

## Policy and Resources Scrutiny Committee

Date: Thursday, 28th November, 2019 @ 18.30

Place: Committee Room 1 - Civic Suite

Contact: Fiona Abbott, Principal Democratic Services Officer

Email: [committeesection@southend.gov.uk](mailto:committeesection@southend.gov.uk)

### AGENDA

\*\*\*\* **Part 1**

- 1 Apologies for Absence
- 2 Declarations of Interest
- 3 Questions from Members of the Public
- 4 Minutes of the Meeting held on Thursday, 10th October, 2019

\*\*\*\* **ITEMS CALLED IN / REFERRED DIRECT FROM CABINET - TUESDAY, 5th NOVEMBER, 2019**

- 5 **Notice of Motion - Kursaal Museum**  
**Minute 515** (Agenda Item No. 10, Cabinet report circulated separately)  
Called-in by Councillors Cox and Davidson
- 6 **Notice of Motion - Gender Neutral Language in the Council**  
**Minute 516** ((Agenda Item No. 11, Cabinet report circulated separately)  
Called-in by Councillors Aylen, K Evans, F Evans, Boyd, Davidson and Salter
- 7 **Notice of Motion - White Ribbon**  
**Minute 517** (Agenda Item No. 12, Cabinet report circulated separately)  
Called-in by Councillors Aylen and K Evans
- 8 **Corporate Budget Performance - Period 6**  
**Minute 521** (Cabinet Book 2, Agenda Item No. 16)  
Called-in by Councillors Cox and Davidson
- 9 **Southend 2050 Outcome Success Measures - Quarter 2 Report 2019/20**  
**Minute 522** (Cabinet Book 2, Agenda Item 17 refers)  
Referred direct to all three scrutiny committees
- 10 **Treasury Management Report - Mid Year 2019/20**  
**Minute 524** (Cabinet Book 2, Agenda Item No. 19 refers)  
Called-in by Councillors Cox and Davidson
- 11 **Minutes of the meeting of the Shareholder Board held on Wednesday, 16th October 2019**  
**Minute 526** (Cabinet Book 2, Agenda Item No. 21 refers)  
Called-in by Councillors Cox and Davidson

**12 Council Procedure Rule 46**

**Minute 527** (East Beach Café – Surrender of Lease) (Cabinet Book 2, Agenda Item No. 22 refers)

Called-in by Councillors Cox and Davidson

**\*\*\*\* ITEMS CALLED-IN FROM THE FORWARD PLAN**

NONE

**\*\*\*\* PRE CABINET SCRUTINY ITEMS**

NONE

**\*\*\*\* OTHER SCRUTINY MATTERS**

NONE

**To The Chair & Members of Policy & Resources Scrutiny Committee:**

Councillor D Garston (Chair),

Councillors D McGlone (Vice-Chair), B Ayling, D Burzotta, D Cowan, T Cox, P Collins, M Davidson, M Dent, S George, S Habermel, H McDonald, D Nelson, I Shead, M Stafford, S Wakefield and P Wexham

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## SOUTHEND-ON-SEA BOROUGH COUNCIL

### Meeting of Policy and Resources Scrutiny Committee

**Date: Thursday, 10th October, 2019**  
**Place: Committee Room 1 - Civic Suite**

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**Present:** Councillor D Garston (Chair)  
Councillors D McGlone (Vice-Chair), D Burzotta, D Cowan, T Cox,  
P Collins, M Davidson, M Dent, George, S Habermel, D Jarvis\*,  
H McDonald, I Shead, M Stafford and S Wakefield  
\*Substitute in accordance with Council Procedure Rule 31.

**In Attendance:** Councillors I Gilbert, M Terry and R Woodley (Executive Members)  
Councillor C Mulroney and Councillor K Evans  
J K Williams, F Abbott, J Chesterton, J Ruffle, A Barnes,  
G Halksworth and A Smyth

**Start/End Time:** 6.30 pm - 8.45 pm

#### **399 Apologies for Absence**

Apologies for absence were received from Councillor B Ayling (no substitute), Councillor P Wexham (no substitute) and Councillor D Nelson (substitute Cllr D Jarvis).

#### **400 Declarations of Interest**

The following interests were declared at the meeting:-

- (a) Councillors Gilbert, Terry and Woodley (Cabinet Members) – interest in the called in items / referred item; attended pursuant to the dispensation agreed at Council on 19th July 2012, under S.33 of the Localism Act 2011;
- (b) Councillor Cowan – Agenda Item relating to Notice of Motion – HRA Lundy Close - non-pecuniary interest: discussed with residents;
- (c) Councillor McGlone – Agenda Items relating to – questions from public; Notice of Motion – HRA Lundy Close - non-pecuniary interest: a number of residents in vicinity known to him;
- (d) Councillor Davidson – Agenda Items relating to - Notice of Motion – HRA Lundy Close; Housing and Development Pipeline; Selective Licensing - non-pecuniary interest: Non-executive Director of South Essex Homes Board;
- (e) Councillor Woodley – Agenda Item relating to Notice of Motion – HRA Lundy Close – non-pecuniary interest: Lead Peer member for East England and East Midlands – LGA;
- (f) Councillor Collins - Agenda Item relating to Housing and Development Pipeline - Disqualifying Non-Pecuniary Interest: Season ticket holder at Southend United Football Club – withdrew in relation to the Roots Hall discussion;
- (g) Councillor Terry – Agenda Item relating to Housing and Development Pipeline –Disqualifying Non-Pecuniary Interest: Season ticket holder at

- Southend United Football Club – withdrew in relation to the Roots Hall discussion;
- (h) Councillor Woodley – Agenda Item relating to Housing and Development Pipeline – Disqualifying non-pecuniary interest: Wife is a season ticket holder at Southend United Football Club – withdrew in relation to Roots Hall discussion;
  - (i) Councillor Jarvis - Agenda Item relating to Housing and Development Pipeline – Disqualifying non-pecuniary interest: Wife and himself are season ticket holders at Southend United Football Club and he is also a small shareholder – withdrew in relation to the Roots Hall discussion;
  - (j) Councillor Habermel - Agenda Item relating to Selective Licensing of the Private Rented Sector – Disqualifying Pecuniary Interest: landlord – withdrew;
  - (k) Councillor Shead– Agenda Item relating to Selective Licensing of the Private Rented Sector – Disqualifying Pecuniary Interest: landlord - withdrew;
  - (l) Councillor Wakefield - Agenda Item relating to Selective Licensing of the Private Rented Sector – Disqualifying Pecuniary Interest: landlord – withdrew;
  - (m) Councillor Cowan - Agenda Item relating to Selective Licensing of the Private Rented Sector - non-pecuniary interest: private sector tenant;
  - (n) Councillor Dent - Agenda Item relating to Selective Licensing of the Private Rented Sector - non-pecuniary interest: private sector tenant;
  - (o) Councillor George - Agenda Item relating to Selective Licensing of the Private Rented Sector - non-pecuniary interest: Council's representative on SEAL;
  - (p) Councillor Mulroney – Agenda Item relating to Corporate Budget Performance – non-pecuniary interest: Chairman of North Thames Fisheries Local Action Group.

#### **401 Questions from Members of the Public**

Councillor Gilbert, the Leader of the Council (Cabinet Member for Housing and Communities) responded to written questions from Miss Newman. The responses to the questions submitted by Mr Webb to the Cabinet Member for Community Safety and Customer Contact and to the Leader of the Council (Cabinet Member for Housing and Communities) will be forwarded to him as he was not present at the meeting.

#### **402 Minutes of the Meeting held on Thursday, 11th July, 2019**

Resolved:-

That the Minutes of the Meeting held on Thursday, 11<sup>th</sup> July 2019, be confirmed as a correct record and signed.

#### **403 Notice of Motion - HRA Lundy Close**

The Committee considered Minute 323 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to Scrutiny, concerning the Notice of Motion opposing the Lundy Close housing scheme.

Resolved:-

1. That the following decision of Cabinet be noted:-

“That officers proceed to the next steps of the Land Review project which will include appointing of an Architect and Design Team to provide a more detailed plan for proposals at Lundy Close. Further consultation will take place with both ward councillors and local residents. Any planning application will be subject to public consultation in the normal way.”

2. That, in accordance with Council Procedure Rule 39, the matter be referred to full Council.

Note: This is an Executive Function  
Cabinet Member: Councillor Gilbert

#### **404 Housing and Development Pipeline Update**

The Committee considered Minute 324 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to Scrutiny, together with a report of the Executive Director (Finance and Resources) and the Deputy Chief Executive (People). This provided an update on the work underway in looking at the pipeline of housing and development opportunities across the Borough and presenting recommendations setting out the proposed way forward.

Resolved:-

That the following recommendations of Cabinet be noted:-

- “1. That the progress of the first phase of housing and development pipeline sites currently in delivery as set out in Section 3.11 of the submitted report, be noted.
2. That the progress on the Acquisitions Programme for Council Housing as set out in Section 3.3 of the report, be noted.
3. That the work undertaken to date on the development land pipeline as set out in Section 3.5 of the report, be noted.
4. That £645,000 be allocated from existing capital reserves held within the General Fund and Housing Revenue Account as appropriate, in the first phase to enable the necessary initial site feasibility, due diligence, survey and high level design work to be commissioned to demonstrate viability (or otherwise) and enable a more detailed assessment of the number of units which could be delivered across the sites and, in relation to those suitable for joint venture opportunities, to establish appropriate objectives and bundling of sites. Following detailed feasibility, those sites which are proved to be viable will be presented to Cabinet for agreement on the preferred way forward for development in due course.
5. That PSP Southend LLP be invited to undertake the next stage of feasibility (to e2) for sites which the pipeline assessment work has indicated would be suitable for PSP delivery and for the Council to commission valuations for

these sites to establish the baseline values. At this stage PSP will work at their risk. Once these sites have been assessed in detail by PSP Southend LLP, recommendations will be made to Cabinet for the sites to be opted in to the LLP for delivery or for alternative approaches to be considered.

6. That negotiations be carried out to progress to update and re-brand PSP Southend LLP as set out in 3.21 of the submitted report. In particular so that the board and reporting structure can be aligned with other Council LLPs and companies, reporting in to the Shareholder Board and to delegate the agreement of the detailed arrangements to the Strategic Directors (Finance and Resources and Legal and Democratic Services) in consultation with the Leader of the Council.
7. That it be noted that the proposed amendments to the Ilfracombe Avenue site, specifically that the Library will not be located within the proposed housing development which is proposed to provide a housing-for-rent scheme which will include a planning policy level of affordable housing for rent (capped at Local Housing Allowance levels). Income from the development will be used to finance the capital borrowing required to complete the necessary condition works at the existing Southchurch Library.”

That the following decision of Cabinet be noted:-

- “8. That, in principle, the Council is minded to enter into an income strip lease transaction in relation to the proposed residential development at Roots Hall subject to the completion of the relevant due diligence and to ensuring the long-term financial sustainability for the Council. To note that if a suitable transaction can be agreed, the terms of that transaction will be put to Cabinet for consideration.”

Note: The decisions in 1-7 above constitute a Council Function. The decision in 8 above constitutes an Executive Function.

Cabinet Member: Councillors Gilbert and Woodley

#### **405 Selective Licensing of the Private Rented Sector**

The Committee considered Minute 325 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to Scrutiny, together with a report of the Deputy Chief Executive (People). This outlined the preliminary work underway to introduce Selective Licensing in parts of the Borough and to seek agreement for the next steps, including resources required to undertake the preparatory research and other work needed ahead of implementation.

Resolved:-

1. That the following decisions of Cabinet be noted:-

- “1. That a one off resource of £50k in order to undertake in-depth preparatory work ahead of any implementation of Selective Licensing within the Borough through a service delivery partner, be approved.

2. That the targeted consultation is progressed on the adoption of powers of Selective Licensing within parts of the Borough identified as experiencing antisocial behaviour (ASB) problems, crime and deprivation associated with poorly managed Private Rented Sector (PRS) accommodation.
3. That following the above work, a further report is brought before Cabinet relating to the introduction of Selective Licensing in parts of the Borough.”
2. That, in accordance with Council Procedure Rule 39, the matter be referred to full Council.

Note: This is an Executive Function  
Cabinet Member: Councillor Gilbert

#### **406 Southend 2050 Outcomes Success Measures Report - Quarter 1 2019/20**

The Committee considered Minute 333 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to all three Scrutiny Committees, together with a report of the Chief Executive outlining the Southend 2050 Outcomes Success Measures for 2019/20 (first quarter).

In response to questions, the Leader said that he would be happy to look at how some of the data is presented in the report and see what might change for the next report. With regard to the data in the annual information page and the percentage of people with a disability who found it easy to get around the borough, the Council's Executive Director (Transformation) agreed to circulate details of how the information was gathered.

On behalf of the Committee, the Chair thanked the team for their work in preparing this new report which was very clear.

Resolved:-

That the following decision of Cabinet be noted:-

“That the Quarter 1 performance from 1 April – 30 June 2019 be noted.”

Note: This is an Executive Function  
Cabinet Member: Cllr Gilbert

#### **407 Corporate Budget Performance 2019/20 - Period 4**

The Committee considered Minute 334 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to Scrutiny, together with a report of the Executive Director (Finance and Resources) on the corporate budget performance 2019/20 (period 4).

Resolved:-

That the following recommendations of Cabinet be noted:-

“That in respect of the 2019/20 Revenue Budget Performance:

1. The forecast outturn for the General Fund and the Housing Revenue Account as at July 2019, be noted.
2. That the planned budget transfers (virements) of £1,872,260 between portfolio services, be approved.
3. That the transfer of £2,000,000 from the Children’s Social Care Reserve previously approved to assist with the increase in demand and cost within this area, be approved.
4. That the transfer of £500,000 from the Interest Equalisation Reserve to fund the additional interest costs due to advance borrowing to take advantage of exceptionally low interest rates, be approved.

That in respect of the 2019/20 Capital Budget Performance:

5. That the expenditure to date and the forecast outturn as at July 2019 and its financing, be noted.
6. That the requested changes to the 2019/20 capital investment programme, be approved.
7. That the requested additions to the Fire Improvement Works budget of £750k p.a. for the five years from 2020/21 to 2024/25 as set out in the Fire Safety Report, be noted.”

Note: This is a Council Function

Cabinet Member: Councillors Gilbert and Woodley

#### **408 Treasury Management - Quarter One 2019/20**

The Committee considered Minute 335 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to Scrutiny, together with a report of the Executive Director (Finance and Resources) covering the treasury management activity for the period from April to June 2019.

Resolved:-

That the following recommendations of Cabinet be noted:-

- “1. That it be noted that the treasury management activities were carried out in accordance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Sector during the period from April to June 2019.



2. That it be noted that the loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.
3. That it be noted that £0.492m of interest was received during this three month period. The total investment income earned including this interest during this three month period was £0.490m, at an average rate of 1.88%. This is 1.31% over the average 7 day LIBID (London Interbank Bid Rate) and 1.13% over the average bank rate.
4. That it be noted that the level of borrowing from the Public Works Loan Board (PWLb) (excluding debt relating to services transferred from Essex County Council on 1<sup>st</sup> April 1998) increased from £267.8m to £277.8m (HRA: £77.0m, GF: £200.8m) during the period from April to June 2019.
5. That it be noted that during the quarter the level of financing for 'invest to save' schemes decreased from £8.73m to £8.70m."

Note: This is a Council Function  
Cabinet Member: Cllr Woodley

#### **409 Annual Comments, Compliments and Complaints**

The Committee considered Minute 337 of Cabinet held on 17<sup>th</sup> September 2019, together with a report of the Chief Executive providing performance information about comments, compliments and complaints received across the Council for 2018/19. This had been referred direct by Cabinet to all three Scrutiny Committees for consideration.

Resolved:-

That the following decisions of Cabinet be noted:-

- "1. That necessary changes be made to the Comments, Compliments and Complaints policy as described in paragraph 5.2 of the submitted report.
2. That the Council's performance in respect of comments, complaints and compliments for 2018/19 be noted and that the report at Appendix A be referred to each Scrutiny Committee and the reports at Appendix B and Appendix C be referred to the People Scrutiny Committee."

Note: This is an Executive Function  
Cabinet Member: Councillors Terry, Harp and Jones

#### **410 Control Environment Assurance**

The Committee considered Minute 338 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to Scrutiny, together with a report of the Executive Director (Finance and Resources) on the proposed revisions to be made to the Control Environment in respect of Risk Management, Counter-Fraud, Bribery & Corruption, Counter Money Laundering, Whistleblowing and the Regulation of Investigatory Powers.

Councillor Shead asked if an addition could be made on page 3 of the Whistleblowing Policy to deal with the situation where a council officer decides to make a disclosure to a Councillor, rather than to another officer. In such circumstances the officer making the disclosure would need to meet a higher standard in order to attract employment protection, since a Councillor is not a “prescribed person” under the Public Information Disclosure Act 1998. Councillor Shead asked if the Council could extend the same protection “wherever possible”. The Executive Director (Legal and Democratic Services) said that he would investigate and advise.

In response to questions raised about the revised Policy and Procedures for undertaking surveillance pursuant to RIPA (Appendix E), the Executive Director (Legal & Democratic Services) explained that:-

- A Commissioned Fraud Investigation Service would necessarily undertake a range of activities in connection with that service. Occasionally surveillance may be required, although in 2018/19 there was no use of surveillance powers.
- It was logical that the body investigating a fraud should obtain the necessary authority for any surveillance - and it was quite lawful for the Commissioned Service to obtain that authority.
- Southend-on-Sea Borough Council has oversight of the Commissioned Service. Furthermore safeguards are in place to ensure any surveillance is carried out lawfully; most importantly an order must be obtained from the Magistrates’ Court for any proposed surveillance.
- The Fraud Investigation Service provided by Thurrock Council in fact ended in early October 2019, but it is reasonable to retain a general policy.

Resolved:-

1. That the following decisions of Cabinet be noted:-
  - “1. That the revised Risk Management Policy Statement and Strategy set out in Appendix A to the submitted report (including the action plan included at Appendix A of that document) be approved.
  2. That the revised Counter Fraud, Bribery & Corruption Policy and Strategy (Appendix B), the revised Counter Money Laundering Policy & Strategy (Appendix C) and the revised Whistleblowing Policy (Appendix D), be approved
  3. That the revised Policy and Procedures for undertaking Directed Surveillance and the use of Covert Human Intelligence Sources (Appendix E) and also the detailed procedures for use of a CHIS as set out in the confidential Appendix F, (subject to the inclusion of an additional sentence under paragraph 7.2 in relation to the handling, storage and destruction of material obtained through the use of a CHIS) be approved.

4. That it be noted that:

(a) The Council has not used the surveillance powers available to it under RIPA between 1 April 2018 and the 31st March 2019 and neither has it used any CHIS during this period.

(b) Thurrock Council has not used any such powers on behalf of Southend-on-Sea Borough Council when undertaking Anti-Fraud work between 1 April 2018 and 31st March 2019.

5. That the staff training undertaken in 2018/19 and proposed training for 2019/20 in connection with RIPA, be noted.

6. That the regulation of CCTV activities be noted.”

2. That, in accordance with Council Procedure Rule 39, the matter be referred to full Council. ||

Note: This is an Executive Function

Cabinet Member: Councillors Gilbert and Woodley

**411 In depth Scrutiny project - How the Council and Councillors communicate with local people and stakeholders**

Further to Minute 201 of its meeting held on 11th July 2019, the Committee considered the project plan in relation to the agreed joint in-depth scrutiny project 2019/20 entitled “How the council and councillors 1) communicate with local people and stakeholders and 2) facilitate engagement and participation.”

The Committee also received an oral update on the progress that had been made with the study to date.

Resolved:-

That the project plan be agreed.

Note:- This is a Scrutiny Function.

**412 Exclusion of the Public**

Resolved:-

That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the item of business set out below, on the grounds that it would 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.

#### **413 Control Environment Assurance - Confidential Appendix**

The Committee considered Minute 342 of Cabinet held on 17<sup>th</sup> September, 2019, which had been called in to Scrutiny.

Resolved:-

1. That the following decision of Cabinet be noted:-

“That the confidential appendix, be endorsed (subject to the amendment referred to in Minute 338 (3)).”

2. That, in accordance with Council Procedure Rule 39, the matter be referred to full Council. ||

Note: This is an Executive Function

Cabinet Members: Councillors Gilbert and Woodley

**Chair:** \_\_\_\_\_

## To Full Council

## Notice of Motion

## Kursaal Museum

# 5

The iconic nature and position of the Kursaal on the seafront and its current situation, means it is understandably the subject of speculation and discussion.

With the future of the listed building in doubt after the bowling alley and leisure area of the Kursaal closed for the third time this year,

**This Council therefore resolves that it should:**

1. As the freeholders of the iconic site, acquire back the lease.
2. Make the Kursaal the permanent home for the Prittlewell Prince

**Proposed By:** Cllr Jarvis  
Cllr Cox

**Seconded By** Cllr Buck  
Cllr Boyd  
Cllr Burzotta  
Cllr Davidson  
Cllr Dear  
Cllr Evans  
Cllr Flewitt  
Cllr Folkard  
Cllr Garne  
Cllr Garston  
Cllr Habermel  
Cllr Bright  
Cllr McGlone  
Cllr Moring  
Cllr Nelson  
Cllr Salter  
Cllr Walker

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**Notice of Motion**

**6**

**Gender Neutral Language in the Council**

Southend-on-Sea Borough Council is committed to supporting woman and minority groups to take part in local government and appreciates that use of male universals (such as ‘chairman’ to refer to all people), references to marital status (such as ‘Councillor Mrs’ when a similar title is not used for men) and other gendered language (such as Mr Mayor and Madam Mayor), can give the impression that local government is only accessible to certain people, which could discourage women and minority groups from engaging in local politics.

Council notes that there is inconsistent use of gender-neutral language in Southend-on-Sea Borough Council’s constitution, policies and communications (both online and offline, written and verbal) and believes that language reflects and influences attitudes, behaviours and perceptions.

The use of gender-neutral language helps to avoid word choices that could be interpreted as biased, discriminatory or demeaning by implying that one sex or social gender is the norm, which helps to reduce gender stereotyping, promote social change and achieve gender equality.

**Council resolves to:**

- Remove male universals, such as ‘chairman’, from the constitution, policies and all written and verbal communications and to replace them with gender-neutral terms, such as ‘chair’.
- Desist from making reference to a person’s marital status unless they expressly request it is included.
- Use gender-neutral language where an individual’s sex or social gender are not relevant or not known.
- Communicate these changes to all departments and members of staff within Southend-on-Sea Borough Council.

Proposed by: Cllr Helen McDonald

Seconded by: Cllr Matt Dent

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**NOTICE OF MOTION – WHITE RIBBON**

Council notes that violence against women is a serious, prevalent and preventable issue in our society. Male violence against women must be ended, once and for all. Simply agreeing with the principle is not enough. As a responsible authority we have a moral obligation to stand against and work to end male violence against women.

**MOTION**

Council recognises the importance of White Ribbon and its contribution as part of a global campaign taking action to stop male violence against women and resolves to become an accredited authority.

Council commits to making White Ribbon Day (25<sup>th</sup> November) part of the civic calendar with ambassador-led activities involving staff, members and the public.

Council agrees to raise awareness of the White Ribbon Campaign through regular updates and features in internal and external communications.

Council will provide support to staff and members to take the pledge never to commit, excuse or remain silent about male violence against women and to become ambassadors and champions.

Council will work closely with local agencies and organisations involved in tackling male violence against women to work towards making Southend a White Ribbon Borough.

Council commits to hosting annual awareness training for all members.

Proposed by:

Cllr Cowan

Seconded by:

Cllr Dent

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# Southend-on-Sea Borough Council

Report of Executive Director (Finance & Resources)

To

Cabinet

On

5 November 2019

Report prepared by:

Pete Bates, Interim Head of Corporate Finance

Caroline Fozzard, Group Manager for Financial Planning and Control

Agenda  
Item No.

8

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## Corporate Budget Performance – Period 6

### Policy and Resources Scrutiny Committee

Cabinet Members: Councillor Ian Gilbert and Councillor Ron Woodley

#### *Part 1 (Public Agenda Item)*

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## 1 Purpose of Report

The corporate budget performance report is a key tool in scrutinising the Council's overall financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the Authority actively monitors its budgets throughout the year in order to ensure that the overall financial position is robust and sustainable and that strategic objectives are being achieved. The report highlights any major variations from approved spending plans for 2019/20 to enable corrective action to be taken where necessary.

## 2 Recommendations

That, in respect of the 2019/20 Revenue Budget Performance as set out in Appendix 1 to this report, Cabinet:

- 2.1 Note the forecast outturn and mitigating actions for the General Fund and the Housing Revenue Account as at September 2019;

- 2.2 Approve the planned budget transfers (virements) of £185,875 between portfolio services, as set out in section 3.7;

That, in respect of the 2019/20 Capital Budget Performance as set out in Appendix 2 of this report, Cabinet:

- 2.3 Note the expenditure to date and the forecast outturn as at September 2019 and its financing;

- 2.4 Approve the requested changes to the 2019/20 Capital Investment Programme as set out in Section 2 of Appendix 2;

### 3 Background and Summary

#### Revenue – General fund

- 3.1 In February 2019 the Council approved a General Fund revenue budget for 2019/20 of £125.647M. This report provides details of the current projected outturn position for 2019/20 based on information as at the end of September (period 6). In headline terms the Council is currently forecasting a net overspend of £3.6M for 2019/20, which is around 1% of the gross expenditure budget.
- 3.2 The Council is dealing with many of the same financial challenges as most other upper tier Authorities right across the country. The first six months of 2019/20 has also seen the continuation of similar local spending pressures as the previous financial year. Most Local Authorities are experiencing increasing demand in key services which is placing a strain on available resources. Southend-on-Sea Borough Council have responded to this challenge by making available additional ongoing investment into priority areas. Extra investment has gone into Adults and Children social care services and Highways and Transport but the scale of local demand and circumstances is still creating significant financial pressures for the Authority. The strategic decision to join the Essex Business Rates pool has been beneficial as expected. Together with additional Business Rates income, it is estimated that an extra £2M will be generated this year which has been included in this report to reduce the forecast level of overspend for 2019/20.
- 3.3 The major area of financial pressure is within Children Services with a forecast overspend of £4.3M, this is a £1M increase on the position previously reported at the end of July. A recent survey has identified that 90% of Councils are experiencing increasing demand and are also overspending in meeting the needs of children and families. The major driver is the significant increase in the number of looked after children. The Council has experienced a year on year increase for the last 4 years. Due to the high cost of looked after children externally supplied care placements, there is always the risk that the forecast on this provision can move substantially through either increased numbers of children placed in external care or required external placement moves. The service has also seen an increase in the number of families requiring to be accommodated and classified as families with no recourse for public funds. The increased demand has also resulted in increased costs for additional staff cover in social care teams. The service continue to plan to manage this increase in placement demand, by building our local in-house foster care capacity and sourcing local residential care provision. From a staffing perspective the medium to long term strategy is to increase the use of Newly Qualified Social Workers and permanently employed Social Workers, which should result in less reliance on agency staff and the removal of the current range of temporary posts. Mitigation actions of £0.8m have been identified and additional work is being undertaken to try to reduce the forecast overspend further whilst still meeting the needs of children and families.

- 3.4 The Health and Adult Social Care Service is currently forecasting a net overspend of £0.6M, this is a £0.1M increase from the position at the end of July. The main pressures relate to services dealing with Learning Disabilities (transport and supported living placements), interim residential placements and increased demand for physical and sensory impairment equipment. The service are currently pursuing a range of mitigation measures and have commenced an in depth review of all expenditure within Adult Social Care.
- 3.5 The Highways and Transport Service are currently forecasting a £3.1M overspend, this is a £0.5M increase from the position at the end of July. There are a range of financial pressures due to reactive works on the highways. These include damaged street lighting columns, tree maintenance works and defects on footways and carriageways. An increase in the aged debt of parking notices will also result in an increased provision to cover bad and doubtful debts, and the income generated from University Square car park continues to fall as it has since 2017 after a spate of anti-social behaviour. The income generated from street work permits has been reducing for the last 18 months as have penalties for overrun works. Although the Council is now receiving a reduction in income it also means that works are being undertaken promptly which in turn is keeping the highway network free from unnecessary delays. A comprehensive review of all expenditure and income in this service area has commenced.
- 3.6 The approved budget does also include around £3M contingency that has yet to be allocated. This could be used to help meet some of the current forecast level of overspend should the range of management actions and mitigations not succeed in pulling spending back into line within approved allocated budgets. The Council has also deliberately and prudently maintained a sensible level of reserves that could be used as a last resort at the year end.
- 3.7 Positively the Council is currently performing strongly in terms of collecting both Council Tax and Business Rates for the first 6 months of 2019/20, exceeding the target level of collection at this stage of the year by 0.3% and 0.6% respectively.
- 3.8 Overall the Council remains in a strong and resilient financial position, despite the potential impact of the current range of demand and spending pressures. The Council has retained the ability to cope with unexpected challenges including dealing with the residual forecast net overspend position for 2019/20. Every effort will be made to improve the current forecast position and deliver a balanced budget by the end of the year. A further report on the Corporate Budget Performance – Period 8 (end of November) to outline progress will be presented to Cabinet in January 2020.
- 3.9 The Council will continue to monitor the implications of Brexit and any potential financial impact on the provision of Council Services.

## Revenue – General Fund Budget Transfers (Virements)

- 3.10 All budget transfer (virements) over £50,000 between portfolios or between pay and non-pay budgets are considered and approved by Cabinet. These budget transfers have a net nil impact on the Council's overall budget. The following budget transfers for Cabinet approval this period are:

<u>£</u>	
62,200	Re-alignment of staffing posts in Adult Social Care
69,700	Re-alignment of staffing budget between HR & Corporate Strategy
<u>53,975</u>	Re-alignment of School Improvement Salary Budgets
<u>185,875</u>	

## Revenue – Housing Revenue Account (HRA)

- 3.11 In February 2019 the Council approved a balanced Housing Revenue Account budget for 2019/20. This report details the projected outturn position for this year based on actual activity and financial performance as at the end of September 2019 (period 6).
- 3.12 The Housing Revenue Account is currently forecasting a net surplus of (£270,000) in 2019/20, (around -1%) of gross operating expenditure. It is currently anticipated that this surplus will be transferred to the HRA Capital Investment Reserve at the year end for future planned investment into the housing stock. Potential to use some of the forecast surplus to fund additional revenue contributions to capital is also under consideration.

## Capital

- 3.13 Successful and timely delivery of the capital investment programme is a key part of achieving the Southend 2050 ambition and delivering the outcomes. The investment contributes to the five themes in the following way:
- 3.14 Pride and Joy – the key investment areas are: the ongoing refurbishment and enhancement of Southend's historic pleasure pier and the town's cultural and tourism offer, including libraries, museums and theatres.
- 3.15 Safe and Well – the key investment areas are: the construction and acquisition of new council homes and the refurbishment of existing ones via the decent homes programme; social care with the building of a new care facility and day centre to provide high quality services for people with high and complex needs.
- 3.16 Active and Involved – the key investment area is the Cart and Wagon Shed for the coastal community team to use as part of their community interest company.
- 3.17 Opportunity and Prosperity – the key investment areas are: the Airport Business Park to deliver benefits for both local businesses and local communities, creating thousands of job opportunities and attracting inward investment; the secondary schools expansion programme has delivered 120 permanent additional secondary school places for September 2018 and a further 80 for September 2019. This expansion is across eight of the twelve Southend

secondary schools resulting in an additional 1,050 places for 11-16 year old pupils once completed.

- 3.18 Connected and Smart – the key investment areas are: the investment in the borough's highways and transport network, including the improvements to the A127 Growth Corridor funded by the Local Growth Fund and investment in the Council's ICT infrastructure and networks to enable and transform outcome focussed service delivery.
- 3.19 In February 2019 the Council agreed a capital investment programme budget for 2019/20 of £74.361M. This budget was revised at June Cabinet to £90.073M and further revised to £83.072M at September Cabinet following approved re-profiles and other amendments. £46.131M of this revised budget is identified as strategic schemes such as the Airport Business Park.
- 3.20 About a third of the programme is financed by Government grants and external developer and other contributions and at the end of September just over a half had been received. The rest of the programme is funded by capital receipts, the use of reserves or by borrowing. Funding schemes by borrowing has a revenue consequence of approximately £70k for every £1M borrowed.
- 3.21 This report details the projected outturn position for 2019/20 based on information as at the end of September (period 6). The report includes details of progress in delivering the 2019/20 capital investment programme and in receiving external funding relating to that year.
- 3.22 Since June Cabinet, capital challenge meetings have been held with the Deputy Leader to ensure that budgets are better aligned to the predicted spend across the years of the programme and to the delivery of the desired outcomes. The changes resulting from those meetings were included in the report to September Cabinet. Further capital challenge meetings are scheduled in November and the changes resulting from those meetings will be included in the report to January Cabinet.
- 3.23 Since the September Cabinet meeting the Investment Board has agreed some proposed new schemes which can progress to Cabinet for consideration. This report includes any proposed budget reprofiles identified since September Cabinet and the proposed new schemes agreed at Investment Board.
- 3.24 The progress of schemes for 2019/20 is detailed in Section 1 of Appendix 2 with Section 2 setting out the resulting requests to:
- Carry forward £3,900,000 of 2019/20 scheme budgets into future years;
  - Bring forward £482,000 of budget from future years into 2019/20;
  - Add scheme budgets totalling £47,000 into 2019/20 where new external funding has been received;
  - Add scheme budgets totalling £125,000 into 2019/20 for new schemes and additions to the capital investment programme;
  - Action virements of budget between approved schemes;
- 3.25 As at the end of September the expected capital outturn for 2019/20 is £79.826M.

- 3.26 The 2019/20 capital budget is part of the wider capital investment programme spanning several years. The table below shows the revised programme if all the above requests are approved:

	<b>2019/20 £(000)</b>	<b>2020/21 £(000)</b>	<b>2021/22 £(000)</b>	<b>2022/23 £(000)</b>	<b>2023/24 £(000)</b>	<b>Total £(000)</b>
At September Cabinet	83,072	95,260	33,110	8,847	7,605	227,894
Amendments	(3,246)	2,076	1,342	0	0	172
Revised programme	79,826	97,336	34,452	8,847	7,605	228,066

## 4 Other Options

- 4.1 The Council could choose to monitor its budgetary performance against an alternative timeframe but it is considered that the current reporting schedule provides the appropriate balance to allow strategic oversight of the budget by members and to also formally manage the Council's exposure to financial risk. More frequent monitoring is undertaken by officers and considered by individual service Directors and the Council's Corporate Management Team (CMT) including the implementation of any necessary remedial actions.

## 5 Reasons for Recommendations

- 5.1 The regular reporting of Revenue and Capital Budget Monitoring information provides detailed financial information to members, senior officers and other interested parties on the financial performance of the Council. It sets out the key variances being reported by budget holders and the associated management action being implemented to address any identified issues.
- 5.2 It also informs decision making to ensure that the Council's priorities are delivered within the approved budget provision.
- 5.3 It is important that any adverse variances are addressed in order for the Council to remain within the approved budget provision or where this cannot be achieved by individual service management action, alternative proposals are developed and solutions proposed which will address the financial impact. Members will have a key role in approving any actions if the alternative proposals represent significant changes to the service delivery arrangements originally approved by them.

## 6 Corporate Implications

- 6.1 Contribution to the Southend 2050 Road Map

The robustness of the Council's budget monitoring processes and the successful management of in-year spending pressures are key determinants in maintaining the Council's reputation for strong financial probity and effective stewardship. This approach also enables the Council to redirect and prioritise resources to ensure the delivery of agreed outcomes for the benefit of local residents, local businesses and visitors to Southend-on-Sea.



## 6.2 Financial Implications

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

## 6.3 Legal Implications

The report provides financial performance information. It is good governance and sensible management practice for the Council to consider monitoring information in relation to plans and budgets that it has adopted.

Section 3 of the Local Government Act 1999 requires the Council as a best value authority to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. Monitoring of financial and other performance information is an important way in which that obligation can be fulfilled.

The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council is also required by section 28 of the Local Government Act 2003 to monitor its budget, and take corrective action as necessary. The Council’s chief finance officer has established financial procedures to ensure the Council’s proper financial administration. These include procedures for effective budgetary control. To comply with these best practice arrangements it is important that Cabinet receive information and comment accordingly on the performance of the revenue and capital budgets as set out in the report.

## 6.4 People Implications

None arising from this report

## 6.5 Property Implications

None arising from this report

## 6.6 Consultation

None arising from this report

## 6.7 Equalities and Diversity Implications

None arising from this report

## 6.8 Risk Assessment

Sound budget monitoring processes underpin the Council's ability to manage and mitigate the inherent financial risks associated with its budget, primarily caused by the volatility of service demand, market supply and price.

The primary mitigation lies with the expectation on CMT and Directors to continue to take all appropriate action to keep costs down and optimise income. Any adverse variances will require the development of remedial in year savings plans and appropriate spending reductions wherever possible. The ultimate back-stop mitigation would be to draw on reserves to rebalance the budget, but this will only be done at year end and will only be considered should all other in year measures fail.

With the likely scale of funding pressures and future resource reductions continuing, it is important that the Council holds a robust position on reserves and maintains the ability to deal positively with any issues that arise during this and future financial years.

## 6.9 Value for Money

The approved budget reflects the Council's drive to improve value for money and to deliver significant efficiencies in the way it operates. Monitoring the delivery of services within the budget helps to highlight areas of concern and to assist in the achievement of improved value for money.

## 6.10 Community Safety Implications

None arising from this report

## 6.11 Environmental Impact

None arising from this report

## 7 Background Papers

None

## 8 Appendices

Appendix 1 Revenue Budget Monitoring Position 2019/20 – September 2019

Appendix 2 Capital Investment Programme Budget Performance 2019/20 – September 2019

# Revenue Budget Monitoring Position

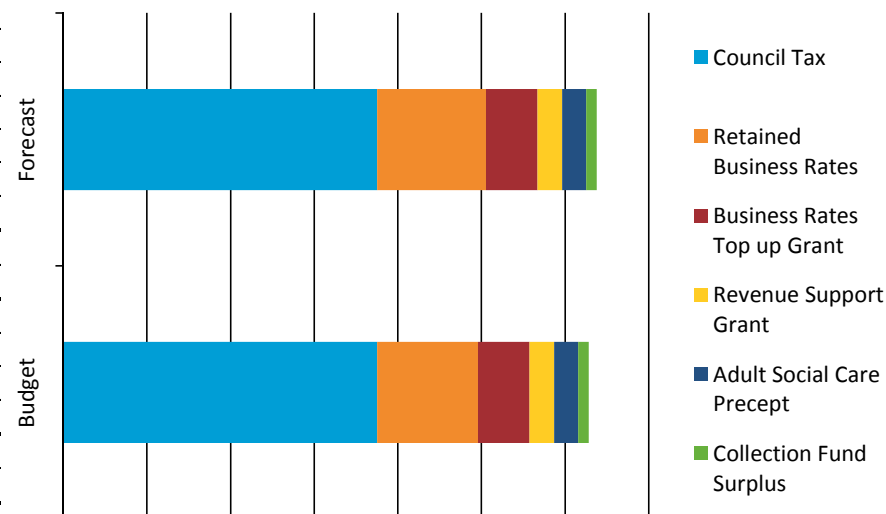
2019/2020 - September 2019

## Appendix 1 - Revenue Budget Performance 2019/20 - September 2019

### Summary

Last Reported Variance £M	Portfolio	Revised Budget £M	Forecast Outturn £M	Variance £M
0.2	Leader	13.1	13.2	0.1
2.8	Deputy Leader	3.1	6.3	3.2
0.0	Business, Culture and Tourism	5.0	5.0	0.0
3.2	Children and Learning	29.6	33.9	4.3
0.0	Community Safety and Customer Contact	5.4	5.3	(0.1)
(0.6)	Environment and Planning	20.4	19.5	(0.9)
0.5	Health and Adult Social Care	36.9	37.5	0.6
<b>6.1</b>		<b>113.5</b>	<b>120.7</b>	<b>7.2</b>
(1.5)	Corporate Budgets	13.1	11.5	(1.6)
<b>4.6</b>		<b>126.6</b>	<b>132.2</b>	<b>5.6</b>
0.0	Earmarked Reserves	(2.3)	(2.3)	0.0
0.0	Revenue Contribution to Capital	5.0	5.0	0.0
0.0	Non Service Specific Grants	(3.9)	(3.9)	0.0
<b>4.6</b>	<b>TOTAL</b>	<b>125.4</b>	<b>131.0</b>	<b>5.6</b>
2.0	Funding	125.4	127.4	2.0
2.6	<b>NET</b>	0.0	3.6	3.6

### Sources of funding



At period 6, increasing service demand continues to place a strain on available resources, despite the additional investment that is being put into priority areas. After applying proposed in-year mitigations, the Council is forecasting a revenue overspend of £3.6M against the approved budget .

Childrens Social Care and Highways continue to be the main areas of pressure, although this is partially offset by higher than budgeted income from business rates of £2M.

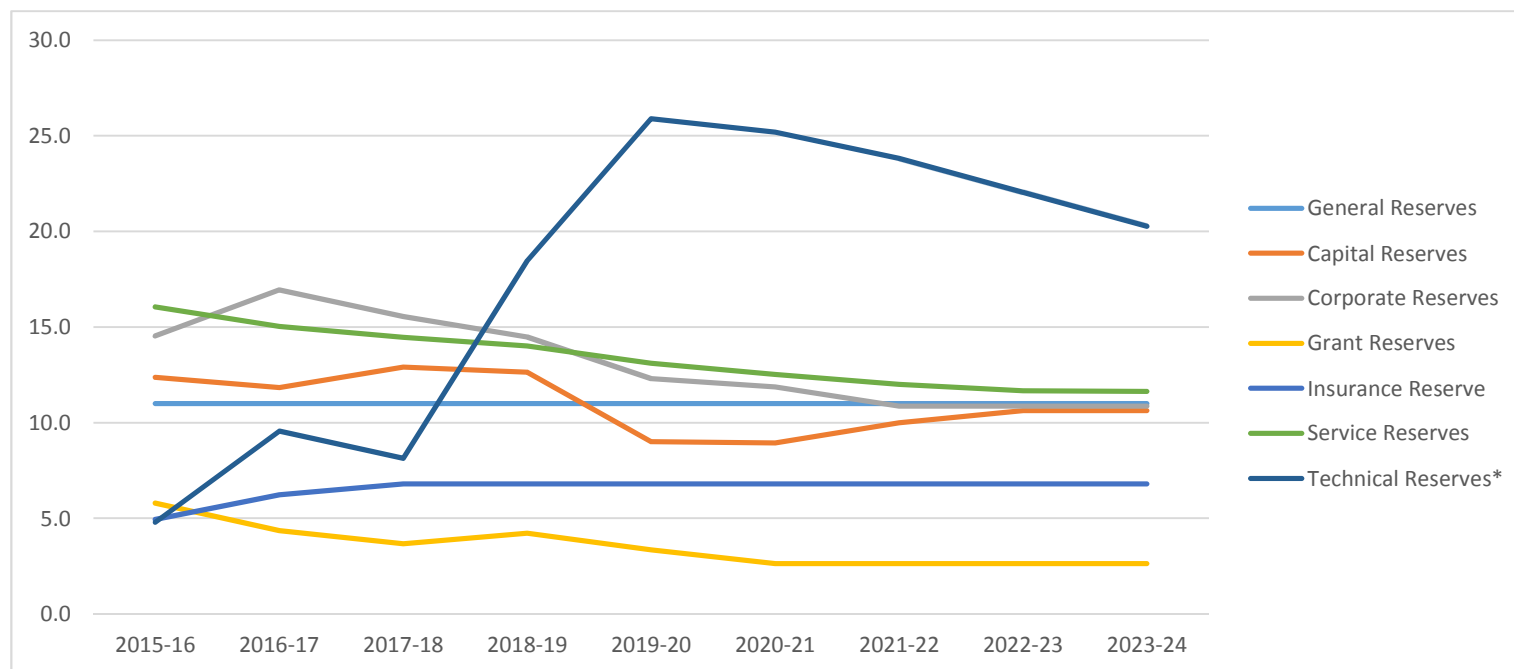
The budget has just under £3M contingency remaining at this stage in the year and it has been assumed in the table above based on historical use, that £1.5M will be released. The table also reflects the release of £2M from the Childrens Social Care reserve as recommended in setting the 2019/20 Council budget and the use of £0.5M from the Interest Equalisation Reserve to meet additional financing costs, as agreed earlier in the year.

In conclusion and despite the current financial pressures being faced, the Council's healthy reserves, financial resilience and ability to cope with unexpected challenges remains robust.

## Reserves

The Council maintains General Fund reserves at £11.0M in line with the Medium Term Financial Plan. This provides a working cashflow balance and also allows a degree of financial security in the case of unexpected events or emergencies.

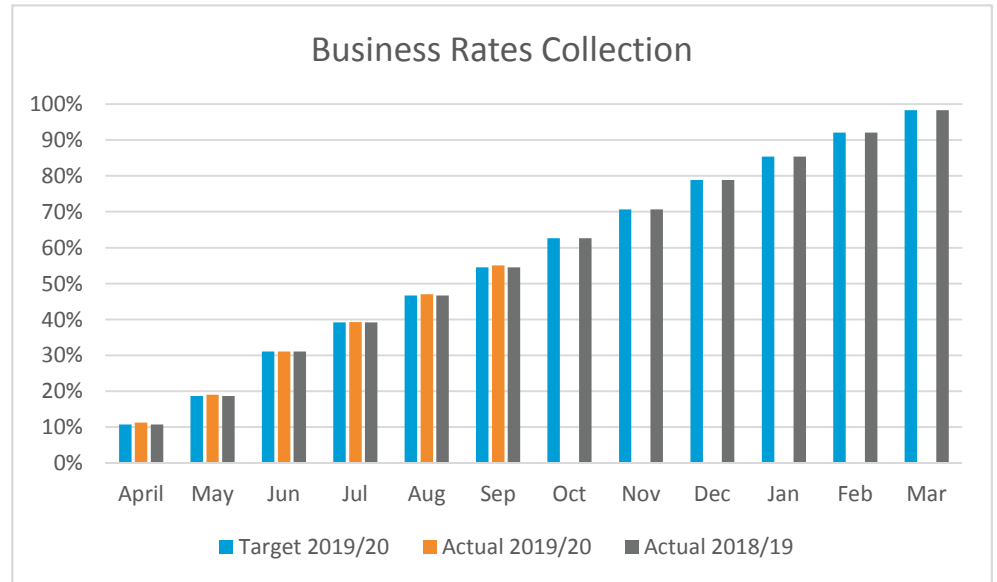
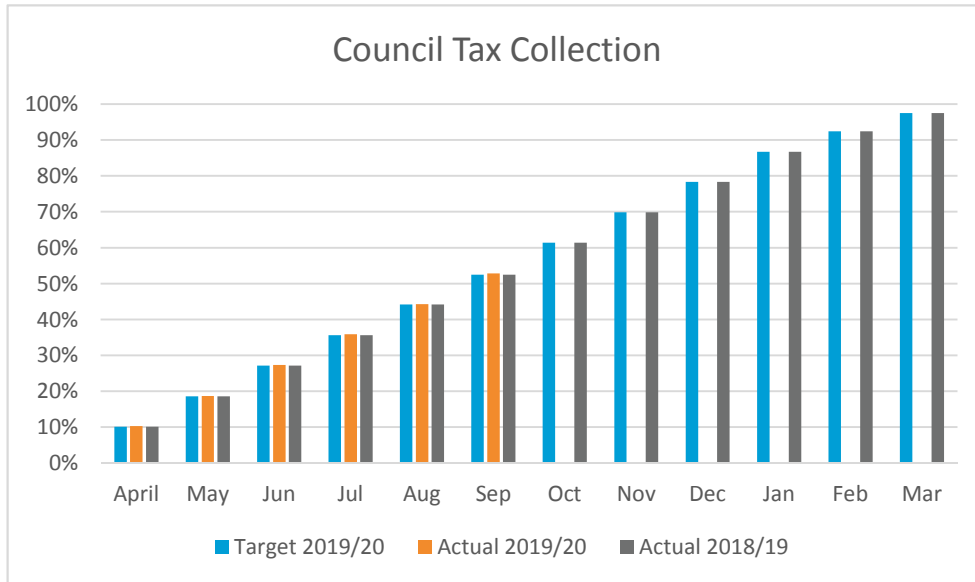
In addition, Earmarked Reserves are set aside to fund future projects and to mitigate specific risk. The level of these reserves will fluctuate as grants are received, risk is realised and projects progress.



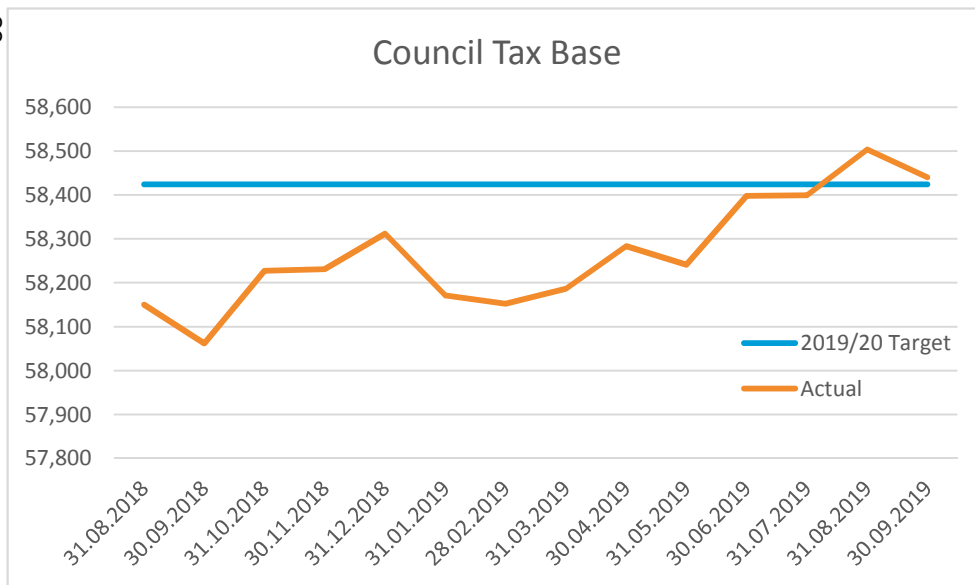
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
General Reserves	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Capital Reserves	12.4	11.8	12.9	12.6	9.0	8.9	10.0	10.6	10.6
Corporate Reserves	14.5	16.9	15.5	14.5	12.3	11.9	10.9	10.9	10.9
Grant Reserves	5.8	4.4	3.7	4.2	3.3	2.6	2.6	2.6	2.6
Insurance Reserve	4.9	6.2	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Service Reserves	16.1	15.0	14.5	14.0	13.1	12.5	12.0	11.7	11.6
Technical Reserves*	4.8	9.6	8.1	18.5	25.9	25.2	23.8	22.0	20.3
	<b>58.5</b>	<b>64.0</b>	<b>61.5</b>	<b>70.6</b>	<b>70.4</b>	<b>67.9</b>	<b>66.1</b>	<b>64.6</b>	<b>62.8</b>

\* Technical Reserves are held to even out the Council's finances and reduce in year volatility.

## Collection Rates



28



Collection targets for the current financial year exceed the monthly target on both Council Tax (0.3% above target) and Business Rates (0.6% above target) for this month. Although this has no immediate impact of the financial situation for 2019/20, if maintained it will provide releasable surpluses for future year budget planning.

The Council Tax Baseline exceeds that used to calculate the base at the start of the year by 15 properties; this is expected to continue to grow monthly but has been affected this month by the sharp increase in exemptions awarded. This is representative of this time of the financial year.

## Leader

**27.80%**

of Total Gross Revenue  
Service Budget

**£0.1M**

Forecast Revenue  
Overspend

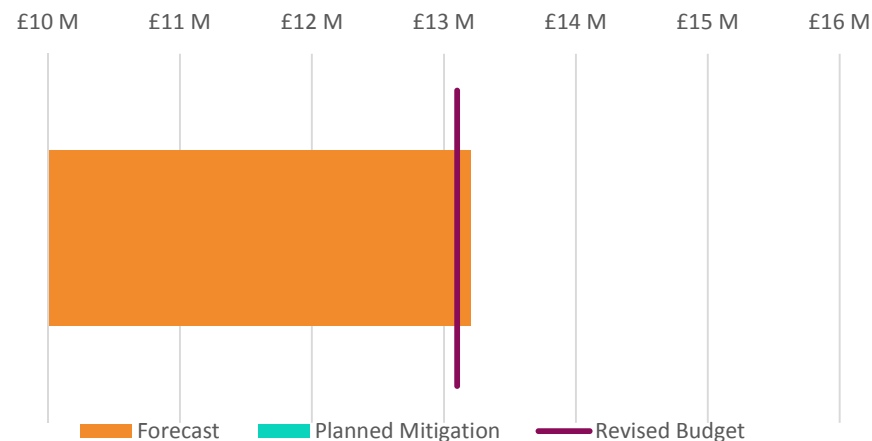
**0.11%**

Variance as % of Total Gross Budget  
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.0	Strategic Planning and Policy	1.7	1.8	0.1
0.0	Revenues and Benefits	0.9	0.9	0.0
0.0	Housing	3.3	3.1	(0.2)
0.2	Legal and Democratic Services	2.7	2.9	0.2
0.0	Other Services	4.5	4.5	0.0
<b>0.2</b>	<b>TOTAL</b>	<b>13.1</b>	<b>13.2</b>	<b>0.1</b>

28	Gross Expenditure	92.1	92.2	0.1
	Gross Income	(79.0)	(79.0)	0.0
	<b>TOTAL</b>	<b>13.1</b>	<b>13.2</b>	<b>0.1</b>



Private Sector Housing is forecasting to underspend by (£150,000) as at the end of period 6. This is because of the vacant posts currently in the team, some of which are being temporarily covered by agency staff. There has recently been a recruitment drive to recruit on a permanent basis.

As a result of the increase in the number of looked after children, there is a forecast £235,000 overspend on barrister's fees for childcare cases, reflecting the overspend last year given that the average number of active cases has not changed.

## Deputy Leader

**5.95%**

of Total Gross Revenue  
Service Budget

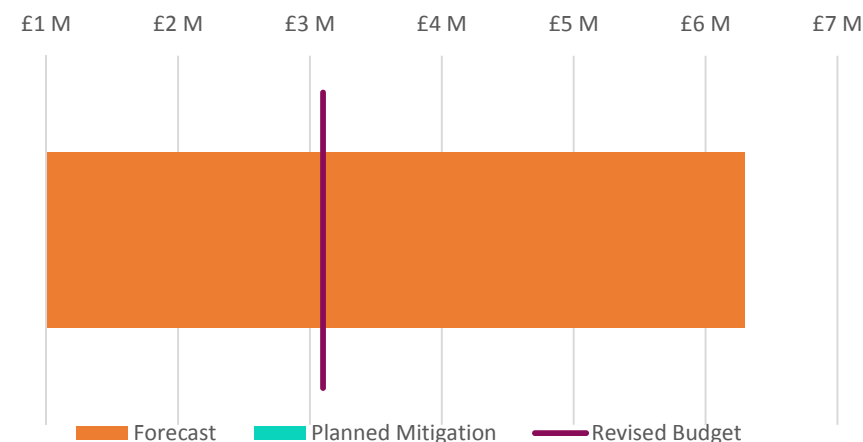
**£3.2M**

Forecast Revenue  
Overspend

**16.24%**

Variance as % of Total Gross Budget  
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.2	Asset and Facilities Management	(0.7)	(0.6)	0.1
0.0	Financial Services	3.5	3.5	0.0
2.6	Highways and Transport	0.3	3.4	3.1
<b>2.8</b>	<b>TOTAL</b>	<b>3.1</b>	<b>6.3</b>	<b>3.2</b>
	Gross Expenditure	19.7	21.9	2.2
	Gross Income	(16.6)	(15.6)	1.0
	<b>TOTAL</b>	<b>3.1</b>	<b>6.3</b>	<b>3.2</b>



Due to the need to maintain or replace damaged street lights and columns, in part due to road traffic collisions, there is a forecast maintenance pressure of £145,000. Processes are in place to attempt to recover these monies if there is any evidence to be followed up.

Tree maintenance costs on the highway in the first half of 19/20 are significantly higher than in the same time period in 18/19. This is likely to be as a result of the storms in March 2019 creating additional damage. The budget area is currently forecasting an overspend of £120,000.

Car parking tariffs are being amended to support businesses in the town centre and the cost impact has been provided for by the use of the contingency budget. University Square car park continues to cost more money than it collects in income. The overall income position across the car parking estate is a forecast deficit of £180,000. Due to instances of anti-social behaviour and managing risk, security costs across all car parks are expected to reach £185,000 at year end, contractor costs are forecast to exceed the budget by £100,000 due to ad-hoc works and parking machine charges and systems are expected to cost an additional £100,000. Card transaction fees are also expected to cost a further £80,000.



## Deputy Leader (cont.)

Expenditure on highways maintenance has remained consistent with 18/19 which means an overspend of £650,000 is expected. This was partly offset last year due to the award of the DfT pothole fund which isn't guaranteed for this year. The demand on the service due to potholes is weather dependant, and after cases of extreme hot and cold weather there is a risk that the infrastructure in places may not be as robust as expected. Additional capital investment in 19/20 and 20/21 has been made in an attempt to improve the quality of the most affected surfaces with the aim to reduce the ongoing maintenance requirement.

Although the number of PCN's issued has increased by 9%, it is still forecast that the income collected from these notices will fall short of the income anticipated when the budget was set by £110,000. The contribution to the bad debt provision for historic debts is also expected to be £160,000 higher than the budget provision.

After a transition year regarding the administration of streetwork permits which saw a significant income shortfall in 18/19, there is now a better understanding of the different elements of income anticipated in 19/20. Whilst the income received from permit applications has remained relatively consistent to the end of 2017/18, the income for permits, penalties and section 74 charges has reduced considerably since that time. The income shortfall is forecast to be £500,000 at the end of the year.

31

Ongoing support for the Symology system is expected to cost the organisation £100,000 this year. Although there are a number of vacant roles in the department, some are currently filled by interim staff which is expected to result in a net budget pressure of £120,000. Some staff are currently being deployed on a number of projects and initiatives which were not anticipated when the budget was set. This is expected to result in a pressure on the revenue budget of a further £250,000.

Unfortunately the Travel Centre has been vandalised on a number of occasions and incidents of anti-social behaviour have resulted in the necessity to provide regular security patrols at the site in order to provide a safe environment for bus users. This security service is estimated to result in an overspend of £90,000.

The cost of the cleaning and security contract for the Civic Centre continues to exceed the budget. A saving of £75,000 was agreed in 2017/18 but this hasn't materialised and the current pressure is now £110,000. Attempts have been made to reduce the service without a noticeable impact but this hasn't been possible.

# Business, Culture and Tourism

3.08% of Total Gross Revenue Service Budget

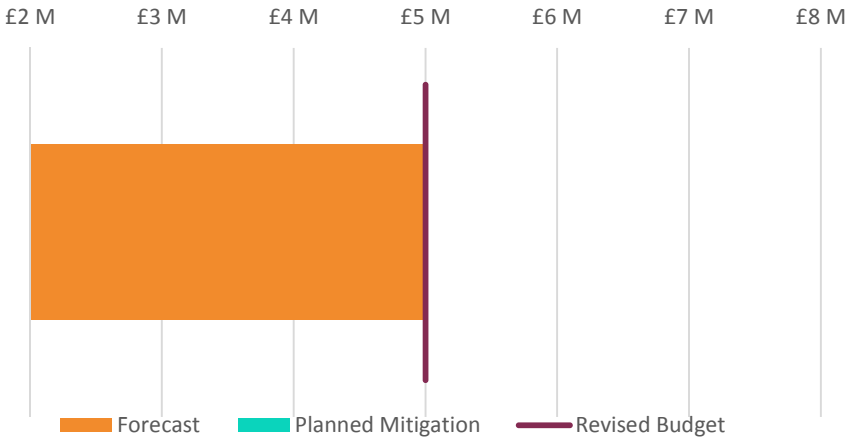
(£0.1M) Forecast Revenue Underspend

-0.98% Variance as % of Total Gross Budget Envelope

Last Reported		Revised Budget £M	Forecast	
Variance £M			Outturn £M	Variance £M
0.0	Culture	3.6	3.7	0.1
(0.1)	Economic Development and Regeneration	0.8	0.8	0.0
0.1	Tourism	0.7	0.5	(0.2)
<b>0.0</b>	<b>TOTAL</b>	<b>5.1</b>	<b>5.0</b>	<b>(0.1)</b>

	Gross Expenditure	10.2	10.3	0.1
	Gross Income	(5.1)	(5.3)	(0.2)
	<b>TOTAL</b>	<b>5.1</b>	<b>5.0</b>	<b>(0.1)</b>



32

Due to the popularity of the pier, the income received for admissions and associated sales is forecast to be above the income budget by (£150,000). August saw the pier attract a record number of visitors and this is after the new pier entrance was officially opened in June.

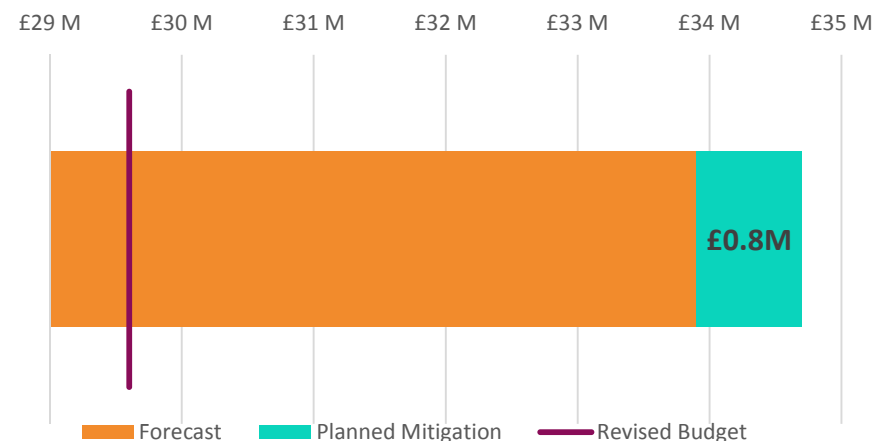
## Children and Learning

**25.78%** of Total Gross Revenue  
Service Budget

**£4.3M** Forecast Revenue  
Overspend

**5.04%** Variance as % of Total Gross Budget  
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
2.9	Childrens Social Care	21.4	25.3	3.9
0.1	Education and Schools	5.4	5.5	0.1
0.0	Maintained Schools Delegated	0.0	0.0	0.0
0.2	Youth and Family Support	2.8	3.1	0.3
<b>3.2</b>	<b>TOTAL</b>	<b>29.6</b>	<b>33.9</b>	<b>4.3</b>
33	Gross Expenditure	85.4	89.7	4.3
	Gross Income	(55.8)	(55.8)	0.0
	<b>TOTAL</b>	<b>29.6</b>	<b>33.9</b>	<b>4.3</b>



The total forecast overspend of £4.3M, has mainly been driven by an overall net increase in the required numbers of looked after children (LAC). Over the last 4 years this pattern has continued and has been recognised as a national funding challenge. There has also been an increased case load demand on Social Care teams.

The increased LAC numbers has resulted in an expenditure pressure on private looked after children care placements for both external foster care and residential. This has resulted in a forecast overspend of £2.3M (which includes the approved budget release of £2M put aside in the Children Social Care reserve). The longer term strategy to assist with managing this demand is to continue to build further inhouse foster care capacity, source our own local residential care provision, and continue the work of the Edge of Care team, ensuring children can remain at home where safe.

The resulting increase in case load for our Social Workers has required the use of agency staff, additional newly qualified social workers (NQSW) and temporary additional posts. This has contributed to a forecast staffing pressure of £900,000. The medium to long term strategy is to increase the use of NQSW's and permanently employed Social Workers which should result in less reliance on agency staff and the removal of the current range of temporary posts.

## Children and Learning (cont.)

Other spend pressure areas although smaller are also contributing to the overall forecast overspend: Care package support has continued to grow for placements of children with disabilities creating a budget pressure of £120,000. The national issue of Unaccompanied Asylum Seeker care package support being inadequately funded by the Home Office grant is also contributing to a wider budget pressure of £270,000. There is also growing demand for temporary accommodation payments resulting in a forecast overspend of £200,000. This is used to support families, young people and required families under no recourse to public funds that need to be temporarily accommodated. The troubled families service continues to target increased payment by results, the fixed element of this grant funding has reduced, which is resulting in a shortfall of £295,000 against the total grant target this year.

## Community Safety and Customer Contact

**3.14%**

of Total Gross Revenue  
Service Budget

**(£0.1M)**

Forecast Revenue  
Underspend

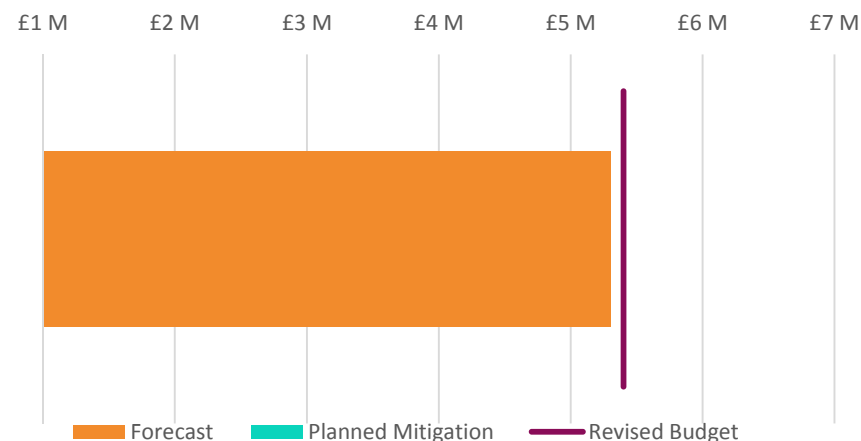
**-0.96%**

Variance as % of Total Gross Budget  
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.0	Cemeteries and Crematorium	(1.6)	(1.5)	0.1
0.0	Community Safety	1.0	1.0	0.0
0.0	Customer Services	1.9	1.7	(0.2)
0.0	ICT	3.1	3.1	0.0
0.0	Regulatory Services	1.0	1.0	0.0
<b>0.0</b>	<b>TOTAL</b>	<b>5.4</b>	<b>5.3</b>	<b>(0.1)</b>

35	Gross Expenditure	10.4	10.2	(0.2)
	Gross Income	(5.0)	(4.9)	0.1
	<b>TOTAL</b>	<b>5.4</b>	<b>5.3</b>	<b>(0.1)</b>



Income raised from Bereavement Services is lower than anticipated at period 6 which correlates with information provided by the Registrations team which is showing a decline in deaths registered during the first six months of the year. A £100,000 pressure at the end of the year is expected.

The Customer Service team are implementing a restructure meaning that they are currently holding a number of vacancies. This will result in a one-off underspend at year-end of (£200,000).

## Environment and Planning

**6.85%**

of Total Gross Revenue  
Service Budget

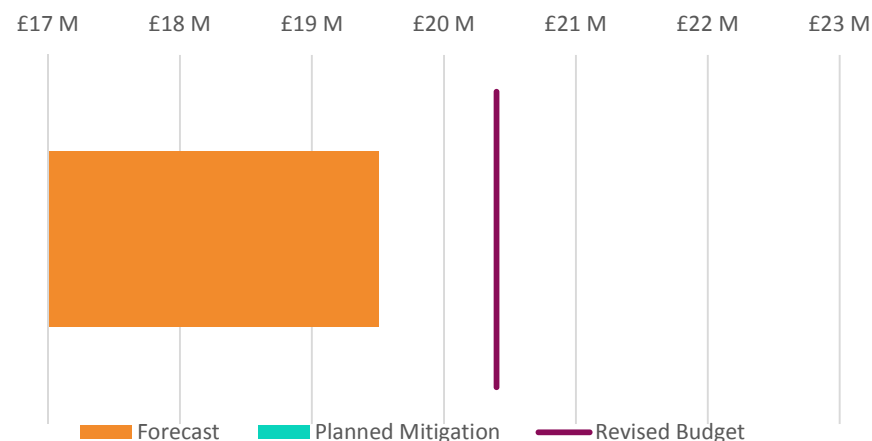
**(£0.9M)**

Forecast Revenue  
Underspend

**-3.96%**

Variance as % of Total Gross Budget  
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.0	Energy	(0.1)	(0.1)	0.0
0.0	Flooding	0.4	0.4	0.0
0.1	Parks and Open Spaces	4.4	4.4	0.0
0.1	Planning	1.0	1.0	0.0
(0.8)	Waste and Street Scene	14.7	13.8	(0.9)
<b>(0.6)</b>	<b>TOTAL</b>	<b>20.4</b>	<b>19.5</b>	<b>(0.9)</b>
	Gross Expenditure	22.7	22.2	(0.5)
	Gross Income	(2.3)	(2.7)	(0.4)
	<b>TOTAL</b>	<b>20.4</b>	<b>19.5</b>	<b>(0.9)</b>



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Applications have been made for a number of significant development projects this year and as a result the income received in the Development Control team has been greater than expected, especially in July. The current forecast is that an additional (£100,000) will have been received by the end of the financial year. In order to cope with the increased demand of these projects some additional staff support is in place, and staffing supplements have been agreed to retain talented employees. This is expected to result in additional staffing costs of £125,000.

Due to the Mechanical Biological Treatment plant (MBT) in Basildon continuing to operate within a commissioning phase SBC are able to dispose of residual waste at a lower rate than the original business case. However, due to uncertainty regarding the availability of the plant, alternative disposal methods need to be utilised during periods of closure. The current average cost of disposal at the MBT is £102 per ton, whereas the cost of landfill (including haulage) is £118 per ton. Estimates have been made regarding the probability of disposing of waste at the MBT and at landfill and this is resulting in a forecast underspend of (£650,000). As a result of the revised agreement with Essex County Council relating to the Waste Joint Working Agreement we are continuing to receive a share of the Waste Infrastructure Grant in relation to the MBT. The value of this income in 2019/20 is forecast to be (£230,000).

## Health and Adult Social Care

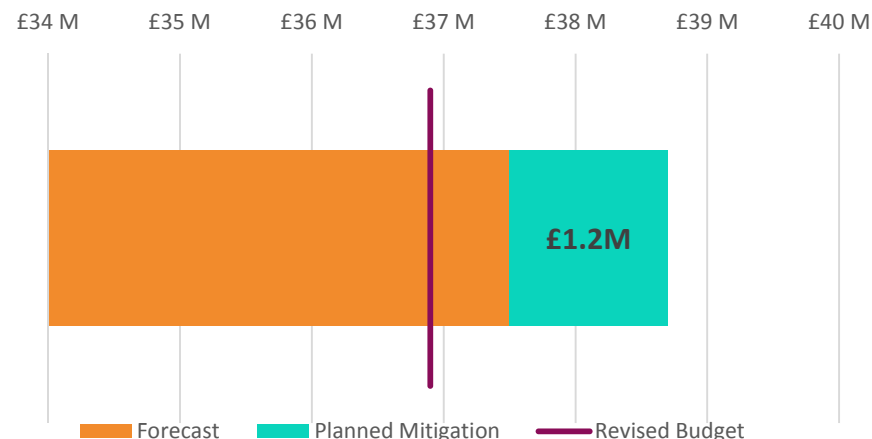
**22.15%** of Total Gross Revenue  
Service Budget

**£0.6M** Forecast Revenue  
Overspend

**0.82%** Variance as % of Total Gross Budget  
Envelope

Last Reported Variance £M		Revised Budget £M	Forecast Outturn £M	Variance £M
0.5	Adult Social Care	36.2	36.8	0.6
0.0	Health	0.0	0.0	0.0
0.0	Voluntary and Community Services	0.7	0.7	0.0
<b>0.5</b>	<b>TOTAL</b>	<b>36.9</b>	<b>37.5</b>	<b>0.6</b>
	Gross Expenditure	73.4	74.3	0.9
	Gross Income	(36.5)	(36.8)	(0.3)
	<b>TOTAL</b>	<b>36.9</b>	<b>37.5</b>	<b>0.6</b>

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Learning Disabilities (LD) is forecasting a year end overspend of £280,000 assuming delivery of the planned management actions. The overspend mainly relates to LD passenger transport and this will be mitigated once the Joint Venture goes live from January 2020. There is also a demand pressure on LD Supported Living placements. The management actions relate to Supported Living contracts which will be reviewed during the course of the year with a targeted saving of (£200,000).

Older People is forecasting to be £151,000 overspent, assuming the delivery of management actions totalling (£820,000). The pressure is mainly on interim residential placements and the planned mitigation is to reduce the length of time clients are spending in this setting, clients will benefit from returning home quicker with a tailored package of support. The pressure highlighted in 2018/19 has continued into 2019/20.

There is also a pressure of £150,000 on Physical and Sensory Impairment due to an increased demand on the equipment service. Over the last 3 quarters there has been a steady increase on the demand for equipment as more people are supported at home for longer, rather than in residential setting. Investment in equipment is essential to help them with their continuing independence.

An in depth review is being undertaken of all expenditure within Adult Social Care with a view to mitigating the overspend in the service area.

## Housing Revenue Account

**(£0.3M)** Forecast Revenue  
Underspend

**-1.21%** Variance as % of Total Gross Budget  
Envelope

	Revised Budget £M	Forecast Outturn £M	Variance £M
Gross Expenditure	24.7	24.7	0.0
Gross Income	(28.0)	(28.3)	(0.3)
<b>NET OPERATING EXPENDITURE</b>	<b>(3.3)</b>	<b>(3.6)</b>	<b>(0.3)</b>
Revenue Contribution to Capital	2.3	2.3	0.0
Contribution to / (from) Earmarked Reserves	1.0	1.3	0.3
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>

The HRA budget for 2019/20 anticipated an operating surplus of £3,328,000.

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The latest forecast as at period 6 indicates that the HRA will have an operating surplus of £3,618,000, an increase of £270,000 in 2019/20. The approved budget for housing rental income assumed a 4% void allowance across all properties. The actual rental income received up to end of September has been higher due to a lower level of voids. It is anticipated that this strong performance continues for the rest of the year. It is planned that any surplus is transferred into the HRA Capital Investment Reserve for future planned investment into the housing stock.





**Capital Investment Programme  
Budget Performance 2019/20**

**Period 6**

**as at 30<sup>th</sup> September 2019  
Summary by Investment Area**

## Capital Investment Programme Performance Report – September 2019

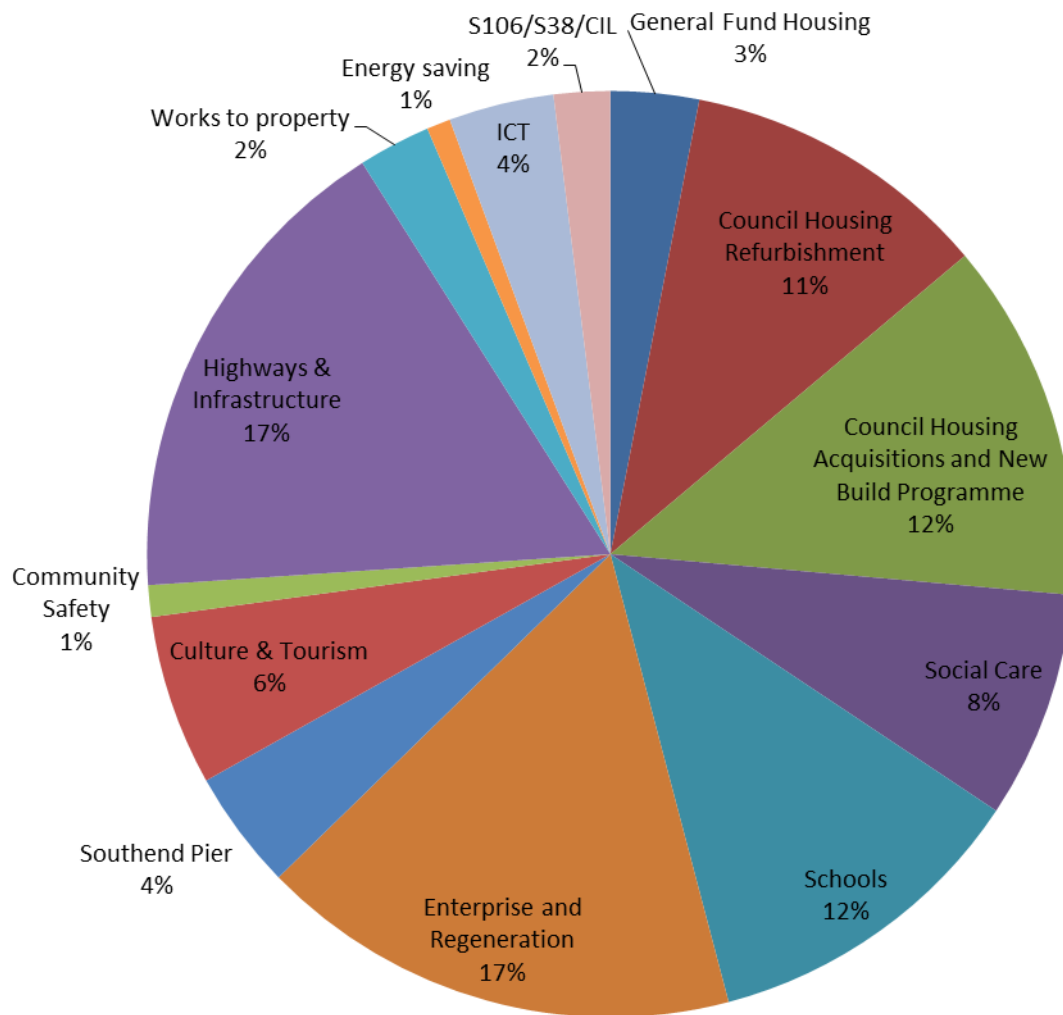
### 1. Overall Budget Performance by Investment Area

The revised Capital budget for the 2019/20 financial year is £83.072million which includes all changes agreed at September Cabinet. Actual capital spend at 30<sup>th</sup> September is £24.258million representing approximately 29% of the revised budget. This is shown in Section 3. (Outstanding creditors totalling £0.207million have been removed from this figure).

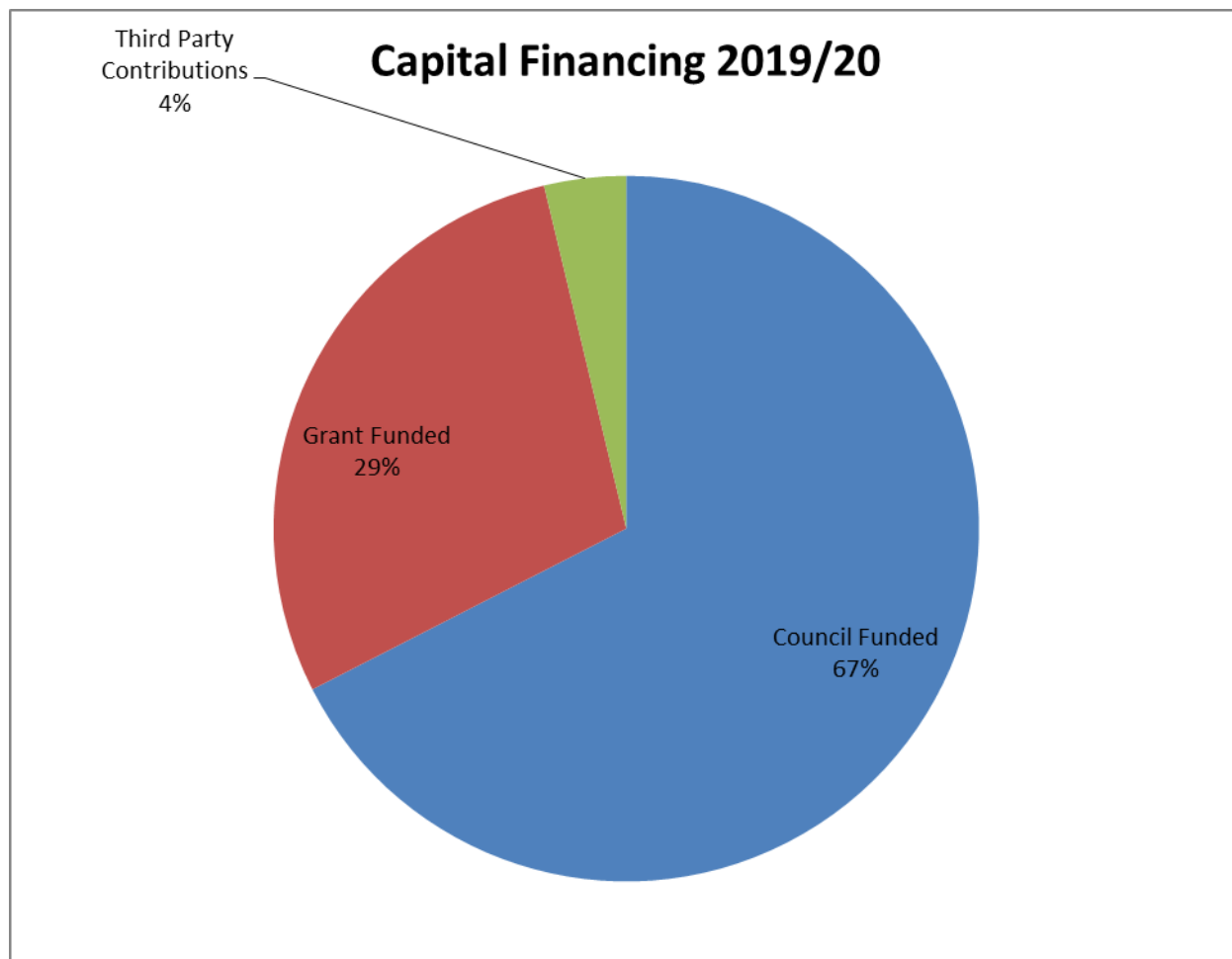
The expenditure to date has been projected to year end and the outturn position is forecast to reflect the Project Manager's realistic expectation. This is broken down by type of investment area as follows:

Investment Area	Revised Budget 2019/20 £'000	Outturn to 30 <sup>th</sup> September 2019/20 £'000	Expected outturn 2019/20 £'000	Latest Expected Variance to Revised Budget 2019/20 £'000	Amended Budget 2020/21 to 2023/24 £'000
General Fund Housing	2,423	400	2,458	35	1,952
Council Housing Refurbishment	8,843	1,566	8,758	(85)	26,485
Council Housing Acquisitions & New Build Programme	10,947	3,613	9,862	(1,085)	11,876
Social Care	6,340	217	6,340	-	8,100
Schools	9,438	3,823	9,217	(221)	4,033
Enterprise & Regeneration	13,421	4,942	13,421	-	27,505
Southend Pier	3,325	1,813	3,325	-	13,297
Culture & Tourism	4,709	1,701	4,756	47	22,490
Community Safety	880	15	880	-	1,906
Highways & Infrastructure	15,572	4,848	13,632	(1,940)	25,302
Works to Property	2,077	218	2,015	(62)	3,235
Energy Saving	663	1	663	-	1,548
ICT	2,864	1,048	2,929	65	172
S106/S38/CIL	1,570	53	1,570	-	339
<b>Total</b>	<b>83,072</b>	<b>24,258</b>	<b>79,826</b>	<b>(3,246)</b>	<b>148,240</b>

## Expected Outturn 2019/20



The capital investment for 2019/20 is proposed to be funded as follows:



Of the £27.025million of external funding expected, £14.654million had been received by 30<sup>th</sup> September. The outstanding amounts mainly relate to Schools, Forum II, Airport Business Park and A127 Growth Corridor.

## Progress of Strategic schemes

Successful and timely delivery of the capital investment programme is a key part of achieving the Southend 2050 ambition and delivering the outcomes.

Although the revised capital investment programme is £83.072million, £46.131million of this relates to strategic schemes.

Following a full review of the capital investment programme, project managers are reporting some expected variances against the revised budget for the A127 Growth Corridor and the HRA Housing Construction scheme. For the HRA Housing Construction scheme, there have been procurement delays for phases 3/4 with a carry forward request of £1.307million. The Modern Methods of Construction (MMC) project is progressing well and preparations are being made to for phases 5/6 feasibility meaning that an accelerated delivery request of £222k is required. Works on the Bridge and Highways maintenance element of the A127 Growth Corridor are not due to commence until March 2020 therefore a carry forward request of £2million is required on this scheme (see commentary below).

Scheme	Revised Budget 2019/20 £000	Outturn to 30th Sept 2019/20 £000	% spent	Comments	Budget 2020/21 to 2023/24 £000
<b>Strategic schemes</b>					
Airport Business Park (including Local Growth Fund)	11,380	4,719	41%	Good progress has been made during September with phase one works due to complete in November 2019. If progress is maintained, it may be necessary to accelerate spend with agreement of SELEP. The planning application has been submitted for the Launchpad and awaiting determination in November.	13,755
Better Queensway - Regeneration	2,041	223	11%	Work is on-going in terms of satisfying the pre-contract conditions for HIF funding. Negotiations have focussed on financial due diligence and clawback provisions within contract. Now looking to sign the contract mid-October. The Business plan is still to be considered through Council governance.	13,500
Forum II – SBC Match Funding to LGF	1,030	313	30%	Currently awaiting determination of planning application.	17,450
Delaware and Priory New Build	5,000	88	2%	Building works have now commenced and expenditure is being monitored to establish an accurate spend profile going forward. It is expected that a reprofile will be requested at a future meeting.	8,100
School Improvement and Provision of School Places	8,300	3,434	41%	Works at the Eastwood Academy, Southchurch High, Shoeburyness High and Wentworth Road are complete. St Thomas More is entering the fit out stage of their new building and Belfairs Academy, Chase High and St Bernard High Schools are progressing on time.	2,662
Southend Pier schemes	3,325	1,813	55%	Works are currently on site and are anticipated to be varied to include additional anchor bays.	13,297
Local Growth Fund - A127 Growth Corridor	4,737	958	20%	This relates to the Bell junction and Bridge and Highway maintenance. Detail design is underway at the Bell and tender documents for the main contractor will be submitted during October. Works on the bridge and highway maintenance are expected to commence in early March 2020.	9,669
HRA Affordable Housing Acquisitions Programme	6,656	3,413	51%	The acquisition programme is now proceeding and 13 properties have been purchased as at the end of September	-
Construction of New Housing on HRA Land	3,662	200	5%	The tender process to procure an Employers Agent is underway for phases 3 and 4 with the first selection stage complete and a short list of possible consultants has been produced to take the process into stage 2. Procurement of an architect is planned for the next stage with the draft tender document to be agreed with procurement. Work on the MMC pilot project on two sites in Shoebury is underway and the tendering for an MMC contractor will be discussed with procurement during October.	11,876
<b>Total Strategic</b>	<b>46,131</b>	<b>15,161</b>	<b>33%</b>		<b>90,309</b>
<b>Other schemes</b>					
<b>Other Capital Investment schemes</b>	<b>36,941</b>	<b>9,097</b>	<b>25%</b>		
<b>TOTAL SCHEMES</b>	<b>83,072</b>	<b>24,258</b>	<b>29%</b>		

## **Progress of other schemes for 2019/20**

### **General Fund Housing**

The Disabled Facilities team have approved a total of 62 grants to date during 2019/20 which is made up of 56 for adults and 6 for children. On average there have been 35-40 assessments received each month and committed spend is expected to increase over the coming months because of this. An initiative to include non-means tested stair lifts for urgent cases is currently being explored.

An initial project meeting has been set up for October to discuss the Private Sector Housing Strategy scheme and to agree a plan going forward. More will be known about the budget profile following this meeting.

12a Ceylon Road is currently void and refurbishment works are required to bring it back to a usable condition. £35k has therefore been transferred from Priory Works to commence these works.

### **Council Housing and New Build Programme**

The Decent Homes programme is progressing in accordance with the revised works programme however some additional expenditure on health and safety and fire improvement works will be incurred in 2019/20 therefore an accelerated delivery request of £260k has been included in this report.

No plans have been made to use the Sheltered Housing budget of £345k in 2019/20 therefore it has been included as a carry forward request in this report until a decision on its use has been made.

### **Social Care**

Plans for the £250k Community Capacity budget for 2019/20 include £150k for the Transformation team, £50k for technology and digital pilots and £50k contribution towards an innovation unit to enhance independence for residents in the local community.

Contributions have been made from the Dementia Friendly Environments scheme towards a Dementia Friendly café in the borough.

### **Schools**

Condition schemes for 2019/20 forecast spend of £502k which has been allocated to address larger condition items in schools where the cost is over the schools capabilities to fund. Most of these works took place over the school summer holidays to minimise disruption. Projects taking place this school year include a new boiler at West Leigh Infant School, a roof replacement at Eastwood Primary School and three Health and Safety projects.

The Devolved Formula Capital is an annual devolution of dedicated capital grant to all schools and is distributed via the local authority for maintained schools. The notified budget for 2019/20 is £101k.

The Department for Education awarded funding totalling £1.172million over a three year period which commenced in 2018/19. The funding is for improvement and expansion of Special Needs places. Consultations are now underway in two primary schools and subject to successful consultation approval in December, the building works will commence in January. Discussions are on-going with a third primary and secondary provider but this is not expected to commence in 2019/20. Budget of £221k has therefore been included as a carry forward request in this report.

### **Southend Pier**

The works on Southend Pier are currently progressing well with no significant issues. A number of works are weather dependent which will be monitored closely over the coming months. Schemes currently underway include the Pier Entrance Enhancement, the Timber Outer Pier Head and the Prince George Extension.

### **Culture and Tourism**

Orders have now been place for the Southend Tree Policy review scheme with a view to plant the new trees over the winter months.

Fire Improvement works are currently being progressed for leisure centres and theatres now that funding has been agreed. These works will continue for the remainder of the financial year.

Resourcing issues may delay the delivery of the Allotment Water Supply scheme this financial year however ways to bring the project back on schedule are currently being investigated. A carry forward request may be required should this be unsuccessful.

Listed building consent is currently being sought as part of the Library Review scheme therefore the works programme for 2019/20 is subject to listed building approval and weather dependency. Installation of windows at Leigh Library is likely to take place in March 2020 and the property team have advised that this will be completed this financial year.

A grant has been secured from the Marine Management Organisation (MMO) to refurbish the Leigh Library Gardens mess room as a communal building for the Leigh on Sea Fishing community. The building will be used for educational, historical and marketing events and to increase engagement with the fishing community and the local community. The grant of £47k will be match funded with £16k from the Property Refurbishment Programme and a request to add this to the capital investment programme has been included in this report.

### **Community Safety**

The final upgrade specification for the CCTV equipment renewal scheme is being agreed during October and then the upgrade contract will go out to tender following that.

## **Highways and Infrastructure**

A programme of works has been published on the website for the Carriageways and Footways Improvement scheme. A three year programme is now being developed for 2020 onwards. It is expected to have this programme ready for publishing in February 2020.

Drainage designs are being undertaken as part of the Southend Central Area Action Plan (SCAAP) scheme for works to commence in January 2020. Feasibility designs have started for the main works and the co-design element of the SUNRISE process will be completed by December 2019.

Chalkwell ramp is situated at Chalkwell Esplanade and it comprises concrete steps to the west and a wooden access ramp to the east. The wooden access ramp was damaged in late 2018 with the wooden ramps being driven out of the beach by tidal uplifting forces. Upon investigation and understanding of the mode of failure a design was put together to put the ramp on the western side. This was designed allowing compliant wheeled access and to accommodate unhindered launching of the Lifeboat by the Chalkwell Lifeguard Club. The damaged lower ramps to the east are to be removed and the top landing altered to allow step access to the beach to the east. A request for budget of £60k to be added to the capital investment programme to action these works in 2019/20 has been included in this report.

## **Works to Property**

All works are now complete on the Belfairs Park Restaurant and Golf Club except from the windows which will need to undergo a planning and tender process.

The CMT Work area is now complete as part of the Civic Campus scheme and the member's area reconfiguration is also complete. Works in next quarter include planning and delivering improvements to committee rooms and works on the 2nd, 8th and 13th floors.

Works are now on hold on the SMAC Eastern Esplanade Slipway scheme pending title rectification work with Land Registry. A carry forward request of £27k has therefore been included in this report.

## **Energy Saving**

The initial trial for the Real Time Air Quality Measurement Feasibility is due to commence during October.

A study to identify locations for the Ultra-Low Emissions Vehicle (ULEV) Taxi Infrastructure scheme has commenced during October.

## **ICT**

The Forum has been surveyed as part of the Extending WIFI in Council Premises scheme and the results are due shortly. There has been a successful proof of concept at Southchurch Library for the provision of staff WIFI.



Draft testing templates have been completed on the Liquid Logic scheme and they are currently under review. Final end user testing and demonstration with supplier is underway.

Two new schemes were agreed at September Cabinet for the Ship Directory IDOX software for £45k and the Employee Engagement Portal (Intranet) for £20k. The IDOX software is a Public Health system which is was not fit for purpose and required some updates to bring it in-line with current requirements. Plans are in place to commission a new provider for the Employee Engagement Portal to make it more engaging with staff.

## 2. Requested Changes to the 2019/20 Capital Programme

### Carry Forwards to Future Years

Scheme	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
SMAC Eastern Esplanade Slipway	(27)	27			
Special Provision Capital Fund	(221)	221			
Local Growth Fund A127 Growth Corridor	(2,000)	2,000			
Sheltered Housing	(345)	345			
HRA Housing Construction phase 3	(1,307)	653	654		
HRA Housing Construction phase 4		(2,022)	2,022		
<b>Total Carry Forwards</b>	<b>(3,900)</b>	<b>1,224</b>	<b>2,676</b>		-

### Accelerated Deliveries from Future Years

Scheme	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
HRA Decent Homes Programme	260	(260)			
HRA Housing Construction MMC	222	1,112	(1,334)		
<b>Total Accelerated Deliveries</b>	<b>482</b>	<b>852</b>	<b>(1,334)</b>	-	-

### Proposed New Schemes

Scheme	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Ship Directory IDOX software	45				
Employee Engagement Portal (Intranet)	20				
Chalkwell Ramp	60				
<b>Total Proposed New Schemes</b>	<b>125</b>	-	-	-	-

### New External Funding

Scheme	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Leigh Library Gardens Messroom Refurbishment	47				
<b>Total New External Funding</b>	<b>47</b>	-	-	-	-

### Virements

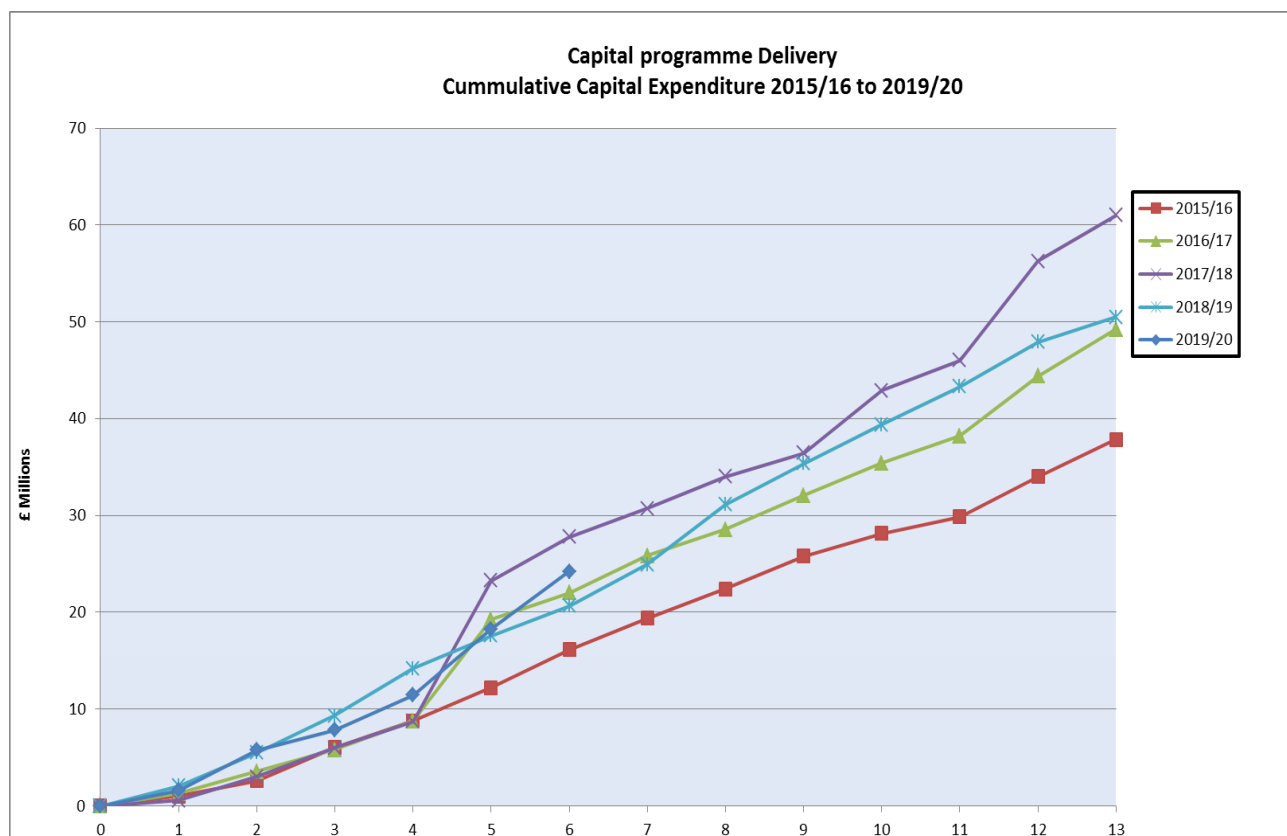
Scheme	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Property Refurbishment Programme	(16)				
Leigh Library Gardens Messroom Refurbishment	16				
Priority Works	(35)				
12a Ceylon Road Refurbishment Works	35				
<b>Total Virements</b>	-	-	-	-	-

### 3. Summary of Capital Expenditure at 30<sup>th</sup> September

	Original Budget 2019/20 £000	Revisions £000	Revised Budget 2019/20 £000	Actual 2019/20 £000	Forecast outturn 2019/20 £000	Forecast Variance to Year End 2019/20 £000	% Variance
General Fund Housing	1,695	728	2,423	400	2,458	35	17%
Council Housing Refurbishment	8,049	794	8,843	1,566	8,758	(85)	18%
Council Housing Acquisitions and New Build Programme	4,511	6,436	10,947	3,613	9,862	(1,085)	33%
Social Care	1,016	5,324	6,340	217	6,340	-	3%
Schools	14,218	(4,780)	9,438	3,823	9,217	(221)	41%
Enterprise & Regeneration	15,000	(1,579)	13,421	4,942	13,421	-	37%
Southend Pier	2,468	857	3,325	1,813	3,325	-	55%
Culture & Tourism	5,218	(509)	4,709	1,701	4,756	47	36%
Community Safety	1,741	(861)	880	15	880	-	2%
Highways & Infrastructure	13,548	2,024	15,572	4,848	13,632	(1,940)	31%
Works to Property	1,969	108	2,077	218	2,015	(62)	10%
Energy Saving	1,426	(763)	663	1	663	-	0%
ICT	2,559	305	2,864	1,048	2,929	65	37%
S106/S38/CIL	943	627	1,570	53	1,570	-	3%
	74,361	8,711	83,072	24,258	79,826	(3,246)	29%
<b>Council Approved Original Budget - February 2019</b>	<b>74,361</b>						
General Fund Housing amendments	300						
Council Housing & New Build Programme amendments	7,001						
Social Care amendments	5,000						
Schools amendments	(2,839)						
Enterprise & Regeneration amendments	(485)						
Culture & Tourism amendments	445						
Community Safety amendments	(906)						
Highways & Infrastructure amendments	(80)						
Works to Property amendments	(257)						
Energy Saving amendments	(705)						
ICT amendments	(248)						
S106/S38/CIL amendments							
Carry Forward requests from 2018/19	7,445						
Accelerated Delivery requests to 2018/19	(4,386)						
Budget re-profiles (June Cabinet)	(2,701)						
New external funding	1,127						
<b>Council Approved Revised Budget - June 2019</b>	<b>83,072</b>						

**Actual compared to Revised Budget spent is £24.258M or 29%**

## 4. Capital Programme Delivery



Year	Outturn £m	Outturn %
2015/16	37.9	97.0
2016/17	48.8	89.0
2017/18	61.0	95.0
2018/19	50.9	96.7

# Southend-on-Sea Borough Council

**Report of Chief Executive  
to  
Cabinet  
on  
5 November 2019**

Report prepared by:  
Louisa Thomas & Nicola Spencer  
Data & Insights Analysts

**Agenda  
Item No.**

**9**

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## **Southend 2050 Outcome Success Measures Report - Quarter 2 2019/20**

**Cabinet Member: Councillor Gilbert**

**All Scrutiny Committees**

**A Part 1 Public Agenda Item**

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### **1. Purpose of Report**

- 1.1 To report on the second quarter of the Southend 2050 Outcome Success Measures for 2019/20.

### **2. Recommendations**

- 2.1 To note the Quarter 2 performance.

### **3. Background**

- 3.1 The Council's Corporate Performance Framework has been reviewed to provide robust and transparent performance management to drive the delivery of the five Strategic Delivery Plans. Cabinet agreed that corporate performance for 2019/20 onwards shall consist of three different functions, to enable the Council to robustly monitor and measure the progression of the desired outcomes against the five themes, which are outlined in the 2050 Road Map. The three functions are:

- A Corporate Performance Dashboard (CMT and Cabinet Members)
- A Southend 2050 Outcome Success Measures Report
- An Annual Place-Based Report.

### **4. Southend 2050 Outcome Success Measures Report**

- 4.1 The Southend 2050 Outcome Success Measures Report is a high level summary of the Council's corporate performance and progression over the quarter on the high level strategic priorities. Outcome Delivery Teams provide a strategic narrative once per quarter on the progress made with the delivery of the Southend 2050 outcomes and activity on the Road Map.

The report also contains a snapshot of key place data which will be updated as available throughout the year.

The agreed timetable for reporting is as follows, with additional reporting aligned to the scrutiny cycle in January.

		To be presented to Cabinet:
<b>Quarter 1</b>	April – June 2019	September 2019
<b>Quarter 2</b>	July – September 2019	November 2019
<b>Quarter 3</b>	October – December	February 2020
<b>Quarter 4</b>	January – March 2020	June 2020

- 4.2 The development of outcome-focused measures is an iterative process, to enable the measures to be reviewed and developed regularly.

## 5. Further Developments

A number of the measures included in the report have catalysed plans to work collaboratively across the organisation to improve their outcome focus. The development work planned to date is as follows:

### 5.1 Temporary Accommodation

A working group has been formed to better understand and monitor the outcomes of interventions for those the Council is supporting to access housing. The group is currently working on enhancing the suite of measures that describe the success of the Council's interventions from homelessness prevention to housing supply to allocations.

### 5.2 Child development and Children's Centres

Further collaboration with the Early Years and Health Visitor services will be undertaken, to develop a set of outcome-focused measures regarding the range and success of interventions and services for children aged between two and five, and the better use of Children's Centres.

### 5.3 Protecting and nurturing the coastline

Development work is required looking in to litter collections on our beaches especially during the peak months; the protection of nature reserves and sea defences, and educating our children on the nurture and protection of our coastline.

### 5.4 Fibre broadband and WiFi

The data received from the Council's WiFi supplier has been improved to make it more granular. The datasets on this and Fibre Broadband will continue to be developed to better monitor whether the intended benefits to residents and visitors, in terms of service availability, geographical coverage and speed are being realised.

### 5.5 Businesses, skills and employment and high street occupancy

This will be a considerable area for collaboration between the Planning, Economic Growth, Revenues, GIS and Insights teams, with an aim to share and / or integrate the data and systems held and used by the teams to provide a meaningful picture of activity and outcomes in the borough to support and

evidence the vision of the Council's Economic Growth Strategy 2017-2022, and to evidence Opportunity and Prosperity outcomes.

#### **5.6 Independent living and care homes**

Further work will be done to measure the independency of those living in supported living and care homes across the borough.

#### **5.7 Volunteering**

A mapping exercise or survey will be undertaken to ascertain which parts of the Council uses volunteers and to capture the full breadth of volunteering activity, with further plans to broaden the dataset to include demographic data on volunteers, give insight on the barriers and enablers to volunteering, and the inclusion of SAVS data.

#### **5.8 Voters**

Development work is planned to map and improve the data and insights available regarding voters' registration rate, turnout, demographic, residential ward, accessibility and other social factors affecting registration.

#### **5.9 Transport**

The data currently collected annually via the National Highways and Transport Survey will be developed to increase the frequency of data collection regarding smart signalling, traffic flow optimisation, passenger transfer trends and experience, and the experiences of people who use public transport of all kinds in the borough.

#### **5.10 Air Quality and recycling**

At present, data for air quality is available via a live feed but validated on an annual basis to provide an annual mean. Further work will be done to collect data that can indicate the outcomes for residents resulting from the improvement works being undertaken at various major junctions.

#### **5.11 Tree planting and removal**

As trees are only planted in the winter months, data is currently reported annually at the end of the planting season. A register of tree removals is maintained on an on-going basis. Further development work will be done with the Parks Management teams to increase the frequency and completeness of data collection on tree planting and removals and to devise meaningful, outcomes-focused measures.

### **6. Reasons for Recommendation**

To drive the delivery of the Southend 2050 ambition through robust and strategic performance management arrangements.

### **7. Corporate Implications**

Contribution to Council's Ambition and corporate priorities:

To strategically monitor the Council's corporate performance and achievements against the 2050 Road Map and Outcomes.

### **8. Financial Implications**

There are no financial implications.

**9. Legal Implications**

There are no legal implications.

**10. People Implications**

People implications are included in the monitoring of performance relating to the Council's resources where these relate to the Council's priorities.

**11. Consultation**

The new performance framework and measures to be included in future performance reporting are included in the Strategic Delivery Plans which were developed through extensive consultation and engagement to articulate the Southend 2050 ambition.

**12. Equalities Impact Assessment**

The priorities and outcomes contained with the 2050 Five Year Road Map are based upon the needs of Southend's communities. This has included feedback from consultation and needs analyses.

**13. Risk Assessment**

The Corporate Risk Management Framework shall be managed alongside the new monitoring for corporate performance. This information shall form part of the new corporate risk register that is managed by the Internal Audit team.

**14. Value for Money**

Value for Money is a key consideration of the Southend 2050 Performance Framework, including the outcome-based investment work, to help assist in identifying Value for Money from services.

**15. Community Safety Implications**

Performance Indicators relating to community safety are included in the Strategic Delivery Plans as well as the Southend 2050 Annual Place-based Report.

**16. Background Papers**

- 16.1 Monthly Performance Reports (MPRs) from April 2018 to March 2019 and Outcome Success Measures Report – Quarter 1 2019/20

**17. Appendices:**

- 17.1 Appendix 1: Outcome Success Measures Report – Period 2 – July-September 2019



OUR  
SHARED  
**AMBITION**

**SOUTHEND**  
**2050**  
*it all starts here*

# Southend 2050: Five Themes and 23 Outcomes for 2023

## Pride & Joy

**PJ 01** - There is a tangible sense of pride in the place and local people are actively, and knowledgeably, talking up Southend.

**PJ 02** - 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.

**PJ 03** - We have invested in protecting and nurturing our coastline, which continues to be our much loved and best used asset.

**PJ 04** - Our streets and public spaces are clean and inviting.

## Safe & Well

**SW 01** - People in all parts of the borough feel safe and secure at all times.

**SW 02** - Southenders are remaining well enough to enjoy fulfilling lives, throughout their lives.

**SW 03** - We are well on our way to ensuring that everyone has a home that meets their needs.

**SW 04** - We are all effective at protecting and improving the quality of life for the most vulnerable in our community.

**SW 05** - We act as a Green City with outstanding examples of energy efficient and carbon neutral buildings, streets, transport and recycling.

## Active & Involved

**AI 01** - Even more Southenders agree that people from different backgrounds are valued and get on well together.

**AI 02** - The benefits of community connection are evident as more people come together to help, support and spend time with each other.

**AI 03** - Public services are routinely designed, and sometimes delivered, with their users to best meet their needs.

**AI 04** - A range of initiatives help communities come together to enhance their neighbourhood and environment.

**AI 05** - More people have active lifestyles and there are significantly fewer people who do not engage in any physical activity.

## Opportunity & Prosperity

**OP 01** - The Local Plan is setting an exciting planning framework for the Borough.

**OP 02** - We have a fast-evolving, re-imagined and thriving town centre, with an inviting mix of shops, homes, culture and leisure opportunities.

**OP 03** - Our children are school and life ready and our workforce is skilled and job ready. Leads

**OP 04** - Key regeneration schemes, such as Queensway, seafront developments and the Airport Business Park are underway and bringing prosperity and job opportunities to the Borough.

**OP 05** - 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 & Smart

**CS 01** - It is easier for residents, visitors and people who work here to get around the borough.

**CS 02** - People have a wide choice of transport options.

**CS 03** - We are leading the way in making public and private travel smart, clean and green.

**CS 04** - Southend is a leading digital city with world class infrastructure.

# Annual Information

Unemployment  
3,530 - 3.2%  
(April 2018 - August 2018)

4,085 - 3.7%  
(April 2019 - August 2019)

£280,867.00  
Average House Price Southend

£246,728.00  
Average House Price England  
(June 2019)

182,500  
Mid-year Population Estimate  
for Southend  
(Nomis July 2018)

1,035  
New businesses (2017/18)  
1,115  
Businesses closed (2017/18)

Teenage conception for under  
18's rate of 24.3 per 1,000  
(number 70)  
(2017)

## Transport

National Highways and Transport (NHT)  
Public Satisfaction Survey (2018/19)

75% of people found it  
easy to get around  
the borough

63% of people with a  
disability found it  
easy to get around  
the borough

72% of people who do  
not have a car  
found it easy to get  
around the borough

Early Years Foundation Stage  
Profile  
Achieving a Good Level of  
Development  
74.0% 2018/19

## Trees

Figures do not include whips

In 2016/17 we planted 322  
trees and removed 310

In 2017/18 we planted 279  
trees and removed 373

In 2018/19 we planted 384  
trees and removed 412

56%  
Agree people from different  
backgrounds get on well  
together\*

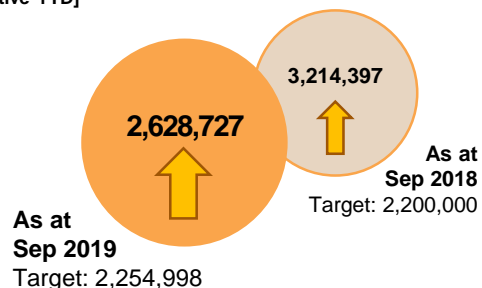
75%  
Satisfied with local area  
as a place to live\*

\*2018 residents' perception survey, sample 1239 Southend residents



## Participation and attendance at Council owned / affiliated cultural and sporting activities and events and the Pier

[Cumulative YTD]



### Key insights

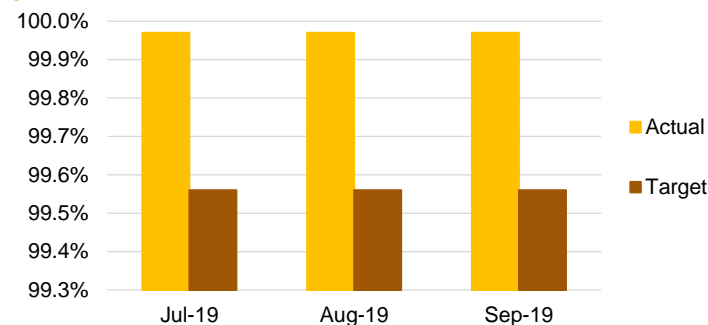
- Our **smaller libraries** (exc. The Forum, for which we are still awaiting data) saw a 50% increase in attendance in Q2, attributed to the Summer Reading Challenge (for children aged 4-11) which ran during the School summer holidays

- Pier admissions** have normalised again (32,745 in Sep) after the very high admissions figure in Aug (71,140) which may be attributed to the seasonal change and a return to normal opening hours

- 506** Street Champions in place (as at Sep) and four **new litterbins** have been allocated to the new Lagoon decking area to ensure cleansing standards maintained

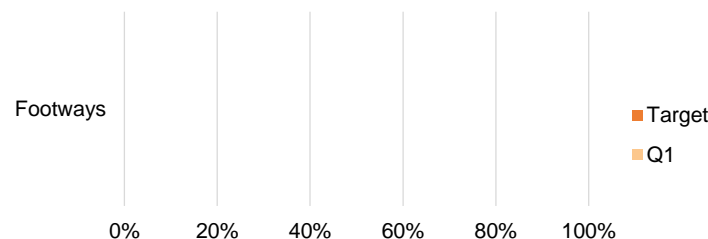
- 611** reported missed collections in Sep represents 0.03% of 1,816,533 collections per month; on track to meet 2019/20 Annual Target of 99.56%

### Percentage of successful waste collections per month



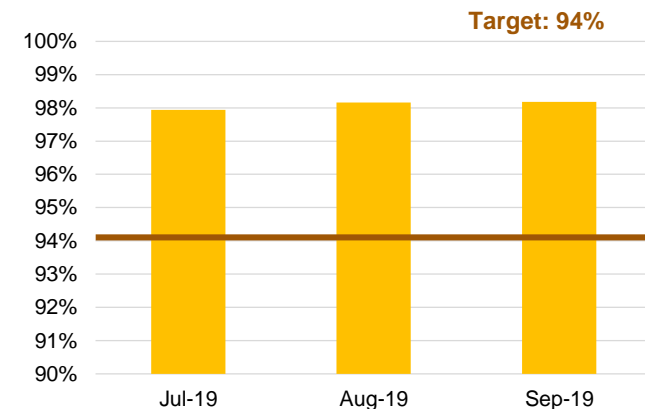
### Safety Inspections completed on time

[Awaiting data]



### Acceptable standard of cleanliness: litter

[Cumulative YTD]



### Social Media Campaigns

50,772

plays of the promotional video used in August's Connexions mini-campaign (cross-cuts with **Opportunity & Prosperity**)

1267

page views of the new Wedding Venues website pages as a result of August's social media campaign on Twitter, Facebook and Instagram

400+

photos of our coastline submitted by the public via social media channels, as part of the #PrideAndJoy Instagram campaign





## Quarter 2: Update

Council agreed that the date for the **Seaway Development** contracts to become unconditional will be January 2020. The planning application is being assessed through the usual process.

External funding has been secured to develop a holistic set of interventions for the **Town Centre**, aligned with the Town Centre Scrutiny project, including; a consultation on the Sunrise work to develop a scheme to be delivered using Local Growth Fund funding from SELEP; public realm improvements between Warrior Square, Whitegate Road, Tylers Avenue and York Road using National Productivity Investment Fund funding; and Cool Towns funding, to deliver greening and shaded seating. Wider regeneration activity includes the second phase of the Forum (see the Opportunity & Prosperity narrative). A Better Queensway public consultation will be launched by the joint venture in October.

Work to explore creating a visible presence in the **Town Centre** for some of the Council's services is underway. A Chair for the Strategic Town Centre Group has been identified, furthering the opportunities for joint working across the street scape, place branding and signage and public realm projects.

Officers are in touch with the representative for the **Kursaal's** owners as they try to find ways to let the space and bring the building back in to use.

The **Estuary 2020 Festival** (starts 18/09/2020), will bring lesser known or underutilised spaces to life through arts and culture. Various historic structures on the Garrison site have been visited by artists with a view to their involvement in the festival, and Metal (the Festival's organiser) is working with Shoebury Heritage CIC, EWT and SBC staff on the project.

The Council continues to support volunteer-led beach cleaning litter picks. Veolia is building on its 'Street Champions' scheme to support **improved street cleansing** activities. The "My Street Is Your Street" campaign has continued with additional floor promotional materials. A campaign was launched to highlight the problem of pollution in marine environments and as part of this the Council worked in partnership with a local artist to install of a fish sculpture on the Seafront.

## Future milestones

20 new cigarette bins will be placed out in the High Street to target smoking litter.

30 additional beach litter bins were ordered to be used to enhance next year's activities

Veolia continues to adjust resources as we move through the seasons, and a further "Southend Champions" newsletter is planned for October 2019.

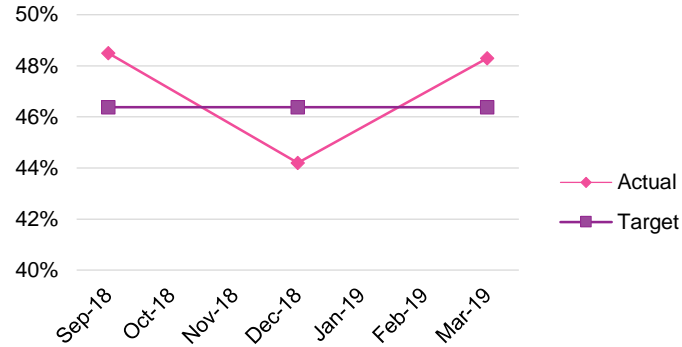
**SAFE  
& WELL**

## Key insights:

- **194** households are currently in Temporary Accommodation, comprising **592** individuals, equating to a rate of 2.46 per 1000 households as at September 2019 against a target of 3.51.
- A total of **202** street begging / vagrancy / rough sleeping engagements and **314** Anti-Social Behaviour (ASB) Incidents were attended to by the Council's Community Safety Unit team in Q2 2019/20.

## Percentage of household waste sent for reuse, recycling and composting

[Cumulative YTD]



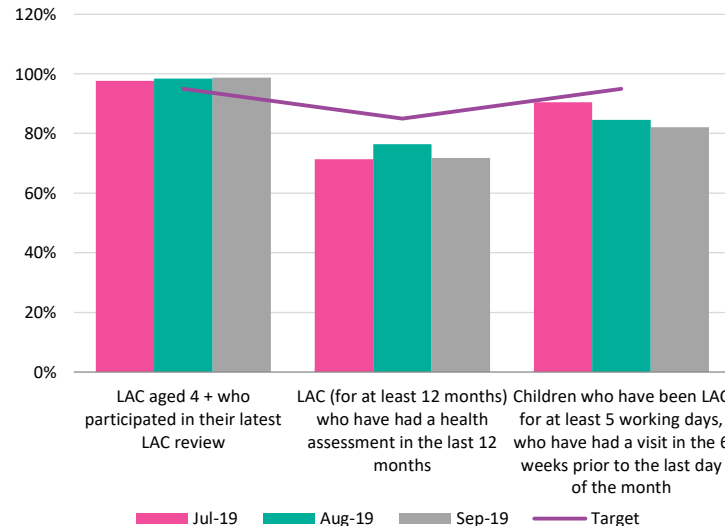
## Education Health Care plans issued within 20 weeks excluding exception cases (SEND)

[Cumulative YTD]

**Total plans issued (YTD): 77**  
Period: as at Sep 2019  
Target: 96%

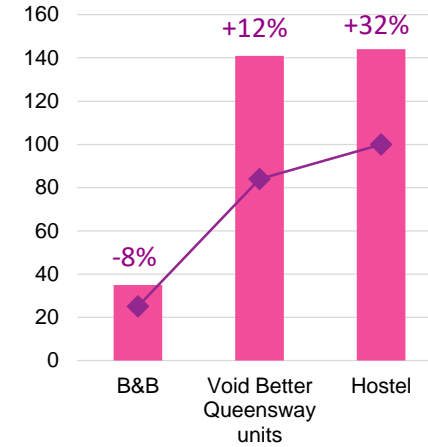
**100%**

## Looked After Children (LAC)



## Families in Temporary Accommodation (TA)

As at Aug 2019, compared to Q1 2019/20



**273**  
Jun 2019

**320**  
Aug 2019

Total number of children in TA  
(data for 2018 not available)

■ No. of children  
◆ No. of households

## Mental Health

**73.7%**  
Q1 2019/20

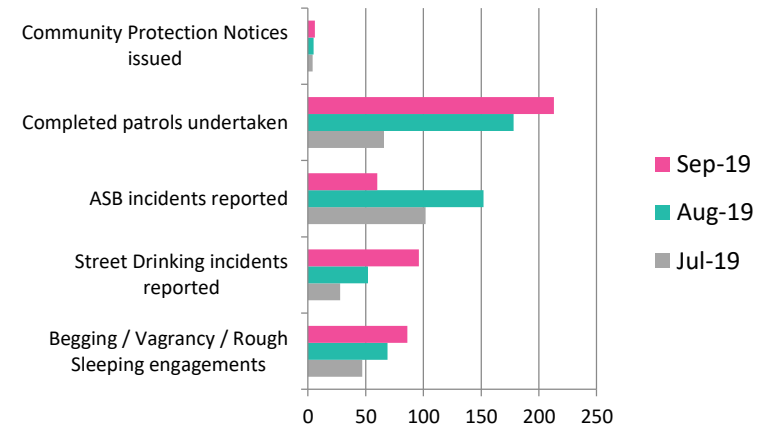
**71.9%**  
Aug 2019

Proportion of adults in contact with secondary mental health services who live independently with or without support (EPUT)

**2019/20 target: 74%**

## The Council's Community Safety Unit activity

This dataset does not include data from the Police or other agencies





### Quarter 2: Update

The **Town Centre** Action Group has developed a dynamic action plan to lead on enforcement activity in the Town Centre to deal with the most prolific individuals, plus support and outreach work under the Council's Rough Sleeper Initiative.

The new **Community Safety** Patrol Team, now equipped with a number of enforcement powers, has proved successful, contributing to the marked reduction in town centre issues due to its high visibility presence supporting local policing, which has been strengthened by additional new Police Officers being deployed to Southend Police Station with specific town centre patrol remits. The police teams and Community Safety team work closely together from Southend's Community Safety Hub at Southend Police Station. Numbers of rough sleepers in the Town Centre and complaints linked to street drinking and anti-social behaviour have decreased.

Bimonthly **rough sleeper** counts continue, helping the Council identify seasonal flows and changes. The Council is working closely with partners across the voluntary, faith and public sectors to plan the Church Winter Night Shelter that will commence again in December. A team of rough sleeper navigators and tenancy sustainment officers will be recruited to ensure people have the right support and by taking swift preventative action on tenancy-related issues, possible due to the government's Rapid Rehousing Pathway funding.

There is increased **community-based social work practice** presence at Kent Elms, Highlands and West Road (Shoebury) surgeries. A Social Worker with mental health experience is supporting the Council's Housing Officers with complex cases to maintain tenancies and engage in preventative work. Social work/care coordination and the Dementia navigation team have been collaborating to improve integrated working and relationships.

Initial preliminary work has been undertaken that looked at the potential to introduce **Selective Licensing** in parts of the borough including data assessments, financial modelling and best practice from other local authorities.

The Council's **Sustainability** team are fully engaged with the Better Queensway project team, ensuring that all opportunities for pursuing sustainable options are being explored.

*Continued over page...*

### Future milestones

As part of the next area of focus for Southend 2050, the Council is considering a more integrated multi agency view of using all community assets to the best effect.

A partnership approach will be taken with the Looked After Children team in order to analyse the current need and specific challenges regarding providing suitable local accommodation in order to ascertain what further work will need to be considered.

The Selective Licensing project will undertake further research, consultation and an assessment of the resources required ahead of implementation.

The Community Safety Team will explore options to address increasing demand, potentially this could include:

- Increasing Community Safety Team numbers and widening enforcement powers (such as Fixed Penalty Notices and CPNs)
- working collaboratively with other agencies and council departments to undertake a more visible role in town; this could include support from the BID Rangers, Pier and Foreshore teams, ACPOA and Street Scene teams.



### Quarter 2: Update (cont.)

The consultation on the update to the **Local Plan** has been responded to, with ongoing discussions helping to shape the work to ensure that future development in the Borough is sustainable. The Council is delivering an EU project to increase electric vehicle charging points, with the most appropriate locations for the charging points now being determined.

The Council is monitoring the Veolia action plan aimed at delivering an **improved recycling** rate this year, looking to improve services for flats, communicate with residents and Recycling Officers and increase participation in the food waste scheme. The Council has been proactive on the plastic agenda and is now part of PlastiCity, which has secured over €1 million to deliver a new approach to **plastic waste** that will drive up recycling rates. Council officers have reviewed staff's use of the current **recycling arrangements** and this information is now being used to determine what steps need to be taken to reduce the total volume of waste and, of the waste that is generated, maximise the amount that is recycled.

Officers are developing the case to designate Southend as a National Park City, to build **climate resilience** to issues ranging from flooding through to heat stress and support objectives around health and well-being and building community cohesion. Work is underway to replace the Low Carbon Energy and Sustainability Strategy 2015-2020 with the next iteration, to be adopted before April 2020. This version will also reflect the wider areas of focus that have been identified in the Green City agenda.

Work has commenced on-site for the new **Priory Residential and Learning Disability Day care** centre, in line with the implementation plan. A task and finish group has been set up to move forward with the design of the build in line with how the site will support the vision.

A range of work surrounding housing need is continuing to ensure that appropriate outcomes for all residents groups, including **Looked After Children**, are ensured. Key steps, such as consultations on a renewed allocations policy, continue.

The Council is pressing ahead with the next phases of the HRA Land Review Project which will potentially see 56 affordable homes built in two locations in the borough. The required surveys have been undertaken for both sites and a procurement exercise for the appointment of consultancy support is continuing.

*Continued over page...*

### Future milestones

Officers are working with Forward Motion to identify how they can encourage the public to make more **sustainable transport choices**, as part of their wider work on contributing to the delivery of a range of Southend 2050 outcomes.

An event will be held in November with all stakeholders of the new **Priory Residential and Learning Disability Day Care Centre** to share and discuss the Centre's vision and to agree the operational model.





### Quarter 2: Update (cont.)

The Council's Modern Methods of Construction pilot is also progressing well with the appointed architect for the scheme preparing the preliminary drawings for both sites with a view to submit an outline planning application later in the year. The Council's Acquisitions Programme for **Council Housing** has been continuing at pace and has seen a number of properties purchased from the open market for the purpose of Council housing.

The Council is progressing with its plans for the **housing development pipeline**. A number of sites are currently progressing which will form the first phase of the pipeline and the project will next undertake site feasibility, a due diligence survey and design work to provide more detailed assessments on future sites. A Regeneration Framework will be produced which will oversee this work. This work is augmented by other approaches to **housing supply** being progressed, including the use of HRA capital and Right-to-Buy receipts to purchase properties on the open market and bring these into use as affordable housing in the borough. By the end of the quarter 19 properties will have an accepted offer, including seven completed purchases.

In July 2019 HARP completed the nine-bed extension to their site at Ceylon Road, which is now fully occupied. HARP's planning application for a 49 bed space development, "Bluebird", on Southchurch Avenue has been agreed. Estuary Housing officially completed their **affordable housing scheme** at Hammond Court in Sutton Road in September, with the provision of 44 affordable homes (26 affordable rent and 18 Shared Ownership).

### Future milestones

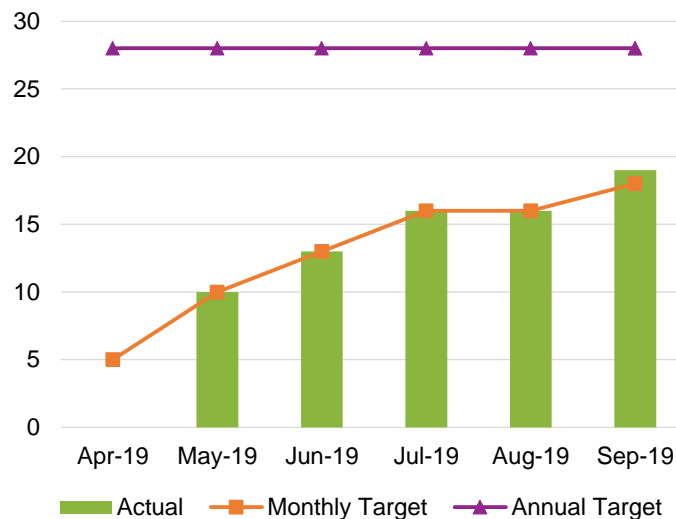


## Organisations signed up to Physical Activity-related pledges of the Public Health Responsibility Deal (PHRD)

**16** YTD, Q2 2019/20

**9** joined in Q2 2019/20

## Number of schools signed up for the Daily Mile Programme or equivalent



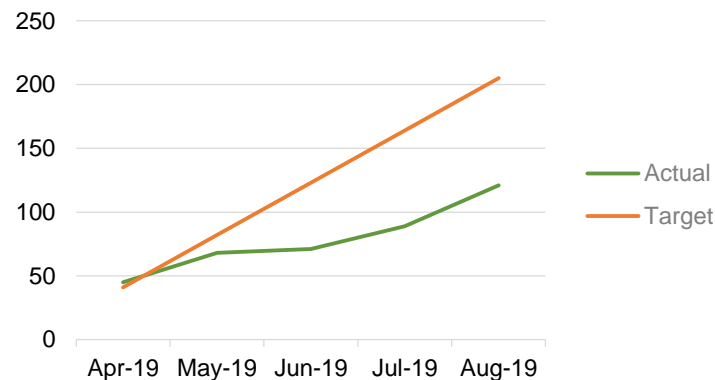
## Falls Prevention activity

~12,520 individuals aged 65+ at risk of falling annually in Southend

**155**

individuals starting 36 week strength and balance programme to date during 2019/20

## Number of individuals completing 12 weeks of the Exercise Referral Programme



## Number of hours of volunteering within Culture, Tourism and Property (inc. Pier and Foreshore events)

[Cumulative YTD]



Sep 2019  
**Actual: 11,285**  
Target: 9,750



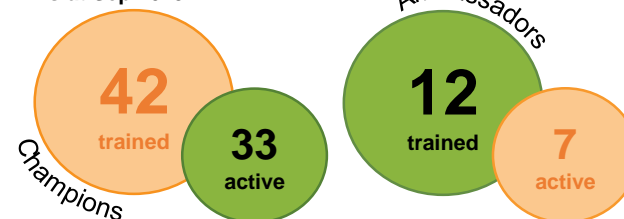
Sep 2018  
**Actual: 10,555**  
Target: 9,750

Long trend:



## A Better Start Parent Champions and Ambassadors

As at Sep 2019



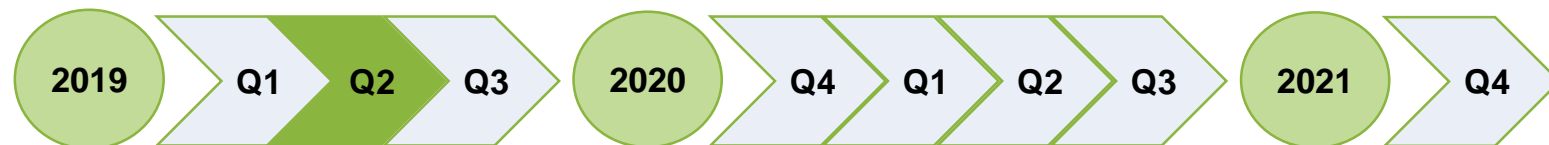
## Key insights:

- **1,192 volunteering** hours (which equates to approx. 50 days) delivered within Culture in September

- **120** individuals are currently active on the 'Staying Steady Programme' for September and **121** individuals completed the 12 week exercise referral programme in August

- A Better Start Southend **Parent Champions and Ambassadors** have been taking part in designing and delivering engagement events, taking part in ABSS governance meetings, promoting and communicating ABSS, research and interviews, co-production workshops and special projects such as the development of a Community Hub at SAVS

- The number of new organisations signing up to the **PHRD** has reduced as we are now in Year 3 of the programme and every year 40+ new businesses sign up, meaning that the number of businesses to recruit from in Southend reduces. There is a particular focus on engaging SME businesses for 2019/20



## Quarter 2: Update

Chalkwell Lodge is now anticipated in June 2020, and two additional properties have been agreed through the **acquisitions programme** to date. The acquisition budget is set to increase by £2.3m, and therefore we can expect this number to increase in the next couple of months.

Active Southend will use ActiveEssex funding to support organisations via the Culture and Wellbeing Small Grant's scheme. The ActiveSouthend Strategic Group (ASG) is a multi-agency group made up of organisations and teams for which increasing physical activity levels in the borough contributes to their own organisational goals. The group meets quarterly and reports to the Southend Health and Wellbeing Board. The group also provides regular updates to the Southend Corporate Management Team (CMT) and the Active Essex Board.

Asset Based Community Development workshops have been held between voluntary sector and Southend 2050 outcome leads and officers to develop a shared narrative around individual and community strengths. Conversations and engagement between individual outcome leads/business proposal leads and partners and community continue to achieve shared understanding of the Ambition and input in delivery.

The South East Essex (SEE) Locality Partnership Group has developed relationships across the SEE system, the development and sign off of a SEE Locality Strategy; and the agreement to an Memorandum of Understanding which articulates the ambition for the Partnership and integrated working within SEE, and approval of the Community Dementia Business Case, a service commissioned by Southend and Castle Point & Rochford CCG, and is closely aligned to the restructure of the Dementia Navigator team (a jointly commissioned service across Essex County Council, Southend Borough Council and the CCG).

The work across Integrated Design Teams continues with a focus on developing specific Locality approaches aligned to the Locality Strategy. Examples of developments during the quarter include the establishment of a ninth Dementia Navigator based at the hospital to assist those with dementia and those caring for dementia patients with a smooth and seamless discharge; resource in the community and across Localities to support and signpost those patients with dementia by building community capacity and community resilience; a social worker (jointly funded between ECC and SBC) at the Accident & Emergency department to support the discharge planning process at an earlier stage; continued development of a community asset based around the St Lukes Primary Care Centre (East Central); regular Multi-Disciplinary Team working across each Locality (fortnightly); the development of the 'hub' concept - examples include Victoria hub in East Central and Shoebury hub in East and the publication of a Locality-based newsletter.

## Future milestones

Everyone Health and Fusion to develop the Exercise Referral Scheme offer, with an ambition to broaden this to other community based physical activity providers and take a broader South East Essex approach to align with CCG collaborative approaches.

Joint post between SBC, A Better Start Southend and SAVS being created to further work around co-production - to be based at SAVS.

Localities-related future milestones:

- Development of Locality plan, first Locality will be West Central to test the process and pilot an initial plan, Co-design and engagement continues across West Central Locality
- evolve the relationship with EPUT (Community & Mental health) to support the development of Localities
- Southend – review and recommissioning of integrated carers service
- Review and recommissioning of community grants funds
- Development of a Locality 'room' at the Council to facilitate the development of SEE localities
- Restructure of dementia navigator team
- High level discussions with PCN Clinical Director to establish closer working relationship between system and primary care.



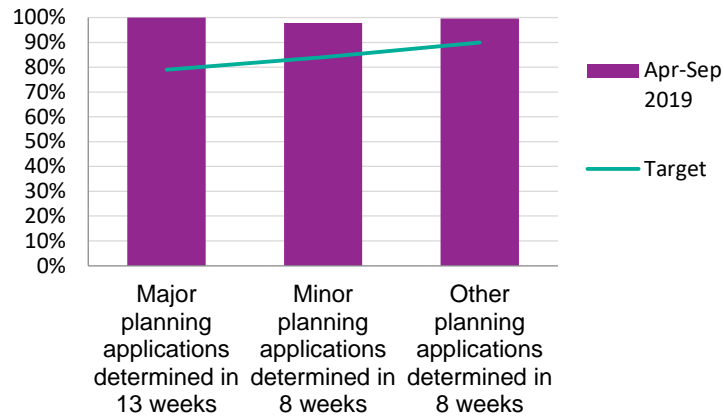
## Key insights:

- During the months July to September there are **305 new businesses** open in the borough and **10** businesses have expanded or opened additional premises across the borough
- **35** properties transferred into the Landlord's name as they are now empty during July to September
- **151** additional domestic properties were built during July to September 2019, bringing the total figure this financial year to **377** additional homes built.
- The slight drop in **planning applications** to date vs. the same period last year (1059 vs. 1119) may be due to Brexit related uncertainty impacting on investment, or the fact that the number of applications received last year was a record high. The appeal success rate to date this Financial Year is consistent with national context and reflects the Council's need to balance good appeal performance and a push for quality development in the borough.

## Determination of Planning Applications

Number of overall planning applications submitted Apr-Sep 2019: 1,059

Success of appeals Apr-Sep 2019: 72.7% dismissed or split against a target range of 65-85%



## Delivery of the Capital Programme

[Cumulative YTD]

**29%**  
as at  
Sep 2019

**+2%**  
vs.  
Sep 2018

## Child Development at Two Years Old

[Completions of the ASQ at 2 years 9 months]

To be developed to include referral outcomes

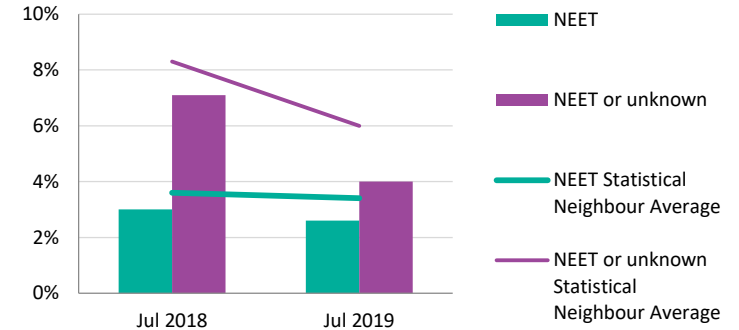
Jul 2019	Aug 2019	Sep 2019
↑	↑	↓
98.7%	95.6%	94.7%
Target: 95%		

## Percentage of young people Not in Employment, Education or Training (NEET) or whose situation is not known

Aim to minimise

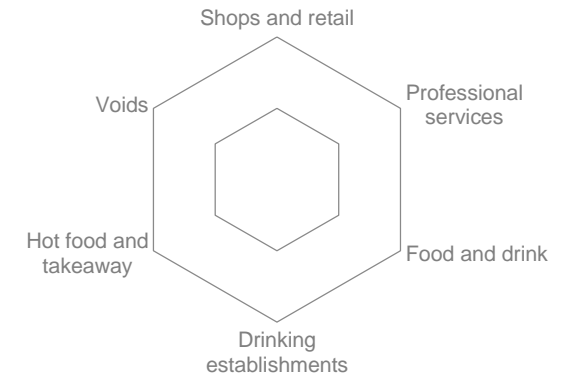
Total number of young people in the borough as at Aug 2019: 3948

Measure to be developed further

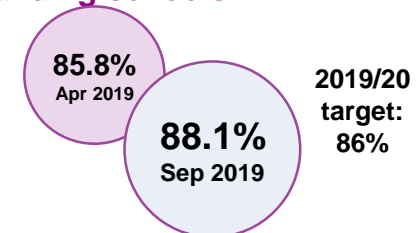


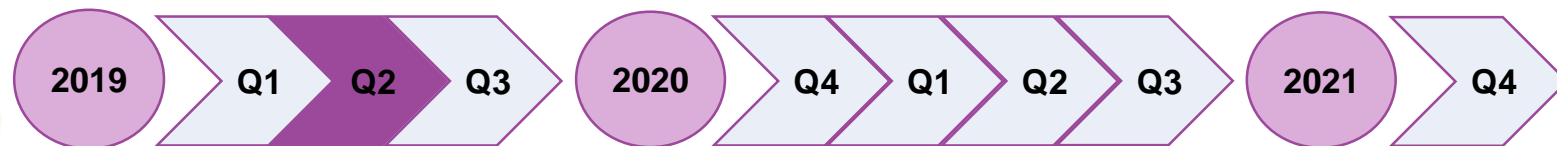
## High street occupancy (BID area only)

Awaiting data



## Percentage of children in good or outstanding schools





### Quarter 2: Update

Becoming a living wage employer was considered at Cabinet at their meeting in September. The Council is already a living wage employer in respect of directly employed staff. Work is now underway to explore the benefits and financial implications of becoming an accredited living wage employer. Progress against this plan will be reported to Cabinet in 2020.

The Council's "Connexions" team, have successfully ensured that more students are not classified as NEET (Not in Education, Employment and Training). Work continues between the Education and Skills teams to improve access to apprenticeships.

In line with our energies to support learners in deprived areas, further work on school and locality performance is taking place to identify the relative performance of different groups and their residency. One of the local Teaching Schools have been commissioned to offer training and support for all primary schools. Although the primary and secondary examination results are now in the public domain, the detailed pupil level data is not available from the Department for Education at the time of writing to comment on the gap in 2019. Suffice to say that reducing this gap and supporting learners from disadvantaged families remains the highest priority for both schools and the Council.

Following this, the Council will continue to support and challenge schools and academies where the outcomes in these areas remains low.

The Council has continued to map and analyse available data regarding its duty to supply sufficient good school places for Borough residents. Under the current strategy, expansion in several of our secondary schools is progressing well to meet identified demand. Given the likely pace of demographic growth, it is anticipated that this will be sufficient to meet current and future needs until mid way through the next decade. Through the new Children and Learning Working Party, early discussion will start to explore and identify future solutions that will meet future demand once the policy on additional housing 2020-30 becomes clearer.

Funds have been previously identified to support the Academy Trusts accountable for the three vulnerable secondary schools. This resource is for the academic year 2019-20 to support the schools in their journey to become good, and each Trust is required to account for the improvement in outcomes against the submitted business case. Examination outcomes in 2019 for each of these schools has shown positive improvement against the headline results of some 10% points which is welcomed. It is unlikely that either of these three schools will be respected in the current academic year.

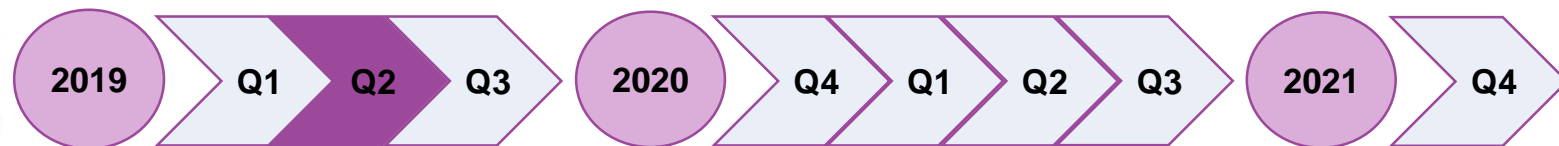
Following the previous two years highly successful initiative to offer Southend residents the opportunity to apply for, pass and attend one of the four outstanding Grammar Schools, further plans are in hand to repeat the awareness campaign this year to encourage parents, where they choose, to apply for a Grammar School place if that is right for their child.

*Continued over page...*

### Future milestones

As part of the wider 2050 Opportunity and Prosperity theme, significant work and initiatives are planned and operational to enhance the pathways and provision for school leavers into the world of further education, employment or training.

Results of the planning consultation on Forum 2 development.



### Quarter 2: Update

In line with our energies to support learners in deprived areas, further work on school and locality performance is taking place to identify the relative performance of different groups and their residency. Following this, we will continue to support and challenge schools and academies where the outcomes in these areas remains low.

As part of the wider 2050 Opportunity and Prosperity theme, significant work and initiatives are planned and operational to enhance the pathways and provision for school leavers into the world of further education, employment or training. In addition, very successful intervention by our Council "connections" team have ensured that more students follow this path and are not classified as NEET (not in education employment and training). Work continues between the Education and Skills teams to improve access to apprenticeships.

Good progress is being made with Better Queensway which, following the conclusion of the procurement, is led by Porters Place Southend-on-Sea LLP - a joint venture between the Council and a subsidiary of Swan Housing Association. The business plan has been prepared and has been considered by the Council's Shareholder Board. This will now go through the next democratic cycle.

The current work on improving the utilisation of our nine Children's Centres continues. We continue to use birth, attendance and footfall data to determine the effectiveness of the provision to support young families. This work includes close working relationships with our stakeholders and partners including A Better Start Southend, SAVs and schools and settings to ensure relevant and high quality services operate from the Children's Centres.

Forum 2 is progressing through the planning process, with all internal design work completed as part of RIBA Stage 4. The Council's portion of the building will see a new gallery space for the Focal Point Gallery, delivering a more ambitious exhibition and performance programme, and a suite of digital artist studios, including green screen facility, post production and sound recording, and a new project space for an increased creative learning programme, focusing on creative skills development. This delivers on the 2050 roadmap ambitions for Artist's Studios, objectives to upskill in digital, creative industry regeneration and increased cultural offer. Public and peer consultation workshops are taking place to involved citizens in how the facility will integrate into the community, the next of which taking place in FPG on 14 November.

A business plan for the revenue budget for running Forum 2 has been put forward as part of the 2050 business plan proposals, currently considered to be a test project. The proposal has in principle approval from the Growth and Infrastructure Board, and is progressing through the way through the Commissioning Board. The business plan has been developed with colleges in finance, and accounts for the entire running of SBC's portion of the facility, including rates and utilities, as well as uplift in staffing and programme budget for FPG to manage the facility.

### Future milestones

As part of the wider 2050 Opportunity and Prosperity theme, significant work and initiatives are planned and operational to enhance the pathways and provision for school leavers into the world of further education, employment or training.

Results of the planning consultation on Forum 2 development.



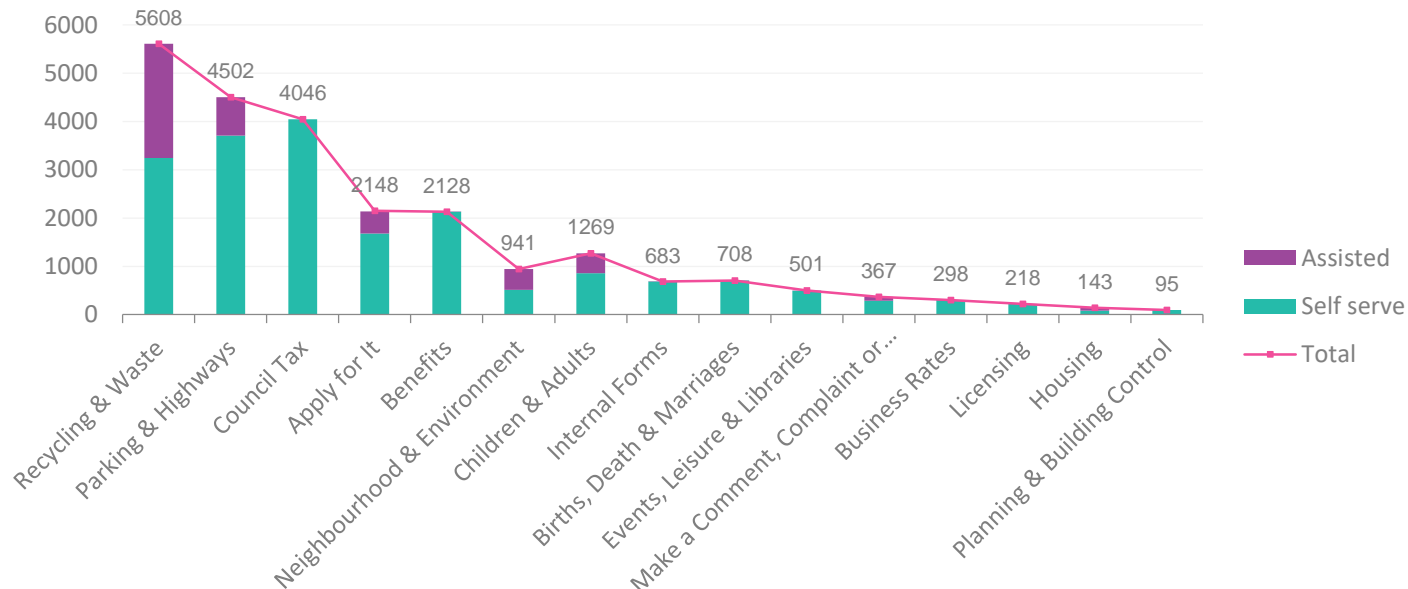


## Key insights:

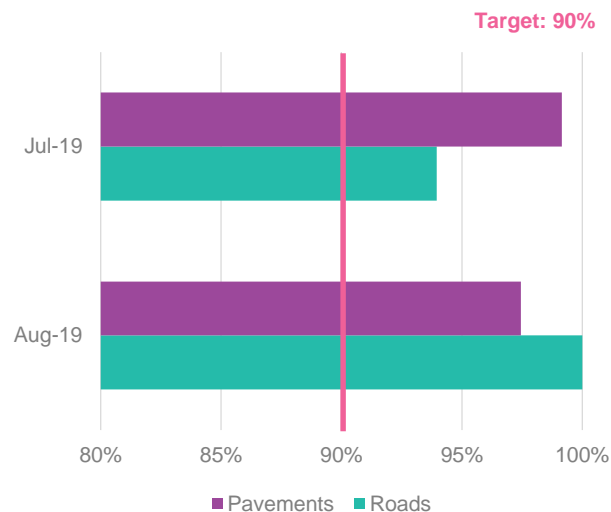
- Total number of registrations for free Wi-Fi: **106,865** (As at the end of September)
- The High Street remains the most popular browsing location to access free Wi-Fi followed by Eastern Esplanade and Hamlet Court Road
- Peak usage of the free Wi-Fi is at 4pm during weekdays, with more females using the service
- Most users are between the ages of **15-24**, with over **15,000** people registered

## Service Requests submitted via MySouthend

Jul-Sep 2019

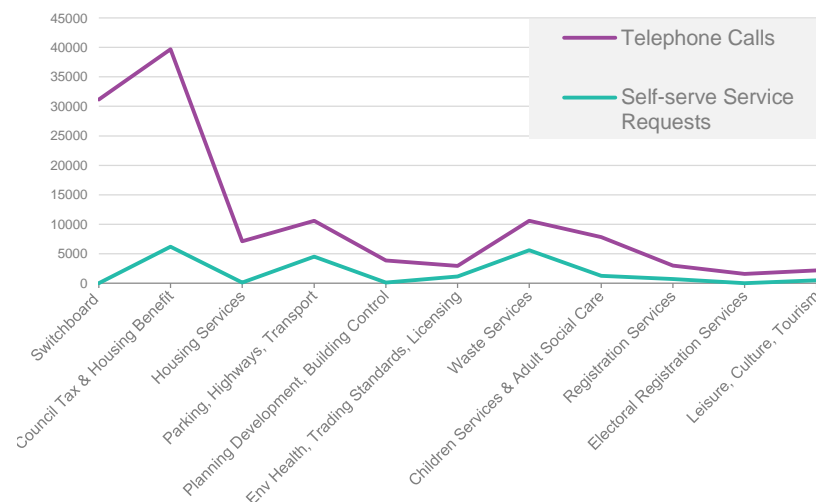


## Percentage of CAT1 defects made safe within response times



## Channel Shift

Jul-Sep 2019





### Quarter 2: Update

There has been an element of rebranding of the Council's Agile Working Programme which has now become known as 'WorkLife – A way of working tailored to YOU' which encompasses everything relating to how and when we work. Standardised ICT equipment has been signed off by the Council's Corporate Management Team (CMT) which will bring more consistency across the Council in terms of equipment, build and support.

The CMT's Civic Centre working area redesign is now complete, with all members of CMT now working in the open office environment.

A formal agile project management methodology has been rolled out across the Council's Senior Leadership Networks through a one-day workshop. Using this methodology, it has been applied and tested to a number of projects, including WorkLife. This approach maximises skill, collaboration and efficiency across the organisation. A follow up accredited coaching programme is being rolled out in early October for key Transformation and Southend 2050 staff across the organisation. Those completing the coaching will be required to take a test and upon passing and shall be formally recognised as agile coaches by the Public Services Transformation Academy (PSTA).

A significant amount of progress has been made over the summer period in developing a first iteration of a digital solution for the Joint Strategic Needs Assessment (JSNA). We expect the first phase of this project to go live in October 2019. Within this deployment will be an initial set of apps that will allow colleagues, partners and the community to interrogate data themselves. Phase 2 of this work, the Open Data Portal, is currently being progressed and this will increase the functionality available.

A revised Parking Strategy has been drafted and is expected to be ready for consultation in November 2019. The 2019/20 Highways Improvement Programme has been published and the 2020/21-2021/22 Programme is due to be published in January 2020.

### Future milestones

An Innovation Area is to be created on Floor 2 of Civic 1 to test and design potential agile working solutions, including technology, prior to rollout.

WorkLife Champions will be visible throughout the organisation with coloured lanyards. These champions will be available and approachable to anyone across the organisation seeking advice on WorkLife or wanting to give feedback.

A review of the Council's flexible working policy will be undertaken with staff to ensure it is as flexible as can be for staff and employer.



# Southend-on-Sea Borough Council

**Report of Executive Director (Finance & Resources)  
to  
Cabinet  
on  
5 November 2019**

**Agenda  
Item No.**

**10**

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

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**Treasury Management Report – Mid Year 2019/20  
Policy and Resources Scrutiny Committee  
Cabinet Member: Councillor Ron Woodley  
*A Part 1 Public Agenda Item***

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**1. Purpose of Report**

- 1.1 The Mid-Year Treasury Management Report covers the treasury management activity and compliance with the treasury management strategy for both quarter two and the period from April to September 2019.

**2. Recommendations**

**That the following is approved:**

- 2.1 The Treasury Management Mid Year Position report for 2019/20.**

**That the following is noted:**

- 2.2 Treasury management activities were carried out in accordance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Sector during the period from April to September 2019.**
- 2.3 The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.**
- 2.4 £1.067m of interest was received during this six month period. The total investment income earned including this interest during this six month period was £1.104m, at an average rate of 1.85%. This is 1.28% over the average 7 day LIBID (London Interbank Bid Rate) and 1.10% over the average bank rate. (Section 8).**
- 2.5 The level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council**

on 1<sup>st</sup> April 1998) increased from £267.8m to £310.3m (Housing Revenue Account (HRA): £75.0m, General Fund: £235.3m) during the period from April to September 2019.

- 2.6 The level of financing for ‘invest to save’ schemes decreased from £8.73m to £8.67m during the period from April to September 2019.

### **3. Background**

- 3.1 This Council has adopted the ‘CIPFA Code of Practice for Treasury Management in the Public Sector’ and operates its treasury management service in compliance with this code. The code recommends that local authorities submit reports regularly as part of its Governance arrangements.
- 3.2 Current guidance is that authorities should report formally at least twice a year and preferably quarterly. The Treasury Management Policy Statement for 2019/20 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation. This is the second quarter report for the financial year 2019/20.
- 3.3 Appendix 1 shows the in-house investment position at the end of quarter two of 2019/20.
- 3.4 Appendix 2 shows the treasury management performance specifically for quarter two of 2019/20.

### **4 National Context**

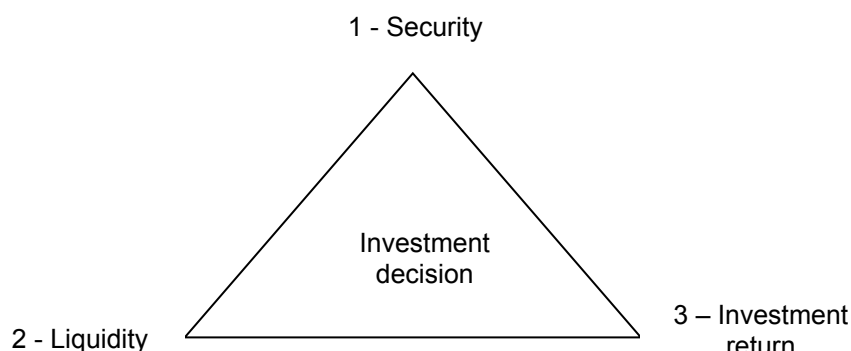
- 4.1 At the time of writing this report there was still a lot of uncertainty with the ongoing debate over how the UK is to achieve Brexit. This is causing uncertainty for business leaders and the financial markets and is leading to investment decisions being delayed.
- 4.2 The Bank of England have kept the bank base rate at 0.75% and kept their Quantitative Easing (QE) programme at £435bn. The Monetary Policy Committee will continue to wait for an outcome of Brexit before it takes any action. If there is a “no deal” Brexit there may be a requirement to stimulate the economy and in that scenario the markets would expect a rate cut sometime in the next nine months. However, the situation is far from clear.
- 4.3 Annual CPI was at 1.7% in September, unchanged from August. There was a large upward contribution from restaurants and hotels where prices rose in the year to September, offset by downward contributions from motor fuels and clothing and footwear.
- 4.4 The unemployment rate for the quarter June to August was at 3.9%, which is lower than a year earlier (4%) but 0.1% higher than the previous quarter.
- 4.5 The economic situation together with the financial market conditions prevailing throughout the quarter continued to provide challenges for treasury

management activities. Due to the low interest rate environment, only monies needed for day to day cash flow activities were kept in instant access accounts.

- 4.6 Low interest rates prevailed throughout the quarter from July to September 2019 and this led to low investment income earnings from the in-house investments.

## 5 Investments – quarter two (July to September)

- 5.1 A prime objective of our investment activities is the security of the principal sums invested. To ensure this security before a deposit is made an organisation is tested against a matrix of credit criteria. During the period from July to September 2019 investment deposits were limited to those who met the criteria in the Annual Treasury Management Investment Strategy when the deposit was placed.
- 5.2 Other investment objectives are to maintain liquidity (i.e. adequate cash resources to allow the council to operate) and to optimise the investment income generated by surplus cash in a way that is consistent with a prudent level of risk. Investment decisions are made with reference to these objectives, with security and liquidity being placed ahead of the investment return. This is shown in the diagram below:



Security:

- 5.3 To maintain the security of sums invested, we seek to lower counterparty risk by investing in financial institutions with good credit ratings, across a range of sectors and countries. The risk of loss of principal of monies is minimised through the Annual Treasury Management Investment Strategy.
- 5.4 Pie chart 1 of Appendix 1 shows that at the end of quarter two; 13% of our in-house investments were placed with financial institutions with a long term rating of AAA, 52% with a long term rating of A+ and 36% with a long term rating of A.
- 5.5 As shown in pie chart 2 of Appendix 1, these monies were with various counterparties, 87% being placed directly with banks and 13% placed with a range of counterparties via money market funds.
- 5.6 Pie chart 3 of Appendix 1 shows the countries where the parent company of the financial institution with which we have monies invested is registered. For

money market funds there are various counterparties spread across many countries. The cumulative balance of funds held with any one institution was kept within agreed limits.

Liquidity:

- 5.7 At the end of quarter two £17.6m of our in-house monies were available on an instant access basis and £60m was invested in fixed term deposits. The maturity profile of our investments is shown in pie chart 4 of Appendix 1.

Investment return:

- 5.8 During the quarter the Council used the enhanced cash fund manager Payden & Rygel to manage monies on our behalf. An average balance of £5.1m was invested in these funds during the quarter earning an average rate of 1.46%. More details are set out in Table 3 of Appendix 2.
- 5.9 The Council had an average of £85.2m of investments managed in-house over the period from July to September, and these earned an average interest rate of 0.89%. Of the in-house managed funds:
- an average of £4.7m was held in the Council's main bank account over the quarter and earned an average return of 0.12%. Under the new banking contract, interest will only be earned through a sweeper account. This account was opened during quarter two.
  - an average of £37.3m was held in money market funds earning an average of 0.85% over the quarter. 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;
  - an average of £43.2m was held in fixed term deposits and earned an average return of 1.00% over the quarter;
- 5.10 In accordance with the Treasury Management Strategy the in-house performance during the quarter is compared to the average 7 day LIBID (London Interbank Bid Rate). Overall, investment performance was higher than the average 7 day LIBID. The 7 day LIBID rate fluctuated between 0.55% and 0.58%. The bank base remained at 0.75% throughout the quarter. Performance is shown in Graph 1 of Appendix 2.

## **6 Short Dated Bond Funds – quarter two (July to September)**

- 6.1 Throughout the quarter medium term funds were invested in two short dated bond funds: Royal London Investment Grade Short Dated Credit Fund and the AXA Sterling Credit Short Duration Bond Fund.
- 6.2 The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into corporate bonds in the one to five year range. An income distribution will be generated from the coupon on the bond and income distributions are paid to the Council. The price of units can rise and fall,

depending on the value of the corporate bonds in the fund. So these investments would be over the medium term with the aim of realising higher yields than short term investments.

- 6.3 In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that.
- 6.4 An average of £7.7m was managed by AXA Investment Managers UK Limited. During the quarter the value of the fund increased by £0.030m due to an increase in the unit value. There was also an income distribution relating to that period of £0.029m. The combined return was 3.01%.
- 6.5 The AXA fund started the quarter at £7.666m and increased in value due to the increase in the value of the units, with the fund at the end of the period at £7.696m. This is set out in Table 2 of Appendix 2.
- 6.6 An average of £7.8m was managed by Royal London Asset Management. During the quarter the value of the fund increased by £0.038m due to an increase in the unit value. There was also an income distribution relating to that period of £0.048m. The combined return was 4.44%.
- 6.7 The Royal London fund started the quarter at £7.775m and increased in value due to the increase in the value of the units, with the fund at the end of the period at £7.813m. This is set out in Table 2 of Appendix 2.

## **7. Property Funds – quarter two (July to September)**

- 7.1 Throughout the quarter long term funds were invested in two property funds: Patrizia Hanover Property Unit Trust and Lothbury Property Trust.
- 7.2 The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into properties. An income distribution is generated from the rental income streams from the properties in the fund. Income distributions are paid to the Council. There are high entrance and exit fees and the price of the units can rise and fall, depending on the value of the properties in the fund, so these funds are invested over the long term with the aim of realising higher yields than other investments.
- 7.3 In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that.
- 7.4 An average of £14.7m was managed by Patrizia Property Investment Managers LLP. During the three month period, the value of the fund decreased by

£0.031m due to the decrease in the unit value. There was also an income distribution relating to that period of £0.188m and this distribution will be confirmed and distributed in quarter two. The combined return was 4.25%.

- 7.5 The Patrizia fund started the quarter at £14.703m and decreased in value due to the decrease in the value of the units, with the fund at the end of the period at £14.672m. This is set out in Table 1 of Appendix 2.
- 7.6 An average of £13.6m was managed by Lothbury Investment Management Limited. During the three month period, the value of the fund decreased by £0.006m due to the decrease in the unit value. There was also an income distribution relating to that period of £0.106m and this distribution will be confirmed and distributed in quarter two. The combined return was 2.92%.
- 7.7 The Lothbury fund started the quarter at £13.610m and decreased in value due to the decrease in the value of the units, with the fund at the end of the period at £13.604m. This is set out in Table 1 of Appendix 2.

## **8 Investments – quarter two cumulative position**

- 8.1 During the period from April to September 2019 the Council complied with all of the relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of the Code of Practice for Treasury Management means its treasury practices demonstrate a low risk approach.
- 8.2 The Council is aware of the risks of passive management of the treasury portfolio and has proactively managed levels of debt and investments over the six month period with the support of its treasury management advisers.
- 8.3 The table on the next page summarises the Council's investment position for the period from April to September 2019:

Table 1: Investment position

	At 31 March 2019	At 30 September 2019	April to September 2019	
	Actual Balance (£000s)	Actual Balance (£000s)	Average Balance (£000s)	Average Rate (%)
Call accounts <sup>#</sup>	8,080	7,566	3,792	0.08
Fixed term deposits	0	60,000	26,002	1.01
Money market funds	33,000	10,000	40,880	0.87
<b>Total investments managed in-house</b>	<b>41,080</b>	<b>77,566</b>	<b>70,674</b>	<b>0.88</b>
Enhanced Cash Funds	5,066	5,078	5,077	1.47
Short Dated Bond Funds	15,377	15,509	15,427	3.70
Property funds	28,385	28,276	28,396	3.31
<b>Total investments managed externally</b>	<b>48,828</b>	<b>48,863</b>	<b>48,900</b>	<b>3.24</b>
<b>Total investments</b>	<b>89,908</b>	<b>126,429</b>	<b>119,574</b>	<b>1.85</b>

<sup>#</sup>The council's main current account.

#### 8.4 In summary the key factors to note are:

- An average of £70.7m of investments were managed in-house. These earned £0.310m of interest during this six month period at an average rate of 0.88%. This is 0.31% over the average 7 day LIBID (London Interbank Bid Rate) and 0.13% over the average bank base rate.
- An average of £5.1m was managed by an enhanced cash fund manager. This earned £0.037m during this six month period at an average rate of 1.47%.
- An average of £15.4m was managed by two short dated bond fund managers. This earned £0.286m during this six month period from a combination of an increase in the value of the units and income distribution, giving a combined return of 3.70%.
- An average of £28.4m was managed by two property fund managers. This increased in value by £0.471m during this six month period from a combination of a decrease in the value of the units and by income distribution, giving a combined return of 3.31%.

#### 8.5 Some cash balances held by the Council are required to meet short term cash flow requirements and therefore throughout the six month period monies were placed into Money Market Funds 25 times for periods of one year or less. The table below shows the most used counterparties overall and the countries in

which they are based. All deals are in sterling despite the country the counterparties are based in.

Table 2: Counterparties used

Counterparty	Country	No. of Deals	Value of Deals (£m)
Goldman Sachs	Money Market Fund (Various Counterparties)	10	50
BlackRock	Money Market Fund (Various Counterparties)	7	50
Insight Investment Management Ltd	Money Market Fund (Various Counterparties)	6	34
Aberdeen Liquidity Fund	Money Market Fund (Various Counterparties)	2	34

- 8.6 In addition to the above, use was also made of call accounts during the year, because they provide instant access to funds. This meant that funds were available for unexpected cash flow events to avoid having to pay higher rates to borrow from the market. During the period from April to September 2019 an average of £3.8m was held in such accounts.
- 8.7 For cash balances that are not needed to meet immediate or very short term cash flow requirements, monies were invested in fixed term deposits of up to one year, depending on the liquidity requirements. The table below shows the fixed term deposits held during quarter two.

Table 3: Fixed Term Deposits

Counterparty	Date of Deposit	Return Date	Number of days	Interest rate (%)	Amount (£m)
Lloyds Bank plc	01/05/2019	05/08/2019	96	0.95	10
Goldman Sachs International	12/06/2019	11/12/2019	182	0.95	10
Santander UK plc	15/07/2019	15/01/2020	182	1.00	10
Goldman Sachs International	15/08/2019	14/02/2020	184	0.90	10
Santander UK plc	14/08/2019	14/08/2020	366	1.15	10
Lloyds Bank plc	14/08/2019	14/08/2020	366	1.10	20



## **9. Short Dated Bond Funds – quarter two cumulative position**

- 9.1 An average of £7.7m was managed by AXA Investment Managers UK Limited. During the period from April to September the value of the fund increased by £0.060m due to an increase in the unit value. There was also an income distribution relating to that period of £0.057m. The combined return was 3.04%.
- 9.2 The AXA fund started this six month period at £7.636m and increased in value due to the increase in the value of the units, with the fund at the end of the period at £7.696m.
- 9.3 An average of £7.8m was managed by Royal London Asset Management. During the period from April to September the value of the fund increased by £0.073m due to an increase in the unit value. There was also an income distribution relating to that period of £0.096m. The combined return was 4.35%.
- 9.4 The Royal London fund started this six month period at £7.740m and increased in value due to the increase in the value of the units, with the fund at the end of the period at £7.813m.

## **10 Property Funds – quarter two cumulative position**

- 10.1 An average of £14.8m was managed by Patrizia Property Investment Managers LLP. During the period from April to September 2019, the value of the fund decreased by £0.153m due to the decrease in the unit value. There was also an income distribution relating to that period of £0.366m and the quarter two part of this distribution will be confirmed and distributed in quarter three. The combined return was 2.88%.
- 10.2 The Patrizia fund started the six month period at £14.825m and decreased in value due to the decrease in the value of the units with the fund at the end of the period at £14.672m.
- 10.3 An average of £13.6m was managed by Lothbury Investment Management Limited. During the period from April to September 2019, the value of the fund increased by £0.045m due to an increase in the unit value. There was also an income distribution relating to that period of £0.213m and the quarter two part of this distribution will be confirmed and distributed in quarter three. The combined return was 3.78%.
- 10.4 The Lothbury fund started the six month period at £13.559m and increased in value due to the increase in the value of the units, with the fund at the end of the period at £13.604m.

## 11. Borrowing – quarter two

- 11.1 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)
- 11.2 The Council began quarter two in the second of the above scenarios, with actual borrowing below CFR.
- 11.3 With the uncertainty around the expected Brexit leave date, PWLB rates continued to be volatile and reached advantageously low levels in early June and as a consequence a £10m PWLB loan was taken to capture that good rate. With the continued uncertainty around Brexit and the ongoing volatility in PWLB rates it was approved at July Council that the limits on external borrowings were revised to allow the headroom to undertake further borrowing as required given the historic low PWLB rates. It was agreed at July Council that the operational boundary for 2019/20 be increased from £290m to £350m and the authorised limit for 2019/20 be increased from £300m to £360m (see paragraph 12.1). It should be noted that these limits do not indicate the planned levels of borrowing but do allow scope in exceptional circumstances.
- 11.4 This, together with the Council's cash flow, the prevailing Public Works Loans Board (PWLB) at historically low interest rates and the future requirements of the capital programme, were taken into account when deciding the amount and timing of any further loans. Four new PWLB loans were therefore taken out in August:
- £10m at 1.99% for 45 years and one month;
  - £10m at 1.99% for 46 years;
  - £10m at 1.84% for 47½ years;
  - £10m at 1.84% for 49 years;
- Additionally, a £7.5m loan taken out in December 1989 at 9.875% matured in September and was repaid. No debt restructuring was carried out during the quarter.
- 11.5 The Council does not take out PWLB loans for individual projects but instead uses borrowing as one of the ways to finance the whole of the capital investment programme. This can be achieved by internal borrowing where cash balances are used instead of taking out any loans, or by external borrowing where loans are taken out. In practice these £50m of new loans partly finance the current capital investment programme and partly catch up the under-borrowing from prior years where internal borrowing has been used. The type of capital projects financed by borrowing has included schemes such as the Commercial Property investments and investment in the pier, the culture assets and the Council's ICT infrastructure.

- 11.6 At the beginning of the 2019/20 financial year the average rate of the Council's overall PWLB borrowing was 4.61%. After the above borrowing in 2019 this average rate for 2019/20 has fallen to 3.93%.
- 11.7 The level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council on 1<sup>st</sup> April 1998) increased from £277.8m to £310.3m during the quarter. A profile of the repayment dates is shown in Graph 2 of Appendix 2.
- 11.8 The level of PWLB borrowing at £310.3m is in line with the financing requirements of the capital investment programme and the revenue costs of this borrowing are fully accounted for in the revenue budget. The current level of borrowing is also in line with the Council's prudential indicators and is prudent, affordable and sustainable.
- 11.9 Interest rates from the PWLB fluctuated throughout the quarter in response to economic and political events: 10 year PWLB rates between 1.15% and 2.10%; 25 year PWLB rates between 1.73% and 2.58% and 50 year PWLB rates between 1.57% and 2.41%. These rates are after the PWLB 'certainty rate' discount of 0.20%.
- 11.10 Since 1 November 2012 HM Treasury implemented a 'certainty rate' of the Government gilt rate plus 0.8% for those authorities providing improved information and transparency on their locally-determined long-term borrowing and associated capital spending plans. As the cost of borrowing has fallen to record lows and local authorities have been increasing their use of the PWLB in recent months, HM Treasury took the decision to increase the margin that applies to new loans from the PWLB by 1% on top of the usual lending terms, with immediate effect from 9<sup>th</sup> October.
- 11.11 During quarter two, no short term loans were taken out for cash flow purposes. This is shown in Table 4 of Appendix 2.

## 12. Borrowing – quarter two cumulative position

- 12.1 The Council's borrowing limits for 2019/20 are shown in the table below:

	2019/20 Original (£m)	2019/20 Revised (£m)
Authorised Limit	290	350
Operational Boundary	300	360

The Authorised Limit is the "Affordable Borrowing Limit" required by the Local Government Act 2003. This is the outer boundary of the Council's borrowing based on a realistic assessment of the risks and allows sufficient headroom to take account of unusual cash movements.

The Operational Boundary is the expected total borrowing position of the Council during the year and reflects decisions on the amount of debt needed for

the Capital Programme. Periods where the actual position is either below or over the Boundary are acceptable subject to the Authorised Limit not being breached.

12.2 The Council's outstanding borrowing as at 30 September 2019 was:

- Southend-on-Sea Borough Council £310.3m
- ECC transferred debt £10.7m

Repayments in the first 6 months of 2019/2020 were:

- Southend-on-Sea Borough Council £7.5m
- ECC transferred debt £0.6m

12.3 Outstanding debt relating to services transferred from Essex County Council (ECC) on 1<sup>st</sup> April 1998, remains under the management of ECC. Southend Borough Council reimburses the debt costs incurred by the County. The debt is recognised as a deferred liability on our balance sheet.

12.4 The interest payments for PWLB and excluding transferred debt, during the period from April to September 2019 were £5.741m which is the higher than the original budget for the same period of £5.513m due to the rescheduling of planned borrowing.

12.5 The table below summarises the PWLB borrowing activities over the period from April to September 2019:

Quarter	Borrowing at beginning of quarter (£m)	New borrowing (£m)	Re-financing (£m)	Borrowing repaid (£m)	Borrowing at end of quarter (£m)
April to June 2019	267.8	10	0	(0)	277.8
July to September 2019	277.8	40	0	(7.5)	310.3
<i>Of which:</i>					
General Fund	190.8	50	0	(5.5)	235.3
HRA	77.0	0	0	(2.0)	75.0

All PWLB debt held is repayable on maturity.

## 13 Funding for Invest to Save Schemes

13.1 Capital projects were completed on lighting replacements on Southend Pier and at University Square Car Park and Westcliff Library which will generate on-going energy savings. These are invest-to-save projects and the predicted revenue streams cover as a minimum the financing costs of the project.

- 13.2 To finance these projects the Council has taken out interest free loans of £0.287m with Salix Finance Ltd which is an independent, not for profit company, funded by the Department for Energy and Climate Change that delivers interest-free capital to the public sector to improve their energy efficiency and reduce their carbon emissions. The loans are for periods of four and five years with equal instalments to be repaid every six months. There are no revenue budget implications of this funding as there are no interest payments to be made and the revenue savings generated are expected to exceed the amount needed for the repayments. £0.032m of this loan was repaid during the period from April to September 2019.
- 13.3 At the meeting of Cabinet on 23 June 2015 the LED Street Lighting and Illuminated Street Furniture Replacement Project was approved which was to be partly funded by 25 year reducing balance 'invest to save' finance from L1 Renewables Finance Limited. The balance outstanding at the end of quarter two was £8.56m. A repayment of £0.024m was made during the period from April to September 2019.
- 13.4 Funding of these invest to save schemes is shown in Table 5 of Appendix 2.

#### **14 Compliance with Treasury Management Strategy – quarter two**

- 14.1 The Council's investment policy is governed by the CIPFA Code of Practice for Treasury Management in the Public Sector (revised in December 2017), which has been implemented in the Annual Treasury Management Investment Strategy approved by the Council on 21 February 2019. The investment activity during the quarter conformed to the approved strategy and the cash flow was successfully managed to maintain liquidity. This is shown in Table 6 of Appendix 2.

#### **15 Other Options**

- 15.1 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 aims to effectively control risk to within a prudent level, whilst providing optimum performance consistent with that level of risk.

#### **16 Reasons for Recommendations**

- 16.1 The CIPFA Code of Practice on Treasury Management recommends that Local Authorities should submit reports regularly. The Treasury Management Policy Statement for 2019/20 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation.

## **17 Corporate Implications**

### **17.1 Contribution to Council's Vision & Critical Priorities**

Treasury Management practices in accordance with statutory requirements, together with compliance with the prudential indicators acknowledge how effective treasury management provides support towards the achievement of the Council's ambition and desired outcomes.

### **17.2 Financial Implications**

The financial implications of Treasury Management are dealt with throughout this report.

### **17.3 Legal Implications**

This Council has adopted the 'CIPFA Code of Practice for Treasury Management in the Public Sector' and operates its treasury management service in compliance with this code.

### **17.4 People Implications**

None.

### **17.5 Property Implications**

None.

### **17.6 Consultation**

The key Treasury Management decisions are taken in consultation with our Treasury Management advisers.

### **17.7 Equalities and Diversity Implications**

None.

### **17.8 Risk Assessment**

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

### **17.9 Value for Money**

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

### **17.10 Community Safety Implications**

None.

### **17.11 Environmental Impact**

None.

## **18 Background Papers**

None.

## **19 Appendices**

Appendix 1 – In-House Investment Position as at 30 September 2019

Appendix 2 – Treasury Management Performance for Quarter Two – 2019/20

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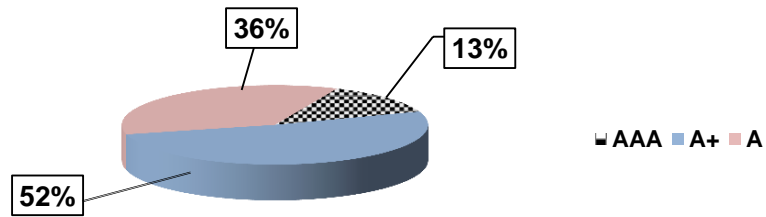


## IN-HOUSE INVESTMENT POSITION AS AT 30th September 2019

### INVESTMENTS - SECURITY AND LIQUIDITY

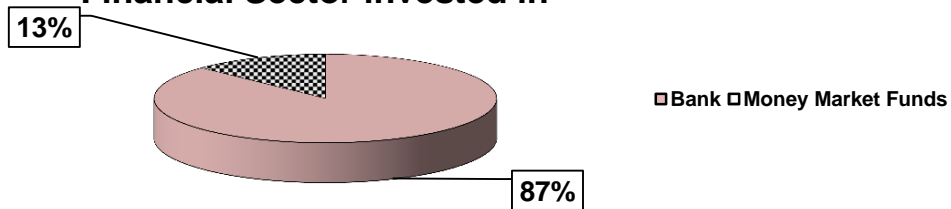
Pie chart 1

#### Spread of investments by long term credit rating



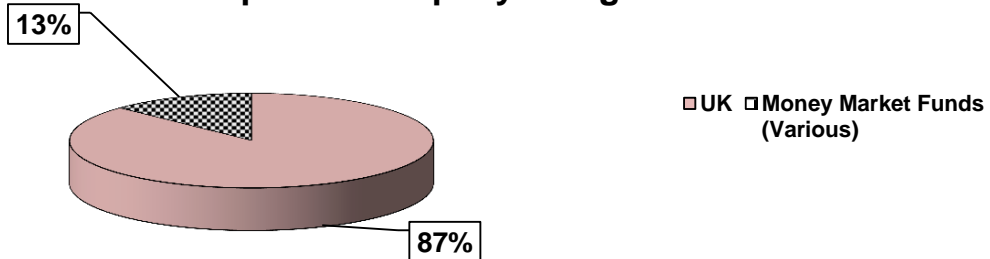
Pie chart 2

#### Financial Sector invested in



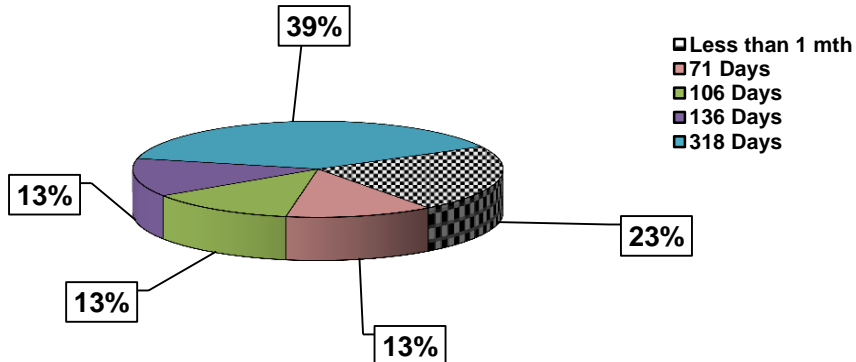
Pie chart 3

#### Countries where parent company is registered



Pie chart 4

#### Maturity profile of investments



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## TREASURY MANAGEMENT PERFORMANCE FOR QUARTER TWO - 2019/20

GRAPH 1 - INVESTMENT RETURN

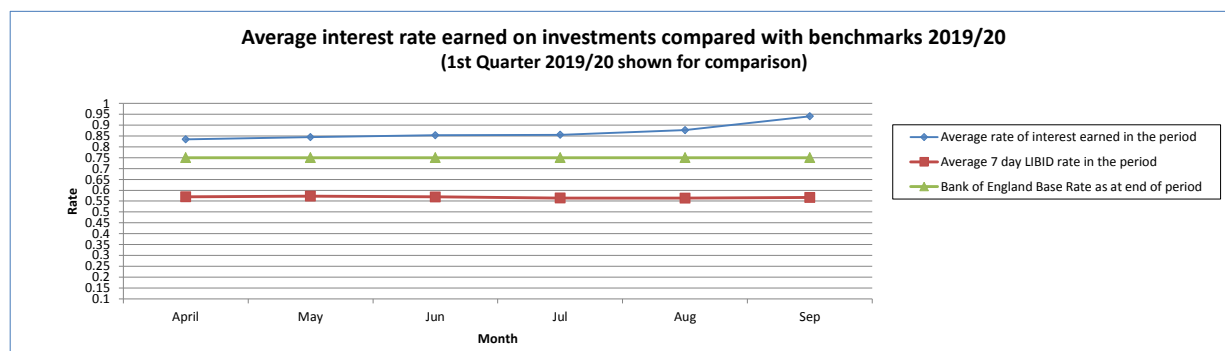


Table 1 - Property Funds

Financial Institution	Quarter	Period of investment	Value of fund at beginning of Qtr £	Number of units in the Qtr Units	Increase / (Decrease) in fund value £	Value of fund at end of Qtr £	Income Distribution in Qtr £	Combined interest Rate %
Patrizia Hanover Real Estate Management Limited	2	5 Years +	14,702,759.00	997	(30,907.00)	14,671,852.00	187,883.40	4.25
Lothbury Investment Management - Property Fund	2	5 Years +	13,609,968.69	6,844.1438	(5,969.46)	13,603,999.23	106,153.53	2.92

Table 2 - Short Dated Bond Funds

Financial Institution	Quarter	Value of fund at the start of Qtr £	Number of shares in in the Qtr Units	Increase / (Decrease) in fund value £	Fund Value at end of Qtr £	Income Distribution during the Qtr £	Combined Interest Rate %
Royal London	2	7,774,522.24	7,751,286.43	38,756.34	7,813,278.58	48,282.65	4.44
AXA	2	7,666,117.68	7,406,876.9870	29,627.51	7,695,745.19	28,549.87	3.01

Table 3 - Enhanced Cash Fund

Financial Institution	Quarter	Value of fund at the start of Qtr £	Number of shares in in the Qtr Units	Increase / (Decrease) in fund value £	Fund Value at end of Qtr £	Income Distribution during the Qtr £	Combined Interest Rate %
Payden & Rygel	2	5,072,141.87	501,591.3500	6,269.89	5,078,411.76	12,439.47	1.46

## TREASURY MANAGEMENT PERFORMANCE FOR QUARTER TWO - 2019/20

**BORROWING**

Table 4

SHORT TERM BORROWING	Counterparty	Rate %	Amount £	From	To
In place during this Quarter	None				
Taken Out This Quarter	None				

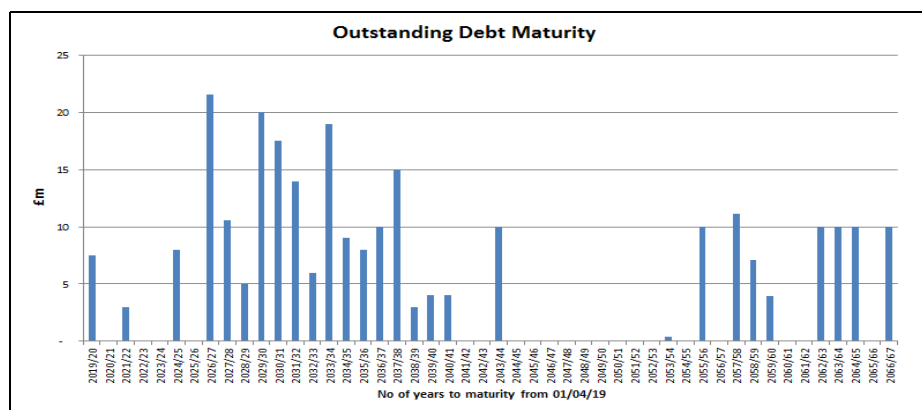
Table 5 - INVEST TO SAVE FUNDING

Financial Institution	Date	Period of loan	Final Repayment date	Amount borrowed £	Amount Repaid to Date £	Closing Balance Qtr 2 £	Rate of interest %
Salix Finance Ltd Energy Efficiency Programme	23/03/2017	5 Years	01/04/2022	82,017	(32,806.80 )	49,210.20	0
	22/02/2019	5 Years	01/02/2024	64,148	(6,414.80 )	57,733.20	0

L1 Renewables Finance Ltd

- 25 year reducing balance finance
- balance of £8.6m outstanding at the end of quarter one
- £24k Repaid in quarter 2

GRAPH 2 - LONG TERM BORROWING - PWLB

**New this quarter**

Rate	Amount (£)	From	To
1.99	10,000,000.00	06/08/2019	06/08/2065
1.99	10,000,000.00	06/08/2019	06/09/2064
1.84	10,000,000.00	09/08/2019	09/02/2067
1.84	10,000,000.00	09/08/2019	09/08/2068

**Repaid this quarter**

None

	Lowest	Highest
Range of 10 years PWLB new loan rates this quarter (inc certainty rate)	1.15	2.10
Range of 25 years PWLB new loan rates this quarter (inc certainty rate)	1.73	2.58
Range of 50 years PWLB new loan rates this quarter (inc certainty rate)	1.57	2.41

TABLE 6 - COMPLIANCE WITH TREASURY MANAGEMENT STRATEGY

All transactions properly authorised	✓
All transactions in accordance with approved policy	✓
All transactions with approved counterparties	✓
Cash flow successfully managed to maintain liquidity	✓
Any recommended changes to procedures	None required

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**SOUTHEND-ON-SEA BOROUGH COUNCIL**

**Meeting of The Shareholder Board**

**Date: Wednesday, 16th October, 2019**  
**Place: Committee Room 4a - Civic Suite**

**11**

**Present:** Councillor I Gilbert (Chair)  
Councillors M Davidson, C Mulroney, R Woodley, K Robinson and S Wakefield

**In Attendance:** J Chesterton, E Cooney, G Gilbert, R Harris, S Baker, A Grant  
Also in attendance: M Gatrell (SEH), C Vaughan (SEH), R Eastwood (SEH), S Baker, P Little (Southend Care Ltd), J Manzoni (Southend Care Ltd), G Reece (SWAN), F Klepping (SWAN), G Tobin (SWAN).

**Start/End Time:** 6.30 - 8.25 pm

**1 Apologies for absence**

Apologies for absence were received from Councillors Cox and Nelson (no substitutes).

**2 Declarations of Interest**

The following Councillors declared interests as indicated:

(a) Councillor Davidson – Agenda Items 4 and 5 (SEH – Receipt of Accounts and Review of Business Plan) – Disclosable non-pecuniary interest – Council appointed Member to the South Essex Homes Board (withdrew);

(b) Councillor Wakefield – Agenda Items 4 and 5 (SEH – Receipt of Accounts and Review of Business Plan) – non-pecuniary interest – has carried out works for SEH.

**3 Minutes of the meeting held on 25th September 2018**

Resolved:

That the minutes of the meeting held on 25<sup>th</sup> September 2019 be confirmed as a correct record.

**4 South Essex Homes - Receipt of Accounts 2018/19**

The Board considered a report from the Executive Director (Finance and Resources) presenting the financial statements of South Essex Homes Ltd for year ended 31 March 2019, together with the report of the auditors.

The Board asked a number of questions which were responded to by the representatives from South Essex Homes Ltd and Council officers.

Resolved:

That the financial statements of South Essex Homes Ltd for the year ended 31 March 2019, together with the report of their auditors, be noted.

## **5 South Essex Homes - Review of Business Plan**

The Board considered a report of the Executive Director (Finance and Resources) presenting the business plans for South Essex Homes Ltd for review.

The Board asked a number of questions which were responded to by representatives from South Essex Homes Ltd and Council officers.

The Board noted that a new partnership agreement was currently under consideration and would be presented to the Shareholder Board for review prior to submission to the Cabinet. This may require a special meeting of the Shareholder Board before consideration by Cabinet on 5<sup>th</sup> November 2019 (or Cabinet on 25<sup>th</sup> February 2019).

Resolved:

That the South Essex Homes Ltd Business Plan for 2017/18 to 2021/22, be noted.

## **6 Southend Care - Receipt of Accounts 2018/19**

The Board considered a report of the Executive Director (Finance and Resources) presenting the financial statements of Southend Care Ltd for year ended 31 March 2019, together with the report of their auditors.

The Board asked a number of questions which were responded to by representatives from Southend Care Ltd

Resolved:

That the financial statements of Southend Care Ltd for the year ended 31 March 2019, together with the report of their auditors, be noted.

## **7 Southend Care - Review of Business Plan**

The Board considered a report from the Executive Director (Finance and Resources) presenting the business plans of Southend Care Ltd for review.

The Board asked a number of questions which were responded to by representatives from Southend Care Ltd.

Resolved:

That the Southend Care Ltd Business Plan for 2019/20 and the current 5 year financial forecast to 2024/25, be noted.

## **8 Porters Place Southend LLP - Adoption of First Business Plan**

The Board considered a report of the Strategic Director for Regeneration and Business Development presenting the new business plan for Porters Place Southend-on-Sea LLP. The report also provided clarity and assurance concerning the Business Plan and highlighted the implications for the Council.

The Board asked a number of questions which were responded to by representatives from SWAN and Council officers.

Resolved:

1. That the Business Plan be recommended to Cabinet for approval, subject to the amendments at paragraph 3.8 and Section 2 set out in the confidential Appendix 2 (Part 2 report) being made in the Business Plan.
2. That the updated name of the joint venture (JV) to Porters Place Southend-on-Sea LLP, be noted.
3. That the Cabinet be recommended to authorise the Director of Regeneration and Business Development, in consultation with the Leader, to:
  - (a) Agree any non-material changes to any Business Plan presented by the JV whereupon any such matters shall be noted for information and reported to the following Shareholder Board.
  - (b) Approve, agree or action any necessary outcome or product of or from the Business Plan necessary to progress the Better Queensway regeneration project.
  - (c) Agree with the LLP the principles and process of establishing what constitutes the “final proposals” (as defined in the Partnership Agreement) that are to be submitted to the Council for approval prior to submission of the planning application.

## **9 Governance Arrangements - Future Work Plan**

The Board considered the future work programme for the Shareholder Board.

The Executive Director (Finance and Resources) welcomed any other ideas or areas of shareholder interest which the Board would like to see come forward to future meetings.

Resolved:

That the Shareholder board work programme be noted.

## **10 Date and time of next meeting**

Wednesday 26<sup>th</sup> February 2020 at 6.30pm.

**11        Exclusion of the Public**

Resolved:-

That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the item of business set out below, on the grounds that it would 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.

**12        Porters Place Southend LLP - Business Plan Confidential Appendices 2 and 3**

Resolved:-

That the confidential appendices, be noted.



## CABINET

Tuesday, 5<sup>th</sup> November 2019

### COUNCIL PROCEDURE RULE 46

The following action taken in accordance with Council Procedure Rule 46 is reported. In consultation with the appropriate Cabinet Member(s):-

#### 1. The Deputy Chief Executive (Place) authorised:

- 1.1 Hamlet Court Road Heritage Action Zone  
The submission of a letter of support for the application by the Chairman of the Hamlet Court Conservation Forum (HCCF) for £1.8m funding from the High Street Heritage Action Zone by the required deadline. The expression of interest proposed a range of activity to enhance the historic value of the Hamlet Court Road area.
- 1.2 The movement of bus stops outside Southend University Hospital to be moved to the western Hospital entrance on Prittlewell Chase  
The introduction of an Experimental Traffic Regulation Order for the relocation and consolidation of three bus stops to two to the western Hospital entrance to alleviate the congestion and reduce the risk to bus passengers.
- 1.3 Publication of the Housing Delivery Test Action Plan  
The publication of the Housing Delivery Test Action Plan in response to the Housing Delivery Test as required by Government.
- 1.4 Save the London 1665 – Heritage Horizons Award Expression of Interest  
The signing of the expression of interest on behalf of the Council as a partner on the London 1665 project to the Heritage Fund for £30m funding. The London is one of only four protected wrecks, and on the Heritage Rick Register, and is the only surviving example of the three warships ordered for Cromwell in 1654.
- 1.5 Introduction of 1 hour charging back into Western Esplanade (pier to The Leas) during winter months  
The commencement of the statutory procedures to amend the relevant Traffic Regulation Orders to re-instate the one hour parking band during the winter months in Western Esplanade from the Pier to The Leas. Any representations to the proposed traffic regulation order to be considered by the Traffic Regulations Working Party and Cabinet Committee in the usual way.

1.6 Introduction of parking charges in Pitmans Close and London Road North Car Parks

The commencement of the statutory procedures for the relevant Traffic Regulation Orders to introduce parking charges as a pilot scheme in the Pitmans Close and London Road North Car Parks. The charges to be 20p for up to 30 minutes and 50p for up to 1 hour, maximum stay 1 hour no return in 8 hours. Any representations to the proposed traffic regulation order to be considered by the Traffic Regulations Working Party and Cabinet Committee in the usual way.

**2. The Executive Director (Finance & Resources) authorised:**

2.1 East Beach Café – Surrender of Lease

Authority to complete a surrender of the lease at East Beach Café to enable the Council to consider its future options for the site.