

Public Document Pack
SOUTHEND-ON-SEA BOROUGH COUNCIL

Cabinet

Date: Tuesday, 12th February, 2019

Time: 2.00 pm

Place: Committee Room 1 - Civic Suite

Contact: Colin Gamble

Email: colingamble@southend.gov.uk

A G E N D A

1 Apologies for Absence

2 Declarations of Interest

**** **FUTURE**

3 **Better Queensway Regeneration Project**
Report of the Deputy Chief Executive (Place) to follow

**** **HERE AND NOW**

4 **Housing Revenue Account Budget 2019/20 and Rent Setting**
Report of the Strategic Director (Finance and Resources) attached

5 **Capital Investment Programme 2019/20 to 2023/24**
Report of the Strategic Director (Finance and Resources) attached.

6 **Treasury Management and Prudential Indicators 2019/20**
Report of the Strategic Director (Finance and Resources) attached.

7 **General Fund Revenue Budget 2019/20**
Report of the Strategic Director (Finance and Resources) attached.

8 **Exclusion of the Public**

To agree that, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the items of business set out below on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act, and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

9 **Better Queensway Regeneration Project**
Confidential Appendix 2 to follow

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Southend-on-Sea Borough Council

Report of Deputy Chief Executive - People
and Strategic Director (Finance and Resources)

to
Cabinet
on
12 February 2019

Agenda
Item No.

Report prepared by: Ian Ambrose
Head of Corporate Finance

**Housing Revenue Account Budget 2019/20 and Rent Setting
Policy and Resources Scrutiny Committee
Cabinet Member: Councillor Tony Cox
*A Part 1 Public Agenda Item***

1 Purpose of Report

This report sets out the Housing Revenue Account (HRA) budget for 2019/20, together with the information necessary to set a balanced budget as required by legislation.

2 Recommendations

Cabinet are asked to recommend to Council

- 2.1 A rent reduction of 1% on secure tenancies, as required by the Welfare Reform and Work Act 2016;
- 2.2 An average rent increase of 4.86% on shared ownership properties;
- 2.3 That the proposed rent changes in 2.1 and 2.2 be effective from 1 April 2019;
- 2.4 That garage rents increase by 2.5% to £11.70 per week for tenants (£14.04, being £11.70 plus VAT for non-tenants), with all variants on a standard garage receiving a proportionate increase;
- 2.5 That the South Essex Homes core management fee be agreed at £5,738,000 for 2019/20, with additional one-off funding also being made available of
 - £10,000 for the data cleansing, training and embedding of new data protection practices in compliance with General Data Protection Regulations (GDPR);

- £140,000 to undertake a project to achieve better integration between the various ICT systems that the company uses, with the aim to achieve efficiencies going forward;
- 2.6 That the South Essex Homes proposals for average changes of 4% in service charges and 17% in heating charges be agreed;
- 2.7 That the following appropriations be agreed
- £60,000 to the Repairs Contract Pensions earmarked reserve;
 - £1,397,000 to the Major Repairs earmarked reserve; and
 - £272,000 from the Capital Investment earmarked reserve;
- 2.8 Subject to 2.1 through to 2.7 above, the HRA budget as set out in Appendix 1 be agreed; and
- 2.9 The value of the Council's capital allowance for 2019/20 be declared as £49.601M, 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 therefore this expresses in financial terms the level of housing service provided within agreed policy guidelines.
- 3.2 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.
- 3.3 The estimates have been prepared alongside South Essex Homes, and incorporate their proposed management fee.
- 3.4 Summary estimates for the HRA are at **Appendix 1**.

4 Rent Levels

- 4.1 The average weekly rent charged on HRA secure general needs tenancies is currently £87.88 and for sheltered accommodation £76.51.
- 4.2 Under changes introduced by the Government in the Welfare Reform and Work Act 2016, the Council continues to be obliged to reduce secure tenancy rents by 1%. This applies to both formula and affordable rents. The Council will be able to continue with its policy to move rents to formula level on change of tenancy, although the formula rent will similarly need to fall by 1% as well. As 2019/20 is a 53 week rent year (most years are only 52), careful consideration is required to ensure the reduction is applied in compliance with the legislation.

- 4.3 Where a property is let at affordable rent, that rent will also be required to fall by 1%. Currently the Council has 36 properties subject to affordable rent. All new properties brought into the HRA will be at affordable rent levels.
- 4.4 2019/20 is the last year of operation of this enforced reduction in rents. From 2020/21, the Government have signalled that the Council will be able to return to an inflation based CPI + 1% increase. The medium term financial strategy for the HRA will assume the adoption of this approach for future years. The formal outcome of the Government's consultation is pending.
- 4.5 The rent reduction requirement does not apply to rents on shared ownership properties or temporary accommodation.
- 4.6 The rents for the Council's 13 shared ownership properties have traditionally been set on the same basis as a full Council dwelling, pro-rata'd to the Council's ownership. As these properties are not covered by the Government's reduction policy, it is recommended that these rents continue to increase as would be normal by September CPI +1%, plus a move towards final convergence. Across the 13 properties, the Council's ownership ranges from 10% up to 75%. On average rents would increase by 4.86%, although individual rent rises will vary depending upon how near to rent convergence a particular rent is.
- 4.7 Rents in the Council's hostels are set with reference to the national formula which is applied to managing temporary accommodation of the Local Housing Allowance (LHA) rate, minus 10% plus £60 per week, equivalent to £164.87. This charge is inclusive of service charges, but is subject to additional charges for heating and water. These temporary tenancies are not subject to the Government's rent reduction policy.
- 4.8 The government has however frozen LHA rates up to and including 2019/20, so there is no practical scope to increase hostel rents, and none is proposed.
- 4.9 Notwithstanding the welfare reforms being brought in by the government, those whose rent is currently met through housing benefit should continue to receive the same degree of financial assistance. Clearly where rents are being reduced, any associated housing benefit will reduce pound for pound, leaving the tenant no better or worse off.
- 4.10 Members are however reminded that a proportion of tenants will be impacted by other welfare reforms regardless of the decrease in rent. 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 £20,000 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 £20,000. Single people with no dependent children are capped at £13,400.
- 4.11 The effective date of any change in rent will be 1 April 2019, being the first Monday of the new rent year.

5 Other Fees and Charges

- 5.1 The HRA benefits from a number of income streams other than dwelling rents, the majority of which are set by the Council and therefore need a resolution for any increases.

Garages

- 5.2 Standard garages are currently charged at £11.40 per week for tenants (£13.68 being £11.40 plus VAT for non-tenants). It is recommended that these charges be increased to £11.70 per week for tenants (£14.04, being £11.70 plus VAT for non-tenants), being a 2.5% rise, being consistent with the standard approach taken across the Council's fees and charges. All variants on a standard garage will receive a proportionate increase.

Water Charges

- 5.3 The Council collects the water rates on behalf of Northumbrian Water Company (trading locally as Essex & Suffolk Water) in respect of all unmetered Council houses and 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 a void loss allowance. The Council renewed this arrangement with Northumbrian Water Company with effect from 1 April 2017.

6 Management Fee to South Essex Homes

- 6.1 A management fee bid by the Board of South Essex Homes has been received by the Deputy Chief Executive - People, which following negotiations has been agreed. The proposed fee has been set mindful of the financial pressures within the HRA. The bid is summarised in the table below.

	2017/18 Budget £000	2017/18 Forecast £000
Management Fee	5,532	5,532
Inflationary Pressures		196
Fibre Connectivity to Sheltered		58
Increase in Hostel Places		62
GDPR Support from the Council		39
Less:		
Inflation Absorbed		(149)
Total Management Fee	5,532	5,738

- 6.2 The inflationary pressures for South Essex Homes are in respect of primarily employee related increased costs.
- 6.3 South Essex Homes have also requested one-off financial support of £10,000 to complete the data cleansing, training and embedding of new data protection practices in compliance with General Data Protection Regulations (GDPR).

- 6.4 They have also requested £140,000 to undertake a project to achieve better integration between the various ICT systems that the company uses, with the aim to achieve efficiencies going forward. Whilst the bid is supported, it is suggested that any monies only be released on submission of a full business case to the Council's Housing Client team.
- 6.5 Following decisions made as part of last budget setting, South Essex Homes also receive a significant proportion of their income from service and heating charges levied directly on tenants and leaseholder. It is beholden on South Essex Homes and the Council to ensure that service charges to tenants are reasonable, and as near as possible are set on a cost recovery basis. South Essex Homes has therefore proposed increases in these charges as set out below for Members endorsement.

Service Charges (SEH Charge)

- 6.6 2010/11 saw the completion of the current round of service charge unpooling from the main rent. This was the process where previous "all-in" rent payment was split between the rent element and the service charge element. There are no proposals as part of this budget to unpool further costs from the main dwelling rental. There is therefore only the need to consider the uplift of the existing service charges currently levied. Over the past year, there has been a detailed review of the cost-recovery of service charges, which has confirmed that the overall income derived covers the cost of provision. South Essex Homes are therefore recommending an average 4.0% inflationary increase in service charges. As service charges are based on actual costs for each block, and actual services provided, individual charges could change by more or less than the average rise. This will enable service charges to be kept in line with the cost of providing the service. Service charges are generally covered by housing benefit where applicable.

Heating Charges (SEH Charge)

- 6.7 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.
- 6.8 Based on costs associated with heating, South Essex Homes are proposing that there is an average 17% increase in heating charges in 2019/20. The increase is based on the actual costs incurred over the year ending October 2018 and is reflective of utility price increases over that period. Energy prices are volatile, as evidenced by the previous reduction in heating charges in 2018/19.
- 6.9 The actual charge for 2019/20 will be the actual costs associated with each individual scheme.

7 Higher Value Voids

- 7.1 Members will recall that the Housing and Planning Act 2016 introduced a duty on councils to consider selling higher value vacant social housing when it becomes vacant. The Act also empowers the Secretary of State to require an upfront levy payment from the Council, to fund the extension of the Right to Buy to Housing Association tenants. That levy will be calculated by reference to the market value of the Council's "higher value" housing stock, rather than just paying over the proceeds of the actual sales, raising the possibility that should insufficient properties be sold, the HRA will have to fund the levy through other resources.
- 7.2 The Government has signalled through its Housing Green Paper issued 14 August 2018, that it will not invoke any higher value void levy going forward, and that it will repeal the relevant legislation when Parliamentary time allows. Consultation on the Green Paper closed 6 November 2018.

8 Options to Balance the HRA

- 8.1 The HRA budget has been constructed using realistic estimates wherever possible, however as indicated in the report there are a number of areas where legislation is pending that has the potential to significantly alter the proposed budget.
- 8.2 The budget, based on the recommendations above, is shown at Appendix 1. The budget shows an operating surplus of £3.328M. On that basis the HRA is clearly in balance and Members can choose to take no further action. However that surplus is less than it otherwise would have been had the Government not required the Council to reduce rents, and therefore the HRA has less resource for future investment into its stock than it otherwise would have done. Had the Government not forced reductions in secure tenancy rental levels, the annual surplus would have been an estimated £3.300M higher.
- 8.3 £2.143M of the surplus will fund a revenue contribution towards the completion of the current new build programme and the commencement of the next. It is recommended that £60,000 of the remaining surplus be diverted to the Repairs Contract Pensions Reserve under the on-going arrangement put in place when the repairs contract was last let, £1.397M to the Major Repairs Reserve for future reinvestment into the existing stock. Finally to balance the budget, it will be necessary to draw down £0.272M from the HRA Capital Investment Reserve where any revenue surpluses are being accumulated for use in support of future capital investment.
- 8.4 General HRA balances will still remain above the target of £3M at £3.502M.

9 HRA Medium Term Financial Plan and Strategy

- 9.1 The HRA Medium Term Financial Plan is shown at Appendix 2. The forward forecast of the HRA is based on a general assumption of an underlying 2.0% CPI, consistent with the Bank of England's latest forecasts.

9.2 For expenditure, the variations from the 2% assumption are:

- Provision for Bad & Doubtful Debts, where in recognition of the heightened risks of rent arrears arising from the governments welfare reforms, especially now that universal credit is being rolled out in Southend
- South Essex Homes management fee, where a real terms increase of £50,000 per annum is provided for, before efficiency savings
- Depreciation and Interest Charges are based on the underlying 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 increase by CPI + 1% from 2020/21 as indicated by the Government. Other income rises will be limited to an assumption of 2%, in line with the Council's MTFs assumptions for the General Fund. The recharge to capital varies in line with the agreed HRA capital programme.

9.4 Members will be aware of the proposed regeneration of Queensway. The HRA MTFs assumes this to 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. Some basic allowance has been made for a net loss in future years. Clearly much will depend on the final nature of the redevelopment proposal, including how any decant process works. The MTFs will be updated once a better understanding of the timing of any impact is known.

9.5 The Medium Term Financial Strategy demonstrates that the HRA is currently financially robust. Each year of the HRA MTFs an operational surplus is forecast, which will be appropriated to HRA earmarked reserves. HRA reserves are shown at Appendix 3.

10 HRA Capital Allowance and Housing Strategy

10.1 The HRA capital investment programme is reported elsewhere on this agenda. This proposes an indicative programme of works over the next 5 years totalling £49.601M. 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 paid over to government. The Council can take action to preserve the full value of its non-right to buy capital receipts however 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 back into affordable housing, and as such is equal to the value of the HRA capital programme.

Council Housing and New Build Programme						
Bathroom Refurbishment	263	42	59	52	96	512
Central Heating	951	374	197	161	771	2,454
Common Areas Improvement	3,364	864	864	864	864	6,820
Environmental - H&S works	698	1,080	1,080	1,080	1,080	5,018
Kitchen Refurbishments	691	984	1,002	875	1,107	4,659
Rewiring	221	342	501	739	411	2,214
Roofs	419	1,184	1,335	1,145	1,187	5,270
Windows and Doors	247	1,110	862	944	344	3,507
Future Programme (MRA & Decent Homes)	-	-	-	-	-	-
HRA Disabled Adaptations - Major Adaptations	650	650	650	650	650	3,250
HRA Disabled Adaptations - Minor Adaptations	50	50	50	50	50	250
Sheltered Housing DDA works	345					345
S106 HRA Land Review	1,450					1,450
Construction of New Housing on HRA Land	2,892	7,697	3,094			13,683
Acquisition of leasehold property						-
Acquisition of tower block leaseholds - Queensway	169					169
Total Council Housing and New Build Programme	12,410	14,377	9,694	6,560	6,560	49,601

10.2 Members will be aware that the Housing, Homelessness and Rough Sleeping Strategy has been recently adopted. The HRA will play its full part in the implementation and delivery of the strategy through the use of its capital and revenue resources, which following the Government's decision to lift the HRA debt capital, could include the HRA borrowing to build new affordable homes. Any proposals would be subject to a full business case in the usual manner.

11 Other Options

11.1 Given the statutory nature of the required reduction in rents, Members have limited scope to alter the budget.

12 Reasons for Recommendations

Part of the process of maintaining a balanced budget for the HRA is to consider and set a rent rise (and associated increases in other income streams). Full Council need to approve the HRA budget prior to the start of the financial year.

13 Corporate Implications

13.1 Contribution to the Southend 2050 Road Map

The recommendations in this report, by providing the resources to maintain and enhance the Council's owed social housing stock, contribute directly to the Southend 2050 Ambition that we are well on our way to ensuring that everyone has a home that meets their needs.

13.2 Financial Implications

As set out in the report

13.3 Legal Implications

None at this stage

13.4 People Implications

None at this stage

13.5 Property Implications

The recommendations in this report assist in the proper management of the Council's housing stock

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

Policy and Resources Scrutiny Committee requested that an Equalities Assessment be undertaken in respect of the increases in service and heating charges. This has now been undertaken.

- 13.7 Equalities and Diversity Implications
An equality impact assessment has been carried out in respect of the proposals contained within this report in respect of the proposed changes in 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 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.

- 13.8 Risk Assessment
The financial risks associated with these proposals have been considered throughout this report, and in particular 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 the February Cabinet.

- 13.9 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.

- 13.10 Community Safety Implications
None at this stage

- 13.11 Environmental Impact
None at this stage

14 Background Papers

Equalities Assessment into the impact of the increase in service and heating charges

15 Appendices

Appendix 1 – HRA Budget 2019/20
Appendix 2 – HRA Medium Term Financial Plan 2019/20 to 2023/24
Appendix 3 – HRA Reserves 2019/20 to 2023/24

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HRA Budget 2019/20

Appendix 1

	2018/19 Budget £000	2018/19 Revised £000	2019/20 Budget £000
Employees	210	210	206
Premises (excluding repairs)	790	765	806
Repairs	4,930	5,399	5,399
Supplies and Services	69	69	85
Management Fee	5,579	5,617	5,888
MATS	1,146	1,146	1,175
Provision for Bad Debts	394	394	455
Depreciation	6,284	6,284	6,665
Interest and Debt Management Charges	3,515	3,505	3,483
Total Expenditure	22,917	23,389	24,162
Fees and Charges	(349)	(349)	(349)
Dwelling Rents	(24,900)	(25,495)	(24,720)
Other Rents	(1,372)	(1,372)	(1,497)
Other	(27)	(27)	(27)
Interest	(250)	(240)	(430)
Recharged to Capital	(566)	(525)	(467)
Total Income	(27,464)	(28,008)	(27,490)
Net Operating Expenditure	(4,547)	(4,619)	(3,328)
RCCO	1,925	991	2,143
Potential Impact of Queensway	0	0	0
Appropriation to Earmarked Reserves	2,622	3,628	1,185
(Surplus) or Deficit in Year	0	0	0

HRA Medium Term Financial Plan 2019/20 to 2023/24

Appendix 2

	2019/20 Budget £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/22 Forecast £000	2023/24 Forecast £000
Employees	206	206	206	206	206
Premises (excluding repairs)	806	835	849	863	877
Repairs	5,399	5,507	5,617	5,729	5,844
Supplies and Services	85	85	86	87	88
Management Fee	5,888	5,788	5,838	5,888	5,938
MATS	1,175	1,199	1,223	1,247	1,272
Provision for Bad Debts	455	464	473	482	492
Depreciation	6,665	6,756	6,867	6,887	6,996
Interest and Debt Management Charges	3,483	3,473	3,540	3,515	3,534
Total Expenditure	24,162	24,313	24,699	24,904	25,247
Fees and Charges	(349)	(356)	(363)	(370)	(377)
Dwelling Rents	(24,720)	(25,214)	(25,718)	(26,232)	(26,757)
Other Rents	(1,497)	(1,526)	(1,544)	(1,562)	(1,580)
Other	(27)	(27)	(27)	(27)	(27)
Interest	(430)	(380)	(379)	(408)	(453)
Recharged to Capital	(467)	(443)	(437)	(434)	(434)
Total Income	(27,490)	(27,946)	(28,468)	(29,033)	(29,628)
Net Operating Expenditure	(3,328)	(3,633)	(3,769)	(4,129)	(4,381)
RCCO	2,143	5,388	2,166	0	0
Potential Impact of Queensway	0	200	200	200	200
Appropriation to Earmarked Reserves	1,185	(1,955)	1,403	3,929	4,181
(Surplus) or Deficit in Year	0	0	0	0	0

HRA Reserves 2019/20 to 2023/24

Appendix 3

	2019/20 Budget £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/22 Forecast £000	2023/24 Forecast £000
General HRA Balance					
Opening Balance	3,502	3,502	3,502	3,502	3,502
Used to meet Deficit	0	0	0	0	0
Closing Balance	3,502	3,502	3,502	3,502	3,502
Earmarked Reserves					
Opening Balance	31,885	33,070	31,115	32,518	36,447
Appropriation to Earmarked Reserves	1,185	(1,955)	1,403	3,929	4,181
Closing Balance	33,070	31,115	32,518	36,447	40,628
Total HRA Balances at year end	36,572	34,617	36,020	39,949	44,130
Major Repairs Allowance					
Opening Balance	6,160	5,271	5,347	5,614	5,941
Depreciation Arising	6,665	6,756	6,867	6,887	6,996
Used to Fund Capital Expenditure	(7,554)	(6,680)	(6,600)	(6,560)	(6,560)
Closing Balance	5,271	5,347	5,614	5,941	6,377

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Southend-on-Sea Borough Council

Report of Strategic Director (Finance and Resources)
to
Cabinet
on
12 February 2019

Report prepared by: Caroline Fozzard
Group Manager – Financial Planning and Control

Agenda
Item No.

Capital Investment Programme 2019/20 to 2023/24

All Scrutiny Committees

Cabinet Member: Councillor John Lamb

Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 The purpose of this report is for Members to consider a proposed programme of capital investment and its funding for 2019/20 to 2023/24 that can be submitted to Council for approval.

2. Recommendations

That the Cabinet recommend to Council that it:

- 2.1 Note the current approved Programme for 2019/20 to 2021/22 of £153.1m (Appendix 1);
- 2.2 Consider and approve the Capital Investment Strategy for 2019/20 to 2023/24 (Appendix 2);
- 2.3 Consider and approve the proposed:
- (i) new schemes and additions to the Capital Investment Programme for the period 2019/20 to 2023/24 totalling £14.5m for the General Fund and £20.8m for the Housing Revenue Account (Appendix 6);
 - (ii) schemes subject to external funding approval for the period 2019/20 to 2020/21 totalling £3.0m (Appendices 6 and 7);
 - (iii) schemes subject to viable business cases for the period 2019/20 to 2021/22 totalling £48.6m (Appendix 7);
- 2.4 Approve the changes to the approved Programme (Appendix 7);
- 2.5 Note the changes to the approved Programme will result in a proposed capital investment programme of £194.9m for 2019/20 to 2023/24 (Appendix 7) of which £74.3m is supported by external funding and

that the total programme increases to £246.5m if all business cases and external funding schemes are approved;

2.6 Approve that, subject to the final Business Case sign off for the new care facility at Priory from the Deputy Chief Executive (People) and Strategic Director (Finance and Resources) in consultation with the Cabinet Member for Adults and Housing, the budget of £11.581m be moved to the main programme.

2.7 Note that a final review has been undertaken on the 2018/19 projected outturn and that the results have been included in this report;

2.8 Approve the proposed Capital Investment Programme for 2018/19 to 2023/24 (Appendix 8);

3. Background

3.1 Capital expenditure is defined as expenditure incurred on the enhancement, acquisition or creation of assets needed to provide services, such as houses, schools, vehicles etc. 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. Capital grants, borrowing and capital receipts can only be spent on capital items and cannot be used to support the revenue budget. However, it should be noted that revenue funding can be used to support capital expenditure.

3.2 Under the Local Government Act 2003, from 1 April 2004, each authority can determine how much it can borrow within prudential limits (unsupported borrowing). The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority.

3.3 Unsupported borrowing is not specifically financed by capital grant so any unsupported borrowing undertaken is financed from the total available resources to the Council from both grant and Council Tax.

4 Capital Investment Strategy

4.1 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 and includes reference to other key documents of the authority which influence capital investment such as the Medium Term Financial Strategy (MTFS) and the Corporate Asset Management Strategy (CAMS).

4.2 The capital investment programme is prepared and developed in accordance with the Council's Capital Investment Strategy, which is attached as Appendix 2 to this report. In turn, the Capital Investment Strategy has been written in the context of Southend 2050 and the five themes and all capital investment is therefore driven by the aim of contributing to the delivery of the ambition and the desired outcomes.

- 4.3 The proposed additions to the capital investment programme for 2019/20 to 2023/24 of £14.5m for the General Fund and £20.8m for the Housing Revenue Account are set out in Appendix 6, with the details of each scheme and its funding explained. In preparing these proposals consideration has been given to the key criteria set out in section 8.1 of the capital investment strategy and to the factors concerning prudence, affordability and sustainability set out in section 8.3 of the capital investment strategy.
- 4.4 As a result of the strategy around prioritisation of schemes there are a number of new schemes and additions that are being proposed 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 are set out in Appendix 6.
- 4.5 There are also two schemes in the current approved programme that are now being re-categorised as being subject to a viable business case being approved. These are the re-development of the Delaware and Priory Residential Care homes and the Viking Day Centre and the Commercial Property Investment scheme. This is set out in Appendix 7.
- 4.6 The Council's current agreed capital investment programme for 2018/19 and future years is attached as Appendix 1 and totals £213.6m.
- 4.7 Movements and proposed new schemes and additions since the agreement of the revised programme in November 2018 are set out in Appendix 7, with more detail in Appendices 3 to 6. Excluding schemes subject to external funding approval and viable business case approval they have an overall effect of increasing the capital investment programme by £33.9m to £247.5m (Appendix 8). If all these schemes were approved it would increase the programme by a further £51.6m to £299.1m (Appendix 8). Appendix 8 also shows how the proposed capital investment programme relates to the five themes.
- 4.8 In addition, each year the Council agrees a Treasury Management Strategy and prudential indicators that includes identifying how planned capital investment is to be funded. This Strategy and indicators are included in a separate report elsewhere on this agenda.

5 Southend 2050 engagement programme

- 5.1 During spring 2018 the Council embarked on a major engagement exercise with residents and key local stakeholders to develop a shared and jointly owned ambition for Southend in 2050. As part of this a large scale borough-wide 2018 Residents Perception Survey was undertaken.
- 5.2 Residents were asked what they most like about living in this area. The seaside/beach was one of the top responses. A key element of this is Southend's historic pleasure pier, the longest in the world. In recognition of this, capital investment of £18.441m in the pier has been included in this proposed programme across the financial years 2018/19 to 2021/22, including £3.25m for

the replacement of the pier trains. A further £10.5m is subject to a viable business case being agreed for the technical design and construction of the Pavilion Deck of the pier.

- 5.3 Parks and open spaces were another important aspect for residents. The town has many parks, gardens and nature reserves offering a range of facilities including sports pitches/courts, children's playgrounds, skateboarding, cafés, boating lakes, fishing lakes and wildlife areas. In recognition of this, capital investment of £1.223m in the town's parks and open spaces has been included in this proposed programme across the financial years 2018/19 to 2020/21.
- 5.4 Residents were also asked what they most disliked about living in this area. The quality of the roads and pavements was the top area of concern and in response to this, capital investment of £26.278m in improvements to the town's highway and footpath network has been included in this proposed programme across the financial years 2018/19 to 2021/22. This amount includes repairing potholes and improving the condition of the pavements around highway trees.
- 5.5 The availability of parking and the amount of traffic congestion were other key areas of concern and in response to this, capital investment of £6.858m for improvements and major works to the town's car parks and £4.690m for traffic management, network and control systems have been included in this proposed programme across the financial years 2018/19 to 2023/24.
- 5.6 Residents were asked how safe or unsafe they felt when outside in their local area. Less than one in ten residents said they felt unsafe during the day but four in ten residents said they felt unsafe after dark. Women and younger residents were more likely to feel unsafe after dark, with perceptions varying by locality. In response to this, capital investment of £2.94m for community safety has been included in this proposed programme across the financial years 2018/19 to 2020/21. £2.04m of this is for an upgrade to the existing CCTV cameras and installation of a number of new cameras in priority locations following consultation.

6. Other Key Areas of Investment 2019/20 to 2023/24

Other key areas of investment for the Council are identified in the sections below.

6.1 Housing

- 6.1.1 Under the theme Safe and Well investment in this area contributes to the desired outcome that we are well on our way to ensuring that everyone has a home that meets their needs.
- 6.1.2 The Housing, Homelessness and Rough Sleeping Strategy 2018-2028 was approved by Cabinet at its meeting of 6 November. The strategy has five high level aims:
- Prioritise the supply of safe, genuinely affordable homes;
 - Regeneration and growth to create inclusive, healthy places to live and thrive;

- Encourage good quality housing design, management and maintenance;
- Support people to live independently in their own homes and avoid homelessness;
- Any instance of homelessness to be brief and non-recurrent.

The capital resource position for housing investment will be submitted once the implementation plans have been developed and considered. Business cases will be considered and agreed, with any resulting capital investment being brought into the programme at the appropriate time. Capital investment may be supported by funding sources either from the General Fund or Housing Revenue Account (HRA) or by any other housing investment model.

- 6.1.3 The Housing Revenue Account capital investment programme for the 2019/20 financial year is £12.410m which includes £6.9m of Decent Homes work to the Council's housing stock including kitchen and bathroom modernisations, together with improvements to the common areas and environmental health and safety works. This also includes a budget of £0.700m for disabled adaptations, £0.345m for some remodelling works to sheltered housing schemes and £4.342m for the construction of new housing on HRA land including the future phases of the Affordable Housing Development Programme.
- 6.1.4 The overall capital programme for the next five financial years 2019/20 to 2023/24 includes a commitment of at least £6.5m each year for major repairs and Decent Homes work to the Council's existing housing stock.

6.2 Social Care

- 6.2.1 Under the theme Safe and Well investment in this area contributes to the desired outcome that we are all effective at protecting and improving the quality of life for the most vulnerable in our community.
- 6.2.2 A major investment of £11.581m included in this capital programme (subject to a viable business case being approved) is for the re-development of the Delaware and Priory Residential Care homes and the Viking Day Centre. This will include the building of a new 60-bedroom care facility and a day centre providing high quality services for people with high and complex needs, including dementia, and incorporating specialist services for people with disabilities. The new centre will be flexible, enabling people to remain as independent as possible offering a wide range of activities to meet individual needs and interests as well as providing personal care, therapeutic and health interventions.
- An outline Business Case was approved at Cabinet on 14 March 2017 for the development of a new care home and day centre on the Priory site. Work has proceeded on design and procurement and a final business case is in its final stages for sign off. Before tender acceptance and the Capital investment to be in the main programme, this needs completion and relevant sign off to proceed with the development. This report recommends this approach.

6.3 Schools

- 6.3.1 Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that our children are school and life ready and our workforce is skilled and job ready.
- 6.3.2 The schools capital investment programme for 2019/20 onwards will continue to be dominated by the need to provide more school places to cope with the current high pupil numbers, as the demand moves from the primary sector to the secondary schools. £12.711m of investment has been included in the proposed programme for this.
- 6.3.3 The secondary expansion programme is progressing well. 120 permanent places have been created for September 2018 and a further seven places will be available from September 2019 along with additional new places over the following years. This expansion will be across eight of the twelve secondary schools. The Primary School future demand will continue to be monitored closely.

6.4 Enterprise and Regeneration

- 6.4.1 Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bring prosperity and job opportunities to the borough.
- 6.4.2 A major investment of £25.818m included in this capital investment programme is for the Airport Business Park, a major strategic employment site in close proximity to 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. Design consultants have been appointed for the Launchpad at the Airport Business Park. Procurement is in the early stages to find an operator, procurement of the remaining phase one infrastructure works is complete and procurement of phases two and three are underway.

6.5 Culture and Tourism

- 6.5.1 Under the theme Pride and Joy investment in this area contributes to the desired outcome that the variety and quality of our outstanding cultural and leisure offer has increased and we have become the first choice English coastal destination for visitors.
- 6.5.2 Under the theme Safe and Well investment in this area contributes to the desired outcome that Southenders are remaining well enough to enjoy fulfilling lives, throughout their lives.

- 6.5.3 Under the theme Active and Involved investment in this area contributes to the desired outcome that more people have active lifestyles and there are significantly fewer people who do not engage in any physical activity.
- 6.5.4 Under the theme Opportunity and Prosperity investment in this area contributes to the desired outcome that key regeneration schemes such as seafront developments are underway and bringing prosperity and job opportunities to the borough.
- 6.5.5 A major investment of £18.450m included in this capital investment programme is for Forum II, the second phase development of the Forum in partnership with South Essex College. This will deliver education, cultural and business space so as to increase the opportunity to engage with digital, cultural and creative industries.

6.6 Other Investment

- 6.6.1 Subject to a viable business case being produced and approved, commercial property investment of £23.478m has been included in the proposed capital investment programme to continue to grow an investment portfolio to enable the Council to secure and maintain long-term growing income streams and capital appreciation. Such investments will be part of the Council's wider strategy, for example economic development and growth. The Council's Commercial Property Investment Strategy is set out in the Corporate Asset Management Strategy.
- 6.6.2 Also subject to a viable business case being produced and approved, £2m of investment is included in the proposed capital investment programme for the construction of an Operation Centre which can discharge 24/7 control of core council services, including CCTV, Parking and Transport, Careline/Telehealth and Environmental Monitoring. Also included in this scheme is the ability to improve the use of data for both day to day operational and longer term strategic planning purposes.
- 6.6.3 The other proposed capital investment encompasses the following areas:
- Refurbishment of the Council's core property stock to deliver a planned condition programme;
 - Essential refurbishment and renovation works to theatres, parks, leisure centres and other leisure assets;
 - Upgrade and modernisation of the ICT core infrastructure;
 - ICT schemes in support of business transformation;

7. Capital Investment Programme 2018/19 to 2023/24

- 7.1 The Council's proposed capital investment programme for 2018/19 and future years is attached as Appendix 8, which includes all of the adjustments identified in the other appendices.

- 7.2 The proposed capital investment programme represents a significant investment of over £247million on the part of the Council in the Southend area with a further £3million subject to external funding approval and a further £48million subject to a viable business cases being approved.

The projected investment in 2019/20 alone amounts to nearly £73million. Key areas of new and continued investment in 2019/20 and later years include:

- Continued investment in the Pier;
- Essential works for Leisure, Parks, Libraries, Theatres and Museums;
- Forum II;
- Highways infrastructure and Transport works;
- A127 works;
- Library Car Park site redevelopment;
- Development of a care home and related facility;
- Council Housing and Private Housing stock;
- Secondary School Expansion Programme;
- Airport Business Park;
- Digital Strategy and ICT infrastructure;
- Energy efficiency schemes;

8. Funding the capital investment programme

- 8.1 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.

The proposed estimated funding for the programme (excluding schemes subject to external funding and viable business case approval) is as follows:

Type of funding:	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
External funding – capital grant	27.7	32.8	10.8	-	-	71.3
External funding – third party contributions	2.5	-	0.5	-	-	3.0
Capital Receipts	1.4	2.5	1.0	-	-	4.9
Major Repairs Reserve (Housing Revenue Account)	7.6	6.7	6.6	6.6	6.6	34.1
Earmarked reserves/ Revenue Contributions	7.3	5.5	2.1	-	-	14.9
Borrowing – Main	24.8	19.2	9.4	0.3	0.3	54.0

Schemes ⁽¹⁾						
Borrowing – Invest to Save ⁽¹⁾	1.4	4.4	6.9	-	-	12.7
Total	72.7	71.1	37.3	6.9	6.9	194.9

Note 1 - this relates to both internal and external borrowing

The estimated amounts of internal and external borrowing are shown in the table below:

Borrowing to fund capital schemes	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Internal borrowing	0	0	0	0	0	0
External borrowing	26.2	23.6	16.3	0.3	0.3	66.7
Total borrowing	26.2	23.6	16.3	0.3	0.3	66.7

- 8.2 New capital expenditure plans proposed in Appendix 6 along with previously approved capital investment plans, require the Council to externally borrow approximately £99m (£85m net of invest to save schemes) over the period 2019/20 to 2023/24. £67m of this level of borrowing is driven by the capital investment programme over the period 2019/20 to 2023/24 and £32m is to start to reverse the under-borrowed position against the Council's Capital Financing Requirement.
- 8.3 An updated Corporate Asset management Strategy (CAMS) for the period 2015-25 was agreed by Cabinet on 22 September 2015 and endorsed by Full Council on 22 October 2015. This revised CAMS 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. The Capital Receipts target of £1m p.a. is retained but is not a key driver for the sale of property. Capital receipts will reduce the need for borrowing to support the Capital Investment Programme if they can be generated.
- 8.4 When the Council enters into Prudential Borrowing to fund capital expenditure, there is a revenue impact and therefore an increase to the Councils budget requirement. As an indicative guide to the revenue consequence, there is a cost of approximately £70k for every £1m borrowed or if £10m is borrowed this would equate to an increase in Council Tax of approximately 1%.
- 8.5 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 2019/20 to 2023/24. The draft 2019/20 revenue budget elsewhere on this agenda incorporates the required borrowing costs budget requirement for 2019/20.
- 8.6 **Schools Funding**
- 8.6.1 In February 2018 the Government confirmed the Education Maintenance Capital allocations and Devolved Formula Capital (DFC) for 2018/19 and gave an indication that a similar level of grant would be available for 2019/20, subject to downwards adjustments as more schools convert to academy status. Basic Need Grant was confirmed for the three years 2018/19 to 2020/21.

The grant funding was confirmed as follows:

- £4.831 million of basic need funding to provide school places to be paid in 2018/19 with indicative sums of £3.82million paid in 2019/20 and £10.35 million in 2020/21.
- £0.615 million of Maintenance Capital to support the needs of the schools we maintain and for the Sure Start children's centres;
- £0.125 million of Devolved Formula Capital for schools;

8.6.2 All of these allocations will be delivered as capital grant.

8.6.3 The Government is due to confirm in February 2019 the 2019/20 grant figures and issue indicative grant figures for the years 2020/21 and 2021/22. If these figures are available in time they will be included in the report to Cabinet for February 2019.

8.6.4 The Basic Need Grant awarded to Local Authorities includes expansion at academies. The Government also expects all Local Authorities to fund capital works for any new academy arising from a Basic Need requirement unless the new school is funded directly from Central Government.

8.6.5 Government funding is not ring fenced and Southend, like many other authorities, will be spending more on Basic Need than the awarded grant.

8.6.6 Once the 2019/20 maintenance grant has been published officers will produce a draft condition programme. It is hoped, as in previous years, future years indicative amounts will also be included to allow a multi-year programme to be set that will allow schools to plan ahead.

8.6.7 The income received from Central Government for maintenance only covers maintained schools and will continue to reduce in relation to the increase in the number of academies. Academies are able to bid into a central pot directly to the Department for Education for capital funding.

8.6.8 Although the maintenance grant will decrease as more schools convert to academy status the schools condition programme will continue to address high priority condition items at schools and children's centres as far as funds allow, which if not done could result in a closure. The replacement of boilers, curtain walling and rewiring continues to dominate the investment programme.

8.6.9 Where already announced and allocated to schemes the capital grant allocations are included in the funding table in paragraph 8.1.

8.7 Highways and Transportation Funding

8.7.1 The expenditure will be delivered by fully un-ringfenced capital grants.

8.7.2 The settlement is as follows:

	2019/20	2020/21
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	£'000	£'000
Integrated Transport	1,401	1,401
'Needs Based' Highways Capital Maintenance Block	1,121	1,121

- 8.7.3 The allocations for the Integrated Transport Block (ITB) 2020/21 are indicative and are awaiting confirmation from the Department for Transport (DfT).
- 8.7.4 Pothole Funding of £250 million was announced in the Budget 2015. This funding is allocated by formula shared by Local Highways Authorities between 2016/17 and 2020/21 based on the road length for which each authority is responsible. The allocated sum to Southend Borough Council is £65k per year until 2020/21.
- 8.7.5 To allow the full delivery of the 2019/20 Local Transport Plan (LTP) programme, the full spend is proposed to be met 100% by capital grant.
- Typical schemes are presented in the context of four 'Actions' as set out in the Local Transport Plan (LTP3) Implementation Plan 2015/16 to 2020/21.
 - The prioritisation process is set out in diagram 1 of the implementation plan. In addition, maintenance schemes will be progressed using the latest information from the Gaist Asset Management work.
 - As in previous years, there is flexibility to allocate funding between the two blocks and the LTP actions.
- 8.7.6 Where already announced the capital grant allocations are included in the funding table in paragraph 8.1. Appendix 5a shows the breakdown of schemes and their funding for 2019/20.
- 8.8 The other revenue implications of the proposed new schemes and additions to the capital investment programme are set out in the table at the end of Appendix 6. In summary these are:
- Commercial Property Investment – the rental incomes to at least cover the financing costs;
 - ICT – Southend Operation Centre – £198,000 p.a. from 2021/22 generated by selling services to other organisations, £5,000 p.a. running costs for the new museum store;
 - Chalkwell Hall Infants Energy Project – the revenues generated covering the financing costs;
 - CCTV upgrade – £37,000 p.a. for increased camera support and maintenance costs;
 - Civic Centre Boilers - £5,000 p.a. savings in gas costs through greater efficiency.
- 8.9 In summary, it is the Chief Finance Officer's view that the 2019/20 to 2023/24 proposed capital investment programme is Prudent, Affordable and Sustainable.

10. Other Options

- 10.1 The proposed Capital Investment Programme is compiled from a number of individual projects, any of which can be agreed or rejected independently of the other projects.

11. Reasons for Recommendations

- 11.1 The proposed Capital Investment Programme is compiled from a number of individual projects which either contribute to the delivery of the Council's ambition and desired outcomes or enhances the Council's infrastructure.

12. Corporate Implications

12.1 Contribution to the Southend 2050 Road Map

In line with the Capital Investment Strategy the projects contribute to the delivery of the Southend 2050 ambition and achievement of the desired outcomes and five year roadmap.

12.2 Financial Implications

As set out in the report.

12.3 Legal Implications

None at this stage.

12.4 People Implications

None at this stage.

12.5 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.

The CAMS now also includes a Commercial Property Investment Strategy setting out the Council's clear intention to proceed to make commercial property investments on the basis of specialist independent advice and where there is a good, sustainable return to be made both in terms of on-going revenue and long term capital appreciation.

12.6 Consultation

The draft budget approved at Cabinet on 17 January 2019 has been presented to all three Scrutiny Committees and the Business and Voluntary Sector Consultation meeting. The feedback from each of these scrutiny bodies is as follows:

- Place Scrutiny Committee sought clarification on a number of the capital investment programme items in respect of their areas of responsibility, namely the following proposed schemes:
 - C1 – Pier Train with regard to the public disclosure of this budget;
 - C6 – CCTV with regard to the extension of coverage to other parts of the Borough;
 - C11 – Public Toilets with regard to the provision of “changing places” disabled toilets and town centre provision;
 - C12 – Civic Campus with regard to potential returns on investment;
 - C16 – Southend-on-Sea Traffic Model with regard to the uses of the model;
 - C18 – A127 Bell Junction with regard to capacity for future growth of the airport;
 - C20 – Commercial Property Investment seeking assurance of a strong business case.

- People Scrutiny Committee sought clarification on a number of the capital investment programme items in respect of their areas of responsibility, namely the following schemes:
 - C2 – Children’s Residential Care Home seeking clarification of the nature of the scheme and the number of clients it would support;
 - LATC Delaware and Priory seeking clarification regarding the further business case.

- Policy and Resources Scrutiny Committee offered no comments on the draft Capital Investment Programme 2019/20 to 2023/24 or the proposed new schemes and additions contained therein, in respect of their areas of responsibility;

- The Business and Voluntary Sector consultation meeting sought clarification on a number of the capital programme items in respect of their areas of responsibility, namely the following proposed schemes:
 - C20 - Commercial Property Investment seeking clarification of the location of future acquisitions;
 - Pier development schemes seeking clarification of the commercial viability of any future development.

12.7 Equalities and Diversity Implications

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

12.8 Risk Assessment

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.

12.9 Value for Money

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

12.10 Community Safety Implications

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

12.11 Environmental Impact

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

13. Background Papers

13.1 Corporate Asset Management Strategy 2015-2025:

http://www.southend.gov.uk/downloads/file/2074/corporate_asset_management_strategy_2015-2025

14. Appendices

Appendix 1 – Approved Capital Investment Programme November 2017

Appendix 2 – Capital Investment Strategy – 2019/20 to 2023/24

Appendix 3 – Virements Between Approved Schemes

Appendix 4 – Re-profiles Between Years

Appendix 5 – New External Funding

Appendix 5a – Highways Capital Investment Programme 2019/20

Appendix 6 – Proposed New Schemes and Additions to the Capital Investment Programme

Appendix 7 – Summary of Changes to Approved Capital Investment Programme

Appendix 8 – Amended Capital Investment Programme 2019/20 to 2023/24 (2018/19 shown for information)

Current Approved Capital Investment Programme 2018/19 to 2021/22 - Summary by Area of Investment (Cabinet 6/11/18)

Appendix 1

Scheme	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
General Fund Housing	1,372	2,020	900	577	4,869
Council Housing and New Build Programme	9,453	8,131	6,200	-	23,784
Social Care	3,214	7,538	2,362	-	13,114
Schools	13,352	13,714	391	-	27,457
Enterprise and Regeneration	4,841	12,600	7,520	5,698	30,659
Southend Pier	3,158	2,218	3,915	5,900	15,191
Culture and Tourism	7,095	4,145	13,530	3,950	28,720
Community Safety	233	667	-	-	900
Highways and Infrastructure	10,736	13,150	15,824	-	39,710
Works to Property	1,170	4,591	4,643	8,432	18,836
Energy Saving	714	1,592	-	-	2,306
ICT	3,998	1,874	40	-	5,912
S106/S38/CIL	1,145	773	35	171	2,124
TOTAL CAPITAL INVESTMENT PROGRAMME	60,481	73,013	55,360	24,728	213,582

Total budget for 2019/20 to 2021/22:

153,101

Current Approved Capital Investment Programme 2018/19 to 2021/22 (Cabinet 6/11/18)

Appendix 1

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
General Fund Housing						
Disabled Facilities Grant	C10145	922	900	900	577	3,299
Empty Dwelling Management	C10020	150	207			357
PSH Works in Default - Enforcement Work	C10503	50	88			138
Private Sector Renewal	C10146	250	825			1,075
Total General Fund Housing		1,372	2,020	900	577	4,869
Council Housing and New Build Programme						
Bathroom Refurbishment	C10161	130				130
Central Heating	C10162	1,079				1,079
Common Areas Improvement	C10168	1,709				1,709
Environmental - H&S works	C10163	1,517				1,517
Kitchen Refurbishments	C10164	649				649
Rewiring	C10165	193				193
Roofs	C10166	1,075				1,075
Windows and Doors	C10167	432				432
Future Programme (MRA & Decent Homes)	C10298		6,359	6,200		12,559
HRA Disabled Adaptations - Major Adaptations	C10015	784				784
HRA Disabled Adaptations - Minor Adaptations	C10257	100				100
Sheltered Housing DDA works	C10177		345			345
S106 HRA Land Review	C10685	1,455	1,258			2,713
Construction of New Housing on HRA Land	C10684	45				45
Acquisition of leasehold property	C10909	115				115
Acquisition of tower block leaseholds - Queensway	C10614	170	169			339
Total Council Housing and New Build Programme		9,453	8,131	6,200	-	23,784
Social Care						
Community Capacity	C10526	177				177
Dementia Friendly Environments	C10598	17				17
Children's Residential Care Provision	C10960		400			400
SEND Module and Integration with Liquid Logic	C10961	30	90			120
Learning Management System	C10929	120				120
Mental Health Funding Stream	C10184	36				36
Transforming Care Housing	C10689		163			163
LATC - Delaware and Priory	C10621	2,834	6,885	2,362		12,081
Total Social Care		3,214	7,538	2,362	-	13,114

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
Schools						
AHDC Short Breaks for Disabled Children	C10282		64			64
Healthy School Capital Funding	C10991	52				52
Adult Community College rainwater goods	C10989	67				67
Chalkwell Hall Infants replace relocatables (SBC 50%)	C10988		109			109
Chalkwell Hall Juniors roofs	C10987	10	100			110
Children's Centre - Lanlords Maintenance	C10990	45				45
Earls Hall Primary heating	C10986	40				40
Eastwood Primary roof	C10985	100	100			200
Fairways Primary Boiler	New	60				60
Fairways Primary roof	C10983	15				15
Fairways Primary curtain walling	C10984	150	240			390
Future condition projects	C10024	73				73
Futures Heating and Pipe Ducts	C10714	68				68
Leigh North Street boiler	C10982	110				110
West Leigh Infant Boiler	New		160			160
Devolved Formula Capital	C10014	125				125
Friars Primary School	C10864	332				332
Temple Sutton - Early Years	C10992	10				10
Expansion of 2 yr old Childcare Places	C10558	65				65
School Improvement and Provision of School Places	C10475	11,800	12,711			24,511
Special Provisiion Capital Fund	C10910	230	230	391		851
Total Schools		13,352	13,714	391	-	27,457
Enterprise and Regeneration						
Airport Business Park (including Local Growth Fund)	C10261	4,200	11,600	7,520	5,698	29,018
City Deal - Incubation Centre	C10668	31				31
Better Queensway - Regeneration	C10747	610	750			1,360
Housing Infrastructure Feasibility	C10956		250			250
Total Enterprise and Regeneration		4,841	12,600	7,520	5,698	30,659
Southend Pier						
Southend Pier - Bearing Refurbishment (Phase One)	C10885	919				919
Southend Pier - Condition Works Engineers	C10697	750	1,200	415		2,365
Southend Pier - Condition Works Surveyors	C10918	354	518			872
Southend Pier - Pier Entrance Enhancement	C10887	186				186
Southend Pier - Pier Pavilion Platform Detailed Design (Gateway Review One)	C10884	49				49
Southend Pier - Prince George Extension (Phase Two)	C10905	150		1,000	1,158	2,308
Southend Pier - Structural Works	New			500		500
Southend Pier - Timber Outer Pier Head	C10886	750	500	2,000	4,742	7,992
Total Southend Pier		3,158	2,218	3,915	5,900	15,191

Current Approved Capital Investment Programme 2018/19 to 2021/22 (Cabinet 6/11/18)

Appendix 1

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
Culture and Tourism						
Belfairs Swim Centre	C10623		42			42
Chase Sports and Fitness Centre - Lighting Fitting Replacement	C10875	54				54
Shoeburyness Leisure Centre – Building Management	C10965	85				85
Southchurch Park Bowls Pavillion	C10739		20			20
Southend Cliffs - Replacement of Handrails	C10881	31				31
Southend Leisure and Tennis Centre - Building Management System (BMS) Control	C10882	47				47
Wheeled Sports Facility Central Southend Area	C10966	25	225			250
Allotments Water Supply Upgrade	C10967	100	110			210
Badger Setts in Priory Park and Sidmouth Park	C10993	70				70
Chalkwell Park and Priory Park Tennis Courts	C10682	30				30
Parks Feasibility and Options Appraisals	C10968	25				25
Playground Gates	C10779		123			123
Replacement and Upgrade of Parks Furniture	C10879	30	30	30		90
Replacement of Play Equipment	C10780	47				47
Shoebury Common Regeneration	C10964	50	250			300
Sidmouth Park - Replacement of Play Equipment	C10880	5	64			69
Southchurch Park Tow Path	C10781	199				199
Forum II – SBC Match Funding to LGF	C10979	500	1,000	13,500	3,950	18,950
Kiosks in Libraries	New		40			40
Library Review	C10624	186				186
Cliffs Pavilion – Auditorium Air Handling Unit	C10969	25	90			115
Cliffs Pavilion – Boiler Flues	C10970	10	115			125
Cliffs Pavilion – Chiller	C10971	5	170			175
Cliffs Pavilion - External Refurbishment works	C10876	56	250			306
Joint Theatres and Leisure Centres – Asbestos	C10972	115				115
Palace Theatre - Air Handling Units	C10782	230				230
Palace Theatre Boilers Replacement	C10877	13				13
Palace Theatre - Replacement of Asbestos Stage Safety Curtain	C10878	83				83
Central Museum Works	C10867		249			249
Inflatable Planetarium	New		35			35
New Museum - Gateway Review	C10776	1,181				1,181
Prittlewell Prince Research	C10043	38				38
Prittlewell Prince Storage	C10696		35			35
New Artist Studios	C10973	875				875
Belton Hills Steps	C10777	1,485				1,485
Energy Improvements in Culture Property Assets	C10565		110			110
Fire Improvement Works	C10974	500	500			1,000
"Make Southend Sparkle" Initiative	C10778	16				16
Property Refurbishment Programme	C10626	750	487			1,237
Pump Priming Budget	C10044	128	200			328
Queen Victoria statue - security fence	C10997	25				25
Resorts Services Signage	New	45				45
Resorts Assets	C10883	31				31
Total Culture and Tourism		7,095	4,145	13,530	3,950	28,720

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
Community Safety						
CCTV Equipment Renewal	C10894	133	267			400
Security Measures	C10957	100	400			500
Total Community Safety		233	667	-	-	900
Highways and Infrastructure						
Cliff Slip Investigation Works	C10784	100	153			253
Coastal Defence (Shoebury Common Sea Defence Scheme)	C10011	186	200	3,795		4,181
Improving Resilience of the Borough to Flooding from Extreme Weather Events	C10888	221				221
Manor Road Cliff Stabilisation	C10963	100	225			325
Flood Prevention Works	C10962		1,125	1,125		2,250
Carriageways and Footways Improvements	C10786	1,000	1,000			2,000
Cinder Path	C10115	100				100
Highways Maintenance - Potholes	C10588	146	65	65		276
Improve Footway Condition Around Highway Trees	C10953	150	200			350
Improved Car Park Signage and Guidance Systems	C10890	329	25			354
Town Centre Redevelopment Improvements - Highways (NPIF)	C10889	615	1,235			1,850
Prittlebrook Greenway - Undermining	C10923	75				75
Southend Highway Flood Reduction and Resilience Improvement Scheme	C10921	565				565
Coach Parking	C10954	250				250
Parking Strategy	C10955	200				200
LTP (Integrated Transport block) - Bridge Strengthening	C10512	306	575	300		1,181
LTP (Integrated Transport block) - Better Sustainable Transport	C10384	533	400	400		1,333
LTP (Integrated Transport block) - Better Networks	C10671	639	400	400		1,439
LTP (Integrated Transport block) - Traffic Management Schemes	C10513	400	400	400		1,200
LTP (Integrated Transport block) - Traffic Control Systems	C10470	316	201	201		718
LTP - Maintenance	C10076	1,006	696	671		2,373
LTP - Maintenance - Street Lighting	C10708	150	150	150		450
Local Growth Fund - A127 Growth Corridor	C10699	1,872	4,100	6,317		12,289
Local Growth Fund - Southend Central Area Action Plan (SCAAP) Growth Point (Transport)	C10702	976	2,000	2,000		4,976
A127 Junction Improvements	C10553	397				397
HCA Progress Road	C10254	18				18
Southend Transport Model	C10058	40				40
Travel Centre - Bus Service Provision in the Town Centre	C10892	46				46
Total Highways and Infrastructure		10,736	13,150	15,824	-	39,710

Current Approved Capital Investment Programme 2018/19 to 2021/22 (Cabinet 6/11/18)

Appendix 1

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
Works to Property						
62 Avenue Road - demolition	C10922	5	44			49
Belfairs Park Restaurant/Golf Club Preventative Works	C10959	190				190
Civic East Car Park Redevelopment	C10748	8	42		4,790	4,840
Commercial Property Investment	C10749		3,778			3,778
Darlows Green former WCs demolition	C10919	40				40
East Beach Café Project	C10644		32			32
Herbert Grove Security	C10854	8				8
Land Acquisition Works	C10913				1,867	1,867
Library Car Park Reconstruction and Enhancement	C10750	50		4,083	1,775	5,908
New Beach Huts Phase 2	C10631	6				6
Pier Arches External Landlord Works	C11003	93				93
Pier Arches toilets - waterproofing solution	C10734	30				30
Porters Civic House and Cottage	C10571	5				5
Priory House EPH Fire Alarms	C10977	32				32
Ropers Farm Cottages - water supply	C10840	5				5
Seaways Development Enabling Works	C10643	4				4
Seaways - HCA Condition Funding	C10656		170			170
SMAC Eastern Esplanade Slipway	C11000	27				27
Working Environment	C11001	50				50
Urgent Works To Property	C10181	13				13
Cemetery - Ride on Mower	New			30		30
Essential Crematorium/Cemetery Equipment	C10572	17				17
Pergola Walk Memorial Scheme	C10755	7				7
Replacement Boiler at Southend Crematorium	C10866	130				130
Civic Centre Boilers	C10980	245				245
Replacement of Coffin Charger	New		40			40
Sutton Road Cemetery Road Repairs	New			40		40
Priority Works	C10121	205	485	490		1,180
Total Works to Property		1,170	4,591	4,643	8,432	18,836
Energy Saving						
Beecroft - Theatre Lighting and Draughtproofing	C10996	8				8
Civic Centre Boilers - Low Loss Header	C10676		20			20
Civic Centre CHP/Lifts Feasibility	C10930	5				5
Civic Centre Lifts Regeneration	C10931	33				33
Energy Efficiency Projects	C10788	32	727			759
Old Beecroft Ground Source Heat Pump Feasibility	C10932	15				15
Pier Energy Efficiency Scheme	C10933	58				58
Real Time Air Quality Measurement - Feasibility	C10958	10	65			75
Solar PV Projects	C10789	500	457			957
Schools and Council Buildings Solar PV	C10740	23	323			346
Two Tree Island Contamination Study	C10995	30				30
Total Energy Saving		714	1,592	-	-	2,306

Current Approved Capital Investment Programme 2018/19 to 2021/22 (Cabinet 6/11/18)

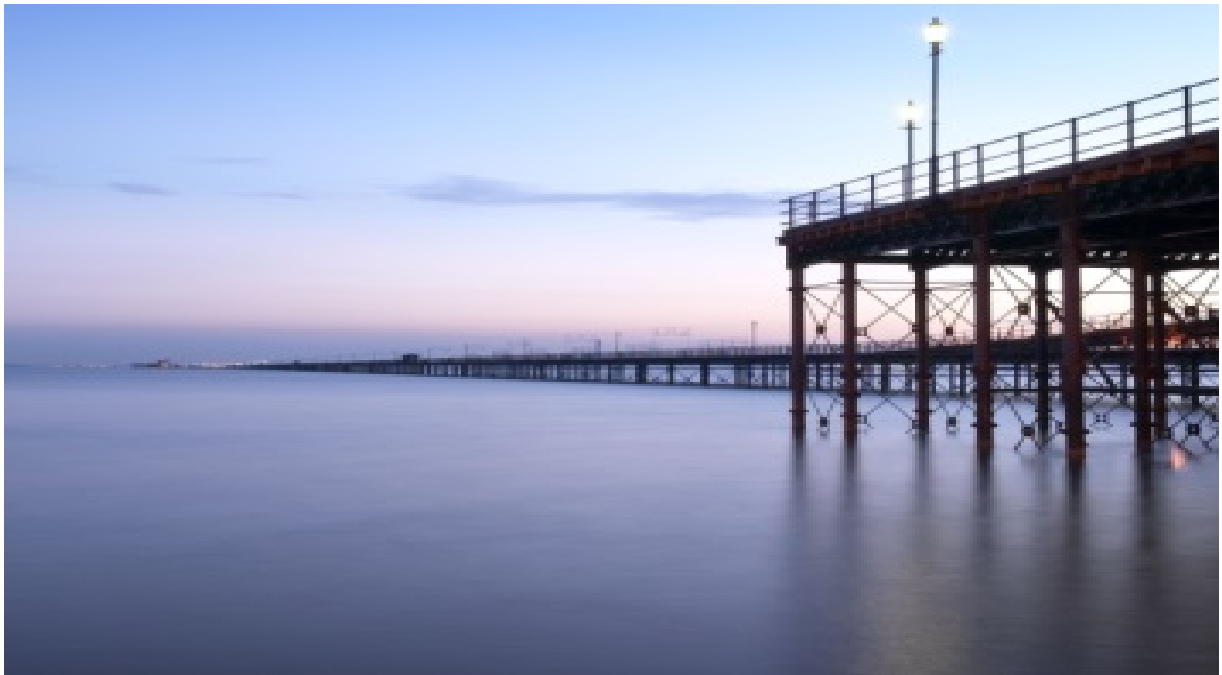
Appendix 1

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
ICT						
Channel Shift	C10757	493				493
DEFRA Inspire III	C10640	4				4
Disaster Recovery Relocation	New	55				55
Extending WiFi in Council Premises	C11002	40				40
HR Recruitment Contract Implementation	C10994	150				150
N3 Connectivity in Civic Building	C10767	146	85			231
ICT - Core Application and Database Migration	C10895		71			71
ICT - Childrens and Adults Social Care - Development of the Liquid Logic Case Management System	C10637	1,010				1,010
ICT - Central Government IT Security Compliance	C10898	139				139
ICT – Cyber Security/Public Services Network	C10950	40	40	40		120
ICT - Southend Operation Centre	C10904	78	400			478
ICT - Digitally Enable the Council Offices	C10897	19				19
ICT Enterprise Agreement	C10636	329	345			674
ICT – Health and Social Care – GovRoam	C10951	20				20
ICT - Phones Migration and Re-Tender	C10900	172				172
ICT Rolling Replacement Programme	C10576	259	250			509
ICT - Southend Network Monitoring Equipment	C10901	19				19
ICT – Wide Area Network Enhancements	C10952	120				120
Mobile Device End Point Protection Replacement	C10768	90				90
Northgate - Revenues and Benefits application	C11004	50				50
Place - Culture and Enterprise and Tourism - EPOS System	C10758	26				26
Remote Working Enhancements	New		50			50
Replacement and Enhancement to Cash Receipting System	C10578	238				238
Software Licencing	C10426	400	400			800
IoT Smart City Delivery	C10580	101	233			334
Total ICT		3,998	1,874	40	-	5,912
S106/S38/CIL						
S106 3 Acacia Drive 1401434FULM - affordable housing	C10857		177			177
S106 Essex House 1600116DOV - affordable housing	C10852		320			320
S106 3-5 High Street 1501496AMDT - affordable housing	C10915	196				196
S106 845-849 London Rd 1601030AMDT – affordable housing	C10946	143				143
S106 St Hildas 1700530AMDT - affordable housing	C10934	11				11
S106 32-36 Valkyrie Rd 1700893DOV5 - affordable housing	C10926	218				218
S106 23/04/2015 Hinguar and Saxon - public art contribution	C10845	18				18
S106 Ajax Works 0300130ful - landscaping maintenance	C10199	6				6
S106 Albany Court 1500369AMDT - public art contribution	C10846	25				25
S106 Avenue Works 1401968AMDT - Public Art	C10801		15			15
S106 Former Balmoral 1400914FULM – public art contribution	C10861	1				1
S106 Bellway Prittlebrook 1400943FULM - Local play facilities	C10804	15				15
S106 Former College 1000225FUL - Tree Replacement	C10207	11				11
S106 Garrison 0000777 Deposit - information boards	C10811	2				2
S106 Garrison 0000777 Deposit - Junior Play Area maintenance	C10812	10				10
S106 Garrison 0000777 Deposit - Toddler Play Area maintenance	C10815	6				6
S106 Garrison Park Store	C10188	1				1

Current Approved Capital Investment Programme 2018/19 to 2021/22 (Cabinet 6/11/18)

Appendix 1

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	Total Current Budget £000
S106 Lifstan Way 0000273 Out - Open Space Maintenance	C10269	81				81
S106 North Shoebury Road 0301504out - Public Art	C10819	62				62
S106 North Shoebury Road 0301504out - Shoebury Park Enhancement	C10205	45				45
S106 North Shoebury Road 0301504out - Shoebury Park Maintenance	C10820	35	35	35	171	276
S106 Sunlight Ldry 1400411FULM - Public Art	C10821	13				13
S106 22-23 The Leas 0700820FULM - bus service contribution	C10832		43			43
S106 Essex House 1500521FULM - bus stop improvement	C10793		3			3
S106 Former College 1500803BC4M - parking survey contribution	C10893	10				10
S106 Avenue Works 1401968AMDT - cycleway improvement	C10727	1				1
S106 Bellway Prittlebrook 1400943FULM - TRO Contribution	C10808	4				4
S106 High Works Shoe Garrison	C10213	2				2
S106 Albany Court 1500369AMDT - signage contribution	C10842	10				10
S106 Hinguar 1401672BC4M - highway contribution	C10851	5				5
S106 North Road and Salisbury Ave 1200056 - Highway Works Contribution	C10816	2				2
S106 Sunlight Ldry 1400411FULM - Highway Works	C10686	2				2
S106 Texsol Kenway 1500468FULM - highway	C10849	2				2
S106 Texsol Kenway 1500468FULM – public realm contribution	C10858	14				14
S106 Seec 0200500ful - Highway Works	C10073	104				104
S106 Univ H-Way0401561ful	C10196	13				13
S38/S278 Airport 0901960 Fulm	C10275	14	65			79
S38 Bellway Homes 14/00943/fulm	C10746	4	74			78
S38 Old Hinguar School	C10859	4				4
S78 Bellway Homes 14/00943/fulm	C10730	2	8			10
S38 Fossetts Farm Bridleway	C10193	20	28			48
S38 Garrison NBP Road Supp Fee	C10267	3	5			8
S38 Inspection Magazine Rd	C10190	5				5
CIL Ward NA – Chalkwell – Landscaping on Chalkwell	C10936	2				2
CIL Ward NA – Kursaal – Annual community event at Southchurch Hall	C10937	1				1
CIL Ward NA – Milton – Milton Park improvements	C10938	5				5
CIL Ward NA – Milton – Street signs	C10939	2				2
CIL Ward NA – Milton – Park Street replacement bollards	C10940	3				3
CIL Ward NA – St Lukes – Cluny Sq Park improvements (5 a side goals/seating)	C10942	1				1
S106 Audley Court 0200874 Ful - CCTV	C10276	10				10
S106 Garrison 0000777 Depost - CCTV	C10810	1				1
Total S106/S38/CIL		1,145	773	35	171	2,124
TOTAL CAPITAL INVESTMENT PROGRAMME		60,481	73,013	55,360	24,728	213,582



Southend-on-Sea Borough Council
Capital Investment
Strategy

2019/20 – 2023/24

January 2019

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Annexes:

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Annex 2 – Capital Investment Strategy – links to other corporate strategies and plans

Annex 3 – Specific risks and their proposed mitigation

Annex 4 – Monitoring lifecycle for capital investment programme expenditure

Annex 5 – Gateway Review process

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Annex 7 – Policies for funding capital expenditure and investment

SOUTHEND-ON-SEA BOROUGH COUNCIL

CAPITAL INVESTMENT STRATEGY

1 Introduction

Southend 2050 is a mind-set rather than one single publication or statement. It looks to translate the desires of local people and stakeholders into action that is needed, both now and in the medium term, and looks to the long term. It comprises the Council's ambition, associated outcomes by theme that set the context, a Five Year Road Map and a suite of other delivery plans, strategies and policies that fit the context of Southend 2050.

The ambition is an overarching view of the Council's future direction which aims to articulate the visible changes to the environment and the more fundamental effects on people's lives, essentially capturing how it could feel to live, work or visit Southend in the future. It was developed following extensive conversations with those who live, work, visit, do business and study in Southend. The ambition complements the Essex 2050 vision, The Future of Essex developed by Essex wide stakeholders and the emerging South Essex 'proposition', titled 'What sort of place are we making?' This is being developed by South Essex local authorities who are collectively looking to the future.

This ambition is supported by five themes:

- Theme 1: Pride and Joy – by 2050 Southenders are fiercely proud of, and go out of their way, to champion what our city has to offer;
- Theme 2: Safe and Well – by 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives;
- Theme 3: Active and Involved – by 2050 we have a thriving, active and involved community that feel invested in our city;
- Theme 4: Opportunity and Prosperity – by 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all of our people;
- Theme 5: Connected and Smart – by 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure.

As steps towards that ambition the Council will agree five year roadmaps. The road map outlines the Council's role in achieving the ambition and provides a high level guide for Councillors, staff, partners and others in aligning their capacity and resources to priorities. It builds on our existing achievements and outlines what the Council wants to achieve in the coming five years. There will be five strategic delivery plans, one per theme reflecting the road map. These will be supported by delivery plans which reflect our ambition and which focus on achieving desired outcomes in five years' time:

Pride and Joy

- There is a tangible sense of pride in the place and local people are actively, and knowledgeably, talking up Southend-on-Sea;
- The variety and quality of our outstanding cultural and leisure offer has increased and we have become the first choice English coastal destination for visitors;
- We have invested in protecting and nurturing our coastline, which continues to be our much loved and best used asset;
- Our streets and public spaces are clean and inviting.

Safe & Well

- People in all parts of the borough feel safe and secure at all times;
- Southenders are remaining well enough to enjoy fulfilling lives, throughout their lives;
- We are well on our way to ensuring that everyone has a home that meets their needs;
- We are all effective at protecting and improving the quality of life for the most vulnerable in our community;
- We act as a Green City with outstanding examples of energy efficient and carbon neutral buildings, streets, transport and recycling.

Active and Involved

- Even more Southenders agree that people from different backgrounds are valued and get on well together;
- The benefits of community connection are evident as more people come together to help, support and spend time with each other;
- Public services are routinely designed - and sometimes delivered - with their users to best meet their needs;
- A range of initiatives help communities come together to enhance their neighbourhood and environment;
- More people have active lifestyles and there are significantly fewer people who do not engage in any physical activity.

Opportunity and Prosperity

- The Local Plan is setting an exciting planning framework for the Borough;
- We have a fast-evolving, re-imagined and thriving town centre, with an inviting mix of shops, homes, culture and leisure opportunities;

- Our children are school and life ready and our workforce is skilled and job ready;
- Key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bringing prosperity and job opportunities to the Borough;
- Southend is a place that is renowned for its creative industries, where new businesses thrive and where established employers and others invest for the long term.

Connected and Smart

- It is easier for residents, visitors and people who work here to get around the borough;
- People have a wide choice of transport options;
- We are leading the way in making public and private travel smart, clean and green;
- Southend is a leading digital city with world class infrastructure that enables the whole population.

The aims, priorities and objectives of delivery plans will align with the ambition and desired outcomes. Accordingly resources will be prioritised and reallocated to deliver the Five Year Road Map. All capital expenditure and capital investment will therefore be driven by the aim of contributing to the delivery of the ambition and the desired outcomes. This capital investment strategy has been written in this context.

2 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 desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

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

3 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 decisions are made with reference to the life of the projects/assets.

4 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, including details on the funding of the schemes. 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 and commercial investments.

5 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 service and commercial investments. The management of associated risk for these investments is set out in the Capital Investment Policy attached as Annex 1 to this strategy.

6 Links to other corporate strategies and plans

To support the outcomes set out in the introduction a number of key strategies have been agreed, for example the Core Strategy, Digital Strategy and the

Housing, Homelessness and Rough Sleeping Strategy. To support the delivery of these key strategies a number of other interrelated strategies and plans are in place, such as the 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.

Annex 2 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.

7 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 held primarily for financial returns. 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. 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 Strategic Director (Finance and Resources) will report explicitly on the deliverability, affordability and risk associated with the Capital Investment Strategy. Where appropriate he will have access to specialised advice to enable him to reach his conclusions.

Specific risks and their proposed mitigation are set out in Annex 3.

8 The Capital Budget Setting Process

8.1 Key Criteria Set by Members

For any particular budget setting year, the process starts in the spring of the preceding year with sessions held with Members of the Cabinet to help identify and discuss the key criteria by which proposals will be considered. These may include:

- Achievement of the Council's strategic outcomes for Southend 2050;
- Maintenance of the essential infrastructure of the organisation;
- Essential Health and Safety works;
- Essential rolling programmes;
- Whether wholly financed by external/internal funding;
- Match funded investment for regeneration projects;
- Commercial investment that generates a revenue stream and/or a strategic asset holding;
- Invest to save schemes.

8.2 Identifying the need for Capital Expenditure/Investment

The need for a capital scheme 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 the overall desired outcomes of the Council; these must identify any capital investment needed to meet future service

outcomes. This should be the main method of identifying and planning for outcome driven capital requirements;

- 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;
- The Performance Management System may identify problem areas where capital investment is needed in order to improve service delivery and meet key performance measures;
- Reviews and external Inspections may also identify areas that need capital investment;
- The need to respond to Government initiatives and new laws and regulations;
- The need to generate a revenue income to contribute to the delivery of desired outcomes.

These plans and review outcomes must be considered by Cabinet Members and their Chief Officers. Cabinet Members must identify their key capital priorities for the relevant planning period by the end of summer each year.

8.3 Deciding which Schemes are to be put forward

Once the list of key capital priorities has been identified, in preparing capital project proposals consideration should be given to the key criteria identified earlier in the year.

Additionally, 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;

- Recognition of the future vision of the authority;
- 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 Plan;
- 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:

- 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.

All bids are submitted using the agreed template and in line with the appropriate timetable. The template includes for each project or scheme:

- Title and description;
- High level aims and outcomes;
- The project sponsor;
- Outcomes expected from the scheme;
- Proposed capital cost and funding source in each relevant future year(s);
- Revenue implications in each relevant future year(s);
- Expected improvements to service delivery;
- Consultation;
- Risk assessment;
- Equalities Impact Assessment.

Cabinet Members must be briefed and understand the expected outcomes and the budget consequences, both revenue and capital, of completing the scheme. Possible sources of funding can then be considered for each of the proposed capital schemes. Each project will be considered in terms of revenue funding to cover the operational running costs of the asset and any borrowing repayment costs, and also how the asset will be funded in terms of capital expenditure.

The proportionality of the proposals as a whole will then be considered in respect of overall resources and longer term sustainability and risk. The Strategic Director (Finance and Resources) will take an overall view on the prudence, affordability and sustainability of the overall borrowing level if all bids are accepted.

Once the Strategic Director (Finance and Resources) has taken a view of the prudence of the overall borrowing level, the Corporate Management Team will then consider the bids from a corporate priority perspective.

8.4 Prioritisation of Schemes put forward

Capital investment 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 available resources, which are finite and there is a limit on the number and value of schemes that are affordable and deliverable. A formalised corporate system for prioritising capital projects has been adopted by the Council. This has resulted in:

- Identifying the long term capital needs for investment to support the high level outcomes to achieve the Southend 2050 ambition;
- Utilising feasibility studies where needed;
- Adopting a Gateway Review approach for larger strategic schemes to enter the programme at the required time;
- Inclusion of schemes that are subject to external funding approval or the approval of a viable business case;
- The ability to enter items into the capital investment programme in a managed way through firstly the annual budget round and secondly when the programme is reviewed mid-year and consequently the November Cabinet cycle;
- Being mindful of the current level of the programme in relation to capacity to deliver, the relevant financing of schemes and any other running costs.

This will result in a list of capital project proposals to be considered as part of that year's budget approval process and a 'waiting list' of other capital project proposals that may be put forward for consideration later in the year or as part of the following year's budget approval process.

8.5 Member Approval Process

In autumn, managers will present the agreed list of key capital projects to the Corporate Management Team. Then the Administration is presented with a description of the scheme, the outcomes that the project is expected to achieve, the proposed funding and the revenue implications. At this stage funding details are sometimes unavailable, as Government funding allocations are announced later in the year. The presentations inform Members of the key projects to be completed over the next few years.

Where appropriate schemes will be reported to Members based on the schemes being subject to external funding or viable business case approval.

These overall capital investment programme totals are then reported to Cabinet Members as part of the annual budget process, who then make recommendations on the overall capital investment programme.

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.

Members approve the overall borrowing levels at the budget meeting in February each year as part of the Treasury Management Report. The taking of loans then becomes an operational decision for the Strategic Director (Finance and Resources) who will decide on the basis of the level of reserves and money market position whether borrowing should be met internally from the Capital Reserve/Capital Receipts or whether to enter into external borrowing.

Once the Council has approved the capital investment programme, then expenditure can be committed against these approved schemes subject to the normal contract procedure rules and the terms and conditions of funding.

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.

Following approval by Council the capital investment programme expenditure is then monitored on a monthly basis.

9 The Place Capital Programme Board

A significant proportion of the capital investment programme relates to the Department for Place. The Place Capital Programme Board (PCPB) oversees and guides the delivery of the Place capital investment programme to ensure that it is managed in line with corporate requirements, is in compliance with corporate

policies and is within the terms of any relevant grant funding agreement and/or Service Level Agreement.

The Board seeks to:

- Agree a pipeline of investment propositions and co-ordinate the preparation and approval of business cases and appropriate bid documents;
- Manage resources (financial and operational) to deliver the Place capital investment programme in an effective manner, to time and budget;
- Manage key programme risks and scope changes;
- Ensure that the conditions exist for desired benefits/outcomes to be realised;
- Promote a consistent, and successful approach to project governance across the department.

The Board meets monthly and comprises the Deputy Chief Executive (Place) and their Directors. It is also attended by a Finance Manager to provide financial updates on the programme and individual projects. It is also attended by the Place Capital Investment Programme Manager who provides Board members with monthly highlight reports on the status of projects throughout the lifecycle of the programme.

10 Monitoring of the Capital Investment Programme Expenditure

Once detailed capital investment programmes have been approved by Members, the financial spend is monitored on a monthly basis. There is a distinct lifecycle for monitoring which is summarised in the diagram in Annex 4.

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 Options Appraisals, Feasibility Studies and the Gateway Review Process

As part of the process of producing a list of potential schemes for the capital investment programme service managers should complete option appraisals to determine the most cost effective way to optimise the desired outcomes.

By submitting the project the service manager is agreeing to fund all operational and running costs of the scheme and to find any necessary capital resources to fund the scheme or make the Cabinet aware of the full requirement of the use of corporate resources.

Some projects may require a feasibility study. As part of any feasibility study an assessment of the maintenance costs per annum averaged over the whole life of the asset should be calculated. As a minimum this will be based on the RICS (Royal Institute of Chartered Surveyors) recommended benchmark figure prevailing at the time.

A Gateway Review process will operate as part of the setting and monitoring of the capital investment programme. The extent to which each stage is monitored will depend on the risk, complexity, cost and impact of the project. The process will operate in six stages as set out in Annex 5.

Further resources to progress any of these gateway schemes will need to be approved separately by Cabinet and/or as part of the annual review of the capital investment programme and would be subject to the relevant resources being available.

Annex 6 shows the key project stages.

13 In Year Opportunities

Given the 'waiting list' of other capital project proposals that resulted from the prioritisation process, these can be put forward for entry into the capital investment programme in a managed way when the programme is reviewed in the early summer as part of the June Cabinet cycle or mid-year as part of the

November Cabinet cycle. Outside of this timetable a separate Cabinet report would be needed to seek approval at any other meeting in the Cabinet cycle.

Any other schemes which arise during the year will only be considered for borrowing or funding from central resources if they meet a key criteria set out in section 8.1 or one or more of the following criteria:

- The location of the property to be purchased will bring added value to the estate;
- The requirement for the asset is an extraordinary service demand which could not be anticipated in the normal planning processes;
- There is a limited time span when the opportunity is available.

Requests for approval of revisions to the profiling of scheme expenditure across financial years and the movement of budget between schemes (known as a virement) will be considered by Cabinet at the appropriate points during the financial year. These will be at June Cabinet when the capital outturn report is considered, at November Cabinet when the mid-year review of the programme is considered and at the January/February Cabinet meetings when the new capital bids are considered.

14 Funding Strategy and Capital Policies

Annex 7 sets out the policies of the Council in relation to funding capital expenditure and investment.

15 Procurement and Value for Money

Procurement is the purchase of goods and services, with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.

The Council has a Procurement team that ensures they provide value for money and to see where efficiency savings can be achieved. This also covers capital procurement.

It is essential that all procurement activities comply with prevailing regulations and best practice. Guidance on this can be sought from the Procurement team. Procurement must also comply 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.

16 Partnerships and Relationships with other Organisations

Capital planning will be undertaken within the context of the South Essex 2050 strategic plans.

Wherever possible and subject to the usual risk assessments services should look to expand the number of capital schemes which are completed on a partnership basis and continually look for areas where joint projects can be implemented.

17 Management Framework

The governance structure of the Council has the Corporate Management Team that takes a strategic and group view on the capital investment programme.

The Corporate Management Team will also ensure a strategic and group portfolio perspective to the use and allocation of the Council's capital assets and those within its control in planning capital investment. The team receives reports on proposed capital projects and recommends to the Cabinet proposals for the development of the capital investment programme.

18 Performance Management

Clear measurable outcomes should be developed for each capital scheme. After the scheme has been completed, services should check if outcomes have been achieved.

Post scheme evaluation reviews should be completed by Departments for all schemes over £0.5 million and for strategic capital projects.

Reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, financing etc. and identify good practice and lessons to be learnt in delivering future projects.

19 Other Considerations

Capital Schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.

January 2019

SOUTHEND-ON-SEA BOROUGH COUNCIL

CAPITAL INVESTMENT POLICY

1 Scope of this policy

- 1.1 This investment policy covers capital investments, including service and commercial investments and loans. (Treasury Management investments 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 Policy regarding capital investments

- 3.1 Capital investment will only be undertaken if it contributes to the delivery of Southend 2050 and the Council's ambition, strategic delivery plans and desired outcomes.
- 3.2 Before capital investments can be entered into they must be included as part of the approved capital investment programme, either directly or via a pooled budget (e.g. commercial property).
- 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 Strategic Director (Finance and Resources) 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 Strategic Director (Finance and Resources) 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 held clearly and explicitly in the course of the provision and for the purposes of operational services, including regeneration.

5 Commercial investments

- 5.1 These will be investments entered into as part the Council's wider strategy, for example economic development and growth. These may include investments arising as part of 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 may or may not be the primary purpose of the investment.
- 5.3 Commercial investments may also include fixed assets which are held primarily for financial benefit, such as investment properties.
- 5.4 The Council's Commercial Property Investment Strategy (including the purpose of the Investment Portfolio) is set out in the Corporate Asset Management Strategy. Appendix 3 of that strategy sets out the Investment Property Selection Criteria.
- 5.5 The Strategic Director (Finance and Resources) will assess the extent to which the Council's balanced budget and Council Tax setting is dependent on returns from commercial investments.

6 Loans

- 6.1 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.
- 6.2 Such loans will only be entered into if the Strategic Director (Finance and Resources) 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.
- 6.3 Any overdue payments would be recovered using the credit control arrangements set out in the Council's Debt Management Strategy.

6.4 The total level of loans will be formally agreed as part of the process for inclusion in the capital investment programme.

7 Financing of Investments

7.1 As capital investments the above will be financed by any of the sources in the funding strategy section of the Capital Investment Strategy.

7.2 Where the secondary purpose of commercial property investments and loans is to generate an income stream the Strategic Director (Finance and Resources) may choose to finance these capital investments by borrowing. Where this is the case the Strategic Director (Finance and Resources) 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.

8 Due Diligence

8.1 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.

8.2 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.

8.3 The Strategic Director (Finance and Resources) will ensure that Members are adequately informed and understand the risk exposures being taken on.

9 Governance and Scrutiny of Capital Investments

- 9.1 The approach to capital investment is set out in the Corporate Asset Management Strategy and includes Members and Chief Officers at key stages.
- 9.2 Significant or strategic capital investments will be overseen by the Corporate Management Team (CMT) and managed by project boards and teams appropriate to the scale of the investment.
- 9.3 CMT 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.
- 9.4 For Commercial Property Investment an overall budget will be put forward for approval as part of the capital investment programme and individual properties can then be acquired within that budget envelope. Decisions will need to be made commercially and often quickly and efficiently and will be taken by the Strategic Director (Finance and Resources) in accordance with his delegated authority set out in the Council's Constitution. These decisions will be included as part of the next scheduled capital reporting to Cabinet.

Type of investment	Primary purpose	Secondary purpose	Legal power to undertake investment
Service investments	Contribute to the delivery of Southend 2050 and the Council’s ambition, strategic delivery plans and desired outcomes.	Provision of operational services, including regeneration	Notes 1 and 2
Commercial property investments		To generate an income stream	Notes 1, 2 and 5
Commercial investments		To support wider strategy	Notes 1, 2 and 3
Loans		To generate an income stream	Notes 1, 2 and 4
Loans		To support wider strategy	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.

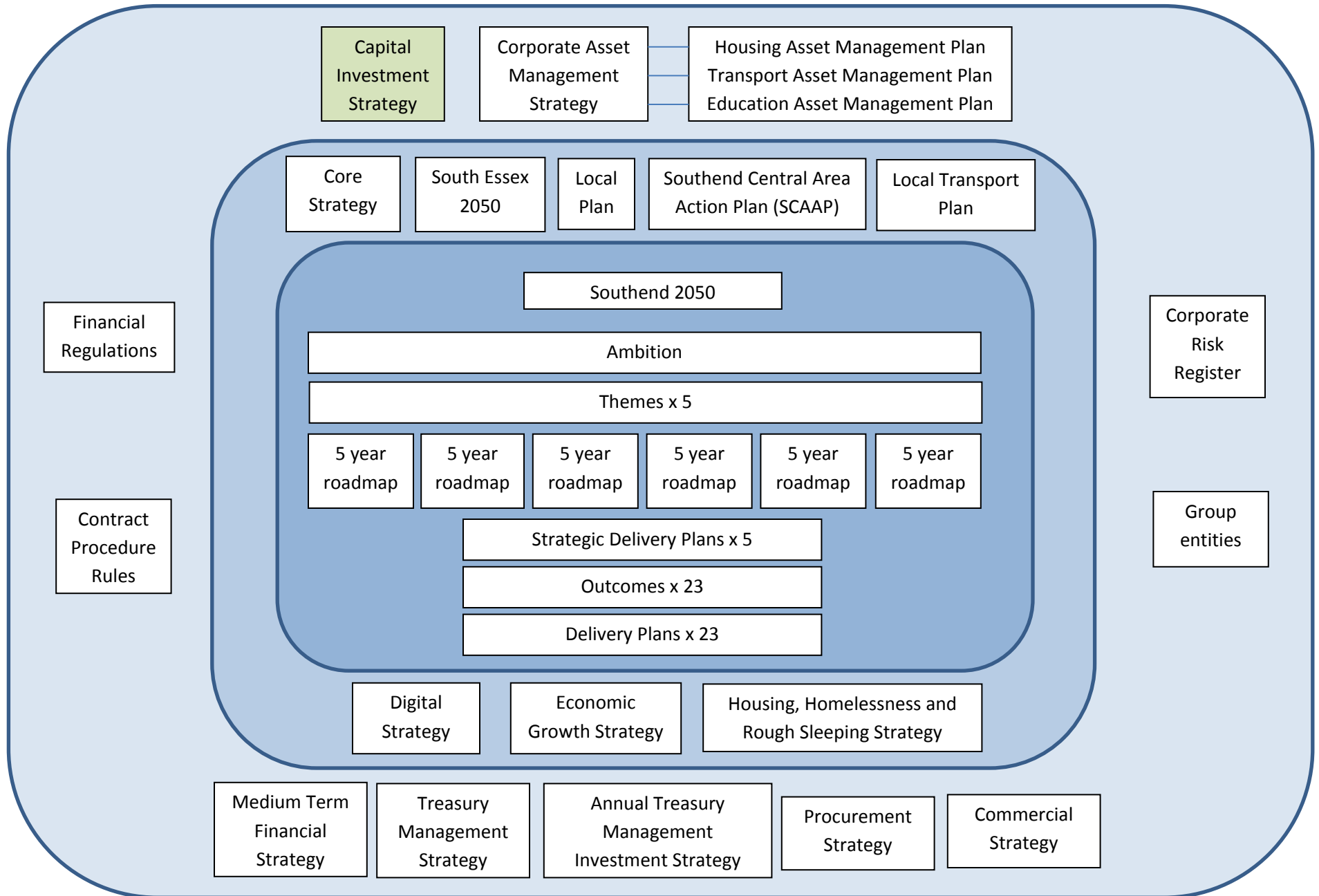
Note 3 - The Local Authorities (Capital Finance and Accounting (England) Regulations 2003 – section 25(1)(d) – the acquisition of share capital or loan capital in any body corporate

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.

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CAPITAL INVESTMENT STRATEGY – LINKS TO OTHER CORPORATE STRATEGIES AND PLANS



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SPECIFIC RISKS AND THEIR PROPOSED MITIGATION

Credit Risk

This is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot pay us our investment returns or complete the agreed contract. Accordingly, the Council will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

Liquidity Risk

This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes. Where possible appropriate interventions will occur as early as possible.

Interest Rate Risk

This is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

Exchange Rate Risk

This is the risk that exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Where relevant, exchange rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

Inflation Risk

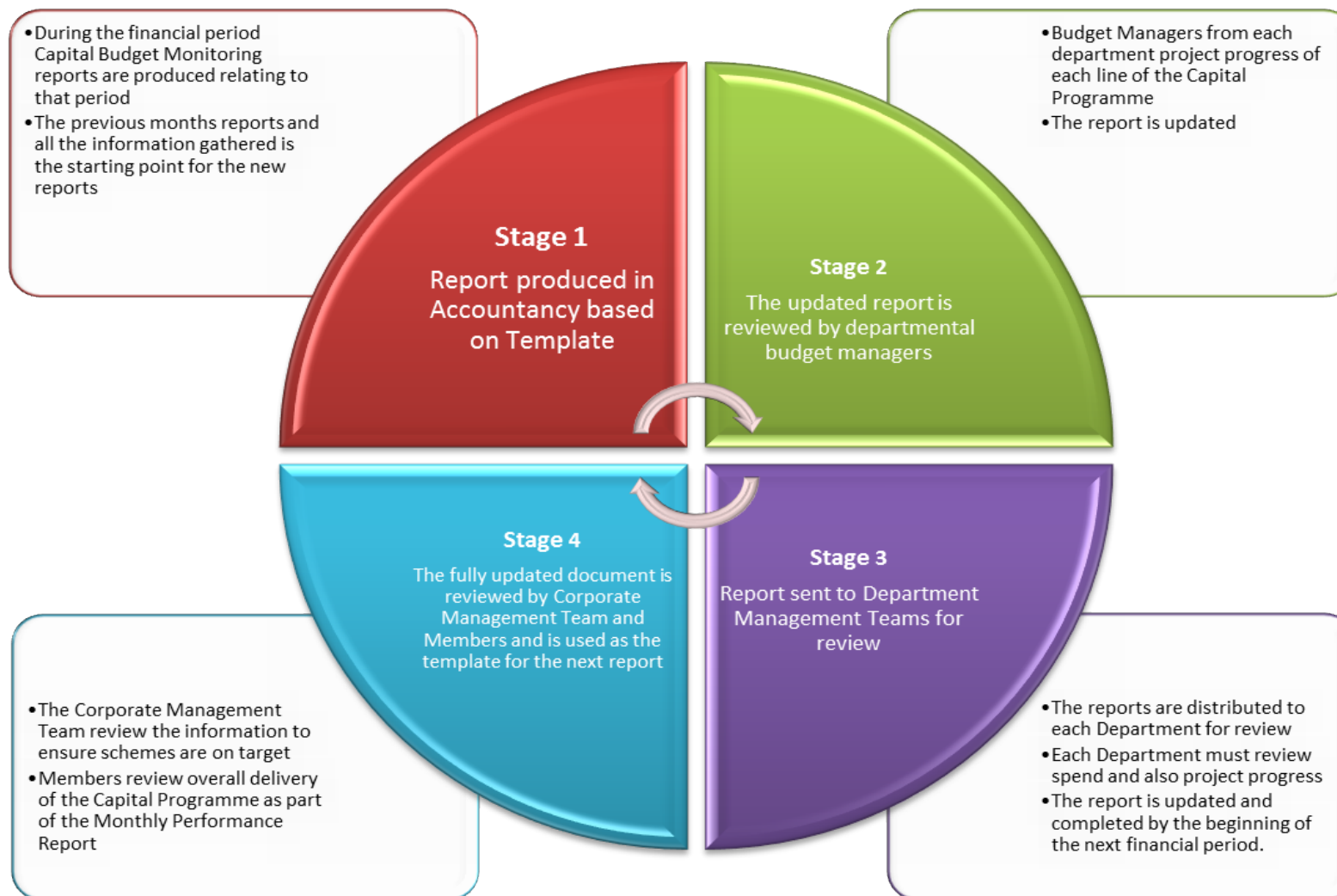
This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

Legal and Regulatory Risk

This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Council will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.

Fraud, Error and Corruption

This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the Council's policies and procedures. The Council has an on-going programme of 'Doing the Right Thing' through our values, principles and appropriate behaviour. This is supported by the Employee Code of Conduct and detailed policies such as Anti-Fraud and Corruption, Anti Money Laundering, Whistle Blowing and Declaration of Interests.



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SIX STAGES OF THE GATEWAY REVIEW PROCESS

Stage One – Project Mandate

- the department or service area takes ownership of a project idea, confirming that it is in line with the outcomes that it is seeking to achieve;
- commissioning the next stage of project development work;

Stage Two – Project Proposal

- a more detailed review of the strategic fit to determine if the project is the most effective way to meet the identified programme objectives;
- a comprehensive review of the potential corporate considerations relevant to the proposed project;
- a higher level risk and impact assessment which will determine further approval and monitoring requirements;

Stage Three – Business Case

- the detailed project planning work is undertaken, including:
 - appraisal of project delivery options;
 - resource planning for project development and delivery;
 - detailed risk and stakeholder analysis;
 - value for money assessment;
- at completion of this stage a decision can be made whether to formally accept the project into the capital investment programme;

Stage Four – Project Start-up

- relevant programme boards or management teams confirm whether all necessary preparation for the project has been completed. This will include:
 - establishing and briefing the project team and (where necessary) the project board;
 - establishing project stages and milestones;
 - setting up reporting templates;
 - confirming the project scope and exclusions;
 - agreeing tolerances and change controls;

Stage Five – Project Delivery

- stage reviews scheduled at appropriate points during project delivery;
- the number and frequency of these will depend on the scale and complexity of the project;
- in addition, project reviews can be requested at any point where there are concerns about progress, or where the project moves outside its agreed timescale or budget tolerances;

Stage Six – Project Close

- reviews should be carried out for completed projects to ensure benefits realisation plans and any post- contract management arrangements are in place and to capture lessons to be learned.

Key Project Stages

	1. Project definition Any project starts with an idea which needs to be defined to gain support and be accepted as a project.	2. Preparation and initial project brief Develops the project mandate/idea into a more detailed proposal.	3. Preparation of full Business Case This is where detailed project planning work is undertaken.	4. Project start-up This stage involves final preparation for project delivery.	5. Delivery This is where you get to deliver the plan.	6. Project closure Closing a project gives the opportunity to assess how successful the project has been.
Project planning	Describe the project. What are the likely outputs and outcomes and how do these fit with corporate priorities. This can be brought together as an outline business case or project mandate.	Establish project objectives and project outcomes. Identify options; undertake Feasibility Studies and review site information.	Detailed project planning including appraisal of delivery options and appraisal of VfM. Development of project plan. Size and complexity of business case will depend on type of project.	A good project plan: <ul style="list-style-type: none"> • What and how? • When it needs to be done • Who will do it/ how much • Sign off and agreement • Communications Brought together in PID	Implement the project plan. Manage all project resources. Project reviews at key stages identified in project plan. Actions to address concerns about progress or movement outside agreed tolerances.	Before you close the project: <ul style="list-style-type: none"> • Have all 'products' been accepted? • Communications outstanding • All the invoices/bills paid • All risk/issue actions completed? • Captured lessons?
Resource planning	Identify the Project Sponsor (senior officer supporting the project) and likely Project Manager . Do you have a likely indication of the budget required and where the money will come from?	Clarify wider Project Roles . Identify required inputs from internal and external partners. Total value of project (capital/revenue) and likely funding source. Outline timescales.	Complete revenue and/or capital budgets. This should be a 'whole life'. Prepare funding plan. Confirm key inputs required from corporate partners – can they do what you want when you want?	Confirm funding is in place. Identify project cost codes. Reporting templates and frequencies. Confirm staff and specialist support resources.	Budget monitoring, keep track of: <ul style="list-style-type: none"> • Expenditure profile • Forecast spend • Project cash-flow/income • Action to address over/underspend • Project resources - people 	Budget reconciliation. Assign any ongoing budget responsibility.
Risk management		Provide indication of main risks and a summary of how these will be dealt with.	Prepare detailed risk register with risk assessments.	Have risks been reviewed and updated?	Review and update risks and maintain risk register.	Complete all risk actions and capture lessons learned.
(Town) Planning	Will the project require any planning permissions or consents?	Pre-application discussions	Submission of application and determination.	Reflect any planning conditions in delivery plans and risk/issues logs.	Delivery of project in line with agreed permissions. Liaise as appropriate.	Compliance certified.
Procurement		Consider any procurement requirements and prepare outline procurement plan.	Clarify procurement plan and ensure all requirements are met.	Commence procurement with appropriate support.	Conclude any procurement and manage to achieve project objectives.	Ensure contract management arrangements in place. Capture lessons learned.
Stakeholder management	Identify who the key project stakeholders might be.	Identify stakeholders and undertake consultation to shape initial brief.	Stakeholder analysis – what and why?	Communications plan and on-going stakeholder analysis.	Communications plan and on-going stakeholder analysis.	Complete final communication activities and celebrate success.
Project controls	The project idea will need approval from your line manager to proceed to the next stage.	Develop issues log, change controls, version control. Financial monitoring	Maintain issues log, change controls, version control. Financial monitoring	Agree project scope and exclusions. Maintain issues log, change controls, version control. Financial monitoring	Maintain issues log, change controls, version control. Financial monitoring. Benefits realisation plan.	Complete a project close review to ensure benefits realisation plans and post contract management arrangements in place.
Governance & reporting	What approvals will the project need if it proceeds?	What approvals are needed to progress to next stage.	Identify project governance – project team and project board.	What reports - where and when? Reporting templates and agree tolerances. Approval to proceed	Report within agreed governance framework.	Project close reviews should be completed
Output	Project mandate	Develop initial project brief or strategic outline case for major projects.	Full business case	Project initiation document (PID)	Project outputs. Lessons learned.	Project closure.

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POLICIES IN RELATION TO FUNDING CAPITAL EXPENDITURE AND INVESTMENT

External Funding

Services must seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government. However, services must underwrite any cost overruns on externally funded schemes. 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).

Prior to submitting bids for grant funding, an assessment of the risk of a contract price increase, associated with market conditions or abnormal building plan demands attached to some grants, must be completed to estimate the likelihood of additional funding being needed.

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.

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 Strategic Director (Finance and Resources) will review all of 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.

Revenue Funding

Services may use their revenue budgets 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 Director of the service and the Strategic Director (Finance and Resources) will take an overview and decide the most appropriate way of funding their service areas. In doing that the Strategic Director (Finance and Resources) will take account of the strategy regarding the levels of general and earmarked reserves.

Prudential/Unsupported 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. The borrowing costs are not supported by the Government so the Council needs to ensure it can fund the repayment costs. 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.

Capital projects that cannot be funded from any other source can be funded from Prudential Borrowing. The Council must be able to afford the borrowing repayment and interest charges on the loan from existing revenue budgets or the Council must see this as their key priority for the budget process and to be factored into the medium term financial strategy accordingly.

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

The view of the Strategic Director (Finance and Resources) will be fed into the corporate bidding process so that, should the borrowing levels be unaffordable or not prudent, then the schemes will be prioritised against the available funding from borrowing using the corporate prioritisation system.

The Strategic Director (Finance and Resources) will also determine whether the borrowing should be from internal resources such as the Capital Reserve or whether to enter into external borrowing.

Pump Priming and Invest to Save Schemes

Occasionally projects arise for which services require assistance with meeting the set up costs of projects which may bring long term service delivery improvements and/or cost savings. The initial set up costs may be of a revenue or capital nature. Assistance for these schemes must be considered on an individual basis by the Corporate Management Team and then the Cabinet with consideration to the Council's overall priorities and resources.

For 'invest to save' schemes assistance may be given for initial set up costs, but it is expected that in the longer term these schemes will produce savings and/or additional income that will as a minimum fund any additional operational or borrowing costs. If the additional savings/income does not cover the additional costs incurred, then the service will be required to fund the gap from their existing budgets (i.e. they will underwrite the savings/income).

Leasing

The Strategic Director (Finance and Resources) may enter into finance leasing agreements to fund capital expenditure on behalf of services. However, a full option appraisal and comparison of other funding sources must be made and the Strategic Director (Finance and Resources) must be certain that leasing provides the best value for money method of funding the scheme.

Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

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RE-PROFILES AND AMENDMENTS

Appendix 4

Scheme/Event	Investment Area	Code	Code Description	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000	
Asset Management Capital Programme	Works to Property	C10749	Commercial Property Investment	300	(3,778)	3,478				0	
Cemeteries and Crematorium Capital Programme	Works to Property	C11011	Replacement of Coffin Charger	23	(23)					0	
	Works to Property	C10866	Replacement Boiler at Southend Crematorium	(129)	129					0	
Social Care Capital Programme	Social Care	C10621	LATC - Delaware and Priory	(2,334)	2,334					0	
	Social Care	C10689	Transforming Care Housing	1	(1)					0	
General Fund Housing Capital Programme	General Fund Housing	C10146	Private Sector Renewal	(150)	(325)	475				0	
Schools Capital Programme	Schools	C10985	Eastwood Primary Roof	50	(50)					0	
	Schools	C10983	Fairways Primary roof	(15)	15					0	
	Schools	C10714	Futures Heating and Pipe Ducts	(68)	68					0	
	Schools	C10910	Special Provision Capital Fund	(230)	230					0	
	Schools	C10558	Expansion of 2 yr old Childcare Places	(5)	5					0	
Culture Capital Programme	Culture and Tourism	C10044	Pump Priming Budget		(110)	110				0	
	Culture and Tourism	C10973	New Artist Studios	(805)	805					0	
	Culture and Tourism	C10966	Wheeled Sports Facility Central Southend Area	(23)	23					0	
	Culture and Tourism	C10972	Joint Theatres and Leisure Centres – Asbestos	(115)	115					0	
	Culture and Tourism	C10778	Make Southend Sparkle Initiative	(9)	9					0	
	Culture and Tourism	C10626	Property Refurbishment Programme	150	(150)					0	
	Culture and Tourism	C10997	Queen Victoria Statue – security railings	(23)	23					0	
	Culture and Tourism	C11007	Resorts Assets Signage	(25)	25					0	
	Culture and Tourism	C10881	Southend Cliffs - Replacement of Handrails	(15)	15					0	
	Culture and Tourism	C10967	Allotments Water Supply Upgrade	(39)	39					0	
	Culture and Tourism	C10968	Parks Feasibility and Options Appraisals	(25)	25					0	
	Culture and Tourism	C10879	Replacement and Upgrade of Parks Furniture	(14)	14					0	
	Culture and Tourism	C10880	Sidmouth Park - Replacement of Play Equipment	7	(7)					0	
	Culture and Tourism	C10624	Library Review	(179)	179					0	
	Culture and Tourism	C10876	Cliffs Pavilion - External Cladding	27	(27)					0	
	Culture and Tourism	C10043	Prittlewell Prince Research	(25)	25					0	
	ICT Capital Programme	ICT	C11008	Disaster Recovery Replication	(55)	55					0
		ICT	C10898	ICT - Central Government It Security Compliance	(139)	139					0
		ICT	C10951	ICT - Health and Social Care - GovRoam	(20)	20					0
		ICT	C10904	ICT - Intelligence Hub	(25)	25					0
ICT		C10900	ICT - Phones Migration and Re-Tender	(22)	22					0	
ICT		C10767	N3 Connectivity in the Civic Building	(146)	146					0	
ICT		C11004	Northgate - Revs and Bens application	(18)	18					0	
ICT		C10757	Channel Shift	(100)	100					0	
	ICT	C10994	HR Recruitment Contract Implementation	(90)	90					0	

RE-PROFILES AND AMENDMENTS

Appendix 4

Scheme/Event	Investment Area	Code	Code Description	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Highways Capital Programme	Highways & Infrastructure	C10671	LTP (Integrated Transport block) - Better Networks	(135)	135					0
	Highways & Infrastructure	C10384	LTP (Integrated Transport block) - Better Sustainable Transport	(380)	380					0
	Highways & Infrastructure	C10470	LTP (Integrated Transport block) - Traffic Control Systems	(155)	155					0
	Highways & Infrastructure	C10888	Improving Resilience of the Borough to Flooding from Extreme We	(213)	213					0
	Highways & Infrastructure	C10890	Improved Car Park Signage and Guidance Systems	(185)	185					0
	Highways & Infrastructure	C10115	Cinder Path	(30)	30					0
	Highways & Infrastructure	C10699	Local Growth Fund - A127 Growth Corridor	(12)	(1,300)	1,312				0
Coastal Defence Capital Programme	Highways & Infrastructure	C10962	Flood Prevention Works		(1,125)		1,125			0
S106 Capital Programme	S106/S38/CIL	C10207	S106 Former College - Tree Replacement	(11)	11					0
	S106/S38/CIL	C10205	S106 North Shoebury Roadt - Shoebury Park Enhancement	(35)	35					0
	S106/S38/CIL	C10804	S106 Bellway Prittlebrook 1400943FULM - Local play facilities	(15)	15					0
	S106/S38/CIL	C10811	S106 Garrison 0000777 Deposit - information boards	(2)	2					0
	S106/S38/CIL	C10812	S106 Garrison 0000777 Deposit - Junior Play Area maintenance	(10)	10					0
	S106/S38/CIL	C10815	S106 Garrison 0000777 Deposit - Toddler Play Area maintenance	(6)	6					0
	S106/S38/CIL	C10188	S106 Garrison Park Store	(1)	1					0
	S106/S38/CIL	C10269	S106 Lifstan Way 0000273 Out - Open Space Maintenance	(78)	78					0
	S106/S38/CIL	C10819	S106 North Shoebury Road 0301504out - Public Art	(4)	4					0
	S106/S38/CIL	C10820	S106 North Shoebury Road 0301504out - Shoebury Park Maintena	(8)	8					0
Energy Saving Capital Programme	Energy Saving	C10788	Energy Efficiency Projects	(20)	(507)	250	277			0
	Energy Saving	C10740	Schools and Council Buildings Solar PV	(23)	(177)	100	100			0
	Energy Saving	C10789	Solar PV Projects	(490)	490					0
	Energy Saving	C10932	Old Beecroft Ground Source Heat Pump Feasibility	(15)	15					0
	Energy Saving	C10931	Civic Centre Lifts Regeneration	(33)	33					0
Better Queensway	Enterprise and Regeneration	C10747	Better Queensway - Regeneration	100	(100)					0
	Enterprise and Regeneration	C10261	Airport Business Park	(1,000)	1,000					0
CCTV	Community Safety	C10894	CCTV Equipment Renewal	(34)	34					0
HRA Capital Programme	Council Housing	C10161	Bathroom Refurbishment	(87)	87					0
	Council Housing	C10162	Central Heating	(69)	69					0
	Council Housing	C10168	Common Areas Improvement	(93)	93					0
	Council Housing	C10163	Environmental - H&S works	263	(263)					0
	Council Housing	C10164	Kitchen Refurbishments	(486)	486					0
	Council Housing	C10165	Rewiring	(23)	23					0
	Council Housing	C10166	Roofs	40	(40)					0
	Council Housing	C10167	Windows and Doors	(100)	100					0
				(7,635)	408	5,725	1,502	0	0	0

SCHEMES FINANCED BY NEW EXTERNAL FUNDING

Appendix 5

Scheme/Event	Investment Area	Project Code	Project Description	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Disabled Facilities	General Fund Housing	C10145	Disabled Facilities Grant	216						216
Schools Capital Programme	Schools	C10870	Chalkwell Infants Main Building Windows	1						1
	Schools	C10647	Friars Fire Systems Replacement	1						1
Highways Capital Programme	Highways and Infrastructure	C10588	Highways Maintenance - Potholes	617						617
Housing Revenue Account	Council Housing and New Build Programme	C10685	S106 HRA Land Review		1,450					1,450
				835	1,450	0	0	0	0	2,285

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APPENDIX 5a

BREAKDOWN OF SCHEMES AND FUNDING 2019/20

Details		Funding Source (000's)					
Scheme	Scheme Details	LTP/Maintenance Grant	Local Growth Fund	Council Capital - C/FWD from 2018/19.	National Productivity Investment Fund	Capital -SBC	Combined Totals

LTP3 - Better Sustainable Transport and Mobility Management (C10384) £780k (includes £380k c/fwd from 2018/19) [ACTION A]

Electric charging points	To install additional points at locations to be agreed.	135					135
Bus stop infrastructure upgrades	Bus Stop infrastructure improvements.	60					60
NPIF - TRIPS	Approved contributions (as part of successful bid) to improving access to town centre, Travel Centre and rail stations through highway modifications. See 'Other Transport Schemes' below for further funding	585					585
TOTAL AVAILABLE		780					780

LTP3 - Traffic Management Schemes (C10513) £400k [ACTION B]

Minor Schemes and TROs	Part of the Capital programme of traffic, road safety and parking work schemes for 2017/18	200					200
Accident Remedial Schemes and Road Safety	Part of the Capital programme of traffic, road safety and parking work schemes for 2017/18	200					200
TOTAL AVAILABLE		400					400

LPT3 - Better Networks (C10671) £535k (includes £135k c/fwd from 2018/19) [ACTION B]

Traffic signals operational efficiency improvements	Controller Changes various sites across Borough	100					100
Street Lighting conversions	Conversions to CMS at various sites and complete final works to upgrades	150					150
Drainage Highway Resilience Improvements	Resilience Improvements to flooding 'hot-spots' around the highway network in support of Tranche 2A	100					100
Improved Pedestrian signage	Wayfinding signage for Leigh and Leigh Old Town	50					50
Cycleway Upgrades	Upgrade the Cycleway network as various locations to be agreed	100					100
Royston Avenue Verge Hardening	Verge Hardening to improve bus service reliability	35					35
TOTAL AVAILABLE		535					535

APPENDIX 5a

BREAKDOWN OF SCHEMES AND FUNDING 2019/20							
Details		Funding Source (000's)					
Scheme	Scheme Details	LTP/Maintenance Grant	Local Growth Fund	Council Capital - C/FWD from 2018/19.	National Productivity Investment Fund	Capital -SBC	Combined Totals
LPT3 Better Operation of Traffic control, Information and communication Systems (C10470) £356k (includes £155k c/fwd from 2018/19) [ACTION D]							
AVL system	Upgrades to bus real time information signage.	175					175
Travel Centre review	Review Travel Centre operations	175					175
Traveline	Contribution to bus data system, providing data to support public transport information system.	6					6
TOTAL AVAILABLE		356					356
LTP3 FOOTWAY MAINTENANCE							
Footway Maintenance	Various locations to be agreed	141					141
TOTAL AVAILABLE		141					141
LTP CARRIAGEWAY MAINTENANCE							
Highways Maintenance	Carriageway resurfacing at locations to be agreed	555					555
TOTAL AVAILABLE		555					555
DfT LOCAL MAINTENANCE - POTHOLE FUND							
Pothole Repairs	Various locations	65					65
TOTAL AVAILABLE		65					65
LTP STREET LIGHTS MAINTENANCE PROGRAMME							
Street Lighting	Continuation of Street light upgrades.	150					150
TOTAL AVAILABLE		150					150
LTP BRIDGES (includes £300K c/fwd from 2018/19)							
Bridges Maintenance	Various locations	575					575
TOTAL AVAILABLE		575					575
Flood Defence							
Coastal Defence	Development of Strategy					200	200
Flood Reduction	Resilience Improvements to flooding support of Tranche 2A			213			213
TOTAL AVAILABLE				213		200	413

APPENDIX 5a

BREAKDOWN OF SCHEMES AND FUNDING 2019/20							
Details		Funding Source (000's)					
Scheme	Scheme Details	LTP/Maintenance Grant	Local Growth Fund	Council Capital - C/FWD from 2018/19.	National Productivity Investment Fund	Capital -SBC	Combined Totals
Cliff Stabilisation							
Cliff Slip Investigation	Cliff Slip					153	153
Manor Road Cliff Stabilisation	Stabilisation works					225	225
TOTAL AVAILABLE						378	378
COUNCIL CAPITAL Highway & Footway Improvements							
Highways & Footways	various sites to be agreed					2,000	2,000
Traffic Signs Upgrade	Upgrade of signs at various locations					100	100
Improve Footway Condition	Improve Pedestrian Safety around Highway Trees					200	200
TOTAL AVAILABLE						2,300	2,300
COUNCIL CAPITAL Car Park Infrastructure improvements							
Car Parks	Car Park infrastructure improvements to be agreed					100	100
TOTAL AVAILABLE						100	100
OTHER TRANSPORT SCHEMES							
Cinder Path improvement	Widening to create improved footway and new cycle track between Chalkwell and Old Leigh in partnership with Network Rail and Sustrans.			30			30
NPIF - TRIPS	Improving access to town centre, Travel Centre and rail stations through highway modifications. See C10384 for further funding				1,235		1,235
Southend Transport Model	Continuing the Southend Multi Model Work (C10058)					525	525
A127 Growth Corridor	A127 Major Schemes Bell/Kent Elms/Maintenance		2,800				2,800
Improve VMS system	Develop and Improve VMS car park signage and new signage especially for other seafront car parks.			185		25	210
SCAAP	Development & start of implementing scheme		2,000				2,000
TOTAL AVAILABLE			4,800	215	1,235	550	6,800
CUMULATIVE TOTALS		3,557	4,800	428	1,235	3,528	13,548

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CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

SUMMARY OF NEW SCHEMES/ADDITIONS SET OUT IN SECTION 1 (Pages 4 to 15)

Investment Area/Theme	Code	Scheme Description	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Southend Pier	New	Southend Pier - Replacement of Pier Trains	250	3,000				3,250
Total Pride and Joy			250	3,000	0	0	0	3,250
Social Care	C10960	Children's Residential Care Home	300					300
Works to Property	New	Crematorium Drives and Car Park Resurfacing	10	60				70
Works to Property	New	Crematorium - Urgent Structural Repairs to Chimney	500					500
Community Safety	C10894	CCTV Upgrade	1,040	1,000				2,040
Culture and Tourism	New	Cliffs Pavilion - Power Supply Equipment	30	140				170
Culture and Tourism	New	Palace Theatre - Power Supply Equipment	30	140				170
Schools	New	Chalkwell Hall Infants Energy Project	300					300
Works to Property	C10980	Civic Centre Boilers	300	1,000				1,300
Works to Property	New	Public Toilet Provision	40	660				700
Total Safe and Well			2,550	3,000	0	0	0	5,550
Works to Property	New	Civic Campus - Efficient Use of Space	200	150	150			500
ICT	C11002	ICT - Extending WiFi in Council Premises	70					70
Highways & Infrastructure	C10786	Highways Planned Maintenance Investment	1,000	1,000	1,000			3,000
Highways & Infrastructure	New	Car Park Improvements	100	100	100	100	100	500
Highways & Infrastructure	C10058	Southend on Sea Traffic Model	525	325	95	95	95	1,135
Highways & Infrastructure	New	Traffic Signs Upgrade	100	100	100	100	100	500
Total Connected and Smart			1,995	1,675	1,445	295	295	5,705
TOTAL GENERAL FUND			4,795	7,675	1,445	295	295	14,505
Housing and New Build Programme	Various	HRA Future Investment Programme	640	480	6,600	6,560	6,560	20,840
Total Safe and Well			640	480	6,600	6,560	6,560	20,840
TOTAL HOUSING REVENUE ACCOUNT			640	480	6,600	6,560	6,560	20,840
New schemes/additions:			5,435	8,155	8,045	6,855	6,855	35,345

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

SUMMARY OF SCHEMES SUBJECT TO EXTERNAL FUNDING APPROVAL SET OUT IN SECTION 2 (Pages 16 and 17)

Schemes Subject to External Funding Approval:			2019/20	2020/21	2021/22	2022/23	2023/24	Total Budget (all years)
Investment Area	Code	Scheme Description	Budget	Budget	Budget	Budget	Budget	
			£000	£000	£000	£000	£000	£000
Highways & Infrastructure	C10553	A127 Bell Junction Improvements		2,150				2,150
Culture and Tourism	New	Cart and Wagon Shed	200	650				850
Total Local Growth Fund			200	2,800	0	0	0	3,000

SUMMARY OF SCHEMES SUBJECT TO VIABLE BUSINESS CASE APPROVAL SET OUT IN SECTION 3 (Pages 18 to 20)

Schemes Subject to Viable Business Case Approval:			2019/20	2020/21	2021/22	2022/23	2023/24	Total Budget (all years)
Investment Area	Code	Scheme Description	Budget	Budget	Budget	Budget	Budget	
			£000	£000	£000	£000	£000	£000
ICT	C10904	ICT - Southend Operation Centre	1,000	1,000				2,000
Culture and Tourism	C10876	Cliffs Pavilion - External Refurbishment Works	100	900				1,000
Southend Pier	New	Southend Pier - Pavilion Platform Technical Design (Gateway Review Two) and Construction	500	7,000	3,000			10,500
Schemes Subject to Viable Business Case Approval			1,600	8,900	3,000	0	0	13,500
Works to Property	C10749	Commercial Property Investment						20,000
Total Schemes Subject to Viable Business Case Approval:								33,500

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

SUMMARY BY INVESTMENT AREA

Area of investment	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Council Housing and New Build Programme	640	480	6,600	6,560	6,560	20,840
Social Care	300	-	-	-	-	300
Schools	300	-	-	-	-	300
Southend Pier	250	3,000	-	-	-	3,250
Culture and Tourism	60	280	-	-	-	340
Community Safety	1,040	1,000	-	-	-	2,040
Highways and Infrastructure	1,725	1,525	1,295	295	295	5,135
Works to Property	1,050	1,870	150	-	-	3,070
ICT	70	-	-	-	-	70
Total	5,435	8,155	8,045	6,855	6,855	35,345

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

1. PROPOSED INVESTMENT SCHEMES BY THEME

THEME 1: PRIDE AND JOY

C1 Southend Pier – Replacement of Pier Trains - £3,250,000

19/20 - £250,000

20/21 - £3,000,000

The Pier Trains were introduced in 1986 with a 20 year lifespan. Replacement parts have now become impossible to source and a replacement system is required. The improvement to the system with replacement trains will enhance the visitor offer and will support growth in overall visitor numbers and satisfaction levels.

The trains form part of the evacuation procedure for the pier and are important in providing access to facilities for people with disabilities. The full process from procurement to delivery of trains will take around 19 months with the construction and implementation phase in place during financial year 2020/21.

Southend 2050:

Outcome - the variety and quality of our outstanding cultural and leisure offer has increased and we have become the first choice English coastal destination for visitors;

Roadmap – 2021 - potentially links to the Pier Pavilion as it will be a key means of accessing the facility;

Justification - without the train system as part of the evacuation plan there is a possibility that the Pier would have to close. Electric golf carts have previously been used but have been found to damage the boarding on the pier.

Funding:

Capital – corporate borrowing;

Revenue – none.

Sub-Total – Pride and Joy:

£3,250,000

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

THEME 2: SAFE AND WELL

C2 Children's Residential Care Home - £300,000

19/20 - £300,000

This scheme is to purchase a property to increase the level of Residential Care provision in Southend. This will reduce the number of high cost out of borough placements and offer the option of respite/interim care provision to reduce the need for long term placements.

This is in addition to the £400,000 already in the approved capital programme in 2019/20 funded from corporate borrowing.

Southend 2050:

Outcome - we are all effective at protecting and improving the quality of life for the most vulnerable in our community;

Roadmap - 2020 – reviewing and delivering a more integrated children's pathway across health and social care to include community paediatrics service;

Justification - if deferred it puts at risk one of the Roadmap projects.

Funding:

Capital – corporate borrowing;

Revenue – placement savings from a combination of children's residential care, part time placements and respite placements were included in the original bid.

C3 HRA Future Investment Programme – £20,840,000

19/20 - £640,000

20/21 - £480,000

21/22 - £6,600,000

22/23 - £6,560,000

23/24 - £6,560,000

The investment relates to

- the continuance of completing the Decent Homes programme to bring the housing stock to decency levels;
- common area improvements;
- environmental health & safety works;
- disabled adaptations works;

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

Southend 2050:

Outcome – we are well on our way to ensuring that everyone has a home that meets their needs;

Roadmap – no specific link;

Justification – to continue to keep the Council’s housing stock in a decent and safe condition.

Funding:

Capital – wholly funded through the HRA, from the Major Repairs Reserve;

Revenue – none.

C4 Crematorium Drives and Car Park Resurfacing - £70,000

19/20 - £10,000

20/21 - £60,000

This scheme is to resurface the crematorium drives and car park which are breaking up, to avoid further damage and more costly infrastructure repairs.

Southend 2050:

Outcome - no specific link;

Roadmap - no specific link;

Justification – there are no contractual commitments but delay will lead to further deterioration and higher costs of repair.

Funding:

Capital – corporate borrowing;

Revenue – avoiding more costly infrastructure works if the drives and car park deteriorate further.

C5 Crematorium – Urgent Structural Repairs to Chimney - £500,000

19/20 - £500,000

This scheme is to stabilise and repair the crematorium chimney stack. Following a survey and report from property services, the chimney stack has been found to be unstable and needs urgent repairs. Additional supports have temporarily been put in place. The scheme cost allows for a temporary flue for the cremators, the scaffolding and access requirements to the tower and for the cost of stonemasons.

Southend 2050:

Outcome - no specific link;

Roadmap - no specific link;

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

Justification – works must be completed to address structural weaknesses, should parts of the chimney collapse, the crematorium would be unable to operate and there would be no cremation service in Southend.

Funding:

Capital – corporate borrowing;

Revenue – avoiding the costs of temporary closure.

Funding:

Capital – corporate borrowing;

Revenue – none.

C6 CCTV Upgrade - £2,040,000

19/20 - £1,040,000

20/21 - £1,000,000

This scheme is for Phase 2 of the upgrade from analogue to digital for existing CCTV cameras and installation of a number of new cameras in priority locations following consultation. £40,000 of this scheme is for a facial recognition pilot in conjunction with the Business Improvement District and the Police. 75% of the scheme cost is for the equipment with the rest to cover integration with the control centre, project management and testing.

This is in addition to the £400,000 currently in the approved capital programme profiled across the years 2018/19 and 2019/20 financed by corporate borrowing.

Southend 2050:

Outcome – people in all parts of the borough feel safe and secure at all times;

Roadmap – 2019 – A Town Centre that feels safe with an active approach to the street community;

Justification – the town centre and safety is a significant priority.

Funding:

Capital – corporate borrowing;

Revenue – £37,000 p.a. for increased camera support and maintenance costs.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

C7 Cliffs Pavilion – Power Supply Equipment - £170,000

19/20 - £30,000

20/21 - £140,000

This scheme is to replace the main incoming power supply which is the original switch gear (the combination of electrical disconnect switches, fuses or circuit breakers used to control, protect and isolate electrical equipment). In the long term this will fail if not replaced. If the electricity supply fails causing the theatre to close the Council will be liable to a claim from HQ theatres for loss of income. The works are anticipated to take three months and if the theatre is unable to close for that period then the power will need to be run from generators with an extra cost of £280,000.

The theatre is scheduled to close for three months in summer 2020 to allow works to take place.

Southend 2050:

Outcome - people in all parts of the borough feel safe and secure at all times;

Roadmap – 2021 – Cliffs Pavilion upgraded;

Justification – to progress a Roadmap project – works need to be scheduled in a period where the building can close to avoid a £280,000 additional cost for generators.

Funding:

Capital – corporate borrowing;

Revenue – loss of theatres revenues if theatre closes.

C8 Palace Theatre – Power Supply Equipment - £170,000

19/20 - £30,000

20/21 - £140,000

This scheme is to replace the main incoming power supply which is the original switch gear (the combination of electrical disconnect switches, fuses or circuit breakers used to control, protect and isolate electrical equipment). In the long term this will fail if not replaced. If the electricity supply fails causing the theatre to close the Council will be liable to a claim from HQ theatres for loss of income. The works are anticipated to take three months and if the theatre is unable to close for that period of dark then the power will need to be run from generators with an extra cost of £280,000.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

Most of the Palace Theatre is a trust asset owned by The Palace Theatre Charity, with the exception of the extension which includes the entrance area and the Dixon Studio.

Southend 2050:

Outcome - people in all parts of the borough feel safe and secure at all times;

Roadmap – no specific link;

Justification – possible electrical failure - works need to be scheduled in a period where the building can close to avoid a £280,000 additional cost for generators.

Funding:

Capital – corporate borrowing;

Revenue – loss of theatres revenues if theatre closes.

C9 Chalkwell Hall Infants Energy Project - £300,000

19/20 - £300,000

This scheme is to replace three demountable classrooms which are 39 years old, with new modern buildings to house four classrooms, together with new LED lighting, solar PV, boiler room insulation and in-classroom heating controls. The existing classrooms are so poor in their heating and insulation that children are being taught in coats during the winter. There is not enough available in the education budget to replace these classrooms whilst a lesser project to insulate them leaves us with old insulated wooden boxes that would still need replacing.

The total scheme cost would be £485,000, with £100,000 of this from the school's capital programme and £85,000 financed by a Salix interest free loan taken out by the school.

Southend 2050:

Outcome – we act as a Green City with outstanding examples of energy efficient and carbon neutral buildings, streets, transport and recycling;

Roadmap – 2021 – All schools will be good or outstanding;

Justification – without funding the replacement of the classrooms will not proceed with a consequent impact on the school children.

Funding:

Capital – £110,000 of Government grant relating to schools, £190,000 of corporate borrowing with the revenues generated covering the financing costs;

Revenue – the shared benefits to cover the financing costs.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

C10 Civic Centre Boilers - £1,300,000

19/20 - £300,000

20/21 - £1,000,000

This scheme is for the replacement of life expired plant and to ensure the continued provision of heating and hot water to both the Civic Centre and the Court House. Works would include new boilers, replacement flues, hot water systems, heating circulation pumps, cold water booster system, building management system and the pipework.

Southend 2050:

Outcome – we act as a Green City with outstanding examples of energy efficient and carbon neutral buildings, streets, transport and recycling;

Roadmap – no specific link;

Justification – the boilers are in need of urgent replacement and a temporary solution has already been introduced. The temporary solution has a limited life expectancy and if works aren't carried out there is a significant risk that there will be no heating in the winter of 2021.

Funding:

Capital – discussions would need to take place with the Court House regarding a contribution to the works, with the rest from corporate borrowing;

Revenue – £5,000 savings in gas costs through greater efficiency.

C11 Public Toilet Provision - £700,000

19/20 - £40,000

20/21 - £660,000

This scheme is to investigate and review the public toilet provision and location and implement the construction of a new toilet facility to meet the requirement identified. This may be in the form of one large block or multiple small blocks. The main focus will be the seafront facing wards that contain the main facilities. For instance, following the successful pilot during Summer 2018 a proposal for permanent improvements to the City Beach toilet provision has been identified.

Southend 2050:

Outcome – no specific link;

Roadmap – no specific link;

Justification – the profile of this proposal allows for the purchase of 'portaloos' which can be deployed along the seafront during 2019/20. It

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

would also allow for the completion of design work for the new facilities which could be implemented from 2020/21.

Funding:

Capital – corporate borrowing;

Revenue – cleaning and maintenance costs anticipated to be covered by the existing revenue budgets.

Sub-Total – Safe and Well:

£26,390,000

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

THEME 5: CONNECTED AND SMART

C12 Civic Campus – Efficient Use of Space - £500,000

19/20 - £200,000

20/21 - £150,000

21/22 - £150,000

This scheme is to fund feasibility studies, plans, furniture and physical changes at the Civic Campus to enable improved agile working and space efficiency, potentially releasing additional space to let to partners.

Southend 2050:

Outcome – no specific link;

Roadmap – 2020 – Agile working culture being embedded in Council;

Justification – if deferred it puts at risk one of the Roadmap projects.

Funding:

Capital – corporate borrowing;

Revenue – at this stage it is not possible to quantify the reduced costs or savings which will arise from the delivery of enhanced space and digital enablement. The potential rental income from partner organisations is also unquantifiable at this pre-planning stage.

C13 ICT – Extending WiFi in Council Premises - £70,000

19/20 - £70,000

This scheme is to provide WiFi services in Council owned sites in order to enable flexible working for staff and internet access for visitors/guests. There is demand for improved use of Council premises and extended use of mobile equipment.

This scheme will incur £10,000 p.a. of extra software licencing costs from 2020/21 which would need accommodated within the ICT – Software Licencing scheme.

Southend 2050:

Outcome – Southend is a leading digital city with world class infrastructure;

Roadmap – 2020 – Agile working culture being embedded in Council;

Justification – if deferred it puts at risk one of the Roadmap projects.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

Funding:

Capital – £20,000 contribution from the University of Essex and £10,000 contribution from the South Essex College in relation to the Forum, with the rest from corporate borrowing;

Revenue – none

C14 Highways Planned Maintenance Investment - £3,000,000

19/20 - £1,000,000

20/21 - £1,000,000

21/22 - £1,000,000

This scheme is for additional investment in the highway network including the classified and unclassified carriageway network as well as the entire footway network. It will focus on changing the status of the highway condition from critical to good.

This scheme is in addition to the £1,000,000 p.a. budget for Carriageways and Footways Improvements already in the approved capital programme until 2019/20, funded by corporate borrowing. This scheme is also in addition to the £2,373,000 budget already in the approved capital programme profiled across the years 2018/19 to 2020/21, funded by Local Transport Plan (LTP) grant monies.

Southend 2050:

Outcome – It is easier for residents, visitors and people who work here to get around the borough;

Roadmap – no specific link;

Justification – to focus on changing the status of the highway condition from critical to good.

Funding:

Capital – corporate borrowing;

Revenue – none.

C15 Car Park Improvements - £500,000

19/20 - £100,000

20/21 - £100,000

21/22 - £100,000

22/23 - £100,000

23/24 - £100,000

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

This scheme is for improvements and major works to car parks such as resurfacing, signage, pay and display machines. All of the Borough's pay to park areas have been awarded ParkMark, a national scheme designed to inform motorists that a car park is safe, secure and well managed. Some areas require resurfacing, replacement of signage and fencing replacement to contribute to a good appearance and to indicate that the car parks are well managed.

The car parks scheduled for 2019/20 are: Tylers Avenue, Clarence Road, Warrior Square and Fairheads Green.

Southend 2050:

Outcome – people have a wide choice of transport options;

Roadmap – no specific link;

Justification – if deferred there is increased risk of injury, risk of reduced revenues and the safer car parks accreditation may be affected.

Funding:

Capital – corporate borrowing;

Revenue – to maintain car parking income and prevent future increases in maintenance costs.

C16 Southend-on-Sea Traffic Model - £1,135,000

19/20 - £525,000

20/21 - £325,000

21/22 - £95,000

22/23 - £95,000

23/24 - £95,000

This scheme is for the extension and update to the Council's traffic modelling system to ensure compliance with the Department for Transport's (DfT) appraisal guidance and toolkit. This proposal includes Rochford District Council although discussions are ongoing with them regarding their involvement and funding of this project.

Southend 2050:

Outcome – it is easier for residents, visitors and people who work here to get around the borough;

Roadmap – no specific link;

Justification – the model consists of software and guidance on transport modelling that facilitates the appraisal and development of highways and public transport interventions, enabling analysts to build evidence to support business case development, to inform investment funding decisions.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

Funding:

Capital – anticipated external contributions from Rochford District Council of £360,000 if the scheme includes their area, with the rest funded by corporate borrowing;

Revenue – none.

C17 Traffic Signs Upgrade - £500,000

19/20 - £100,000

20/21 - £100,000

21/22 - £100,000

22/23 - £100,000

23/24 - £100,000

This scheme is upgrade the Council's traffic signs in accordance with regulation and to evaluate the impact of the parking and access strategy on the rest of the Borough including where traffic signing needs to be upgraded.

Southend 2050:

Outcome – it is easier for residents, visitors and people who work here to get around the borough;

Roadmap – no specific link;

Justification – to reduce the Council's liability in the event of any accidents involving a sign requiring replacement.

Funding:

Capital – corporate borrowing;

Revenue – none.

Sub-Total – Connected and Smart: **£5,705,000**

All proposed schemes by year:

2019/20	£5,435,000
2020/21	£8,155,000
2021/22	£8,045,000
2022/23	£6,855,000
2023/24	£6,855,000
<u>TOTAL CAPITAL SCHEMES – ALL YEARS</u>	<u>£35,345,000</u>
<u>TOTAL CAPITAL SCHEMES – ALL YEARS – GENERAL FUND</u>	<u>£14,505,000</u>
<u>TOTAL CAPITAL SCHEMES – ALL YEARS – HRA</u>	<u>£20,840,000</u>

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

2. SCHEMES SUBJECT TO EXTERNAL FUNDING APPROVAL

C18 A127 Bell Junction Improvements - £2,150,000

20/21 - £2,150,000

This scheme is for improvements at the A127 Bell Junction including an additional left turn lane and the extension of the right turn lane on the eastbound carriageway, the provision of new pedestrian crossings.

The total for this Growth Corridor scheme is £7,170,000 with £4,300,000 to be funded by existing Local Growth Fund (LGF) monies and £720,000 already funded by borrowing.

Southend 2050:

Outcome – it is easier for residents, visitors and people who work here to get around the borough;

Roadmap – 2021 - A127 Bell Junction improvement completed;

Justification – if deferred it puts at risk one of the Roadmap projects.

Funding:

Capital – LGF monies if the SELEP bid is successful, if not this will need to be financed by corporate borrowing;

Revenue – none.

C19 Cart and Wagon Shed - £850,000

19/20 - £200,000

20/21 - £650,000

This scheme is to fit out the space of this building at Shoebury for the coastal community team to use as part of their community interest company. The building is just a shell at present but is starting to deteriorate.

Southend 2050:

Outcome – a range of initiatives help communities come together to enhance their neighbourhood and environment;

Roadmap – links to the tourism strategy, Destination Southend ;

Justification – avoiding more costly infrastructure works if the building deteriorates further.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

Funding:

Capital – LGF monies if the SELEP bid is successful, if not this will need to be financed by corporate borrowing;

Revenue – repairs and maintenance costs of the newly fitted building are anticipated to be no more than the current costs for the deteriorating building.

Sub-Total Schemes Subject to External Funding approval **£3,000,000**

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

3. SCHEMES 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.

C20 Commercial Property Investment - £20,000,000

The Commercial Property Investment Strategy was approved as part of the Corporate Asset Management Strategy 2015-2025 at Cabinet on 22 September 2015. In accordance with that, this scheme is to continue to grow an investment portfolio to enable the Council to secure and maintain long-term growing income streams and capital appreciation. The portfolio will require active management in terms of acquisition, management and disposal decisions. Decisions will need to be made commercially and often quickly and efficiently.

This is a budget provision and the profile across years and whether it will be spent in full will depend on the number and size of appropriate and cost effective opportunities that arise.

Southend 2050:

Outcome – no specific link;

Roadmap – 2021 – Council moving towards financial independence;

Justification – to continue to grow an investment portfolio to secure and maintain long-term growing income streams and capital appreciation.

Funding:

Capital - corporate borrowing;

Revenue – the rental incomes from the commercial investment to at least cover the financing costs.

C21 ICT – Southend Operation Centre - £2,000,000

19/20 - £1,000,000

20/21 - £1,000,000

This scheme comprises two phases, each distinct but to be delivered simultaneously. Phase 1 (£1,560,000) refers to the construction of an Operation Centre which can discharge 24/7 control of core council services including CCTV, Parking and Transport, Careline/Telehealth and Environmental Monitoring. This includes £320,000 for the re-provision of the museum store. As yet no alternative for the store has been identified – the service may want to rationalise other stores while they are doing this.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

Phase 2 (£440,000) refers to the ability to improve the use of data for both day to day operational and longer term strategic planning purposes.

This scheme is in addition to the £478,000 budget already in the approved capital programme profiled across the years 2018/19 and 2019/20, funded from corporate borrowing.

This scheme will incur £325,000 p.a. of extra software licencing costs from 2020/21, this would need to be considered as part of the viable business case and if agreed this amount would need to be included in the ICT – Software Licencing scheme.

Southend 2050:

Outcome – Southend is a leading digital city with world class infrastructure;

Roadmap – 2020 – Data Warehouse using Real Time information;

Justification – if deferred beyond 2020/21 it puts at risk one of the Roadmap projects.

Funding:

Capital – corporate borrowing;

Revenue – £198,000 p.a. income from 2021/22 generated by selling services to other organisations. £5,000 p.a. running costs for the new museum store;

C22 Cliffs Pavilion – External Refurbishment Works - £1,000,000

19/20 - £100,000

20/21 - £900,000

This scheme is to address all of the external areas to rejuvenate the building and present this as an upmarket offer for the Borough. A three month closure (during summer 2020) has been agreed with HQ theatres to allow the work to take place. As a consequence works cannot be slipped.

This scheme is in addition to the £306,000 budget already in the approved capital programme, funded from corporate borrowing.

Southend 2050:

Outcome - the variety and quality of our outstanding cultural and leisure offer has increased and we have become the first choice English coastal destination for visitors;

Roadmap - 2021 – Cliffs Pavilion upgraded;

Justification - if deferred it puts at risk one of the Roadmap projects.

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

*Funding:**Capital – corporate borrowing;**Revenue – by completing refurbishment works this will save further repair costs in the future.***C23 Southend Pier – Pavilion Platform Technical Design (Gateway Review Two) and Construction - £10,500,000****19/20 - £500,000****20/21 - £7,000,000****21/22 - £3,000,000**

This scheme is to progress a preferred option for developing the Pavilion Deck of the Pier including development of a full technical design for construction tendering and a construction budget allocation (subject to Gateway Review Two sign off).

The only option to defer would require the opening date on the 2050 roadmap to change.

*Southend 2050:**Outcome - the variety and quality of our outstanding cultural and leisure offer has increased and we have become the first choice English coastal destination for visitors;**Roadmap - 2021 – Pier Pavilion opens;**Justification - if deferred it puts at risk one of the Roadmap projects.**Funding:**Capital – corporate borrowing;**Revenue – none.***Sub-Total Schemes Subject to Viable Business Cases****£33,500,000**

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

The annual profile of this total investment would be as follows;

Year	Pride and Joy £000	Safe and Well £000	Connected and Smart £000	Total £000	Scheme Subject to External Funding Approval £000	Scheme Subject to Viable Business Cases £000
2019/20	250	3,190	1,995	5,435	200	1,600
2020/21	3,000	3,480	1,675	8,155	2,800	8,900
2021/22	-	6,600	1,445	8,045	-	3,000
2022/23	-	6,560	295	6,855	-	-
2023/24	-	6,560	295	6,855	-	-
Commercial Property Investment						20,000
TOTAL	3,250	26,390	5,705	35,345	3,000	33,500

The annual funding for this total investment would be as follows;

Year	General Fund Borrowing £000	General Fund Borrowing where financing costs to be met from savings/income generation £000	General Fund External Funding £000	General Fund Existing Funding ⁽¹⁾ £000	Housing Revenue Account Self- Funded £000	Total £000	Scheme Subject to External Funding Approval £000	Scheme Subject to Viable Business Cases £000
2019/20	4,265	190	340	-	640	5,435	200	1,600
2020/21	7,575	-	100	-	480	8,155	2,800	8,900
2021/22	1,425	-	20	-	6,600	8,045	-	3,000
2022/23	275	-	20	-	6,560	6,855	-	-
2023/24	275	-	20	-	6,560	6,855	-	-
Commercial Property Investment								20,000
TOTAL	13,815	190	500	-	20,840	35,345	3,000	33,500

Note 1- Capital receipts or revenue contributions to capital including from earmarked reserves

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

The funding by total cost of scheme would be as follows;

No.	Scheme name	Capital						Revenue per annum			
		General Fund Borrowing £000	General Fund Borrowing where financing costs to be met from savings/income generation £000	General Fund External Funding £000	General Fund Existing Funding ⁽¹⁾ £000	Housing Revenue Account Self-Funded £000	Total £000	Corporate Financing Costs £000	Additional Budget for Service Costs £000	Service Savings / Income Generation £000	Total £000
C1	Southend Pier - Replacement of Pier Trains	3,250	0	0	0	0	3,250	228	0	0	228
	Pride and Joy Total	3,250	0	0	0	0	3,250	228	0	0	228
C2	Children's Residential Care Home	300	0	0	0	0	300	21	0	0	21
C3	HRA Future Investment Programme	0	0	0	0	20,840	20,840	0	0	0	0
C4	Crematorium Drives and Car Park Resurfacing	70	0	0	0	0	70	5	0	0	5
C5	Crematorium - Urgent Repairs to Chimney	500	0	0	0	0	500	35	0	0	35
C6	CCTV Upgrade	2,040	0	0	0	0	2,040	143	37	0	180

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

No.	Scheme name	Capital						Revenue per annum			
		General Fund Borrowing £000	General Fund Borrowing where financing costs to be met from savings/income generation £000	General Fund External Funding £000	General Fund Existing Funding ⁽¹⁾ £000	Housing Revenue Account Self-Funded £000	Total £000	Corporate Financing Costs £000	Additional Budget for Service Costs £000	Service Savings / Income Generation £000	Total £000
C7	Cliffs Pavilion - Power Supply Equipment	170	0	0	0	0	170	12	0	0	12
C8	Palace Theatre - Power Supply Equipment	170	0	0	0	0	170	12	0	0	12
C9	Chalkwell Hall Infants Energy Project	0	190	110	0	0	300	13	0	(13)	0
C10	Civic Centre Boilers	1,300	0	0	0	0	1,300	91	0	(5)	86
C11	Public Toilet Provision	700	0	0	0	0	700	49	0	0	49
	Safe and Well Total	5,250	190	110	0	20,840	26,390	381	37	(18)	400
C12	Civic Campus - Efficient Use of Space	500	0	0	0	0	500	35	0	0	35
C13	ICT - Extending WiFi in Council Premises	40	0	30	0	0	70	3	0	0	3

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

No.	Scheme name	Capital						Revenue per annum			
		General Fund Borrowing £000	General Fund Borrowing where financing costs to be met from savings/income generation £000	General Fund External Funding £000	General Fund Existing Funding ⁽¹⁾ £000	Housing Revenue Account Self-Funded £000	Total £000	Corporate Financing Costs £000	Additional Budget for Service Costs £000	Service Savings / Income Generation £000	Total £000
C14	Highways Planned Maintenance Investment	3,000	0	0	0	0	3,000	210	0	0	210
C15	Car Park Improvements	500	0	0	0	0	500	35	0	0	35
C16	Southend-on-Sea Traffic Model	775	0	360	0	0	1,135	54	0	0	54
C17	Traffic Signs Upgrade	500	0	0	0	0	500	35	0	0	35
	Connected and Smart Total	5,315	0	390	0	0	5,705	372	0	0	372
	Overall Total	13,815	190	500	0	20,840	35,345	980	37	(18)	999

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

No.	Scheme Subject to External Funding Approval:	Capital						Revenue per annum			
		General Fund Borrowing £000	General Fund Borrowing where financing costs to be met from savings/income generation £000	General Fund External Funding £000	General Fund Existing Funding ⁽¹⁾ £000	Housing Revenue Account Self-Funded £000	Total £000	Corporate Financing Costs £000	Additional Budget for Service Costs £000	Service Savings / Income Generation £000	Total £000
C18	A127 Bell Junction Improvements	0	0	2,150	0	0	2,150	0	0	0	0
C19	Cart and Wagon Shed	0	0	850	0	0	850	0	0	0	0
	Scheme Subject to External Funding Approval Total	0	0	3,000	0	0	3,000	0	0	0	0

CAPITAL INVESTMENT PROGRAMME - NEW SCHEMES/ADDITIONS
2019/20 to 2023/24

No.	Schemes Subject to Viable Business Cases:	Capital						Revenue per annum			
		General Fund Borrowing £000	General Fund Borrowing where financing costs to be met from savings/income generation £000	General Fund External Funding £000	General Fund Existing Funding ⁽¹⁾ £000	Housing Revenue Account Self-Funded £000	Total £000	Corporate Financing Costs £000	Additional Budget for Service Costs £000	Service Savings / Income Generation £000	Total £000
C20	Commercial Property Investment	0	20,000	0	0	0	20,000	1,400	0	(1,400)	0
C21	ICT - Southend Operation Centre	2,000	0	0	0	0	2,000	140	5	(198)	(53)
C22	Cliffs Pavilion - External Refurbishment Works	1,000	0	0	0	0	1,000	70	0	0	70
C23	Southend Pier - Pavilion Platform Technical Design (Gateway Review Two) and Construction	10,500	0	0	0	0	10,500	735	0	0	735
	Schemes Subject to Viable Business Cases Total	13,500	20,000	0	0	0	33,500	2,345	5	(1,598)	752

SUMMARY OF CHANGES TO THE CAPITAL INVESTMENT PROGRAMME

Appendix 7

Scheme/Event	Investment Area	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Approved Capital Investment Programme - November Cabinet (Appendix 1)		60,481	73,013	55,360	24,728	0	0	213,582
Proposed changes:								
S106 Audley Court 0200874 Ful - CCTV	Community Safety	(10)						(10)
CIL Ward NA – St Lukes – Cluny Sq Park improvements (5 a side goals/seating)	S106/S38/CIL	(1)						(1)
CIL Ward NA – Kursaal – Annual community event at Southchurch Hall	S106/S38/CIL	(1)						(1)
Civic Centre low loss headers	Energy Saving		(20)					(20)
"Make Southend Sparkle" initiative	Culture and Tourism		10	10	10			30
New Museum	Culture and Tourism	(1,181)						(1,181)
Acquisition of leasehold property	Council Housing	160						160
Future Phases of Affordable Housing Development Programme	Council Housing		1,634	7,697	3,094			12,425
Schemes Subject to Viable Business Cases:								
Commerical Property Investment (see box on next page)	Works to Property			(3,478)				(3,478)
LATC - Delaware and Priory (see box on next page)	Social Care		(9,219)	(2,362)				(11,581)
Virements (see Appendix 3)	Various	0	0	0	0	0	0	0
Budget re-profiles (see Appendix 4)	Various	(7,635)	408	5,725	1,502	0	0	0
New external funding (see Appendix 5)	Various	835	1,450	0	0	0	0	2,285
Proposed Additions (see Appendix 6)	Various	0	5,435	8,155	8,045	6,855	6,855	35,345
Current Investment Programme - following amendments		52,648	72,711	71,107	37,379	6,855	6,855	247,555

Total budget for 2019/20 to 2023/24:

194,907

Proposed Capital Investment Programme 2018/19 to 2023/24 - Summary by Area of Investment

Scheme	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
General Fund Housing	1,438	1,695	1,375	577	-	-	5,085
Council Housing and New Build Programme	9,058	12,410	14,377	9,694	6,560	6,560	58,659
Social Care	881	952	-	-	-	-	1,833
Schools	13,086	14,282	391	-	-	-	27,759
Enterprise and Regeneration	3,941	13,500	7,520	5,698	-	-	30,659
Southend Pier	3,158	2,468	6,915	5,900	-	-	18,441
Culture and Tourism	4,801	5,218	13,930	3,960	-	-	27,909
Community Safety	199	1,741	1,000	-	-	-	2,940
Highways and Infrastructure	10,243	13,548	18,661	2,420	295	295	45,462
Works to Property	1,289	1,969	6,513	8,582	-	-	18,353
Energy Saving	133	1,426	350	377	-	-	2,286
ICT	3,458	2,559	40	-	-	-	6,057
S106/S38/CIL	963	943	35	171	-	-	2,112
TOTAL CAPITAL INVESTMENT PROGRAMME	52,648	72,711	71,107	37,379	6,855	6,855	247,555

Total budget for 2019/20 to 2023/24:

194,907

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
General Fund Housing								
Disabled Facilities Grant	C10145	1,138	900	900	577			3,515
Empty Dwelling Management	C10020	150	207					357
PSH Works in Default - Enforcement Work	C10503	50	88					138
Private Sector Renewal	C10146	100	500	475				1,075
Total General Fund Housing		1,438	1,695	1,375	577	-	-	5,085
Council Housing and New Build Programme								
Bathroom Refurbishment	C10161	43	263	42	59	52	96	555
Central Heating	C10162	1,010	951	374	197	161	771	3,464
Common Areas Improvement	C10168	1,616	3,364	864	864	864	864	8,436
Environmental - H&S works	C10163	1,780	698	1,080	1,080	1,080	1,080	6,798
Kitchen Refurbishments	C10164	163	691	984	1,002	875	1,107	4,822
Rewiring	C10165	170	221	342	501	739	411	2,384
Roofs	C10166	1,115	419	1,184	1,335	1,145	1,187	6,385
Windows and Doors	C10167	332	247	1,110	862	944	344	3,839
Future Programme (MRA & Decent Homes)	C10298	-	-	-	-	-	-	-
HRA Disabled Adaptations - Major Adaptations	C10015	784	650	650	650	650	650	4,034
HRA Disabled Adaptations - Minor Adaptations	C10257	100	50	50	50	50	50	350
Sheltered Housing DDA works	C10177		345					345
S106 HRA Land Review	C10685	1,455	1,450					2,905
Construction of New Housing on HRA Land	C10684	45	2,892	7,697	3,094			13,728
Acquisition of leasehold property	C10909	275						275
Acquisition of tower block leaseholds - Queensway	C10614	170	169					339
Total Council Housing and New Build Programme		9,058	12,410	14,377	9,694	6,560	6,560	58,659
Social Care								
Community Capacity	C10526	177						177
Dementia Friendly Environments	C10598	17						17
Children's Residential Care Provision	C10960		700					700
SEND Module and Integration with Liquid Logic	C10961	30	90					120
Learning Management System	C10929	120						120
Mental Health Funding Stream	C10184	36						36
Transforming Care Housing	C10689	1	162					163
LATC - Delaware and Priory	C10621	500	-	-				500
Total Social Care		881	952	-	-	-	-	1,833

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Schools								
AHDC Short Breaks for Disabled Children	C10282		64					64
Healthy School Capital Funding	C10991	52						52
Adult Community College rainwater goods	C10989	67						67
Chalkwell Infants Main Building Windows	C10870	1						1
Chalkwell Hall Infants replace relocatables (SBC 50%)	C10988	-	109					109
Chalkwell Hall Infants Energy Project	New		300					300
Chalkwell Hall Juniors roofs	C10987	10	100					110
Children's Centre - Landlords Maintenance	C10990	45						45
Earls Hall Primary heating	C10986	40						40
Eastwood Primary roof	C10985	150	50					200
Fairways Primary Boiler	New	60						60
Fairways Primary roof	C10983	-	15					15
Fairways Primary curtain walling	C10984	150	240					390
Friars Fire Systems Replacement	C10647	1						1
Future condition projects	C10024	73						73
Futures Heating and Pipe Ducts	C10714	-	68					68
Leigh North Street boiler	C10982	110						110
West Leigh Infant Boiler	New		160					160
Devolved Formula Capital	C10014	125						125
Friars Primary School	C10864	332						332
Temple Sutton - Early Years	C10992	10						10
Expansion of 2 yr old Childcare Places	C10558	60	5					65
School Improvement and Provision of School Places	C10475	11,800	12,711					24,511
Special Provision Capital Fund	C10910	-	460	391				851
Total Schools		13,086	14,282	391	-	-	-	27,759
Enterprise and Regeneration								
Airport Business Park (including Local Growth Fund)	C10261	3,200	12,600	7,520	5,698			29,018
City Deal - Incubation Centre	C10668	31						31
Better Queensway - Regeneration	C10747	710	650					1,360
Housing Infrastructure Feasibility	C10956		250					250
Total Enterprise and Regeneration		3,941	13,500	7,520	5,698	-	-	30,659
Southend Pier								
Southend Pier - Bearing Refurbishment (Phase One)	C10885	919						919
Southend Pier - Condition Works Engineers	C10697	750	1,200	415				2,365
Southend Pier - Condition Works Surveyors	C10918	354	518					872
Southend Pier - Pier Entrance Enhancement	C10887	186						186
Southend Pier - Pier Pavilion Platform Detailed Design (Gateway Review One)	C10884	49						49
Southend Pier - Prince George Extension (Phase Two)	C10905	150		1,000	1,158			2,308
Southend Pier - Replacement of Pier Trains	New		250	3,000				3,250
Southend Pier - Structural Works	New			500				500
Southend Pier - Timber Outer Pier Head	C10886	750	500	2,000	4,742			7,992
Total Southend Pier		3,158	2,468	6,915	5,900	-	-	18,441

Proposed Capital Investment Programme 2018/19 to 2023/24

Appendix 8

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Culture and Tourism								
Belfairs Swim Centre	C10623		42					42
Chase Sports and Fitness Centre - Lighting Fitting Replacement	C10875	54						54
Shoeburyness Leisure Centre – Building Management	C10965	85						85
Southchurch Park Bowls Pavillion	C10739		20					20
Southend Cliffs - Replacement of Handrails	C10881	16	15					31
Southend Leisure and Tennis Centre - Building Management System (BMS) Control	C10882	47						47
Wheeled Sports Facility Central Southend Area	C10966	2	248					250
Allotments Water Supply Upgrade	C10967	61	149					210
Badger Setts in Priory Park and Sidmouth Park	C10993	70						70
Chalkwell Park and Priory Park Tennis Courts	C10682	30						30
Parks Feasibility and Options Appraisals	C10968	-	25					25
Playground Gates	C10779		123					123
Replacement and Upgrade of Parks Furniture	C10879	16	44	30				90
Replacement of Play Equipment	C10780	47						47
Shoebury Common Regeneration	C10964	50	250					300
Sidmouth Park - Replacement of Play Equipment	C10880	12	57					69
Southchurch Park Tow Path	C10781	199						199
Forum II – SBC Match Funding to LGF	C10979	500	1,000	13,500	3,950			18,950
Kiosks in Libraries	New		40					40
Library Review	C10624	7	179					186
Cliffs Pavilion – Auditorium Air Handling Unit	C10969	25	90					115
Cliffs Pavilion – Boiler Flues	C10970	10	115					125
Cliffs Pavilion – Chiller	C10971	5	170					175
Cliffs Pavilion - External Refurbishment works	C10876	83	223					306
Cliffs Pavilion - Power Supply Equipment	New		30	140				170
Joint Theatres and Leisure Centres – Asbestos	C10972	-	115					115
Palace Theatre - Air Handling Units	C10782	230						230
Palace Theatre Boilers Replacement	C10877	13						13
Palace Theatre - Power Supply Equipment	New		30	140				170
Palace Theatre - Replacement of Asbestos Stage Safety Curtain	C10878	83						83
Central Museum Works	C10867		249					249
Inflatable Planetarium	New		35					35
Prittlewell Prince Research	C10043	13	25					38
Prittlewell Prince Storage	C10696		35					35
New Artist Studios	C10973	70	805					875
Belton Hills Steps	C10777	1,485						1,485
Energy Improvements in Culture Property Assets	C10565		110					110
Fire Improvement Works	C10974	500	500					1,000
"Make Southend Sparkle" Initiative	C10778	7	19	10	10			46
Property Refurbishment Programme	C10626	900	337					1,237
Pump Priming Budget	C10044	128	90	110				328
Queen Victoria statue - security fence	C10997	2	23					25
Resorts Services Signage	C11007	20	25					45
Resorts Assets	C10883	31						31
Total Culture and Tourism		4,801	5,218	13,930	3,960	-	-	27,909

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Community Safety								
CCTV Equipment Renewal	C10894	99	1,341	1,000				2,440
Security Measures	C10957	100	400					500
Total Community Safety		199	1,741	1,000	-	-	-	2,940
Highways and Infrastructure								
Cliff Slip Investigation Works	C10784	100	153					253
Coastal Defence (Shoebury Common Sea Defence Scheme)	C10011	186	200	3,795				4,181
Improving Resilience of the Borough to Flooding from Extreme Weather Events	C10888	8	213					221
Manor Road Cliff Stabilisation	C10963	100	225					325
Flood Prevention Works	C10962		-	1,125	1,125			2,250
Carriageways and Footways Improvements	C10786	1,000	2,000	1,000	1,000			5,000
Cinder Path	C10115	70	30					100
Highways Maintenance - Potholes	C10588	763	65	65				893
Improve Footway Condition Around Highway Trees	C10953	150	200					350
Improved Car Park Signage and Guidance Systems	C10890	144	210					354
Town Centre Redevelopment Improvements - Highways (NPIF)	C10889	615	1,235					1,850
Traffic Signs Upgrade	New		100	100	100	100	100	500
Prittlebrook Greenway - Undermining	C10923	75						75
Southend Highway Flood Reduction and Resilience Improvement Scheme	C10921	565						565
Car Park Improvements	New		100	100	100	100	100	500
Coach Parking	C10954	250						250
Parking Strategy	C10955	200						200
LTP (Integrated Transport block) - Bridge Strengthening	C10512	306	575	300				1,181
LTP (Integrated Transport block) - Better Sustainable Transport	C10384	153	780	400				1,333
LTP (Integrated Transport block) - Better Networks	C10671	504	535	400				1,439
LTP (Integrated Transport block) - Traffic Management Schemes	C10513	400	400	400				1,200
LTP (Integrated Transport block) - Traffic Control Systems	C10470	161	356	201				718
LTP - Maintenance	C10076	1,006	696	671				2,373
LTP - Maintenance - Street Lighting	C10708	150	150	150				450
Local Growth Fund - A127 Growth Corridor	C10699	1,860	2,800	7,629				12,289
Local Growth Fund - Southend Central Area Action Plan (SCAAP) Growth Point (Transport)	C10702	976	2,000	2,000				4,976
A127 Junction Improvements	C10553	397						397
HCA Progress Road	C10254	18						18
Southend Transport Model	C10058	40	525	325	95	95	95	1,175
Travel Centre - Bus Service Provision in the Town Centre	C10892	46						46
Total Highways and Infrastructure		10,243	13,548	18,661	2,420	295	295	45,462

Proposed Capital Investment Programme 2018/19 to 2023/24

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Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
Works to Property								
62 Avenue Road - demolition	C10922	5	44					49
Belfairs Park Restaurant/Golf Club Preventative Works	C10959	190						190
Civic Campus - Efficient Use of Space	New		200	150	150			500
Civic East Car Park Redevelopment	C10748	8	42		4,790			4,840
Commercial Property Investment	C10749	300	-	-				300
Conduit repointing and refurbishment	C11010	5						5
Darlows Green former WCs demolition	C10919	40						40
Demolition of Public WCs at Pitmans Close	C11009	30						30
East Beach Café Project	C10644		32					32
Herbert Grove Security	C10854	8						8
Land Acquisition Works	C10913				1,867			1,867
Library Car Park Reconstruction and Enhancement	C10750	50		4,083	1,775			5,908
New Beach Huts Phase 2	C10631	6						6
Pier Arches External Landlord Works	C11003	93						93
Pier Arches toilets - waterproofing solution	C10734	30						30
Porters Civic House and Cottage	C10571	5						5
Priory House EPH Fire Alarms	C10977	32						32
Ropers Farm Cottages - water supply	C10840	5						5
Seaways Development Enabling Works	C10643	4						4
Seaways - HCA Condition Funding	C10656		170					170
SMAC Eastern Esplanade Slipway	C11000	27						27
Working Environment	C11001	50						50
Urgent Works To Property	C10181	16						16
Cemetery - Ride on Mower	New			30				30
Crematorium Drives and Car Park Resurfacing	New		10	60				70
Crematorium - Urgent Structural Repairs to Chimney	New		500					500
Essential Crematorium/Cemetery Equipment	C10572	17						17
Pergola Walk Memorial Scheme	C10755	7						7
Replacement Boiler at Southend Crematorium	C10866	1	129					130
Civic Centre Boilers	C10980	245	300	1,000				1,545
Public Toilet Provision	New		40	660				700
Replacement of Coffin Charger	C11011	23	-					23
Sutton Road Cemetery Road Repairs	New			40				40
Priority Works	C10121	92	502	490				1,084
Total Works to Property		1,289	1,969	6,513	8,582	-	-	18,353
Energy Saving								
Beecroft - Theatre Lighting and Draughtproofing	C10996	8						8
Civic Centre CHP/Lifts Feasibility	C10930	5						5
Civic Centre Lifts Regeneration	C10931	-	33					33
Energy Efficiency Projects	C10788	12	220	250	277			759
Old Beecroft Ground Source Heat Pump Feasibility	C10932	-	15					15
Pier Energy Efficiency Scheme	C10933	58						58
Real Time Air Quality Measurement - Feasibility	C10958	10	65					75
Solar PV Projects	C10789	10	947					957
Schools and Council Buildings Solar PV	C10740	-	146	100	100			346
Two Tree Island Contamination Study	C10995	30						30
Total Energy Saving		133	1,426	350	377	-	-	2,286

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
ICT								
Channel Shift	C10757	393	100					493
DEFRA Inspire III	C10640	4						4
Disaster Recovery Relocation	C11008	-	55					55
Extending WiFi in Council Premises	C11002	40	70					110
HR Recruitment Contract Implementation	C10994	60	90					150
N3 Connectivity in Civic Building	C10767	-	231					231
ICT - Core Application and Database Migration	C10895		71					71
ICT - Childrens and Adults Social Care - Development of the Liquid Logic Case Management System	C10637	1,010						1,010
ICT - Central Government IT Security Compliance	C10898	-	139					139
ICT – Cyber Security/Public Services Network	C10950	40	40	40				120
ICT - Southend Operation Centre	C10904	53	425					478
ICT - Digitally Enable the Council Offices	C10897	19						19
ICT Enterprise Agreement	C10636	329	345					674
ICT – Health and Social Care – GovRoam	C10951	-	20					20
ICT - Phones Migration and Re-Tender	C10900	225	22					247
ICT Rolling Replacement Programme	C10576	259	250					509
ICT - Southend Network Monitoring Equipment	C10901	19						19
ICT – Wide Area Network Enhancements	C10952	120						120
Mobile Device End Point Protection Replacement	C10768	90						90
Northgate - Revenues and Benefits application	C11004	32	18					50
Place - Culture and Enterprise and Tourism - EPOS System	C10758	26						26
Remote Working Enhancements	New		50					50
Replacement and Enhancement to Cash Receipting System	C10578	238						238
Software Licencing	C10426	400	400					800
IoT Smart City Delivery	C10580	101	233					334
Total ICT		3,458	2,559	40	-	-	-	6,057
S106/S38/CIL								
S106 3 Acacia Drive 1401434FULM - affordable housing	C10857		177					177
S106 Essex House 1600116DOV - affordable housing	C10852		320					320
S106 3-5 High Street 1501496AMDT - affordable housing	C10915	196						196
S106 845-849 London Rd 1601030AMDT – affordable housing	C10946	143						143
S106 St Hildas 1700530AMDT - affordable housing	C10934	11						11
S106 32-36 Valkyrie Rd 1700893DOV5 - affordable housing	C10926	218						218
S106 23/04/2015 Hinguar and Saxon - public art contribution	C10845	18						18
S106 Ajax Works 0300130ful - landscaping maintenance	C10199	6						6
S106 Albany Court 1500369AMDT - public art contribution	C10846	25						25
S106 Avenue Works 1401968AMDT - Public Art	C10801		15					15
S106 Former Balmoral 1400914FULM – public art contribution	C10861	1						1
S106 Bellway Prittlebrook 1400943FULM - Local play facilities	C10804	-	15					15
S106 Former College 1000225FUL - Tree Replacement	C10207	-	11					11
S106 Garrison 0000777 Deposit - information boards	C10811	-	2					2
S106 Garrison 0000777 Deposit - Junior Play Area maintenance	C10812	-	10					10
S106 Garrison 0000777 Deposit - Toddler Play Area maintenance	C10815	-	6					6
S106 Garrison Park Store	C10188	-	1					1

Proposed Capital Investment Programme 2018/19 to 2023/24

Appendix 8

Scheme	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
S106 Lifstan Way 0000273 Out - Open Space Maintenance	C10269	3	78					81
S106 North Shoebury Road 0301504out - Public Art	C10819	58	4					62
S106 North Shoebury Road 0301504out - Shoebury Park Enhancement	C10205	10	35					45
S106 North Shoebury Road 0301504out - Shoebury Park Maintenance	C10820	27	43	35	171			276
S106 Sunlight Ldry 1400411FULM - Public Art	C10821	13						13
S106 22-23 The Leas 0700820FULM - bus service contribution	C10832		43					43
S106 Essex House 1500521FULM - bus stop improvement	C10793		3					3
S106 Former College 1500803BC4M - parking survey contribution	C10893	10						10
S106 Avenue Works 1401968AMDT - cycleway improvement	C10727	1						1
S106 Bellway Prittlebrook 1400943FULM - TRO Contribution	C10808	4						4
S106 High Works Shoe Garrison	C10213	2						2
S106 Albany Court 1500369AMDT - signage contribution	C10842	10						10
S106 Hinguar 1401672BC4M - highway contribution	C10851	5						5
S106 North Road and Salisbury Ave 1200056 - Highway Works Contribution	C10816	2						2
S106 Sunlight Ldry 1400411FULM - Highway Works	C10686	2						2
S106 Texsol Kenway 1500468FULM - highway	C10849	2						2
S106 Texsol Kenway 1500468FULM – public realm contribution	C10858	14						14
S106 Seec 0200500ful - Highway Works	C10073	104						104
S106 Univ H-Way0401561ful	C10196	13						13
S38/S278 Airport 0901960 Fulm	C10275	14	65					79
S38 Bellway Homes 14/00943/fulm	C10746	4	74					78
S38 Old Hinguar School	C10859	4						4
S78 Bellway Homes 14/00943/fulm	C10730	2	8					10
S38 Fossetts Farm Bridleway	C10193	20	28					48
S38 Garrison NBP Road Supp Fee	C10267	3	5					8
S38 Inspection Magazine Rd	C10190	5						5
CIL Ward NA – Chalkwell – Landscaping on Chalkwell	C10936	2						2
CIL Ward NA – Milton – Milton Park improvements	C10938	5						5
CIL Ward NA – Milton – Street signs	C10939	2						2
CIL Ward NA – Milton – Park Street replacement bollards	C10940	3						3
CIL Ward NA – St Lukes – Cluny Sq Park improvements (5 a side goals/seating)	C10942	-						-
S106 Garrison 0000777 Depost - CCTV	C10810	1						1
Total S106/S38/CIL		963	943	35	171	-	-	2,112
TOTAL CAPITAL INVESTMENT PROGRAMME		52,648	72,711	71,107	37,379	6,855	6,855	247,555

Proposed Capital Investment Programme 2018/19 to 2023/24 - Schemes subject to external funding approval/viable business cases

General Fund Schemes Subject to External Funding Approval	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
A127 Bell Junction Improvements	C10699			2,150				2,150
Cart and Wagon Shed	New		200	650				850
TOTAL SCHEMES SUBJECT TO EXTERNAL FUNDING APPROVAL		-	200	2,800	-	-	-	3,000

General Fund Schemes Subject to Viable Business Cases	Project code	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	Total Budget (all years) £000
LATC - Delaware and Priory	C10621		9,219	2,362				11,581
ICT - Southend Operations Centre	C10904		1,000	1,000				2,000
Cliffs Pavilion - External Refurbishment Works	C10876		100	900				1,000
Southend Pier - Pavilion Platform Technical Design (Gateway Review Two) and Construction	New		500	7,000	3,000			10,500
SCHEMES SUBJECT TO VIABLE BUSINESS CASES		-	10,819	11,262	3,000	-	-	25,081
Commercial Property Investment	C10749							23,478
TOTAL SCHEMES SUBJECT TO VIABLE BUSINESS CASES:								48,559

Proposed Capital Investment Programme 2018/19 to 2023/24 -

	Total Budget (all years) £000
TOTAL CAPITAL INVESTMENT PROGRAMME (ASSUMING ALL SCHEMES SUBJECT TO EXTERNAL FUNDING /VIABLE BUSINESS CASES ARE APPROVED)	299,114

Scheme	Pride and Joy	Safe and Well	Active and Involved	Opportunity and Prosperity	Connected and Smart
General Fund Housing					
Disabled Facilities Grant		✓			
Empty Dwelling Management		✓			
PSH Works in Default - Enforcement Work		✓			
Private Sector Renewal		✓			
Council Housing and New Build Programme					
Bathroom Refurbishment		✓			
Central Heating		✓			
Common Areas Improvement		✓			
Environmental - H&S works		✓			
Kitchen Refurbishments		✓			
Rewiring		✓			
Roofs		✓			
Windows and Doors		✓			
Future Programme (MRA & Decent Homes)		✓			
HRA Disabled Adaptations - Major Adaptations		✓			
HRA Disabled Adaptations - Minor Adaptations		✓			
Sheltered Housing DDA works		✓			
S106 HRA Land Review		✓			
Construction of New Housing on HRA Land		✓			
Acquisition of leasehold property		✓			
Acquisition of tower block leaseholds - Queensway		✓			
Social Care					
Community Capacity			✓		
Dementia Friendly Environments		✓			
Children's Residential Care Provision		✓			
SEND Module and Integration with Liquid Logic					✓
Learning Management System					✓
Mental Health Funding Stream		✓			
Transforming Care Housing		✓			
LATC - Delaware and Priory		✓			

Scheme	Pride and Joy	Safe and Well	Active and Involved	Opportunity and Prosperity	Connected and Smart
Schools					
AHDC Short Breaks for Disabled Children		✓			
Healthy School Capital Funding				✓	
Adult Community College rainwater goods				✓	
Chalkwell Infants Main Building Windows				✓	
Chalkwell Hall Infants replace relocatables (SBC 50%)				✓	
Chalkwell Hall Infants Energy Project		✓			
Chalkwell Hall Juniors roofs				✓	
Children's Centre - Lanlords Maintenance				✓	
Earls Hall Primary heating				✓	
Eastwood Primary roof				✓	
Fairways Primary Boiler				✓	
Fairways Primary roof				✓	
Fairways Primary curtain walling				✓	
Friars Fire Systems Replacement				✓	
Future condition projects				✓	
Futures Heating and Pipe Ducts				✓	
Leigh North Street boiler				✓	
West Leigh Infant Boiler				✓	
Devolved Formula Capital				✓	
Friars Primary School				✓	
Temple Sutton - Early Years				✓	
Expansion of 2 yr old Childcare Places				✓	
School Improvement and Provision of School Places				✓	
Special Provisiion Capital Fund				✓	
Enterprise and Regeneration					
Airport Business Park (including Local Growth Fund)				✓	
City Deal - Incubation Centre				✓	
Better Queensway - Regeneration				✓	
Housing Infrastructure Feasibility				✓	
Southend Pier					
Southend Pier - Bearing Refurbishment (Phase One)	✓				
Southend Pier - Condition Works Engineers	✓				
Southend Pier - Condition Works Surveyors	✓				
Southend Pier - Pier Entrance Enhancement	✓				
Southend Pier - Pier Pavilion Platform Detailed Design (Gateway Review One)	✓				
Southend Pier - Pavilion Platform Technical Design (Gateway Review Two) and Construction	✓				
Southend Pier - Prince George Extension (Phase Two)	✓				
Southend Pier - Replacement of Pier Trains	✓				
Southend Pier - Structural Works	✓				
Southend Pier - Timber Outer Pier Head	✓				

Scheme	Pride and Joy	Safe and Well	Active and Involved	Opportunity and Prosperity	Connected and Smart
Culture and Tourism					
Belfairs Swim Centre	✓				
Chase Sports and Fitness Centre - Lighting Fitting Replacement		✓			
Shoeburyness Leisure Centre – Building Management		✓			
Southchurch Park Bowls Pavillion	✓				
Southend Cliffs - Replacement of Handrails	✓				
Southend Leisure and Tennis Centre - Building Management System (BMS) Control		✓			
Wheeled Sports Facility Central Southend Area			✓		
Allotments Water Supply Upgrade		✓			
Badger Setts in Priory Park and Sidmouth Park	✓				
Chalkwell Park and Priory Park Tennis Courts	✓				
Parks Feasibility and Options Appraisals	✓				
Playground Gates		✓			
Replacement and Upgrade of Parks Furniture	✓				
Replacement of Play Equipment	✓				
Shoebury Common Regeneration				✓	
Sidmouth Park - Replacement of Play Equipment	✓				
Southchurch Park Tow Path	✓				
Forum II – SBC Match Funding to LGF	✓				
Kiosks in Libraries	✓				
Library Review	✓				
Cliffs Pavilion – Auditorium Air Handling Unit		✓			
Cliffs Pavilion – Boiler Flues		✓			
Cliffs Pavilion – Chiller		✓			
Cliffs Pavilion - External Refurbishment works	✓				
Cliffs Pavilion - Power Supply Equipment		✓			
Joint Theatres and Leisure Centres – Asbestos		✓			
Palace Theatre - Air Handling Units		✓			
Palace Theatre Boilers Replacement		✓			
Palace Theatre - Replacement of Asbestos Stage Safety Curtain		✓			
Palace Theatre - Power Supply Equipment		✓			
Central Museum Works	✓				
Inflatable Planetarium	✓				
New Museum - Gateway Review	✓				
Prittlewell Prince Research	✓				
Prittlewell Prince Storage	✓				

Scheme	Pride and Joy	Safe and Well	Active and Involved	Opportunity and Prosperity	Connected and Smart
New Artist Studios	✓		✓		
Cart and Wagon Shed					
Belton Hills Steps	✓				
Energy Improvements in Culture Property Assets		✓			
Fire Improvement Works		✓			
"Make Southend Sparkle" Initiative	✓				
Property Refurbishment Programme	✓				
Pump Priming Budget	✓				
Queen Victoria statue - security fence	✓				
Resorts Services Signage					✓
Resorts Assets	✓				
Community Safety					
CCTV Equipment Renewal		✓			
Security Measures		✓			
Highways and Infrastructure					
Cliff Slip Investigation Works		✓			
Coastal Defence (Shoebury Common Sea Defence Scheme)	✓				
Improving Resilience of the Borough to Flooding from Extreme Weather Events		✓			
Manor Road Cliff Stabilisation		✓			
Flood Prevention Works		✓			
Carriageways and Footways Improvements					✓
Cinder Path					✓
Highways Maintenance - Potholes					✓
Improve Footway Condition Around Highway Trees					✓
Car Park Improvements					✓
Improved Car Park Signage and Guidance Systems					✓
Town Centre Redevelopment Improvements - Highways (NPIF)					✓
Prittlebrook Greenway - Undermining					✓
Southend Highway Flood Reduction and Resilience Improvement Scheme					✓
Coach Parking					✓
Parking Strategy					✓
LTP (Integrated Transport block) - Bridge Strengthening					✓
LTP (Integrated Transport block) - Better Sustainable Transport					✓
LTP (Integrated Transport block) - Better Networks					✓
LTP (Integrated Transport block) - Traffic Management Schemes					✓
LTP (Integrated Transport block) - Traffic Control Systems					✓
LTP - Maintenance					✓
LTP - Maintenance - Street Lighting					✓
Local Growth Fund - A127 Growth Corridor					✓
Local Growth Fund - Southend Central Area Action Plan (SCAAP) Growth Point (Transport)					✓
A127 Junction Improvements					✓
HCA Progress Road					✓
Southend Transport Model					✓
Traffic Signs Upgrade					✓
Travel Centre - Bus Service Provision in the Town Centre					✓

Scheme	Pride and Joy	Safe and Well	Active and Involved	Opportunity and Prosperity	Connected and Smart
Works to Property					
62 Avenue Road - demolition		✓			
Belfairs Park Restaurant/Golf Club Preventative Works	✓				
Civic Campus - Efficient use of Space					✓
Civic East Car Park Redevelopment		✓			
Commercial Property Investment				✓	
Conduit repointing and refurbishment		✓			
Darlows Green former WCs demolition		✓			
Demolition of Public WCs at Pitmans Close		✓			
East Beach Café Project	✓				
Herbert Grove Security		✓			
Land Acquisition Works				✓	
Library Car Park Reconstruction and Enhancement					✓
New Beach Huts Phase 2	✓				
Pier Arches External Landlord Works		✓			
Pier Arches toilets - waterproofing solution		✓			
Porters Civic House and Cottage	✓				
Priory House EPH Fire Alarms		✓			
Public Toilet Provision		✓			
Ropers Farm Cottages - water supply		✓			
Seaways Development Enabling Works				✓	
Seaways - HCA Condition Funding				✓	
SMAC Eastern Esplanade Slipway	✓				
Working Environment		✓			
Urgent Works To Property		✓			
Cemetery - Ride on Mower		✓			
Essential Crematorium/Cemetery Equipment		✓			
Crematorium Drives and Car Park Resurfacing		✓			
Crematorium - Urgent Structural Repairs to Chimney		✓			
Pergola Walk Memorial Scheme	✓				
Replacement Boiler at Southend Crematorium		✓			
Civic Centre Boilers		✓			
Replacement of Coffin Charger		✓			
Sutton Road Cemetery Road Repairs		✓			
Priority Works		✓			
Energy Saving					
Beecroft - Theatre Lighting and Draughtproofing		✓			
Civic Centre CHP/Lifts Feasibility		✓			
Civic Centre Lifts Regeneration		✓			
Energy Efficiency Projects		✓			
Old Beecroft Ground Source Heat Pump Feasibility		✓			
Pier Energy Efficiency Scheme		✓			
Real Time Air Quality Measurement - Feasibility		✓			
Solar PV Projects		✓			
Schools and Council Buildings Solar PV		✓			
Two Tree Island Contamination Study		✓			

Scheme	Pride and Joy	Safe and Well	Active and Involved	Opportunity and Prosperity	Connected and Smart
ICT					
Channel Shift					✓
DEFRA Inspire III					✓
Disaster Recovery Relocation					✓
Extending WiFi in Council Premises					✓
HR Recruitment Contract Implementation					✓
N3 Connectivity in Civic Building					✓
ICT - Core Application and Database Migration					✓
ICT - Childrens and Adults Social Care - Development of the Liquid Logic Case Management System					✓
ICT - Central Government IT Security Compliance					✓
ICT – Cyber Security/Public Services Network					✓
ICT - Southend Operation Centre					✓
ICT - Digitally Enable the Council Offices					✓
ICT Enterprise Agreement					✓
ICT – Health and Social Care – GovRoam					✓
ICT - Phones Migration and Re-Tender					✓
ICT Rolling Replacement Programme					✓
ICT - Southend Network Monitoring Equipment					✓
ICT – Wide Area Network Enhancements					✓
Mobile Device End Point Protection Replacement					✓
Northgate - Revenues and Benefits application					✓
Place - Culture and Enterprise and Tourism - EPOS System					✓
Remote Working Enhancements					✓
Replacement and Enhancement to Cash Receipting System					✓
Software Licencing					✓
IoT Smart City Delivery					✓
S106/S38/CIL					
S106 3 Acacia Drive 1401434FULM - affordable housing		✓			
S106 Essex House 1600116DOV - affordable housing		✓			
S106 3-5 High Street 1501496AMDT - affordable housing		✓			
S106 845-849 London Rd 1601030AMDT – affordable housing		✓			
S106 St Hildas 1700530AMDT - affordable housing		✓			
S106 32-36 Valkyrie Rd 1700893DOV5 - affordable housing		✓			
S106 23/04/2015 Hinguar and Saxon - public art contribution	✓				
S106 Ajax Works 0300130ful - landscaping maintenance	✓				
S106 Albany Court 1500369AMDT - public art contribution	✓				
S106 Avenue Works 1401968AMDT - Public Art	✓				
S106 Former Balmoral 1400914FULM – public art contribution	✓				
S106 Bellway Prittlebrook 1400943FULM - Local play facilities	✓				
S106 Former College 1000225FUL - Tree Replacement	✓				
S106 Garrison 0000777 Deposit - information boards					✓
S106 Garrison 0000777 Deposit - Junior Play Area maintenance		✓			
S106 Garrison 0000777 Deposit - Toddler Play Area maintenance		✓			
S106 Garrison Park Store	✓				

Scheme	Pride and Joy	Safe and Well	Active and Involved	Opportunity and Prosperity	Connected and Smart
S106 Lifstan Way 0000273 Out - Open Space Maintenance	✓				
S106 North Shoebury Road 0301504out - Public Art	✓				
S106 North Shoebury Road 0301504out - Shoebury Park Enhancement	✓				
S106 North Shoebury Road 0301504out - Shoebury Park Maintenance	✓				
S106 Sunlight Ldry 1400411FULM - Public Art	✓				
S106 22-23 The Leas 0700820FULM - bus service contribution					✓
S106 Essex House 1500521FULM - bus stop improvement					✓
S106 Former College 1500803BC4M - parking survey contribution					✓
S106 Avenue Works 1401968AMDT - cycleway improvement					✓
S106 Bellway Prittlebrook 1400943FULM - TRO Contribution					✓
S106 High Works Shoe Garrison					✓
S106 Albany Court 1500369AMDT - signage contribution					✓
S106 Hinguar 1401672BC4M - highway contribution					✓
S106 North Road and Salisbury Ave 1200056 - Highway Works Contribution					✓
S106 Sunlight Ldry 1400411FULM - Highway Works					✓
S106 Teksol Kenway 1500468FULM - highway					✓
S106 Teksol Kenway 1500468FULM – public realm contribution	✓				
S106 Seec 0200500ful - Highway Works					✓
S106 Univ H-Way0401561ful					✓
S38/S278 Airport 0901960 Fulm					✓
S38 Bellway Homes 14/00943/fulm		✓			
S38 Old Hinguar School				✓	
S78 Bellway Homes 14/00943/fulm		✓			
S38 Fossetts Farm Bridleway					✓
S38 Garrison NBP Road Supp Fee					✓
S38 Inspection Magazine Rd					✓
CIL Ward NA – Chalkwell – Landscaping on Chalkwell	✓				
CIL Ward NA – Kursaal – Annual community event at Southchurch Hall			✓		
CIL Ward NA – Milton – Milton Park improvements	✓				
CIL Ward NA – Milton – Street signs					✓
CIL Ward NA – Milton – Park Street replacement bollards					✓
CIL Ward NA – St Lukes – Cluny Sq Park improvements (5 a side goals/seating)	✓				
S106 Garrison 0000777 Depost - CCTV		✓			

Southend-on-Sea Borough Council

Report of Strategic Director (Finance and Resources)
to
Cabinet
on
12 February 2019

Report prepared by: Caroline Fozzard
Group Manager – Financial Planning and Control

Agenda
Item No.

Treasury Management and Prudential Indicators – 2019/20
Policy and Resources Scrutiny Committee
Cabinet Member: Councillor John Lamb
Part 1 (Public Agenda Item)

1. Purpose of Report

1.1 To consider the following Treasury Management documents before recommending them to Council for approval:

- Treasury Management Policy Statement for 2019/20;
- Treasury Management Strategy for 2019/20;
- Annual Treasury Management Investment Strategy for 2019/20;
- Minimum Revenue Provision Policy for 2019/20;
- Prudential indicators required by the Prudential Code for Capital Finance in Local Authorities.

2. Recommendations

That the Cabinet recommend to Council that it approve:

- 2.1 The Treasury Management Policy Statement set out at Appendix 1;**
- 2.2 The Treasury Management Strategy set out at Appendix 2;**
- 2.3 The Annual Treasury Management Investment Strategy set out at Appendix 3;**
- 2.4 The Minimum Revenue Provision (MRP) Policy set out at Appendix 5;**
- 2.5 The prudential indicators set out at Appendix 6;**

2.6 The operational boundary and authorised limits for borrowing for 2019/20 are set at £290m and £300m respectively as set out in Appendix 1.

3. Background

3.1 In compliance with the CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Code of Practice the Council's Treasury Management Policy comprises the following:

- Treasury Management Policy Statement;
- Treasury Management Strategy;
- Annual Treasury Management Investment Strategy

and these are reviewed annually for approval by Council before the start of each financial year.

3.2 The purpose of the Treasury Management Policy Statement is to set out the scope of the Treasury Management function, the policy on borrowing, debt restructure, investments, delegation and management of risk. The Treasury Management Policy Statement for 2019/20 is attached as **Appendix 1**.

3.3 The purpose of the Treasury Management Strategy is to set out how the budgeted financing costs can be achieved. It covers the prospects for interest rates and the strategy on borrowing and debt restructuring. The Treasury Management Strategy for 2019/20 is attached as **Appendix 2**.

3.4 The purpose of the Annual Treasury Management Investment Strategy is to set out the investment objectives and the policies on the use of external fund managers, on the investment of in-house managed funds and on the use of approved counterparties. The Annual Investment Strategy for 2019/20 is attached as **Appendix 3**.

3.5 Appendices 1, 2 and 3 together form the Treasury Management Policy and are then used by officers on a daily basis for the effective running of the treasury management function.

3.6 In response to the on-going economic, regulatory and financial market conditions, and in consultation with our treasury management advisers, the treasury management policy has been updated for the 2019/20 financial year. The changes from the revised 2018/19 policy are shown in **Appendix 4**.

3.7 The policy and strategy documents are written in order to provide officers and advisers with clear boundaries within which to work but as a result they are written using technical language. Treasury management training has been offered to all councillors to aid understanding of the issues and further courses will be available in the future.

- 3.8 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 2019/20 is attached as **Appendix 5**.
- 3.9 Under the Local Government Act 2003 each authority can determine how much it can borrow within prudential limits. The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority. The majority of capital expenditure will continue to be directly supported by Government through capital grant or by Council unsupported borrowing.
- 3.10 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 prudence, affordability and sustainability. To demonstrate compliance with these objectives each authority is required to produce a set of prudential indicators. These prudential indicators are attached as **Appendix 6**.

4. Other Options

- 4.1 There are many options available for the operation of the Treasury Management function, with varying degrees of risk associated with them. The Treasury Management Policy set out in this report aims to effectively control risk to within a prudent level, whilst providing optimum performance consistent with that level of risk.

5. Reasons for Recommendations

- 5.1 Recommendations 2.1 to 2.3 are to comply with the CIPFA Treasury Management Code of Practice.
- 5.2 Recommendation 2.4 is to comply with the Local Authority's general duty to charge an amount of MRP to revenue which it considers to be prudent.
- 5.3 Recommendations 2.5 and 2.6 are to demonstrate compliance with the CIPFA Prudential Code for Capital Finance in Local Authorities.

6. Corporate Implications

Contribution to the Southend 2050 Road Map

- 6.1 The Treasury Management Strategy sets out how the financing costs as part of the Medium Term Financial Plan may be achieved. The Treasury Management policy together with the prudential indicators, acknowledge how effective treasury management will provide support towards the achievement of the Council's ambition and desired outcomes.

Financial Implications

- 6.2 The financial implications of the proposed capital programme are considered in the capital and revenue budget reports to Cabinet. Other financial implications are dealt with throughout this report.

Legal Implications

- 6.3 Compliance with the relevant regulations and codes of practice has been considered throughout this report.

People Implications

- 6.4 There are no people implications arising from this report.

Property Implications

- 6.5 There are no property implications arising from this report.

Consultation

- 6.6 The key treasury management decisions are taken in consultation with our treasury management advisers.

Appendices 1 to 4 were presented to the Audit Committee on 16th January 2019 for scrutiny. Audit Committee sought clarification and reassurance on the following areas, which was duly provided by officers:

- the governance and due diligence relating to borrowing and investments;
- the monitoring and review of the level and performance of investments;
- the role of the Council's Treasury Management adviser.

Equalities and Diversity Implications

- 6.7 There are no equalities issues arising from this report.

Risk Assessment

- 6.8 The Treasury Management Policy acknowledges that the successful identification, monitoring and management of risk is fundamental to the effectiveness of its activities.

Value for Money

- 6.9 Treasury Management activities include the pursuit of optimum performance consistent with effective control of the risks associated with those activities.

Community Safety Implications

- 6.10 There are no community safety implications arising from this report.

Environmental Impact

6.11 There are no environmental impacts arising from this report.

7. Background Papers

7.1 None

8. Appendices

Appendix 1 – Treasury Management Policy Statement 2019/20

Appendix 2 – Treasury Management Strategy 2019/20

Appendix 3 – Annual Treasury Management Investment Strategy 2019/20

Appendix 4 – Changes from the revised 2018/19 Treasury Management Policy

Appendix 5 – Minimum Revenue Provision Policy 2019/20

Appendix 6 – Prudential Indicators 2019/20

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SOUTHEND-ON-SEA BOROUGH COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT 2019/20

1 Background

- 1.1 The purpose of this statement is to outline the Council's treasury management policy.
- 1.2 The CIPFA Code of Practice on Treasury Management recommends that Local Authorities:
 - Adopt the CIPFA code;
 - Create and maintain both a Treasury Management Policy Statement and suitable Treasury Management practices;
 - Appoint an officer to whom Treasury Management is delegated;
 - Submit reports regularly.
- 1.3 Cabinet approved adoption of the CIPFA code of Practice for Treasury Management at its meeting on 12 February 2002. CIPFA published a major revision to the Code of Practice for Treasury Management on 27 November 2009, the implementation of which was the subject of a report to Audit Committee submitted to its meeting of 13 January 2010. Since then there have been a number of more minor revisions, the latest being in December 2017.
- 1.4 There is a requirement in the revised code that the treasury management policy should be scrutinised in detail by a specialist committee, before being accepted by the authority, and should be monitored regularly.
- 1.5 The treasury management policy is agreed in advance of the year to which it relates. The policy is then monitored regularly and is updated, as appropriate, to reflect changing circumstances and guidance.
- 1.6 The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management policy, before approval by full Council as part of the approval of the budget.
- 1.7 The Chief Finance Officer (Section 151 Officer under the Local Government Act 1972) is the person responsible for the treasury management function.
- 1.8 The revised code requires that, as a minimum, reporting should include an annual strategy in advance of the year, a mid-year review and an annual report after its close. The reporting and scrutiny of the strategy and policy are dealt with above. Reports on the activities of the treasury management function will be submitted to Cabinet quarterly.

One such report will comprise an annual report for presentation before 31 July of the succeeding year. Another report will be a mid-year review reporting in November of each year.

- 1.9 In the latest version of the CIPFA Code of Practice on Treasury Management the term “investments” now covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment in property portfolios. This may therefore include investments which are not managed as part of normal treasury management and are therefore covered by the Capital Investment Policy which forms part of the Capital Investment Strategy.

2 Duration of the Policy Statement

- 2.1 This Treasury Management Policy Statement covers the 2019/20 financial year.

3 Scope of the Treasury Management Function

- 3.1 The Council defines its treasury management activities as:
- the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions;
 - the effective control of the risks associated with those activities;
 - the pursuit of optimum performance consistent with those risks.
- 3.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
- 3.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 3.4 The Council acknowledges that responsibility for the effective management and control of risk lies with the authority.

4 Use of a treasury management adviser

- 4.1 The services of a treasury management adviser, Link Asset Services will be used throughout 2019/20 to assist the Council to develop and enhance the performance of the treasury management function.

- 4.2 The role of this adviser is to provide relevant and timely information and advice on all aspects of treasury management.
- 4.3 The Council recognises that responsibility for treasury management decisions remains with the authority at all times.

5 Funding requirements for the capital investment programme

5.1 The following methods of funding have been identified as being available to the Council for use in 2019/20:

- Borrowing;
- Use of capital receipts - from the sale of surplus assets;
- Use of Government Grants – e.g. Local Growth Fund, or grants from the Department for Education;
- Other external contributions – e.g. Section 106 agreements;
- Revenue funding – e.g. transferred from the Revenue Account.

5.2 No additional funding source will be used without the agreement of the Cabinet.

6 Limits on external borrowings

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

6.2 The table below shows the operational boundary and authorised limits for borrowing for 2018/19 and 2019/20:

	2018/19 Original £m	2018/19 Revised £m	2019/20 Original £m
Operational boundary	285	280	290
Authorised limit	295	290	300

In accordance with the Prudential Code these limits exclude outstanding debt relating to services transferred from Essex County Council (ECC) on 1 April 1998.

7 Policy on sources and types of long term borrowing

7.1 The Council's long term borrowing (i.e. for more than one year) for 2019/20 will be via any type of loan from the Public Works Loan Board (which is a statutory body whose function is to lend money to local

authorities and other prescribed bodies) or from banks, building societies or other financial institutions as appropriate.

- 7.2 In addition, if it is deemed to be economically advantageous the Section 151 Officer, in consultation with our Treasury Management advisers, can issue bonds to raise funds, either in this council's name or collaboratively with other Local Authorities or via the Local Government Association (LGA), and either as a private or public placement.
- 7.3 In addition, if it is deemed to be economically advantageous the Section 151 Officer, in consultation with our Treasury Management advisers, can borrow from other Local Authorities.
- 7.4 In addition, if it is deemed to be economically advantageous the Section 151 Officer, in consultation with our Treasury Management advisers, can borrow for the purposes of financing regeneration and other infrastructure related projects.
- 7.5 The PWLB is usually the most economic source available to the Council for long term borrowing. The Council is eligible for HM Treasury's 'certainty rate' which is a discount of 0.2% on standard rates. For specified projects only the Council also has access to the 'project rate' (a concessionary rate to support strategic local capital investment projects) which is a discount of 0.4% on standard rates.
- 7.6 Financing arrangements other than borrowing will be in the form of leases. These will be taken out to finance the purchase or use of assets such as equipment or vehicles.

8 Timing of new borrowing

- 8.1 New borrowing will be undertaken as and when required to finance capital. The Council's Section 151 Officer is authorised to make application for loans during 2019/20 that are deemed appropriate for the long term financing of capital. The amount and timing of these loans will have regard to the Council's cash flow, the PWLB interest rates and the future requirements of the capital investment programme.

9 Debt restructuring policy

- 9.1 Some of the Council's borrowings are at a higher interest rate than the current rate of borrowing. To redeem these loans before their maturity date (i.e. to redeem them early) the Council would be required to pay a premium (this is like paying to redeem a mortgage early except the amount of the penalty depends on the prevailing rate of interest). New loans could then be taken out at the current rate. The savings to be made by paying interest at a lower rate need to be offset by the premiums payable before a decision is made as to whether this would be economically advantageous.

- 9.2 Similarly, some of the Council's borrowings can be at a lower interest rate than the current rate of borrowing. To redeem these loans early the Council would receive a discount (this is the opposite of a premium). New loans could then be taken out at the current rate. The discount receivable would need to be offset by the higher rate of interest paid before a decision is made as to whether this would be economically advantageous.
- 9.3 The Council will undertake debt restructuring as and when appropriate opportunities arise. The main objective of a restructure will be to produce reductions in financing costs as part of an overall budget strategy. The advice of our treasury management advisers would be sought. Members would be notified via the quarterly reporting to Cabinet on treasury management activities.

10 Treasury Management Investments

- 10.1 See the Annual Treasury Management Investment Strategy.

11 The approved activities of the Treasury Management operation are as follows:

- Risk management;
- Cash flow management (daily balance and longer term forecasting);
- Investing surplus funds in approved investments;
- Use of brokers for placing investments;
- Investing surplus funds with external fund managers;
- Long term borrowing to fund the capital investment programme;
- Short term borrowing for cash flow purposes;
- Management of debt (including repayment and rescheduling);
- Capital receipts management;
- Leasing arrangements for the Council (including schools);
- Banking activities;
- Training for members and officers;
- Prevention of money laundering.

12 Responsibility for the treasury management function

- 12.1 Under the constitution the Council's Section 151 officer who is the Chief Finance Officer (currently the Strategic Director (Finance and Resources)), must take all steps that are considered appropriate for the administration of the financial affairs of the Council. This includes responsibility for the treasury management function.
- 12.2 The table in Annex 1 shows the treasury management activities and the sub-delegated responsibilities from the Chief Finance Officer to others.
- 12.3 Officers are required to explicitly follow policies and procedures.

- 12.4 The training needs of staff and members with treasury management responsibilities are assessed on a regular basis and training is arranged as necessary.

13 Risks

- 13.1 The overriding principle is that it is more important to balance risks than to maximise returns.

Credit and Counterparty risk

- 13.2 This is the risk that the organisation with which we have invested money becomes insolvent and cannot pay us back our investment. A prime objective of treasury management activities is the security of the principal sums invested and this is placed ahead of the investment return. Accordingly, the Council will ensure that robust due diligence procedures cover all external investment.

- 13.3 Investment activities are limited to the instruments, methods and techniques referred to in the Annual Treasury Management Investment Strategy. The use of limits and a combined matrix of investment criteria using credit ratings reflects a prudent attitude towards organisations with whom funds may be deposited. Investment activities will be limited to those who meet the criteria in this matrix when the investment is placed, with the exception of the UK part-nationalised bank and the Council's bank, and then limited by other relevant market information.

- 13.4 The policy in respect of those organisations from which the council may borrow, or with whom it may enter into other financing arrangements is set out in this Treasury Management Policy Statement and in the Annual Treasury Management Investment Strategy.

Liquidity risk

- 13.5 This is the risk that there will be insufficient cash available to make payments as they fall due. The Chief Finance Officer will ensure that cash resources are adequate, though not excessive, and that borrowing arrangements are available at all times to enable the Council to achieve its business objectives.

Interest Rate risk

- 13.6 Interest rates will be reviewed as part of the ongoing monitoring arrangements to ensure that, as far as possible, investments are made so as to maintain the return to the Council, whilst retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

- 13.7 Regard will be given to the limits imposed by the treasury management policy, particularly the importance of maintaining the security of the monies invested.

Partnership risk

- 13.8 There are currently no major partnerships involving private borrowing. Some of the Council's costs are met by 'match funding' where other organisations match the funding that the Council contributes. Where this is the case there may be liquidity risk (see 13.5) if the other organisations do not make their contributions when agreed. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes.

Market risk

- 13.9 Our long term borrowing is mainly through fixed rate maturity loans, whilst our investments are at both fixed and variable rates. To mitigate the risk as far as possible the Council seeks to find the appropriate balance of investments between short and long term and between variable and fixed rate.

Refinancing risk

- 13.10 Our borrowing arrangements are negotiated, structured and documented, and the maturity profile of these monies are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable as can reasonably be achieved in the light of market conditions prevailing at the time.

Currency risk

- 13.11 The Council does not have any foreign currency risk as all investments are in pounds sterling.

Inflation risk

- 13.12 The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

Treasury Management Activity	Delegated to:	In their absence, delegated to:
Production of a Treasury Policy each year for approval by the Council prior to the start of the financial year	Group Manager (Financial Planning & Control)	Finance Manager – Capital/ Treasury Management
Staffing and organisation of the Treasury Management function	Group Manager (Financial Planning & Control)	Chief Finance Officer
Ensuring that all staff engaged in Treasury Management receive appropriate training	Group Manager (Financial Planning & Control)	Finance Manager – Capital/ Treasury Management
Ensuring that all members with Treasury Management responsibilities receive appropriate training	Chief Finance Officer	Group Manager (Financial Planning & Control)
Advising the Council’s Monitoring Officer when necessary	Chief Finance Officer	Deputy Section 151 Officer
Decisions on long term borrowing	Chief Finance Officer	Deputy Section 151 Officer
Decisions on the restructuring of the Council’s debt	Chief Finance Officer	Deputy Section 151 Officer
Taking out new loans/repayment of loans with the PWLB	Group Manager (Financial Planning & Control)	Chief Finance Officer/ Deputy Section 151 Officer
Maintaining adequate and effective cash flow forecasting records to support the decision to lend or borrow	Designated Accounting Technician/Finance Manager	Any other designated Accounting Technician/Finance Manager

Treasury Management Activity	Delegated to:	In their absence, delegated to:
Proposals on placing overnight monies with the Council's bank or in short/long term investments	Finance Manager – Capital/ Treasury Management	Designated Accounting Technician/ Finance Manager
Approval of short/long term investments	Chief Finance Officer	Deputy Section 151 Officer/Group Manager (Financial Planning & Control)
Placing money in investments once approval has been obtained	Finance Manager – Capital/ Treasury Management/ other designated Finance Business Partner/ Senior Finance Business Partner	Group Manager (Financial Planning & Control)
Contact for correspondence with external fund managers	Finance Manager – Capital/ Treasury Management	Other designated Accounting Technician/Finance Business Partner
Decisions on placing with or recalling monies from external fund managers	Chief Finance Officer	Deputy Section 151 Officer
Entering into lease agreements	Chief Finance Officer	Deputy Section 151 Officer
Key contact with the Council's treasury management advisers	Group Manager (Financial Planning & Control)	Finance Manager – Capital/ Treasury Management
Monitoring of actual against budget for debt charges, interest earnings and debt management expenses	Designated Accounting Technician/ Finance Manager	Any other designated Accounting Technician/Finance Manager
Monitoring of performance; average interest rates earned and paid etc.	Designated Accounting Technician/Finance Manager	Any other designated Accounting Technician/Finance Manager
Monthly report to Section 151 officer detailing performance and any non-compliance with the Treasury Management Policy	Finance Manager – Capital/ Treasury Management	Designated Accounting Technician/Finance Manager

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SOUTHEND-ON-SEA BOROUGH COUNCIL
TREASURY MANAGEMENT STRATEGY 2019/20

1. Introduction

- 1.1 The Treasury Management Strategy is written in compliance with the CIPFA Treasury Management Code of Practice requirement to review and report policy and strategy before the start of the year. This has been revised following publication of the revised Code of Practice.
- 1.2 The Treasury Management Strategy sets out how the financing costs may be achieved. It needs to be regularly monitored and modified in the light of changing external and internal circumstances.
- 1.3 The objective of the strategy is to optimise the income generated by surplus cash and minimise borrowing costs, consistent with a low level of risk, maintaining capital sums and maintaining liquidity.

2. The Council's Budget

- 2.1 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.
- 2.2 The Council can be both a lender and borrower at the same time as it seeks to invest short-term surpluses and fund longer-term capital investment. The timing of the taking of borrowing is important to secure the most advantageous interest rates.
- 2.3 The net budget for financing costs and interest earned on balances is £11.8m in 2019/20.

3. The Council's Cash Surplus and Cash Flow

- 3.1 It is projected that surplus cash balances will average £65m (of which £50m is the estimated sum of medium and long term funds managed by external fund managers) during 2019/20 based on information currently available and historical spending patterns.

4. Interest Earnings (in-house investments)

- 4.1 At the date of this report, the Bank of England base rate was 0.75%. Based on economic forecasts it is very difficult to predict the timing of any change in interest rates, however it has been assumed that during 2019/20 the bank base rate will increase to 1% in June 2019 and to 1.25% in March 2020. The average interest earned by the Council on its in-house lending is likely to be 1.17% but this does depend on market conditions.
- 4.2 Sensitivity analysis shows that a difference of 0.5% in interest rates would make a difference of £75k in external interest earned and a difference of £1m in average balances would make a difference of £12k in interest earned in a full year. This risk is reflected in the annual review of the robustness of estimates for the Council Budget undertaken by the Strategic Director (Finance and Resources).

5. Long Term Borrowing

- 5.1 There is no Central Government funding to support borrowing by the Council to fund capital projects. Under the Prudential Code the cost of any additional borrowing has to be financed by the Council.
- 5.2 The funding available to support capital investment is based on an assumption that the Council will undertake borrowing in 2019/20 of £31m, £8m of which relates to invest to save schemes and £6m is towards reversing the under-borrowed position against CFR (see paragraph below). The revenue impact of this borrowing is funded in the Revenue Budget proposals. As an indicative guide to this revenue impact, there is a cost of approximately £70k for every £1m borrowed.
- 5.3 The Capital Financing Requirement (CFR) is the council's theoretical need to borrow but the Section 151 Officer can manage the council's actual borrowing position by either:
- 1 - borrowing to the CFR;
 - 2 - choosing to use temporary cash flow funds instead of borrowing (internal borrowing) or;
 - 3 - borrowing for future increases in the CFR (borrowing in advance of need).

The Council is likely to begin 2019/20 in the second of the above scenarios. However, as the 2019/20 financial year progresses a combination of scenarios 1, 2 and 3 will be considered, as appropriate.

- 5.4 This authority will only borrow in advance of need where there is a clear justification for doing so and will only do so for the current capital investment programme or to finance future debt maturities.
- 5.5 So far in 2018/19 no new PWLB loans have been taken out.

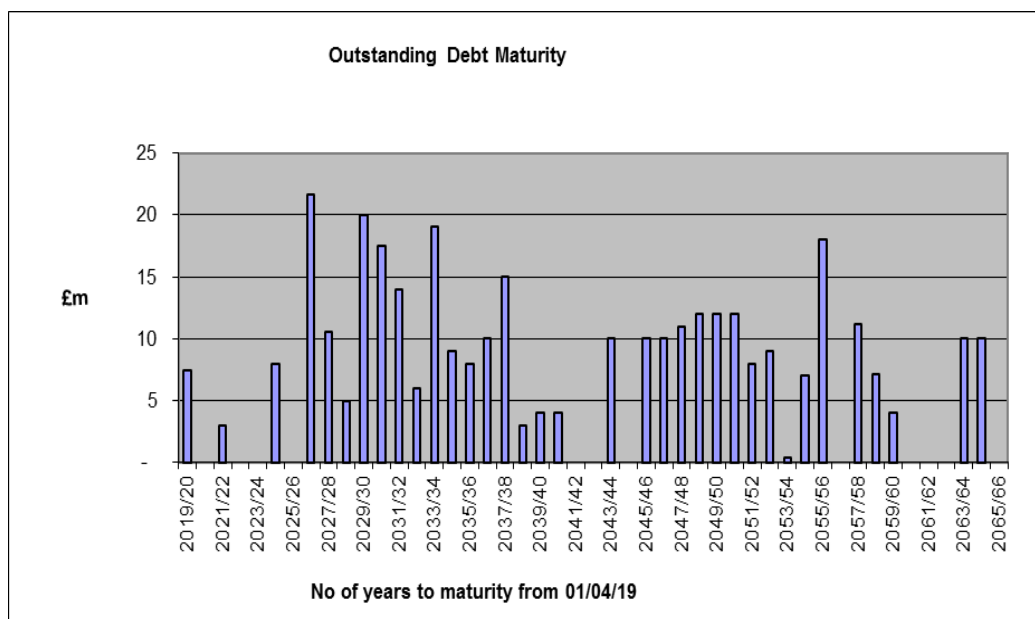
- 5.6 The Council's current outstanding loans for both General Fund and Housing Revenue Account, which will need to be repaid, are set out below:

Southend-on-Sea Borough Council		Main Schemes (£m)	Invest to Save Schemes (£m)	Total (£m)
Opening position as at 1 April 2019	GF	160	11	171
	HRA	77	0	77
	Total	248		
New loans in 2019/20	GF	23	8	31
	HRA	0	0	0
	Total	31		
Repayments in 2019/20	GF	(5)	0	(5)
	HRA	(2)	0	(2)
	Total	(7)		
Closing position as at 31 March 2020	GF	178	19	197
	HRA	75	0	75
	Total	272		

- 5.7 Outstanding debt relating to services transferred from Essex County Council (ECC) on 1 April 1998, remains under the management of ECC and is set out below. Southend Borough Council reimburses the debt costs incurred by the County.

ECC transferred debt	Amount (£m)
Opening position as at 1 April 2019	11.3
New loans in 2019/20	0
Repayments in 2019/20	(0.5)
Closing position as at 31 March 2020	10.8

- 5.8 The graph on the next page shows the repayment profile of the Council's PWLB borrowings if all new loans are included to reflect the funding of the proposed capital investment programme and the refinancing of debt.



It shows the gaps in the repayment profile and that there is no one year where the loan maturities are excessive.

The next maturity date of any PWLB debt redemption is September 2019 and is for a sum of £7m (General Fund: £5m, Housing Revenue Account (HRA): £2m).

- 5.9 The potential for the early redemption of high interest loans is reviewed periodically, however the interest savings from the repayment of these loans is usually offset by the premiums that must be paid on their redemption and it has not yet been advantageous for the Council to discharge these loans prematurely. This followed advice from our treasury management advisers which demonstrated the excessive cost to the Council of any debt restructuring. Further advice from our treasury management advisers will be sought at the appropriate time about the potential for restructuring of debt and the timing of such a restructure.
- 5.10 Long term borrowing will normally be taken from the Public Works Loan Board (PWLB) since this is usually the most economic source available to the Council. If other sources are thought to be more advantageous and are permitted under the relevant legislation they will be considered.
- 5.11 As at 28 January 2019 rates of borrowing (from the PWLB) were between 2.58% and 2.62% for loans between 20 and 30 years (these rates include the certainty rate discount of 0.2%). During 2019/20 the investment and borrowing interest rates will be kept under review and the further use of capital balances will be considered in lieu of new borrowing where this is advantageous.
- 5.12 Where it is considered appropriate to take out new borrowing, regard will be given to the existing repayment profile (see 5.8 above) and the need for a spread of maturity dates to ensure that a significant value of loans do not mature at the same time. Loans are taken out for a range

of periods in order that the Council continues to balance its debt profile over the longer term and so is not unduly exposed to the prevailing interest rates at the time of the possible debt replacement.

6. Monitoring and Review Arrangements

6.1 During 2019/20, within 7 working days of each month end, the Section 151 Officer will receive a report detailing performance and any non-compliance with the treasury management policy. He will either approve the report or raise the necessary queries to satisfy himself in relation to:

- (i) all transactions being properly authorised
- (ii) all transactions being with approved counterparties
- (iii) all transactions being in accordance with the Council's approved policy
- (iv) monitoring of security and liquidity (i.e. spread of investments by long term credit rating, financial sector, country, maturity profile)
- (v) in-house investment performance against 7 day LIBID
- (vi) investment performance for external fund managers for the relevant period

6.2 In addition to the monthly reports:

- (i) monitoring reports will be included in the regular Performance Monitoring report
- (ii) any changes affecting the treasury management strategy will be reported to Audit Committee for scrutiny and Cabinet for recommending to Council for approval.

6.3 Benchmarking that considers security and liquidity will be achieved by appropriate comparisons with relevant statistical data.

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SOUTHEND-ON-SEA BOROUGH COUNCIL

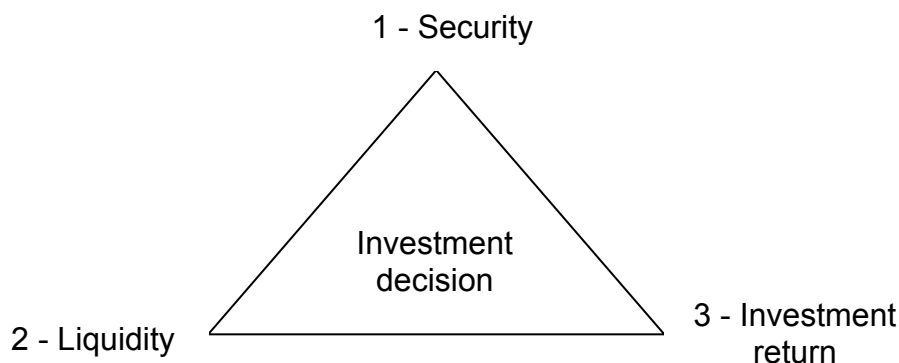
ANNUAL TREASURY MANAGEMENT INVESTMENT STRATEGY 2019/20

1 Scope of this strategy

- 1.1 This investment strategy covers Treasury Management investments only. (Capital investments including service and commercial investments and loans are covered in the Capital Investment Policy which is Annex 1 to the Capital Investment Strategy.)

2 Treasury Management Investment Objectives

- 2.1 To secure the principal sums invested
- 2.2 To maintain liquidity (i.e. adequate cash resources)
- 2.3 To optimise the income generated by surplus cash in a way that is consistent with a prudent level of risk
- 2.4 Security and liquidity are placed ahead of the investment return. This is shown in the diagram below:



3 Policy on use of external fund managers

- 3.1 The Council currently has monies placed with five external fund managers to use their knowledge and experience to invest on our behalf the medium and long term funds that are, under normal circumstances, not required for day to day cash flow purposes. These funds are summarised on the next page:

Type of fund	Fund manager	Estimated average balance in 2019/20 (£m)
Property Fund	Lothbury Investment Management Limited	14.0
Property Fund	Patrizia (formally Rockspring) Property Investment Managers LLP	15.3
Short Dated Bond Fund	AXA Investment Managers Limited	7.6
Short Dated Bond Fund	Royal London Asset Management	7.7
Enhanced Cash Fund	Payden & Rygel Global Limited	5.1
Total		49.7

- 3.2 Withdrawals may be made during 2019/20 so that a proportion of the council's debt can be repaid or the monies invested as part of the in-house managed funds. Conversely, monies may be placed with the existing and/or a new fund manager during 2019/20 to take full advantage of the knowledge and experience of fund managers in making investment decisions. As to whether monies are deposited or withdrawn, the reason and timing of the decision will have regard to the council's cash flow, relevant interest rates and advice from our treasury management advisers.
- 3.3 In consultation with our treasury management advisers and if appropriate the Section 151 officer will appoint one or more new fund managers in 2019/20 to enable investment of monies.
- 3.4 During 2019/20, if appropriate, the Section 151 officer will approve the placing of monies in Property Funds and will approve the direct investment in property. Any resulting updates to the capital programme would be submitted to Cabinet for approval.
- 3.5 During 2019/20, if appropriate, the Section 151 officer will approve the placing of monies in Short Dated Bond Funds or Enhanced Cash Funds.

4 Policy on investment of in-house managed funds

- 4.1 The remaining funds will be managed in-house with the investment period and amounts being determined by the daily cash flow requirements of the Council. Cash flow forecasts will be produced in order to inform in-house investment decisions.
- 4.2 This authority has accepted the risk of placing funds with financial institutions, rather than solely with the UK government Debt Management Office. However, the risk is minimised by this Annual Treasury

Management Investment Strategy, which restricts the types of investment, the counterparties used and the limits for these counterparties.

- 4.3 Government guidance recommends that specified and non-specified investments are identified in the Investment Strategies of local authorities. Specified investments have relatively high security and liquidity, with high credit quality and a maturity of no more than a year. Non-specified investments are investments that do not fall into this category. The types of investment in this strategy and whether they are specified or non-specified are set out in Annex A.
- 4.4 During 2019/20 the Section 151 officer will, if appropriate, approve the placing of monies in deposit accounts, fixed term deposits or certificates of sterling cash deposits up to five years, subject to the proposed banks and building societies satisfying the investment criteria in a combined matrix of credit ratings, and having regard to other market information available at the time.
- 4.5 During 2019/20 the Section 151 officer will, if appropriate, approve the placing of monies in Money Market Funds, term repurchase arrangements, Treasury bills, with other Local Authorities or the Debt Management Office. The regulations regarding Money Market Funds have changed and all references to Money Market Funds now relate to Low Volatility Net Asset Value (NAV) funds, Constant NAV funds and Variable NAV funds.
- 4.6 During 2019/20 the Section 151 officer will, if appropriate, approve the placing of monies in policy driven investment in bonds, in areas such as waste, housing, renewable energy and carbon reduction, subject to the appropriate level of due diligence being completed.
- 4.7 During 2019/20 the Section 151 officer will, if appropriate, approve the investment of monies into Development Companies (either partly or wholly owned by the Council) focused on regeneration and other infrastructure related projects, subject to the necessary due diligence being satisfactorily completed and in consultation with our treasury management advisers. The provision of loan facilities to such companies would count as capital investment in the company and any resulting updates to the capital programme would be submitted to Cabinet for approval.
- 4.8 Where credit ratings are used to assess credit risk, they will be checked when an investment is taken out to ensure that investment satisfies the criteria in this Treasury Management Investment Strategy. Our treasury management advisers provide alerts when credit ratings are changed by the three main rating agencies. If the credit ratings of an institution or investment no longer satisfy the criteria the monies will be withdrawn as soon as possible. This would depend on the maturity date or notice period.
- 4.9 During 2019/20 the Section 151 officer will, if appropriate, approve the short term borrowing of monies from other Local Authorities or the PWLB in order to manage the cash flow and maintain liquidity.
- 4.10 Fixed term deposits may be made directly with the banks and building societies or through the use of a broker. Monies will be placed with other

Local Authorities through the use of a broker. Investments in Certificates of Deposit and Treasury bills will be made through the use of a custodian account. The Council acknowledges that it retains responsibility for all investment decisions made whether they are made on its behalf or not.

- 4.11 When investing in-house managed funds, the following are considered; the type of investment, the individual counterparty, the amount that can be invested, the method of placement of monies. These are summarised in Annex A.
- 4.12 The services of our treasury management adviser, Link Asset Services will be used throughout 2019/20 to provide advice as well as credit rating and other market information regarding counterparties and types of investment. However, the Council recognises that responsibility for investment decisions remains with the authority at all times.

5 Investment Criteria for Funds Managed In-house

- 5.1 All financial institutions considered for investment will be assessed for credit worthiness against a combined matrix of pre determined criteria using available credit ratings. Credit ratings are assessments by professional organisations of an entity's ability to punctually service and repay debt obligations. Credit ratings are used by investors as indications of the likelihood of getting their money back in accordance with the terms on which they invested.
- 5.2 The credit rating components used in the matrices comprise:
- Short term ratings;
 - Long term ratings.

Ratings provided by all three credit rating agencies will be consulted and a counterparty will be considered for investment if it meets the ratings criteria of at least one of the agencies.

- 5.3 The short term rating covers obligations which have an original maturity not exceeding one year. The short-term rating places greater emphasis on the liquidity necessary to meet financial commitments. All three credit rating agencies provide short term ratings. The ratings are expressed from F1+ (highest credit rating) through to D (highest default risk) for Fitch, from A-1+ (highest credit rating) through to D (highest default risk) for Standard and Poors, and from P-1 (highest credit rating) through to NP (highest default risk) for Moody's.
- 5.4 The long term ratings generally cover periods in excess of one year. Due to the larger time horizon over which the rating is determined, the emphasis shifts to the assessment of the ongoing stability of the institution's prospective financial condition. All three credit rating agencies provide long term ratings. The ratings are expressed from AAA (highest credit rating) through to D (highest default risk) for Fitch and Standard and Poors and from AAA (highest credit rating) through to C (highest default risk) for Moody's.

5.5 In order to balance the objective of securing the maximum level of return on investments with a prudent level of risk a matrix of criteria will be adopted as a starting point to determine the acceptability of a potential investment.

5.6 These matrices are set out below:

If the short and long term ratings meet the following criteria from a minimum of one of the ratings agencies:

For Lending of up to 6 months to Banks and Building societies:

	Fitch	S&P	Moodys
Short term rating minimum	F1	A-1	P-1
Long term rating minimum	A-	A-	A3

For Lending of up to 12 months to Banks and Building societies:

	Fitch	S&P	Moodys
Short term rating minimum	F1	A-1	P-1
Long term rating minimum	A	A	A2

For Lending of up to 3 years to Banks and Building societies:

	Fitch	S&P	Moodys
Short term rating minimum	F1	A-1	P-1
Long term rating minimum	AA-	AA-	Aa3

For Lending of up to 5 years to Banks and Building societies:

	Fitch	S&P	Moodys
Short term rating minimum	F1+	A-1+	P-1
Long term rating minimum	AA+	AA+	Aa1

5.7 An example of the use of this credit ratings matrix as at 28 January 2019 is shown below (the long and short term ratings are Fitch, then Standard and Poors, then Moodys).

Financial Institution	Long Term Rating	Short Term Rating	Maximum length of investment
The Bank of New York Mellon	AA AA- Aa1	F1+ A-1+ P-1	5 years
Royal Bank of Canada	AA AA- Aa2	F1+ A-1+ P-1	3 years
Standard Chartered Bank	A+ A A1	F1 A-1 P-1	12 months

- 5.8 The Council's treasury management advisers, Link Asset Services, will continually review the appropriateness of our investment criteria and continue to develop a best practise counterparty list. The latest advice has now been incorporated in this Strategy, which is set out below.
- 5.9 The individual ratings for some banks and building societies are low which means that they do not meet the criteria in our credit ratings matrix. However, this does not take account of part nationalised banks (currently The Royal Bank of Scotland Plc and National Westminster Bank Plc). These banks can be included in the counterparty list if they continue to be part nationalised or they meet the criteria of our credit ratings matrix in paragraph 5.6. An example of the institutions meeting the criteria for the UK will therefore include:
- Bank of Scotland Plc (RFB)
 - Lloyds Bank Plc (RFB)
 - The Royal Bank of Scotland Plc (RFB)
 - National Westminster Bank Plc (RFB)
 - Barclays Bank Plc (NRFB)
 - HSBC Bank Plc (NRFB)
 - Nationwide Building Society
 - Santander UK Plc
- 5.10 The largest UK banks were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing" and is a regulatory initiative created in response to the global financial crisis to improve the resilience and resolvability of banks. The initials RFB and NRFB in paragraph 5.9 refer to whether the bank is the Ring-fenced Bank or the Non Ring-fenced Bank. Each part of the bank has an individual credit rating and for any potential investment the counterparty would be considered against the criteria in this strategy in the normal way.
- 5.11 Counterparties that are manually added back to the list will have a maximum length of investment of two years. Amendments to the counterparty list can happen at any point in time.
- 5.12 In addition, for practical purposes the Council's bank will form part of the counterparty list, whether or not it meets the criteria in our credit ratings matrix.
- 5.13 Regard will be given to forward looking rating warnings from the three main credit rating agencies (i.e. rating watches and outlooks) provided by our treasury management advisers.
- 5.14 The current advice from DCLG and CIPFA is not to rely solely on the credit rating agencies and the Council recognises that ratings should not be the sole determinant of the quality of an institution. So regard will also be given to market information such as the financial press, and officers will engage with their advisers to maintain a monitor on market pricing (such as share and 'credit default swap' prices) and other such information

pertaining to the banking sector. Where available credit information, other than credit ratings has been used, this will be documented when the investment decision is made.

- 5.15 Consideration will also be given to Link Asset Services' rating methodology approach, where counterparties are put into bands of risk. These reflect the differences in credit quality of suggested duration and counterparties are assigned a risk number/colour.
- 5.16 The achievement of an appropriate balance between short-term and longer-term deposits will be driven by the credit quality of counterparties, the council's cash flow requirements, and the need to achieve optimum performance from our investments consistent with effective management of risk.

6 Investment Limits for Funds Managed In-house

- 6.1 The ratings agencies produce a credit rating for each country, called a sovereign rating. The ratings are expressed from AAA (highest) to D (lowest). The following limits have been set for an investment with a bank or building society whose parent company is registered in a country with a sovereign rating from Fitch and Standard and Poors (S&P) of AAA or AA+ or a sovereign rating from Moody's of Aaa or Aa1. Sovereign ratings provided by all three credit rating agencies will be consulted and the lowest rating will be taken.

Country Sovereign Rating	Limit * All except UK (£ million)
AAA/Aaa	20
AA+/Aa1	5
Lower than AA+/Aa1	0

* These limits relate to the principal sums invested and do not include any accrued interest on that principal.

- 6.2 These limits will also apply to supranationals (international organisations whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping). An example of a supranational is the European Investment Bank.
- 6.3 Fitch and S&P have set the UK's sovereign rating at AA and Moodys have set it at Aa2. Therefore, to ensure the continued use of UK institutions that fall within our investment criteria, the country sovereign rating limits exclude the UK. The limit will therefore remain at £20 million for all counterparties where the parent company is registered in the UK.
- 6.4 Where the parent company of a bank is not registered in a country with a sovereign rating from Fitch and S&P of AAA or AA+ or a sovereign rating from Moody's of Aaa or Aa1 but that bank's UK operations are ring-fenced to the UK (as is the case for Santander UK), if these banks are included in the counterparty list they will have a counterparty limit of £20 million.

6.5 £20 million is 31% of the authority’s estimated amount of investments for 2019/20 of £65m. £5m is 8% of the estimated investments. These are upper limits and would only be fully used in exceptional circumstances as, under normal circumstances, diversification is sought to reduce counterparty risk. These limits are deemed appropriate by our Treasury Management advisers.

6.6 To minimise counterparty risk, the limit on any investment with a bank or building society (with the exception of the Council’s bank which is currently Barclays Bank) will be determined in the following way:

- consider the country in which the parent company of the bank or building society is registered
- use the sovereign rating of that country to apply the limits above
- consider the cumulative balance of funds already held in various investment products with that bank or building society
- consider the cumulative balance of funds already held in various investment products for any related group of financial institutions
- determine the remaining amount that can be placed with that bank or building society

For example, the limit on an investment with Lloyds Bank Plc would be determined in the following way:

Steps to determine limit: <i>(for illustrative purposes only and not an indication of actual investments)</i>	Remaining limit available at each stage:
Lloyds Bank Plc is part of the Lloyds Banking Group which is registered in the UK	£20 million
£4 million already placed in an instant access account with Lloyds Bank Plc	£16 million
£5 million already placed in a fixed term deposit with Lloyds Bank Plc	£11 million
£6 million already placed in a notice account with Bank of Scotland Plc (part of the Lloyds Banking Group)	£5 million
Therefore the maximum investment would be £5 million	

6.7 The Council’s bank is the exception to these investment limits however, and under normal circumstances our intention would be to comply with a counterparty limit of £30 million, to enable the efficient and effective management of the Council’s cash flow.

6.8 The limit on deposits in Money Market Funds will be £20 million with any one AAAm/AAAf rated (or equivalent) liquidity fund. These work in the same way as a deposit account but the money in the overall fund is invested in a number of counterparties, therefore spreading the counterparty risk.

- 6.9 There are products being developed that are similar to, but not the same as Money Market Funds, such as ‘term repurchase arrangements’. The risk associated with these funds is somewhere between a fixed term deposit and a Money Market Fund. The Section 151 officer will approve the placing of monies in these types of fund up to a maximum of £20 million per fund, if deemed appropriate and in consultation with our treasury management advisers.
- 6.10 Given the prevailing financial market conditions, financial institutions will inevitably devise various investment products to offer enhanced returns. The Council's Section 151 Officer will consider these in consultation with our treasury management advisers and will approve the placing of monies in such investment products with appropriate limits, only after the options and their associated risks have been fully analysed by the treasury management team and our treasury management advisers.
- 6.11 To maximise flexibility, there is no limit on deposits with the UK Government (e.g. Debt Management Office, HM Treasury bills). These deposits will have a maximum duration of 6 months.
- 6.12 The limit on deposits with other Local Authorities will be £40 million which is 62% of the authority's estimated amount of investments for 2019/20 of £65m. These deposits will have a maximum duration of 5 years. This is an upper limit and would only be fully used in exceptional circumstances. The limit is higher than the limit for other counterparties such as banks and other financial institutions due to the lower counterparty risk associated with Local Authorities. These limits are deemed appropriate by our Treasury Management advisers.

7 Fund Managers investment criteria

- 7.1 Investments undertaken by external fund managers on behalf of the Council can only be placed in certain types of investment as permitted under the Local Government Act. The types of investment, counterparties and limits used by each fund manager are set out in their Investment Management Agreement.
- 7.2 The Council's Section 151 Officer is authorised to amend these Investment Management Agreements as appropriate to reflect the needs of the Council, after fully considering the options and their associated risk and in consultation with the Council's treasury management advisers. Subject to the relevant due diligence being undertaken, the Investment Management Agreements could include investment in asset classes such as gilts, corporate bonds, property or equities, or investment in a multi asset fund.
- 7.3 The limit on deposits in Property Funds will be £20 million with any one fund that passes the selection process.
- 7.4 The limit on deposits in Short Dated Bond Funds will be £20 million with any one fund that passes the selection process.

- 7.5 The limit on deposits in Enhanced Cash Funds will be £20 million with any one fund that passes the selection process.
- 7.6 The performance and associated risk will be assessed on an on-going basis through half yearly strategy meetings with each fund manager and the Council's treasury management advisers. Any appropriate action would be identified and taken in consultation with those advisers.

8 Markets in Financial Instruments Directive (MiFID II)

- 8.1 MiFID is the framework of European Union legislation for investment intermediaries that provide services to clients around financial instruments such as shares, bonds, units in collective investment schemes and derivatives and the organised trading in such financial instruments.
- 8.2 This was revised by MiFID II to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. It recognises that investors have different levels of knowledge, skill and expertise. The application of specific regulatory obligations under MiFID depends on a client's 'regulatory' category.
- 8.3 Local Authorities are categorised as retail clients by default but may 'opt up' to become elective professional clients if certain criteria are satisfied. This Council satisfies the criteria to become an elective professional client and has 'opted up' where appropriate to ensure that it can continue to be eligible to invest in the current range of counterparties and investment products, as some are not available to retail clients.
- 8.4 MiFID II does not cover simple term deposits as it is only focussed on regulated products. This includes our investments in Money Market Funds, enhanced cash funds, short dated bond funds and property funds. The Council is classed as an elective professional client for all its relevant counterparties except for certain Money Market Funds where the fund has confirmed there is no requirement to 'opt up' as the products can continue to be used as a retail client. The Council's designation under MiFID II will be regularly reviewed to ensure it remains appropriate.

Type of Treasury Management Investment	Individual Counterparty	Limit	Method of placement	Specified/non-specified
Deposit accounts	Bank or building society that meets the criteria of our combined matrix of credit ratings, or one of the part nationalised banks	Per bank or building society, based on country sovereign rating	Directly or through a broker	Specified (if 1 year or less), Non-specified (if more than 1 year)
Fixed term deposits			Directly or through a broker	
Certificates of sterling cash deposits			Custodian account	
Money Market Funds	AAAm/AAAf rated* (or equivalent) liquidity fund	Per fund	Directly or via an on-line site for managing money market funds	Specified
Property Funds	Via selection process	Per fund	Directly or through a broker	Non-specified (more than 1 year)
Short Dated Bond Funds	Via selection process	Per fund	Directly	Non-specified (more than 1 year)
Enhanced Cash Funds	Via selection process	Per fund	Directly	Non-specified (more than 1 year)
Term repurchase arrangements	AAAf/S1 rated#	Per fund	Directly	Specified (if 1 year or less), Non-specified (if more than 1 year)
Other Local Authorities	Depends on which Local Authorities want to borrow money at that time	For total invested with other Local Authorities	Through a broker	Specified (if 1 year or less), Non-specified (if more than 1 year)
Debt Management Office	UK Government	For total invested with UK Government	Directly	Specified
Treasury Bills			Custodian account	

* A fund with a principal stability rating of 'AAAm/AAAf' (or equivalent) has an extremely strong capacity to maintain stability and to limit exposure to losses of the principal sums invested due to credit, market and/or liquidity risks.

A fund with a credit quality rating of 'AAAf' has a portfolio holding that provides extremely strong protection against losses from credit defaults. A fund with a volatility rating of S1 possesses low sensitivity to changing market conditions.

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SOUTHEND-ON-SEA BOROUGH COUNCIL

CHANGES FROM THE 2018/19 TREASURY MANAGEMENT POLICY

Appendix	Paragraph	Change	Reason for the change
1	1.9	This refers to the revisions to the CIPFA Code of Practice on Treasury Management and that the term “investments” now cover all the financial assets of the organisation.	To reflect changes in the Treasury Management and Prudential Codes
1	Paragraph removed	This referred to the HM Treasury consultation regarding the transfer of PWLB functions to another body. The outcome was that the PWLB has remained in its current form.	To take out information no longer relevant.
1	Annex 1	All references to ‘Finance Team Leader – Capital/Treasury Management’ changed to ‘Finance Manager – Capital/Treasury Management’ and all references to ‘Finance Team Leader’ changed to ‘Finance Manager’.	To reflect a change in the relevant job title.
3	1.1	New section to set out the scope of the Treasury Management Investment Strategy as there is now a Capital Investment Policy.	To reflect changes in the Treasury Management and Prudential Codes
3	4.5	The reference to Money Market Funds is now in the present tense (rather than the future tense) as the changes to the regulations have now occurred.	To reflect external changes

Appendix	Paragraph	Change	Reason for the change
3	4.6	New paragraph to enable the Section 151 officer to invest in bonds in areas such as waste, housing, renewable energy and carbon reduction, subject to the appropriate level of due diligence being completed.	To provide greater flexibility of the strategy
3	5.10	New paragraph regarding the regulatory changes to the largest UK banks known as “ring-fencing”.	To reflect external changes
3	7.6	New paragraph to clarify how the associated risk is assessed and managed if appropriate.	To clarify the management of risk for the monies invested by the fund managers
3	Annex A	The Money Market Fund rating criteria has been changed from AAAm to AAAm/AAAf to reflect the changes in regulations.	To reflect external changes

SOUTHEND-ON-SEA BOROUGH COUNCIL
MINIUMUM REVENUE PROVISION POLICY 2019/20

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 of Communities and Local Government 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 2019/20 financial year.

3 Minimum Revenue Provision Policy

- 3.1 For capital expenditure financed by historic supported borrowing:

The amount of MRP chargeable will be calculated on a straight line basis at 2%.

- 3.2 For capital expenditure financed by prudential (unsupported) borrowing from the Public Works Loan Board or from internal borrowing:

The amount of MRP chargeable will be calculated using the annuity method.

The period over which it will be charged will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

The annuity rate which will be applied will be the PWLB rate that most reasonably relates to that financial year.

- 3.3 For capital expenditure financed by prudential (unsupported) borrowing from other financial institutions:

The amount of MRP chargeable will be the amount specified in the repayment schedule of each loan.

- 3.4 No MRP will be applied to:

- 3.4.1 Capital expenditure financed by unsupported borrowing that has been taken out in the short term to bridge the timing difference between anticipated and actual capital receipts.

It is anticipated that capital receipts will be received to repay this borrowing. Therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.4.2 Capital expenditure financed by borrowing due to a transfer of assets between the GF and HRA where due to the nature of the transfer it is anticipated that capital receipts will be received to repay this borrowing. Therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.4.3 Capital expenditure financed by unsupported borrowing that has been taken out in the short term to bridge the timing difference between the expenditure being incurred and the budgeted revenue contribution to capital outlay being applied.

It is anticipated that revenue contributions will be received to repay this borrowing. Therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.4.4 Capital expenditure financed by unsupported borrowing that has been taken out in the short term to bridge the timing gap while grant conditions are being met and therefore the grant being applied to capital expenditure under International Financial Reporting Standards (IFRS).

It is anticipated that the grant conditions will be met therefore no MRP charge is required as there is already a prudent provision for repayment.

- 3.5 The amount of MRP chargeable relating to finance leases will be such that the combined impact of the finance charge and MRP is equal to the estimated rentals payable for the year.
- 3.6 If capital receipts are utilised to repay debt in year, the value of MRP chargeable 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.
- 3.8 Any overprovision identified from prior years will be used to offset against the current year's prudent provision, but will not result in a negative charge.

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SOUTHEND-ON-SEA BOROUGH COUNCIL PRUDENTIAL INDICATORS 2019/2020

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.
- 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 prudence, affordability and sustainability. The Code was updated in December 2017 and requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources.
- 2.2 Another objective of the Code is that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. The rationale behind these concepts is set out in the code.
- 2.3 To demonstrate compliance with these objectives of 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 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
General Fund	60,301	56,730	27,685	295	295
Housing Revenue Account	12,410	14,377	9,694	6,560	6,560
Total	72,711	71,107	37,379	6,855	6,855

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).

3.2.2 The estimates for the capital financing requirement are:

	Estimate 31st March 2020 £000	Estimate 31st March 2021 £000	Estimate 31st March 2022 £000	Estimate 31st March 2023 £000	Estimate 31st March 2024 £000
General Fund	284,884	313,946	323,895	315,197	303,928
Housing Revenue Account	98,740	98,740	98,740	98,740	98,740
Total	383,624	412,686	422,635	413,937	402,668

3.2.3 The Council is only allowed to borrow long term to support its capital programme. It is not allowed to borrow long term to support its revenue budget.

3.3 *Operational Boundary and Authorised Limit 2019/20 to 2021/22*

3.3.1 The Council must set an operational boundary and authorised limit for its total gross external debt, separately identifying borrowing from other long-term liabilities. The operational boundary is how much gross external debt the Council plans to take up, and reflects the decision on the amount of debt needed for the Capital Investment Programme for the relevant year. The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements. If at any time during the year, it is likely that

this limit will be breached it will be reported to members as soon as possible and the Leader advised immediately.

Operational boundary	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Borrowing	287,100	322,200	337,400	342,500	352,700
Liabilities outstanding under credit arrangements	2,900	2,800	2,600	2,500	2,300
Total	290,000	325,000	340,000	345,000	355,000

Authorised Limit	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Borrowing	297,100	332,200	347,400	352,500	362,700
Liabilities outstanding under credit arrangements	2,900	2,800	2,600	2,500	2,300
Total	300,000	335,000	350,000	355,000	365,000

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:

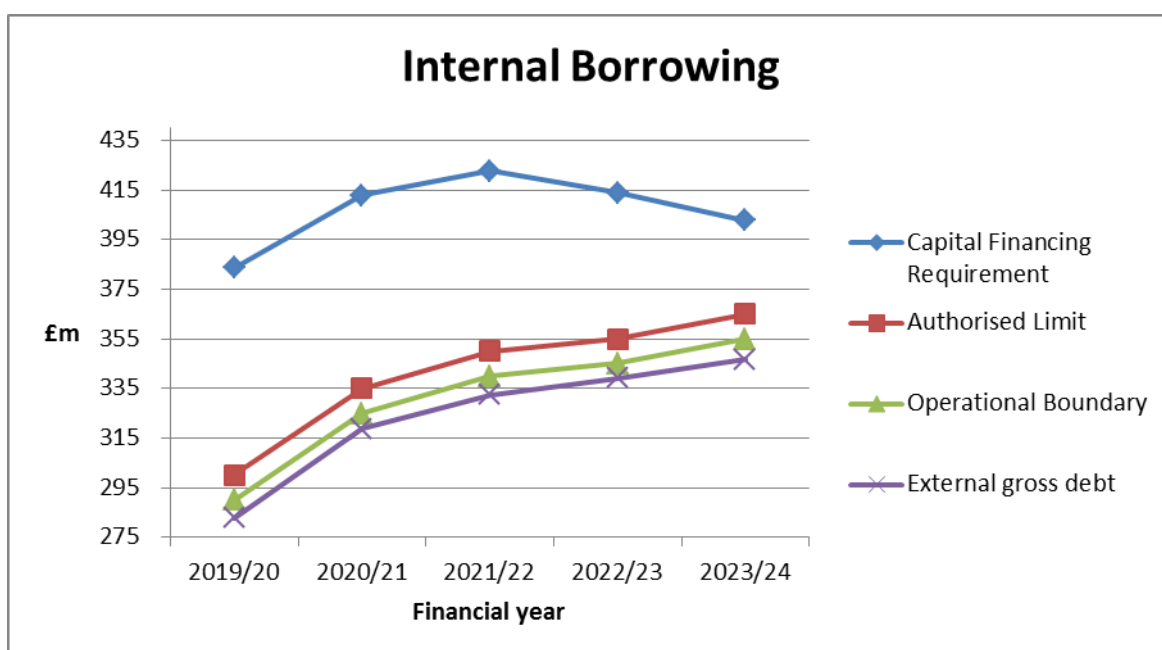
	Estimate 31st March 2020 £000	Estimate 31st March 2021 £000	Estimate 31st March 2022 £000	Estimate 31st March 2023 £000	Estimate 31st March 2024 £000
External gross debt	282,810	318,614	332,286	339,035	346,661

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 £422.635m at 31 March 2020, £413.937m at 31 March 2021 and £402.668m at 31 March 2022.

4 **Prudential Indicators for Affordability**

4.1 *Internal Borrowing/Interest Rate Risk*

4.1.1 The graph below shows the estimated Capital Financing Requirement, Authorised Limit, Operational Boundary and levels of external borrowing over the next five years.



4.1.2 The gap between the Capital Financing Requirement and the levels of external debt illustrates the level of internal borrowing. This reflects the Council’s exposure to interest rate movements equivalent to the interest lost on investment income. Also, when the borrowing is taken out the rate will be dependent on the prevailing economic and market conditions at the time. This is a risk if PWLB rates rise significantly. For every 1 basis point (0.01%) increase in rates the interest paid on borrowing £10m for 50 years rises by £50,000 over the life of the loan. A 1% increase in rates on a £10m loan would increase the cost to £5m over the life of the loan.

4.1.3 The gap between the Capital Financing Requirement and the Operational Boundary/Authorised Limit highlights the potential scope and flexibility to borrow further, if the cash flow and treasury management position allows.

4.2 *Estimates of the Proportion of Financing Costs to Net Revenue Stream*

4.2.1 This indicator records estimated capital financing costs as a percentage of the net revenue stream.

4.2.2 Capital financing costs are the revenue cost of financing the debt (the interest payments and the amount set aside annually to repay debt) less interest earned on investments. 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 2019/20 %	Estimate 2020/21 %	Estimate 2021/22 %	Estimate 2022/23 %	Estimate 2023/24 %
General Fund	9.71	14.23	15.78	16.56	16.94
Housing Revenue Account	34.15	35.08	35.67	34.80	35.20

5 Prudential Indicators for Treasury Management

5.1 Maturity Structure of Borrowing during 2019/20

5.1.1 The table below shows the limits within which the Council delegates its length of borrowing decisions to the Strategic Director (Finance and Resources)/Section 151 Officer in 2019/20.

	Upper limit %	Lower limit %	Estimated outstanding debt maturity at 31 st March 2020 %
Under 12 months	20	0	-
12 months and within 24 months	30	0	1
24 months and within 5 years	40	0	3
5 years and within 10 years	60	0	21
10 years and within 20 years	100	15	38
20 years and within 30 years	100	10	18
30 years and above	80	5	19

5.1.2 The percentages in each category for the upper and lower limits do not add up to 100% as they do not represent an actual allocation.

5.1.3 The actual maturities of new borrowing will be decided taking account of the maturities of existing loans and the interest rates for the various maturity periods available at the time.

5.2 Total Principal Sums Invested for Periods over 365 Days

5.2.1 A large part of the Council's investments are managed by external fund managers. However, a working cash balance is also managed internally within the Council. Part of this cash balance is utilised to smooth out the day to day movements on the cash flow. It is not therefore the intention that this part of the balance would be invested for more than 365 days. The rest of the cash balance is invested to achieve the optimum returns consistent with the effective control of risk.

5.2.2 This indicator sets a prudential limit for principal sums invested for periods over 365 days. The following limits are for principal sums invested in-house:

	Estimate 2019/20 £m	Estimate 2020/21 £m	Estimate 2021/22 %	Estimate 2022/23 %	Estimate 2023/24 £m
Limits on the total principal sum invested to final maturities beyond the period end	25	25	25	25	25

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Southend-on-Sea Borough Council

Agenda
Item No.

7

Report of Corporate Management Team
To
Cabinet
On
12 February 2019

Report prepared by: Joe Chesterton
Strategic Director (Finance & Resources)

General Fund Revenue Budget 2019/20

All Scrutiny Committees

Executive Councillor: Councillor John Lamb

Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To present a 2019/20 General Fund revenue budget including schools and a proposal for the level of Council Tax for 2019/20.

2. Recommendations

That the Cabinet recommend to Council that it;

In respect of 2018/19;

- (i) Note the forecast outturn of £76.209 million;**
- (ii) Approve the appropriation of the sums to earmarked reserves totalling £14.283 million, as set out in detail in Appendix 13;**
- (iii) Approve the appropriation of the sums from earmarked reserves totalling £7.595 million, as set out in detail in Appendix 13.**

In respect of 2019/20 and later years;

- (iv) Consider and acknowledge the Section 151 Officer's Strategic Director (Finance and Resources) report on the robustness of the proposed budget, the adequacy of the Council's reserves and the Reserves Strategy as set out in Appendix 1;**
- (v) Approve a General Fund net revenue budget for 2019/20 of £80.755 million (Appendix 3) and any required commencement of consultation, statutory or otherwise;**

- (vi) **Approve a Council Tax increase of 4.49% for the Southend-on-Sea element of the Council Tax for 2019/20, being 2.99% for general use and 1.5% for Adult Social care;**
- (vii) **Note that the 2019/20 revenue budget has been prepared on the basis of using £2.5 million from the Collection Fund for the core budget to allow for a smoothing of the budget gap across the next three financial years.**
- (viii) **Note the position of the Councils preceptors:**
 - **Essex Police – approved Council Tax increase of 14.16%;**
 - **Essex Fire & Rescue Services – approved Council Tax increase of 2.94%;**
 - **Leigh-on-Sea Town Council - approved precept increase of 1.73%.**
- (ix) **Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2019/20;**
- (x) **Approve the appropriation of the sums to earmarked reserves totalling £9.429 million, as set out in Appendix 13;**
- (xi) **Approve the appropriation of the sums from earmarked reserves totalling £7.891 million, as set out in Appendix 13;**
- (xii) **Approve the schools’ budget and its relevant distribution as recommended by the Education Board and as set out in Appendix 2;**
- (xiii) **Approve the on-going budget investment required of £6.610 million (Appendix 11) and the General Fund and Public Health budget reductions required of £4.363 million (Appendix 12) and the subsequent individual service cash limits for 2019/20, as contained in Appendices 3 to 10;**
- (xiv) **Approve the one-off investment items, as set out in paragraph 5.28 and included within the appropriations at Appendix 13;**
- (xv) **Endorse the direction of travel for 2020/21 and beyond and in particular noting the need for the organisation to move to a longer term and outcome based budgeting approach (Section 11);**
- (xvi) **Approve the revised Medium Term Financial Strategy up to 2023/24 (Appendix 14).**

3. Council Budget Process

- 3.1 The Council must set its revenue budget and Council Tax by 11 March of the preceding financial year. If, for whatever reason, the Council cannot agree a budget and Council Tax at Council on 23 February, Members should be aware that it is unlikely that the Council Tax bills could be sent out on time for the 1 April

instalment (taking into account the necessary notice period and the time required to print the bills and accompanying leaflet).

- 3.2 It is also good practice to approve the capital investment programme and fees and charges at the same time as the revenue budget and a capital report elsewhere on this agenda deals with the capital investment aspects of the budget. For Fees & Charges they are dealt with in this report. It should be noted that the revenue impact of both reports have been factored into the 2019/20 revenue budget proposed in this report.
- 3.3 The Housing Revenue Account (HRA) budget also needs to be agreed in a timely manner to ensure rent levels can be reflected from 1 April of each year. A separate report elsewhere on this agenda deals with Housing Rents, Charges and the HRA budget for 2019/20.
- 3.4 This report presents the proposed 2019/20 General Fund revenue budget of the Cabinet for recommendation to the Council at its meeting on 21 February 2019. It builds on the draft budget approved for consultation by the Cabinet at its meeting on 17 January 2019. It also now provides the latest position on the forecast outturn for 2018/19.
- 3.5 The Strategic Director (Finance and Resources) statutory statement on the robustness of the estimates and adequacy of reserves under s25 of the Local Government Act 2003 is included at Appendix 1. It should be considered by the Cabinet before recommending a budget to Council. It must also be considered by the Council before approving the budget and Council Tax.

4. Forecast Outturn 2018/19

- 4.1 The original budget for 2018/19 totalled £76.209 million (total budget requirement of £123.036 million less £46.827 million government grants and business rates) and was to be met from available council tax and ASC precept and no use of revenue balances was anticipated.
- 4.2 Members have been supplied with projected outturn information throughout the year, based on forecasts and expectations of the Chief Executive, Deputy Chief Executives, Strategic Directors and their Budget Managers, and in light of corrective action that they have identified as being necessary. The latest forecast outturn for 2018/19 indicates an underspend of £1.553 million, which it is proposed will be transferred to earmarked reserves. This forecast outturn results in a net appropriation to earmarked reserves totalling £6.688 million, details of which are shown in Appendix 13.
- 4.3 The reasons behind the year end projected position have been reported to all Members through the monthly budget monitoring process. The actual figure for the end of 2018/19 will be considered as part of the out turn report for 2018/19, which will be presented to the Cabinet in June 2019.

5. Budget 2019/20

Government Funding – Grant and Finance Settlement

- 5.1 Government funding of its main revenue support grant is now the third ranked provider of funding for the Council's total general fund budget (excluding schools) after Council Tax and Business Rates. As such it represents a vastly reducing factor in determining the Council's revenue budget. The provisional Local Government Finance Settlement for 2019/20 was issued by the Ministry of Housing, Communities and Local Government (MHCLG) on 13 December 2018 and the final settlement on 29 January 2019 and this represents the last year of the Government's current spending plans. There is a spending review due in 2019 that will inform future years but the timing is dependent upon the Brexit outcome.
- 5.2 The latest Finance Settlement maintains the key changes in the way that Local Government is now financed, which were introduced in April 2013. The settlement provides authorities with a combination of provisional Revenue Support Grant (RSG) allocation and confirmation of Business Rates top up grant.
- 5.3 The Adult Social Care precept is confirmed to continue, subject to the increase in the precept not exceeding the maximum 6% increase allowed over the three years 2017/18 to 2019/20, (in addition to the 2% previously allowed in 2016/17), and that it can be applied in any of the three years as long as the precept did not exceed an additional 3% in 2017/18 and 2018/19 and an additional 2% in 2019/20.
- 5.4 The key points arising from the settlement for Southend-on-Sea Borough Council are:
- (i) The final Settlement Funding Assessment (SFA) (a combination of actual RSG and estimated business rates income) for 2019/20 is £40.654 million. This compares to a SFA of £44.269 million in respect of 2018/19 (a year on year reduction of £3.615 million and equivalent to an 8.2% reduction). At the start of the last spending review period, SFA was £56.639 million. It has therefore fallen £12.985 million, equivalent to 24.2% over the four year period;
 - (ii) The RSG element for 2019/20 within the final SFA is £5.925 million. This compares to a RSG of £10.318 million in respect of 2018/19 (a year on year reduction of £4.393 million and equivalent to a 42.6% reduction). At the start of the last spending review period, RSG was £21.338 million. It has therefore fallen £15.413 million, equivalent to 72.2% over the four year period;
 - (iii) The settlement provides indicative figures only for 2019/20;
 - (iv) Some capital and specific grants are provisional and yet to be announced in full;

- (v) As last year there is no Council Tax freeze grant offered by the Government this year;
- (vi) The 2019/20 referendum limit for Council Tax increases has been confirmed at a level of 6%, being 3% for expenditure on adult social care and 3% for other expenditure, subject to the cumulative increase in adult social care not exceeding 6% over the three year period 2017/18 to 2019/20. The Council Tax increases proposed by this report do not breach the referendum limit;
- (vii) A Government consultation has been announced that seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21. The consultation closes 21 February 2019. The results of the review are due to be introduced in 2020/21 to coincide with the move to 75% Business Rates Retention in the same year;
- (viii) For 2019/20, funding to support social care and benefit health is being continued through the Better Care Fund (BCF); a pooled budget between the Council and Southend Clinical Commissioning Group (CCG). The actual arrangements and allocations have yet to be announced but for planning purposes the Council's share of the BCF for 2019/20 is expected to be no less than £5.859 million for revenue services plus £1.406 million for disabled facility grants;
- (ix) In addition, as announced in the 2015 Spending Review, the Council is also due to receive the next tranche of a new "improved" BCF directly through a S31 grant to further assist with the inherent pressures in adult social care. The indicative sum for 2019/20 is £6.744 million, an increase of £1.315 million from 2018/19;
- (x) In addition to the increase in Adult Social Care Precept and Better Care Fund resources, the Government have confirmed a one-off social care support grant for 2019/20 of £2,231,667, of which £824,000 must be spent on adult social care through the Better Care Fund regime, with the remaining £1,407,667 being available to address wider social care pressures, including Children's;
- (xi) Non-domestic rates are set nationally by the Government and collected locally by Councils (billing authorities). Under the current arrangements for the localisation of business rates a sum of 50% is returned to Government who then reappportion this sum back to Local Government as part of their main grant settlement. The remaining 50% is retained 49% by the Council and 1% is distributed to the Essex Fire Authority. The Council's actual income from business rates is therefore dependent upon the performance of the local economy, the success of any rating appeals and collection rates. The Police Authority receive their funding separately. The provisional small business non-domestic rates multiplier has been set at 49.1p (2018/19=48.0p) with the associated non-domestic multiplier has been set at 50.4p (2018/19=49.3p);

- (xii) The Government has also issued a further consultation paper on their intention of moving to 75% business rates retention for Councils for 2020/21. The stated aim is that this is done in a revenue neutral manner for the sector as a whole, although how this is to be done is still to be fully exemplified;
- (xiii) The Public Health service grant allocation for 2019/20 has been notified as £9.212 million (a reduction of £0.250 million on 2018/19, equivalent to a 2.64% reduction);
- (xiv) The consultation on the provisional finance settlement ended on 10 January 2019 with the final settlement issued on 29 January 2019. A verbal update will be given to Cabinet as necessary on any further information surrounding the final finance settlement and any implication on the setting of the Budget.

Government Funding – Dedicated Schools Grant (DSG)

5.5 2019/20 is the second year, of the Government's National Funding Formula (NFF) as the methodology for distributing national resources down to each education authority. That methodology saw the introduction of a four block model.

- Schools Block
- High Needs Block
- Early Years Block
- Central School Services Block

5.6 The 2019/20 DSG allocation is released in late December, the Schools block and Central block is set and based on information incorporating through the previous October schools census. The Early Years allocation is an estimate, as this is ultimately based on actual participation rather than a fixed budgetary amount, funding is therefore adjusted using both the January 2019 and January 2020 early years census. The High Needs block is also provisional (although not expected to change materially), and will be updated in July 2019, once the import and export adjustment is processed which relates to place funding adjustments for home authority pupils placed in another local authority's area.

5.7 The current estimated total DSG for 2019/20 is £150.2 million (latest allocation for 2018/19 = stands at £147.7 million). In practice the final DSG awarded to the local authority will exclude funding for Academies, and High Need place funding for both colleges and further education providers, and free special schools, as this is awarded directly to them from the Education and Skills Funding Agency. Therefore the final estimated allocation expected to be awarded to the local authority is £46.9 million, after considering these estimated deductions of £103.3 million.

5.8 In addition to funding from the DSG, schools will receive Pupil Premium grant, which will provide £1,320 / £935 of funding per primary / secondary pupil who have been registered for free school meals in any of the past 6 years. These rates are unchanged from 2018/19. Based on estimates the total Pupil Premium

will provide is an additional £7.9 million for schools in Southend-on-Sea (both Maintained and Academy schools).

- 5.9 As a percentage of their total budget, the overall cash funding for schools will see an increase of circa 1.4% due to pupil number growth and the NFF minimum funding guarantees. However the change in total budget for individual schools will vary depending as this is also driven by pupil numbers.
- 5.10 The Education Board met on 22 January 2019 to consider its final recommendations for a balanced budget and confirmed their position as presented in the draft General Fund Revenue report presented to Cabinet on 17 January 2019. The final agreed position for Schools is as set out in Appendix 2.

General Fund Revenue Budget

- 5.11 This Council budget has been prepared against the background of the Governments' spending plans through various Budget speeches, the Chancellor's Autumn Budget Statement and the Local Government provisional finance settlement. The various Government announcements continue to see the most substantial contraction of available public sector funding, but particularly in Local Government, for many decades.
- 5.12 In addition, it continues to be based upon the Government's significant funding reform for Local Government that has been the most radical in generations. As a result of both the significant contraction of available funding and the financial reforms there is a consequent need to continue to produce a budget that will help to support the delivery of the Council's 23 outcomes. As the Local Government funding reforms materialise over the next few years we will need to become a financially self-sufficient organisation, as the key sources of income we will have to rely upon to fund Council services will be Council Tax, Business Rates and any other forms of income we can generate.
- 5.13 Therefore it will be essential to move to a longer term budget process that is outcome based rather than dealing with one financial year in isolation. In addition, we will need to develop further our commercial acumen to assist with the continuance and improvement in the services we deliver. Moving forwards this effectively will mean the prioritisation and reallocation of both our capital and revenue resources (not just financial budgets but our people and physical assets) to our 23 outcomes.
- 5.14 Using cabinet member input a detailed draft budget has been prepared by senior officers for the Cabinet to put forward that addresses the need to set a balanced and robust budget for 2019/20. The various budget consultations have also assisted in informing the compilation of the Council's budget.
- 5.15 Traditionally there has been a separate report on the detailed list of fees and charges for Council services. Cabinet at its meeting of 18 September 2018 approved the introduction of a fees and charges policy and this policy was to cover all fees and charges save parking charges. The Council approved policy enables Chief Officers to set fees and charges annually where the expected yield

for a service or category is in line with the budget guideline as set out in the Medium Term Financial Strategy. For 2019/20 the guideline yield was set at 2.5% and therefore fees and charges for 2019/20 have been set by Chief Officers within this guideline.

5.16 In respect of parking charges the draft budget proposed that there were to be no changes to the current 2018/19 charging levels and therefore parking charges would remain frozen in 2019/20 at their current rate. As part of the consultation on the budget a proposal for short term parking is now being proposed in the final budget.

5.17 The proposal for short term parking is for a one year pilot scheme and with one-off investment of £100k to meet the required initial investment cost, running costs and loss in current income as follows;

- The introduction of one hour car parking during the Summer period (seven months) at Seaway car park at £1.60 per hour;
- The introduction of short stay only parking at London Road North car park with a maximum stay of one hour and no return within eight hours including blue badge holders with options of 30 minutes at 20p and one hour at 50p. This car park is currently set as a minimum 2 hour tariff and has 14 spaces;
- The creation of a new temporary car park at the site of Pitman's Close with additional short stay only parking. This new additional parking will have a maximum stay of one hour and no return within eight hours including blue badge holders with options of 30 minutes at 20p and one hour at 50p. The provision of additional parking in close proximity to the high street will provide visitors with a convenient 30 minute short term parking option. The existing area will be resurfaced and will provide 12 car parking spaces including 2 disabled spaces, cycle parking, boundary treatments, improved street lighting and a pay & display machine.

5.18 The draft 2019/20 General Fund revenue base budget requirement before savings and on-going investments is £123.150 million (£326.681 million gross expenditure, offset by £203.531 million gross income derived from service related grants, fees and charges etc). Available funding from estimated Business Rates, previous years council tax surpluses and Revenue Support Grant is £44.892 million, leaving £78.258 to be funded from a combination of Council Tax and Adult Social Care (ASC) precept. However based on the proposed increases in Council Tax and Adult Social Care precept within this report, which are consistent with the Government's referendum principals, the maximum that can be generated from these resources is £80.755 million, meaning there is an initial budget surplus of £2.497 million.

	£M	£M
Net Base Budget		123.150
Less Available Funding		
Revenue Support Grant	(5.925)	
Business Rates	(24.130)	
Business Rates Top-up Grant	(12.337)	
Council Tax Surplus	(2.500)	(44.892)
To be funded from Council Tax & ASC Precept		78.258
Council Tax & ASC Precept Income		(80.755)
Initial Budget Surplus		(2.497)

This unusual situation is being created by the significant additional resources the Government is identifying for adult and children's social care in 2019/20, for which there are full reinvestment proposals below.

- 5.19 A high level budget summary of the position is set out at Appendix 3. The draft 2019/20 revenue budgets for each Portfolio are then set out in Appendices 4 - 10 and show the original budget and probable outturn for 2018/19 and the 2019/20 base budget before budget reductions and on-going investments.
- 5.20 The budget identifies a number of on-going investments being faced by the Council, which need funding and these total £6.610 million and are set out below and in full in Appendix 11. Of this total £5.7 million of on-going investment is proposed for Children's and Adult Services.

Area of Investment	£'s
Community Safety <i>Addressing in particular permanent staffing for the Community Safety Hub</i>	385,000
Health & Well Being <i>Reflecting loss of housing benefit grant and outdoor sports income</i>	280,000
Children & Lifelong Learning <i>Particularly addressing cost pressures in children's social care</i>	2,338,000
Adult Services <i>Particularly addressing demographic pressures and the on-going impact of the national living wage, together with investment in transformation work</i>	3,362,000
Staffing Capacity <i>Addressing in particular the need to invest in staffing to fully exploit the potential of "MySouthend"</i>	245,000
Total Proposed Investments	6,610,000

- 5.21 Along with all other Local Authorities the Council is facing continued extreme demand and cost pressure in Adult Social Care and Children spending. The Local Government Association (LGA) estimates that Adult Social Care faces a national funding gap of £3.56 billion by 2024/25 based on pressures caused by demography, inflation and the National Living Wage. On a similar basis, the LGA estimate that Children's Social Care requires £1.1 billion in the next year alone just to keep services running at current levels.
- 5.22 The Council's budget setting needs to recognise these spending pressures to ensure that a robust budget is set alongside managing the risks of service delivery in these areas.
- 5.23 Therefore, the budget on-going investment proposals recognise these known cost pressures the Council is currently facing with circa £5 million extra annually proposed for Adults and Children's. The Adult Social Care and Children cost pressures identified for the 2019/20 proposed draft budget reflect the realignment of the respective base budgets to ensure there is adequate budget to manage the required service demands and delivery. The investment in adult social care will fully utilise the increase in the Adult Social Care precept, and the adults ring fenced proportion of the new Social Care grant, alongside the increased better care fund resources. Similarly the investment in children's social care will fully utilise the non-ring fenced element of the Social Care grant.
- 5.24 Additionally, given the volatile national picture outlined above, it is recommended that within the earmarked reserves that specific reserves continue to be identified to act as a precaution to any further in year demands on Adult Social Care and Children spending. The identification of these reserves now form part of the S.151 Officers statement on the adequacy of balances and the robustness of the budget in Appendix 1 of this report.
- 5.25 The inclusion of these new investments requirements creates a budget gap of £4.113 million (Initial budget surplus of £2.497m less investments of £6.610m).
- 5.26 The resultant budget gap is then closed by various budget reduction proposals and house-keeping efficiencies, set out below and more fully in Appendix 12. The house keeping efficiencies have arisen from an internal process of tidying up budgets and identifying small miscellaneous savings from reviewing previous year spend in all areas across the Council.

Area of budget reduction	£'s
Income – Commercial Activities <i>Arising from commercial acquisition of investment assets and exploitation of others</i>	455,000
Income – New / Additional <i>Arising from the growth in asset rentals and investment income</i>	350,000
Transformation <i>Arising from locality working and community engagement, and the emphasis on preventative work</i>	2,025,000
Staffing Restructures	635,000
Procurement Efficiencies	280,000
Budget Reductions	3,745,000
House Keeping Efficiencies	368,000
Total Proposed budget reductions	4,113,000

- 5.27 By agreeing the proposed budget reductions of £4.113 million (excluding Public Health net savings of £0.250 million, as these savings are ring fenced against the Public Health grant allocation reduction), this will result in a draft 2019/20 revenue budget of £80.755 million (2018/19 £76.209 million), balanced by the available funding and council tax income.

	2018/19	2019/20
	£M	£M
Net Base Budget		123.150
On-going Investment		6.610
Less;		
Proposed budget reductions		(3.745)
House Keeping Efficiencies		(0.368)
Revenue Budget	123.036	125.647
Less Available Funding		
Revenue Support Grant	(10.318)	(5.925)
Business Rates	(21.924)	(24.130)
Business Rates Top-up Grant	(12.085)	(12.337)
Council Tax Surplus	(2.500)	(2.500)
To be funded from Council Tax & ASC Precept	76.209	80.755
General Council Tax	(71.699)	(75.022)
ASC Precept Income	(4.510)	(5.733)
Balanced Budget	0	0

5.28 As part of the budget proposals, there are also some one-off investment items that are proposed to be funded for their temporary nature by the use of earmarked reserves. The items of revenue growth are;

Item	2019/20	2020/21	2021/22	TOTAL	Proposed Reserve Use
	£'000	£'000	£'000	£'000	
Local Plan Resource required to support the development of the Southend new Local Plan and contribution to the South Essex Joint Strategic Plan (JSP)	585	410	130	1,125	New Homes Bonus
SMART technologies A dedicated staff resource to drive SMART technology across the economic health and wellbeing and environmental agendas associated with progressing the 2050 outcomes	60	60	0	120	Business Transformation
Corporate Strategy staffing A new Service Redesign team, as part of the overall team restructure, that will work with operational teams and end users to redesign Council services in order to improve outcomes and experiences for customers, to maximise investment and to eradicate duplication across the organisation	185	185	185	555	Business Transformation
Summer Planning To enable recruitment of appropriate staffing and related resourcing for the Town's busy Summer period	75	75	0	150	Business Transformation

Workforce Development team Additional temporary staffing to support the corporate learning and development offer while the services are reconfigured and a new offer is developed to support the organisational priorities, including succession planning and skills development	100	50	0	150	Business Transformation
School Improvement To continue school improvement support including support for pupils to attain Grammar School entrance	(1)	200	200	400	School Improvement
Economic Development To enable continued research and staff support for the promotion of the town	(1)	100	100	200	Business Transformation
Housing Implementation Initial resource to progress the implementation of the Housing, Homelessness and Rough Sleeping Strategy ⁽²⁾	150	150	150	450	New Homes Bonus
Transforming Together Pump priming investment to implement and embed a range of new approaches, tools and techniques that will enable the Council to transform the way it works	100	100	0	200	Business Transformation
Parking A one year pilot for short term parking	100	0	0	100	Business Transformation
TOTAL	1,355	1,330	765	3,450	
Notes (1) In 2018/19 budget round same annual amount set aside as for 2019/20 (2) Additional pump priming resource will be required for the implementation of the Housing, Homelessness and Rough Sleeping Strategy (sum to be identified as part future Cabinet reports)					

5.29 A total of £3.450 million of earmarked reserves are being used to fund the above items of one-off project spending over a three year period of 2019/20 to 2021/22.

- 5.30 Currently the Council is on a rolling one year notice period to leave the Local Government Association (LGA) membership. The proposed budget continues to provide the relevant budget for continued membership and therefore it should be noted the LGA are to be advised that the Council will withdraw its' rolling one year notice and instead have continued membership of the LGA.

Appropriations for 2019/20

- 5.31 The presentation of the budget reflects proposed net appropriations to earmarked reserves totalling £1.538 million for which separate approval is sought. Full details are shown in Appendix 13.

Changes made since Draft Revenue Budget presented to Cabinet 17 January 2019

- 5.32 The changes from the draft budget approved by the Cabinet on 17 January 2019 are:
- The allocation of service on-going budget investment and budget savings proposals to individual budgets;
 - The allocation of the latest position on the Dedicated Schools Grant;
 - The allocation of the latest depreciation budgets;
 - The overall budget has also continued to be amended for minor changes for accuracy;
 - The introduction of £100k one-off investment for a pilot on short term parking in the Town Centre and seafront.

- 5.33 All of these changes are cost neutral on the proposed permanent budget.

Council Tax 2019/20 and Estimated Collection Fund Balance 2018/19

- 5.34 The Council Tax Base for 2019/20 was approved by Cabinet on 17 January 2019 at 58,424.44 (equivalent Band D properties).
- 5.35 The estimated balance on the Collection Fund at the end of 2018/19 shows a projected surplus of £2.5 million attributable to the Council and which has been used in calculating the Council Tax, as statutorily required.
- 5.36 The proposed budget assumes a Council Tax increase at 2.99% for general use on the Southend-on-Sea element of the total Council Tax. There are no implications arising from this increase for a Council Tax freeze grant, as the Government has not offered one this year. In addition no referendum limit has been breached.
- 5.37 The Cabinet (and Scrutiny Committees) may wish to bear in mind that a 1% change in Southend-on-Sea Borough Council's element of the Council Tax is £13.24 per annum for a Band D property. This equates to an amount of circa £0.77 million in the revenue budget for each 1% change.
- 5.38 The proposed Council Tax increase of 2.99% will mean a Band D level of £1,284.09 per annum on the Southend-on-Sea element of the Council Tax. This equates to an annual increase of £39.56 and a weekly increase of 75p.

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

Precepts

5.40 Leigh-on-Sea Town Council has confirmed its precept for 2019/20 at £421,625 (2018/19 = £411,692). Based on their council tax base of 8839.09, the Town Council element of the total Council Tax bill will increase from £46.89 to £47.70 at Band D, equivalent to an increase of 1.73% from 2018/19. This only applies to the area covered by the Town Council. The final decision was made at a meeting of the Town Council on 22 January 2019.

5.41 Essex Fire & Rescue Services and Essex Police through the Police, Fire and Crime Commissioner has by law to set both precepts no later than 1 March 2019 (after consideration by the Essex Police, Fire and Crime Panel on 24 January 2019).

5.42 The Police, Fire and Crime Commissioner has agreed the precept position as:

- Essex Police: Band D Council Tax £192.96 (2018/19 = £169.02), which is an increase of 14.16%;
- Essex Fire & Rescue Services: Band D Council Tax £72.45 (2018/19 = £70.38), which is an increase of 2.94%.

5.43 In addition, the draft budget also assumes the continuation of the Adult Social Care precept at a level of 8.0% of the main council tax (an increase of 1.5% over the previous year). The ability to apply this precept was introduced by the Government as part of the 2016/17 Local Government finance settlement. It was introduced to assist with the increasing demand and demographic expenditure pressures from Adult Social Care that Local Government has been experiencing and are continuing to face. The proposed increase of 1.5% equates to an annual increase of £1.223 million (from £78.29 to £98.13) equivalent to a weekly increase of 37p.

Levies

5.44 The Council is required to pay relevant levying bodies, who have all now indicated their levy position for 2019/20. The final levies will be reported on in the Council Tax report for Council on 21 February 2019. The current position for 2019/20 is identified in the table below:-

Levying Body	2018/19 Probable Actual	2019/20 Estimate	Percentage increase
	£'000	£'000	%
	Kent and Essex Inshore Fisheries and Conservation Authority (Provisional)	21.5	21.5
Flood Defence – Environment Agency (Provisional)	194.8	202.6	4.0

Coroners Court (Provisional)	414.8	414.8	0.0
Total	631.1	638.9	

The Kent and Essex Inshore Fisheries and Conservation Authority levy is provisional and is proposed at the same level as 2018/19. The Flood defence levy is provisional and the reason for the increase is due mainly to a 4% increase from the Anglian Eastern Regional Flood and Coastal Committee. The Coroners Court levy is also provisional.

6. Medium Term Financial Strategy (MTFS)

- 6.1 The Medium Term Financial Strategy that was approved in February 2018 was for a four year period up to the financial year 2021/22. It is now in need of updating as a result of the latest Local Government Finance Settlement, changes to the projections in the current financial planning figures and alignment with the Councils 2050 ambition, outcomes and 5 year roadmap.
- 6.2 It is good practice to update the rolling MTFS as part of setting the Council budget and Council Tax to ensure our financial planning is fully aligned and integrated.
- 6.3 The updated MTFS for the period 2019/20 to 2023/24 is attached at Appendix 14.
- 6.4 The MTFS shows a projected further budget gap of £18.6 million for the following four financial years as follows:

2020/21	£7.5 million
2021/22	£4.3 million
2022/23	£3.5 million
2023/24	£3.3 million
£18.6 million	

7. Staffing implications of 2019/20 budget savings proposals

The reduction and investment proposals outlined in this report will show a net growth of 35.6 permanent full time equivalent (fte) posts across the Council. Within the budget reduction proposals currently 3 out of 8 posts have been identified as voluntary redundancies.

- 7.1 Formal redundancy consultation with the recognised Trades Unions has commenced where appropriate and all staff have been fully briefed on the implications of these proposals.
- 7.2 In addition, within the People Department there are two transformation projects (C1 and C2), which have the potential to displace staff. Once the transformation plans are fully scoped, the appropriate formal staff consultation processes for these areas will also take place. There will be other services across the Council that will be redesigned throughout 2019/20 as the organisation moves to focussing on outcomes. Where this redesign impacts on staff, the appropriate consultation will take place.

- 7.3 Any staffing reductions will be managed in accordance with the Councils policies on the Managing Organisational Change and Redundancy.
- 7.4 The Council's Workforce Planning Panel will continue to control recruitment to vacant posts (permanent and temporary) and, wherever possible, staff identified as 'at risk' of redundancy will be redeployed through the Talent Pool. In addition, the Council will be working with other Essex authorities and partners in order to maximise redeployment opportunities across the county region.
- 7.5 Volunteers for redundancy will be considered in order to minimise the number of compulsory redundancies.
- 7.6 A comprehensive package of support for all staff but particularly those directly affected by these proposals has been put into place. This includes coaching and counselling, as well as practical support with job applications and money management.

8. Southend 2050

During spring 2018 the Council embarked on a major engagement exercise with residents and key local stakeholders to develop a shared and jointly owned ambition for Southend-on-Sea in 2050. Its purpose was to shape a long term vision for the borough whilst providing a focus on shorter term outcomes deliverable by the Council, its partners and local communities. The resulting ambition aims to articulate not only the visible changes to our environment but also highlight the more fundamental effects on people lives – essentially capturing how it will feel to live, work, visit or do business here in the future.

- 8.1 The engagement programme was well-publicised, extensive and varied so that the broadest possible range of stakeholders have had the opportunity to contribute. A variety of different methods have been used to conduct open and ambitious conversations in locations right across the borough. These included facilitated workshops with business leaders, deliberative sessions with targeted resident representatives, meetings with local interest and community groups, public events and venues, and in-depth 1:1 interviews with citizens.
- 8.2 People also enthusiastically shared their thoughts on-line with literally thousands of comments being generated via the Southend 2050 survey as well as through social media, a virtual 'Stickyworld' online forum and the Southend 2050 website. Young people and schools have responded particularly positively through a number of imaginative competitions and events, including a lively future-themed Youth Council float at Southend Carnival.
- 8.3 In addition, a great deal of valuable quantitative feedback has been generated from more traditional consultation methods, such as the large scale borough-wide 2018 Residents Perception Survey. Councillors and Council staff have also actively participated throughout the process.
- 8.4 The process for a new borough vision has seen the introduction of a revised approach to the Council's business planning framework. The 2050 Road Map, incorporating the Ambition, Themes and Outcomes, is a high level document,

replacing the Corporate Plan. It will be supported by 5 Strategic Delivery Plans (one per theme). The 5 themes are:

- Pride & Joy – By 2050 Southenders are fiercely proud of, and go out of their way, to champion what our city has to offer;
- Safe & Well – By 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives;
- Active & Involved – by 2050 we have a thriving, active and involved community that feel invested in our city;
- Opportunity & Prosperity – By 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all of our people;
- Connected & Smart – By 2050 people can easily get in, out and around our borough and we have world class digital infrastructure.

Each of the five themes has 4-5 focussed outcomes for the next five years (23 outcomes in total).

8.5 Underpinning the high level plans are associated outcome delivery plans. While setting the Ambition for the coming decades to 2050, the Road Map and associated documentation should not be seen as set in stone. They will need to respond to inevitably changing circumstances, locally, nationally and internationally, and future documentation will reflect this. The Roadmap will shape the Council's Medium Term Financial Strategy, ensuring resources are aligned with the Council's agreed priorities.

8.6 Appendix 15 sets out the framework for Southend 2050.

9. Budget Consultation

9.1 There is an expectation that local authorities will engage communities in the difficult decisions that will determine what services are delivered by the Council and how.

9.2 The Council has undertaken a number of targeted consultations which 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 2019/20. Such consultations with service users and wider stakeholders have included those on: carers support; advocacy service review; air quality action plan; low emissions strategy; Essex HMO amenity service, gambling licensing policy, 0-5 years health visiting service; Leigh Port; integrated sexual health services; Southend teenage pregnancy service; and healthy lifestyle services.

9.3 Alongside the targeted consultations, and as part of the Southend 2050 engagement programme, a residents' perception survey was undertaken in the summer of 2018. This included insight into perceptions of council services and satisfaction with the council.

9.4 The overall results and comments from the consultations have continued to help inform the preparation of the 2019/20 revenue budget.

- 9.5 The draft budget approved at Cabinet on 17 January 2019 has been presented to all three Scrutiny Committees and a meeting of the Business and Voluntary Sector. The feedback from each of these scrutiny bodies is as follows:-

Place Scrutiny – the Committee sought clarification on what was in the budget for one hour parking

People Scrutiny – clarification was sought on the budget investment proposals for Foster Carers, SEN pension and Children’s Services.

Policy & Resources – There was no comment on the revenue budget proposals.

Business and Voluntary Sector - clarification was sought on current parking charges and what could be done for the Town Centre.

10. Equality Impact Assessments (EIA) – Making fair financial decisions

- 10.1 Each department has produced a departmental equality analysis taking into consideration any equality and cohesion impacts that restructuring their service may have on staff and service users. The results were then challenged by an internal team of officers and then by the Corporate Management Team.

- 10.2 As before the aim will be to protect delivery of key frontline services as well as highlight greater opportunities for collaborative working with partners to deliver services. Staff, Councillors, Trade Unions, Service users and residents were consulted and engaged in the process. These include but were not limited to, Chief Executive briefing sessions, Departmental Management and Team meetings, workshops and resident engagement via the budget consultation process.

- 10.3 Recommendations made in departmental supporting action plans identify how each department will aim to address and mitigate any indirect differential impact on staff and services over the coming year.

- 10.4 An overarching Equality Analysis is attached at Appendix 16.

11. 2020/21 and Beyond

- 11.1 In addressing the national economic situation the Government has continued to emphasise the need to look further at a programme of public sector spending restraint and reconfiguration. This was reinforced in the Chancellor’s Autumn Budget Statement on 29 October 2018 with further restriction placed on the Government’s public spending plans for Local Government. The tightening and reduction of Government funding contributions to local government funding along with the Government’s current and future funding reforms, means that the current financial challenges for 2020/21 and beyond will continue. This needs to be seen as part of a continued period of financial entrenchment that Local Government has already encountered. Councils will need to consider a much longer spending reduction programme than previously identified by Central Government and which also links into the impending need for Council’s to work towards a position of financial self-sustainability.

- 11.2 This report predominantly addresses, as we are required to do, a detailed budget for 2019/20 but it is also appropriate to identify the areas the Council should continue to explore in order to meet the budget constraints of future years and also tailor the services it provides and review its role within national policy and local circumstances. As we start addressing the Councils Ambition 2050 and the South Essex vision 2050 we need to be mindful of how we align and prioritise our resources to achieve these visions but also ensure we focus on delivering our required outcomes.
- 11.3 Like all local authorities in England, Southend-on-Sea Borough Council is facing unprecedented financial challenges. The Council has, over a number of years, addressed significant funding gaps whilst also achieving improved efficiency and service delivery. In the current, and forecast, period of national financial stringency the scale of financial contraction is such as to challenge the scale, nature and purpose of the role of the Council.
- 11.4 Traditionally, and particularly over recent years, the nature of Council activity has seen an increase in the level of directly delivered services for the local populace and for local businesses and visitors. Many services have been delivered on a universal basis and free or at limited cost. As funding continues to reduce greater pressure is being placed upon the services provided by the Council and also the way in which these are delivered. Since the beginning of the national fiscal situation the Council has striven to sustain its full range of services but this will need to be challenged as we move forward and work towards delivering against the Council's agreed 23 outcomes.
- 11.5 The Council may need to increase focus on the delivery of its services in a targeted way, concentrating on delivering services to those residents who need the Council's help. The Council will also need to adopt this as an approach in tailoring the delivery of its many statutory services. To underpin this approach the Council will also reposition its role as one to work alongside the community, its residents and businesses, to help support the many factors affecting their lives as is possible.
- 11.6 The Council will continue to adopt an increasing approach of working, and delivering services, in partnership with other agencies, the voluntary and commercial sectors, and the community itself. As part of this approach the Council will encourage the sustenance of community services in collaboration with the local communities, encouraging community capacity to operate in appropriate circumstances.
- 11.7 The Council will also seek to address critical issues such as equality, disadvantage, lack of attainment and poverty by working with communities themselves, seeking enhanced training and opportunity and by fostering and promoting the local economy and thereby enhancing opportunities for aspiration, attainment, household income and personal achievement.
- 11.8 As the Government funding reforms are implemented we will soon be in a position where our funding to maintain/improve our council services will come from three main areas;
- Business Rates
 - Council Tax

- Other forms of income we can generate e.g. Fees & Charges, commercial activity, traded services, etc

Therefore, this will mean an era of financial self-sustainability for Local Authority's and that longer term and focussed outcome based budgeting will be the key. This essentially will mean the prioritisation and reallocation to our outcomes of all our resources both Capital and Revenue alongside our people and our physical assets.

11.9 The Council will therefore seek to ensure that the Council Tax and Business rates bases are improved and income collection levels are at least maintained. In addition, the Council will explore innovative income generation opportunities that will assist with increasing the Council's revenue sources to assist with meeting the need to be financially self-sustainable and to support the delivery of our outcomes. As part of this there is the intention to look greater at commercial opportunities for services of the Council.

11.10 Given the financial challenge we have and will continue to face for a number of years, a continued programme of corporate working will continue with this efficiency drive and to help support the identification of savings for future years. This will allow us to have a programme driving transformational change in the organisation and will allow a clear focus on delivery of the required savings that will be required over this period.

11.11 Over the coming year it will be extremely important to consider future year potential savings proposals in anticipation of delivering tailored services for the community whilst addressing the known budget reductions required from our total budget and reflecting the estimated significant government grant reductions. This will also need to be reflected in a longer term and outcome based budgeting approach to ensure there is the prioritisation and reallocation of our complete resource base.

11.12 It is currently anticipated arising from the Autumn Budget Statement in late 2018, that further savings in the order of £19 million will be required from the Council's circa £230 million annual gross budget (after excluding Schools, HRA and Housing Benefits) for the four years 2020/21 to 2023/24.

12. Corporate Implications

12.1 Contribution to the Southend 2050 Road Map

The budget strategy is an integral part of the Council's Corporate Service and Resources Planning Framework. The delivery of a revenue budget in line with the recommendations in this report will contribute to the delivery of the Southend 2050 ambition and achievement of the desired outcomes and five year roadmap.

12.2 Financial Implications

As set out in the body of the report.

12.3 Legal Implications

None at this stage.

12.4 People Implications

The proposed budget will have an impact on staffing levels and the implications are set out in section 7 of this report.

12.5 Property Implications

None

12.6 Consultation

Consultation has taken place with the Chief Executive, Deputy Chief Executives and their Directors and the Strategic 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 was in the draft budget from the Leader, Deputy Leader and Strategic Director (Finance and Resources) of the Council.

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

12.7 Equalities and Diversity Implications

Assessments have been carried out for the proposed budget investment and budget reduction in the 2019/20 revenue budget and an overarching EIA is attached as Appendix 16 to this report.

12.8 Risk Assessment

The budget proposals have been subject to the Deputy Chief Executive's, Strategic Directors and Directors review of risk and robustness. These have informed the Strategic Director (Finance & Resources) Section 25 statement of the 2003 Local Government Act on the robustness of estimates and adequacy of reserves as part of this report and the report to Budget Council on 21 February 2019.

12.9 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.

12.10 Community Safety Implications

Assessments have been carried out for all revenue proposals.

12.11 Environmental Impact

Assessments have been carried out for all revenue proposals.

13. Background Papers

The Local Government Finance Settlement 2019/20, MHCLG

Budget working papers held by the Finance & Resources' Accountancy section.

Equality Impact Assessments

Southend 2050 – draft Ambition, Themes & Outcomes and Five Year Road Map
6 November 2018

Southend 2050 Ambition / Five Year Roadmap, Council 13 December 2018

Southend 2050 – Strategic Delivery Plans, Cabinet 17 January 2019

14. Appendices

Appendix 1	S151 Officer's Statement on adequacy of balances and the robustness of the budget
Appendix 2	Schools Budget 2019/20
Appendix 3	Summary of 2019/20 General Fund Revenue Budget
Appendix 4	2019/20 budget – Leader
Appendix 5	2019/20 budget - Growth
Appendix 6	2019/20 budget - Adults & Housing
Appendix 7	2019/20 budget – Children & Learning
Appendix 8	2019/20 budget – Healthy Communities & Wellbeing
Appendix 9	2019/20 budget – Infrastructure
Appendix 10	2019/20 budget – Public Protection
Appendix 11	Description of Proposed Budget Investment
Appendix 12	Description of Proposed Budget Reductions
Appendix 13	Appropriations
Appendix 14	Medium Term Financial Strategy
Appendix 15	Southend 2050 – Ambition, Themes & Outcomes
Appendix 16	Equality Analyses supporting budget proposals

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BUDGET 2019/20**SECTION 151 OFFICER'S STATEMENT ON ADEQUACY OF BALANCES
AND THE ROBUSTNESS OF THE BUDGET****1. Introduction**

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:

- (1) *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-*
 - (a) *The robustness of the estimates made for the purposes of the calculations, and*
 - (b) *The adequacy of the proposed financial reserves.*
- (2) *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 taking into account:

- 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.

This paper has to be considered and approved by full Council as part of the budget approval and Council Tax setting process.

This document concentrates on the General Fund 2019/20, the Housing Revenue Account and Capital Investment Programme, but in addition it also considers key medium term issues faced by the Council.

2. Assurance Statement of the Council's Section 151 Officer (Strategic Director of Finance and Resources)

The following are the summary assurances and recommendations of the Council's Section 151 Officer (currently the Strategic 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.

1. In relation to the 2019/20 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 will to implement the changes, good management, and the sound monitoring of performance and budgets. 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. The key process risks in making the above statement are the level of resources within the Council dedicated to providing financial support services and advice to managers, which will need the finance teams to be focused on key risk budgets.
3. My recommendations are also conditional upon:
 - The agreement of the Medium Term Financial Strategy for 2019/20 to 2023/24;
 - 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. It must be noted, however, that the recommended levels of reserves could leave the Council exposed to the very exceptional risks identified in this review and, if those risks crystallise, to reserves being inadequate;
 - Cabinet Members, Chief Executive, Deputy Chief Executives, Strategic Directors and managers not exceeding their cash limits for 2019/20 (and future years covered by the Medium Term Financial Strategy);

- Taking every opportunity to meet the Reserves Strategy as a first call on windfall underspends;
 - Not considering further calls on reserves other than for those risks that have been identified, those that could not have been reasonably foreseen and that cannot be dealt with through management or policy actions. The exception to this is where the Reserves Strategy (reviewed annually) is met. Even in those circumstances, it is not prudent to finance ongoing spending from one-off reserves. Any excess reserves should be targeted towards business transformation (including redundancies and invest to save), contributions to support capital outlay, Local Government funding changes and Welfare Reform changes.
 - Where there is a draw-down on reserves, which causes the approved Reserves Strategy to be off target, that this is replenished as part of a revised Medium Term Financial Strategy;
 - That the Council has arrangements and resources in place to consider value for money in preparation for future years' budgets.
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.
- (i) An absolute minimum level of General Fund reserves of £8 million that is maintained throughout the period between 2019/20 to 2023/24;
 - (ii) An optimal level of reserves of £10 million over the period 2019/20 to 2023/24 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances;
 - (iii) A maximum recommended level of reserves of £12 million for the period 2019/20 to 2023/24 to provide additional resilience to implement the Medium Term Financial Strategy;
 - (iv) A Reserves Strategy to remain within the recommended level of reserves over the relevant period of 2019/20 to 2023/24.

5. The estimated level of unallocated General Fund reserves at 31 March 2019, based on current projections is £11 million depending on the final outturn position. Therefore:
 - (i) The absolute minimum level of reserves of £8 million is currently being achieved;
 - (ii) The optimal level of reserves of £10 million criteria is being achieved for 2018/19, if departments spend against budget as currently projected;
 - (iii) The maximum level of reserves of £12 million is not being exceeded;
 - (iv) Reserves should remain within the recommended range of reserves during 2018/19. This is subject to resources set aside for redundancy costs proving adequate and the cash limited budget for 2018/19 being met.

6. These recommendations are made on the basis of:
 - (i) The risks identified in the Chief Executive, Deputy Chief Executives and Strategic Directors reviews of their budgets;
 - (ii) My own enquiries during the development of the current budget;
 - (iii) The resilience required to deliver the Medium Term Financial Strategy;
 - (iv) One-off unallocated reserves not being used to fund new on-going commitments;
 - (v) That the reserves in 2019/20 and the foreseeable future are used only if risks materialise and cannot be contained by management or policy actions.
 - (vi) That where reserves are drawn down, the level of reserves is maintained in line with the latest Medium Term Financial Strategy.

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 :
 - (i) The potential for cliff slips, pier remediation works and any other unforeseen Council owned infrastructure issues;
 - (ii) Waste Management (Disposal) – the Council entered into a contract for long term facilities for waste disposal and also a strategy to comply with targets to reduce the amount of waste

going to landfill. The full financial ongoing impact of the longer term facilities over a 30 year period, which will be costly, is being examined and analysed in terms of delivery and financial impact since a recent review of the contract, culminating in the Council serving notice to terminate;

- (iii) The 16 year Waste Collection and Street Cleansing contract, which has been renegotiated with now includes a requirement for an earlier procurement of this service;
- (iv) The financial implications from the Care Act, other welfare reform changes and other associated Housing legislation;
- (v) The increasing cost and demand pressures for adult and child care;
- (vi) The risk surrounding the non-delivery of savings within the circa £4.1 million savings package for 2019/20;
- (vii) The extreme financial issues for the public sector arising from the prevailing and continuing national and local conditions;
- (viii) The risk of even further significant reductions in Government grant funding, particularly in relation to:
 - Growth and decline in the Council's Tax base and Business Rates base;
 - Business Rates appeals from the 2017 revaluation;
 - Academies funding;
 - The Local Council Tax Support Scheme with reduction in subsidy funding and no protection for caseload increases;
 - Further changes to the way in which Local Government is financed by Government particularly with the introduction of 75% and possibly 100% Business Rates retention;
 - Future Government changes in policy and funding for Local Government, particularly the unknown impact of the fair funding review;
 - The economic impact of the withdrawal of the UK from the European Union;
 - The need to address the Country's ongoing Public Sector Borrowing Requirement (PSBR) and the structural financial deficit.
- (ix) Insurance Claims;
- (x) Any impact on Council services and Budget arising from the position of the withdrawal from the European Union going into 2019/20 and later years.

8. In relation to the Housing Revenue Account (HRA) in 2019/20 and the medium to long term:
- (i) Given the current status of housing management provision the recommendation is that general reserves be maintained at the target figure of £3m;
 - (ii) A 2019/20 budget has been agreed with South Essex Homes Ltd. to maintain a balanced HRA;
 - (iii) Forward projections for the HRA beyond 2019/20 are being remodelled. In addition, this is linked to the HRA's own Medium Term Financial Strategy for the period 2019/20 to 2023/24.

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

9. In relation to the General Fund and HRA Capital Investment Programme 2018/19 to 2023/24 (including commitments from previous years and new starts):

- (i) The HRA Capital Programme will need to be contained within the total programme cost;
- (ii) The General Fund Capital Budget is substantial but is based on the best information available in terms of project costs. What is less certain is the phasing of expenditure;
- (iii) The key strategic schemes identified in the Capital Investment Programme will be closely monitored in-year;
- (iv) That the funding identified for the approved Capital Investment Programme is delivered and is prudent, affordable and sustainable.

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

- (i) 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.

Assurance

Given all these factors, I, as the Council's Section 151 Officer, consider the estimates for 2019/20 to be sufficiently robust but challenging 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 by 2019/20.

3. Supporting Statement

a. Processes

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 available information and assumptions available at the time.

In order to meet the requirement on the robustness of estimates a number of key processes have been put in place, including:

- The issuing of clear guidance to Departments on preparing budgets;
- The development of Council wide risk assessment;
- The use of budget monitoring and its escalation process to identify risks;
- The Council's S151 Officer providing advice throughout the process of budget preparation and budget monitoring;
- The Chief Executive, Deputy Chief Executives and Strategic Directors review of their budgets and budget sensitivities;
- A review of budget proposals and implications by CMT from April 2018 to February 2019;
- A review of budget proposals and implications by Cabinet Members from April 2018 to February 2019;
- Enquiries made directly by the Section 151 Officer and Finance Officers

Notwithstanding these arrangements, which are designed to test the budget throughout its various stages of development, considerable reliance is placed on the Chief Executive, Deputy Chief Executives, Strategic Directors and Directors having proper arrangements in place to identify issues, project costs, service demands, to consider value for money and efficiency, and to implement changes in their service plans. This is supported by appropriately qualified financial staff.

A summary of the key budget assumptions considered by Departments in terms of assessing the robustness of their budgets are shown below;

- The treatment of inflation and interest rates.
- The treatment of demand led pressures.
- The treatment of efficiency savings/productivity gains.
- The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments.
- The availability of other funds to deal with major contingencies.

- The Department's track record in budget and financial management.
- The Department's capacity to manage in-year budget pressures.

The full key budget assumptions and comments by the Chief Executive, Deputy Chief Executives and Strategic Directors have been used in constructing the current year's budget.

Corporate and departmental processes will continue to be improved in future years. Particularly over the last few years there has been a continued emphasis on a robust scheme of budget monitoring with an improved reporting format and reporting to Members in 2018/19. Additionally the regular review and monitoring of the annual budget savings that was introduced by the current Strategic Director (Finance & Resources) and will continue in 2019/20.

There is also, with the continuous development of the ERP system (Business World) covering both Financial and HR systems, has improved the authority's capacity to monitor the overall budget. Continual improvement in these processes will assist in prevention or 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 if required. Nevertheless in preparing such a complex budget, unforeseen issues will arise throughout the year and in future years.

b. Robustness of Estimates - General Fund Revenue Budget

The 2019/20 budget and Southend 2050 ambition, themes and 5 year roadmap continues the need to link financial resources to outcomes and risks. In addition to improving efficiency, there are clearly choices for the Council in this respect:

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

As part of developing the budget, Members of the administration have considered these options and they are reflected in the proposed budget.

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

- Employee costs (including Employer Pension Contributions and National Insurance Contributions)
- Demographic and cost pressures for Adult and Children Social Care
- The cost of prudential borrowing within the capital programme
- Shortfalls in income and grant income
- Inflation

The factors and risks taken into account in developing the proposed budget and recommendations on reserves are contained in each of the Deputy Chief Executives and Strategic Directors proposals surrounding their Departmental budget.

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.

c. Medium Term Financial Strategy

Over the medium term, the Council needs to deliver its Medium Term Financial Strategy reflecting the continuing impact of the proposed budget and only growth in relation to issues that are unavoidable. Within the extremely tight financial climate over the medium term it is very likely that service improvement and reasonable Council Tax increases, without key service reductions, will only be achieved through improving efficiency, clear prioritisation and new income generation.

d. Adequacy of Reserves – General Fund Revenue Budget

Under the Local Government 2003 Act the Secretary of State has reserve 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.

Determining the appropriate levels of reserves is not a precise science or a formula e.g. a 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.

Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budgets, 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 funding position.

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 a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

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 taken into account when recommending the minimum level of unallocated General Fund reserves include:

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. The Deputy Chief Executives and Strategic 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.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government.
- The risk of major litigation, both current and in the future.
- Risks in the inter-relation between the NHS and Social Service authorities coupled with the responsibilities of Public Health.
- The Local Council Tax Support Scheme with less Government funding and increases in caseload at the Council's own risk
- Issues arising from the final Housing Benefit Subsidy Claim.
- The localisation of Business Rates including the impact of businesses declining in the borough boundaries.
- New and impending legislation.
- Unplanned volume increases in major demand led budgets, particularly in adult and children's services, learning disabilities, physical and sensory impairment, and housing benefits.
- 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.
- 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.

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.

In these circumstances, I will require the Council, Cabinet, Chief Executive, Deputy Chief Executives, Strategic Directors and Directors:

- To remain within their service budget for 2019/20 and within agreed medium term financial strategy targets for future years (2020/21 to 2023/24) with a strict adherence to recovering overspends within future years' financial plan targets;
- Repayment to reserves in line with the Medium Term Financial Strategy should these risks materialise;
- Direct any windfall revenue savings/underspends to reserves should the General Fund Revenue Reserves Strategy require it.

e. Estimated Earmarked General Fund Revenue Reserves

I have reviewed the Council's General Fund earmarked revenue reserves which are estimated to amount to circa. £69.8 million at 1 April 2020. This is compiled of key specific reserves of Insurance at £6.8 million, Welfare Reform and Social Fund at £1.8 million, Adult and Children's Social Care at £4.6 million, Interest Equalisation at £4.2 million, Rents Equalisation at £0.9 million, MRP Equalisation at £16.3 million, Waste Management at £4.9 million, Business Transformation at £3.9 million, New Homes Bonus at £5.4 million, Business Rates Retention at £4.3 million, Capital at £2.2 million, Pensions at £9.6 million and Grants at £2.6 million. The remainder is made up of other smaller funds held for specific purposes.

f. Estimated Earmarked Housing Revenue Account Revenue Reserves

I have reviewed the Council's Housing Revenue Account earmarked revenue reserves which are estimated to amount to £33.1 million at 1 April 2020. This is compiled mainly of a Capital Investment reserve of £24.3 million and Major Repairs reserve of £8.2 million.

g. Schools' Balances

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. Section 4.1 "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.

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.

I am satisfied that the arrangements in place are adequate.

h. Capital Investment Programme – 2019/20 to 2023/24**The Capital Budget**

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

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.

Departments 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

The risk of the Council being unable to fund variations in the programme is minimal mainly due to phasing of projects. The Council is able to freeze parts of the programme throughout the year to ensure spend is within the agreed financial envelope, although this will have service implications.

A further key risk to the capital investment programme is the ability of the Council to fully deliver it within the agreed timescales.

In relation to the General Fund and HRA Capital Investment Programme specifically for 2019/20 (including commitments from previous years and new starts):

- i) The HRA Capital Investment Programme will need to be contained within total programme cost by delaying or stopping specified schemes.
- (ii) The General Fund Capital Budget is substantial but is based on the best information available in terms of project costs. What is less certain is the phasing of expenditure.
- (iii) The strategic schemes identified in the Capital Investment Programme will be closely monitored in-year.
- (iv) That the funding identified for the approved Capital Investment Programme is delivered and is prudent, affordable and sustainable.

Appendix 2 - DSG Budget 201920
Recommend, if printed, to print in A3 Portrait

Block	S251 Line	Summary Line	A	B	C = B - A	Comments
			£	£	£	
			2018/19	2019/20		
			Latest Budget *	Original 19/20 Budget *	Budget Variation from previous year increase / (decrease)	
Schools Block - Individual	1.0.1	Maintained - Primary	23,922,066	21,655,499	(2,266,567)	
School Block allocations	1.0.1	Maintained - Secondary	769,937	-	(769,937)	2019/20 Original set as agreed in the Jan 2019 EB paper
	1.0.1	Academy Recoupment - Primary	36,099,632	38,759,111	2,659,479	
	1.0.1	Academy Recoupment - Secondary	55,430,080	57,724,285	2,294,205	
		Subtotal Individual School Block allocations	116,221,715	118,138,895	1,917,180	
Schools block - Centrally retained	1.1.7	De-delegated - Governor subscriptions	1,015	-	(1,015)	2019/20 - set as agreed in the Jan 2019 EB Paper
	1.1.8	De-delegated - Staff costs (Trade Union duties)	8,070	5,538	(2,532)	
	1.4.10	Growth Fund	690,000	945,135	255,135	2019/20 - set as agreed in the Jan- 2019 EB paper. And note Mar-20 EB paper due on distribution of Growth fund from Sept-20
Schools Block Total			116,920,800	119,089,568	2,168,768	
Early Years	1.0.1	2 year old provision	1,260,330	1,260,330	-	
	1.0.1	3 and 4 y/o provision - Universal	6,869,041	6,760,254	(108,787)	2019/20 - As set in the Jan 2019 EB Paper. Although remains DfE provisional until the results of both the January 19 and January 20 DfE early census's are processed. Expected DfE announcement in July-20.
	1.0.1	3 and 4 y/o provision - Additional	1,655,113	1,628,900	(26,213)	
	1.0.1	Disability Access Fund	42,435	44,895	2,460	
	1.0.1	Early Years Pupil Premium	125,667	125,667	-	
	1.3.1	Central Expenditure on Children under 5	500,000	135,000	(365,000)	
Early Years Block Total			10,452,586	9,955,046	(497,540)	
High Needs	1.0.2	Place Funding - Special Schools	120,000		(120,000)	
	1.0.2	Place Funding - Special Schools Recouped	5,180,000		(5,180,000)	
	1.0.2	Place Funding - PRU Recouped	810,000		(810,000)	
	1.0.2	Place Funding - Special Units	102,500		(102,500)	
	1.0.2	Place Funding - Special Units Recouped	215,500		(215,500)	
	1.0.2	Place Funding - Free School Recouped	179,181		(179,181)	
	1.0.2	Place Funding - CCP and FE Recouped	564,000		(564,000)	
		Subtotal Place funding	7,171,181	-	(7,171,181)	
	1.2.2	Special School - flexible place funding	80,000		(80,000)	
	1.2.2	Special School Top ups	4,300,000		(4,300,000)	
	1.2.1 / 1.2.2	Special Units Top ups	225,000		(225,000)	
	1.2.2	PRU Top ups	300,000		(300,000)	
		Subtotal Special School and PRU provision top up funding	4,905,000	-	(4,905,000)	
	1.2.5	EHCP Early years Top ups	44,000		(44,000)	2019/20 high need block service line plan to be allocated for approval in the March 2019 Education Board and once considered through the previous March 2019 Resources Sub Group. As previously agreed, this will also include a 2019/20 targetted amount to assist with the restoration of depleted DfE reserves balances attributable to High Needs. The 2019/20 total DfE High need funding allocation itself, also remains provisional until the DfE announcement the final high need pupil import and export adjustment for cross local authorities boundaries due in July 2019, although this is not expected to change the final funding amount by any significance.
	1.2.1 / 1.2.2	EHCP Inborough Mainstream - Primary Top ups	1,380,000		(1,380,000)	
	1.2.1 / 1.2.2	EHCP Inborough Mainstream - Secondary Top ups	490,000		(490,000)	
	1.2.1 / 1.2.2	EHCP Top ups - out of Borough	440,000		(440,000)	
	1.2.2 / 1.2.11	EHCP Top ups - post 16 providers	660,000		(660,000)	
		EHCP top up provision schools and post-16	3,014,000	-	(3,014,000)	
	1.2.3	EHCP funding - Independent providers	1,489,339		(1,489,339)	
	1.2.4	HN targeted LCHI funding	10,000		(10,000)	
	1.2.6	Hospital Education provision	100,000		(100,000)	
	1.2.7	Individual Tuition service	153,100		(153,100)	
	1.2.5	SEN Team - DSG	422,479		(422,479)	
	1.2.5 / 1.2.13	SEN Support Services - special units in schools	212,900		(212,900)	
	1.2.8	Behaviour & Reintegration Support (outreach)	322,000		(322,000)	
	1.2.8	Outreach Harbour Development Centre	161,000		(161,000)	
	1.2.5	Elective Home Education Costs	8,000		(8,000)	
	1.2.7	Commissioned Preventative Pathway AP service	172,000		(172,000)	
		2018/19 High needs SLA savings target	(117,000)		117,000	
		Other High Need funding provision including SLA's	1,444,479	-	(1,444,479)	
		Total High Need Non-Place funding	10,852,818	-	(10,852,818)	
		High Needs block service lines total	18,023,999	-	(18,023,999)	
		High Need budget allocation targetted to restore High DfE reserve balances	200,000	-	(200,000)	
		* High Need Dec-18 DfE announced additional high need funding allocation	409,626	409,626	-	
High Needs Block total			18,633,625	19,415,963	782,338	
Central block	1.4.1	Contribution to combined budgets	941,288	941,288	-	
	1.4.14	CLA/MPA License	122,297	122,297	-	2019/20 - set as agreed in the DSG Jan 2019 EB Paper
	1.4.2	School Admissions	236,300	236,300	-	
	1.4.3	Servicing of School Forums	18,700	18,700	-	
	1.5.1/1.5.2/1.5.3	ESG Retained	419,562	429,143	9,581	
Central Block total			1,738,147	1,747,728	9,581	
Grand Total			147,745,158	150,208,305	2,463,147	
DSG - Funding		Schools Block - ISB Retained	(24,701,088)	(21,632,290)	3,068,798	
		Schools Block - ISB Academy Recoupment	(91,529,712)	(96,512,143)	(4,982,431)	
		Schools Block - ISB subtotal	(116,230,800)	(118,144,433)	(1,913,633)	
		Growth fund	(1,190,000)	(945,135)	244,865	
		Schools Block subtotal	(117,420,800)	(119,089,568)	(1,668,768)	
		Central Block	(1,738,147)	(1,747,728)	(9,581)	DSG funding determined as per the Department for Education funding allocation releases and announcements
		Early Years Block (2 year olds)	(1,260,330)	(1,260,330)	-	
		Early Years Block (3&4 yr olds - Universal)	(6,869,041)	(6,869,041)	-	
		Early Years Block (3&4 yr olds - Additional)	(1,655,113)	(1,655,113)	-	
		Early Years Disability Access Fund	(42,435)	(44,895)	(2,460)	
		Early Years Pupil Premium	(125,667)	(125,667)	-	
		* DfE reserve - Early Years budget draw down	204,798	-	(204,798)	
		High Needs Funding Block	(11,684,944)	(12,633,963)	(949,019)	
		High Needs Recoupment	(6,948,681)	(6,782,000)	166,681	
DSG Funding Total			(147,540,360)	(150,208,305)	(2,667,945)	
Total Net DSG Budget			204,798	(0)	(204,798)	

* 2018/19 latest DfE DSG budget allocation as at Dec 2018

* 2019/20 Original budget as per the DfE DSG funding allocations announced in Dec 2018

* High Need Dec-18 additional funding allocation - announced by the DfE on the 17th December 2018, for both the 2018/19 and 2019/20 Financial years

* 2018/19 DSG reserve Early years budget drawn down relating to 2017/18 as explained and referenced in the October 2018 EB DSG paper

DSG Reserves balances £'000 *	2018/19	2019/20
1st April Surplus / (deficit) Original	(65)	(127)
Early Years Funding adjustment for prior year	(205)	0
1st April Surplus / (deficit) Revised	(270)	(127)
Current In year forecast expected surplus / (deficit)*	143	tbc
31st March surplus / (deficit) forecast*	(127)	tbc

* DfE reserve balance - as referenced in the latest DfE EB December 2018 paper - but simply now updated in view of the post DfE high need additional funding announcement of £409k. And in view of this additional funding announcement, as agreed at the December 2018 Education Board, a revised DfE reserve balance forecast for the end of 2019/20 will be presented alongside the March 2019 High Need detailed service allocation budget paper

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SUMMARY OF GENERAL FUND

REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL ESTIMATE FOR THE
GENERAL FUND YEAR ENDING 31 MARCH 2020**

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

	Appendix	Original Estimate 2018/19	Probable Outturn 2018/19	Original Estimate 2019/20	Budget 2019/20
		£000	£000	£000	£000
Portfolios					
Leader	4	10,936	11,477	11,537	11,910
Growth	5	3,081	3,264	3,280	3,135
Adults and Housing	6	42,877	41,408	39,640	41,773
Children & Learning	7	33,556	39,246	33,199	34,630
Healthy Communities and Wellbeing	8	13,636	15,274	13,457	13,694
Infrastructure	9	14,173	19,109	14,002	13,888
Public Protection	10	13,782	13,505	13,860	14,047
Sub Total		132,041	143,283	128,975	133,077
Capital Financing Removed		(28,281)	(32,703)	(24,303)	(24,303)
Portfolio Net Expenditure		103,760	110,580	104,672	108,774
Levies		638	638	643	643
Contingency - General		2,088	1,602	2,070	2,070
- Transformation		1,500	1,500	1,500	1,500
- Benefits		300	0	300	300
- Inflation		1,828	0	1,240	1,240
Pensions Upfront Funding		(3,734)	(3,734)	(3,733)	(3,733)
Financing costs		8,542	8,262	12,048	11,798
Total net expenditure		114,922	118,848	118,740	122,592
Contribution to /(from) general reserves		0	0	0	0
Contribution to /(from) earmarked reserves		5,436	6,688	2,893	1,538
Revenue Contribution to Capital		5,058	2,380	5,376	5,376
Corporate on-going Investments	11	0	0	6,610	0
Proposed Budget Reductions	12	0	0	(4,113)	0
Non Service Specific Grants		(2,380)	(2,380)	(3,859)	(3,859)
Total Budget Requirement		123,036	125,536	125,647	125,647
Met from:					
Revenue Support Grant		(10,318)	(10,318)		(5,925)
Retained Business Rates		(21,924)	(24,424)		(24,130)
Business Rates Top up Grant		(12,085)	(12,085)		(12,337)
Collection Fund Surplus		(2,500)	(2,500)		(2,500)
Council Tax Requirement		76,209	76,209		80,755
Council Tax		(71,699)	(71,699)		(75,022)
Adult Social Care Precept		(4,510)	(4,510)		(5,733)
		(76,209)	(76,209)		(80,755)

LEADER

REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Leader Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s
Corporate Planning and Policy												
Corporate and Non Distributable Costs	1,919	(184)	1,735	1,759	(184)	1,575	1,845	(189)	1,656	1,892	(196)	1,696
Corporate Services												
Strategic Service Support	634	0	634	612	0	612	648	0	648	599	0	599
Financial Services												
Accountancy	2,131	(295)	1,836	2,071	(275)	1,796	2,261	(300)	1,961	2,261	(308)	1,953
Accounts Payable	119	(4)	115	119	(4)	115	129	(4)	125	129	(4)	125
Accounts Receivable	190	(77)	113	190	(77)	113	200	(79)	121	199	(82)	117
Insurance	162	(247)	(85)	162	(247)	(85)	173	(249)	(76)	173	(249)	(76)
Internal Audit	774	(271)	503	645	(202)	443	739	(207)	532	739	(207)	532
Corporate Fraud	225	(52)	173	226	(52)	174	229	(52)	177	229	(52)	177
Corporate Procurement	621	0	621	757	0	757	700	0	700	700	0	700
Human Resources & Organisational Development												
Human Resources	1,815	(505)	1,310	1,984	(505)	1,479	1,978	(517)	1,461	1,978	(517)	1,461
People and Organisational Development	414	(115)	299	413	(115)	298	424	(115)	309	424	(115)	309
Tickfield Training Centre	370	(156)	214	375	(156)	219	394	(160)	234	394	(160)	234
Legal and Democratic Services												
Democratic Services Support	371	0	371	371	0	371	385	0	385	385	0	385
Mayoralty	191	0	191	198	0	198	200	0	200	200	0	200
Member Support	730	0	730	730	0	730	730	0	730	715	0	715
Elections and Electoral Registration	354	0	354	369	0	369	357	0	357	357	0	357
Local Land Charges	197	(297)	(100)	197	(297)	(100)	202	(297)	(95)	202	(297)	(95)
Legal Services	1,308	(245)	1,063	1,526	(245)	1,281	1,409	(251)	1,158	1,409	(251)	1,158

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Leader Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s
Other Services												
Emergency Planning	82	0	82	172	0	172	206	0	206	206	0	206
Corporate Subscriptions	85	0	85	155	0	155	100	0	100	250	0	250
Strategy and Performance	692	0	692	805	0	805	648	0	648	907	0	907
Net Expenditure/(Income)	13,384	(2,448)	10,936	13,836	(2,359)	11,477	13,957	(2,420)	11,537	14,348	(2,438)	11,910

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Leader Portfolio

Subjective Summary	2018/19		2019/20	
	Original	Probable Outturn	Before Savings & Investments	Budget
	£000s	£000s	£000s	£000s
Expenditure				
Employees	9,906	10,096	10,697	10,946
Premises	167	180	175	175
Transport	52	52	51	51
Supplies & Services	2,709	2,992	2,576	2,618
Third Party Payments	284	271	194	294
Transfer Payments	0	0	0	0
Depreciation	66	65	64	64
Special Items	200	180	200	200
Gross Expenditure	13,384	13,836	13,957	14,348
Income				
Government Grants	(2)	(2)	(2)	(2)
Other Grants & Reimbursements	(24)	(24)	(24)	(24)
Sales	0	0	0	0
Fees & Charges	(1,764)	(1,675)	(1,711)	(1,711)
Rents	0	0	0	0
Interest	0	0	0	0
Investment Asset Revaluation Gain	0	0	0	0
Government Capital Grants	0	0	0	0
Recharges to Housing Revenue Account	(426)	(426)	(436)	(454)
Other Internal Charges	(232)	(232)	(247)	(247)
Total Income	(2,448)	(2,359)	(2,420)	(2,438)
Net Expenditure/(Income)	10,936	11,477	11,537	11,910

GROWTH

REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Growth Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s
Asset and Facilities Management												
Asset Management	416	(16)	400	416	(16)	400	459	(17)	442	459	(17)	442
Corporate and Industrial Estates	177	(3,319)	(3,142)	307	(2,803)	(2,496)	168	(3,012)	(2,844)	168	(3,567)	(3,399)
Property Management and Maintenance	469	(111)	358	438	(91)	347	460	(114)	346	460	(114)	346
Buildings Management	2,543	(110)	2,433	2,853	(110)	2,743	2,774	(113)	2,661	2,734	(113)	2,621
Economic Development and Regeneration												
Economic Development	1,004	(578)	426	2,365	(1,984)	381	3,737	(3,291)	446	3,729	(3,291)	438
Town Centre	206	(59)	147	170	(80)	90	209	(60)	149	198	(60)	138
Planning												
Development Control	895	(631)	264	958	(826)	132	923	(656)	267	923	(656)	267
Regional And Local Town Plan	284	0	284	419	0	419	300	0	300	735	0	735
Tourism												
Resort Services Pier and Foreshore	2,828	(957)	1,871	2,397	(1,188)	1,209	2,456	(981)	1,475	2,514	(991)	1,523
Tourism	58	(18)	40	57	(18)	39	45	(7)	38	31	(7)	24
Net Expenditure/(Income)	8,880	(5,799)	3,081	10,380	(7,116)	3,264	11,531	(8,251)	3,280	11,951	(8,816)	3,135

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Growth Portfolio

Subjective Summary	2018/19		2019/20	
	Original	Probable Outturn	Before Savings & Investments	Budget
	£000s	£000s	£000s	£000s
Expenditure				
Employees	3,876	4,061	4,205	4,236
Premises	2,199	2,196	1,906	1,906
Transport	76	80	76	76
Supplies & Services	745	2,091	3,231	3,641
Third Party Payments	109	31	98	77
Transfer Payments	0	0	0	0
Depreciation	1,875	1,921	2,015	2,015
Gross Expenditure	8,880	10,380	11,531	11,951
Income				
Government Grants	0	0	0	0
Other Grants & Reimbursements	(601)	(2,022)	(3,314)	(3,314)
Sales	(30)	(30)	(30)	(30)
Fees & Charges	(1,841)	(2,063)	(1,886)	(1,896)
Rents	(3,327)	(3,484)	(3,021)	(3,576)
Interest	0	0	0	0
Investment Asset Revaluation Gain	0	483	0	0
Government Capital Grants	0	0	0	0
Recharges to Housing Revenue Account	0	0	0	0
Other Internal Charges	0	0	0	0
Total Income	(5,799)	(7,116)	(8,251)	(8,816)
Net Expenditure/(Income)	3,081	3,264	3,280	3,135

ADULTS AND HOUSING PORTFOLIO

REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Adults and Housing Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adult Social Care												
Adult Support Services and Management	298	0	298	524	0	524	547	0	547	547	0	547
Commissioning Team	1,776	(184)	1,592	1,775	(184)	1,591	1,844	(180)	1,664	1,744	(180)	1,564
Strategy and Development	2,228	(590)	1,638	2,301	(660)	1,641	2,640	(786)	1,854	2,785	(786)	1,999
People with a Learning Disability	14,427	(1,922)	12,505	14,085	(1,860)	12,225	14,289	(1,874)	12,415	14,567	(1,874)	12,693
People with Mental Health Needs	3,653	(198)	3,455	4,497	(387)	4,110	4,359	(396)	3,963	4,456	(396)	4,060
Older People	29,566	(16,464)	13,102	29,484	(19,163)	10,321	27,979	(18,182)	9,797	28,844	(18,182)	10,662
Other Community Services	5,877	(4,574)	1,303	4,444	(2,540)	1,904	5,125	(5,017)	108	5,720	(5,017)	703
People with a Physical or Sensory Impairment	4,614	(1,222)	3,392	5,078	(1,250)	3,828	5,010	(1,254)	3,756	5,192	(1,254)	3,938
Service Strategy and Regulation	124	(69)	55	123	(69)	54	123	(69)	54	123	(69)	54
Council and Private Sector Housing Investment												
Private Sector Housing	3,780	(1,119)	2,661	3,726	(1,119)	2,607	3,239	(383)	2,856	3,190	(383)	2,807
Supporting People	2,433	0	2,433	2,245	0	2,245	2,244	0	2,244	2,244	0	2,244
Homelessness												
Housing Needs and Homelessness	994	(658)	336	1,604	(1,369)	235	1,531	(1,289)	242	1,531	(1,313)	218
Strategy and Advice												
Strategy and Planning for Housing	224	(117)	107	240	(117)	123	260	(120)	140	409	(125)	284
Net Expenditure/(Income)	69,994	(27,117)	42,877	70,126	(28,718)	41,408	69,190	(29,550)	39,640	71,352	(29,579)	41,773

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Adults and Housing Portfolio

Subjective Summary	2018/19		2019/20	
	Original	Probable Outturn	Before Savings & Investments	Budget
	£000s	£000s	£000s	£000s
Expenditure				
Employees	12,992	13,889	14,604	15,214
Premises	324	333	327	327
Transport	306	314	451	451
Supplies & Services	4,096	4,124	3,898	4,048
Third Party Payments	48,910	48,084	47,120	48,622
Transfer Payments	0	0	0	(100)
Depreciation	3,366	3,382	2,790	2,790
Gross Expenditure	69,994	70,126	69,190	71,352
Income				
Government Grants	(1,045)	(2,581)	(1,535)	(1,535)
Other Grants & Reimbursements	(13,513)	(13,513)	(15,855)	(15,855)
Sales	0	0	0	0
Fees & Charges	(10,925)	(10,990)	(11,257)	(11,257)
Rents	(83)	(83)	(75)	(75)
Interest	0	0	0	0
Government Capital Grants	(1,001)	(1,001)	(263)	(263)
Recharges to Housing Revenue Account	(550)	(550)	(565)	(594)
Other Internal Charges	0	0	0	0
Total Income	(27,117)	(28,718)	(29,550)	(29,579)
Net Expenditure/(Income)	42,877	41,408	39,640	41,773

CHILDREN AND LEARNING

REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Children & Learning Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Childrens Social Care												
Children Fieldwork Services	4,379	(5)	4,374	5,703	(5)	5,698	4,741	(5)	4,736	5,484	(5)	5,479
Children with Disabilities	1,175	(183)	992	1,176	(183)	993	1,179	(178)	1,001	1,179	(178)	1,001
Childrens Specialist Support and Commissioning	2,624	(164)	2,460	2,784	(164)	2,620	2,363	(171)	2,192	2,783	(171)	2,612
Inhouse Fostering and Adoption	4,911	(236)	4,675	5,015	(236)	4,779	4,976	(166)	4,810	5,089	(166)	4,923
Leaving Care Placements and Resources	1,104	(232)	872	2,386	(792)	1,594	1,903	(656)	1,247	1,903	(656)	1,247
Private Voluntary Independent Provider Placements	3,825	(120)	3,705	5,898	(120)	5,778	4,675	(120)	4,555	4,175	(120)	4,055
Youth and Family Support												
Early Help and Family Support	1,723	(1,201)	522	1,984	(1,201)	783	1,792	(1,203)	589	2,080	(1,203)	877
Youth Offending Service	1,894	(632)	1,262	1,834	(574)	1,260	1,951	(574)	1,377	1,993	(574)	1,419
Youth Service	597	(96)	501	518	(46)	472	535	(46)	489	535	(46)	489
Education and Schools												
School Support and Education Transport	23,116	(11,213)	11,903	23,485	(11,313)	12,172	22,175	(12,268)	9,907	22,100	(12,268)	9,832
Early Years Development and Child Care Partnership	12,023	(10,825)	1,198	12,682	(10,382)	2,300	11,206	(10,057)	1,149	11,506	(10,057)	1,449
High Needs Educational Funding	11,906	(11,028)	878	11,927	(11,129)	798	12,302	(11,344)	958	12,402	(11,344)	1,058
Southend Adult Community College	3,400	(3,186)	214	3,373	(3,374)	(1)	3,375	(3,186)	189	3,375	(3,186)	189
Total Retained	72,677	(39,121)	33,556	78,765	(39,519)	39,246	73,173	(39,974)	33,199	74,604	(39,974)	34,630

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Children & Learning Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Maintained Schools Delegated												
Maintained Schools Delegated Budgets	32,454	(32,454)	0	32,454	(32,454)	0	21,656	(21,656)	0	21,656	(21,656)	0
Pupil Premium	2,906	(2,906)	0	2,906	(2,906)	0	2,500	(2,500)	0	2,500	(2,500)	0
Total Delegated	35,360	(35,360)	0	35,360	(35,360)	0	24,156	(24,156)	0	24,156	(24,156)	0
Net Expenditure/(Income)	108,037	(74,481)	33,556	114,125	(74,879)	39,246	97,329	(64,130)	33,199	98,760	(64,130)	34,630

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Children & Learning Portfolio

Subjective Summary	2018/19		2019/20	
	Original	Probable Outturn	Before Savings & Investments	Budget
	£000s	£000s	£000s	£000s
Expenditure				
Employees	15,003	16,214	15,360	16,778
Premises	315	312	313	313
Transport	553	605	619	625
Supplies & Services	17,920	20,936	20,175	20,179
Third Party Payments	16,162	18,952	18,201	18,196
Transfer Payments	40,170	38,396	27,337	27,345
Depreciation	17,914	18,710	15,324	15,324
Gross Expenditure	108,037	114,125	97,329	98,760
Income				
Government Grants	(64,318)	(64,585)	(54,508)	(54,508)
Other Grants & Reimbursements	(939)	(881)	(785)	(785)
Sales	(49)	(49)	(49)	(49)
Fees & Charges	(909)	(910)	(988)	(988)
Rents	(58)	(58)	(58)	(58)
Interest	0	0	0	0
Investment Asset Revaluation Gain	0	(188)	0	0
Government Capital Grants	(8,208)	(8,208)	(7,742)	(7,742)
Recharges to Housing Revenue Account	0	0	0	0
Other Internal Charges	0	0	0	0
Total Income	(74,481)	(74,879)	(64,130)	(64,130)
Net Expenditure/(Income)	33,556	39,246	33,199	34,630
Memorandum Items				
MATS	4,103	4,103	4,103	4,103
Accommodation Charges	563	563	563	563
Departmental Support	3,860	3,860	3,860	3,860
Recharges	(2,794)	(2,794)	(2,794)	(2,794)
Net Support Services	5,732	5,732	5,732	5,732
Total Service Cost	39,288	44,978	38,931	40,362

HEALTHY COMMUNITIES AND WELLBEING

REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Healthy Communities and Wellbeing Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Community Resilience and Cohesion												
Partnership Team	231	0	231	230	0	230	505	0	505	486	0	486
Community Centres and Club 60	93	(1)	92	89	(1)	88	88	(1)	87	88	(1)	87
Culture												
Arts Development	499	(233)	266	607	(243)	364	501	(234)	267	501	(264)	237
Amenity Services Organisation	3,673	(683)	2,990	3,810	(575)	3,235	3,955	(700)	3,255	3,953	(600)	3,353
Culture Management	146	(6)	140	146	(6)	140	156	(7)	149	156	(37)	119
Library Service	3,378	(397)	2,981	3,436	(397)	3,039	3,504	(402)	3,102	3,500	(410)	3,090
Museums And Art Gallery	1,995	(80)	1,915	1,987	(80)	1,907	1,149	(81)	1,068	1,149	(93)	1,056
Parks And Amenities Management	1,812	(786)	1,026	2,635	(580)	2,055	1,842	(696)	1,146	1,784	(506)	1,278
Sports Development	54	0	54	53	0	53	55	0	55	55	0	55
Sport and Leisure Facilities	589	(304)	285	669	(304)	365	623	(304)	319	618	(304)	314
Southend Theatres	647	(27)	620	673	(27)	646	377	(25)	352	377	(25)	352
Customer Services												
Registration of Births Deaths and Marriages	330	(378)	(48)	330	(378)	(48)	351	(387)	(36)	351	(387)	(36)
Customer Services Centre	1,976	(295)	1,681	1,840	(295)	1,545	2,097	(303)	1,794	2,192	(303)	1,889
Revenues and Benefits												
Council Tax Collection	869	(607)	262	1,014	(752)	262	984	(684)	300	984	(684)	300
Non Domestic Rates Collection	199	(306)	(107)	199	(306)	(107)	207	(308)	(101)	207	(308)	(101)
Housing Benefit Administration	1,801	(1,195)	606	1,904	(1,340)	564	1,734	(1,015)	719	1,664	(925)	739
Rent Benefit Payments	91,582	(91,685)	(103)	73,771	(73,874)	(103)	73,902	(74,005)	(103)	73,902	(74,005)	(103)

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Healthy Communities and Wellbeing Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)	Gross Expenditure	Total Income	Net Expenditure / (Income)
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Health												
Public Health	6,323	(6,480)	(157)	6,564	(6,480)	84	6,085	(6,309)	(224)	6,145	(6,369)	(224)
Drug and Alcohol Action Team	2,270	(2,187)	83	2,294	(2,187)	107	2,282	(2,187)	95	2,282	(2,187)	95
Young Persons Drug and Alcohol Team	273	(265)	8	272	(265)	7	272	(265)	7	272	(265)	7
Voluntary & Community Services												
Support To Voluntary Sector	811	0	811	841	0	841	701	0	701	701	0	701
Net Expenditure/(Income)	119,551	(105,915)	13,636	103,364	(88,090)	15,274	101,370	(87,913)	13,457	101,367	(87,673)	13,694

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Healthy Communities and Wellbeing Portfolio

Subjective Summary	2018/19		2019/20	
	Original	Probable Outturn	Before Savings & Investments	Budget
	£000s	£000s	£000s	£000s
Expenditure				
Employees	12,563	12,259	13,380	13,405
Premises	1,013	1,209	1,095	1,095
Transport	415	471	463	460
Supplies & Services	6,061	6,280	6,207	6,130
Third Party Payments	5,560	5,993	5,027	5,079
Transfer Payments	90,639	73,057	73,189	73,189
Depreciation	3,300	4,095	2,009	2,009
Gross Expenditure	119,551	103,364	101,370	101,367
Income				
Government Grants	(97,187)	(79,753)	(79,387)	(79,417)
Other Grants & Reimbursements	(5,266)	(5,040)	(5,030)	(5,030)
Sales	(109)	(117)	(135)	(140)
Fees & Charges	(3,171)	(2,997)	(3,253)	(2,971)
Rents	(31)	(31)	(58)	(65)
Interest	0	0	0	0
Government Capital Grants	(151)	(152)	(50)	(50)
Recharges to Housing Revenue Account	0	0	0	0
Other Internal Charges	0	0	0	0
Total Income	(105,915)	(88,090)	(87,913)	(87,673)
Net Expenditure/(Income)	13,636	15,274	13,457	13,694

INFRASTRUCTURE
REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Infrastructure Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s
Transport												
Highways Maintenance	10,956	(1,708)	9,248	10,738	(1,524)	9,214	10,197	(1,253)	8,944	10,019	(1,253)	8,766
Bridges and Structural Engineering	414	0	414	425	0	425	460	0	460	460	0	460
Decriminalised Parking	1,171	(1,699)	(528)	1,023	(1,497)	(474)	1,178	(1,707)	(529)	1,178	(1,707)	(529)
Car Parking Management	1,170	(7,222)	(6,052)	4,113	(6,799)	(2,686)	1,234	(7,020)	(5,786)	1,306	(6,993)	(5,687)
Concessionary Fares	3,307	0	3,307	3,234	0	3,234	3,390	0	3,390	3,390	0	3,390
Passenger Transport	417	(65)	352	531	(65)	466	438	(67)	371	438	(67)	371
Road Safety and School Crossing	229	0	229	194	0	194	229	0	229	214	0	214
Transport Planning	1,672	(1,990)	(318)	1,734	(1,603)	131	1,828	(2,287)	(459)	1,828	(2,287)	(459)
Traffic and Parking Management	600	(5)	595	768	(5)	763	690	(6)	684	664	(6)	658
Dial A Ride Service	105	(19)	86	110	(19)	91	114	(20)	94	97	(20)	77
Transport Management	173	0	173	173	0	173	184	0	184	167	0	167
Vehicle Fleet	550	(344)	206	555	(344)	211	566	(344)	222	550	(344)	206
Other Services												
Information Communications and Technology	6,193	(1,183)	5,010	7,053	(1,183)	5,870	5,926	(1,233)	4,693	5,987	(1,238)	4,749
Enterprise Tourism and Environment Central Pool	1,451	0	1,451	1,497	0	1,497	1,505	0	1,505	1,505	0	1,505
Net Expenditure/(Income)	28,408	(14,235)	14,173	32,148	(13,039)	19,109	27,939	(13,937)	14,002	27,803	(13,915)	13,888

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Infrastructure Portfolio

Subjective Summary	2018/19		2019/20	
	Original	Probable Outturn	Before Savings & Investments	Budget
	£000s	£000s	£000s	£000s
Expenditure				
Employees	6,667	6,567	6,818	6,829
Premises	1,006	1,882	1,300	1,300
Transport	378	424	404	396
Supplies & Services	2,098	2,384	2,593	2,488
Third Party Payments	6,485	6,665	6,587	6,553
Transfer Payments	0	0	0	0
Depreciation	11,774	14,226	10,237	10,237
Gross Expenditure	28,408	32,148	27,939	27,803
Income				
Government Grants	(1,119)	(1,119)	(1,225)	(1,225)
Other Grants & Reimbursements	(40)	(12)	(40)	(40)
Sales	0	0	0	0
Fees & Charges	(11,169)	(10,002)	(11,225)	(11,198)
Rents	(2)	(1)	(1)	(1)
Interest	0	0	0	0
Government Capital Grants	(1,432)	(1,432)	(970)	(970)
Recharges to Housing Revenue Account	(119)	(119)	(122)	(127)
Other Internal Charges	(354)	(354)	(354)	(354)
Total Income	(14,235)	(13,039)	(13,937)	(13,915)
Net Expenditure/(Income)	14,173	19,109	14,002	13,888

PUBLIC PROTECTION
REVENUE BUDGET 2019/20

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Public Protection Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s
Community Safety												
Closed Circuit Television	549	(33)	516	498	(33)	465	553	(34)	519	553	(34)	519
Community Safety	216	(32)	184	354	(32)	322	222	(32)	190	507	(32)	475
Energy												
Climate Change	111	(144)	(33)	213	(82)	131	55	(163)	(108)	55	(163)	(108)
Cemeteries and Crematorium												
Cemeteries and Crematorium	1,161	(2,566)	(1,405)	1,243	(2,686)	(1,443)	1,206	(2,640)	(1,434)	1,155	(2,640)	(1,485)
Flooding												
Flood and Sea Defence	811	(11)	800	627	(53)	574	780	(13)	767	780	(13)	767
Regulatory Services												
Regulatory Business	35	(14)	21	45	(11)	34	34	(14)	20	29	(14)	15
Regulatory Licensing	100	(469)	(369)	119	(251)	(132)	121	(478)	(357)	117	(478)	(361)
Regulatory Management	1,134	0	1,134	1,066	0	1,066	1,170	0	1,170	1,165	0	1,165
Regulatory Protection	71	(13)	58	88	(13)	75	70	(13)	57	63	(13)	50
Building Control	443	(440)	3	457	(440)	17	457	(451)	6	457	(451)	6

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Public Protection Portfolio

Objective Summary	2018/19						2019/20					
	Original			Probable Outturn			Before Savings & Investments			Budget		
	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s	Gross Expenditure £000s	Total Income £000s	Net Expenditure / (Income) £000s
Waste and Street Scene												
Public Conveniences	550	0	550	566	0	566	566	0	566	563	0	563
Waste Collection	4,695	0	4,695	5,042	0	5,042	4,993	0	4,993	4,993	0	4,993
Waste Disposal	5,264	0	5,264	4,611	0	4,611	5,037	0	5,037	5,037	0	5,037
Street Cleansing	1,360	0	1,360	1,395	0	1,395	1,395	0	1,395	1,395	0	1,395
Household Recycling	477	(7)	470	489	(7)	482	488	(7)	481	488	(7)	481
Environmental Care	242	(4)	238	245	(4)	241	251	(4)	247	228	(4)	224
Waste Management	296	0	296	294	(235)	59	311	0	311	311	0	311
Net Expenditure/(Income)	17,515	(3,733)	13,782	17,352	(3,847)	13,505	17,709	(3,849)	13,860	17,896	(3,849)	14,047

**SOUTHEND ON SEA BOROUGH COUNCIL
GENERAL FUND YEAR ENDING 31 MARCH 2020**

Public Protection Portfolio

Subjective Summary	2018/19		2019/20	
	Original	Probable Outturn	Before Savings & Investments	Budget
	£000s	£000s	£000s	£000s
Expenditure				
Employees	3,565	3,382	3,521	3,730
Premises	507	677	518	530
Transport	73	84	72	63
Supplies & Services	345	532	411	409
Third Party Payments	12,416	12,040	12,549	12,528
Transfer Payments	0	0	0	0
Depreciation	609	637	638	636
Gross Expenditure	17,515	17,352	17,709	17,896
Income				
Government Grants	(11)	(12)	(13)	(13)
Other Grants & Reimbursements	(32)	(308)	(32)	(32)
Sales	(6)	(6)	(6)	(6)
Fees & Charges	(3,677)	(3,514)	(3,791)	(3,791)
Rents	(7)	(7)	(7)	(7)
Interest	0	0	0	0
Government Capital Grants	0	0	0	0
Recharges to Housing Revenue Account	0	0	0	0
Other Internal Charges	0	0	0	0
Total Income	(3,733)	(3,847)	(3,849)	(3,849)
Net Expenditure/(Income)	13,782	13,505	13,860	14,047

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2019/20 - 2021/22 BUDGET INVESTMENT**A COMMUNITY SAFETY****A1 Community Safety Hub - £285,000**

Additional permanent staffing resources for the Community Safety Hub as approved at Cabinet 19/6/18.

A2 Grounds Maintenance - £100,000

This additional investment requirement is a result of continuing demand pressure in the Grounds Maintenance budget, as a result of the income budget for selling services not being realised.

Sub Total for Community Safety**£385,000****B HEALTH & WELLBEING****B1 Housing Benefit/Localised Council Tax Scheme Administration Grant - £90,000**

This Government grant income provides funding support to the Local Authority for the administrative running of the national Housing Benefit and Localised Council Tax Scheme. The Department for Works and Pensions (DWP) announces annually the Local Authority allocations for the above grant. Nationally the total available for distribution for this overall grant has reduced year on year and the consequent reduction in the Council's annual grant for 2019/20 from the DWP is £90,000.

Given the high risks around the recent introduction of Universal Credit and its implications for benefits staffing in dealing with this new process coupled with the need to ensure that housing benefit subsidy is maximised for administrative delay and local authority error it is important that the grant income reduction is addressed by this investment.

B2 Outdoor sports - £100,000

The number of sports clubs renting pitches, paying fees and participating in organised team sports has decreased in successive recent years. National statistics show there is a reduction of 21% in football between 2011 and 2015 alone, which is reflected in the number of leagues and teams now in operation locally. Cricket teams have also suffered year on year reductions. Participation in other physical activities such as running and cycling have grown, but these do not command any income to the Council.

2019/20 - 2021/22 BUDGET INVESTMENT**B3 Golf – £90,000**

Golf is another sport to have suffered considerable loss of participation and subsequent income to the Council. Coupled with increasing competition from private clubs, the Council's income budget has not reflected this shift in consumer behaviour and needs adjusting to align the income budget with actual income.

Sub Total for Health & Wellbeing**£280,000****C CHILDREN & LIFELONG LEARNING**

Members will be aware of the national increase of demand in Children's services over the past 5 years. The Association of Directors of Children's Services (ADCS) and Local Government Association (LGA) have raised this issue with central government that unlike Adults services where the Better Care Fund (BCF), Improved Better Care Fund (iBCF) and the precept has given local authorities additional resources to meet that demand, this has not been forthcoming for children's services. In addition to the increase of need and demand, the raising of the bar in the recent Ofsted Inspection regime means additional resources were required following the 2016 Single Inspection service. As a result a detailed financial review has been undertaken and recommends the following.

C1 Getting it right for Every Child (Demand strategy) for children's services - £1,108,000

Externally commissioned research into need and resources within Children's Services highlighted Southend as having less funding than both the England average and other similar local authorities. A strategy is being developed in conjunction with our transformation programme to ensure we are best placed to meet increased demand in the short term and to ensure appropriate services are in place to reduce demand in the medium to long term. The funding will facilitate the additional social work posts funded temporarily following the Ofsted inspection to be made permanent and additional post to maintain and improve outcomes for children and families. In total there will be an additional 6 to establishment of new qualified social workers to grow our own, 7 additional social worker places (5 of which are in post on temporary basis through the Ofsted improvement) 2.5 additional more senior staff to oversee practice and 2 additional administration

C2 Edge of Care Team - £330,000 (and a further £250,000 annually from 2020/21)

The Edge of Care team has successfully supported children and young people to either remain safely at home or out of care, return home from care, or in a sustained foster placement, thus avoiding high cost residential placements. A detailed review of this service indicates cost savings/avoidance of £1.3m over a year. To ensure continued success this investment will allow us to make all temporary resources permanent.

2019/20 - 2021/22 BUDGET INVESTMENT**C3 Adolescent Team - £275,000**

The development of the Adolescent Team followed the innovated work with vulnerable young people which has strengthened families and improved relationships, enabling children to remain living safely within the family home safely and sustainably. This work was commended in the recent JTAI inspection. To ensure continued success and following the increased identification of young people at risk of exploitation this investment will allow us to make all temporary resources permanent.

C4 Increase fees for foster carers to prevent loss of capacity - £100,000

To keep up with increased living costs and prevent the risk of foster capacity dropping and potentially causing an increase on high cost placements, there is a need to invest in increased foster carer fees. This investment, over and above inflation, also ensures we keep children locally placed and will, alongside the edge of care investment, contribute to savings in external high cost placements for 19/20.

C5 Early years funding - £350,000

As part of the Dedicated Schools Grant (DSG), historically £500K has been transferred between schools and early years (EY) to fund early year's development and training over and above the seven statutory duties it is required to deliver. This has resulted in a very high performance profile for EY in the Borough, which in turn leads to a good start in schools. This funding employs under contract EY professionals, which comes to an end in March 2019. Under the National Funding Formula, this will no longer be possible. An investment request is being made to fill this gap. The risk associated with this gap is if this if we in not getting this funding is that over time, readiness for school and outcomes will diminish.

C6 SEN children costs rising particularly ASD provision - £100,000

Specialist Provision for pupils of mainstream intellectual ability whose Autism prevents them from accessing mainstream school could be placed in mainstream school by the expansion of Autism Resource Bases (ARB)'s. Currently Southend has two ARBs supporting key stage 1 but pupils needing access to such provision in key stage 2-4 do not have that available and are placed often inappropriately in special schools or in expensive independent schools away from their local community. We propose a one off pump priming investment over 2 years to support mainstream schools to support these pupils whilst at the same time reducing costs for schools over the short term. Over the two years of this investment we will support mainstream schools to create a longer term sustainable plan in managing these pupils This cost can also be offset by the cost of placing those pupils in special schools or independent school placements which may mean with rigorous admission criteria there is a minimal revenue cost (or even a saving) to the high needs block by introducing the additional places in ARBs.

2019/20 - 2021/22 BUDGET INVESTMENT**C7 Virtual Schools funding - £75,000**

The Head Teacher of the Virtual School will pull together a request for funding to support the continued improvement and growth in the virtual school. Due to the increase in looked after children numbers this permanent investment is needed to ensure operational matters do not detract from sustained improvement in outcomes and is to recruit a Deputy Head teacher post.

Sub Total for Children and Lifelong Learning**£2,338,000****D ADULT SERVICES****D1 Adult Social Care - £3,362,000**

There continues to be year on year pressures on adult services including demographic (£500k) and transition from Children's to Adults pressures (£400k) as well as National Living Wage (NLW) implications (£1,000k). In addition, further investment will be made to enable the on-going transformation work. This level of investment means that all new resources being made available through the iBCF, social care precept and the ring fenced element of the social care grant are being invested in adult social care. This strategic approach replaces the need for standalone investments to cover NLW, demographic and transition pressures.

Sub Total for Adult Services**£3,362,000****E STAFFING CAPACITY****E1 Customer Service Staffing - £170,000**

To create additional management capacity and a technical/user support team to ensure the ongoing development and take up of "MySouthend". This investment will improve and enhance the customer interface with the Council and will provide evidence and data to assist with service redesign. This investment will be offset by savings detailed in D2 and D3; namely the deletion of the Group Manager post for Bereavement services and other staffing savings that will be realised through the roll out of phase 2 of the channel shift project.

2019/20 - 2021/22 BUDGET INVESTMENT**E2 Corporate Strategy Staffing - £75,000**

Additional staffing around communications and policy/strategy to support/deliver the Southend 2050 ambition, themes and outcomes. Additional capacity and capability particularly around the use of insights (intelligent data), service redesign, user research and outcome based planning will be essential in the next phase of the organisation's development. This investment will ensure that data and intelligence is used consistently across the organisation to inform policy development and service redesign. It will introduce capacity and capability in this area, whilst at the same time maintaining/enhancing the community engagement function. The investment will also strengthen the communications resource and allow for proactive media (including social media) and reputational management.

<u>Sub Total for Staffing Capacity</u>	<u>£245,000</u>
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<u>TOTAL INVESTMENT</u>	<u>£6,610,000</u>
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Summary

Community Safety	385,000
Health & Well Being	280,000
Children & Lifelong Learning	2,338,000
Adult Services	3,362,000
Staffing Capacity	<u>245,000</u>
Total Proposed Investment	<u>£6,610,000</u>

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2019/20 – 2021/22 BUDGET REDUCTIONS**A INCOME – COMMERCIAL ACTIVITIES****A1 Commercial property income - £455,000**

As a result of a commercial acquisition in late 2017/18 and a new letting in the Civic Centre Campus an additional annual lease income of £455,000 will be generated in a full year from 2019/20.

Sub Total for Income – Commercial Activities**£455,000****B INCOME – NEW/ADDITIONAL****B1 Asset rental and leases - £100,000**

The return on income in this area continues to improve as a result of close review and monitoring of rentals and leases and therefore an additional sum of £100k will be generated annually from 2019/20.

B2 Investment Income - £250,000

Some of the Council's cash balances are invested over the medium and long term with the aim of realising higher yields than short term investments. Further investment in long term funds was made in the early part of 2018/19. The price of units can rise and fall and in some quarters the returns are good but in other quarters there may be losses. The interest equalisation reserve is used to meet any temporary losses against the annual investment income budget and the amounts contributed to/from this reserve will depend on the actual annual investment performance against the budget.

The setting of the correct level of budget is therefore important as it should allow for sufficient reserves to be built up in preparation for any temporary losses, but not to build up too high a level. The further investment in the long term funds will allow the increase in the underlying income budget by £250k without impacting on the Council's ability to meet temporary losses.

Sub Total for Income - New/Additional**£350,000**

2019/20 – 2021/22 BUDGET REDUCTIONS**C TRANSFORMATION****C1 Locality working/community engagement – £1,100,000**

Further embedding an empowering and enabling approach that focuses on the strengths, assets, and resources of the individual. We will continue to foster and encourage maximum independence and support the individual in their personal responsibility for maintaining their own wellbeing. The concepts of prevention, re-ablement and enablement are key to this vision to create an asset/strength based approach to supporting people to maintain a decent quality of life.

The continuation in adopting a collaborative, whole system approach incorporating locality working will support a council wide preventative approach, reducing demand within the health and social care sector. This approach also has the potential to reduce overall demand across wider council services such as highways, waste, customer services etc. Community engagement, promotion of resident's accord and asset based assessments and support planning, including the use of LL portals has potential to create efficiencies and further reduce demand on council wide functions.

C2 Children's services adopting locality approach and use of technology – £200,000

Alignment of our children's services transformation programme with our counterpart work in adult services will provide opportunities in the latter part of 19/20. Examples being explored include delivering some services through localities and, use of technological efficiencies following further embedding of our new social care system.

C3 Reduced high cost placements linked to Edge of care – £500,000

Permanent investment in the Edge of Care team is expected to result in more children returning home from care, leading to a reduction in the cost of placements. In addition the team will support in house foster placements at high risk of disruption, which could lead to high cost external residential placements. This saving is also supported by the investment in additional foster carers fees which will keep children placed locally.

C4 Public Health role in Council services - £160,000

Culture Team - This is to permanently place a management focus on public health outcomes driven through the cultural offer and built into appropriate job descriptions (£60k)

Housing - One off funding to Private Housing scheme to support our local drive to reduce health inequalities and improve health and wellbeing by tackling damp surroundings that cause respiratory diseases, fuel poor and reduce the risk of trips and falls, in these properties (£50k)

Children's - One off funding to Children Centre services to support our renewed vision in the expansion of the ABSS programme and re-alignment with the health visiting service – part of a new model development (£50k)

2019/20 – 2021/22 BUDGET REDUCTIONS

C5 Pathways - £40,000
A proposal to replace broken pavements (paving stones) in new areas with lower cost black top rather than paving slabs. Existing colour areas to be replaced on a like for like basis.

C6 Central reservation greenery - £25,000
This proposal is to review the planted greenery in various central reservations to reduce annual maintenance costs and assisting traffic management costs from not closing roads.

Sub Total for Transformation**£2,025,000****D STAFFING RESTRUCTURES**

D1 Finance & Resources Staffing - £70,000
Arising from a restructure and the deletion of the Group Manager post in the Benefits team a saving of £70k pa can be realised.

D2 Cemeteries and Crematoria Staffing - £100,000
The deletion of a Group Manager post in this team with realise a saving of £75k pa and a staffing structure review will delete a further post of £25k.

D3 Channel Shift Staffing - £75,000 (2020/21 - 2021/22 further savings to be identified)
With the rollout of the Channel Shift Programme staff savings in the Contact Centre and Business Support function in the Place Department will be realised over the next three years.

D4 Joint contracts and commissioning efficiencies – £200,000
Build on the work carried out by procurement to look at alignment of contract and commissioning functions across Adult social care and Integrated Commissioning. This will be a joint piece work between the three service areas with a view to streamline appropriate functions and review the wider structures across the two service areas.

D5 Learning services savings – £150,000
Savings will be made through a targeted review of staffing roles/functions within the service. Roles will either be merged where efficiency savings can be found, or deleted where possible.

D6 Tickfield Centre restructuring - £40,000
As a result of merging the Tickfield team into Property and Estate Management one team leader post will be removed in the restructure planned for April 2019.

Sub Total for Staffing Restructures**£635,000**

2019/20 – 2021/22 BUDGET REDUCTIONS**E PROCUREMENT EFFICIENCIES****E1 External Audit Fees - £30,000**

Arising from the recent procurement exercise of external auditors for all Local Authorities in England, the annual fee for 2019/20 will reduce by £30,000 (against a previous fee of £143k for the main audit in 2018/19 – a 21% reduction).

E2 Insurance Renewal – £150,000

As a result of a recent successful procurement exercise of the Council's insurance arrangements, for our property, the cost of the Council's insurance will reduce by £150,000 pa in 2019/20, a reduction of 25% in the annual budget.

E3 Procurement review of contracted services – £100,000

A review of all contracts due for re-tendering within the People Department has identified a procurement saving from the Adult Social Care contracts in respect of the LD Supported Living budget.

Sub Total for Procurement Efficiencies**£280,000****TOTAL BUDGET REDUCTIONS****£3,745,000****Summary****Income – Commercial Activities****455,000****Income – New/Additional****350,000****Transformation****2,025,000****Staffing Restructures****635,000****Procurement Efficiencies****280,000****Total Proposed Budget Reductions****£3,745,000**

2019/20 – 2021/22 BUDGET REDUCTIONS**Public Health Proposals**

Public Health is ring fenced and the proposed net reduction of £250,000 contains the budget in line with the Public Health grant allocation for 2019/20.

Savings:	Amount
	£'s
Management costs savings (2 admin posts)	(53,000)
Unallocated/ overachieved 18/19 savings	(129,000)
Smoking Cessation	(35,000)
Sexual Health contract procurement	(142,000)
0-5 contract procurement	<u>(231,000)</u>
Total Savings	<u>(590,000)</u>
Investments:	
NHS Health Checks Co-ordinators	50,000
Domestic abuse prevention, IDVA and MARAT	75,000
Healthy Schools & Emotional health	<u>15,000</u>
Total unfunded ongoing programmes	<u>140,000</u>
Domestic Abuse (SET contribution)	40,000
0-5 Management Post & Development	100,000
Community- led development Place post	<u>60,000</u>
Total New Initiatives	<u>200,000</u>
Total proposed net savings for Public Health	(250,000)

2019/20 – 2021/22 BUDGET REDUCTIONS**Housekeeping Efficiencies 2019/20****Salaries and Employee Associated Costs - £18,000**

Underspends against National Insurance Contributions for Members, staff training in the Regulatory Services team and staff advertising in the Enterprise and Community team

Travel Expenses - £20,500

Underspends in the Traffic Management, Parks and Environmental teams

Supplies and Services - £126,000

Underspends across Strategic Services, the Traffic Management and Food Safety teams, the Forum, Southend Pier and the Royal Pavilion

Contractors - £94,500

Surplus base budget for Contractors in Planning and Transport, Culture and Tourism and Public Protection and Waste

Advertising - £4,000

Unspent budgets in the Tourism, Marketing and Development team

Corporate Initiatives - £23,000

Unused budget in this area

Housing Revenue Account (HRA) - £52,000

HRA recharge adjustment to align with budget

Additional income generation - £30,000

Book Group Service - Charge £20 per annum per group (£3k)

Museum Services income - This will be additional income over current fees and charges (£7k)

Pier Train Charges - In addition to the MTFs assumption of 2% an average of 10p on pier train tickets will be added (£10k)

Prittlewell Prince Publication for sale following the Saxon archaeological finds exhibition scheduled in 2019. £5 per book (£5k)

Preparation of University of Essex book stock for the Forum (£5k)

Total proposed Housekeeping Efficiencies - £368,000

Appropriations to and from General Fund Earmarked Reserves

Appropriations for 2018/19

Within the forecast outturn figure, there are a number of proposals for appropriations to and from earmarked reserves. The final value of these appropriations will be assessed at year-end and reported as part of the closedown reporting.

Appropriations to Reserves

1. £1,445,000 to the New Homes Bonus Reserve

The Council is again in receipt of New Homes Bonus Grant. Rather than rely on it to support the general base budget, it is proposed that the monies be used to support one-off projects in future years.

2. £6,589,000 to the MRP Equalisation Reserve

Following the review of the Council's MRP policy, the amount of MRP that the Council needs to set aside in 2018/19 has dropped significantly below budget. Rather than take this saving to general reserves, it is proposed that it be transferred to the MRP equalisation reserve to fund future increases in MRP without impacting base line services.

3. £3,734,000 to the Pensions Reserve

The Pensions Reserve was used in 2017/18 to fund the pension deficit payment. This appropriation starts the process of rebuilding the Reserve to ensure the flexibility exists to be able to fund a similar arrangement at the next pension revaluation in 2020/21.

4. £515,000 to the Adult Social Care Reserve

The Council received late notification of an adult social care grant, which has been earmarked to this reserve for future use.

5. £2,000,000 to the Children's Social Care Reserve

To replenish the reserve following in-year draw downs

Total Appropriations to Reserves

£14,283,000

Appropriations to and from General Fund Earmarked Reserves

Appropriations from Reserves

6. £1,088,000 from the Business Transformation Reserve

To fund a number of one-off investments during 2018/19, and the replenishment of the children's social care reserve.

7. £238,000 from the Agresso Reserve

To continue the process of investment in the ERP system, so as to secure the basis for more efficient back office functions

8. £1,940,000 from the Capital Reserve

This is to fund the costs associated with a number of capital projects

9. £50,000 from the Elections Reserve

In line with the purpose that this reserve was set up, £35,000 will be released in 2018/19 in support of the costs of the Borough elections.

10. £200,000 from the Interest Equalisation Reserve

To compensate for an in year change to regulation regarding income recognition.

11. £200,000 from the Schools Improvement Reserve

To fund investment into Schools Improvement

12. £520,000 from the Adults Social Care Reserve

To replenish the children's social care reserve

13. £1,919,000 from the Children's Social Care Reserve

To fund investment into Children's Social Care and in-year service pressures.

14. £350,000 from the Social Fund Reserve

To fund the on-going work of the Essential Living Fund Team

15. £50,000 from the Waste Reserve

This is to equalise the impact of the saving being delivered from the new waste collection contract over its life

16. £472,000 from the Dedicated Schools Grant Reserve

Appropriations to and from General Fund Earmarked Reserves

To fund in-year pressures particularly around high needs

17. £328,000 from the General Grants Reserve

In accordance with proper accounting practice, grants received in 2017/18, but not used, were carried forward into 2018/19 via the use of earmarked reserves. This appropriation represents the release of some of those funds to support the grant related expenditure.

18. £240,000 from the Public Health Reserve

In accordance with proper accounting practice, public health grant received in 2017/18, but not used, were carried forward into 2018/19 via the use of earmarked reserves. This appropriation represents the release of some of those funds to support public health expenditure.

Total Appropriations from Reserves

£7,595,000

Appropriations to and from General Fund Earmarked Reserves

Appropriations for 2019/20

The proposed appropriations to and from earmarked reserves included within the 2019/20 budget are:

Appropriations to Reserves

1. £2,031,000 to the New Homes Bonus Reserve

The Council is again in receipt of New Homes Bonus Grant. Rather than rely on it to support the general base budget, it is proposed that a proportion of the monies be used to support one-off projects in future years.

2. £3,665,000 to the MRP Equalisation Reserve

Following the review of the Council's MRP policy, the amount of MRP that the Council needs to set aside in 2019/20 has dropped significantly below budget. Rather than take this saving to general reserves, it is proposed that it be transferred to the MRP equalisation reserve to fund future increases in MRP without impacting base line services.

3. £3,733,000 to the Pensions Reserve

The Pensions Reserve was used in 2017/18 to fund the pension deficit payment. This appropriation completes the process of rebuilding the Reserve to ensure the flexibility exists to be able to fund a similar arrangement at the next pension revaluation in 2020/21.

Total Appropriations to Reserves

£9,429,000

Appropriations to and from General Fund Earmarked Reserves**Appropriations from Reserves****1. £995,000 from the Business Transformation Reserve**

To fund a number of one-off investments during 2019/20.

2. £5,274,000 from the Capital Reserve

This is to fund the costs associated with a number of capital projects

3. £200,000 from the Schools Improvement Reserve

To fund investment into Schools Improvement

4. £735,000 from the New Homes Bonus Reserve

To fund a number of one-off investments during 2019/20

5. £300,000 from the Welfare Reform Reserve

To fund on-going work around welfare reform and housing benefit subsidy

6. £350,000 from the Social Fund Reserve

To fund the on-going work of the Essential Living Fund Team

7. £36,000 from the Elections Reserve

In line with the purpose that this reserve was set up, £36,000 will be released in 2019/20 in support of the costs of the Borough elections

8. £1,000 from the Waste Management Reserve

This is to equalise the impact of the saving being delivered from the new waste collection contract over its life.

Total Appropriations from Reserves**£7,891,000**

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**MEDIUM TERM
FINANCIAL STRATEGY
2019/20 to 2023/24**

February 2019

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1 Introduction

1.1 Objectives of the MTFS

The Medium Term Financial Strategy (MTFS) is designed to provide an integrated view of the whole of the Council's finances and outlook. It shows how the Council intends to align its financial resources to the Southend 2050 ambition, five year roadmap and desired outcomes.

The MTFS is the Council's key financial planning document which informs service and resource planning, and shows how spending is balanced with the available funding. It identifies budget gaps in the medium term and allows the Council time to address them in a considered and planned way.

The MTFS takes into account national and local priorities so that it is realistic and reduces the risk of a significant budget gap occurring late in the budget setting process. It includes revenue and capital net expenditure for the General Fund and the Housing Revenue Account, reserves, financing of capital, treasury management and partnerships. This is to ensure that the Council sets a comprehensive but affordable budget.

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

The MTFS assists with the setting of a robust budget by taking into account the likely effect of identified budget pressures and risks materialising. It allows the modelling of the effect of different planning assumptions on the budget gap which facilitates decision-making that is affordable and realistic.

1.2 Limitations of the MTFS

The further the MTFS looks to the future, the more uncertainties there are. Spending Review 2015 (SR15) announced in November 2015 set out the Government's spending plans for the remainder of the current Parliament, but also announced another fundamental review in Local Government Funding and Responsibilities. That spending review period ends in 2019/20, with the next review SR19 being planned for some time in 2019. The UK is also due to leave the European Union 29 March 2019, the impact of which is currently unknown.

The review of local government funding continues, although limited information is available as to the likely impact. On issue of the draft financial settlement for 2018/19, the government indicated that business rates would move from 50% local retention to 75% from 2020/21. Of itself this would be designed to be revenue neutral, in that government would withdraw grants, including any residual Revenue Support Grant

and potentially the Public Health Grant, and adjust business rates top up / tariffs to the value of the additional rates retained. The Council will benefit if the business rates base grows faster than government expectations; conversely we will carry more of the risk of the rates base declining. Business rates will of course remain set by central government.

The other strand of the local government funding review is the “Fair Funding Review”. This review will take a fundamental look at how relative needs are calculated between areas and between services. It will also review the income generating capacity of different areas. This will result in a new distribution formula for local government funding due for implementation in 2020/21, most likely with some form of transitional arrangements. The actual quantum of funding to be distributed will be set by SR19, and it is unknown whether this will be set at a level sufficient to meet the combined needs of local government.

This MTFs therefore incorporates the remaining headline numbers from SR15, but until the funding reviews have been finalised there remains an inherent level of uncertainty of the impact on the Council. As such the MTFs must be viewed very much as provisional thoughts on the potential outcomes from the Local Government Funding review based on best knowledge rather than accurate forecasts.

1.3 Corporate and financial timetable

The MTFs forms an integral part of the Corporate Service and Resources Planning Framework. The agreed planning cycle resulting from this framework involves Member and Chief Officer engagement and challenge throughout the process and this is set out below:

During the January to March period preceding the start of the financial year, the budget and policy framework for the new year is set through a suite of documents incorporating the Southend 2050 Ambition and Roadmap, the Medium Term Financial Strategy and Plan, the Capital Investment Programme and the annual Revenue Budget. Individual Outcome Plans sit beneath the overarching Southend 2050 Ambition and Roadmap.

During the year, the budgetary plans are monitored on a monthly basis, with rectifying management action being taken to keep spending within the cash limited budgetary envelope. The longer term MTFs and MTFP are kept under review, particularly in light in changing economic and political circumstances. At the same time the Southend 2050 ambition and road map and associated outcome plans are reviewed through the Monthly Performance Report.

Leading into the next budget round, the MTFs is formally reviewed both for changes to financial circumstances, but also for changes to the roadmap and outcome plans. Through a series of iterations, within the overall constraints of available resources, the financial plans are brought into alignment with the Southend 2050 Ambition.

2 National Context

2.1 Spending Reviews (SRs)

Spending reviews (SRs) are critically important to local authorities because the government decides how much money it will give to local government as a whole via Formula Grant. The process also determines how much money will be given to Government departments, many of whom may then provide separate funding to councils.

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. They aim to take a longer term view and usually involve a series of zero-based reviews of public spending.

The last four spending rounds, set spending plans for the following years:

Year	2007 CSR	2010 SR	2013 SR	2015 SR	2019 SR
2007/08					
2008/09	■				
2009/10	■				
2010/11	■				
2011/12		■			
2012/13		■			
2013/14		■			
2014/15		■			
2015/16			■		
2016/17				■	
2017/18				■	
2018/19				■	
2019/20				■	
2020/21					■

A spending review is anticipated for 2019, but the timing and content cannot be predicted with any certainty. As such, the last two years of this MTFS fall outside of the current spending review, with all the fiscal uncertainty that that therefore brings.

SR15 set out the government's spending plans for 2016/17 to 2019/20. The government protected a number of core priorities from the spending reductions and these include:

- Spending 2% of Gross Domestic Product (GDP) on defence for the rest of this decade;
- Spending 0.7% of Gross National Income on overseas aid;

- Providing the NHS in England with £10 billion per year more in real terms by 2020/21 than in 2014/15;
- Protecting schools' funding in England in real terms over the Spending Review period;
- Protecting overall police spending in real terms over the Spending Review period; and
- Maintaining funding for the arts, national museums and galleries in cash terms over this Parliament.

Notwithstanding the UK vote to leave the European Union, the change in Prime Minister and the 2017 general election, SR15 remains the most current spending review.

2.2 Public Spending and the Economy

The national economy and global economic climate continue to drive Government policy and decisions on public spending.

The Autumn Budget

The Chancellor of the Exchequer presented his Budget 2018 to the House of Commons on 29 October 2018 which he introduced promising “the era of austerity is finally coming to an end”. With the final terms of the departure of the UK from Europe yet to be settled, the Chancellor signalled that a further Budget may be required should this departure be made without a formal deal.

Key announcements relevant to local government within the Chancellor's Statement are summarised below.

- £45m of additional funding for Disabilities Facilities Grant in 2018/19;
- £420m in 2018/19 to tackle pot holes and other minor road highways works;
- £400m of in-year capital funding allocations to schools in 2018/19;
- £650m of extra Social Care funding for English Local Authorities in 2019/20;
- An additional £84m of Children's Services funding over 5 years, but across only 20 councils;
- For two years up until the next Revaluation in 2021 all retail premises with an RV below £51,000 will have their bills reduced by one third; on past precedent it would be expected that Local Authorities will be to be compensated for this measure through s31 grant;
- £675m of co-funding will be provided through a new “High Streets Fund” to assist with rejuvenation of High Streets and, in particular, changing unused business

and commercial property into residential accommodation;

- Additional funding for the Housing Infrastructure Fund of £500m will be provided;
- It is expected that Public Sector Debt will decline from a peak of 85.2% of GDP in 2016/17 to a forecast of 74.1% in 2023/24 and that public sector borrowing will be £19.8bn in 2023/24, (lowest level for 10 years);
- Therefore, and re-emphasising that “austerity is coming to an end”, for the period of the next Spending Review it is projected that there will be an average real terms increase in annual Resource Departmental Expenditure Limits (RDEL) over the 5 years of 1.2%, per annum. This compares to an average of -3.0% during the period of SR2010 and -1.3% during the period of SR15; and
- The government will abolish the future use of PFI and PF2, saying there is compelling evidence that it does not deliver value for taxpayers or genuinely transfer risk to the private sector.

2.3 Value for Money

Value for money (VFM) defines the relationship between economy, efficiency and effectiveness. A successful VFM approach delivers services at a low cost, with a high productivity and results in successful outcomes.

VFM had a raised profile as part of the Audit Commission’s Use of Resources judgement, which formed part of the Comprehensive Area Agreement (CAA). All work on the CAA was stopped immediately following a decision by the Coalition Government in the summer 2011. The requirement for a scored assessment has been removed but auditors still have a continuing statutory responsibility to give a conclusion on whether audited bodies have proper arrangements for securing VFM. The Council’s auditors BDO LLP issued an unqualified use of resources opinion for 2017/18, noting that

“Whilst the Council has identified a significant funding gap, appropriate action is being taken to ensure the matter is addressed and the Council has a track record of achieving its financial plans.

Sufficient reserves and balances are available to support the Council’s services in the medium term, should there be under performance against savings plans.

Therefore, while there is a recognised funding gap in the MTFs, we are satisfied that the Council has sufficient reserves available and is undertaking appropriate arrangements to manage the budget gap in a way that will ensure it remains financially sustainable over the period of the MTFs.”

Despite this change of emphasis by Government, it is still this Council’s vision for improving value for money ‘to be recognised as a council that provides value for money by making the best uses of our resources: including people, money, information and physical assets by our residents, employees and stakeholders.’ In

addition to the auditor conclusion on VFM this will be monitored and challenged by taking part in benchmarking clubs.

2.4 Economic situation

The Council retains the services of Link Asset Services as its Treasury Management advisors. Part of their service is to provide commentary and forecast about the economy.

Link Asset Services Commentary (December 2018)

UK

Analysts suggest that the economy will expand by just 1.3% over the calendar year, which would be the weakest since the financial crisis. The hot summer boosted household spending to more than offset weaker car sales in Q3, but that is not expected to be sustained. The British Retail Consortium indicates a sharp slowing of high street sales growth. Brexit uncertainty remains a drag on spending decisions, with November consumer confidence falling to the lowest level since 2013.

The full Q3 trade deficit of £2.3bn was the smallest quarterly deficit for five years, as the September deficit came in at nearly zero. Net trade offered a healthy contribution to Q3 growth on strong export growth against near flat import growth. Recent export strength may not continue as the post-Brexit benefit of sterling weakness dissipates.

A dip in part time work was in part offset by increased full time employment in September which left total employment slightly higher. Annual employment growth improved to 1.1% and surveys indicate that steady growth should continue. It comes as the numbers of non-UK workers is on the decline, which has seen employers competing for workers, reflected by an increase in pay growth to the fastest rate in ten years, with survey indicators in line with current 3.25% growth being maintained.

CPI inflation was unchanged at 2.4% in October as rising energy costs offset declining imported inflation. Core inflation remained just below 2%. Imported inflation is likely to continue to reduce, while falling oil prices in recent months will see the fuel impact on inflation weaken. As a consequence, forecasters expect inflation to move back towards the 2% level.

USA

Q3 GDP growth slowed to 3.5% annualised. There was a slight improvement in consumption but a sharp decline in business investment growth and further slowing of GDP is forecast. There was a marginal pick up in industrial production, which was held back by mining and utilities. Underlying manufacturing output growth remains buoyant but the strength of the US\$ and slower global growth will weigh on the sector in time.

The last effects of the tax cuts earlier in the year, along with rising wages, have supported consumption growth, which ran at 4.7% annualised in Q3. But signs of slower Q4 growth are indicated by weakening underlying retail sales. Building

materials and auto sales were boosted in the wake of recent hurricanes, while falling oil prices have given household purchasing capabilities, which may help consumption to regather some momentum. Consumer confidence remains high, which could encourage people to spend this available money.

The unemployment rate was unchanged from the 49 year low 3.7%. Gradual gains in wage growth are being generated, with base effects boosting the annual rate of average hourly earnings growth at a near ten year high 3.1% and analysts believe that there are further gains to come.

Consumer price inflation increased to 2.5% due to higher energy prices, but falling oil prices will pare back inflation to year end, and possibly beyond. The strengthening of the US\$ is helping to lower prices of imports, with the potential for a period of negative import price inflation. Tariffs on Chinese goods are not expected to hugely impact on domestic prices as Dollar strength partly offsets the costs so the net effect has been absorbed into margins. Growth in unit labour costs is muted and inflation expectations are low, thus a significant breach of the Fed's 2% inflation target is unlikely in the near term.

Eurozone (EZ)

GDP growth in the bloc slowed in Q3, on temporary factors such as disrupted car production in Germany and there has been a downtrend on the Purchase Manager Indices which reflects broad-based slowing. The Economic Sentiment Indicator is more optimistic and, despite an eleventh consecutive dip, is consistent with annualised GDP growth of 2% in Q4.

So far, Q4 has seen healthy consumer activity and the coming months look similarly bright. Car registrations rose by 9% month on month, after falling the previous month on the introduction of new emission standards, and increases should continue as the effect fully unwinds.

A decline in exports and stable imports pulled the EZ trade surplus lower and the concerns about the global economy offer little optimism for exporters. The rise of export/import values has stalled and looks set to turn around, with expected falling energy prices likely to reflect slower import value growth. A sharper correction is seen for exports, with slowing in both the US and China likely, so net trade may offer no contribution to 2019 GDP growth.

Though the decline in the rate of unemployment appears to have stalled at 8.1%, further falls are expected. Q3 annual employment growth slowed to 1.3%. However, employment intention indicators show that a pick-up in growth should resume, which will pull the unemployment rate lower and increase wage pressures, up to around the 3% level. Wage increases will, though, not be region wide with labour shortages in Germany and France likely to see larger more marked gains than in Italy and Spain where unemployment rates are rather higher.

Falling oil prices and slower activity increases the downward pressure on inflation, with the headline rate falling to 2.0% in November. Weaker energy inflation is set

to impact for some months to come. Core inflation was also lower at 1.0%. Weaker EZ data releases and concerns about growth going forward have weighed on the Euro, but in relative terms the bloc's performance may prove stronger than the US in 2019, while any heightened interest rate expectations will further underpin the currency. Meanwhile, equity markets face a tough period and are likely to track those in the US lower.

China

Official figures show that there was a slight slowing of GDP growth in Q3 but growth has held up reasonably well compared to the sharper slowing at the end of 2017. Growth in construction is also supportive, helped by an increase in infrastructure spending, which has outweighed weaker property investment.

There has been a slowing in retail sales growth and other indicators point to household spending weakening. Car sales were markedly lower than the same month last year. Official wage growth figures have been stable for some time but the employment component of the Purchase Managers Indices has been on a downward trend.

The official manufacturing PMIs indicate some loss of momentum and there has also been weaker demand for bank lending. Despite imposed tariffs, exports and imports have proved fairly resilient in recent months, with exports to the US faring broadly as they have to other economic areas. Despite everything, the goods trade surplus with the US is still at near record highs, while that with the EZ is stable, but trade with the rest of the world is now running at a deficit.

After a slight dip in early 2017, there has been a steady increase in consumer price inflation since. Weaker future fuel price inflation will pull consumer and producer price inflation lower. Meanwhile, core inflation has been on a downtrend since late last year.

The Renminbi has been subject of official support, to stabilise it against the US\$. Unlike previous times the Peoples Bank has been using its currency reserves to effect the necessary market movements. The escalation in the US trade dispute, along with domestic weakening have had a negative impact on equities, with the Shanghai Composite index down nearly 20% on the year, with all sectors affected, though industrials have been hit hardest.

Summary and interest rate view

In the UK the interest rate view remains influenced by the ongoing uncertainty surrounding a Brexit deal with the EU. The Bank of England gives all the signs that the Monetary Policy Committee would like to increase rates but will hold back until Brexit situation and its impact becomes clearer.

2.5 Effect on Local Authority finances

In times of recession and economic retrenchment there are increased demands for local authority services from residents and local businesses. Despite recent encouraging signs at a national macro level, the effects of economic recovery have yet to reach most people and businesses at a local level. This coincides with less, or delayed, income from Council Tax, Business Rates and fees and charges.

The measures being taken by the Government continue to reduce the funding available from Revenue Support Grant and restrict the amount local authorities can raise in Council Tax. To lessen the effect of this, the Government has removed the ring-fencing from most grants so that local authorities can decide how best to apply them to services.

The Government has not offered a freeze grant in 2019/20. There has been a fundamental shift in the Government's view where it assumes local authorities will increase Council Tax by the referendum limit and for social care authorities such as Southend-on-Sea also will raise an additional amount to help fund Adult Social Care. The proposed budget includes both of these council tax increases.

The previous Coalition Government also introduced major changes from 2013/14 that significantly increases the financial risk environment that the Council finds itself in.

- Council Tax Benefit became a localised scheme from 1 April 2013. Central government have handed over full responsibility, but with only 90% of the required funding. The Council has had to therefore introduce a scheme that reduces the benefit payable to working age claimants by 25% (as the Government has insisted that pensioners have their benefits position protected). The Council therefore now carries the financial risk of a growth in claimant numbers, which it will need to fully fund, and the risk of non-collection of the 25% council tax liability charged to working age claimants for the first time.
- Business rates have also been "localised". The Government has not given any local control over the business rate poundage – that is still being set centrally. However as part of the financial settlement, local government retains 50% of money assumed to be raised from local businesses. This is topped up by Revenue Support Grant and "top-up" payments to the full amount of the baseline need. Should actual business rate receipts exceed expectations the additional income is shared with central government. However the converse is also true; subject to certain safety net arrangements, the risk of lower business rate receipts is also shared. Local government funding is therefore now intrinsically linked to the performance of the local (and national) economy.
- 2015/16 saw the introduction of the Better Care Fund between the Council and Southend Clinical Commissioning Group, pooling at least £12.7 million of existing funding streams between the two organisations to develop transformation changes to the delivery of services to older and disabled people. These funds were supplemented by Government in through the Improved Better Care Fund introduced in the Spending Review 2017, in recognition of the pressures on funding for adult social care. The success of this initiative is therefore crucial to not only securing the funding, but also to underpin our ability to continue to drive necessary efficiency and therefore monetary savings in this area.
- 2015/16 also saw the introduction of the initial measures of the Care Act, principally the introduction of assessments for carers. Additional funding has

been received both directly and through the Better Care Fund, which is in the middle range of initial estimates of cost. The direct funding has been rolled into the main revenue support grant. The full introduction of the Care Act has also been suspended for the life of the current Parliament.

The combined effect of the legacy of recession and the deficit reduction measures has been to increase costs, whilst reducing income and funding, leading to large budget gaps to be bridged in each of the next five financial years.

3 Southend 2050 Ambition and Road Map

3.1 Southend 2050

Southend 2050 is a mind-set rather than one single publication or statement. It looks to translate the desires of local people and stakeholders into action that is needed, both now and in the medium term, and looks to the long term. It comprises the Council's ambition, associated outcomes by theme that set the context, a Five Year Road Map and a suite of other delivery plans, strategies and policies that fit the context of Southend 2050.

The ambition is an overarching view of the Council's future direction which aims to articulate the visible changes to the environment and the more fundamental effects on people's lives, essentially capturing how it could feel to live, work or visit Southend in the future. It was developed following extensive conversations with those who live, work, visit, do business and study in Southend. The ambition complements the Essex 2050 vision, The Future of Essex developed by Essex wide stakeholders and the emerging South Essex 'proposition', titled 'What sort of place are we making?' This is being developed by South Essex local authorities who are collectively looking to the future.

This ambition is supported by five themes:

- Theme 1: Pride and Joy – by 2050 Southenders are fiercely proud of, and go out of their way, to champion what our city has to offer;
- Theme 2: Safe and Well – by 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives;
- Theme 3: Active and Involved – by 2050 we have a thriving, active and involved community that feel invested in our city;
- Theme 4: Opportunity and Prosperity – by 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all of our people;
- Theme 5: Connected and Smart – by 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure.

As steps towards that ambition the Council will agree five year roadmaps. The road map outlines the Council's role in achieving the ambition and provides a high level guide for Councillors, staff, partners and others in aligning their capacity and resources to priorities. It builds on our existing achievements and outlines what the Council wants to achieve in the coming five years. There will be five strategic delivery plans, one per theme reflecting the road map. These will be supported by delivery plans which reflect our ambition and which focus on achieving desired outcomes in five years' time:

3.2 Pride and Joy

- There is a tangible sense of pride in the place and local people are actively, and knowledgeably, talking up Southend-on-Sea;
- The variety and quality of our outstanding cultural and leisure offer has increased and we have become the first choice English coastal destination for visitors;
- We have invested in protecting and nurturing our coastline, which continues to be our much loved and best used asset;
- Our streets and public spaces are clean and inviting.

3.3 Safe & Well

- People in all parts of the borough feel safe and secure at all times;
- Southenders are remaining well enough to enjoy fulfilling lives, throughout their lives;
- We are well on our way to ensuring that everyone has a home that meets their needs;
- We are all effective at protecting and improving the quality of life for the most vulnerable in our community;
- We act as a Green City with outstanding examples of energy efficient and carbon neutral buildings, streets, transport and recycling.

3.4 Active and Involved

- Even more Southenders agree that people from different backgrounds are valued and get on well together;
- The benefits of community connection are evident as more people come together to help, support and spend time with each other;
- Public services are routinely designed - and sometimes delivered - with their users to best meet their needs;
- A range of initiatives help communities come together to enhance their neighbourhood and environment;
- More people have active lifestyles and there are significantly fewer people who do not engage in any physical activity.

3.5 Opportunity and Prosperity

- The Local Plan is setting an exciting planning framework for the Borough;
- We have a fast-evolving, re-imagined and thriving town centre, with an inviting mix of shops, homes, culture and leisure opportunities;
- Our children are school and life ready and our workforce is skilled and job ready;

- Key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bringing prosperity and job opportunities to the Borough;
- Southend is a place that is renowned for its creative industries, where new businesses thrive and where established employers and others invest for the long term.

3.6 Connected and Smart

- It is easier for residents, visitors and people who work here to get around the borough;
- People have a wide choice of transport options;
- We are leading the way in making public and private travel smart, clean and green;
- Southend is a leading digital city with world class infrastructure that enables the whole population.

The aims, priorities and objectives of delivery plans will align with the ambition and desired outcomes. Accordingly resources will be prioritised and reallocated to deliver the Five Year Road Map. All revenue and capital resources will therefore be driven by the aim of contributing to the delivery of the ambition and the desired outcomes. This Medium Term Financial Strategy has been written in this context.

4 General Fund Services – 2019/20

The Southend 2050 ambition and road map are reflected in the 2019/20 General Fund budget being recommended to Council at its meeting on 22 February 2019. It includes proposals for budget reductions and efficiencies totalling £4.113 million to balance the budget, these are summarised below by theme:

Area of budget reduction	£'s
Income – Commercial Activities <i>Arising from commercial acquisition of investment assets and exploitation of others</i>	455,000
Income – New / Additional <i>Arising from the growth in asset rentals and investment income</i>	350,000
Transformation <i>Arising from locality working and community engagement, and the emphasis on preventative work</i>	2,025,000
Staffing Restructures	635,000
Procurement Efficiencies	280,000
Budget Reductions	3,745,000
House Keeping Efficiencies	368,000
Total Proposed budget reductions	4,113,000

In addition there are ring fenced Public Health savings of £250,000.

The 2019/20 General Fund budget also includes on-going investment in services totalling £6.610 million as follows:

Area of Investment	£'s
Community Safety <i>Addressing in particular permanent staffing for the Community Safety Hub</i>	385,000
Health & Well Being <i>Reflecting loss of housing benefit grant and outdoor sports income</i>	280,000
Children & Lifelong Learning <i>Particularly addressing cost pressures in children's social care</i>	2,338,000
Adult Services <i>Particularly addressing demographic pressures and the on-going impact of the national living wage, together with investment in transformation work</i>	3,362,000
Staffing Capacity <i>Addressing in particular the need to invest in staffing to fully exploit the potential of "MySouthend"</i>	245,000
Total Proposed Investments	6,610,000

5 Housing Revenue Account – 2019/20

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

Under the provisions of the Localism Act 2011, the Housing Revenue Account (HRA) became “self-financing” on 1 April 2012: That is in return for the payment of lump sum, funded by borrowing, to HM Treasury, the HRA no longer has to pay negative subsidy each year to the Government. The HRA is the statutory “landlord” account for the authority. The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the HRA balance. Changes to regulations over recent years, notably the introduction of rent restructuring in 2002, mean that the dwelling rent income streams had become largely fixed. The approach in recent years has been to work within the guidelines set by the government. Despite the introduction of “self-financing” for the HRA no longer requiring strict adherence to rent restructuring, the same approach has been continued given that the settlement underpinning self-financing assumed full convergence would be achieved.

The HRA estimates have been prepared alongside South Essex Homes, and incorporate their management fee bid.

Subsequent to the introduction of self-financing, the Government introduced legislation that fundamentally changed the economics of the HRA. The Welfare Reform and Work Act 2016 forces the Council to reduce rents by 1% each year from 2016/17 to 2019/20. Although government signals are that rent rises will be allowed to return to inflation linked increases from 2020/21, the four year enforced reduction in rent levels will leave the HRA generating some £3.3 M less each year than it otherwise would have.

The Government also introduced the Housing and Planning Act 2016 which contains powers that will potentially force Councils to sell high value voids to compensate housing associations for the Government’s policy to extend the right to buy to these organisations by the imposition of a levy, and will also enforce fixed term tenancies. Although the legislation has not been recinded, the Government has signalled that it has no intention of using these provisions.

The Medium Term Financial Strategy demonstrates that the HRA is currently financially robust.

The Council has concluded a procurement exercise to chose a partner organisation with which to regenerate the Queensway estate. That regeneration will see the existing 441 predominately council owned homes redeveloped into a vibrant, mixed tenure community with enhanced public realm and facilities. It will however mean that overtime the estate will no longer be part of the HRA. The timing of the regeneration and asset transfer to the proposed partnership is not set.

In addition South Essex Homes Ltd has been commissioned to produce an up to date stock condition survey, that will enable a fuller understanding of the investment necessary to maintain the existing housing stock to decent homes standards.

The HRA MTFS does not currently take either of these developments into account in a detailed manner, although some provision is made. It will be necessary to update the HRA MTFS once more detail is available.

6 Asset Management Plan

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

The Plan divides all the Council's assets into five investment blocks. These are

- Operational assets – The Council's operational buildings;
- Non-operational assets – The Council's investment portfolio;
- Regeneration assets – Assets acquired or held to support regeneration;
- Surplus Assets – Assets which have no sound case for retention;
- Infrastructure required to deliver the Plan, notably ICT.

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

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

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

- Support efficient and effective service delivery;
- Support regeneration and development and enable the Council to achieve its objectives;
- Rationalise, develop and improve the portfolio to underpin the capital programme and revenue budget through development, income generation, property acquisition and disposals;
- Actively support co-location and integration with other public-sector partners.

The CAMS also includes a property investment strategy with its own set of governance to enable investment opportunity decisions to be taken quickly against a pre-agreed set of investment performance criteria such as and including lot size, yield, property type, lease terms and covenant strength. The first acquisition under this was made during 2017-18.

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

Some further updates will be made during 2019/20 as follows:

- Departmental terminology and governance changes to reflect the current structure of the Council;
- Updates to reflect the 2050 roadmap, methodology for the prioritisation and decision making process around Council assets with associated governance;
- To update the schedule of charges relating to property transactions;
- To reflect the revised CIPFA Treasury Management Prudential Code updates;
- To monitor the Government's position on Commercial Property Investment;
- To update the Property Metrics section with 2016/17 and 2017/18 activity;
- To ensure that the framework is in place to move forward with recommendations arising from the space utilisation study currently underway to improve collaboration, share costs and generate income;
- To clearly and more appropriately distribute responsibility for particular assets (e.g. footpaths, non-adopted roads, water-courses) to ensure these are managed efficiently in the most appropriate section of the business.

7 Capital Investment Programme

7.1 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 that is needed to provide services such as housing, schools and highways. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, roads, vehicles. This 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. Capital grants, borrowing and capital receipts can only be spent on capital items and cannot be used to support the revenue budget. However, it should be noted that revenue funding can be used to support capital expenditure.

Under the Local Government Act 2003, each authority can determine how much it can borrow within prudential limits (unsupported borrowing). The Government does have powers to limit the aggregate for authorities for national economic reasons, or for an individual authority.

Unsupported borrowing is not specifically financed by capital grant so any unsupported borrowing undertaken is financed from the total available revenue resources to the Council from Council Tax, Business Rates and Government Grant.

7.2 Capital Investment Strategy

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 and includes reference to other key documents of the authority which influence capital investment such as the Medium Term Financial Strategy (MTFS) and the Corporate Asset Management Strategy (CAMS).

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

The overarching objectives for the Capital Investment Strategy are as follows:

- Successfully delivering a Capital Investment Programme which contributes to the Council's ambition and desired outcomes;
- Demonstrating that capital expenditure and investment decisions take account of stewardship, value for money, prudence, sustainability and affordability;

- Maximising external funding to support the delivery of the Capital Investment Programme consistent with the Council's desired outcomes, both from the private sector and through Government grant funding;
- Maximising the utilisation of the Council's assets by:
 - Ensuring that all investment properties are making sufficient returns;
 - Ensuring that non-profitable investment properties and assets surplus to requirements are disposed of as efficiently as possible;
 - Monitoring the utilisation of assets on a regular basis.

The authority's Capital Investment Strategy is updated on an annual basis and is approved alongside the Capital Investment Programme. A review of the Capital Investment Strategy has been undertaken and this is attached at Appendix 2 to the Capital Investment Programme Report.

The Capital Investment Policy now explicitly includes commercial investments including the following:

- investments arising as part of business structures, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers;
- investments explicitly taken with the aim of making a financial surplus for the Council.

The Strategic Director (Finance and Resources) will ensure the following:

- that the Council has the appropriate legal powers to undertake such investments;
- 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;
- that members are adequately informed and understand the risk exposures being taken on.

The Capital Investment Strategy includes due diligence processes with the requirement for the appropriate level of due diligence to be undertaken, with the extent and depth reflecting the level of additional risk being considered. There is also an increased emphasis on risk management.

It is the Chief Finance Officer's view that the capital investment programme resulting from the Capital Investment Strategy is affordable and the risks associated with it are manageable

7.3 Spending plans 2018/19 to 2023/24

The Council's proposed capital programme for 2018/19 and future years is summarised below:

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Approved Capital Investment Programme (Nov 2018)	60,481	73,013	55,360	24,728	0	0	213,582
Reprofiles & Amendments	(8,668)	(7,187)	7,592	4,606	0	0	(3,657)
New External Funding	835	1,450	0	0	0	0	2,285
Proposed Additional Schemes	0	5,435	8,155	8,045	6,855	6,855	35,345
Current Proposed Programme	52,648	72,711	71,107	37,379	6,855	6,855	247,555

The following proposed schemes are subject to external funding approval:

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
A127 Bell Junction Improvements	0	0	2,150	0	0	0	2,150
Cart and Wagon Shed	0	200	650	0	0	0	850
Total	0	200	2,800	0	0	0	3,000

The following schemes are subject to viable business case approval:

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
LATC – Delaware and Priory	0	9,219	2,362	0	0	0	11,581
ICT – Southend Operations Centre	0	1,000	1,000	0	0	0	2,000
Cliffs Pavilion – External Refurbishment Works	0	100	900	0	0	0	1,000
Southend Pier – Pavilion Platform Technical Design and Construction	0	500	7,000	3,000	0	0	10,500
Sub total	0	10,819	11,262	3,000	0	0	25,081
Commercial Property Investment							23,478
Total							48,559

7.4 Funding of the Capital Investment Programme

The proposed capital investment programme presented elsewhere on this agenda 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.

The financing of the capital investment programme will continue to be supported where possible by the generation of capital receipts from the sale of surplus Council assets. Since 2011, the Council's approach to property disposals has been geared to reflect members' requests to ensure that, wherever possible, assets are used to generate revenue, with freehold disposals being a last option. This recognises the Council's increasing revenue pressures whilst still delivering a modest programme of capital receipts. The impact of this approach is that a much lower level of capital receipts is delivered meaning a greater reliance on borrowing and external funding to fund the Capital Investment Programme.

When the Council enters into Prudential Borrowing to fund Capital expenditure, there is a revenue impact and therefore an increase to the Council's budget requirement. As an indicative guide to the revenue consequence, there is a cost of approximately £70k for every £1m borrowed or if £10m is borrowed this would equate to an increase in Council Tax of around 1%.

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 2019/20 to 2023/24. The 2019/20 revenue budget elsewhere on this agenda incorporates the required borrowing costs budget requirement for 2019/20.

The other revenue implications of the proposed new schemes and additions to the Capital Investment Programme are summarised below:

- Commercial Property Investment – the rental incomes to at least cover the financing costs;
- ICT – Southend Operation Centre – £198,000 p.a. from 2021/22 generated by selling services to other organisations, £5,000 p.a. running costs for the new museum store;
- Chalkwell Hall Infants Energy Project – the revenues generated covering the financing costs;
- CCTV upgrade – £37,000 p.a. for increased camera support and maintenance costs;
- Civic Centre Boilers - £5,000 p.a. savings in gas costs through greater efficiency.

In summary, it is the Chief Financial Officer's view that the 2019/20 to 2023/24 Capital Investment Programme is Prudent, Affordable and Sustainable.

8 Treasury Management Policy and Prudential Indicators

8.1 Background

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

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

The 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 prudence, affordability and sustainability. Such investments are covered by the Capital Investment Policy which is Annex 1 to the Capital Investment Strategy.

8.2 Borrowing

The Council must set an operational boundary and authorised limit for its total gross external debt, separately identifying borrowing from other long-term liabilities. The operational boundary is how much gross external debt the Council plans to take up, and reflects the decision on the amount of debt needed for the Capital Investment Programme for the relevant year. The authorised limit is higher than the operational boundary as it allows sufficient headroom to take account of unusual cash movements.

The agreed operational boundaries and authorised limits for the years 2019/20 to 2023/24 are shown in the table below:

Operational boundary	<i>Estimate</i> 2019/20 £000	<i>Estimate</i> 2020/21 £000	<i>Estimate</i> 2021/22 £000	<i>Estimate</i> 2022/23 £000	<i>Estimate</i> 2023/24 £000
Borrowing	287,100	322,200	337,400	342,500	352,700
Liabilities outstanding under credit arrangements	2,900	2,800	2,600	2,500	2,300
Total	290,000	325,000	340,000	345,000	355,000

Authorised Limit	Estimate 2019/20 £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Estimate 2023/24 £000
Borrowing	297,100	332,200	347,400	352,500	362,700
Liabilities outstanding under credit arrangements	2,900	2,800	2,600	2,500	2,300
Total	300,000	335,000	350,000	355,000	365,000

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 for the years 2019/20 to 2023/24 are:

	Estimate 31st March 2020 £000	Estimate 31st March 2021 £000	Estimate 31st March 2022 £000	Estimate 31st March 2023 £000	Estimate 31st March 2024 £000
General Fund	284,884	313,946	323,895	315,197	303,928
Housing Revenue Account	98,740	98,740	98,740	98,740	98,740
Total	383,624	412,686	422,635	413,937	402,668

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.

Approved sources of long term borrowing are banks or building societies or the Public Works Loan Board (PWLB), which is a statutory body whose function is to lend money to local authorities and other prescribed bodies.

New borrowing will be undertaken as and when required to finance capital. The amount and timing of these loans will have regard to the Council's cash flow, the PWLB interest rates and the future requirements of the capital investment programme.

Some of the Council's borrowings are at a higher interest rate than the current rate of borrowing. To redeem these loans before their maturity date (i.e. to redeem them early) the Council would be required to pay a premium (this is like paying to redeem a mortgage early except the amount of the penalty depends on the prevailing rate of interest). New loans could then be taken out at the current rate. The savings to be made by paying interest at a lower rate need to be offset by the premiums payable before a decision is made as to whether this would be economically advantageous.

Similarly, some of the Council's borrowings could be at a lower interest rate than the current rate of borrowing. To redeem these loans early the Council would receive a discount (this is the opposite of a premium). New loans could then be taken out at the current rate. The discount receivable would need to be offset by the higher rate of interest paid before a decision is made as to whether this would be economically advantageous.

The Council will undertake debt restructuring as and when appropriate opportunities arise. The main objective of a restructure will be to produce reductions in financing costs as part of the overall budget strategy.

8.3 Minimum Revenue Provision

The Council is required by statute to make a charge to its General Fund to provide for the repayment of debt resulting from capital expenditure, known as the Minimum Revenue Provision (MRP). In 2017/18 our Treasury Management advisers, Link Asset Services, undertook a full review of the historic MRP liability and its implications for that year and future years' liability. Link put forward a range of options to revise historic MRP calculations and to amend the MRP policy. The Chief Finance Officer considered these options and a revised MRP policy for 2017/18 and prior years was approved at the Council meeting in December 2017. This MRP policy has been continued in 2018/19.

The MRP policy for 2019/20 is included as part of the suite of budget reports being considered as part of this agenda. The MRP for capital expenditure financed by historic supported borrowing is calculated on a 2% straight line basis. The MRP for capital expenditure financed by prudential (unsupported) borrowing is calculated using the annuity method.

The application of the revised MRP policy to 2016/17 and prior years as appropriate had identified an overprovision of MRP that was used in 2017/18 and will be used in 2018/19 and 2019/20 to reduce the MRP charge and will result in a contribution to the recently created MRP equalisation reserve. This reserve will be used in future years to smooth the increases in MRP provision in the MTFs to aid future budget planning.

8.4 Investments

The Council's investment objectives are:

- To secure the principal sums invested
- To maintain liquidity (i.e. adequate cash resources)
- To optimise the income generated by surplus cash in a way that is consistent with a prudent level of risk

It is projected that surplus cash balances will average £65m (of which £50m is the estimated sum of medium and long term funds managed by external fund managers) during 2019/20 based on information currently available and historical spending patterns.

Cash flow forecasts are produced in order to inform in-house investment decisions. The investment period and amount invested are determined by the daily cash flow requirements of the Council and the investment criteria and limits set out in the Annual Treasury Management Investment Strategy.

The type of investment and the counterparty in which to invest are determined in accordance with the investment criteria set out in the Annual Treasury Management Investment Strategy.

8.5 Financial Outlook on Interest Rates

The investment environment remains very difficult. Whilst counterparty risk appears to have eased, it remains at elevated levels and economic forecasts abound with uncertainty.

The outlook is one of gradually increasing interest rates but still at low levels and consequently low investment income earnings. Based on economic forecasts it is very difficult to predict the timing of any increase in interest rates, however it has been assumed that during 2019/20 the bank base rate will increase from 0.75% to 1% in June 2019 and to 1.25% in March 2020. The average interest earned by the Council on its in-house lending is likely to be 1.17% but this does depend on market conditions.

Sensitivity analysis shows that a difference of 0.5% in interest rates would make a difference of £75k in external interest earned and a difference of £1m in average balances would make a difference of £12k in interest earned in a full year. This risk is reflected in the annual review of the robustness of estimates for the Council Budget undertaken by the Strategic Director (Finance and Resources).

9 Corporate Assurance and Risk Management

The Council identifies key risks that may prevent the Corporate Priorities from being achieved. A process is in place to identify how significant the risk is, and the potential impact that it may have should the risk occur. Those risks scoring highly in terms of significance and impact, are identified and form the Council's Corporate Assurance and Risk Register. Actions to reduce the identified risks and ensure assurance on the controls detailed within the register are subject to regular monitor through the Council's Audit Committee.

The following Corporate Risks have been reviewed by the senior leadership group and were also reviewed by Cabinet on 17 January 2019:

- **Council Budget / Financial Sustainability** - Risk that failure to manage the short term budget gap and growing demand for services and failure to ensure the Council is financially sustainable after 2020/21 will result in significant adverse impact on council services.
- **Recruiting and retaining staff** - Risk that the Council will not have the appropriate staffing resources with the right skills, resulting in part, from a failure to effectively manage the transition from our existing recruitment partner to the new partner, will lead to a failure to achieve the Council's ambitions.
- **Key External Challenges** - Risk that the impact of, or a failure to take advantage of, the Government's agenda and the lead up to Brexit, may hamper the ability of the Council to achieve key priorities
- **Housing** - Risk that a failure to implement plans to address rising homelessness and failure to develop a robust housing strategy will lead to further street and other homelessness, increased use of temporary accommodation and an inability to meeting rising housing demand over the next 20 years.
- **Local Infrastructure** - Risk that failure to maintain levels of access to regeneration funding opportunities will significantly restrict future infrastructure improvements in the borough.
- **Secondary School Places** – Risk that failure to provide the required number of school places at secondary schools for 2018 and 2019 will lead to significant reputational and legal damage for the Council.
- **Health and Social Care** - Risk that the implementation of Sustainability and Transformation Partnership (STP) proposals and implementation of the Localities Model does not result in effective health and social care outcomes for residents and also leads to significant cost increases in meeting service demand.
- **Information Management and Cyber Security** - Risk that a failure to ensure the Council has a coherent and comprehensive approach to Information

Protection, including its cyber security arrangements, will result in significant financial and reputational damage to the Council.

- **Children's Services Improvement Plan** - Risk that the actions and expected outcomes from the Children's Services Improvement Plan are not achieved within expected timescales, resulting in a failure to achieve a rating of 'Good' in future Ofsted inspection.
- **Waste Management** - Risk of contractor failing to meet contractual requirements to effectively manage waste contractual arrangements results in additional financial liability for the Council and loss of service quality.
- **Flooding / Cliff Slip** – Risk that surface water flooding, breach of sea defences and / or seafront cliff movement, will result in damage to property and infrastructure as well as significant disruption.
- **Major Developments** – Risk that failure of partners to progress major infrastructure developments (e.g. Seaways, Airport Business park and Queensway) will result in significant financial and reputational damage to the Council.
- **Local Plan** - Risk that the failure to meet deadlines and make sufficient progress in producing a Local Plan will lead to Secretary of State intervention, resulting in reputational damage to the Council and the potential imposition of unwanted planning policies.

These Corporate Risks are explored through the Service and Resource Planning framework.

10 Reserves Strategy

10.1 General Fund Reserve

In relation to the adequacy of reserves, the Council's Section 151 Officer (Director of Finance and Resources) recommends 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.

- i) An absolute minimum level of General Fund reserves of £8 million that is maintained throughout the period between 2019/20 to 2023/24;
- ii) An optimal level of reserves of £10 million over the period 2019/20 to 2022/24 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances;
- iii) A maximum recommended level of reserves of £12 million for the period 2019/20 to 2023/24 to provide additional resilience to implement the Medium Term Financial Strategy;
- iv) A Reserves Strategy to remain within the recommended range for reserves over the relevant period of 2019/20 to 2023/24.

These recommendations were conditional upon 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.

10.2 Housing Revenue Account

In relation to the Housing Revenue Account (HRA) in 2019/20 and the medium to long term:

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

This recommendation is based on and conditional upon

- A 2019/20 budget has been agreed with South Essex Homes Ltd. to maintain a balanced HRA, together with the HRA's own Medium Term Financial Strategy for the period 2019/20 to 2022/23.
- Forward projections for the HRA beyond 2019/20 are being remodelled to take into account the impact of the Better Queensway regeneration and the updated stock condition survey.

10.3 Earmarked Reserves

A table of the earmarked reserves and their balances at 31 March 2018 to 31 March 2023 is shown in Annex 1. The balances at 31 March 2019 to 2023 are indicative, based on the assumptions in this report, and do not represent the probable figures that will be disclosed in future years Statement of Accounts.

11 Fees and Charges Strategy

Raising revenue from charges for services is an important element in the overall financing of the Council's services and activities. It can in other circumstances play a range of other roles, including demonstrating the value of a service or discouraging abuse of a service. It can also play a role in furthering service and strategic objectives. Consideration is therefore given on a regular basis to the scope for raising revenue through charges for services and to reviewing the appropriateness and adequacy of the levels of charges being proposed or actually in force.

The Council has a Fees and Charges policy that states the default position should be to at least recover the cost of providing the service through the fees charged. Where appropriate the Council may knowingly determine not to recover the full cost of some services because of the social impact or other policy reasons including the safeguarding of tourism revenues. Decisions on prices will take account of/balance the following factors;

- Impact on the Council's strategic outcomes
- Whether the Council should provide the service as opposed to market provision
- Whether the price covers all running costs and fixed costs of the service i.e. full cost recovery
- Commercial services will be priced to generate a surplus. Where commercial services are not achieving that aim they will be reviewed, including the potential to improve the market offer or cease trading altogether
- Comparisons with other local authorities and with broadly similar privately provided facilities
- Ability of "customers" to pay and any need for social pricing, subsidy or free provision of services
- Discount prices for Children
- Effect of changes in prices on demand for the service (and therefore income)
- Statutory restrictions on pricing, including legality of any surplus. Some charges or fees are set by Government for us, and others we are allowed to set within their rules.
- Seasonal factors – whether the same charges can be made all year round
- Demand factors – whether it is appropriate to price differently for offpeak/peak/super peak times
- Whether additional services could be provided at an additional price
- Consultation with users
- Non-residents may be charged differentially to residents where appropriate.
- Each financial year charges will be increased by the Consumer Price Index (CPI). This will ensure charges keep pace with the cost of providing services.
- Increases will be implemented in practical monetary values that make sense to customers. The CPI increase may be applied differently across a group of similar services in order to achieve this.
- National taxation policy e.g. VAT
- Where relevant charging decisions will be supported an equalities impact assessment

- Efficiencies and effectiveness
- Administration costs

Concessions may be offered in appropriate circumstances

12 Funding of the Net Budget Requirement

12.1 Government Funding – Grant and Finance Settlement

Government funding of its main revenue support grant is now the third ranked provider of funding for the Council's total general fund budget (excluding schools) after Council Tax and Business Rates. As such it represents a vastly reducing factor in determining the Council's revenue budget. The provisional Local Government Finance Settlement for 2019/20 was issued by the Ministry of Housing, Communities and Local Government (MHCLG) on 13 December 2018 and the final settlement on 29 January 2019 and this represents the last year of the Government's current spending plans. There is a spending review due in 2019 that will inform future years but the timing is dependent upon the Brexit outcome.

The latest Finance Settlement maintains the key changes in the way that Local Government is now financed, which were introduced in April 2013. The settlement provides authorities with a combination of provisional Revenue Support Grant (RSG) allocation and confirmation of Business Rates top up grant.

The Adult Social Care precept is confirmed to continue, subject to the increase in the precept not exceeding the maximum 6% increase allowed over the three years 2017/18 to 2019/20, (in addition to the 2% previously allowed in 2016/17), and that it can be applied in any of the three years as long as the precept did not exceed an additional 3% in 2017/18 and 2018/19 and an additional 2% in 2019/20.

The key points arising from the settlement for Southend-on-Sea Borough Council are:

- The Settlement Funding Assessment (SFA) (a combination of actual RSG and estimated business rates income) for 2019/20 is £40.654 million. This compares to a SFA of £44.269 million in respect of 2018/19 (a year on year reduction of £3.615 million and equivalent to an 8.2% reduction). At the start of the last spending review period, SFA was £56.639 million. It has therefore fallen £12.985 million, equivalent to 24.2% over the four year period;
- The RSG element for 2019/20 within the SFA is £5.925 million. This compares to a RSG of £10.318 million in respect of 2018/19 (a year on year reduction of £4.393 million and equivalent to a 42.6% reduction). At the start of the last spending review period, RSG was £21.338 million. It has therefore fallen £15.413 million, equivalent to 72.2% over the four year period;
- Some capital and specific grants are provisional and yet to be announced in full;
- As last year there is no Council Tax freeze grant offered by the Government this year;
- The 2019/20 referendum limit for Council Tax increases has been announced at a level of 6%, being 3% for expenditure on adult social care and 3% for other

expenditure, subject to the cumulative increase in adult social care not exceeding 6% over the three year period 2017/18 to 2019/20;

- A Government consultation has been announced that seeks views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21. The consultation closes 21 February 2019. The results of the review are due to be introduced in 2020/21 to coincide with the move to 75% Business Rates Retention in the same year;
- For 2019/20, funding to support social care and benefit health is being continued through the Better Care Fund (BCF); a pooled budget between the Council and Southend Clinical Commissioning Group (CCG). The actual arrangements and allocations have yet to be announced but for planning purposes the Council's share of the BCF for 2019/20 is expected to be no less than £5.859 million for revenue services plus £1.406 million for disabled facility grants;
- In addition, as announced in the 2015 Spending Review, the Council is also due to receive the next tranche of a new "improved" BCF directly through a S31 grant to further assist with the inherent pressures in adult social care. The indicative sum for 2019/20 is £6.744 million, an increase of £1.315 million from 2018/19;
- In addition to the increase in Adult Social Care Precept and Better Care Fund resources, the Government have confirmed a one-off social care support grant for 2019/20 of £2,231,667, of which £824,000 must be spent on adult social care through the Better Care Fund regime, with the remaining £1,407,667 being available to address wider social care pressures, including Children's;
- Non-domestic rates are set nationally by the Government and collected locally by Councils (billing authorities). Under the current arrangements for the localisation of business rates a sum of 50% is returned to Government who then reappportion this sum back to Local Government as part of their main grant settlement. The remaining 50% is retained 49% by the Council and 1% is distributed to the Essex Fire Authority. The Council's actual income from business rates is therefore dependent upon the performance of the local economy, the success of any rating appeals and collection rates. The Police Authority receive their funding separately. The provisional small business non-domestic rates multiplier has been set at 49.1p (2018/19=48.0p) with the associated non-domestic multiplier has been set at 50.4p (2018/19=49.3p);
- The Government has also issued a further consultation paper on their intention of moving to 75% business rates retention for Councils for 2020/21. The stated aim is that this is done in a revenue neutral manner for the sector as a whole, although how this is to be done is still to be fully exemplified;
- The Public Health service grant allocation for 2019/20 has been notified as £9.212 million (a reduction of £0.250 million on 2018/19, equivalent to a 2.64% reduction).

12.2 Dedicated Schools Grant (DSG)

2019/20 is the second year of the Government's National Funding Formula (NFF) as the methodology for distributing national resources down to each education authority. That methodology saw the introduction of a four block model.

- Schools Block
- High Needs Block
- Early Years Block
- Central School Services Block

The 2019/20 DSG allocation is released in late December, the Schools block and Central block is set and based on information incorporating through the previous October schools census. The Early Years allocation is an estimate, as this is ultimately based on actual participation rather than a fixed budgetary amount, funding is therefore adjusted using both the January 2019 and January 2020 early years census. The High Needs block is also provisional (although not expected to change materially), and will be updated in July 2019, once the import and export adjustment is processed which relates to place funding adjustments for home authority pupils placed in another local authority's area.

The total DSG for 2019/20 is £150.2 million (latest allocation for 2018/19 = £147.7 million). In practice the final DSG awarded to the local authority will exclude funding for Academies, and High Need place funding for both colleges and further education providers, and free special schools, as this is awarded directly to them from the Education and Skills Funding Agency. Therefore the final estimated allocation expected to be awarded to the local authority is £46.9 million, after considering these estimated deductions of £103.3 million.

In addition to funding from the DSG, schools will receive Pupil Premium grant, which will provide £1,320 / £935 of funding per primary / secondary pupil who have been registered for free school meals in any of the past 6 years. These rates are unchanged from 2018/19. Based on estimates the total Pupil Premium will provide is an additional £7.9 million for schools in Southend-on-Sea (both Maintained and Academy schools).

12.3 Council Tax

There is a 4.49% increase in Council Tax for 2019/20 (including 1.5% for adult social care). For planning purposes an increase of 1.99% has been assumed for future years.

For 2018/19 Southend-on-Sea Borough Council had the fifth lowest Band D Council Tax (including Police, Fire and Leigh Parish) of all the unitary councils and the second lowest of the local authorities in Essex.

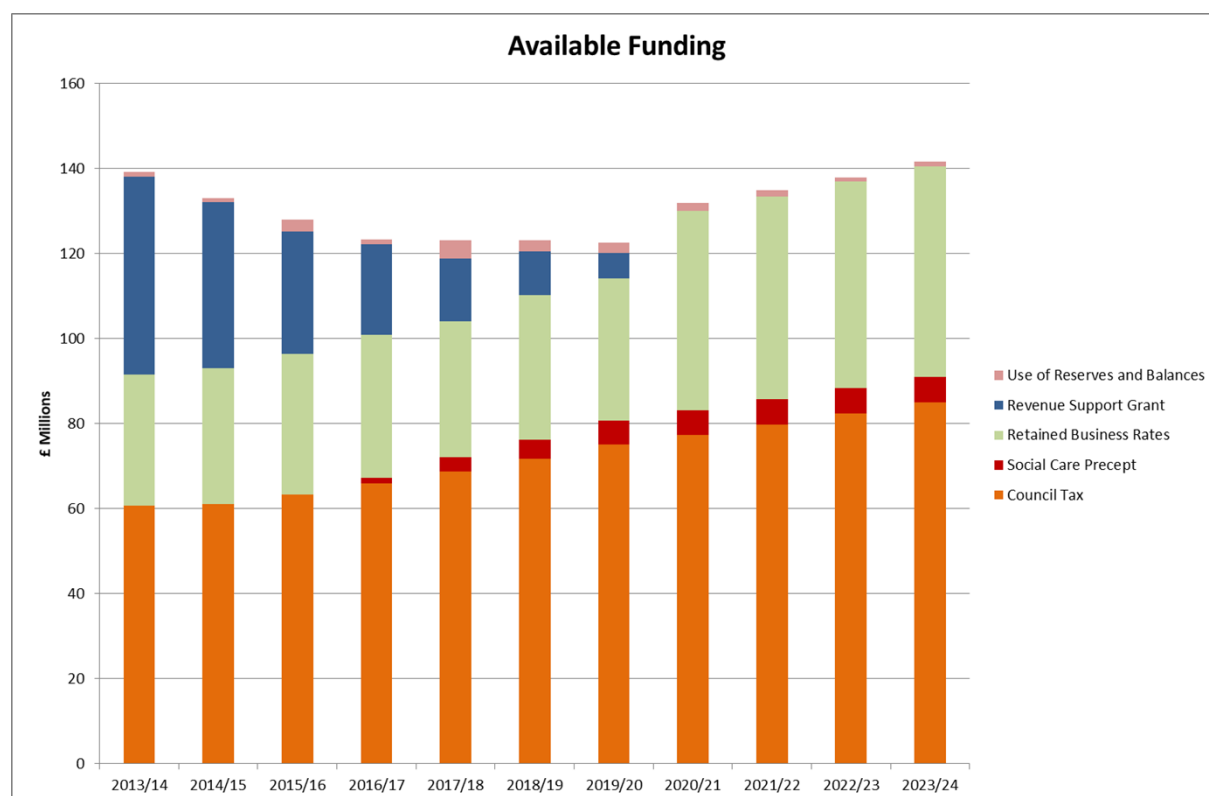
As an indicative guide, for Southend Borough Council every increase of 1% raises £770k of extra funding. This is less than most other unitary councils would raise by an increase of 1% as they are starting from a higher Council Tax level.

The Council Tax Base is the number of band D equivalent properties/dwellings, or, looked at another way, it is the amount of money the billing authority estimates it can raise for each £1 of council tax set at the band D level, after relevant discounts and exemptions. Changes in the number of households affect the tax base for Council Tax purposes, as does the number of Council Tax Support claimants, and hence the total amount which will be raised from this source. The Council Tax base for 2019/20 is 58,424.44 (equivalent Band D properties).

Southend is home to around 173,600 residents in 74,700 households (2011 population estimates from last census). The available land area and the current density of housing is such that there are fewer opportunities to increase the Tax Base that there are in more rural authorities.

12.4 Total Available Funding

Total available funding continues to decline over the timeframe of the MTFP, with the reduction in Revenue Support Grant overshadowing the modest increases in Business Rates and Council Tax.



13 Medium Term Financial Plan

The Medium Term Financial Plan covering the period 2019/20 to 2023/24 is shown in Annex 2.

13.1 Key Assumptions

The following assumptions have been made in producing the Medium Term Financial Plan for the Revenue Account:

Funding

- **Council Tax** - the increase is assumed to be 1.99% for each year from 2020/21. In addition it is assumed that no further increases in the social care precept will be allowed.
- **Revenue Support Grant** –The MTFs uses the final settlement for 2019/20. Although it is likely that all RSG will be subsumed into 75% business rates retention from 2020/21, in the absence of any other information, it has been assumed that this will be on a revenue neutral basis. The amounts for 2020/21 to 2023/24 are highly likely to change.
- **Business Rates** – the figure for 2019/20 is a combination of the fixed top-up payment the Council receives from government and a local assessment of the net amount raised locally that the Council will retain. The local element is assumed to grow by 2.0% from 2020/21. Although it is likely that business rates will move to 75% rates retention from 2020/21, in the absence of any other information, it has been assumed that this will be on a revenue neutral basis. The amounts for 2020/21 to 2023/24 are highly likely to change
- **Support from Collection Fund** – a surplus has been declared for 2019/20, based on the level of accumulated surpluses. This is a prudent view based on Council Tax increases and forecasts of housing completions, increases in discounts and exempt properties, and taking into account the effect of the current economic climate on collection rates. An assumption has been made as to amounts available for release in future years.

Inflation and Fees & Charges

- **Pay award** – there is assumed to be an increase of 2.0% in 2019/20 and future years. This is based on the current two year pay award covering 2018/19 and 2019/20, and an assumption that this high pay inflation will become the new norm in future years.
- **Inflation on goods and services** – inflation is only being provided for major contractual commitments, utilities and business rates. Services are expected to absorb any other price inflation within existing resources.
- **Fees and charges** – it is assumed that these will generally increase by 2% each year but this assumption may need to be reviewed depending on local economic circumstances.

Corporate Cost Pressures

- **Employers' pension contributions** – the financial impact of the last triennial actuarial valuation, as at 31 March 2017, has been built into the MTFS. The next valuation will be as at 31 March 2020. Provision has been made for the potential financial impact in 2020/21.
- **Interest** – the capital programme, although partly funded by grants and HRA funds, implies an increase in borrowing as set out in the Treasury Management and Capital Strategies. The MTFS allows for the increased net costs of interest payments required to support this borrowing.
- **Costs of Transformation** – with the on-going downward pressure on net spending, it is inevitable that there will be upfront costs associated with service redesign and the introduction of new service delivery models. The MTFS makes provision for this.

Budget Reductions and Service Investments

It is assumed that these will be achieved in full in each of the years in which they have been identified. With the unpredictability of demands on services, and potential new legislation, services could experience increasing cost pressures and this is also reflected in the plan.

BCF / iBCF Funding

The MTFS uses the amounts announced in the financial settlement for iBCF for 2019/20. Beyond that it is assumed that the level of iBCF will be frozen. Similarly there is no certainty of the amounts available through the BCF arrangements with Southend CCG beyond 2019/20. Therefore the MTFS assumes future years remain unchanged.

Public Health Funding

The MTFs includes the continued reduction in the Public Health Grant in 2019/20, matched by a consequential reduction in spend. Although it is likely that all Public Health Grant will be subsumed into 75% business rates retention from 2020/21, in the absence of any other information, it is assumed that the same level of funding will be embedded into the new system. The amounts for 2020/21 to 2023/24 are highly likely to change

Housing Revenue Account

From 2012/13 the HRA became self-financing, and is no longer subject to the HRA subsidy regime.

Under self-financing, the HRA funds its expenditure, including its capital expenditure, from its income streams (primarily tenant's rents). Some grant funding may be available to support capital expenditure within the HRA going forward, but there is no assumption of external funding built into forward projections.

Schools

No change in the DSG has been assumed as the Government are considering moving to a new national funding formula for schools.

13.2 Sensitivity analysis

The effect of changes to these assumptions on the budget gap for 2019/20 and on the Council Tax, are shown in the following table:

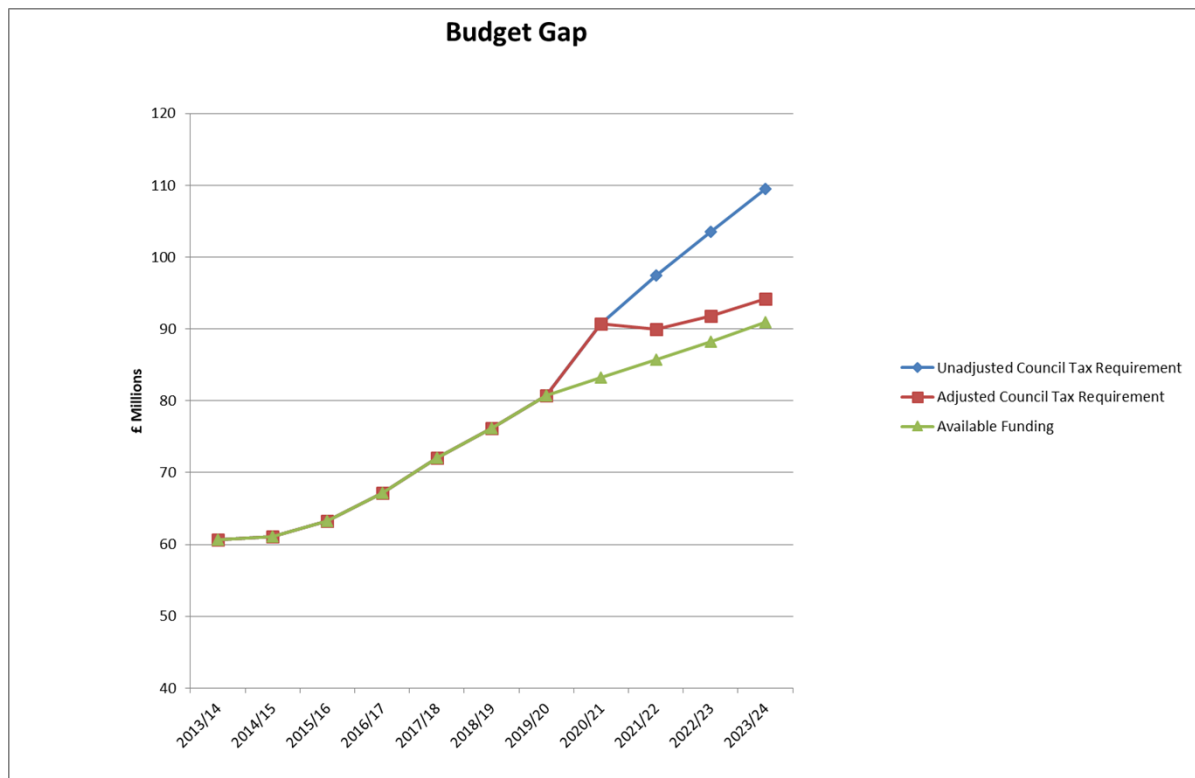
Assumption in MTFP for 2020/21	Change in assumption	Effect on the budget gap for 2020/21	Effect on Council Tax
Council Tax increase of 1.99%	No Council Tax increase	Increase of £1,620k	
Retained Business Rates growth at 2.0%	Retained Business Rates growth at 1%	Increase of £319k	Increase of 0.4%
2% pay award	Pay award of 3%	Increase of £650k	Increase of 0.8%
Inflation for contractual goods and services at 3%	Inflation for contractual goods and services at 4%	Increase of £333k	Increase of 0.4%
Fees and charges increased by 2%	Fees and charges not increased	Increase of £600k	Increase of 0.8%
100% of identified on-going savings of £4.1M will be achieved in 2019/20	95% of identified on-going savings of £4.1M will be achieved in 2019/20	Increase of £205k	Increase of 0.3%

13.3 Financial Planning 2019/20 to 2023/24

The Medium Term Financial Plan as shown in Annex 2 takes account of all the factors highlighted throughout this strategy that lead to cost pressures and restrictions on income and funding. The resulting budget gap for 2019/20 has been closed by a combination of the proposed savings totalling £4.113 million and use of £2.500 million collection fund surplus. The budget gaps remaining for the financial years 2020/21 to 2023/24 are set out below:

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Remaining budget gap	£0m	£7.5m	£4.3m	£3.5m	£3.3m	£18.6m
Budget gap as a % of the 2019/20 council tax requirement	0%	9.3%	5.3%	4.3%	4.1%	23.0%

The Medium Term Financial Plan assumes that each year's budget gap is closed, so that each year's budget requirement is contained within available council tax funding.



13.4 2020/21 and Beyond

In addressing the national economic situation the Government has continued to emphasise the need to look further at a programme of public sector spending restraint and reconfiguration. This was reinforced in the Chancellor's Autumn Budget Statement on 29 October 2018 with further restriction placed on the Government's public spending plans for Local Government. The tightening and reduction of Government funding contributions to local government funding

along with the Government's current and future funding reforms, means that the current financial challenges for 2020/21 and beyond will continue. This needs to be seen as part of a continued period of financial entrenchment that Local Government has already encountered. Councils will need to consider a much longer spending reduction programme than previously identified by Central Government and which also links into the impending need for Council's to work towards a position of financial self-sustainability.

This report predominantly addresses, as we are required to do, a detailed budget for 2019/20 but it is also appropriate to identify the areas the Council should continue to explore in order to meet the budget constraints of future years and also tailor the services it provides and review its role within national policy and local circumstances. As we start addressing the Councils Ambition 2050 and the South Essex vision 2050 we need to be mindful of how we align and prioritise our resources to achieve these visions but also ensure we focus on delivering our required outcomes.

Like all local authorities in England, Southend-on-Sea Borough Council is facing unprecedented financial challenges. The Council has, over a number of years, addressed significant funding gaps whilst also achieving improved efficiency and service delivery. In the current, and forecast, period of national financial stringency the scale of financial contraction is such as to challenge the scale, nature and purpose of the role of the Council.

Traditionally, and particularly over recent years, the nature of Council activity has seen an increase in the level of directly delivered services for the local populace and for local businesses and visitors. Many services have been delivered on a universal basis and free or at limited cost. As funding continues to reduce greater pressure is being placed upon the services provided by the Council and also the way in which these are delivered. Since the beginning of the national fiscal situation the Council has striven to sustain its full range of services but this will need to be challenged as we move forward and work towards delivering against the Council's agreed 23 outcomes.

The Council may need to increase focus on the delivery of its services in a targeted way, concentrating on delivering services to those residents who need the Council's help. The Council will also need to adopt this as an approach in tailoring the delivery of its many statutory services. To underpin this approach the Council will also reposition its role as one to work alongside the community, its residents and businesses, to help support the many factors affecting their lives as is possible.

The Council will continue to adopt an increasing approach of working, and delivering services, in partnership with other agencies, the voluntary and commercial sectors, and the community itself. As part of this approach the Council will encourage the sustenance of community services in collaboration with the local communities, encouraging community capacity to operate in appropriate circumstances.

The Council will also seek to address critical issues such as equality, disadvantage, lack of attainment and poverty by working with communities themselves, seeking

enhanced training and opportunity and by fostering and promoting the local economy and thereby enhancing opportunities for aspiration, attainment, household income and personal achievement.

As the Government funding reforms are implemented we will soon be in a position where our funding to maintain/improve our council services will come from three main areas;

- Business Rates
- Council Tax
- Other forms of income we can generate e.g. Fees & Charges, commercial activity, traded services, etc

Therefore, this will mean an era of financial self-sustainability for Local Authority's and that longer term and focussed outcome based budgeting will be the key. This essentially will mean the prioritisation and reallocation to our outcomes of all our resources both Capital and Revenue alongside our people and our physical assets.

The Council will therefore seek to ensure that the Council Tax and Business rates bases are improved and income collection levels are at least maintained. In addition, the Council will explore innovative income generation opportunities that will assist with increasing the Council's revenue sources to assist with meeting the need to be financially self-sustainable and to support the delivery of our outcomes. As part of this there is the intention to look greater at commercial opportunities for services of the Council.

Given the financial challenge we have and will continue to face for a number of years, a continued programme of corporate working will continue with this efficiency drive and to help support the identification of savings for future years. This will allow us to have a programme driving transformational change in the organisation and will allow a clear focus on delivery of the required savings that will be required over this period.

Over the coming year it will be extremely important to consider future year potential savings proposals in anticipation of delivering tailored services for the community whilst addressing the known budget reductions required from our total budget and reflecting the estimated significant government grant reductions. It is currently anticipated arising from the Autumn Budget Statement in late 2018, that further savings in the order of £19 million will be required from the Council's circa £230 million annual gross budget (after excluding Schools, HRA and Housing Benefits) for the four years 2020/21 to 2023/24.

Use of Earmarked Reserves

Earmarked Reserve	Probable Outturn 2018/19			Budget 2019/20			Forecast 2020/21			Forecast 2021/22			Forecast 2022/23			Forecast 2023/24			
	To Reserves £000	From Reserves £000		To Reserves £000	From Reserves £000		To Reserves £000	From Reserves £000		To Reserves £000	From Reserves £000		To Reserves £000	From Reserves £000		To Reserves £000	From Reserves £000		
Capital Reserves																			
Capital Reserve	9,407		(1,940)	7,467		(5,274)	2,193	(66)	2,127		(10)	2,117			2,117			2,117	
New Homes Bonus Reserve	2,685	1,445		4,130	2,031	(735)	5,426	1,370	(560)	6,236	1,340	(280)	7,296	628		7,924		7,924	
Agresso ERP Reserve	556		(238)	318			318		318			318			318			318	
Queensway Reserve	266			266			266		266			266			266			266	
Corporate Reserves																			
Business Transformation Reserve	6,004		(1,088)	4,916		(995)	3,921	(1,400)	2,521		(1,000)	1,521			1,521			1,521	
Business Rates Retention Reserve	4,283			4,283			4,283		4,283			4,283			4,283			4,283	
Interest Equalisation Reserve	4,411		(200)	4,211			4,211		4,211			4,211			4,211			4,211	
MRP Equalisation Reserve	6,036	6,589		12,625	3,665		16,290	(667)	15,623	(1,369)		14,254	(1,778)		12,476	(1,763)		10,713	
Pensions Reserve	2,097	3,734		5,831	3,733		9,564		9,564			9,564			9,564			9,564	
Rents Equalisation	850			850			850		850			850			850			850	
Insurance																			
Insurance Reserve	6,800			6,800			6,800		6,800			6,800			6,800			6,800	
Service Reserves																			
Building Control Reserve	242			242			242		242			242			242			242	
Cemeteries Reserve	39			39			39		39			39			39			39	
Elections Reserve	354		(50)	304		(36)	268	(36)	232	107		339	(35)		304	(36)		268	
Local Land Charges Reserve	64			64			64		64			64			64			64	
Schools Improvement	425		(200)	225		(200)	25	400	(200)		(200)	25			25			25	
Adult Social Care Reserve	2,598	515	(520)	2,593			2,593		2,593			2,593			2,593			2,593	
Childrens Social Care Reserve	1,919	2,000	(1,919)	2,000			2,000		2,000			2,000			2,000			2,000	
Social Fund	1,167		(350)	817		(350)	467	(350)	117		(117)	0			0			0	
Specific Corporate Projects	191			191			191		191			191			191			191	
Supporting People Reserve	668			668			668		668			668			668			668	
Voluntary Organisations Reserve	125			125			125		125			125			125			125	
Waste Management Reserve	4,973		(50)	4,923		(1)	4,922		4,922			4,922			4,922			4,922	
Welfare Reform Reserve	1,590			1,590		(300)	1,290	(300)	990		(300)	690	(300)		390			390	
Street Lighting Reserve	105			105			105		105			105			105			105	
Grants																			
DSG	(66)		(472)	(538)			(538)		(538)			(538)			(538)			(538)	
Area Child Protection	46			46			46		46			46			46			46	
General Grants Carried Forward	2,439		(328)	2,111			2,111		2,111			2,111			2,111			2,111	
Public Health Grant - Public Health	1,150		(240)	910			910		910			910			910			910	
Public Health Grant - DAAT	101			101			101		101			101			101			101	
Monies held in Trust																			
Comp- 3 Children When Reach 18	3			3			3		3			3			3			3	
Emily Briggs Trust	17			17			17		17			17			17			17	
S. Thorpe Smith Bequest	33			33			33		33			33			33			33	
Total General Fund Reserves	61,578	14,283	(7,595)	68,266	9,429	(7,891)	69,804	1,770	(3,579)	67,995	1,447	(3,276)	66,166	628	(2,113)	64,681	0	(1,799)	62,882
HRA Capital Investment Reserve	22,553	3,040	(991)	24,602	1,871	(2,143)	24,330	1,800	(5,388)	20,742	1,771	(2,166)	20,347	1,866		22,213	1,933		24,146
HRA Major Repairs Reserve	5,244	1,519		6,763	1,397		8,160	1,573	9,733	1,738		11,471	2,003		13,474	2,188		15,662	
HRA Repairs Contract Pension Reserve	460	60		520	60		580	60	640	60		700	60		760	60		820	
Total HRA Reserves	28,257	4,619	(991)	31,885	3,328	(2,143)	33,070	3,433	(5,388)	31,115	3,569	(2,166)	32,518	3,929	0	36,447	4,181	0	40,628
TOTAL EARMARKED RESERVES	89,835	18,902	(8,586)	100,151	12,757	(10,034)	102,874	5,203	(8,967)	99,110	5,016	(5,442)	98,684	4,557	(2,113)	101,128	4,181	(1,799)	103,510

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SOUTHEND-on-SEA BOROUGH COUNCIL

Medium Term Financial Forecast
2019/20 to 2023/24

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Base Budget					
From prior year	123,036	125,647	136,633	139,661	142,791
LESS					
Appropriations to/from Reserves in prior year	(5,436)	(1,538)	1,809	1,829	1,485
Revenue Contributions to Capital	(5,058)	(5,376)	(66)	(10)	0
Less other one-off expenditure/savings	1,933	1,254	(2,410)	(1,790)	(300)
Adjusted Base Budget	114,475	119,987	135,966	139,690	143,976
Appropriations to/from reserves	1,538	(1,809)	(1,829)	(1,485)	(1,799)
Revenue Contributions to Capital (funded from Earmarked Reserves)	5,376	66	10	0	0
Other one-off/time limited expenditure bids	(1,254)	2,410	1,790	300	0
Inflation and other increases	2,590	2,590	2,590	2,590	2,590
Corporate Cost Pressures	4,043	6,107	1,905	983	1,140
Directorate Savings/Pressures					
On-going Corporate and Directorate investment allowance	5,295	2,677	3,499	3,501	3,500
Budget reductions identified as per Budget Council	(4,113)	0	0	0	0
Better Care Fund					
NHS funding to Support Social Care and benefit Health	(12,603)	(12,603)	(12,603)	(12,603)	(12,603)
Expenditure relating to the NHS funding	12,603	0	0	0	0
Public Health					
Projected Grant Income	(9,212)	ringfence removed	0	0	0
Projected Expenditure	9,212	0	0	0	0
Housing Revenue Account					
Projected Expenditure	26,305	29,901	27,065	25,104	25,447
Projected Income	(27,490)	(27,946)	(28,468)	(29,033)	(29,628)
Contributions to/(from) HRA Earmarked Reserves	1,185	(1,955)	1,403	3,929	4,181
Schools					
Dedicated Schools Grant received from Government	(21,656)	(21,656)	(21,656)	(21,656)	(21,656)
Dedicated Schools Grant distributed to schools	21,656	21,656	21,656	21,656	21,656
Pupil Premium received from Government (indicative)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
Pupil Premium distributed to schools	2,500	2,500	2,500	2,500	2,500
Projected General Fund Net Expenditure	127,950	132,028	143,931	145,579	149,407
Changes in General Grants	(2,303)	12,105	30	712	409
Budget Requirement	125,647	144,133	143,961	146,291	149,816
Funded by:					
Council tax increase (2.99% in 19/20, 1.99% onwards) (taxbase +1.0% p.a.)	(75,022)	(77,398)	(79,840)	(82,361)	(84,957)
Social Care Precept (1.5% in 19/20, 0% onwards)	(5,733)	(5,791)	(5,848)	(5,907)	(5,966)
Business Rates	(36,467)	(51,444)	(52,473)	(53,523)	(54,593)
Revenue Support Grant	(5,925)	0	0	0	0
Reserves and Balances	(2,500)	(2,000)	(1,500)	(1,000)	(1,000)
Total funding	(125,647)	(136,633)	(139,661)	(142,791)	(146,516)
Funding Gap	0	7,500	4,300	3,500	3,300

Core Precept	75,022	77,398	79,840	82,361	84,957
Social Care Precept	5,733	5,791	5,848	5,907	5,966
Band D Council Tax					
Council Tax for a Band D Property	1,382.22	1,409.76	1,437.75	1,466.37	1,495.53
% Increase in Council Tax	4.49%	1.99%	1.99%	1.99%	1.99%
Council Tax Base					
Council Tax Base	58,424	59,009	59,599	60,195	60,797
Increase in Taxbase on prior year	1.41%	1.00%	1.00%	1.00%	1.00%

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7 Conditions

- Clear Vision & Delivery Strategy
- Digital Enablement to Support the Vision
- Trusted, Empowered and Engaged Workforce
- Appetite to Invest in People, Outcomes & Accept Risk
- Closer Collaboration with Staff, Members, Citizens & Partners
- Simple & Effective Governance
- Open Mindset that will drive forward Transformation & Change

6 Outcomes

1. A trusted empowered workforce who are accountable. **Lead - Tim Rignall/Gary Smith**
2. An organisation where it's encouraged to try new things and where learning is shared, valued and put into practice. **Lead - Lysanne Eddy/Richard Meads**
3. A highly collaborative workforce focused on delivering outcomes for the people of Southend-on-Sea. **Lead - Ellen Butler/Louisa Robinson**
4. Excellent people managers leading an agile workforce, enabled by modern technology. **Leads - Mike Bennett and Sue Putt**
5. Everyone understands our shared ambition and their role in delivering it. **Leads - Tracy Nicola and Lorraine Goldsmith**
6. A business like and commercial mindset delivering outcomes for the people of Southend on Sea. **Leads - Giles Gilbert and Lee White**

Rosemary Pennington

3. We have invested in protecting and nurturing our coastline, which continues to be our much best used asset. **Leads – Krishna Ramkhelawon and Amanda Champ**
4. Our streets and public spaces are clean and inviting. **Leads – Emma Cooney and Paul Je**

By 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives. By 2023:

1. People in all parts of the borough feel safe and secure at all times. **Leads – Erin Brennan- and Simon Ford**
2. Southenders are remaining well enough to enjoy fulfilling lives, throughout their lives. **Leads – Range and Caroline McCarron**
3. We are well on our way to ensuring that everyone has a home that meets their needs. **Leads – Halksworth and Ian Ambrose**
4. We are all effective at protecting and improving the quality of life for the most vulnerable in our community. **Leads – Jacqui Lansley and Cathy Braun**
5. We act as a Green City with outstanding examples of energy efficient and carbon neutral buildings, transport and recycling. **Leads – Andrew Barnes and Lizzie Georgeou**

By 2050 we have a thriving, active and involved community that feel invested in our city. By 2023:

1. Even more Southenders agree that people from different backgrounds are valued and get on together. **Leads – Kamil Pachalko and Colin Gamble**
2. The benefits of community connection are evident as more people come together to help, support and spend time with each other. **Leads – Sarah Baker and Nick Faint**
3. Public services are routinely designed, and sometimes delivered, with their users to best meet their needs. **Leads – Scott Dolling and Julie Painter**
4. A range of initiatives help communities come together to enhance their neighbourhood and environment. **Leads – Nick Faint and Carl Robinson**
5. More people have active lifestyles and there are significantly fewer people who do not engage in physical activity. **Leads – Lee Watson and Krithika Ramesh**

By 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all our people. By 2023:

1. The Local Plan is setting an exciting planning framework for the Borough. **Leads – Carol O'Connell and Mark Sheppard**
2. We have a fast-evolving, re-imagined and thriving town centre, with an inviting mix of shops, cafes, culture and leisure opportunities. **Leads – Peter Geraghty and Bridgette Cowley**
3. Our children are school and life ready and our workforce is skilled and job ready. **Leads – Eileen Martin and Sharon Wheeler**
4. Key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bringing prosperity and job opportunities to the Borough. **Leads – Peter Dowler and Alan Richards**
5. Southend is a place that is renowned for its creative industries, where new businesses thrive alongside where established employers and others invest for the long term. **Leads – Chris Burr and Paul Dixon**

By 2050 people can easily get in, out and around our borough and we have a world class infrastructure. By 2023:

Appendix 16: Summary of Equality Analyses supporting budget proposals 2019/20-2021/22

Outlined below is a summary Equality Analyses (EA) which supports specific budget proposals for 2019/20-2021/22, which may have a direct equalities impact for groups with 'protected characteristics'. The summary outlines, where mitigating action is being undertaken in implementing the proposals and has been endorsed by the Council's Corporate Management Team. Findings highlight where an equality analysis (EA) will be undertaken to accompany consideration, and implementation, of the proposals. All service restructures that impact on staff are required to be subject to an EA.

Theme/ savings no.	Proposal	Analysis findings
Transformation		
C1	Locality working/community engagement – £1,100,000	Locality approach is designed to engage with, and obtain views of local communities, and service users, in shaping future service provision. Savings to be obtained from focus on prevention, re-ablement and enablement will not mean closure or loss of service. Rather the approach should mean the Council will better identify the broader range of needs across the borough's increasingly diverse, communities and be better able to tailor service provision accordingly (including for those who may not be currently receive a service).
C2	Children's services adopting locality approach and use of technology – £200,000	Localities approach will enable engagement of local communities and service users to better shape future service provision. Closer working between Adult and Children Services staff will provide a more joined up approach with families engaged with social care services, enabling more efficient and effective provision.

C3	Reduced high cost placements linked to Edge of care – £500,000	Previous and on-going investment in edge of care services will mean targeted support on adolescents with challenging behaviours (mainly boys), will reduce the numbers going into very high cost placements and also keep more children in families, with better outcomes for all concerned.
C4	Public Health role in Council services - £160,000 (Culture Team, Private Sector Housing, Children’s services)	Relates to staffing re-configuration, therefore, no direct equality implications.
C5	Pathways - £40,000	Move should provide more flexible footway material that can better adapt, for example, to tree root growth and result in less trips and falls, that disproportionately impact on the elderly and those with disabilities.
C6	Central reservation greenery - £25,000	No equality related impact
Staffing		
D1 D2 D3 D4 D5 D6	Finance & Resources staffing - £70,000 Cemeteries and Crematoria staffing - £100,000 Channel Shift staffing - £75,000 Joint contracts and commissioning efficiencies – £200,000 Learning services savings - £150,000 Tickfield Centre restructuring - £40,000	No direct equalities implications in relation to service delivery. All staffing restructures are required to be accompanied by an equality analysis.
Procurement		
E1 E2 E3	External Audit Fees - £30,000 Insurance renewal - £150,000 Procurement review of contracted services – £100,000 (from Adult Social Care contracts).	No direct equality implications in relation to External Audit or Insurance renewal. Proposal relating to adult social care contracts proposal entails savings from re-procurement of supported living for 27 adults with learning disabilities, across a range of ages, including

		some older people, which seeks to enhance the current service provided, by, for example, providing more interactive and communal support. An Equality Analysis has been, and will continue to be, undertaken to assess the potential impact across all protected characteristics in relation to the residents.
Investment		
B1	Housing Benefit/Localised Council Tax Scheme Administration Grant (£90,000)	Additional resources will mitigate the loss of central government funding in this area. This will help to support the administration of key benefits to some of the most vulnerable residents in the borough, helping to reduce delays in payments and so prevent potential homelessness from non-payment of rent. The equality analysis will be progressed to assess more specific implications, taking into account the consequences of the impact of Universal Credit and other changes to the benefits system.
C1	Getting it right for Every Child (demand strategy) for children's services - £1,108,000	Funding will provide additional social work posts to help address the pressures in this area of service, particularly those facing socio-economic challenges in the most deprived parts of the borough.
C2	Edge of Care Team - £330,000 (and a further £250,000 pa from 2020/21)	Funding will enhance support to those at risk of becoming part of the care system, keeping more children in families and reducing the numbers going into very high cost placements.
C3	Adolescent Team - £275,000	Funding will enhance the support to vulnerable children, often at risk of exploitation and from more deprived backgrounds, to remain safely with their families.
C4	Increase fees for foster carers to prevent loss of capacity - £100,000	Funding will enable more looked after children to stay within the local community and be more likely to stay out of the care system

C5	Early years funding - £350,000	Funding will maintain current levels of early years provision in the borough following a change to national funding arrangements.
C6	SEN children costs rising particularly ASD provision - £100,000	Funding will better enable pupils with Autism Spectrum Disorder (ASD) to continue in mainstream schools and also help in developing longer term sustainable solutions
D1	Investment Strategy for Adult Social Care - £3,362,000	Additional support reflects the growing demographic pressures from a growing older population and the impact of the uplift to the national living wage rates.
Additional time-limited investment		
School improvement	School improvement support for pupil to attain Grammar School entrance: 19/20: £200k; 20/21: £200k	Funding will support local pupils, including those from more deprived backgrounds, to obtain entrance to Grammar Schools.