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SOUTHEND-ON-SEA BOROUGH COUNCIL

The Shareholder Board

Date: Wednesday, 13th October, 2021

Time: 6.30 pm

Place: MS Teams

Contact: Robert Harris

Email: committeesection@southend.gov.uk

A G E N D A

- 1 Apologies for absence**
- 2 Declarations of Interest**
- 3 Minutes of the meeting held on 1st December 2020 (Pages 1 - 4)**
- 4 Southend-on-Sea Forum Management Company (Pages 5 - 28)**
Report of Executive Director (Finance and Resources) attached
- 5 South Essex Homes Limited - Receipt of Accounts 2020/21 (Pages 29 - 80)**
Report of Executive Director (Finance and Resources) attached
- 6 South Essex Homes Limited - Review of Business Plan (Pages 81 - 102)**
Report of Executive Director (Finance and Resources) attached
- 7 Southend Care Limited - Receipt of Accounts 2020/21 (Pages 103 - 154)**
Report of Executive Director (Finance and Resources) attached
- 8 Southend Care Limited - Review of Business Plan (Pages 155 - 176)**
Report of Executive Director (Finance and Resources) attached
- 9 Governance Arrangements - Future Work Plan (Pages 177 - 180)**
Report of Executive Director (Finance and Resources) attached

Chair & Members:

Cllr I Gilbert (Chair), Cllr K Buck, Cllr T Cox, Cllr M Davidson, Cllr M Dent, Cllr C Mulroney, Cllr R Woodley and Cllr D Nelson

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SOUTHEND-ON-SEA BOROUGH COUNCIL

Meeting of The Shareholder Board

Date: Tuesday, 1st December, 2020

Place: Virtual Meeting via MS Teams

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

In Attendance: A Lewis, J Chesterton, E Cooney, A Grant, E Cook, G Gilbert, L White, N Laver and R Harris
Also in attendance: G Pearce and G Kauders (Porters Place Southend-on-Sea LLP) and S Wait (Swan Housing Association)

Start/End Time: 6.30 - 7.17 pm

1 Apologies for absence

There were no apologies for absence at this meeting.

2 Declarations of Interest

The following Councillors and officers declared interests as indicated:

(a) Cllr Mulroney – Agenda Items 3 and 5 (Porters Place LLP Business Plan) – Non-pecuniary interest: member of Development Control Committee;

(b) Cllr Wakefield - Agenda Items 3 and 5 (Porters Place LLP Business Plan) – Non-pecuniary interest: member of Development Control Committee and is a sub-contractor for South Essex Homes;

(c) A Lewis and L White - Agenda Items 3 and 5 (Porters Place LLP Business Plan) – Non-pecuniary interest: Council appointed representatives on the Porters Place LLP Board.

3 Porters Place LLP Business Plan

The Board considered a report of the Director for Regeneration and Growth presenting the new business plan (“the 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 Porters Place Southend-on-Sea LLP and Council officers.

Resolved:

1. That the Business Plan at Appendix 1 and that contained at Appendix 3 to the submitted report be recommended to Cabinet for approval.

2. That the Cabinet be recommended to authorise the Director of Regeneration and Growth, in consultation with the Leader to:

(a) Agree any non-adverse changes to the Business Plan whereupon any such matters shall be noted for information and reported to the following Shareholder Board; and

(b) Approve, agree or action any necessary outcome, or product of, or from, the Business Plan necessary to progress the Better Queensway regeneration project ("the Project").

Reasons for decision

The review of the Business Plan by Council officers and the Council's advisors concluded that the Plan provides an assurance that the LLP is following agreed strategic direction and objectives and is delivering its service and financial performance.

Delegation of agreement of non-material updates to the Business Plan and progression of actions resulting from the Plan will ensure that the LLP can continue to progress the Project at pace and with the necessary agility to meet funding and programme deadlines.

Other options

Not approving the Business Plan would mean that the Plan approved in November 2019 would remain in place until an amended Plan is approved. This would frustrate the progress of the project. The October 2019 Plan does not reflect the next years' work on the project.

The £15m HIF funding from Homes England has a deadline for spend. Not approving the Business Plan will delay the project as an amended Plan will be required, which could result in non-expenditure by the deadline and therefore a gap in project funding.

If the Business Plan is compliant with the Partnership Agreement but is not approved by the Council, there is a risk to the goodwill established between the LLP Partners. This would have a considerably negative impact on the relationship between the LLP Partners.

4 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.

5 Porters Place LLP Business Plan Confidential Appendices

Resolved:-

That the confidential appendices, be endorsed.

Chair: _____

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Southend-on-Sea Borough Council
Report of Strategic Director for Adults and Communities
To
Shareholder Board
On
13 October 2021
Report prepared by: Scott Dolling, Director of Culture &
Tourism

**Agenda
Item No.**

4

Southend on Sea Forum Management Ltd

Relevant Scrutiny Committee(s)
Cabinet Member: Councillor Anne Jones
Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To update the board on Southend on Sea Forum Management Board Ltd

2 Recommendations

- 2.1** That Members note the financial performance of the company for last full financial year

3 Background

- 3.1 The Forum was the country's first combined public and academic library where a local authority and higher education providers joined resources.
- 3.2 The building opened on time and on budget in Elmer Square in 2013 following a £28M capital project managed by Southend On Sea Borough Council's property team.
- 3.3 In addition to the combined library, the space also houses Focal Point Gallery, a contemporary arts venue funded by SBC and the Arts Council as one of their National Portfolio Organisations.
- 3.4 Southend-on-Sea Forum Management Ltd (SoSFML) is a zero profit joint venture between the University of Essex, Southend-on-Sea Borough Council (SBC) and South Essex College (SEC). It was set up to manage the property of The Forum, allowing mutual benefit through sharing of resources.
- 3.5 SoSFML functions by charging the partners three times a year in advance for expected costs, it then makes adjustments in the following invoice for any differences between expected costs and actual costs, thus at the end of the year SoSFML will always net to zero profit.
- 3.6 The financial year of SoSFML runs from August to July.

- 3.7 Two SBC councillors are appointed to the board through the annual appointments committee. For the municipal year 20/21 the representatives were Cllr George and Cllr Thompson.
- 3.8 The Council has the largest stake in the company and costs are attributed proportionately based on space utilisation.
- 3.9 The board meets quarterly to agree strategic activity that involves all partners. Shared operations where representatives from each organisation contribute include an SLA for the library management, a user group and the big screen management group.
- 3.10 There was not a significant change to funding requirements through the pandemic with some reductions in running costs mitigated by additional cleansing regimes and infrastructure (screens etc). The Forum partners agreed to the use of the building during the first reopening from lockdown (July 2020) to facilitate additional toilet provision in the town centre.

4. Other Options

- 4.1 The current arrangements have been in practice for 7 years and work effectively for managing the various stakeholders. An informal partnership was proposed at the outset as an alternative but was not agreed by the University of Essex.

5. Reasons for Recommendations

- 5.1 The financial reporting is required by law.

6. Corporate Implications

6.2 Financial Implications

There is an agreed formula to share costs and provision is made in the annual budget cycle, no issues are reported or anticipated.

6.3 Legal Implications

N/A

6.4 People Implications

N/A

6.5 Property Implications

6.6 Consultation

NA

6.7 Equalities and Diversity Implications

NA

6.8 Risk Assessment

NA

6.9 Value for Money

NA

6.10 Community Safety Implications

NA

6.11 Environmental Impact

NA

7. Background Papers

8. Appendices

Financial return year ended 31 July 2020.

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SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Miss Zoe Manning Mrs Gwynneth Williams Mr Anthony McGarel Richard Murphy (resigned 30 September 2019) Cllr Derrick Thompson (appointed 6 August 2019) Cllr Stephen George (appointed 15 June 2019) Ms Catherine Jane Walsh (appointed 1 October 2019)
Company secretary	Marc Albano
Registered number	07830172
Registered office	The Forum Southend-on-Sea Elmer Square Southend-on-Sea Essex SS1 1NE
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Bankers	Lloyds Bank 27 High Street Colchester Essex CO1 1DU

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2020**

The directors present their report and the financial statements for the year ended 31 July 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (see note 2.2, basis of preparation).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Miss Zoe Manning
Mrs Gwynneth Williams
Mr Anthony McGarel
Richard Murphy (resigned 30 September 2019)
Cllr Derrick Thompson (appointed 6 August 2019)
Cllr Stephen George (appointed 15 June 2019)
Ms Catherine Jane Walsh (appointed 1 October 2019)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

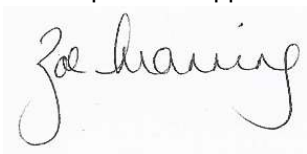
Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 11th December 2020 and signed on its behalf.



Zoe Manning
Director

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Southend-on-Sea Forum Management Limited ("the company") for the year ended 31 July 2020, which comprise the Statement of Comprehensive Income, Balance Sheet, and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out on page 2 to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND-ON-SEA FORUM
MANAGEMENT LIMITED**

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND-ON-SEA FORUM
MANAGEMENT LIMITED**

expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Fleur Nieboer (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 14 December 2020

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2020**

	Note	2020 £	2019 £
Turnover	4	806,478	752,881
Cost of sales		(753,218)	(732,043)
Gross profit		53,260	20,838
Distribution costs		-	(1,011)
Administrative expenses		(53,344)	(19,827)
Other operating income		50,000	-
Contribution to Sinking Fund		(52,050)	(2,993)
Operating loss	6	(2,134)	(2,993)
Interest receivable and similar income		2,134	2,993
Profit before tax		-	-
Profit for the financial year		-	-

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 9 to 16 form part of these financial statements.

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED
REGISTERED NUMBER: 07830172

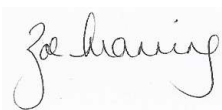
BALANCE SHEET
AS AT 31 JULY 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	8	357,186	466,032
Cash at bank and in hand	9	389,969	373,665
		<u>747,155</u>	<u>839,697</u>
Creditors: amounts falling due within one year	10	(557,475)	(586,732)
Net current assets		<u>189,680</u>	<u>252,965</u>
Total assets less current liabilities		<u>189,680</u>	<u>252,965</u>
Net assets		<u>189,680</u>	<u>252,965</u>
Capital and reserves			
Called up share capital		100	100
Other reserves	12	189,580	252,865
		<u>189,680</u>	<u>252,965</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

11th December 2020



Zoe Manning
Director

The notes on pages 9 to 16 form part of these financial statements.

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020**

	Called up share capital £	Sinking Fund £	Total equity £
At 1 August 2018	100	254,980	255,080
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	-
Transfer between other reserves	-	(2,115)	(2,115)
Total transactions with owners	-	(2,115)	(2,115)
At 1 August 2019	100	252,865	252,965
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	-
Transfer between other reserves	-	(63,285)	(63,285)
Total transactions with owners	-	(63,285)	(63,285)
At 31 July 2020	100	189,580	189,680

The notes on pages 9 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

1. General information

The principal activity of the company during the year was the property management of the Forum in Southend-on-Sea, which is a multi-let building.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Forum Southend-on-Sea, Elmer Square, Southend-on-Sea, Essex SS1 1NE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 15.

The financial statements are presented in pound sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

This is because the company is purely a cost sharing arrangement and is unlikely to ever make a profit or loss. There is a high degree of certainty over the level of income and expenses, and the two will always be equal. The company is therefore not exposed to the commercial risks arising from the Covid-19 pandemic.

Additionally, University of Essex has issued a letter of financial support to ensure the company will be able to meet its liabilities as they fall due. As with any company placing reliance on other entities for support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

2.3 Sinking Fund

The Sinking Fund is a ring-fenced, designated reserve which is separately invoiced to the partners to be used for significant repairs and maintenance programmes in the medium to long term. Tax is payable on any investment income received from the Sinking Fund holdings however the only investment income received on the Sinking Fund was bank interest which was already taxed at source.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

2. Accounting policies (continued)

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 9 for the net carrying amount of the debtors and associated impairment provision.

4. Turnover

The whole of the turnover is attributable to service charges payable to the company for the property management of the Forum.

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Other operating income	50,000	-
	<u>(50,000)</u>	<u>-</u>

Other operating income represents funds received by Southend-on-Sea Forum Management Limited from University of Essex, Southend-on-Sea Borough Council and South Essex College for their contribution towards the company's Sinking Fund.

6. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	4,680	4,561

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

8. Debtors

	2020 £	2019 £
Trade debtors	(12,402)	449,634
Other debtors	355,997	-
Prepayments and accrued income	13,591	16,398
	<u>357,186</u>	<u>466,032</u>

Trade debtors relate to a credit note due to the University of Essex of £12,402 and £355,997 due from Southend-on-Sea Borough Council for a refund of business rates paid in the financial year ending 31 July 2014.

9. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	389,969	373,665
	<u>389,969</u>	<u>373,665</u>

£187,160 of the total cash balance relates to the Sinking Fund and has been ringfenced to provide for any major repair or maintenance works to the Forum that are required over a medium to long term period of time.

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	-	35
Other creditors	362,735	365,861
Accruals and deferred income	194,740	220,836
	<u>557,475</u>	<u>586,732</u>

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

11. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	389,969	373,665
Financial assets that are debt instruments measured at amortised cost	357,186	466,032
	<u>747,155</u>	<u>839,697</u>
Financial liabilities		
Accruals and deferred income	<u>(557,475)</u>	<u>(586,732)</u>

Financial assets measured at fair value through profit or loss comprise the company's cash balances.

Financial assets measured at amortised cost comprise trade debtors, other debtors, prepayments and accrued income. These are debt instruments which are receivable within one year and are measured, initially and subsequently, at the undiscounted amount of the cash expected to be received. There is no stated interest rate attached to any of these assets.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals. These are debt instruments which are payable within one year and are measured, initially and subsequently, at the undiscounted amount of the cash expected to be paid. There is no stated interest rate attached to any of these liabilities.

12. Reserves

Other reserves

The Sinking Fund has been generated to provide for any major repair or maintenance works to the Forum that are required over a medium to long term period of time.

13. Related party transactions

A summary of related party transactions is shown below:

	(Sales)	Purchases	(Sales)	Purchases
	2020	2020	2019	2019
	£	£	£	£
(Sales)/Purchases				
University of Essex	(284,143)	3,039	(333,223)	1,889
South Essex College	(134,703)	-	(159,015)	-
Southend-on-Sea Borough Council	(377,443)	854,769	(439,705)	713,759
	<u>(796,289)</u>	<u>857,808</u>	<u>(931,943)</u>	<u>715,648</u>

SOUTHEND-ON-SEA FORUM MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

	2020	<i>2019</i>
	Debtors	<i>Debtors</i>
	£	<i>£</i>
University of Essex	(12,402)	<i>-</i>
South Essex College	-	<i>89,724</i>
Southend-on-Sea Borough Council	355,997	<i>355,997</i>
	<u>343,595</u>	<i><u>445,721</u></i>

14. Controlling party

The company is owned and controlled jointly by University of Essex, South Essex College and Southend-on-Sea Borough Council. These are the venturers in respect of which Southend-on-Sea Forum Management Limited is a joint venture. Each of these three entities has two directors on the Board of Directors who carry equal voting rights in relation to any decision made for and on behalf of the company. They therefore have the ability to direct the financial and operating policies of the company. All three parties were incorporated within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

15. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

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Southend-on-Sea Borough Council

Report of the Executive Director of Finance and
Resources

to
Shareholder Board

on
13 October 2021

Report prepared by: Peter Bates
Interim Director of Financial Services

Agenda
Item No.

5

South Essex Homes Limited: Receipt of Accounts 2020/21

Cabinet Member - Councillor Ian Gilbert

A Part 1 Public Agenda Item

1 Purpose of Report

To present to the Shareholder Board the financial statements of South Essex Homes Limited for year ended 31 March 2021, together with the report of their auditors.

2 Recommendation

That the Shareholder Board receives the financial statements of South Essex Homes Limited for the year ended 31 March 2021, together with the report of the auditors.

3 Background

A senior representative of South Essex Homes Limited will present this report to the Shareholder Board and respond to Members' questions.

4 Corporate Implications

4.1 Contribution to Council's Vision & Critical Priorities

Robust oversight of the financial statements of South Essex Homes Limited by the Shareholder Board on behalf of the Council play a key part in maintaining the Council's reputation for strong financial probity and stewardship.

4.2 Financial Implications

The Statement of Accounts is required to present a true and fair picture of the Company's financial position at 31 March 2021 and also the profit and loss for the financial year.

The financial statements also highlight the level of financial guarantees made by the Council to underwrite the company's LGPS pension deficit to enable South Essex Homes Limited to continue to trade. As at 31 March 2021 this stood at £6.781M.

4.3 Legal Implications

The financial statements of South Essex Homes Limited are governed by the Companies Act 2006

4.4 People Implications

There are no people implications arising from this report

4.5 Property Implications

There are no property implications arising from this report

4.6 Consultation

There are no consultation implications arising from this report

4.7 Equalities Impact Assessment

There are no equalities implications arising from this report

4.8 Risk Assessment

There are no risk implications arising from this report

4.9 Value for Money

There are no value for money implications arising from this report

4.10 Community Safety Implications

There are no community safety implications arising from this report

4.11 Environmental Impact

There are no environmental implications arising from this report

5 Background Papers

Detailed working papers are held by South Essex Homes Limited

6 Appendices

Appendix 1 Report to shareholders on the financial statements of South Essex Homes Limited

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**SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE**

Consolidated Financial Statements

31st March 2021

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SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Consolidated Financial Statements

Year ended 31st March 2021

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SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Officers and Professional Advisers

Year ended 31st March 2021

The Board of Directors

Council Nominees

Cllr Meg Davidson
Cllr Peter Wrexham
Cllr Margaret Borton (Resigned 27.07.21)
Cllr Martin Berry (Appointed 27.07.21)

Resident Members

Phyllis Ward
Christopher Silvey
Barbara Lambert (Resigned 25.07.2020)
Carly Volke (Appointed 21.01.2021)

Independent Members

Roger Eastwood (Chair)
David Joyce
Sacha Jevans
Christopher March
Michael Oxley

Executive Team

Michael Gatrell	Chief Executive
Mario Ambrose	Executive Director
Beverley Gallacher	Assistant Director – Commercial
Sarah Lander	Assistant Director – Operations
Daniel Lyons	Assistant Director – Finance
Kevin Hazlewood	Assistant Director – Operations

Company Secretary

Simon Putt

Registered Office

Civic Centre
Victoria Avenue
Southend on Sea
Essex, SS2 6FY

Auditor

Scrutton Bland LLP
Chartered Accountants
& Statutory Auditor
820 The Crescent
Colchester Business Park
Essex, CO4 9YQ

Bankers

Barclays Bank
174 High Street
Southend on Sea
Essex, SS1 1JS

Solicitors

Southend on Sea Borough Council
Civic Centre
Victoria Avenue
Southend on Sea
Essex, SS2 6ER

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Strategic Report

Year ended 31st March 2021

The directors are pleased to present their strategic report of South Essex Homes Limited (SEH) for the year ended 31st March 2021.

Principal Activity

South Essex Homes Limited (the Company) is a local authority controlled company of Southend-on-Sea Borough Council (the Council) established with no share capital and limited by guarantee.

The Company manages Council properties on behalf of the Council with the primary goal of providing an excellent housing management service to all our service users.

The company has one wholly owned subsidiary, South Essex Property Services Limited, whose principal activity is housing related activities. Further details are included in note 10.

Results

The initial surplus after tax, but before FRS102 defined benefit pension scheme adjustments for the year was £543k (2020 : £494k). This resulted in a deficit of £116k (2020 : £1,329k surplus) for the year, after adjustments for FRS 102 defined benefit pension scheme adjustments. A £324k surplus was attributable to South Essex Property Services Limited (2020 : £156k).

Financial risk management objectives and policies

The Company maintains a risk register that is updated and reviewed regularly by both the Board and the senior management team. The main risks facing the company at the date of signing these accounts were:

- i. Risk that the Company will fail to meet agreed standards defined by the Partnership Agreement
- ii. Risk that the Company will fail to meet requirements of individual high profile contracts or initiatives
- iii. Risk that the Company will fail to adequately monitor South Essex Property Services

The company retains sufficient cash for its working capital needs and does not use other financial instruments for treasury management. The company therefore has very little exposure to cash flow risk.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Strategic Report

Year ended 31st March 2021

The company is assessed by various yardsticks applicable to similar housing organisations and is looking to be in the upper quartile in the various cost and quality benchmarks. The main key performance indicators include tenant satisfaction, the levels of overdue rents, the length of time taken to re-let empty properties, customer satisfaction with repairs.

Registered office:
Civic Centre
Victoria Avenue
Southend on Sea
Essex SS2 6FY

Signed on behalf of the directors

Roger Eastwood
Chair of the Board

Approved by the directors on xx xx xxxx

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SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Director's Report

Year ended 31st March 2021

The directors present their report and the financial statements for the year ended 31st March 2021.

Directors

The directors who served the company during the year were as follows:

Cllr Meg Davidson	
Cllr Peter Wexham	
Cllr Margaret Borton	(Resigned 27.07.2021)
Barbara Lambert	(Resigned 25.07.2020)
Phyllis Ward	
Roger Eastwood (Chair)	
David Joyce	
Sacha Jevans	
Christopher March	
Michael Oxley	
Christopher Silvey	
Carly Volke	(Appointed 21.01.2021)

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Director's Report

Year ended 31st March 2021

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Throughout the year the directors were covered by an indemnity insurance policy.

Engagement with employees

The Board considers that effective employee engagement is key to the Company's ability to create value in our services as they recognise that our people are our greatest asset. The views and contributions of employees can help to inform Management and the Board on a variety of key operational issues, identify risk and develop strategy.

Employees are engaged in a number of ways which allow for views to be expressed and opinions obtained.

All staff are invited to attend a staff briefing at least three times per year, at these staff are updated on the pertinent factors influencing the company's direction. Staff are given an opportunity to discuss and question the effectiveness of the organisation and make suggestions for improvement.

A weekly staff bulletin is made available to all staff ensuring that staff are kept up to date with developments as well as providing a platform where staff can contribute stories or messages of their own. Staff are also occasionally surveyed for their views on a range of issues, during the recent COVID-19 pandemic staff were canvassed twice for their views on remote working and the support they received from their manager and wider organisation.

The EMT always have an open door policy and can often be seen on 'back to floor' exercise to ensure they are kept up to date with front line services and the needs of those services. A joint meeting with EMT and CMG was introduced in 2020 to better enhance the working relationships across both executive and middle management. This allows for better communication across functional boundaries to exist and enhances a culture of information sharing and collaboration.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Director's Report

Year ended 31st March 2021

The Board considers the approach to employee engagement effective.

The Company is committed to promoting equality of opportunity for people with disabilities and aims to eliminate discrimination, pursuing equality of treatment as an employer.

We seek to ensure that disabled people are not discriminated against during the recruitment and selection process as well as all aspects of employment including training and development. All reasonable adjustments are made to ensure that an individual's needs are met during the course of their employment. Employees are fully supported and where a disability occurs during the course of employment all reasonable steps will be taken to retain the services of that individual, including retraining and redeployment where needed.

Registered office:
Civic Centre
Victoria Avenue
Southend on Sea
Essex SS2 6FY

Signed on behalf of the directors

Roger Eastwood
Chair of the Board

Approved by the directors on xx xx xxxx

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of the Board

Year ended 31st March 2021

During 2020/21 the Board continued to oversee the response to the Covid 19 pandemic, which has had a fundamental impact on day-to-day life, national public policy and the governance, services and finances of all organisations.

The company's business continuity arrangements were put into effect in the run up to national lockdown from 23 March 2020, and has continued and adapted since, aligning to Government requirements. This has enabled emergency and essential services to be maintained as have essential business operations despite experiencing challenges along the way.

However, some services, requiring close contact between people, have been set aside until the UK lockdown conditions are eased and social distancing has involved our teams in having to change their approach to repairs and increasing support for the more vulnerable people living in our homes.

The company's experience of lockdown has resulted in practicing agile working where it has been proven that SEH can operate remotely, however importantly recognising that staff operating on the frontline of delivery are exposed to new risks, so there has been ongoing focus on the safety of staff and tenants.

Consideration is also being given to the 'recovery phase' and moving to an 'improved normal' of operations, and a "New Business Operating model plan" has been produced that is flexible and responsive to national and local situations.

The Board continued to monitor the Strategic Risk Register to ensure that strategic risks are properly managed with the added oversight of the Audit and Risk Committee.

The Board continued to ensure that Board Members are fully updated on health and safety issues and receive compliance reports, which will become increasingly important with the publication of the Social Housing White Paper.

The Company continued to focus on fire safety, by overseeing the process related to the program of fire safety works and its effective delivery, as well as ensuring proper fire safety arrangements are in place. The importance of Fire Safety continues to be strengthened with the Fire Safety Manager, continuing to undertake a key liaison role with both the Council and Residents to ensure that Resident's safety remains of paramount importance. The Board also recognised the introduction of the Fire Safety Act 2021 will require a continued emphasis on this key area of building safety. The draft Building Safety Bill continues its passage through parliament and the implications, thus far known, have formed part of the preparations for the Business Plan.

During 2020/21, the Board maintained oversight of its subsidiary South Essex Property Services as it continues to successfully grow and deliver additional commercial activities including the transfer of the Repairs call handling from SBC to the new Contact centre operated by SEPS and the provision of enhanced cleaning services providing additional cleaning at the Tickfield Centre, Libraries and Museums in response to the ongoing Pandemic.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of the Board

Year ended 31st March 2021

The new Partnership agreement between South Essex Homes and the Council was effective from the 1st January 2021 and the Executive Management Team continue to work closely with the Council and the Board to evolve the Organisational Development plan to ensure that we deliver the services the Council require, and to further develop the positive relationship, to become their “partner of choice” for future appropriate opportunities.

There have been some significant successes in 2020/21 and we will continue to focus on enhancing services to our residents and adding value in the future.

Roger Eastwood
Chair of the Board

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SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of the Chief Executive

Year ended 31st March 2021

2020/21 was an unprecedented year. The Covid 19 pandemic affected all aspects of our personal and business lives.

As with all global businesses, our contingency and emergency back up plans were actioned at very short notice and, even then, we had to quickly adjust to fundamentally different ways of working, almost overnight, following the national lockdown announced by the Prime Minister on 23 March 2020.

Given the nature of our organisation, while many services had to be delivered remotely, many others had to continue being delivered 'on-site'.

Of course, many of our stakeholders were similarly affected by the need to implement new ways of working, including our Board, Southend Council and each of our contractors. Residents were faced with a newly delivered, in many aspects remotely, form of service. Our teams were able to contact several thousands of our residents, to check on their wellbeing and to test their satisfaction with services. I was pleased to note a continuing high level of satisfaction, particularly during periods of lockdown.

The response of our staff over the past year has been tremendous. Our Board continued to be kept fully updated on progress with detailed monthly updates.

There were inevitable impacts in relation to provision and delivery of maintenance services. The capital funded and planned maintenance programmes were put on hold for a number of months and responsive repairs were limited to emergency and some urgent categories for some time. Of particular concern was the impact on our annual gas service programme where a number of properties fell out of annual safety certification timescales. Each of the above areas have subsequently been brought back under control.

During the year we continued to progress negotiations with Southend Council in terms of our new Partnership Agreement and I was pleased to be able to sign the new Agreement which became effective on 1 January 2021. The agreed term is for five years, with an option to extend for a further five-year period.

In anticipation of the new agreement shaping our future delivery model, and taking particular account of some significant new legislation, which will directly impact on our responsibilities, the Board agreed to a restructure of our management arrangements. Our senior team now incorporates roles with a direct focus on our financial and corporate functions, as well as on our property and building maintenance responsibilities.

Our continued focus on prudent financial management has enabled a healthy financial position to be reported through our accounts.

The company's commercial subsidiary has been able to report a successful year with healthy financial outturns. While the pandemic inevitably impacted some aspects of the commercial subsidiary's work – with the relatively newly established catering arm having to be 'mothballed' – other responsibilities around facilities management and security proved to more than make up for any reduction in catering income.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of the Chief Executive

Year ended 31st March 2021

A governance review focussed on both the main Board and the commercial subsidiary Board, and undertaken by PriceWaterhouseCoopers, was commenced in 2020/21 and we anticipate the outcomes feeding through into a final report and governance action plan in 2021/22.

In reflecting on the past year, and the tumultuous events affecting all of us, I am especially proud of the way in which each of our group team members pulled together and ensured the continued delivery of services to the many thousands of residents living in the homes we have the privilege to manage.

Michael Gatrell
Chief Executive

DRAFT

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Corporate Governance

Year ended 31st March 2021

1. Scope of responsibility

South Essex Homes

South Essex Homes (SEH), formed in October 2005, is the Arm's Length Management Organisation of Southend-on-Sea Borough Council, responsible for the management and maintenance of the Council's homes. It was financed by a Management Fee in 2020/21, from the Council, of £6,232k, a Service Charge Fee of £3,941k together with other income of £2,672k.

There is a formally binding Partnership Agreement between the Council and SEH and this clearly sets out the governance arrangements that should apply between the two parties. The Partnership and Member agreement was renewed for a further 5 years effective from the 01/01/21.

This complies with national best practice.

SEH is managed by a Board comprising three Council nominees, three tenants and five independent members. The Board is ultimately responsible for ensuring that SEH establishes and maintains a sound system of internal control appropriate to the various business environments in which it operates. Committees reporting to the Board include Audit & Risk Committee, New Business Committee and Personnel and Remuneration Committee. In addition, the commercial subsidiary – South Essex Property Services Ltd reports directly to the SEH Board, as its parent company.

2. The purpose of the Governance Framework

Good governance leads to good management, good performance, good stewardship, good public engagement, and ultimately good outcomes for citizens and service users. Good governance enables the company to pursue its vision effectively, as well as underpinning that vision with mechanisms for control and management of risk.

The governance framework comprises the systems, processes, culture and values, by which the company is directed and controlled, and the activities through which it accounts to, engages with and serves the community. It enables the company to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the company's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them economically, efficiently and effectively.

3. The Governance Framework

The key elements of the Governance Framework are:

- Consultation and Engagement
- Business Planning and Strategy
- Financial Reporting including Budgetary Management
- Asset Management

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Corporate Governance

Year ended 31st March 2021

- Risk Management including Fraud, Corruption and Bribery, Confidential Reporting as well as Health and Safety
- Business Continuity
- Performance Managing, service delivery and people
- Information Management Security
- Procurement
- Project Management
- Complaints
- Ethical Governance including Codes of Conduct
- Data Quality
- Workforce Management.

The company sets out its expectations with regard to:

- corporate governance, within the Articles of Association, Code of Governance and Financial Regulations and Scheme of Delegation

The company then:

- maintains a business planning process that cascades throughout the organisation, supporting service plans and key actions to enable SEH to achieve its ambitions and aspirations as set out in the Business Plan
- prepares forecasts and budgets that allow the Committees and the executive officers to monitor the key business risks and financial objectives and identify and manage variances arising during the monthly reporting cycle
- operates professionally compliant recruitment and appraisal processes to ensure that:
 - it employs suitably qualified and experienced staff to take responsibility for key areas of the business
 - its staff remain suitably skilled to deliver the services required
- produces regular performance reports for review by Executive Management and the Board that measure performance against objectives and targets as detailed in service plans
- operates three Committees which report to the Board, who have been delegated specific functions to discharge on its behalf as set out in their respective Terms of Reference
- operates a development and training programme for the Board Directors developed from appraisals, one to ones and the Audit and Risk Committee self-assessment which are carried out annually.

South Essex Homes ensures that the Board Directors are fulfilling their responsibility under Companies Act 2006 for adequate risk management, control and governance.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Corporate Governance

Year ended 31st March 2021

The company has a duty to ensure that it is fulfilling its responsibility for maintaining adequate and effective risk management, control and governance arrangements. This role has been delegated to the Audit and Risk Committee, who report to the Board on the discharge of its duties on an exception basis.

4. Review of Effectiveness

South Essex Homes is responsible for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the:

- Chief Executive, Executive Director, Assistant Directors and the Heads of Service within the Company who have responsibility for the development and maintenance of the governance environment
- Head of Internal Audit's annual report
- comments made by the External Auditors and other review agencies and inspectorates.

The Council's processes to review on-going effectiveness of SEH have been updated through the implementation of a new Partnership Agreement during the year and include Council officers meeting with SEH officers on a quarterly basis to review performance against a suite of performance indicators and its strategic aims which are as follows;

- **Provide** excellent services
- **Ensure** our sustainability

SEH's internal arrangements for ensuring the effectiveness of its governance arrangements consist of the:

- SEH Board receiving monthly performance reports across operational, human resources and value for money indicators
- Audit & Risk Committee undertaking a review of the Risk Management Strategy and the Strategic Risk Register to ensure that risks are relevant and applicable and that the Board Members are responsible for ensuring that risks are monitored effectively by the Senior Management Team
- Audit & Risk Committee undertakes a review of both its effectiveness as well as the operational arrangements annually
- production and approval of annual Manager Assurance Statements by service managers and Group Managers to assess compliance with key governance processes throughout the year
- the Assistant Director for Finance & Corporate Resources then independently checking that the evidence supports the service manager's assessment of how well each of the business management processes have operated in their area
- Company continuing to review and adjust staffing structures aligning them with the services provision and the Business Plan.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Corporate Governance

Year ended 31st March 2021

Last year was dominated by the Covid19 crisis, which has had such a fundamental impact on day to day life, national public policy and the governance, services and finances of all organisations. The company's business continuity arrangements were put into effect in the run up to national lockdown from 23 March 2020, and has continued and adapted since, aligning to Government requirements. This has enabled emergency and essential services to be maintained as have essential business operations despite experiencing challenges along the way. However, some services requiring close contact between people have been set aside until the UK lockdown conditions are eased.

The company's experience of lockdown has resulted in practicing agile working where we have proven that SEH can operate remotely and that given improved support post lockdown we will be able to take advantage of this agility. We are also aware that staff operating on the frontline of delivery are exposed to new risks, so we have been focussed on the safety of staff and tenants, and the business overall will need to seek to improve resilience post this crisis.

Preparations have begun on considerations for the 'recovery phase' and moving to an 'improved normal' of operations, and a "New Business Operating model plan" has been produced that remains both live and emergent whereby it is subject and responsive to national and local situations. This plan provides the guiding principles and will be supplemented by detailed management / functional plans, while it is recognised that a further change in conditions will in all likelihood necessitate a change in our plans.

Internal Audit

Internal Audit is delivered through a Service Level Agreement with the Council's Internal Audit Services. The Charter, Strategy and risk based Audit Plan is prepared in consultation with the Executive Management Team and approved (but not directed) by the Audit & Risk Committee.

Terms of reference and audit reports are discussed with relevant Directors, Assistant Directors and Heads of Service before being finalised. The recommended actions required to mitigate risks and improve control arrangements as identified by audit work are summarised in an action plan.

Internal Audit revisits action plans where the original report's opinion was either Partial or Minimal. These actions are followed up and the results of this work are reported to the Executive Management Team and Audit & Risk Committee as part of the Quarterly Performance Report.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Corporate Governance

Year ended 31st March 2021

Head of Internal Audit Opinion for the year ended 31 March 2020

The Head of Internal Audit Annual Report and opinion for 2020/21 was considered by the Executive Management Team in May 2021 and the Audit & Risk Committee in June 2021. It stated that:

Overall, the risk management, control and governance framework designed by the company to deliver its objectives and operated throughout the year, has remained satisfactory.

During the year the company began to deliver against the Partnership and Members Agreement with Southend Council that became effective from 1 January 2021 and reinforces the status of the company, refocuses the relationship and expects a more collaborative approach between the organisations. As a result of this, the impact of the Covid-19 pandemic and new regulatory reform that is forthcoming, the Board are working to evolve the Business Plan so that it continues to meet the needs of the company and its varied stakeholders.

The company has filled all the positions in the new management structure during the year and this should assist with the work being undertaken to strengthen the underlying arrangements for delivering the company's objectives, in the way desired by the company, although the impact of the structure and work is still being fully embedded into day to day operational practices.

There is scope to further develop the arrangements that have been put in place to ensure the value for money of activities, refresh the company assurance map so that it focusses on the key performance elements of the partnership agreement and update the Ethical Governance Framework.

The company's response to the Covid-19 emergency situation in the early part of the year enabled essential and emergency services to continue to be delivered using different methods of working, and the company has been working against a recovery plan that provides guiding principles to finding solutions that enabled the company to move forward from the initial crisis management situation, towards a new normal status in the very different environment that it found itself operating within and will be in the future.'

Compliance with Professional Standards, Head of Internal Audit Opinion

The independent assessment of the internal audit service required to be undertaken every five years concluded that:

'The Institute of Internal Auditors assessed the in-house team as fully meeting most of the Standards, as well as the Definition, Core Principles and the Code of Ethics in October 2017 (classified as "Generally Conforms", the highest rating).

Good assessments were achieved in relation to:

reflection of the Standards

focus on performance, risk and adding value

quality assurance and improvement programme.

Needs improvement assessments were given in relation to:

co-ordinating and maximising assurance

the efficiency of its operations'.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Corporate Governance

Year ended 31st March 2021

During 2020/2021 the team has continued to deliver work using the improved approach resulting from development and implementation of the Compliance with the UK Public Sector Internal Audit Standards Action Plan arising from the assessment by the Institute of Internal Auditors. As a result the service has substantially conformed to the relevant professional standards throughout the year, and this will be re-assessed by another external assessment in 2022.

Internal Audit continues to make available its work as required to support the external audit of the company's Statement of Accounts.

The company attends the Council's July Audit Committee each year to present the following evidence with regard to its governance arrangements:

- Head of Internal Audit Annual Report
- Audit Committee Annual Report
- Annual Governance Statement.

The Head of Internal Audit also confirmed *that 'No issues have come to my attention this year, other than those already disclosed, that I believe need including in the company's Annual Governance Statement'*

External Audit

The External Audit of the annual financial statements will be undertaken by Scrutton Bland with the view to expressing an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

In carrying out the audit work Scrutton Bland will consider whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item will normally be considered material if its omission would reasonably influence the decisions of those using the financial statements.

Scrutton Bland will issue a report to management at the conclusion of the audit work. This will include a management letter containing comments about operations and internal control in respect of the Company but will not make any recommendations for improvement. This will be discussed with management prior to the issue of the final report. The report will also include details of significant adjusted and unadjusted items that arise as a result of the audit work.

The Audit & Risk Committee consider the external auditor's report and recommends adoption of the financial statements to the Board.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Statement of Corporate Governance

Year ended 31st March 2021

Key Governance Issues

The main areas for further work identified through the Governance Assurance Process in 2020/2021, and which should be disclosed in the Governance Statement Action Plan are the need to:

- Continue to engage with the ICT team in SBC to progress GDPR compliant solutions for all IT systems used by the company, a majority of which are owned by SBC.
- Update the Company's Governance arrangements to deliver the Company's response to the PWC Governance Audit.

Roger Eastwood
Chair of the Board

Michael Gatrell
Chief Executive

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Member of South Essex Homes Limited

Year ended 31st March 2021

Opinion

We have audited the financial statements of South Essex Homes Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31st March 2021 which comprise the Group Income and Expenditure Account, Group Statement of Other Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2021 and of the group's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Member of South Essex Homes Limited

Year ended 31st March 2021

Other information

The directors are responsible for the other information. The other information comprises the information included in the consolidated financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Member of South Essex Homes Limited

Year ended 31st March 2021

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: building regulations,

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Member of South Essex Homes Limited

Year ended 31st March 2021

health and safety, anti-bribery and corruption, human rights and employment law, GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the company complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

TIMOTHY O'CONNOR (Senior Statutory Auditor)
For and on behalf of
SCRUTTON BLAND LLP
Chartered Accountants & Statutory Auditor

820 The Crescent
Colchester Business Park
Colchester
CO4 9YQ

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Group Income Statement (including Income and Expenditure Account)

Year ended 31st March 2021

	Note	2021 £000's	2020 £000's
Turnover	3	12,883	12,115
Staff costs	4	7,833	7,109
FRS 102 pension scheme staff costs adjustment	18f	525	(1,054)
Other operating charges	5	4,532	4,522
Operating (deficit)/surplus		(7)	1,538
Interest receivable and similar income	7	25	42
FRS 102 pension scheme interest adjustment	18f	(134)	(219)
(Deficit)/Surplus on ordinary activities before taxation		(116)	1,361
Tax on ordinary activities	8	-	(32)
(Deficit)/surplus for the financial year		(116)	1,329

The surplus/(deficit) for the financial year before and after adjustments required under FRS 102 in respect of defined benefit pension schemes is as follows:

Operating surplus after tax:

South Essex Homes Limited	219	338
South Essex Property Services Limited	324	156
	543	494
FRS 102 defined benefit pension scheme charges:		
Staff costs adjustment	(525)	1,054
Interest costs	(134)	(219)
(Deficit)/surplus for the financial year	(116)	1,329

All of the activities of the company are classed as continuing.

The notes on pages 29 to 45 form part of these financial statements.

**SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE**

Group Statement of Other Comprehensive Income

Year ended 31st March 2021

	Note	2021 £000's	2020 £000's
(Deficit)/surplus for the financial year		(116)	1,329
Actuarial (losses)/gains arising from pension liabilities	18b	(10,771)	4,427
Experience gain/(loss) on defined benefit obligation	18b	600	(1,210)
Difference between expected and actual return on pension fund assets	18b	9,915	(2,881)
Other actuarial gains on pension fund assets	18b	-	293
Total recognised (losses)/gains for year		<u>(372)</u>	<u>1,958</u>

The notes on pages 29 to 45 form part of these financial statements.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Group Statement of Financial Position (Balance Sheet)

31st March 2021

	Note	2021 £000's	2020 £000's
Fixed assets			
Tangible fixed assets	9	-	-
Total fixed assets		-	-
Current assets			
Debtors	11	1,082	951
Investments	12	4,559	4,041
Cash at bank and in hand	13	1,289	2,154
		6,930	7,146
Creditors: Amounts falling due within one year	14	(3,611)	(4,370)
Net current assets		3,319	2,776
Net assets excluding pension liabilities		3,319	2,776
Pension liabilities	18a	(6,781)	(5,866)
Net liabilities including pension liabilities		(3,462)	(3,090)
Reserves			
Income and expenditure reserve – Excluding FRS 102 defined benefit pension scheme reserve	15	3,319	2,776
FRS 102 defined benefit pension scheme reserve	15	(6,781)	(5,866)
Member's funds (deficit)		(3,462)	(3,090)

These financial statements were approved by the directors and authorised for issue on **21 October 2020** and are signed on their behalf by:

Roger Eastwood
Chair of the Board

Company Registration Number: 05453601

The notes on pages 29 to 45 form part of these financial statements.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Company Statement of Financial Position (Balance Sheet)

Year ended 31st March 2021

	Note	2021 £000's	2020 £000's
Fixed assets			
Tangible fixed assets	9	-	-
Investments	10	425	410
Total fixed assets		425	410
Current assets			
Debtors	11	970	884
Investments	12	4,559	4,041
Cash at bank and in hand	13	125	1,397
		5,654	6,322
Creditors: Amounts falling due within one year	14	(3,069)	(3,956)
Net current assets		2,585	2,366
Net assets excluding pension liabilities		3,010	2,776
Pension liabilities	18a	(6,781)	(5,866)
Net liabilities including pension liabilities		(3,771)	(3,090)
Reserves			
Income and expenditure reserve – Excluding FRS 102 defined benefit pension scheme reserve	15	3,010	2,776
FRS 102 defined benefit pension scheme reserve	15	(6,781)	(5,866)
Member's funds (deficit)		(3,771)	(3,090)

Under the Companies Act 2006, s408, the directors have elected not to present the company's Profit and Loss Account. The deficit for the year was £425,000.

These financial statements were approved by the directors and authorised for issue on 21 October 2020 and are signed on their behalf by:

Roger Eastwood
Chair of the Board

Company Registration Number: 05453601

The notes on pages 29 to 45 form part of these financial statements.

**SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE**

Group Statement of Changes in Equity

Year ended 31st March 2021

	Defined benefit pension scheme reserve £000's	Income and expenditure account excluding pension reserve £000's	Total £000's
At 1st April 2019	(7,330)	2,282	(5,048)
Surplus for the year	835	494	1,329
Other comprehensive income for the year	629	-	629
	<hr/>	<hr/>	<hr/>
At 31st March 2020	(5,866)	2,776	(3,090)
(Deficit)/surplus for the year	(659)	543	(116)
Other comprehensive income for the year	(256)	-	(256)
	<hr/>	<hr/>	<hr/>
At 31st March 2021	(6,781)	3,319	(3,462)

SOUTH ESSEX HOMES LIMITED
COMPANY LIMITED BY GUARANTEE

Company Statement of Changes in Equity

Year ended 31st March 2021

	Defined benefit pension scheme reserve £000's	Income and expenditure account excluding pension reserve £000's	Total £000's
At 1st April 2019	(7,330)	2,282	(5,048)
Surplus for the year	835	494	1,329
Other comprehensive income for the year	629	-	629
At 31st March 2020	(5,866)	2,776	(3,090)
(Deficit)/surplus for the year	(659)	234	(425)
Other comprehensive income for the year	(256)	-	(256)
At 31st March 2021	(6,781)	3,010	(3,771)

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Group Statement of Cash Flows

Year ended 31st March 2021

	2021 £000's	2020 £000's
Cash Flows from operating activities		
(Deficit)/surplus for the financial year	(116)	1,329
Interest received	(25)	(42)
Taxation	-	32
(Increase) in debtors	(131)	(422)
(Decrease) in creditors	(759)	(884)
FRS102 defined benefit pension scheme adjustment	659	(835)
Cash from operations	(372)	(822)
Taxation	-	(32)
Net cash outflow from operating activities	(372)	(854)
Interest received	25	42
(Increase) in investments	(13)	(14)
(Decrease) in cash and cash equivalents	(360)	(826)
Cash and cash equivalents at the beginning of the year	4,174	5,000
Cash and cash equivalents at end of year	3,814	4,174
Cash at bank at end of year	1,289	2,154
Cash equivalents at end of year (included within investments)	2,525	2,020
Cash and cash equivalents at end of year	3,814	4,174

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

1. Accounting policies

Company information

South Essex Homes Limited is a company limited by guarantee, incorporated in England and Wales. Its registered number is 05453601. The registered office is Civic Centre, Victoria Avenue, Southend on Sea, Essex, SS2 6ER.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland', with the Companies Act, and FRC Abstracts.

The financial statements are presented in Sterling (£) and are rounded to the nearest £1,000.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of South Essex Homes Limited and its subsidiary undertaking for the year ended 31st March 2021.

Going concern

The financial statements show net assets before pension liabilities of £3,319,000 but net liabilities of £3,462,000 once the provision for pension liabilities is included. The financial statements have been prepared on the basis of a going concern, on the assumption that the core funding from the Southend-on-Sea Borough Council in future years will enable the increased pension contributions to be met.

The impact of the coronavirus will continue to have a significant effect on the economy and the business during 2021. The directors have prepared cashflow forecasts which anticipate that the company will be able to continue to meet its liabilities as they fall due and the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of approving these financial statements. For this reason the directors adopt the going concern basis in preparing the accounts.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

1. Accounting policies *(continued)*

Turnover

Turnover, excludes Value Added Tax (VAT) and represents in the main, the invoice value of services provided during the financial year covered by these financial statements. Turnover is recognised when the revenue is earned by South Essex Homes Limited. All turnover arises in the United Kingdom.

Debtors

Short term debtors are measured at the transaction price, less any impairment/provision for irrecoverable amounts.

Creditors

Short term creditors are measured at the transaction price.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Tangible fixed assets are capitalised if the item is not office equipment and costs £5,000 or more. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis.

Straight line annual rates of depreciation used are:

Motor vehicles - 4 years

Impairment of fixed assets

Tangible fixed assets are reviewed for impairment annually and if found to be impaired, the lower of book value and fair value is used. Any impairment is recognised in the group income statement in the year in which it arises.

Investments

Investments in subsidiary undertakings are included at the lower of cost and net realisable value in the individual company's financial statements.

Provisions for liabilities and charges

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

1. Accounting policies *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

The benefits of lease incentives are recognised in the Income Statement over the lease term on a straight line basis.

Pensions costs - local government pension scheme

South Essex Homes Limited is an admitted body of the Local Government Pension Scheme administered by Essex County Council. The assets belonging to the pension scheme are held and administered independently by Essex County Council.

Pension scheme assets are measured at fair value at the balance sheet date. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the statement of financial position. There are no deferred tax implications.

Further disclosures relating to retirement benefits can be found in note 18.

Pension costs – defined contribution pension plan

The subsidiary company operates a defined contribution plan for its employees. The contributions are recognised as an expense when they fall due. Once the contributions have been paid the company has no further payment obligations. The assets of the plan are held separately in independently administered funds.

Taxation

Any operating surplus of the company, before FRS 102 defined benefit pension scheme adjustments, arising from savings of overhead costs compared to the core funding provided by Southend-on-Sea Borough Council, is non-taxable. Taxation is chargeable only on the surplus from its activities with other organisations.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

1. Accounting policies *(continued)*

Taxation *(continued)*

The results of the trading subsidiary are subject to corporation tax. Deferred tax balances are recognised in respect of timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised when their recovery is considered to be sufficiently certain.

Trading with third parties

In the year ended 31st March 2010, South Essex Homes Limited began trading with other selected third parties to reduce its reliance on the management fee in the light of an uncertain future for the Housing Revenue Account (HRA). This trading is not expected to provide significant profits but to provide a contribution to the overall operating costs of the company.

Repairs and maintenance

South Essex Homes Limited is responsible for managing Southend-on-Sea Borough Council's housing repairs and maintenance contracts. The related expenditure is reflected within the Council's financial statements.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Judgements in applying accounting estimates and key sources of estimation uncertainty

The preparation of the financial statements requires the company's directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The key judgements and estimation uncertainty that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are those made in respect of the defined benefit pension scheme.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement rates and expected returns on pension fund assets. An independent firm of consulting actuaries has been engaged to provide expert advice regarding the assumptions to be applied in the calculation of the defined pension scheme liability, which at 31st March 2021 amounts to £6,781,000. Further details of the assumptions made are disclosed in note 18.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

3. Turnover

Turnover is derived completely from the principal activities of the group. Principal activities comprise of providing housing management services to Southend-on-Sea Borough Council and providing housing related services to other third parties, also providing facilities management and employee hosting. Turnover arises solely within the United Kingdom.

	2021	2020
	£000's	£000's
Management fee paid by the Council in respect of housing management and support services	6,232	5,782
Catering income	107	63
Other services	1,027	1,108
Service charge income	3,941	3,814
Cleaning, security services, staff and other	1,576	1,348
	12,883	12,115

	2021	2020
	£000's	£000's
Other services revenue represents:		
Other charges to the Council	285	665
Income from trading with third parties	714	367
Recharges to third parties	28	76
	1,027	1,108

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

4. Particulars of employees

The average monthly number of staff employed during the financial year amounted to:

	2021 No.	2020 No.
Senior management group	4	4
Finance and resources	5	6
Income management	8	11
Housing management services	94	105
Property services	14	14
South Essex Property Services Limited – Facilities management	84	78
South Essex Property Services Limited – Hosting	61	45
Number of staff	270	263

The aggregate payroll costs of the above were:

	2021 £000's	2020 £000's
Wages and salaries	6,478	5,945
Social security costs	578	528
Pension costs	763	622
Pension administration costs	14	14
	7,833	7,109
FRS 102 defined benefit pension costs adjustment	525	(1,054)
	8,358	6,055

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £000's	2020 £000's
Aggregate remuneration	37	40

The members of the company's board are the directors of the company. The board members are entitled to an allowance and reimbursement of incidental expenses incurred when attending board meetings or other formal events in their capacity as board members.

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

5. Operating surplus/deficit

The operating surplus/deficit is stated after charging:

	2021 £000's	2020 £000's
Auditor's remuneration - Scrutton Bland LLP	25	30
Training and recruitment costs	97	34
Agency and consultancy costs	266	218
Other expenses - note 6	4,144	4,240
	<u>4,532</u>	<u>4,522</u>

6. Other expenses

	2021 £000's	2020 £000's
Electricity and gas (own buildings)	6	-
Electricity and gas (landlord's supplies on estates and sheltered accommodation)	801	842
Rent and rates	420	382
Repairs, maintenance and modifications (on administrative buildings)	4	5
Cleaning and rubbish removal	419	431
Computers and other equipment	474	459
Transport	104	111
Communication	257	317
Insurance	98	89
Legal fees	8	61
Grants and subscriptions	79	64
Other Service Level Agreements and charges by the Council	1,001	949
Printing and stationery	44	84
Conference expenses	5	14
Bank charges	102	46
Grounds maintenance charge	189	193
Other general expenses	133	193
	<u>4,144</u>	<u>4,240</u>

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

7. Interest receivable and similar income

	2021 £000's	2020 £000's
Interest was received on:		
Bank deposits	25	42

8. Taxation on ordinary activities

Analysis of charge in the year

	2021 £000's	2020 £000's
Current tax:		
UK Corporation tax for the year at 19% (2020 : 19%)	-	-
Total current tax	-	-
Deferred tax:		
Arising on taxable losses	-	32
Total deferred tax	-	32
Taxation on profit on ordinary activities	-	32

9. Tangible fixed assets

	2021 £000's	2020 £000's
Group and company		
Motor vehicles		
Cost		
At 1st April	9	9
Disposal	(9)	-
At 31st March	-	9
Depreciation		
At 1st April	9	9
Depreciation on disposal	(9)	-
At 31st March	-	9
Net book value		
At 31st March	-	-

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

10. Fixed asset investments

Company	2021 £000's	2020 £000's
Cost		
At 1 April	425	425
At 31 March	425	425
Impairment		
At 1 April	(15)	(171)
Impairment reversal	15	156
At 31 March	-	(15)
Fixed asset investments at 31st March	425	410

South Essex Homes Ltd owns 100% of the share capital of South Essex Property Services Limited, being 425,001 ordinary shares of £1.

South Essex Property Services Limited is incorporated in England and Wales and its principal activity is facilities management and employee hosting.

South Essex Homes Ltd has the power to exercise, or actually exercises, influence or control over South Essex Property Services Limited.

11. Debtors

	Company		Group	
	2021 £000's	2020 £000's	2021 £000's	2020 £000's
Falling due within one year:				
Amounts owed by SBC	641	487	915	726
Amounts owed by South Essex Property Services Limited	194	176	-	-
Other debtors	151	198	180	202
Prepayments and accrued income	-	32	-	32
Taxation and social security	-	-	3	-
Bad debt provision	(16)	(9)	(16)	(9)
Deferred taxation	-	-	-	-
	970	884	1,082	951

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

12. Investments

	Company		Group	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Lloyds TSB Plc	1,500	1,500	1,500	1,500
Santander UK Plc	1,526	2,017	1,526	2,017
NatWest	508	4	508	4
HSBC	1,025	520	1,025	520
	4,559	4,041	4,559	4,041

All investments are held on fixed term deposit.

13. Cash at bank and in hand

	Company		Group	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Cash at bank	125	1,397	1,289	2,154

14. Creditors: Amounts falling due within one year

	Company		Group	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Trade creditors	251	326	251	334
Amounts owed to SBC	1,610	2,146	2,218	2,606
Amounts owed to SEPS	205	184	-	-
Taxation and social security	(38)	96	87	218
Accruals	345	187	359	195
Receipts in advance	696	1,017	696	1,017
	3,069	3,956	3,611	4,370

SOUTH ESSEX HOMES LIMITED

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

15. Reserves

Group	Total reserves 2021 £000's	Total reserves 2020 £000's
Balance brought forward	(3,090)	(5,048)
Retained (deficit)/surplus for the financial year	(116)	1,329
Actuarial gain on the pension scheme	(256)	629
Balance carried forward	<u>(3,462)</u>	<u>(3,090)</u>
Income and expenditure reserve excluding pensions	3,319	2,776
Pensions reserve	(6,781)	(5,866)
Total reserves	<u>(3,462)</u>	<u>(3,090)</u>

Company	Total reserves 2021 £000's	Total reserves 2020 £000's
Balance brought forward	(3,090)	(5,048)
Retained (deficit)/surplus for the financial year	(425)	1,329
Actuarial gain on the pension scheme	(256)	629
Balance carried forward	<u>(3,771)</u>	<u>(3,090)</u>
Income and expenditure reserve excluding pensions	3,010	2,776
Pensions reserve	(6,781)	(5,866)
Total reserves	<u>(3,771)</u>	<u>(3,090)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

16. Related party transactions

The company is wholly owned by Southend-on-Sea Borough Council. Turnover for the company for the year was £11,356k (2020 : £10,818k) including £6,232k (2020 : £5,782k) paid as management fees by the Council and £3,941k (2020 : £3,814k) paid as service charges by the Council. The management fee covers salaries and staff-related supplies and the service charges covers services costs. Balances due to and from related parties at the year end are included in debtors and creditors, as disclosed in notes 11 and 14.

The company reimbursed the Council in respect of payroll administration costs.

The senior management personnel comprised:

Michael Gatrell
Mario Ambrose
Traci Dixon
Sarah Lander
Christopher Vaughan
Beverley Gallacher
Kevin Hazelwood
Daniel Lyons

During the year the remuneration paid to the above senior management personnel totalled £593,644 (2020 : £601,540).

17. Company limited by guarantee

The company is limited by guarantee and has no share capital. The liability of the member, Southend-on-Sea Borough Council, in the event of winding-up is limited to £1.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

18. Pension commitments

(a) The assets and liabilities of the pension scheme at 31st March were:

	% of scheme assets	2021 Value £000's	% of scheme assets	2020 Value £000's
Equities	61.8%	30,095	58.5%	21,899
Bonds	7.6%	3,700	10.4%	3,880
Properties	7.1%	3,468	9.0%	3,364
Cash	4.7%	2,298	4.2%	1,555
Alternative assets	11.6%	5,627	11.5%	4,309
Other managed funds	7.2%	3,517	6.4%	2,406
Total market value of assets		48,705		37,413
Present value of scheme liabilities		(55,486)		(43,279)
Net estimated pension liability		(6,781)		(5,866)

(b) Asset and liability reconciliation:

	2021 £000's	2020 £000's
Reconciliation of liabilities		
Liabilities at start of period	43,279	42,700
Service cost	1,106	1,176
Interest cost	1,041	1,065
Employee contributions	229	227
Actuarial loss/(gain)	11,257	(4,157)
Change in demographic assumptions	(486)	(270)
Experience (gain)/loss on defined benefit obligation	(600)	1,210
Liabilities assumed on settlement	831	2,098
Benefits paid	(1,171)	(1,086)
Past service costs	-	316
Liabilities at end of period	55,486	43,279

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

18. Pension commitments *(continued)*

(b) Asset and liability reconciliation: *(continued)*

	2021 £000's	2020 £000's
Reconciliation of assets		
Assets at start of period	37,413	35,370
Interest on assets	907	846
Return on assets less interest	9,915	(2,881)
Other actuarial gains	-	293
Employer contributions	711	580
Employee contributions	229	227
Benefits paid	(1,171)	(1,086)
Administrative expenses	(24)	(11)
Settlement received	725	4,075
Assets at end of period	<u>48,705</u>	<u>37,413</u>

(c) Return on scheme assets:

The overall return on scheme assets is estimated to be 28.65% in 2020/21. This figure will vary year on year depending on the assumptions made and the underlying distribution of the fund's assets which will vary during the year and as a result it is not appropriate to break down the return on assets across the different asset categories. Actual returns on scheme assets have been £10,822,000 for the year to 31st March 2021.

(d) A full actuarial valuation was carried out for the defined benefit scheme at 31st March 2019 and updated to 31st March 2021 by Barnett Waddingham using the Projected unit method. The major assumptions used by the actuary were:

	2021 %	2020 %
Main assumptions:		
Rate of increase in salaries	3.80	2.90
Rate of increase in pensions in payment	2.80	1.90
Discount rate	2.00	2.35
Inflation assumption	2.80	1.90

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

18. Pension commitments *(continued)*

(e) Movement in deficit during the year:

	2021 £000's	2020 £000's
At 1st April	(5,866)	(7,330)
Current service cost	(1,106)	(1,176)
Net interest cost	(134)	(219)
Actuarial gains	(256)	629
Employer contributions	711	580
Past service costs	-	(316)
Administrative costs	(24)	(11)
Liabilities assumed on settlement	(831)	(2,098)
Settlement prices paid	725	4,075
At 31st March	<u>(6,781)</u>	<u>(5,866)</u>

The Council supports the annual pension contributions due from South Essex Homes including the back funding, through the management fee.

FRS 102 disclosures are not on the same basis as the triennial actuarial review of the pension fund valuation and the two are for different purposes. FRS 102 is a one off assessment at the year end for accounting disclosure purposes. The FRS 102 calculations are more prescriptive. At the current time they emphasise the liabilities and produce a balance sheet position worse than the triennial valuation position.

While the figure is substantial it should be remembered that:

- It is not an immediate deficit that has to be met now. The sum is the current assessment taking a long term view of the future liabilities both for existing pensioners and current employees who are accruing pension entitlement.
- It is not a problem unique to South Essex Homes or indeed ALMOs generally. There is a national problem for pension funds both private and public sector.
- The Essex pension fund is regularly reviewed and additional contributions have already been initiated to address the problem over a period of years.

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

18. Pension commitments *(continued)*

(f) Analysis of the amount charged to the income and expenditure account:

	2021	2020
	£000's	£000's
Current service cost	1,106	1,176
Employer contributions	(711)	(580)
Past service costs	-	316
Administration costs	24	11
Settlement service costs	106	(1,977)
FRS 102 adjustment	525	(1,054)

Analysis of amounts charged to finance costs:

	2021	2020
	£000's	£000's
Other finance costs: expected return on assets in the scheme	907	846
Other finance costs: interest costs	(1,041)	(1,065)
FRS 102 adjustment	(134)	(219)

During the year to 31st March 2021 the employer contribution rate was 22.2%. Essex Pension Fund have advised that the rate for the year to March 2022 will be 22.2%.

(g) Life assumptions:

	2021	2020
Life expectancy:		
Current pensioner aged 65		
male	21.6	21.8
female	23.6	23.7
Future pensioner aged 65 in 20 years' time		
male	22.9	23.2
female	25.1	25.2

SOUTH ESSEX HOMES LIMITED COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2021

19. Operating lease commitments

At 31st March 2021 the company had the following total commitments under non-cancellable operating leases:

	2021 £000's	2020 £000's
Operating leases which expire:		
Less than one year	14	17
Two to five years	-	14
Total	<u>14</u>	<u>31</u>

The total charge taken to the income and expenditure account for the year amounted to £17,638 (2020 : £17,638).

20. Financial Instruments

	Company		Group	
	2021 £000's	2020 £000's	2021 £000's	2020 £000's
Financial assets which are debt instruments measured at amortised cost	<u>971</u>	<u>884</u>	<u>1,322</u>	<u>951</u>
Financial liabilities measured at amortised cost	<u>3,089</u>	<u>3,839</u>	<u>3,625</u>	<u>4,248</u>

Financial assets measured at amortised cost comprise balances due from the Council and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

21. Ultimate parent and controlling company

The ultimate parent undertaking and controlling party is Southend-on-Sea Borough Council, which is a local government authority of the United Kingdom.

The consolidated financial statements as at 31st March 2021 of the Council are available to the public and may be obtained from Southend-on-Sea Borough Council, Civic Centre, Southend-on-Sea, SS6 2ER.

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Southend-on-Sea Borough Council

Report of the Executive Director of Finance and
Resources

to

Shareholder Board

on

13 October 2021

Report prepared by: Peter Bates
Interim Director of Financial Services

Agenda
Item No.

6

South Essex Homes Limited: Review of Business Plan 2021 - 2026

Cabinet Member - Councillor Ian Gilbert

A Part 1 Public Agenda Item

1 Purpose of Report

To present to the Shareholder Board the current business plan of South Essex Homes Limited for review.

2 Recommendation

That the Shareholder Board reviews the South Essex Homes Limited Business Plan for 2021 – 2026.

3 Background

A senior representative of South Essex Homes Limited will present this report to the Shareholder Board and respond to Members' questions.

4 Corporate Implications

4.1 Contribution to Council's Vision & Critical Priorities

The objectives of South Essex Homes Limited align with the Council's vision and priorities for Housing. A new Partnership Agreement has been in place since 1st January 2021 and is being delivered with oversight from a joint Southend Borough Council / South Essex Homes Strategic Board and a range of appropriate sub-groups and task and finish groups, in order to progress and deliver our key partnership objectives.

4.2 Financial Implications

There are no direct financial implications arising from this report for the Council. However, the business plan requires on-going access to financial guarantees by the Council in order to underwrite the company's LGPS pension deficit to enable South Essex Homes Limited to continue to trade.

4.3 Legal Implications

There are no direct legal implications arising from this report for the Council.

4.4 People Implications

There are no direct people implications arising from this report for the Council.

4.5 Property Implications

There are no direct property implications arising from this report for the Council.

4.6 Consultation

There are no direct consultation implications arising from this report for the Council.

4.7 Equalities Impact Assessment

There are no equalities implications arising from this report.

4.8 Risk Assessment

The formation of the Shareholder Board enables detailed Member focus on the opportunities and risks that arise out of the Council's approach to local authority trading companies. The South Essex Homes Limited business plan provides this assessment.

4.9 Value for Money

Providing an on-going focus on why we have alternative delivery vehicles and what we want from them will enable the Council to more fully exploit their potential and to add value and benefit for our residents.

4.10 Community Safety Implications

There are no community safety implications arising from this report.

4.11 Environmental Impact

There are no environmental implications arising from this report.

5 Background Papers
None

6 Appendices

Appendix 1 Report to shareholders on the Business Plan of South Essex
Homes Limited

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South Essex Homes Business Plan

2021-2026

South Essex Homes Strategy and Vision 2021-2026

Supporting Southend 2050 Ambition

Protect and improve the quality of our core housing management services

Caring for our Environment

70 % carbon neutral
footprint by 2025
100% by 2030

Significant Reduction
in grid water, gas,
electricity usage

Carbon offset
programme planting
trees and shrubs

Comprehensive 10
year plan for
Environmental
improvement

Photovoltaic energy
generation
maximised

Retrofit policies in
force recognising
environmental
impact

E vehicles deployed
throughout all
activities

Improving our Organisation (Internal)

Best ALMO
employer

Proudest ALMO
workforce

Workforce fully
matched with
requirements of job
numbers and skills

Workforce fully
engaged in
organisational
improvement IIP
style??

Improving our service delivery (External)

Tenants fully
engaged at all levels

Clients fully engaged
at all levels

Clear evidence of
responsiveness to
complaints and
outcomes of
estatewalkabouts
and scrutiny reviews
etc.

Staff competency
fully addressed

Regulatory
compliance regime
embedded

Client stakeholder
fully knowledgeable
about South Essex
Homes activities

ICT functionality fully
optimised

Innovating Commercial and Social Activities

Property numbers in
management to
match 2020 levels

Private landlords
engaged in managed
social lettings

South Essex Homes
actively engaged in
regeneration
commercial and
social

CarelineSoS
opportunities
developed

South Essex Homes
engaged in the
provision of
Specialist
Accommodation in
partnership

Expanded non
Southend Borough

1. Introduction

The South Essex Homes Business plan sets out our intention and commitment to continue the work that led to our establishment in 2005. Today, South Essex Homes remains the provider of choice delivering high quality good value housing management services on behalf of Southend on Sea Borough Council to Southend Council residents. This position was further consolidated in January 2021 with the signing of a new Partnership Agreement with the Council, which recognises the work that South Essex Homes have delivered to date in providing vital housing services, ensuring that we can now build a better and improved service as we head into the next 5 years and beyond.

Our organisation has continued to develop, improve and mature while carefully holding the interests of tenants central to all decisions made and services delivered. This business plan continues and builds upon our strategy of keeping pace with the changing world, changing client and tenant desires, and to improve our delivery at every opportunity.

2. The changing sector

The delivery of South Essex Homes vision for the future is bound within the constraints that the wider environment brings. South Essex Homes, along with the wider Social Housing sector, will face several challenges over the next few years and the Business Plan must be mindful and consider these wider challenges and opportunities in the delivery of our services.

The Grenfell Tragedy in 2017 set in motion a series of legislative changes which will change the way we deliver our services in the future. The safety of our tenants is of paramount importance, and, as we move forward, we must ensure that tenants continue to be at the core of our service delivery. The recently enacted Fire Safety Act 2021, as well as the Building Safety Bill, will put in place mechanisms to ensure the safety of the properties we manage and will require that robust and effective measures are implemented to ensure accountability. The 'Charter for Social Housing Residents' White Paper will ensure that residents have a voice and also ensure that we listen. Our Business Plan looks to develop and strengthen the activities we already have in these areas, ensuring the way we deliver our services is fit and strong for the future.

Covid-19 has had a huge impact on the way we operate and, like most organisations across the country, we have had to show our agility at being adaptable and flexible with the service delivery model we operate. Our response has required us to turn our full attention to the crisis by way of maintaining and expanding services to tenants and vulnerable Southend residents, while creating a plan to change our fundamental operating model to ensure we are well placed to deal with environmental challenges in the future. The Business Plan will ensure South Essex Homes remains an agile and collaborative organisation with staff that remain flexible and innovative, driving improvement in service delivery going forward.

The case for measuring and reducing our organisations impact on the environment has always been of great importance but the next decade will see a marked shift in the priority this area has in our overall Business Plan. Both nationally and internationally there are increased drives towards carbon reduction. Southend on Sea Borough Council has targets to ensure that it becomes Carbon Neutral

by 2035. This will see South Essex Homes needing to place greater emphasis on the environmental sustainability of the services we deliver and the products we use. The Business Plan allows for the exploration and development of key areas to ensure we are working effectively to assist in meeting these targets both locally and nationally.

3. Our Plan

We have structured our plan recognising the overarching objective of ***‘Protect and improve the quality of our core housing management services’***. To achieve our overarching objective the Board have laid out four themed areas within which we need to develop and improve in order to continue to succeed.

Our four themes supporting the overarching objective are;

- ***Caring for our environment***
- ***Improving our organisation***
- ***Improving our service delivery***
- ***Innovating commercial and social activities***

4. Caring for our environment

Southend on Sea Borough Council recognises the obligation of all public realm providers to minimise the adverse impact of their activities on the world within which we live. Government at all levels has implemented policy to ensure carbon reduction and has set targets to reduce emissions before ultimately ensuring that carbon emissions are eliminated altogether. The Council has implemented targets for its own carbon reduction with its ‘Green City Action Plan’ and South Essex Homes has a key role to play here by operating as the vehicle for housing change and improvement - driving forward initiatives for recycling, reduction in fossil fuel use, low impact procurement of refurbishment items and low impact cleaning and maintenance regimes.

Equally, South Essex Homes as an organisation must set the standard for our own operational reductions in carbon and increases in recycling, ensuring that we integrate measures into our working practices which assist in reducing the carbon footprint we leave as an organisation. In pursuit of this we will change the way that we work, the way we deliver work, and the things that we consume in the course of our work. Our Strategy will be to deliver services in a manner that has the smallest environmental impact and to work towards ensuring our properties and our tenants use energy efficiently and with as little impact to the overall environment as we can. The plan here will be flexible and adaptable to the changing funding available to us from grants and the Council’s capital funds as well as being sensitive to emerging and changing technologies that enable greater carbon reduction.

The approach will be a mix of, but not limited to, identifying and fitting suitable properties with energy efficiency measures, identifying suitable sites for energy generation through photovoltaic

panels, replacement of vehicles with electric/hybrid alternatives, tenant education schemes and exploration of alternatives to gas powered boilers. We will work with the Council to explore and find the best available options across the borough, utilising and combining Council assets where possible to achieve best results for the town.

5. Improving our organisation

Ensuring that our organisation is best placed to retain and recruit talent as well as develop outstanding flexible services is a key priority for South Essex Homes. We must ensure that the organisation builds this by;

- Developing a flexible operating model
- Developing a systematic organisational improvement plan

Operating Model Innovation

The Covid-19 pandemic required the organisation to adapt and change the way our services are delivered to fit in with the overarching government advice and direction at the time. The pandemic saw the majority of office-based staff work remotely which enabled a more flexible and adaptable approach to be developed. As we move into a post pandemic world it is key that we retain the ability to provide a flexible and agile service delivery model to give the most resilience to environmental threats to our organisation. The development of a new Operating Model which provides and protects services, builds on the positive outcomes from working during the pandemic and builds a supportive environment for staff is a key priority for South Essex Homes over the initial period of this Business Plan.

Organisational Improvement

South Essex Homes must attract and retain the best employees. It is of the utmost importance that staff who work for South Essex Homes are proud of their employer and are active agents in ensuring that we always 'do the right thing at the right time' for them and those to who we provide services.

Our employees are already a long way along the journey of understanding that excellent service sits at the centre of our success. Our existing staff team provide a strong foundation and are the focal point our business. Staff know our requirements, know our tenants, and know intimately our business. It is our intention to build an improvement plan model which enables staff to use their knowledge and skill to assist South Essex Homes to achieve its core objectives, working as co-designers. Over the next five years we will aim to build an even stronger more resilient foundation using all of the tacit knowledge embedded in our organisation to make things better, swifter, and more economic.

Through this model we will continually improve our services, improve our performance, and improve the overall satisfaction of employees with their employment. As a starting point we will replace the current IIP programme with a much more self-determined co-designed South Essex Homes programme of continuous improvement, working through the entire organisation covering working conditions, processes, culture, and ultimately remuneration.

6. Improving our Service Delivery

We will adopt a multi directional approach to improving our service delivery.

- Engage residents more fully.
- Create and execute an operational improvement plan.
- Ensure our staff are competent and knowledgeable in delivery of their service area.
- Ensure ICT systems are fit for purpose and full use is made of functionality.
- Invest in Social Value projects.

Resident Engagement

It has always been South Essex Homes' practice to engage and consult tenants in as many aspects of our services as possible, ranging from ensuring tenants are represented on the Board through to supporting Tenant Scrutiny. However, we believe we can still do more to involve and inform tenants. Our view of the desirability of tenant engagement is supported by the Regulator for Social Housing (RSH) and, while we conform to current standards, we will co-design a more expansive engagement strategy where tenants are better informed, more involved, assist our service provision and, where appropriate, self-determine outcomes and standards. It is key that tenant's voices are heard, and we will adopt a more rigorous complaints handling process ensuring that the underlying issues which lead to complaints are dealt with and tenants are fully appraised of any progress in implementing improvements.

Understanding the levels of satisfaction from our tenants is key to understanding how we can improve our services. A range of both transactional (at point of contact) and perception (annual) satisfaction surveys will be carried out to ensure that we, 'keep our finger on the pulse' of the effectiveness of our services, enabling improvements or adjustments to be made quickly to ensure we continue to meet the needs of our tenants.

Operational Improvement

South Essex Homes develop operational improvement tactically and opportunistically. Tenants and South Essex Homes benefit by the swift and flexible response to improvement opportunities as they present, be it restructuring services or staffing. This has worked well to date and our processes and workforce have continued to be slimmed to tightly match our operational requirements. However, having reached a position where resource levels closely match service requirements, significant further flexibility could present challenges. Our response is to plan any longer-term improvements by carefully predicting and tracking benefits and by introducing more scientific methods to lever our scarce resources, human or technological.

Competent and knowledgeable staff

The changing legislative arena brought about by the Fire Safety Act and Building Safety Bill will require South Essex Homes to put in place a robust and effective regime of safety inspections for the components on the buildings we manage. The accountability and responsibility for ensuring the buildings' safety will now fall to a Building Safety Manager. This means that we will need to ensure

we have suitably qualified and competent staff who are able to fulfil these duties, as well as competent staff to deliver support in these areas as required.

Although legislation is a precursor to a competency audit in this area, it should be a function that we perform throughout the organisation to ensure we have the right people with the right skills in the right jobs. The effectiveness of staff in all positions around the organisation should be monitored and, where possible, we should ensure all staff have the relevant support, qualifications and training to deliver the best possible service for our tenants.

ICT process and functionality review

A key factor in the delivery of excellent services is the systems and processes that staff use on a daily basis. We believe the ICT systems we use are some of the best in the market and a full change in software packages is not what we need. These systems have been developed and integrated over a number of years and, as often happens, some of the functionality the systems were first able to exploit has been reduced. We recognise we currently use a proportion of the possible functionality of these systems. Therefore, we will develop a programme to systematically identify where improvements can be made to processes and functionality. Changes which will positively impact the work of our staff will be explored and developed to ensure future efficiencies can be maximised.

The development of a modern and clear online resident portal will be key to ensuring we continue to provide an up-to-date range of services to meet tenant needs. We believe that a clear portal which residents can use regularly for routine contacts would deliver improvements and efficiencies in our service provision. Avenues will be explored which will enable residents to have the option to 'self-serve', where it is their preference, and to avoid unnecessary lengthy contact from a resident's perspective. Ensuring residents have choice is vitally important to us, however, and we will ensure that a full range of options for contact are kept.

Social Value Investment

South Essex Homes activities already contribute effectively to the wider community and our actions through supporting vulnerable tenants, contributing to the effective operation of community HUB's and helping our tenants sustain their tenancies all serve to demonstrate this. But we recognise that we can do more to ensure we add back to our communities and create programmes which add social value. The Partnership Agreement with the Council recognises that South Essex Homes need to strive towards ensuring we capture and measure the social value we add. The agreement defines social value as;

Social Value is a fundamental enabler in helping to realise the Southend 2050 Ambition and an approach which seeks to optimise the impact of the Southend pound by driving a focus on social inequalities and priorities that are motivated by our outcome delivery plans through all our commissioning and commercial investments.

We will look to invest in maximising our Social Value input into the community. To this end we will put aside 10% of the available reserves, over and above our core fixed reserve balance, each year to invest in new initiatives which will help to meet the social ambitions set out by Southend on Sea Borough Council in their Southend 2050 vision.

7. Innovating, Commercially and Socially

South Essex Homes is now sufficiently mature and experienced as an organisation that we can be confident we can widen the support given to the Council and to Southend residents. We understand that Local Authorities do not have access to inexhaustible funds and yet demand for services continue to grow exponentially. South Essex Homes will, over the period of this plan (and beyond), support the Council's plans for housing growth by professionally advising and delivering housing management services, while ensuring that the costs of those services are excellent, the quality is high and that the very best value is always delivered.

In addition, where demand for services outstrip the ability of the Council to satisfy them, we will, where possible, deliver services supported in whole or in part by our own commercial income. We have seen the challenge of this model within CarelineSoS where South Essex Homes provide Careline services to Council supported housing without charge.

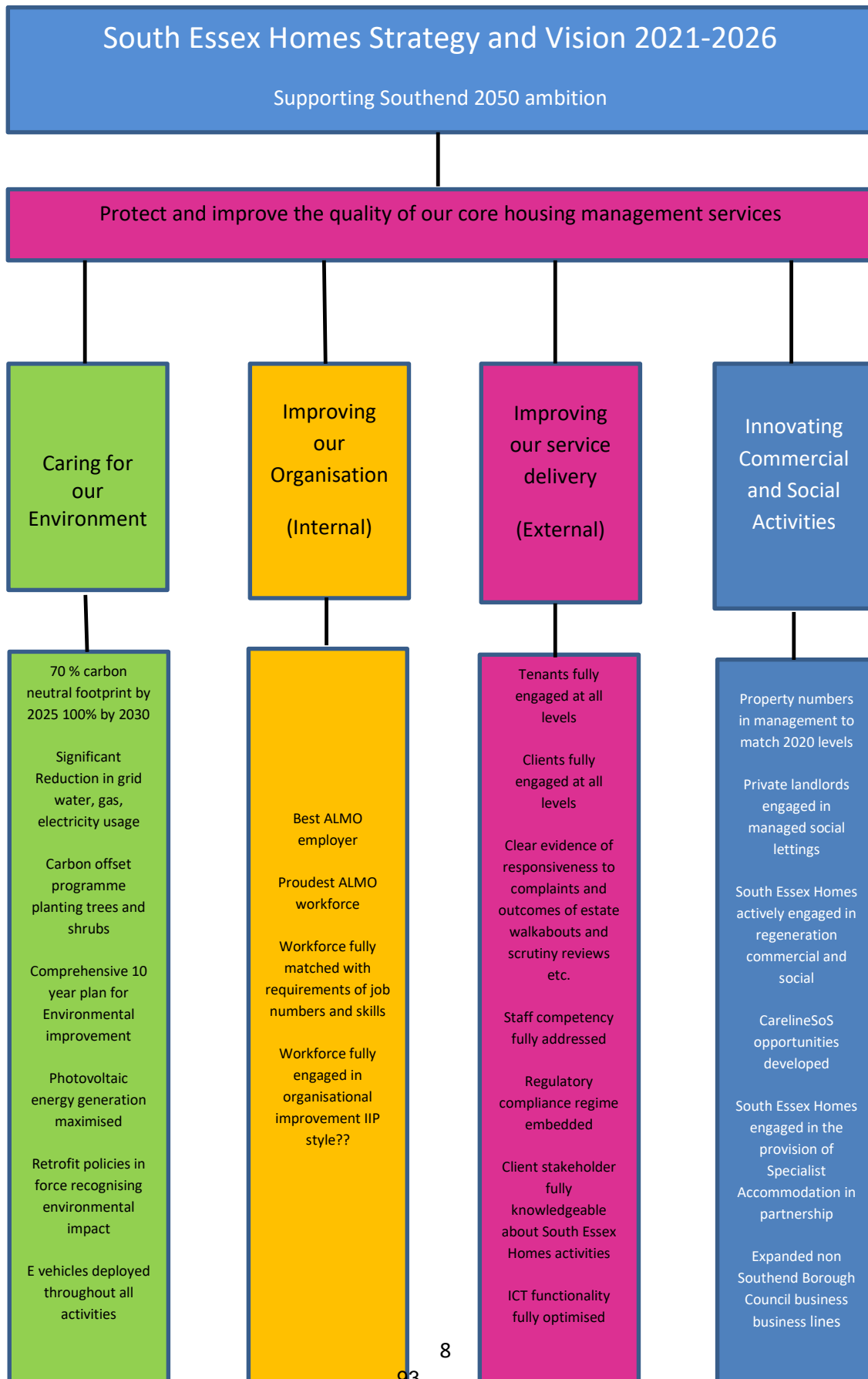
South Essex Homes will use existing capabilities and resources to grow and develop commercially viable business lines. The Careline SOS service will have a new technology platform from Summer 2021 which will improve the commercial viability of this service. We will look to exploit this technology to further the customer base of Careline SOS and aid discussions with Southend on Sea Borough Council, the NHS and other care providers on services that we can offer.

Our unique skills and knowledge are available more broadly to the Council and to the drive toward regeneration. For example, where there is no commercial gain opportunity for developers, South Essex Homes could, where appropriate, invest time and resources to bring otherwise underused properties back into use.

South Essex Homes understand that we will not succeed here without the opportunity and will work hard with the Council to ensure that we are well placed to see, raise, and take advantage of all opportunities available. The future development of opportunities with the Council, and other potential partners, will require South Essex Homes to consider the appropriate governance arrangements and structure to facilitate and deliver the best possible services. The potential for establishing a new subsidiary, a joint venture or a partnership will remain a viable option if the direction of any commercial venture will be best delivered via such a developed structure.

8. The business plan structure and design

Our objectives and themes fully support each other. They are clear, require development of opportunities as presented, are interdependently, and fully support the Council's Southend 2050 Ambition. The schematic below demonstrates the design underpinning our plan and is intended to enable us to manage and monitor progress.



The schematic lays out, in brief, our themes and the key elements within each. The elements identified are not exhaustive and will change over time to reflect the best of current thinking and learning obtained through our practical experience, and the practice of others. However, while the elements may update or change the general direction will not.

Many of the elements identified above will require further research and planning before they can be fully implemented. As an organisation we understand this and will put in place the necessary resources to ensure our plans are realistic, add real value to services and are viable. In this respect we will continue to be a learning organisation, gaining knowledge from our peers and quickly adapting our practice to reflect the best both within and outside the housing sector.

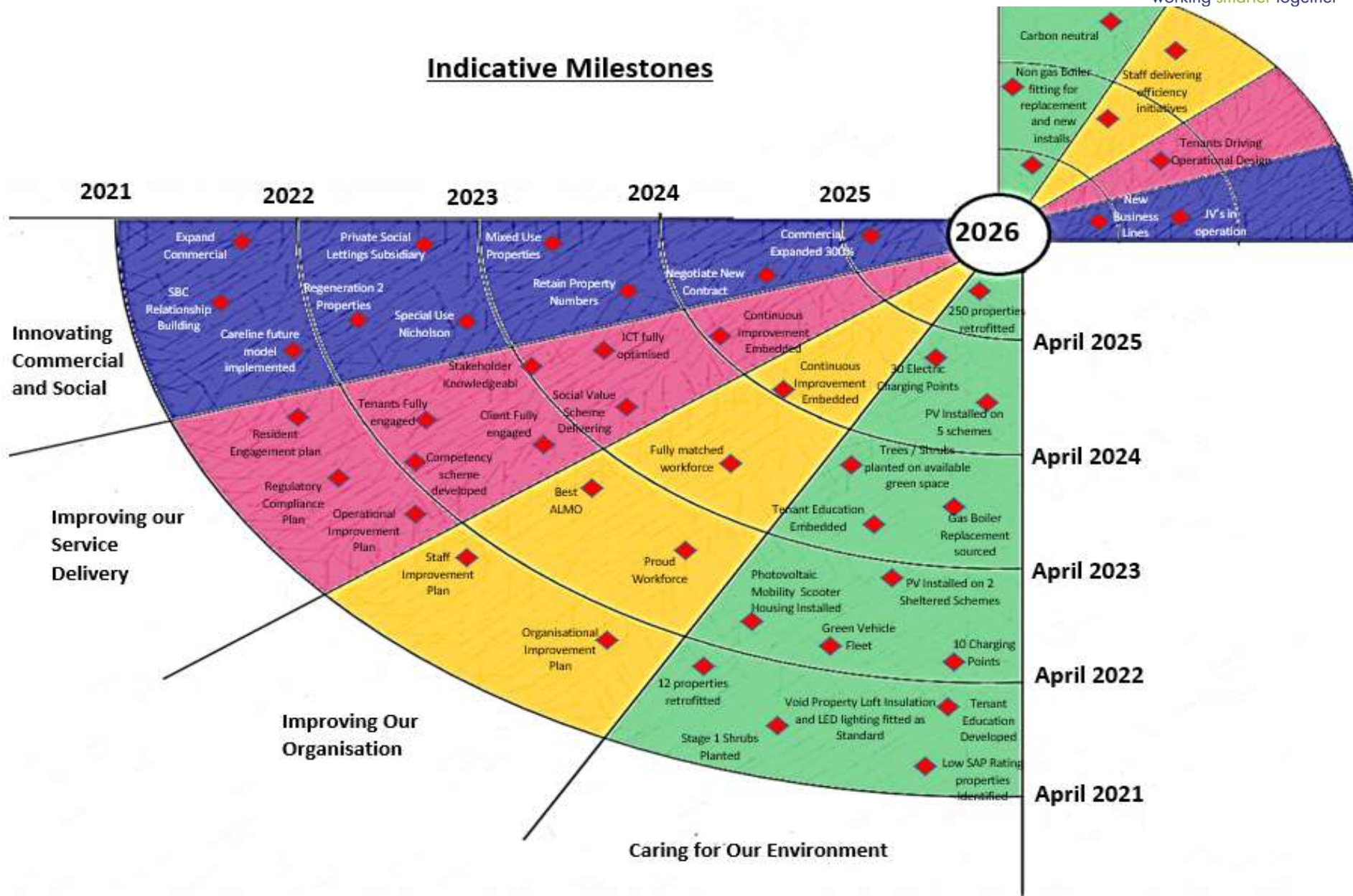
9. Timelines

Our plan covers the next five years, but we recognise that the services we currently provide will continue well beyond this relatively short period. As an organisation we have always planned for the longer term. Tenants hold an expectation of quality housing for the entire lifetime of their tenancy and often longer in the case of succession. It is for this reason that many of the individual plans that we intend to research and implement during this period will impact many years beyond the five-year period described here. We accept this and will maintain our respect for those requiring lifelong support.

We cannot complete every element of our plan at the same time; some elements are dependent upon others while many interlink at the more granular level. For planning purposes we need to layout our milestones within a banded timeline in the knowledge that priorities are likely to change in line with the ongoing dialogue with the Council. We see our business plan as a living plan, one which can swiftly adjust to best serve the needs of both the Council and tenants.

There is much to do over the next five years, and we have prepared a draft comprehensive action plan which will serve as an operational guide for staff and executives. For the purposes of contextualising time, action, and milestone expectations we have prepared a 'fan/bowtie' schematic showing the elements of our ambitions in an easy to view time scale stretching from now to the five-year period end, and beyond.

Indicative Milestones



10. Resource Estimates

The following tables summarise our estimated and projected five-year resource positions.

Income and Expenditure forecast

Estimated Income and Expenditure £000 (price base March 2021)										
		Core	Innovating Commercial and Social	Improving our service delivery	Improving our organisation	Caring for our environment	Total	% Change	Productivity Gain - Non Cash gains	Tenant Benefit
2020/21	Expenditure	11,145,000					11,145,000	0.0%		
	Income	11,381,000					11,381,000	0.0%		
	Net position	236,000					236,000	0.0%		
2021/22	Expenditure	11,147,537	60,000	170,000	30,000	112,500	11,520,037	3.3%		
	Income	11,233,122	100,000	-	-	110,000	11,443,122	1.9%		
	Net position	85,585	40,000	- 170,000	- 30,000	- 2,500	- 76,915	-189.9%	1.0%	4,000
2022/23	Expenditure	11,304,126	225,000	452,500	45,000	745,000	12,771,626	13.0%		
	Income	11,385,011	130,000	-	-	730,000	12,245,011	7.6%		
	Net position	80,885	- 95,000	- 452,500	- 45,000	- 15,000	- 526,615	-751.1%	1.0%	22,000
2023/24	Expenditure	11,439,070	225,000	303,000	25,000	845,000	12,837,070	12.2%		
	Income	11,515,296	220,000	-	-	830,000	12,565,296	9.1%		
	Net position	76,225	- 5,000	- 303,000	- 25,000	- 15,000	- 271,775	-456.5%	1.0%	40,000
2024/25	Expenditure	11,567,522	215,000	286,000	25,000	855,000	12,948,522	11.9%		
	Income	11,638,855	310,000	-	-	830,000	12,778,855	9.8%		
	Net position	71,334	95,000	- 286,000	- 25,000	- 25,000	- 169,666	-337.8%	1.0%	58,000
2025/26	Expenditure	11,684,862	250,000	289,000	25,000	835,000	13,083,862	12.0%		
	Income	11,750,915	400,000	-	-	810,000	12,960,915	10.3%		
	Net position	66,053	150,000	- 289,000	- 25,000	- 25,000	- 122,947	-286.1%	1.0%	76,000

Our current resource estimates are based on assumptions prevalent at the time of agreeing our planning principles and adjusted for projected requirements known to date. However, it is reasonable to assume that we will continue to operate effectively maintaining our financial position with only minor adjustments.

The table above shows the projected financial position and provides a further indication of how the 'Improving our organisation theme' will afford us an opportunity to increase overall productivity. Whilst it is not possible to reduce current expenditure it would be possible to use the efficiency gain to offset new costs and in some cases service increases.

Our theme 'Caring for our environment' has been developed with regard to current expectations of achievable expenditure. This will be dependent on the availability of grant funding to offset some of the initiatives and the ability for the Council's Capital programme to absorb non grant funded elements. The initiatives will give savings to both tenants (through reduced energy bills) and staff (by reduced travel to work).

Source of Funds

South Essex Homes will continue to support service provision utilising a range of sources of funds and our projections are as follows;

Source of funds £000	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Management Fee SBC		6,336,000	6,454,627	6,550,987	6,642,055	6,724,252
Service Charges		4,116,831	4,150,093	4,184,018	4,216,509	4,246,373
SBC Capital Funding		85,000	395,000	445,000	445,000	435,000
Other direct Income (non SBC)		660,291	660,291	660,291	660,291	660,291
Contribution SEPS		215,000	215,000	215,000	215,000	215,000
Interest received		5,000	5,000	5,000	5,000	5,000
Grant Funding		25,000	335,000	385,000	385,000	375,000
Other Sources		-	30,000	120,000	210,000	300,000
Total Income	11,381,000	11,443,122	12,245,011	12,565,296	12,778,855	12,960,915
Total Expenditure	11,145,000	11,520,037	12,771,626	12,837,070	12,948,522	13,083,862
Surplus / (Deficit)	236,000	- 76,915	- 526,615	- 271,775	- 169,666	- 122,947
Released E,E,E working		67,293	68,492	69,470	70,378	116,849
Drawn from reserves		9,622	458,123	202,305	99,288	6,098
Reserves position	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
I & E Reserves at 31st March	3,010,000	3,000,378	2,542,255	2,339,950	2,240,662	2,234,564
Social Value Contribution	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Social Value Funds Available		200,000	200,000	150,000	130,000	120,000
Capital Plan Estimates	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Capital		85,000	395,000	445,000	445,000	435,000

Where our estimates of expenditure to meet the objectives of our Business Plan lead to an in year deficit we will ensure efficiencies driven out of operational and organisational improvement are directed to fill the gap. Any shortfall remaining will be earmarked as being funded from reserves. The initiation of a Social Value fund would contribute to the reduction of reserve balances over the next 5 years and beyond. We would look to contribute 10% of available reserves, over and above any reserves needed to be kept as per the Partnership Agreement. The 5 years of this Business Plan expects to contribute £800k to Social Value initiatives that help to meet the social objectives laid out in the Southend 2050 vision.

Staffing

Our staffing forecast in terms of department and grade breakdown are shown below. Minor changes are forecast primarily focused on improving our ability to engage tenants and ensure we are able to meet the regulatory compliances challenges over the coming years.

Business area FTE's							
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Board		-	-	-	-	-	-
EMT			5.81	5.81	5.81	5.81	5.81
Resources			12.20	12.20	12.20	12.20	12.20
Income Management			10.00	10.00	10.00	10.00	10.00
Support Services			35.65	37.65	37.65	37.65	37.65
Tenancy Services			26.00	26.00	26.00	29.00	31.00
Estate Services			40.38	40.38	40.38	40.38	40.38
Careline			14.60	14.60	14.60	14.60	14.60
Property Services - Operations			15.00	15.00	15.00	15.00	15.00
Property Services - Compliance			6.10	6.60	6.60	6.60	6.60
Total		-	165.74	168.24	168.24	171.24	173.24
Grade FTE's							
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Board			-	-	-	-	-
EMT			5.81	5.81	5.81	5.81	5.81
Heads of Service			3.00	3.00	3.00	3.00	3.00
Service Managers			10.00	10.00	10.00	11.00	11.00
Senior Officers			12.32	12.82	12.82	12.82	12.82
Officers			74.75	76.25	76.25	77.25	78.25
Assistants			24.62	25.12	25.12	26.12	27.12
Manual grades			35.24	35.24	35.24	35.24	35.24
Total		-	165.74	168.24	168.24	171.24	173.24

Established staff numbers are forecast to remain broadly constant. However, as we develop new business lines and drive efficiencies through the organisation, the shape and size of the organisation may change too. An allowance has been made for additional staff in the areas of tenant engagement, private sector letting and regulatory compliance, but we may, as the business develops, require more or less resources than we currently have. This will always be supported by an appropriate and justified business case for Board approval.

Equally, where new Southend Borough Council properties are added to the South Essex Homes Management portfolio, any increase in staff numbers (bearing in mind our non-profit making status) will be subject to the generation of an appropriate well balanced business case. Any adjustment in numbers supported by the business case will be reflected here at the appropriate time.

11. Risks

South Essex Homes complete continual business and delivery risk assessments whereby each element of service is reviewed, potential risks raised, and mitigations identified.

The risks associated with the Business Plan sit at a higher level and all risks are owned by South Essex Homes Board.

Theme	Risk	Risk Pre mitigation level	Mitigation (continue or new)	Post mitigation level
Protect and improve	SEH lose focus and develops unrelated business interests	G	Board and Executive focus and report monthly on delivery performance indicators	G
Innovating Commercial and Social	SBC does not engage SEH as a new homes managing partner	A	SEH focus on providing assistance, the right service levels, and the best prices/value	G
Improving our service delivery	SEH fails to engage tenants at enhanced levels	A	SEH invest in resources and planning to enable/facilitate engagement	G
Improving our organisation	Managers and staff fail to engage and deliver improved process and technology	R	SEH create a comprehensive plan to replace IIP, secure new technology staff and work with SBC to enhance services	G
Caring for our environment	SEH fails to secure technology to support remote working and/or fails to secure funding for solar initiatives	R	SEH create a comprehensive plan to secure new technology staff and work with SBC to enhance services	G
Covid-19	SEH fails to adapt to post Covid environment	A	SEH create and action plans to reform operating models	G

Queensway Development

The Business Plan does not make any assumption around the loss of properties resulting from the development of the Queensway Estate. There will undoubtedly be a loss of properties and a resulting loss of revenue but the reduction in Management Fees associated with this development are not yet understood and more work would be required to understand this. Any resulting loss of revenue would be offset by an associated reduction in expenditure.

12. Sensitivity Analysis and Stress Testing

The Business Plan and associated financial forecasts are delivered on assumptions made at the time of writing, both on achievable timescales and resources required.

It has been assumed that Salary Increases will be at 2% per annum and these will be offset by additional negotiated management fee paid by Southend on Sea Borough Council. The below shows the additional financial burden that will prevail for every 1% movement in salary awards for the duration of this business plan.

Additional Pay Costs For Each 1% Cost of Living Award					
	21-22	22-23	23-24	24-25	25-26
Management Fee Funded	44,167.43	44,579.33	44,761.58	44,911.93	44,996.45
Capital Funded	909.15	909.15	909.15	909.15	909.15
Service Charge Funded	16,102.93	16,148.77	16,199.45	16,236.88	16,250.90
Careline Funded	6,113.25	6,176.54	6,240.46	6,277.52	6,286.72
Total	67,292.76	67,813.78	68,110.63	68,335.48	68,443.21

The Business Plan assumes that Careline customers will grow conservatively by a net of 15 per month (180 per year). The below models how any change to this will affect the availability of funds over the course of this Business Plan.

Sensitivity Analysis for Careline Income					
	2021/22	2022/23	2023/24	2024/25	2025/26
+400 customers per annum	36,934	73,867	110,801	147,734	184,668
+350 customers per annum	28,540	57,079	85,619	114,158	142,698
+300 customers per annum	20,146	40,291	60,437	80,582	100,728
+250 customers per annum	11,752	23,503	35,255	47,006	58,758
+200 customers per annum	3,358	6,715	10,073	13,430	16,788
As per business Plan (+180 customers per annum)	0	0	0	0	0
+150 customers per annum	(5,036)	(10,073)	(15,109)	(20,146)	(25,182)
+100 customers per annum	(13,430)	(26,861)	(40,291)	(53,722)	(67,152)
+50 customers per annum	(21,824)	(43,649)	(65,473)	(87,298)	(109,122)
+0 customers per annum	(30,218)	(60,437)	(90,655)	(120,874)	(151,092)
-50 customers per annum	(38,612)	(77,225)	(115,837)	(154,450)	(193,062)
-100 customers per annum	(47,006)	(94,013)	(141,019)	(188,026)	(235,032)

In formulating the Business Plan there are several factors that may stress the delivery of the plan.

We operate in an environment of increasing regulation, and we must ensure that we are able to continue to keep up to date with movements in the regulatory regime affecting the sector as well as ensuring that adequate resources are available to ensure compliance. There will need to be continued dialogue with our colleagues at Southend on Sea Borough Council and other stakeholders to ensure that this remains a top priority and we have access to funding, where it is necessary. We are all too aware of the pressures that local authority finances are under after the stresses of COVID and will need to ensure the HRA is able to effectively budget to meet the increasing demands being placed upon social housing.

As an organisation we must ensure we have the right people, with the right skills, to develop and grow the business plan. There is a risk that key personnel will leave the organisation, taking appropriate skills and knowledge with them. We will look to invest in our staff and ensure that we have a strong thriving organisation, where employees are satisfied and happy to come to work. We understand the competencies and skills that are required to deliver the outcomes and will ensure that we have the 'right people, in the right place' to deliver on the plans needs. This will involve looking at our structure and making appropriate changes as is necessary to ensure the longevity and success of the organisation.

We understand that the Business Plan does not stand still. As we move through the next 5 years there will be hurdles and obstacles that we will need to deal with and overcome. The Executive Team and the Board will be regularly monitoring and assessing how the Business Plan is progressing through the Business Plan Action Plan. Any risks to delivery can be identified early and measures put in place to ensure South Essex Homes keeps on track to deliver its priorities.

13. Business Plan Delivery

The 5-year Business Plan of South Essex Homes gives a strategic overview of the Board's ambitions and vision for the future delivery of South Essex Homes business and services. The delivery of these ambitions will link to a series of objectives. An operational delivery plan will be developed which will support each theme of the Business Plan, assign responsibilities, and develop specific deliverable

objectives. Ultimately the delivery plan will inform Executive, management and staff work streams to ensure the ambitions are fully embedded throughout the organisation and ownership is reflected across all levels.

For further details Contact

Daniel Lyons

Assistant Director – Finance & Corporate Services

Current performance targets

Pentana Code	Description	2019/20 Actual	2020/21 Target	2020/21 Forecast	2021/22 Target
NEW - SEH KP25 (F1-1)	Total complaints responded - Stage 1	141	N/A	90	Info Only
NEW - SEH KP25 (F1-2)	Total complaints responded - Stage 2				Info Only
SEH KP25	% of complaints acknowledged within timescale	83%	N/A	N/A	100%
SEH Local R2	No. of Evictions	35	N/A	0	Info Only
SEH KP4	Collection Rate for rents	99.45%	98.60%	99.50%	98.60%
SEH KP5	Current Rent Arrears as % of rent due	2.17%	2.70%	2.42%	2.70%
SEH Local R66b	Tenants with more than seven weeks of (gross) rent arrears as a % of the total number of tenants	4.69%	N/A	5.18%	5.25%
SEH Local R14	FTAs a percentage of debit	1.04%	1.20%	1.03%	1.20%
SEH Local R13	Current Rent Arrears in Cash	709,832	N/A	759,444	Info Only
SEH Local R13a	Former tenants arrears	420,499	N/A	438,659	Info Only
SEH KP7	SEH KP 7 Void turnaround times	20.2	17	42	17
SEH Local V3	SEH Local V3 Void loss as % of debit	1.81%	N/A	2.53%	2.00%
SEH Local V8	% of property void and re-lettable	1.27%	N/A	1.24%	1.25%
SEH Local V7	% of property void and unlettable	0.22%	N/A	0.49%	0.49%
SEH KP12b	Gas contractor repairs completed in target times	99.95%	100.0%	99.9%	99.0%
SEH KP17	% of Homes that have Valid Gas Safety Certificate	99.97%	100.0%	100.0%	100.0%
SEH KP12a	Responsive Contractor repairs completed in target times	88.22%	98.0%	98.50%	99.0%
SEH KP15	Average number of calendar days taken to complete repairs	8.56	N/A	6	8.5
SEH KP19	% of homes not meeting Decent Homes standard	2.30%	0%	4.50%	0%
NEW	% of staff turnover	N/A	N/A	N/A	Info Only
SEH KP24	Number of working days lost due to sick leave	9.33	9	10.4	Info Only

Southend-on-Sea Borough Council

Report of the Executive Director of Finance and
Resources

to

Shareholder Board

on

13 October 2021

Report prepared by: Peter Bates
Interim Director of Financial Services

Agenda
Item No.

7

Southend Care Limited: Receipt of Accounts 2020/21

Cabinet Member - Councillor Ian Gilbert

A Part 1 Public Agenda Item

1 Purpose of Report

To present to the Shareholder Board the financial statements of Southend Care Limited for year ended 31 March 2021, together with the report of their auditors.

2 Recommendation

That the Shareholder Board receives the financial statements of Southend Care Limited for the year ended 31 March 2021, together with the report of the auditors.

3 Background

A senior representative of Southend Care Limited will present this report to the Shareholder Board and respond to Members' questions.

4 Corporate Implications

4.1 Contribution to Council's Vision & Critical Priorities

Robust oversight of the financial statements of Southend Care Limited by the Shareholder Board on behalf of the Council play a key part in maintaining the Council's reputation for strong financial probity and stewardship.

4.2 Financial Implications

The Statement of Accounts is required to present a true and fair picture of the Company's financial position as at 31 March 2021 and also the profit and loss for this financial year.

The financial statements also highlight the financial guarantees made by the Council to underwrite the company's LGPS pension deficit to enable Southend Care Limited to continue to trade. As at 31st March 2021, this now stands at £7,465,000 (increased by £2,545,000 at 31st March 2020).

4.3 Legal Implications

The financial statements of Southend Care Limited are governed by the Companies Act 2006

4.4 People Implications

There are no people implications arising from this report

4.5 Property Implications

There are no property implications arising from this report

4.6 Consultation

There are no consultation implications arising from this report

4.7 Equalities Impact Assessment

There are no equalities implications arising from this report

4.8 Risk Assessment

There are no risk implications arising from this report

4.9 Value for Money

There are no value for money implications arising from this report

4.10 Community Safety Implications

There are no community safety implications arising from this report

4.11 Environmental Impact

There are no environmental implications arising from this report

5 Background Papers

Detailed working papers are held by Southend Care Limited

Appendices

- Appendix 1** Report to shareholders on the Southend Care Limited 2020/21 Financial operational performance summary
- Appendix 2** Southend Care Limited 2020/21 Financial Statements (year ending 31st March 2021)
- Appendix 3** Report to the Board of Directors of Southend Care Limited – External Audit of the financial statements 2020/21 (year ending 31 March 2021)

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Report to the Shareholder of

Southend Care Ltd's Financial Operational performance for 2020/21 – year ending 31st March 2021

Foreword

As laid out within the audited accounts for Southend Care Ltd 2020/21, 2020/21 continued to be a very positive operational financial performance position for the company, returning a net profit of £392,000 (equivalent 4% of turnover) after applied required accounting practise IAS19 pension adjustments of £301,000. This therefore now means, as laid out on the company's balance sheet as at the 31st March 2021 following 4 years of trade, the company holds a total retained operational profit reserve balance of £779,000, a separate transformation funds reserve of £276,000 and a defined benefit pension reserve liability of (£7,465,000) for former SBC council staff TUPE'd into the company which itself is underwritten by the Council.

And, as reflected in the now updated Business plan 2022/23 onwards, for any company to support financial stability a positive operational profit reserve balance should also seek to be held. This also now places the company in a strong financial position to continue to achieve its ambition of continued excellent delivery of direct Council funded services, whilst also now starting to really expand its operations into the private care market.

The 2020/21 positive operational profit performance itself is due to a number of the following factors:

1. Continued robust controls from the head office and the service teams managing their budgets successfully within their funding allocations.
2. The Company is committed to ensuring external agency spend is maintained below £25,000 over a 4 week period across services and this continued to be achieved throughout 2020/21.
3. Whilst 2020/21 was incredibly challenging year in relation to the global pandemic of Covid-19, the Company was thankfully supported with additional Covid-19 related grant income to continue to support vital and specific additional required service expenditure in a safe manner where services had to continue.
4. The Company continued to deliver savings through the natural conversion and turnover of former Southend Borough Council staff, replaced by staff positions appointed on Southend Care's own terms and conditions. This conversion rate performed slightly above the expected target in 2021/22.
5. The Company has also continued to successfully deliver, although relatively small scale, additional health and private funded income through the direct sale of day care sessions at its Viking Day Care centre, which support both the care needs and wellbeing of Adults who have profound and multiple learning disabilities.

END OF REPORT

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SOUTHEND CARE LTD

Directors' Report and Financial Statements

For the Year Ended 31 March 2021

SOUTHEND CARE LTD

Financial Statements For the Year Ended 31 March 2021

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SOUTHEND CARE LTD

Officers and Professional Advisers For the Year Ended 31 March 2021

Company registration number 10138562

The board of directors S Zaidi
P R Little
A Hughes
J C Manzoni
S J Unsworth

Registered office Civic Centre
Victoria Avenue
Southend-On-Sea
Essex
SS2 6ER

Current auditor Scrutton Bland LLP
Chartered Accountants &
Statutory Auditor
820 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

Bankers Barclays Bank
Priory Place
Level 3, New London Road
Chelmsford
Essex
CM2 0PP

Legal advisers Southend-on-Sea Borough Council
Legal and Democratic Services
Civic Centre
Victoria Avenue
Southend-on-Sea
Essex
SS2 6ER

SOUTHEND CARE LTD

Directors' Report For the Year Ended 31 March 2021

The Directors present their report and financial statements for the period ended 31 March 2021.

PRINCIPAL ACTIVITY

The purpose of the company is to trade commercially, predominantly within health and social care sectors.

RESULTS AND DIVIDENDS

The company's profit for the period, after taxation, amounted to £693,032 before IAS 19 defined benefit pension adjustments. The profit after pension adjustments amounted to £392,032.

There were no dividends proposed or paid during the period.

We are pleased to say the company has performed above original expectation within its fourth year of trading, despite the difficult year due to the pandemic. COVID 19 has placed an unprecedented level of challenge on the company and the services it runs. This has included during the first wave increased cost pressures related to adherence to infection control processes and from backfilling staff where they had been absent due to contracting the virus.

The company has been able to offset pressures through ringfenced COVID income from central and local government, for example the Infection Control Fund and through access to central PPE portals. The financial performance this year has derived from the company managing its cost base effectively and being able to generate new income, for example from providing a provider of last resort service to Southend Borough Council in relation to local failing care homes.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In the period to 31 March 2021 the company's financial risk management approach has included the following:

- **Corporate Risk Register:** Supporting the management of key financial risks, including loss of income, loss of reputation and loss of workforce
- **Strategic Finance Management:** Through a series of quarterly meetings led by the Managing Director and Lead Financial Consultant, with the purpose of analysing financial trends and forecasts to inform the identification and mitigation of risk.
- **Operational Financial Management :** Through a schedule of monthly meetings led by the Managing Director and Operations Director reviewing business unit management accounts and addressing risk issues such as variances to budget.
- **Sales Income and Marketing Management:** Through monthly meetings led by the Managing Director and Operations Director focusing on identifying and addressing risk to new income streams particularly non-Southend Council sources such as private paying customers and Clinical Commissioning Groups.
- **Financial Risk Management Policies and Procedures:** The development and implementation of new policies addressing key areas of corporate risk. This has included a new Anti- Bribery, Fraud and Corruption Policy
- **Business Continuity Policy:** The development of the company's response to significant events with a business destroying potential. This has included how the company creates resilience to effectively respond to crises such as COVID 19.

SOUTHEND CARE LTD

Directors' Report For the Year Ended 31 March 2021

DIRECTORS AND THEIR INTERESTS

The directors set out in the table below have held office during the whole of the period from 1 April 2020 to 31 March 2021 unless otherwise stated. None of the directors held any interests in the share capital of the company.

S Zaidi
P R Little
A Hughes
Jon Manzoni
Stephen Unsworth

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BUSINESS REVIEW AND FUTURE PLANS

The business has had a successful year of trading delivering a positive year end net profit position. This has been achieved through the following:

- Delivering on required income levels and by securing in-year new income streams. This includes an additional 5-year block contract with Southend Borough Council to deliver extra care services from April 2020.

SOUTHEND CARE LTD

Directors' Report For the Year Ended 31 March 2021

- Increasing non-local authority income streams through sales of services to Clinical Commissioning Groups and to individual private paying customers.
- Significantly reducing expenditure on agency staff within care settings, whilst increasing SCL's own internal bank of staff.
- Converting more employment positions to SCL terms and conditions.
- Delivering significant efficiency within business units, for example through the restructuring of staff teams and increasing productivity levels.

Looking ahead the business has planned to deliver a positive 2021/22 year end position, further supporting the growth of its retained profit.

Highlights for 2021/22 include the following:

- **The agreement of a ten- year partnership and commercial contract with Southend BC.** This ensures the long term stability of the company and the important role it plays within the care market. It builds upon the special relationship between SCL and SBC which has built up since the company began trading.
- **To take on and successfully operate services out of the company's new care facility.** This is a key component in becoming an exemplar organisation, by delivering flagship care services. Services operating from the new building will be strategically relevant to Southend BC and provide the opportunity to develop the reputation of the company in terms of the type of services offered, for example supporting complex care needs.
- **To accelerate the growth of private income by developing a self-funder homecare business and a care home business.** This supports the financial sustainability of the company whilst delivering benefit back to Southend BC. The business opportunity will support the commercial development of the company providing alternative income streams that can be built on in subsequent years.
- **To resource and structure the business to support sustainable operational delivery and growth.** This builds the capacity to support more vulnerable people whether funded by Southend BC, other organisations or privately. It is particularly focussed on ensuring the company has the right job roles, skills and processes that match the needs of the company as it starts to evolve and mature.
- **To continue to modernise, improve service performance and achieve greater cost effectiveness.** This supports the ability to transform and continually respond to peoples' needs. It enables the company to remain competitive and relevant to commissioners whilst supporting it to retain a unique position and relationship with Southend BC

SOUTHEND CARE LTD

Directors' Report For the Year Ended 31 March 2021

In preparing this report the directors have taken advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Approved by the board on June 2021 and signed on its behalf by

Jon Manzoni
Managing Director

SOUTHEND CARE LTD

Statement of Corporate Governance For the Year Ended 31 March 2021

1. SCOPE OF RESPONSIBILITY FOR SOUTHEND CARE LTD.

Southend Care Limited (SCL) was incorporated in April 2016 and began trading on the 1st April 2017. It is a Local Authority Trading Company wholly owned by Southend Borough Council (SBC). There are 100 £1 shares in the company. Its purpose is to trade commercially, predominantly in health and social care sectors.

SCL is run by 5 directors, all of who are registered at Companies House. The directors include the Managing Director, Operations Director and three Non-Executive Directors (NEDs), one of whom is the chair. The NEDs are appointed by SBC on four year fixed term contracts. The directors meet monthly as a board and conduct is governed by the Articles of Association. The board of directors is responsible for ensuring the business is run in accordance with the law and proper standards and that its finances are properly accounted for and used efficiently and effectively in pursuit of its business goals.

Monthly board of directors meetings support the strategic direction of the business and provide scrutiny and oversight of its running. The board meeting also acts as a mechanism for holding the executive directors to account. Standard items reported, considered and actioned each month include the following:

- Financial status measured against business plan projections
- Workforce status, including sickness, significant disciplinary issues and workforce development
- Operational performance against key performance measures
- Review and assessment of corporate risk
- Business Continuity
- Legal and regulatory compliance including Care Quality Commission (CQC) compliance

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the Company is directed and controlled and its activities through which it accounts to, engages with and serves the community. It enables the Company to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Company's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

SOUTHEND CARE LTD

Statement of Corporate Governance For the Year Ended 31 March 2021

3. THE GOVERNANCE FRAMEWORK

The Key elements of the Governance Framework are:

- **A three year company Business Plan** that sets overarching business objectives.
- **An Annual Company Plan** linked to the three year Business Plan, which sets out detailed operational, financial and developmental targets for the business.
- **Financial Reporting** including management accounting and variance reporting.
- **Monthly Finance Review meetings** with the Managing Director, Operations Director and Finance Manager to assess overall financial performance of the company, and where necessary implement improvement actions.
- **Bi-Weekly Executive Management Meetings** including the Managing Director, Operations Director and Business Manager (the executive team). These meetings form the basis of managing and monitor company performance with reference to corporate key performance indicators and executive management and activity plan.
- **Annual Shareholder Meetings** holding to account the Board of directors for the performance of the company.
- **Monthly monitoring of expenditure** relating to the deployment within services of temporary staff supplied by external agencies. The aim being to reduce reliance of agency staff and thereby bring down overall expenditure on temporary staffing.
- **Formal monitoring of our commercial contract with SBC.** This includes both service level contract meetings, evaluating performance against contract key performance indicators and strategic / developmental meetings with the Director for Adult Social Care which focus on the overall contract performance including compliance matters.
- **Corporate risk management** including Anti-fraud and Corruption, Whistle blowing, Health and Safety and Safeguarding.
- **Emergency Planning and Business Continuity** including disaster recovery.
- **A system of Individual Performance Reviews** (appraisals) with all our staff followed by regular supervision sessions.
- **A quality assurance system** including assessment of customer satisfaction, independent quality audits of services and assessment of compliance against Care Quality Commission regulations.
- **A policy and procedure suite** governing our approach to Finance, HR and Service Delivery.
- **Scheme of delegation** setting out authorised levels of expenditure and commitments throughout the company.
- **Workforce code of conduct** setting out the expected standards of behaviour and performance as an employee of SCL.
- **Values and Behaviours Framework** creating a culture through which the company operates and makes decisions.

SOUTHEND CARE LTD

Statement of Corporate Governance For the Year Ended 31 March 2021

- **COVID 19 weekly situation reports** reflecting the impact of the pandemic on the company and its services. The reports highlight where there are issues for example in terms of staffing capacity, supplies of PPE and delivery of services. The reports also set out the actions being taken to address those issues and to mitigate any risks. The situation reports also link through to the corporate risk register.

4. Review of Effectiveness

The effectiveness of the governance framework has been assessed and tested through the following:

1. **Board of Directors thematic scrutiny and review** – The Board has developed as part of its governance processes a schedule of monthly themes / topics relating to key aspects of the business. This includes topics such as Corporate Risk, Business Continuity, Business Development, Business Planning, Values and Behaviours. These sessions have enabled the Board to drill into detail around specific matters for example testing the robustness of company's business plan. The Board has also undertaken an annual evaluation of its own effectiveness in terms of governance, decision making and the overall way in which it conducts business.
2. **Company Values and Behaviours** – In December 2019 the Board signed off the company's new Values and Behaviours. This followed a collaborative process with the workforce in the preceding three months. The new values and behaviours have been developed to galvanise the workforce and company as a whole as it continues to grow. The Values and Behaviours were formally launched with staff through a series of workshops in February 2020. Thereafter we have begun a programme of staff engagement and training to embed the values and behaviours throughout the company.
3. **External Audit of Company GDPR compliance** - We have been working with a GDPR Consultant to complete the NHS Digital Data Security and Protection (DSP) Toolkit which is the standard for demonstrating that Health and Social Care organisations in England comply with the required IG Regulations. The Toolkit covers Ten National Data Standards and three categories of leadership obligations:- People, Process and Technology. We have published our Toolkit which demonstrates company compliance. Furthermore we have created a range of Policies, Procedures and Supporting Documentation to use going forward to ensure we remain compliant in all areas of GDPR.
4. **External Quality Reviews** – As part of the SCL quality assurance process a series of external reviews have taken place within services. We have concluded two reviews this year of our Shared Lives Service and our Community Reablement Service. The reviews have produced recommendations for how we structure and further develop the effectiveness of both services.

SOUTHEND CARE LTD

Statement of Corporate Governance For the Year Ended 31 March 2021

5. **Systematic Review of key policies and procedures** – The company this year seconded from Southend Borough Council an HR and Recruitment Manager who has been reviewing the company's HR and Recruitment policies and procedures. This includes for example reviewing controls when recruiting new staff, completing induction and probation periods and providing managers with enhanced tools in relation to recruitment and retention of staff.
6. **Monthly auditing of client monies** – We have introduced new internal auditing processes to ensure the company at a service level is adhering to our Service User Finance Policy. This involves a monthly audit of our supported living services where they support people with personal finances. This is a preventative programme designed to ensure good practice is maintain and the risk of finance abuse / fraud is minimised.
7. **Staff Satisfaction Survey** – an annual survey of staff was carried for 2020/21 with questions (as per the previous year) designed to develop the company's understanding of the culture within the business units as we move into the phase of embedding our new Values and Behaviours and towards the re-design of our services in preparation for the move into our new care facility from Q3 of 2021.

J C Manzoni
Managing Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD

For the Year Ended 31 March 2021

OPINION

We have audited the financial statements of Southend Care Ltd for the year ended 31 March 2021 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD

For the Year Ended 31 March 2021

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD

For the Year Ended 31 March 2021

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: The Health and Social Care Act, safeguarding, health and safety, anti-bribery and corruption, human rights and employment law, GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEND CARE LTD

For the Year Ended 31 March 2021

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the company complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Timothy O'Connor (Senior Statutory Auditor)

For and on behalf of

Scrutton Bland LLP

Chartered Accountants & Statutory Auditor

820 The Crescent

Colchester Business Park

Colchester

Essex

CO4 9YQ

Date:

SOUTHEND CARE LTD

Profit and Loss Account For the Year Ended 31 March 2021

	Notes	2021 £	2020 £
Revenue	4	8,836,876	7,955,018
Staff costs	6	(7,146,432)	(6,729,746)
IAS 19 pension scheme staff cost adjustment	12(f)	(192,000)	(672,000)
Administrative expenses		(997,412)	(893,227)
OPERATING SURPLUS/(DEFICIT)		501,032	(339,955)
Interest payable		-	(15,227)
IAS 19 pension scheme interest adjustment	12(f)	(109,000)	(140,000)
SURPLUS/(DEFICIT) BEFORE TAX		392,032	(495,182)
Taxation of ordinary activities	8	-	8,479
SURPLUS/(DEFICIT) FOR THE YEAR		392,032	(486,703)
SURPLUS/(DEFICIT) ATTRIBUTABLE TO EQUITY HOLDERS		392,032	(486,703)
The profit/(loss) for the financial period before and after adjustments required under IAS 19 in respect of defined benefit pension schemes is as follows:			
Surplus after tax		693,032	325,297
IAS 19 defined benefit pension scheme charges:			
Staff costs adjustment		(192,000)	(672,000)
Interest costs		(109,000)	(140,000)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		392,032	(486,703)

The notes on pages 18 to 29 form part of these financial statements.

SOUTHEND CARE LTD

Statement of Other Comprehensive Income For the Year Ended 31 March 2021

	2021 £	2020 £
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR	392,032	(486,703)
Actuarial (deficit)/surplus arising from pension liabilities	(5,517,000)	2,636,000
Difference between expected and actual return on pension fund assets and other actuarial gains/(deficits)	3,273,000	(972,000)
TOTAL RECOGNISED (DEFICIT)/SURPLUS FOR THE YEAR	(1,851,968)	1,177,297

The notes on pages 18 to 29 form part of these financial statements.

SOUTHEND CARE LTD

Statement of Changes in Equity For the Year Ended 31 March 2021

	Defined benefit pension reserve £	Share capital £	Transform ation funds reserve £	Retained earnings (excluding pension reserve) £	Total equity £
At 1 April 2019	(5,772,000)	100	-	36,047	(5,735,853)
Profit for the period before pension adjustments	-	-	-	325,297	325,297
IAS 19 defined benefit pension scheme changes	(812,000)	-	-	-	(812,000)
Other comprehensive income for the year	<u>1,664,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664,000</u>
Balance at 31 March 2020	<u>(4,920,000)</u>	<u>100</u>	<u>-</u>	<u>361,344</u>	<u>(4,558,556)</u>
Profit for the period before pension adjustments	-	-	-	693,032	693,032
Transfer between funds			275,600	(275,600)	-
IAS 19 defined benefit pension scheme charges	(301,000)	-	-	-	(301,000)
Other comprehensive income for the year	<u>(2,244,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,244,000)</u>
Balance at 31 March 2021	<u>(7,465,000)</u>	<u>100</u>	<u>275,600</u>	<u>778,776</u>	<u>(6,410,524)</u>

The notes on pages 18 to 29 form part of these financial statements.

SOUTHEND CARE LTD

Statement of Financial Position As at 31 March 2021

	Notes	2021 £	2020 £
CURRENT ASSETS			
Trade and other receivables	9	699,569	845,787
Cash and cash equivalents	10	1,709,169	477,464
		<u>2,408,738</u>	<u>1,323,251</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade and other payables	11	(1,229,262)	(961,807)
NET CURRENT ASSETS		<u>1,179,476</u>	<u>361,444</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Trade and other payables	11	(125,000)	-
Pension scheme liabilities	12	(7,465,000)	(4,920,000)
NET LIABILITIES		<u>(6,410,524)</u>	<u>(4,558,556)</u>
ISSUED CAPITAL AND RESERVES			
Issued share capital	13	100	100
Retained profits		778,776	361,344
Pension reserve	14	(7,465,000)	(4,920,000)
Transformation funds reserve		275,600	-
TOTAL EQUITY		<u>(6,410,524)</u>	<u>(4,558,556)</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company's regime.

Approved by the Board on

and signed on its behalf by

J C Manzoni
Director

Peter Little
Director

Company registration number: 10138562

The notes on pages 18 to 29 form part of these financial statements.

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The company's financial statements for the year were authorised for issue on June 2021 and the company's statements of financial position signed on the Board's behalf by J C Manzoni and Peter Little (Directors). Southend Care Ltd is a limited company incorporated and domiciled in England & Wales.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are presented in Sterling (£), are rounded to the nearest £1 and have been prepared under the historical cost basis.

The company's immediate parent undertaking and ultimate controlling party, Southend-on-Sea Borough Council, includes the company in its consolidated financial statements. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under IFRS in respect of the requirement to prepare a Cash Flow Statement and the related notes and the requirement to disclose a financial instruments note.

Going concern

The financial statements show negative equity as a result of the defined benefit pension scheme reserve. The financial statements have been prepared on the going concern basis on the assumption that future profits and ongoing support from the Council will be sufficient for any increased contributions to be met.

Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the company and the income can be reliably measured. All such income is reported net of discounts and value added and other sales taxes.

Pension costs

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company. The annual contributions payable are charged to the Income Statement when they fall due.

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

2. ACCOUNTING POLICIES (continued)

Pension costs – Local Government Pension Scheme

Southend Care Ltd is also an admitted body of the Local Government Pension Scheme (LGPS) administered by Essex County Council. The assets belonging to the pension scheme are held and administered independently by Essex County Council.

Pension scheme assets are measured at fair value at the balance sheet date. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the statement of financial position. There are no deferred tax implications.

Further disclosures relating to retirement benefits can be found in note 12.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Financial instruments

Short term debtors are measured at transaction price, less any impairment.

Short term creditors are measured at the transaction price.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

2. ACCOUNTING POLICIES (continued)

Standards that have been issued but not yet effective

The below accounting standards have been issued but are not yet effective. The initial application of these standards is not expected to affect the financial statements.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (subsidiary as a first-time adopter) (effective for periods commencing on or after 1 January 2022).
- IFRS 3 Business Combinations – Amendments updating a reference to the Conceptual Framework (effective for periods commencing on or after 1 January 2022).
- IFRS 7 Financial Instruments: Disclosures – Amendments regarding replacement issues in the context of the IBOR reform (effective for periods commencing on or after 1 January 2021).
- IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fee in the '10 per cent' test for derecognition of financial liabilities) (effective for periods commencing on or after 1 January 2022).
- FRS 9 Financial Instruments – Amendments regarding replacement issues in the context of the IBOR reform (effective for periods commencing on or after 1 January 2021).
- IFRS 16 Leases – Amendments regarding replacement issues in the context of the IBOR reform (effective for periods commencing on or after 1 January 2021).
- IAS 1 Presentation of financial statements – Amendments regarding the classification of liabilities (effective for periods commencing on or after 1 January 2023).
- IAS 1 Presentation of financial statements – Amendments to defer the effective date of the January 2020 amendments (effective for periods commencing on or after 1 January 2023).
- IAS 16 Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective for periods on or after 1 January 2022).
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective for periods on or after 1 January 2022).
- IAS 39 Financial Instruments: Recognition and Measurement – Amendments regarding replacement issues in the context of the IBOR reform (effective for periods commencing on or after 1 January 2021).

Current and deferred taxation

Due to level of activity with the Local Authority parent company, the company has applied for and been granted an exemption from corporation tax until the year ended 31 March 2024. The tax credit for the previous period represents the reversal of the corporation tax provided in the 2019 year, before the exemption was retrospectively granted.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

2. ACCOUNTING POLICIES (continued)

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. JUDGEMENTS IN APPLYING ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the company's directors to make judgements, estimates and assumptions that affect the amounts reported in the financial statements. The key judgements and estimation uncertainty that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are those made in respect of the defined benefit pension scheme.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement rates and expected returns on pension fund assets. An independent firm of consulting actuaries has been engaged to provide expert advice regarding the assumptions to be applied in the calculation of the defined pension scheme liability, which at 31 March 2021 amounts to £7,465,000 (2020 restated: £4,920,000). Further details of the assumptions made are disclosed in note 12.

4. REVENUE

	2021 £	2020 £
SBC Block Contract Income	8,070,961	7,693,435
Other Income	220,644	261,583
Grant Income	545,271	-
	<u>8,836,876</u>	<u>7,955,018</u>

5. AUDITOR'S REMUNERATION

Auditor's remuneration in relation to the financial statements is:

	£	£
Auditor's remuneration - audit services	9,850	9,200
Auditor's remuneration - non audit services	850	950
	<u>10,700</u>	<u>10,150</u>

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

6. EMPLOYEE EXPENSES

	2021 £	2020 £
Wages and salaries	5,949,945	5,214,433
Employer national insurance	458,393	388,559
Employer pension costs	545,780	580,103
Recruitment	20,066	53,292
Training	7,973	15,064
Insurance	10,185	10,320
Agency spend	154,090	467,975
	7,146,432	6,729,746

Average employee numbers, including directors:

	2021 No.	2020 No.
Care and Support team - who support both Delaware and Priory House	51	51
Dementia and Complex Needs Residential Care Home - Delaware House	45	39
Elderly Frail Residential Care Home – Priory House	44	39
Head Office	11	10
Learning Disability - Employment Support Service	3	2
Learning Disability - Recruitment and training of Shared Livers Carers	4	4
Learning Disability Day Care Centre – Viking Day Centre	32	30
Learning Disability day services - Project 49	31	33
Learning Disability Supported Living Unit - Spencer House	14	13
Rehabilitation and Re-ablement service for Adults - Southend Therapy and Recovery Team (START)	42	35
Re-ablement service for Adults - Southend Care Enablement Team	1	13
Learning Disability Supported Living Unit – West Street	42	29
Extra care – Westwood	13	-
Extra care – Longmans	4	-
	337	298

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

6. EMPLOYEE EXPENSES (continued)

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Directors' emoluments	236,349	225,468
Company contributions to defined contribution pension schemes	6,405	4,990
	<u>242,754</u>	<u>230,458</u>

The number of directors for whom retirement benefits are accruing under defined benefit contribution schemes amounted to 2 (2020: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>105,736</u>	<u>99,862</u>

Key management personnel (including Directors) received aggregate remuneration of £686,829 (2020: £772,926).

7. PAYABLE INTEREST

	2021 £	2020 £
Loan interest	<u>-</u>	<u>15,227</u>

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

8. TAXATION

Components of tax expense

	2021 £	2020 £
Current tax expense		
Current tax (credit)/charge	-	(8,479)
Tax (credit)/expense reported in income statement	-	(8,479)

Reconciliation of tax charge to accounting profit

	2021 £	2020 £
Tax at the domestic tax rate of 19%	74,486	(92,474)
Tax effect of non deductible IAS 19 expenses	57,190	154,280
Exemption available from corporation tax	(131,676)	(61,806)
Over provision in prior year	-	(8,479)
Tax expense using effective rate	-	(8,479)

9. TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Other amounts receivable	19,661	67,644
Owed by SBC	679,908	778,143
	<u>699,569</u>	<u>845,787</u>

10. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank	1,705,869	474,164
Cash in hand	3,300	3,300
	<u>1,709,169</u>	<u>477,464</u>

11. TRADE AND OTHER PAYABLES

	2021 £	2020 £
Amounts due within one year		
Payable to others	254,150	245,703
Amounts owed to SBC	888,660	623,566
VAT owed to HMRC	86,452	92,538
	<u>1,229,262</u>	<u>961,807</u>
Amounts falling due after one year		
Amounts owed to SBC (deferred income)	125,000	-

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

12. PENSION COMMITMENTS

The assets and liabilities of the pension scheme at 31 March were:

(a) Asset and liability reconciliation

	2021 £	2020 £
Reconciliation of liabilities		
Opening defined benefit obligation	17,171,000	17,884,000
Service cost	703,000	907,000
Interest cost	402,000	451,000
Change in financial assumptions	5,859,000	(2,122,000)
Change in demographic assumptions	(190,000)	(272,000)
Experience loss/(gain) on benefit obligation	(152,000)	(238,000)
Liabilities assumed on settlements	-	721,000
Estimated benefits paid net of transfer in	(226,000)	(343,000)
Past service costs, including curtailments	-	43,000
Contributed by Scheme participants	126,000	140,000
Closing defined benefit obligation	<u>23,693,000</u>	<u>17,171,000</u>

	2021 £	2020 £
Reconciliation of assets		
Opening fair value of fund assets	12,251,000	12,112,000
Interest on assets	293,000	311,000
Return on assets less interest	3,273,000	(972,000)
Other actuarial gains/(losses)	-	4,000
Administration expenses	(8,000)	(4,000)
Contributions by employer including unfunded	519,000	517,000
Contributions by Scheme participants	126,000	140,000
Estimated benefits paid plus unfunded net of transfers in	(226,000)	(343,000)
Settlement prices received	-	486,000
Closing fair value of fund assets	<u>16,228,000</u>	<u>12,251,000</u>

	2021 £	2020 £
Fair value of plan assets	16,228,000	12,251,000
Present value of plan liabilities	(23,693,000)	(17,171,000)
Net estimated pension scheme liability	<u>(7,465,000)</u>	<u>(4,920,000)</u>

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

12. PENSION COMMITMENTS (continued)

(b) Composition of plan assets

	% of scheme assets	2021 £	% of scheme assets	2020 £
Equities	62%	10,027,000	59%	7,171,000
Gilts	3%	419,000	4%	528,000
Bonds	5%	814,000	6%	742,000
Properties	7%	1,155,000	9%	1,102,000
Cash	5%	766,000	4%	509,000
Alternative assets	12%	1,875,000	12%	1,411,000
Other managed funds	7%	1,172,000	6%	788,000
		<u>16,228,000</u>		<u>12,251,000</u>

(c) Return on scheme assets

The overall return on scheme assets is estimated to be 28.65% in 2020/21 (2019/20: (5)%). This figure will vary year on year depending on the assumptions made and the underlying distribution of the fund's assets which will vary during the year and as a result it is not appropriate to break down the return on assets across the different asset categories. Actual returns on the scheme assets have been £3,566,000 for the period to 31 March 2021 (2020: (£661,000)).

- (d) A full actuarial valuation was carried out for the defined benefit scheme at 31 March 2019 and updated to 31 March 2021 by Barnett Waddingham using the projected unit method. The major assumptions used by the actuary were:

	2021 %	2020 %
Main assumptions:		
Rate of increase in salaries	3.85	2.85
Rate of increase in pensions	2.85	1.85
Discount rate	2.00	2.35

(e) Movement in deficit during the period

	2021 £	2020 £
Pension deficit brought forward	(4,920,000)	(5,772,000)
Service cost	(703,000)	(1,185,000)
Net interest on the defined liability	(109,000)	(140,000)
Employer contributions	519,000	517,000
Return on assets	3,273,000	(972,000)
Administration	(8,000)	(4,000)
Change in assumptions	(5,517,000)	2,636,000
At 31 March 2021	<u>(7,465,000)</u>	<u>(4,920,000)</u>

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

12. PENSION COMMITMENTS (continued)

(f) Analysis of the amount charged to the income and expenditure account:

	2021 £	2020 £
Service cost	703,000	1,185,000
Employer contributions	(519,000)	(517,000)
Administration expenses	8,000	4,000
IAS 19 adjustment	<u>192,000</u>	<u>672,000</u>
Analysis of amounts charged to finance costs:		
Other finance costs: Interest costs	109,000	140,000
IAS 19 adjustment	<u>301,000</u>	<u>812,000</u>

During the year to 31 March 2021 the LGPS employer contribution rate was 25% (2020 : 25%).

(g) Life assumptions:

	2021	2020
Life expectancy from age 65 (years):		
Current pensioner aged 65		
Male	21.6	21.8
Female	23.6	23.7
Retiring in 20 years		
Male	22.9	23.2
Female	25.1	25.2

13. SHARE CAPITAL

	2021		2020	
	No.	£	No.	£
Issued and unpaid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

All shares were issued at par at the time of incorporation. All issued share capital is classified as equity.

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

14. RESERVES

Called-up share capital

Represents the nominal value of the £1 ordinary shares that have been issued and not fully paid. All of the shares hold the same rights and have full rights to receive notice of, attend and vote at general meetings, one share carries one vote and full rights to dividends and capital distributions (including on winding up).

Profit and loss account

The profit and loss account represents the company's accumulated profits/(losses).

Transformation funds reserve

The transformation funds reserve has been set up in agreement with Southend Borough Council to reserve funds to explore ways of improving and evolving the services offered by the Council.

Pension reserve

The pension reserve represents the Essex Pension Fund deficit of the company calculated in accordance with IAS 19.

15. FINANCIAL INSTRUMENTS

	2021 £	2020 £
Financial assets		
Financial assets which are debt instruments measured at amortised cost	699,569	845,787
	<u>699,569</u>	<u>845,787</u>
Financial liabilities		
Financial liabilities measured at amortised cost	1,203,409	879,468
	<u>1,203,409</u>	<u>879,468</u>

16. CAPITAL MANAGEMENT

The capital structure of the company consists of equity of the company (comprising issued capital as detailed in note 14, reserves and retained earnings).

The company is not subject to any externally imposed capital requirements.

SOUTHEND CARE LTD

Notes to the Financial Statements For the Year Ended 31 March 2021

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided in IAS 24 “related party disclosures” from disclosing transactions with Southend-on-Sea Borough Council and its wholly owned subsidiaries, as a government body that has control over the reporting entity.

There were no other related party transactions during the period.

18. ULTIMATE CONTROLLING PARTY

The company’s ultimate controlling party is Southend-on-Sea Borough Council by way of their shareholding.

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REPORT TO THE BOARD OF DIRECTORS OF

Southend Care Ltd

**Audit of the Financial Statements
For the Year Ended 31 March 2021**



Contents

1. INTRODUCTION AND COVERAGE
2. FINANCIAL PERFORMANCE – PROFIT AND LOSS ACCOUNT
3. FINANCIAL POSITION – BALANCE SHEET
4. GOING CONCERN
5. PENSION SCHEME DEFICIT
6. OUTSTANDING AUDIT ISSUES
7. AUDIT AND ACCOUNTING ISSUES TO BE REPORTED TO THE BOARD OF DIRECTORS
8. INDEPENDENCE
9. CONCLUSIONS

Appendix

- LETTER OF REPRESENTATION



1. Introduction and Coverage

- 1.1 This report summarises our key findings in connection with the audit of the financial statements of Southend Care Ltd in respect of the year ended 31 March 2021.
- 1.2 The scope of our work was set out in our Assignment Terms Letter issued in April 2021.
- 1.3 It should be noted that the matters identified in this management letter arose from the conduct of our normal audit procedures which are designed primarily to enable us to express an opinion on the financial statements of Southend Care Ltd and do not necessarily involve an examination of all aspects of your internal control procedures. The responsibility for maintaining adequate financial reporting systems and systems of internal control, as well as for the prevention and detection of fraud, irregularities and other errors, rests with management.
- 1.4 Consequently, the comments in our management letter cannot be regarded as a complete analysis of all weaknesses or irregularities in the system of internal control.
- 1.5 Our duties as financial statements auditors do not specifically include searching for fraud or other irregularities although our audit was planned so as to have a reasonable expectation of detecting material mis-statements within the financial statements.
- 1.6 Our work also included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the company.



2. Financial Performance

Profit and Loss Account

2.1 RESULTS

- 2.1.2 After excluding the IAS19 adjustments for the defined contribution pension liability, Southend Care Ltd's financial performance in 2020/21 shows a profit for the year of £693,032 compared to a profit in 2019/20 of £325,298.
- 2.1.3 The impact of the adjustment for the IAS19 defined benefit pension scheme charge of £301,000 has resulted in a surplus of £392,032.

2.2 INCOME

- 2.2.1 Revenue for the year totalled £8,836,876 (2020: £7,955,018).
- 2.2.2 Block funding income totalled £8,070,961 for the year ended 31 March 2021 (2020: £7,693,435).
- 2.2.3 Covid related grants received during the year totalled £545,271.
- 2.2.4 Other income represents the sale of meals, intensive one to one sessions and private income.



2. Financial Performance

Profit and Loss Account (Continued)

2.3 EXPENDITURE

2.3.1 Expenditure, excluding pension scheme adjustments under (IAS19), totalled £8,143,844 for the year ended 31 March 2021 (2020: £7,638,200).

2.3.2 Staff costs totalled £7,146,432 this is broken down as follows:

	2021	2020
	£	£
Wages	5,949,945	5,214,433
Employer's NI	458,393	388,559
Employer's pension	545,780	580,103
Recruitment	20,066	53,292
Training	7,973	15,064
Insurance	10,185	10,320
Agency	154,090	467,975
Total	<u>£ 7,146,432</u>	<u>£ 6,729,746</u>

2.3.3 Administrative expenses totalled £997,412 for the year ended 31 March 2021 (2020 : £893,227), this is broken down as follows:

	2021	2020
	£	£
Premises costs	189,917	209,435
Transport costs	42,104	44,269
Supplies and services	614,306	487,082
Third party payments	36,406	17,408
Irrecoverable VAT	114,679	135,033
Total	<u>£ 997,412</u>	<u>£ 893,227</u>



3. Financial Position – Balance Sheet

3.1 CASH AT BANK

- 3.1.1 Cash at bank has increased by £1,231,705 to £1,709,169 (2020: £477,464), however this does include £250,000 of deferred income received from Southend Borough Council to be expended in the years ended 31 March 2022 and 2023.

3.2 PENSION SCHEME DEFICIT

- 3.2.1 For the year ended 31 March 2021 the pension scheme deficit has increased by £2.545m leaving a pension scheme deficit at 31 March 2021 of £7.465m. The assumptions used by the actuary are as follows:

	31 March 2021	31 March 2020
Rate of increase in salaries	3.85%	2.85%
Rate of increase in pensions	2.85%	1.85%
Discount rate	2.00%	2.35%

3.3 RELATED PARTY TRANSACTIONS

- 3.3.1 At the year end the following balances were outstanding with the Company's parent entity Southend on Sea Borough Council:

	31 March 2020 £	31 March 2020 £
Debtor	679,908	778,143
Short term creditor	888,660	623,566
Long term creditor	125,000	-



4. Going Concern

4.1 GOING CONCERN REVIEW

- 4.1.2 The company has considered its plans and actions and has concluded that the accounts can still be prepared on the going concern basis, with the appropriate disclosures included within the accounting policies.
- 4.1.3 Southend on Sea Borough Council have provided written confirmation that they will continue to provide financial support to the Company.

4.2 CONCLUSION

- 4.2.1 Based on the ongoing commitment of support by Southend on Sea Borough Council we agree with the going concern assessment made by the Company and will therefore be giving an unqualified audit opinion on the financial statements for the year ended 31 March 2021.



5. Pension Scheme Deficit

5.1 MOVEMENT IN LIABILITY FOR THE YEAR

- 5.1.1 Southend Care Ltd is required to record its share of the deficit of the Local Government Pension Scheme (LGPS) as a liability on its balance sheet, as prescribed by IAS 19. It should be noted that the staff transferred over by TUPE from Southend on Sea Borough Council are members of the LGPS and it is not open to new employees.
- 5.1.2 It is a career average or CARE scheme, meaning that pensions are based on career average revalued earnings. Earnings in previous years are revalued in order to derive the average earnings of each employee up to the point of retirement. The pension payable is based on those average revalued earnings and the years of service in the Scheme.
- 5.1.3 The pension liability that arises is conceptually the 31 March 2021 value of the future obligations to pay the pensions which have accrued to relevant current and past employees by reference to their service with Southend Care Ltd up to that date to the extent that these obligations are not covered by investments within the Southend Care Ltd portion of the LGPS.
- 5.1.4 The valuation at 31 March 2021 is based on the formal valuation of the scheme for funding purposes (which was undertaken as at March 2019) as modified by changes since that date.
- 5.1.5 The net liability increased by £2.545m in the year ended 31 March 2021 to £7.465 million. There are a number of factors that have resulted in this increase, but the most significant changes are:
- The rate of increase in salaries has risen from 2.85% in 2020 to 3.85% in 2021. The impact of this change has increased the liability by £840,000.
 - The rate of increase in pensions has also risen from 1.85% in 2020 to 2.85% in 2021. The impact of this change is to increase the liability by £3,182,000.



5. Pension Scheme Deficit (Continued)

- The discount rate has fallen from 2.35% to 2.00%. This discount rate is based on an AA rated corporate bond yield and the drop in the bond markets has been the most significant factor in the increase in pension liabilities since the 2008 financial crisis. The impact of this 0.35% change in discount rate is estimated to be around £1,837,000 increase in the net liability.
- The life expectancies across four categories (based on gender and time until retirement) have reduced. These life expectancies are based on the latest actuarial tables. However due to the blend of staff employed by Southend Care Limited the impact of these demographic changes is to reduce the liability by £190,000.
- To partly offset the increase in liabilities noted above, the schemes assets have significantly outperformed the expectation of the actuary in the previous year. Whilst they had anticipated a further 5% contraction in the scheme assets there was actually a 28% improvement in performance. This results in an actuarial gain on assets of £3,273,00 at the year end.

6. Outstanding audit issues

- 6.1.1 As a result of ongoing restrictions in place from the Covid-19 pandemic, the audit has been carried out remotely this year. We appreciate the assistance provided by both the staff at Southend Care and the finance team at Southend on Sea Borough Council.
- 6.1.2 We are pleased to note that carrying out the work remotely for a second year has been more straightforward but we do still have the following work outstanding:
- Receipt of trade debtor balance selected in our sample
 - Sample verification of average staff numbers provided



7. Audit and Accounting Issues to be reported to the Board of Directors

7.1 PROCEDURAL RECOMMENDATIONS

Audit Finding	Risk Identified	Recommendation	Management Response
<p>Personnel Files</p> <p>During our testing the Human Resources Department could not locate all necessary personnel ID documentation. We also found the COVID pay award was not communicated to the employees via written communication. This extra pay was briefed to these employees during a team meeting.</p>	<p>It is a legal requirement to retain certain employment related documents for all of your current employees.</p>	<p>We recommend that there is a minimum requirement to retain certain documents, including proof of existence documents and documentation of pay rates. We would also suggest that these are retained and stored electronically for ease of access if required. Any additional pay awards should be communicated via written forms of communication.</p>	



7. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

7.1 PROCEDURAL RECOMMENDATIONS (CONTINUED)

Audit Finding	Risk Identified	Recommendation	Management Response
<p>Credit Control</p> <p>It has not been possible to conclude our testing of amounts receivable as the debtor selected has not been recovered.</p> <p>Whilst the company does not consider there to be an issue in recovering this debt, it does acknowledge a weakness in the credit control process.</p> <p>We have added a point to our Letter of Representation in respect of the recoverability of this debtors as evidence could not be obtained by conventional testing.</p>	<p>The company could suffer bad debts by failing to promptly collect debts as they fall due.</p> <p>As the amounts of privately generated income increases this exposure increases and could give rise to a material issue.</p>	<p>We would recommend that the credit control process is formalized to include the process for reviewing and escalating overdue debts as appropriate.</p> <p>There should be a review process at each month end of amounts outstanding and once debtors exceed 60 days this should be escalated to senior management to decide if more direct recovery is required.</p> <p>The company may need to consider the inclusion of a bad debt provision if a history of defaults is found.</p>	



7. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

7.2 TAXATION

- 7.2.1 As a reminder, a dispensation has been obtained from corporation tax for the company. This request for dispensation was on the basis that Southend Care Ltd is a local authority trading company which earned its income predominantly from its Local Authority parent.
- 7.2.2 This dispensation was granted to cover the year ended 31 March 2019 and will remain in place for five years. The activity levels within the company during the year ended 31 March 2021 do not jeopardise the dispensation in place as the income is still dominated by activity with the Local Authority parent.
- 7.2.3 It is important to note that the dispensation is granted assuming that similar levels of trading with the Local Authority parent will continue. If the level of external income were to increase considerably the company would need to notify HMRC of the change of circumstances.

7.3 AMENITIES ACCOUNTS

- 7.3.1 As noted in previous years, following on from the work commissioned from internal audit we have reviewed whether the balances of amenities funds should be included on the Balance Sheet of the company. Following discussions with the company, it is clear that the intention was not for these balances to be managed or controlled by the company, however employees of Southend Care are the cheque signatories on the accounts.
- 7.3.2 Were adjustment to be made for these amounts the postings would only be shown on the balance sheet, being to introduce the cash at bank and to bring in a related creditor to reflect that these sums need to be paid out. The total of amounts held in these accounts is £51,402.



7. Audit and Accounting Issues to be reported to the Board of Directors (Continued)

- 7.3.3 We had anticipated that these accounts would be included on the balance sheet this year, but they are still excluded and they therefore appear within our unadjusted items list attached to our Letter of Representation. Policies and procedures have been developed and the funding received to date will be reviewed to ascertain if costs should be allocated against such funds. This process should ensure that moving forward the controls, procedures and accounting of the amenity funds will be much more robust and appropriate for the levels of income arising.

8. Independence

- 8.1 In accordance with International Standard on Auditing (UK and Ireland) 260 “Communication of audit matters with those charged with governance“, there are no changes to the details of relationships between Scrutton Bland LLP and its related entities and Southend Care Ltd and its related entities that may reasonably be thought to bear on Scrutton Bland LLP’s independence and the objectivity of the audit principal, Timothy O’Connor and the audit staff and the related safeguards from those disclosed in the Assignment Terms Letter.

9. Conclusions

- 9.1 The 2020/21 financial statements audit has been conducted in accordance with our audit plan. We are pleased to report that no significant matters came to our attention during the course of our audit that led us to deviate from our plan.
- 9.2 We would like to take this opportunity once again to thank both the team at the company and at Southend on Sea Borough Council for their considerate help and assistance provided in carrying out our audit.

Scrutton Bland LLP
Date: 27 May 2021

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Southend-on-Sea Borough Council

Report of the Executive Director of Finance and
Resources

to

Shareholder Board

on

13 October 2021

Report prepared by: Peter Bates
Interim Director of Financial Services

Agenda
Item No.

**8
7**

**Southend Care Limited: Review of Business Plan 2021/22 and current 5-year financial
forecast to 2025/26**

Cabinet Member - Councillor Ian Gilbert

A Part 1 Public Agenda Item

1 Purpose of Report

To present to the Shareholder Board the business plan of Southend Care Limited for review.

2 Recommendation

That the Shareholder Board reviews the Southend Care Limited Business Plan for 2021/22, and current 5-year financial forecast to 2025/26.

3 Background

A senior representative of Southend Care Limited will present this report to the Shareholder Board and respond to Members' questions.

4 Corporate Implications

4.1 Contribution to Council's Vision & Critical Priorities

The objectives of Southend Care Limited align with the Council's vision and priorities for vulnerable adults, the aim to create alternative income streams and find effective solutions is important to provide on-going suitable service provision.

4.2 Financial Implications

There are no direct finance implications arising from this report for the Council, although the Southend Care Limited business plan is predicated on the Council's planned re-provision of Priory and Delaware Care Homes and the Viking and Avro Day Centres into a single provision on the Priory site. The Council has a capital budget of £13.9M for this programme which is now scheduled to be completed in 2021/22. Any considerations arising to the contractual payment made to Southend Care from the Council, are considered within the Council's medium term financial strategy, annual budget plan and Adult Social Care Services.

The original business plan required access to a cash flow loan facility made available by the Council (Southend Care Ltd repaid in full this facility by the end of 2019/20), and financial guarantees by the Council to underwrite the company's LGPS pension deficit to enable Southend Care Limited to continue to trade.

4.3 Legal Implications

There are no direct legal implications arising from this report for the Council.

4.4 People Implications

There are no direct people implications arising from this report for the Council.

4.5 Property Implications

There are no immediate property implications arising from this report for the Council, although the Southend Care Limited business plan is predicated on the Council's planned re-provision of Priory and Delaware Care Homes and the Viking and Avro Day Centres into a single provision on the Priory site.

4.6 Consultation

There are no direct consultation implications arising from this report for the Council.

4.7 Equalities Impact Assessment

There are no equalities implications arising from this report.

4.8 Risk Assessment

The formation of the Shareholder Board enables detailed Member focus on the opportunities and risks that arise out of the Council's approach to local authority trading companies. The Southend Care Limited business plan provides this assessment.

4.9 Value for Money

Providing an on-going focus on why we have alternative delivery vehicles and what we want from them will enable the Council to more fully exploit their potential and to add value and benefit for our residents.

4.10 Community Safety Implications

There are no community safety implications arising from this report.

4.11 Environmental Impact

There are no environmental implications arising from this report.

5 Background Papers

None

6 Appendices

Appendix 1 Annual Plan 2021/22 Presentation

Appendix 2 Southend Care Business Plan 2021/22 and current 5-year financial forecast to 2025/26.

Appendix 3 Southend Care Financial Business Plan 2021/22 and current 5-year financial forecast to 2025/26.

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Annual Plan 2021/22

FINAL DRAFT

Vision&Values

Our vision is to enhance the quality of peoples' lives, meeting their needs by providing cost-effective high-quality and strength-based services that adapt to changing demands over time whilst applying best practice, learning and innovation.

Our values guide the company and define the way it trades and delivers services to customers. Our values are set out in the wheel opposite.



Our Strategic Aims

To occupy an exclusive position in the market by providing a unique set of services that are not easily replicated. This means becoming a strategic delivery partner of SBC for services that the independent sector providers cannot or are unlikely to be able to provide and / or for which there is a commissioning gap in the marketplace. It also means acting exclusively as the provider of last resort in Southend to enable SBC to maintain a stable marketplace.

To become an exemplar care organisation within the local community and marketplace. This means ensuring outstanding services are offered to people; being a leading provider in terms of workforce development and empowerment; and living our values and behaviours as part of daily working life. High levels of customer satisfaction with services offered and being a reference point for inspiring the marketplace in terms of quality of care.

To expand our reach to support more vulnerable people. This means providing more services for SBC through new direct awards; building the capacity of existing services to deliver more; working with NHS partners to develop and deliver service offers; expanding the offer to self-funders of care and support in particular for homecare services.

To be a sustainable business providing value for money. This means balancing commerciality and care to ensure the company is on a sound footing to deliver services; having a longer term relationship with SBC for delivery of cost effective services; reinvestment in the infrastructure of the business so it is able to grow and do more.

To be a catalyst for transformation. This means enabling all services to be strategically relevant and continually fit for purpose; being ready to take on new services to remodel and redesign; developing new ways of delivering services through innovation and enterprise; and ensuring services are able to meet future population needs.

Our Business Objectives

In meeting its strategic aims SCL will deliver the following objectives in 2021/22:

- **To agree a ten- year partnership and commercial contract with SBC.** This ensures the long term stability of the company and the important role it plays within the care market. It builds upon the special relationship between SCL and SBC which has built up since the company began trading.
- **To take on and successfully operate services out of the New Build care facility.** This is a key component in becoming an exemplar organisation, by delivering flagship care services. Services operating from the new building will be strategically relevant to SBC and provide the opportunity to develop the reputation of the company in terms of the type of services offered, for example supporting complex care needs.
- **To accelerate the growth of private income by developing a self-funder homecare business.** This supports the financial sustainability of the company whilst delivering benefit back to SBC. The business opportunity will support the commercial development of the company providing alternative income streams that can be built on in subsequent years.
- **To implement a nationally recognised quality assurance system.** This supports SCL's commitment to quality across all service areas and creating an Outstanding organisation. It supports the company in building its reputation and demonstrating its value for money to commissioners. The system will support both regulatory and contract compliance and will enable the company to meet and exceed expected standards of quality.
- **To continue to embed SCL Values and Behaviours across the company.** This ensures we create a culture that is person centred delivering the best outcomes for people. It also enables the company to grow in a commercial way without compromising its overarching ethos and vision.
- **To resource and structure the business to support sustainable operational delivery and growth.** This builds SCL's capacity to support more vulnerable people whether funded by SBC, other organisations or privately. It is particularly focussed on ensuring the company has the right job roles, skills and processes that match the needs of the company as it starts to evolve and mature.
- **To continue to modernise, improve service performance and achieve greater cost effectiveness.** This supports SCL's ability to transform and continually respond to peoples' needs. It enables the company to remain competitive and relevant to commissioners whilst supporting it to retain a unique position and relationship with SBC.
- **To achieve a net profit of £162K** which will be driven by increasing our non-SBC income, in particular through new sales and business developments.

Our Business Activity

Key business activity to meet the business objectives include the following:

- **A formal contract for services will aim to be signed off in December 2021**, thereby coming into effect from April 2022. Before that, a formal Partnership Agreement will be finalised by March 2021. This agreement will provide the overarching framework for the contract. Negotiations on the terms of the commercial contract will aim to be concluded with a final Head of Terms in July.
- **The new build is due to be completed in quarter 4 and will be fully operational by February 2022.** In mobilising to deliver services key activities will take place including agreeing the lease for the building; completing a restructure of staffing; registration with CQC and making all operational preparations for transfer.
- **The self funder home care service will aim to become operational in February 2022.** From August to February we will aim to put into place the key components to deliver a private offer including marketing of the service, recruitment of staff, implementation of back office functions. By the end of quarter 4 the service will have completed its start up phase and be delivering care hours to customers.
- **Build out our reablement offer with SBC and also with other partners including local CCGs**, thereby becoming a core provider of reablement services in Southend. From May to work with the council in supporting their commissioning strategy for reablement provision with a view that the offer to build out is negotiated this financial year.

Business Activity Continued

- **A quality assurance system will be selected following an options appraisal and purchased** as an 'off the shelf' system. Types of systems within scope include for example ISO 9001; CIA own model and will be implemented as a company wide approach to the business. The options appraisal will be completed in Quarter 1 with the system procured and started to be implemented from July. Timescales for completion of the implementation phase is January 2022 but will be dependent on the type of product purchased.
- **A programme for continuing to embed values and behaviours across the company** will include the creation of a staff forum in June 2021. Thereafter other initiatives will include values based induction and probation. An assessment of the effectiveness of the values and behaviours will be undertaken in Quarter 4 representing two years since the V&B were launched.
- **Infrastructure and resources requiring internal investment** will include 1) the extension of the leadership academy with a focus on the development of commercial acumen 2) a business case for internal strategic / commercial finance expertise 3) commissioning of an external business development resource to support set up of the self funder homecare service 4) the purchase of an electronic recruitment system.
- **A programme of service reviews will be implemented utilising an external consultant.** These reviews will focus on existing residential registered services in Quarter 1 and then tenanted services in Quarter 2. They will be instrumental in improving service performance and cost effectiveness.
- **Development of a Southend Care Extra care offer with SBC and South Essex Homes.** This would involve starting to position SCL with SBC, acknowledging that this is a longer term (3-5 year) development opportunity.
- **Development of a rapid response unit that can support SBC with failing residential services.** This would be an outreach service from the new build, based on either supporting the turnaround or closure of care homes in Southend, in partnership with SBC. The implementation of this service offer would aim take place in Quarter 1.

Activity Milestones

Set out below are the full range of activity milestones along with dates for completion

	SCL MILESTONE PLAN
APRIL 21	<ul style="list-style-type: none"> 10- year partnership agreement with SBC signed off – this agreement will underpin the new 10 year commercial contract
	<ul style="list-style-type: none"> Stress testing of Business Continuity Plan completed – this will have stress tested different continuity scenarios such as loss of ICT, Fire,
	<ul style="list-style-type: none"> JD Created for Commercial / Finance Manager and plan for the secondment of Senior Finance Analyst
MAY 21	<ul style="list-style-type: none"> Contract variation for the residential care in the new build agreed – this will include contract price and number of beds purchased by SBC.
	<ul style="list-style-type: none"> Customer satisfaction survey completed – this will include a Values and Behaviours assessment of satisfaction with the company
	<ul style="list-style-type: none"> CIS efficiencies project fully implemented – this will have enhanced the productivity and cost effectiveness of CIS
JUNE 21	<ul style="list-style-type: none"> New policy suite implemented – this will provide an enhanced access through an electronic portal to all policies and procedures
	<ul style="list-style-type: none"> External consultant hired to implement homecare business plan – this will support the set up of the homecare business ready for go live in November
	<ul style="list-style-type: none"> Rapid Response Service - This will be set up to support SBC with failing providers, providing rapid management and frontline staff interventions.
JULY 21	<ul style="list-style-type: none"> 10-year contract Heads of Terms Agreed – this will provide the longer term contract terms with SBC for the provision of a range of services
	<ul style="list-style-type: none"> Commercial leadership academy set up – this will further develop managers leadership ability in running a successful business unit.
165	<ul style="list-style-type: none"> External Review of Service 1 – this will include an audit of service quality and recommendations for improving / enhancing service performance
	<ul style="list-style-type: none"> Additional reablement services commissioned by SBC – this means agreeing with SBC to become the core provider of reablement in Southend.
AUGUST 21	
SEPTEMBER 21	<ul style="list-style-type: none"> New electronic recruitment system implemented – this will provide an end to end streamlined recruitment process and system of management
	<ul style="list-style-type: none"> New Build commercial lease signed off – this will provide for a 25 year lease between SCL and SBC including a commercial rent charge.
	<ul style="list-style-type: none"> Staff Forum Set Up – This will support embedding the SCL Values and Behaviours through enhanced engagement with staff.
OCTOBER 21	
NOVEMBER 21	
	<ul style="list-style-type: none"> V&B evaluation of roll out - this will include a formal evaluation of the extent to which Values and Behaviours have become embedded in SCL.
DECEMBER 21	<ul style="list-style-type: none"> 10-year contract signed off – this will formally sign off the new core contract for services with it coming into effect April 2022.
JANUARY 22	<ul style="list-style-type: none"> New Quality Assurance system implemented - this will be an recognised external quality system implemented throughout the organisation.
	<ul style="list-style-type: none"> External Review of Service 2- this will include an audit of service quality and recommendations for improving / enhancing service performance
	<ul style="list-style-type: none"> New Build operational – the new build will be fully operational delivering services
FEBRUARY 22	<ul style="list-style-type: none"> Business case for strategic / commercial finance resource completed – this will provide for future proofing the financial resource requirements in SCL.
	<ul style="list-style-type: none"> Self-funder homecare service operational – the business will be live and starting to support self funders inline with business plan trajectory
MARCH 22	<ul style="list-style-type: none"> Service user satisfaction survey completed – this will include a values and behaviours based assessment of the company.
	<ul style="list-style-type: none"> 22/23 Financial Plan agreed – this will include a 5-year projection of planned financial performance
	<ul style="list-style-type: none"> 22/23 Annual Plan agreed – this will set out the annual priorities and deliverables plus longer term milestones.

Milestones for 22/23 & 23/24

AIM	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Occupy an exclusive position in the market place	New 10 year contract with SBC in place				Partnership review and further development with SBC			
Become an exemplar care organisation	Leadership Academy extended to emerging leaders within services		Outstanding rating in Supported Living and Shared Lives		Outstanding rating for new residential care service			
Support more vulnerable people	Delivering circa 300 self funded care hours				Delivering circa 470 self funder care hours			Secure at least one additional contract with a different organisation / authority
Be a sustainable business providing value for money	New finance resource in place. HR& Recruitment function a fulltime position.							
Be a catalyst for transformation		Implementation of SCL digital strategy for service transformation	Service modernization review 1	Service modernization review 2			Service modernization review 1	Service modernization review 2

Financial Plan

Trade Year	Yr5	Yr6	Yr7	Yr8	Yr9
Financial Year	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
	£'000	£'000	£'000	£'000	£'000
Council - Income	(8,058)	(8,120)	(8,154)	(8,169)	(8,169)
Other income (incl Private Sales)	(155)	(1,480)	(1,823)	(2,147)	(2,541)
Total Turnover	(8,213)	(9,601)	(9,977)	(10,315)	(10,709)
<u>Council Commissioned Services</u>					
Direct operating costs - employees	6,781	6,172	6,197	6,208	6,242
Other direct operating costs	643	617	630	642	655
SBC commercial rent charge Priory New build	-	595	595	595	595
Overheads	686	629	641	654	667
Sub total - Council Commissioned Services	8,110	8,014	8,063	8,100	8,160
<u>Private Services</u>					
Direct operating costs - employees		1,062	1,263	1,465	1,673
Other direct operating costs		112	127	140	157
Overheads		108	128	149	169
Sub total - Private Services		1,281	1,518	1,754	2,000
Total Costs	8,110	9,295	9,581	9,854	10,159
Total In Year Gross (Profit) / Loss	(102)	(306)	(396)	(462)	(550)

Key Performance Indicators

Area	Measure	Target 20/21	Target 21/22
Finance	Year end net profit	(£201K) profit	(£162K) profit
Finance	Head Office overheads	<7%	7.6%
Finance	SBC T and C's Conversion Rate	12%	12%
Finance	Year end Non - SBC income	£155K	£155K
Customer	CQC Ratings Good or above	100%	100%
Customer	Safeguarding incidents	Trend tracking	Trend tracking
Customer	Serious or Untoward Incidents	Trend tracking	Trend tracking
Customer	Complaints resolved within agreed response time	99%	99%
Customer	Customer Satisfaction	95%	98%
People	Accidents at Work	Trend tracking	Trend tracking
People	Staff Satisfaction	76%	80%
People	Staff who have 'in date' mandatory training.	100%	100%
People	% Agency Hours vs Total actual establishment	<5%	<3%
People	SCL Staff Turnover rate	<5%	<3%
People	SCL staff vacancy factor	5%	<5%
People	SCL Sickness	<2%	<2%

Trading Achievements 20/21

- Supported over 1000 individuals
- Minimised agency expenditure to only £4K per month compared with £25K in 19/20.
- Delivered £100K savings back to SBC.
- Maintained 100% of our CQC ratings as at least Good or Outstanding
- Implemented the Real Living Wage for all frontline care staff.
- Maintained continuity of operations during COVID.
- Successfully supported SBC with system responses to COVID by creating a 12 bed designated COVID unit.
- Successfully supported SBC with two failing care homes, providing direct management oversight.
- Acquired Longmans and Westwood extra care services through direct award from SBC.
- Successfully delivered a one -year pilot for young adults gaining employment.
- Brought onboard a new HR&Recruitment Management position.
- Brought onboard a new Clinical Lead role within operations.
- Implemented a Leadership Academy programme for managers
- Generated additional income based on in year activity e.g. supporting failing care homes.

Trading environment / context

The trading environment will be dominated by COVID and its impact on social and economic life . Within this overarching context there are a number of factors which will effect how SCL operates as a business. These are as follows:

- Pressures on the health and social care system providing opportunities to deliver services that alleviate pressures in the system.
- SBC commissioning strategy transforming service delivery and requiring more innovation from the care sector in delivering services and therefore more opportunity for service development.
- Socio-economic climate resulting in an increase in people needing care services including self funders
- ASC budget pressures resulting in SBC looking for savings / greater efficiency from providers.
- A more fragile market place with potential for more failing providers and as a consequence the need for solutions that will support market stability.
- A wider recruitment pool as a result of high unemployment rates and people looking at career changes in sectors such as retail and hospitality.
- SBC 18 month Recovery Plans, offering opportunity to take on more services under contract, for example reablement.

Southend Care Business Plan 2021/22 and future years

1. PURPOSE OF THE REPORT

The purpose of this report is to advise the shareholder of the company's business plan objectives for 2021/22. These objectives build upon the company's successful trading in 2020/21. The report also includes a financial business plan forecast to 2025/26 which forms the basis of our business finance planning over the next five years.

2. INTRODUCTION

The company has continued to provide high quality care to the most vulnerable people in Southend, despite the impact of COVID on service delivery. We have seen all our services benefit from the Infection Control Fund and Rapid Testing Funding, supporting safe practices of care and reducing the risk of infection outbreaks. Our workforce during this time have experienced significant challenges but have responded with dedication and passion ensuring that service users and families' needs are met.

Over the winter period SCL supported SBC by setting up and running for three months a 12-bedded COVID unit within Priory House, which ensured people could move on from the unit COVID negative. The company during this period also supported the council with deploying staff at local test pick up points in Leigh on Sea and Shoeburyness.

As the company develops and matures, we have looked to invest in existing and future leaders of our services. We have done this to ensure there is a one team approach to the way services are managed and led and that the company succession plans over the next 3 years. Alongside this we have also invested in a new e-learning platform for all staff that will complement our face-to-face training programmes.

Our commitment last year was to drive down agency spend within our services as part of continuous service improvement. We have now minimised agency expenditure to only £4K per month compared with a spend level of £25K in previous years. At the same time, we are pleased to report that we have maintained 100% of our Care Quality Commission ratings as at least Good or Outstanding. This reflects our commitment to quality and further investment in a Clinical Lead role within the company and the formation of a Quality Assurance Group which is a reference point for developing best practice.

As an employer we remain in the upper quartile of care providers in terms of Care Worker wages and we have continued to implement the Real Living Wage. This ensures that we attract good quality staff and are also able to retain their skills, experience, and expertise.

Our successful trading performance over the last 12 months has enabled the company to deliver £200K of savings back to the council. And on an ongoing annual basis we are now delivering £233K per year back to the council. The ability to provide savings has been through ensuring services run with greater efficiency for example as staff on council terms and conditions turnover to SCL terms. We have also seen more efficient and effective management of services, for example within our Supported Living and Extra Care schemes.

At the beginning of the pandemic SCL took on a new contract with SBC for Longmans and Westwood extra care services. This involved the TUPE transfer of staff and the setup of operations as COVID hit Southend. We are pleased to report that 18 months on the service is running well and delivering good outcomes for the people who live there. We clearly see the benefit that the Extra Care housing model has in terms of an alternative to long term residential care and we hope to work with the council in developing further services in the future. We have also been working with commissioners in the review of existing services to ensure they are fit for purpose in the future. This includes our Complex Intervention Service; Shared Lives and Project 49.

As in previous years we have also supported the local provider market by providing management oversight and intervention in several failing care homes. Acting as the Provider of Last Resort this work has enabled other care homes to either stabilise themselves or to close down in an organised manner ensuring residents are safely care for.

Our Business Plan Objectives for 2021/22 look to build on our trading success and balance maintaining the strong working relationship with SBC (most notably through a new partnership and commercial contracts) with new ventures to generate self- funder income, thereby utilising the 20% Teckal rule regarding growth. This includes income sourced from outside of the borough of Southend.

3. BUSINESS PLAN OBJECTIVES 2021/22

Over the next 12 to 18 months the company will be seeking to achieve a range of business objects that will support its future. A summary of these objectives is set out below.

- **The agreement of a ten- year partnership and commercial contracts with Southend BC.** This ensures the long-term stability of the company and the important role it plays within the care market. The Partnership Agreement formalises the relationship between SCL and SBC for the first time. This partnership over the next ten years will aim to build upon the special relationship that has been established between the parties. It will continue to focus on achieving the strategic outcomes related to Southend 2050 and improving the quality of lives of the people of Southend. The relationship, by having a commercial emphasis, will support SCL to grow as a business enabling it to become even more enterprising in its approach. Key aims of the partnership are to:
 - **Develop and deliver a portfolio of services that meet the current and future needs of the people of Southend** and that *cannot / are unlikely to* be provided by private or voluntary sector providers i.e. where there is market ‘failure’ or a clearly identified gap in the needs identified through strategic commissioning.
 - **Ensure there is a ‘provider of last resort’ for the CQC/Ofsted regulated provider market**, providing support to failing providers, thereby meeting SBC’s market duty under the Care Act 2014
 - **Promote quality assurance and improvement initiatives to the Southend care sector** by piloting and showcasing projects designed to support workforce development, creativity, and innovation across the Borough.
 - **Support the financial sustainability and health of SBC and SCL** by encouraging enterprise thereby generating alternative commercial income.
 - **Ensure services within the portfolio become increasingly more cost effective** in all key areas including workforce.
 - **Ensure all service are rated by either CQC or Ofsted as ‘Outstanding’**, becoming exemplars for the care marketplace.
 - **Develop SCL as a transformation engine for delivering changes** which result in fit for purpose services that are strategically relevant for existing and future demands.
 - **Support the South Essex Care and Health Trade Association (SECHA)** to become an effective voice for the adult social care sector.
- **To take on and successfully operate services out of the company’s new care facility Brook Meadows House.** This is a key component in becoming an exemplar organisation, by delivering flagship care services. Services operating from the new building will be strategically relevant to Southend BC and provide the opportunity to develop the reputation of the company in terms of the type of services offered, for example supporting complex care needs. The building will provide short term assessment beds supporting the health and care system flow of service users. It will also accommodate people with longer term complex care needs. Viking day service will operate from the building along with the Complex Intervention Service. The

building is due to be handed over on 12th January and thereafter, following a period of weeks needed to mobilise, the intention is to be fully operations week commencing 14th February.

- **To accelerate the growth of private income by developing a self-funder homecare business and a care home business.** This supports the ongoing financial sustainability of the company whilst delivering benefit back to Southend BC by seeking to run Southend BC operations on a closer to break even basis. The business opportunity will support the commercial development of the company providing alternative income streams that can be built on in subsequent years. The new homecare business (known as Meadows Home Care) aims to go live in this financial year and will aim to provide just over 300 hours per week of support in the first year. In Brook Meadows House there will be 16 beds available for sale to self-funding individuals. This service will go live in February 2022, and we anticipate 85% occupancy in the first year. We anticipate the level of income to reach 15% of our total revenue which comes within the 20% Teckal ceiling. As we grow further in subsequent years, we will then need to assess the need to create a subsidiary company that can support non-council work beyond this 20% limit.
- **To resource and structure the business to support sustainable operational delivery and growth.** This builds the capacity to support more vulnerable people whether funded by Southend BC, other organisations or privately. It is particularly focussed on ensuring the company has the right job roles, skills and processes that match the needs of the company as it starts to evolve and mature. This includes for example building the capacity with the SBC funded Complex Intervention Service, so we move from delivering 700 hours of care per week to 1200 hours per week over the next 12 months.
- **To continue to modernise, improve service performance and achieve greater cost effectiveness.** This supports the ability to transform and continually respond to peoples' needs. It enables the company to remain competitive and relevant to commissioners whilst supporting it to retain a unique position and relationship with Southend BC. This includes for example modernising our learning disability service through transforming current service provision and also look at more broadly with SBC as to other opportunities that may exist.

4. SCL FIVE YEAR FINANCIAL FORECAST

Summary of the financial objectives:

- Continuing to build a positive P&L reserve on our balance sheet.
- Planning to deliver an operational profit of £162K (21/22)
- Continuing to drive through year-on-year efficiencies, i.e. continued year on year T&Cs conversion rates, reduction in expenditure on agency staff and effective rostering.
- Targeting of additional non- SBC revenue as a % of overall turnover with mind to any Teckal implications on existing block contracts with the Council, and at the point Private income gets close to 20% of total income Southend Care will need to set up a subsidiary company to operate its private business.

As displayed in Appendix 1, our financial business plan for the next five years demonstrates a proportionate and responsible net profit and margin, with an average net profit to Turnover % margin each per year of 1.3% (2022/23) through to 0.1% (2025/26) on Council run services, and a private profit margin growth of 13.4% (2022/23) through to 17.2% (2025/26) on Private run services.

Growth remains a key strategy in terms of SCL. On the expectation that we secure longer term core contracts with the Council we will hope to further drive our expansion away from just core Council Contracts and drive further other income also in turn increasing our offer to residents who will also benefit from the quality of our offer.

Central overheads are kept in line with a target of circa 8% of total turnover across the five years, which ensures a proportionate central function is maintained. The plan builds in commitment for the continuation of service agreements with the council for HR, Finance and ICT services.

The plan ensures SCL continues to be in the upper quartile in terms of frontline workforce pay, where possible tracking against the Real Living Wage.

END OF REPORT

Jon Manzoni

Managing Director

Appendix 3 – Southend Care Financial Business Plan 2021/22 + 4 Years (June 2021)

Southend Care - Financial Business Plan - June 2021

		Yr5	Yr6	Yr7	Yr8	Yr9
Trade Year		2021-22	2022-23	2023-24	2024-25	2025-26
Financial Year		Forecast	Forecast	Forecast	Forecast	Forecast
		£'000	£'000	£'000	£'000	£'000
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a2	Other income (incl Private Sales)	(155)	(1,480)	(1,823)	(2,147)	(2,541)
a	Total Turnover	(8,213)	(9,601)	(9,977)	(10,315)	(10,709)
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	Sub total - Private Services		1,281	1,518	1,754	2,000
	Total Costs	8,110	9,295	9,581	9,854	10,159
b	Total In Year Gross (Profit) / Loss	(102)	(306)	(396)	(462)	(550)
	In Year application of Retained Profit	(60)	0	0	0	0
c	Business Plan targetted Surplus	(162)	(306)	(396)	(462)	(550)
b / a	Total % (In Year Gross (Profit)/ Loss) / Turnover	-1.2%	-3.2%	-4.0%	-4.5%	-5.1%
d	In Year Gross (Profit) / Loss Council Services	(102)	(107)	(91)	(69)	(9)
	In Year Gross (Profit) / Loss Private Services	-	(199)	(306)	(393)	(541)
	Corporation Tax on Private Services			58	75	103
e	In Year Net (Profit) / Loss Private Services	0	(199)	(248)	(318)	(438)
d / a1	Total % (In Year (Profit)/ Loss) / Turnover - Council Services		-1.3%	-1.1%	-0.8%	-0.1%
e / a2	Total % (In Year (Profit)/ Loss) / Turnover - Private Services		-13.4%	-13.6%	-14.8%	-17.2%
As at Jun 2021	In Year savings returned to Council	(133)	(565)	-	-	-
22/23 + Indicative until confirmed	& Cumulative ongoing total (incl Previous years)	(233)	(798)	(798)	(798)	(798)
other Indicators (FY1 only)	Other income as a % of total income	1.9%	15.4%	18.3%	20.8%	23.7%
	Head office as a % of total income	8.4%	7.7%	7.7%	7.8%	7.8%

Key notes

* Turnover - reflects the current contracts in place and targetted additional private income

* Direct operating costs for former SBC employees, continues to reflect the efficiencies gained through natural turnover and conversion of replacing previous Council staff who tupe'd over to the Southend Care from Year 1 employed on Southend Care's own terms & conditions

* The commercial rent charge Priory new build - is a new charge to the Company from the Council

* Planned savings to be returned to the Council, reflects the planned direct saving commitment to the Council.

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Southend-on-Sea Borough Council

Report of the Executive Director of Finance & Resources

to
Shareholder Board

on
13 October 2021

Agenda
Item No.



Report prepared by: Peter Bates
Interim Director of Financial Services

Governance Arrangements – Future Work Programme
Cabinet Member - Councillor Ian Gilbert
A Part 1 Public Agenda Item

1 Purpose of Report

To propose a future work programme for the Shareholder Board.

2 Recommendation

That the Shareholder Board consider and agree a future work programme.

3 Background

Members are asked to consider the attached work programme and highlight any other areas of shareholder interest that they would like to see coming to future meetings of the Shareholder Board.

4 Other Options

This report merely sets out a proposed future work programme for the Shareholder Board. No other options were therefore considered.

5 Reasons for Recommendations

To provide a future work programme for consideration and agreement.

6 Corporate Implications

6.1 Contribution to Council's Vision & Critical Priorities

The objectives of all Council Companies and Joint Ventures align with the Council's vision and critical priorities.

6.2 Financial Implications

None arising from this report.

6.3 Legal Implications

None arising from this 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 Impact Assessment

None arising from this report.

6.8 Risk Assessment

None arising from this report.

6.9 Value for Money

None arising from this report.

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 Shareholder Board - Future Work Programme

Shareholder Board – Future Work Programme

	Proposed Meeting Dates			
Items for Consideration	TBA	23 rd February 2022	October 2022	February 2023
<i>Better Queensway Special Meeting</i> Business Plan Final Proposals <i>Other Joint Ventures</i> Forum Management Company PSP Southend LLP Airport Business Park Southend Management Porters Place Southend LLP - Receipt of Accounts Porters Place Southend LLP - Review of Business Plan LHCS and Southend Travel Partnership LTD <i>Wholly Owned Subsidiaries</i> South Essex Homes Limited - Receipt of Accounts 2021/22 South Essex Homes Limited - Review of Business Plan Southend Care Limited - Receipt of Accounts 2021/22 Southend Care Limited - Review of Business Plan	✓ ✓	✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓

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