and have been factored into the development of the self-financing business plan; and will be incorporated into the report on the robustness of the budget and the reserves policy to be presented to Cabinet and Council in February 2023.

14.9 Value for Money

The proposals within this report are consistent with the Council's plans to continue to improve value for money within the services it offers.

14.10 Community Safety Implications

None at this stage.

14.11 Environmental Impact

None at this stage.

15 Background Papers

Equalities Assessment into the impact of the increase in rents, service and heating charges have been carried out.

16 Appendices

Appendix 1 – HRA Budget 2023/24

Appendix 2 – HRA Medium Term Financial Plan 2023/24 to 2027/28

Appendix 3 – HRA Reserves 2023/24 to 2027/28

HRA Budget 2023/24

	2022/23		2023/24
	Revised	Revised	Budget
	£000	£000	£000
Employees	206	206	206
Premises (excluding repairs)	787	787	787
Repairs	6,553	6,553	6,710
Supplies and Services	141	141	141
Management Fee	6,698	6,898	7,192
MATS	1,683	1,673	1,735
Provision for Bad Debts	455	455	455
Depreciation	8,393	7,090	7,373
Interest and Debt Management Charges	3,142	3,142	3,851
Total Expenditure	28,057	26,944	28,449
Fees and Charges	(351)	(349)	(359)
Dwelling Rents	(27,821)	(27,721)	(29,580)
Other Rents	(1,535)	(1,535)	(1,786)
Other	(20)	(20)	(20)
Interest	(136)	(136)	(249)
Recharged to Capital	(584)	(584)	(562)
Total Income	(30,446)	(30,344)	(32,556)
Net Operating Expenditure/ (Surplus)	(2,389)	(3,400)	(4,107)
Revenue Contribution to Capital Outlay	8,334	4,885	6,549
Potential Impact of Queensway	0	0	0
Appropriation to/ (from) Earmarked Reserves	(5,945)	(1,485)	(2,442)
(Surplus) or Deficit in Year	0	0	0

HRA Budget 2023/24 to 2027/28				
	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000
Employees	206	206	206	206
Premises (excluding repairs)	787	794	799	801
Repairs	6,710	6,710	6,710	6,710
Supplies and Services	141	141	141	141
Management Fee	7,192	7,695	8,080	8,242
MATS	1,735	1,578	1,657	1,690
Provision for Bad Debts	455	455	455	455
Depreciation	7,373	7,668	7,975	8,294
Interest and Debt Management Charges	3,851	3,691	3,511	3,341
Total Expenditure	28,449	28,938	29,534	29,880
Fees and Charges	(359)	(373)	(392)	(399)
Dwelling Rents	(29,580)	(32,028)	(33,743)	(34,419)
Other Rents	(1,786)	(1,911)	(2,016)	(2,053)
Other	(20)	(20)	(20)	(20)
Interest	(249)	(370)	(547)	(585)
Recharged to Capital	(562)	(465)	(469)	(455)
Total Income	(32,556)	(35,166)	(37,186)	(37,932)
Net Operating Expenditure/ (Surplus)	(4,107)	(6,228)	(7,652)	(8,052)
Revenue Contribution to Capital Outlay*	6,549	1,513	227	0
Potential Impact of Queensway	0	200	200	200
Appropriation to/ (from) Earmarked Reserves	(2,442)	4,515	7,225	7,852
(Surplus) or Deficit in Year	0	0	0	0

*Calculation of the RCCO for future years will be made once the schemes in the capital programme are finalised

HRA Reserves
2023/24 to 2027/28

	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000

General HRA Balance				
Opening Balance	3,502	3,502	3,502	3,502
Used to meet Deficit	0	0	0	0
Closing Balance	3,502	3,502	3,502	3,502

Earmarked Reserves				
Opening Balance	22,301	19,859	24,374	31,599
Appropriation to/ (from) Earmarked Reserves	(2,442)	4,515	7,225	7,852
Transfer to Major Repairs Reserve	0	0	0	0
Closing Balance	19,859	24,374	31,599	39,451

Total HRA Balances at year end	23,361	27,876	35,101	42,953
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*Balances will be impacted by the calculation of the Revenue Contribution to Capital Outlay (RCCO) referenced in appendix 2

Major Repairs Allowance				
Opening Balance	7,141	7,937	8,619	10,156
Depreciation Arising	7,373	7,668	7,975	8,294
Used to Fund Capital Expenditure	(6,577)	(6,986)	(6,438)	(6,146)
Transfer from Ear Marked Reserves	0	0	0	0
Closing Balance	7,937	8,619	10,156	12,304

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